

Your Postal Podcast EXTRA Transcript

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Richard Watkins: Welcome to Your Postal Podcast, EXTRA Edition.

This is Richard Watkins with USPS Corporate Communications. In this special edition, you'll hear from Vice President of Pricing, Maura Robinson, about the newly-announced price changes being sought as part of the Postal Service's "Delivering the Future" Action Plan.

Peter Hass had the chance to interview Ms. Robinson when the proposed new postage prices were announced and files this report.

Peter Hass: Rich, what's labeled an "exigent" request for new prices on market-dominant postal products is now in the hands of the Postal Regulatory Commission.

I asked Ms. Robinson what, exactly, the word "exigent" means and where the process goes from here.

Maura Robinson: An exigent price increase is a price increase that's above the rate of inflation. It's allowed in a case of exceptional or extraordinary circumstances. Today, we're facing those exceptional and extraordinary circumstances, given the financial losses and the volume losses we've faced over the last few years.

It is the first time we've requested a price increase under this provision. The Postal Service announced its proposed prices today, July 6, and we filed them with the Postal Regulatory Commission. The Postal Regulatory Commission will review our proposal and reach a decision in 90 days, in early October. We expect these prices to be implemented on Jan. 2, 2011.

Hass: As for the prices themselves, customers can expect moderate increases at the start of 2011 on postage stamp prices, as well as a new Forever stamp.

Robinson: In January 2011, the stamp price will be increasing from 44 cents to 46 cents, a 2-cent increase. In addition, we're going to be offering a new Forever Stamp design with the holiday Evergreen stamps that are going to be issued this Fall. So customers are going to have a lot of opportunities to manage the price change by using the Forever Stamp, both the current Liberty Bell design, and the new Evergreen design.

For First-Class single-piece letters, the additional-ounce price will also be increasing a penny to 18 cents. We'll be increasing all prices for both market-dominant mailing services and competitive shipping services products in January 2011. The proposal that we're putting forward today on July 6th, is just for the market-dominant, the mailing services products, First-Class Mail, Standard Mail, Periodicals, Package Services and Special Services. We'll be announcing the competitive product prices later in the Fall.

Hass: Robinson said employees should make sure customers who ask questions about the proposed new prices know that this is just one part of the Postal Service's action plan to survive and move forward while continuing to provide universal mail service to the nation.

Robinson: What's important to tell our customers is the Postal Service is moving towards improving its financial position. The price change is one part of that action plan that was discussed on March 2nd by the Postmaster General, and the Chairman of the Board of Governors. The price increase will be a moderate increase and will close about \$2.3 billion of the expected \$7 billion dollar loss in 2011.

Our other program proposals around 5-day delivery and the retiree health benefits prefunding requirements are very important, and we're going to continue to pursue those to make additional steps towards addressing the Postal Service's current financial condition. The price increase we're proposing is above the CPI (Consumer Price Index) increase. The current CPI has been so low that we do not have the room to increase prices using that mechanism. However, prices haven't increased since May 2009, and the price increase we're proposing for January 2nd, 2011, will be the first price increase in close to two years.

Hass: Information on all the proposed price changes and a picture of the new Forever Stamp image are available online at usps.com.

Watkins: Thank you for listening to this edition of Your Postal Podcast. Now we'd like to hear from you. Please send your feedback and story ideas to YourPostalPodcast@usps.com. This has been a production of USPS Western Area Corporate Communications, Copyright 2010, All Rights Reserved.

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