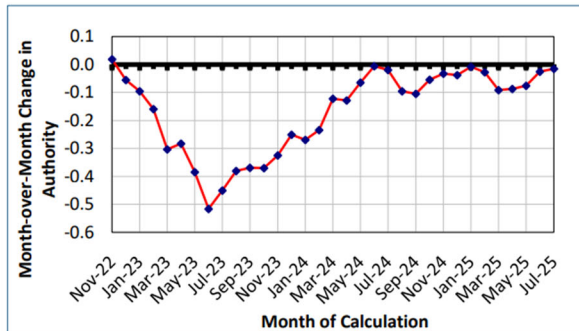


CPI Change Foretells Small Price Increase

Unless new Postmaster General David Steiner reverses his predecessor's policy of semi-annual postage price increases, the Postal Service's stated schedule calls for another to be effective in January 2026. If that plan holds, the necessary filings with the Postal Regulatory Commission would occur in early October, and be based on the CPI as of August.

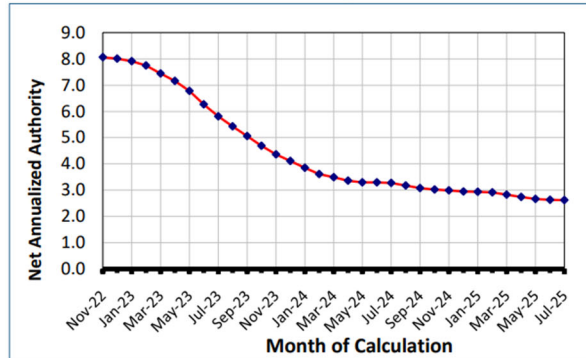
The "adders," additional rate authority granted the USPS in November 2020 by the PRC, would not apply for a January 2026 price change. Of the three adders, the "retirement" adder expired as of the last rate increase, so a possible second 2026 price increase (likely in July) would include only the "density" adder, to be announced by the PRC at the end of March, and the fixed 2% "non-compensatory" adder applicable only to Periodicals.

Fortunately for ratepayers, the cost-of-living index, determined by the Bureau of Labor Statistics, has been changing gradually in recent months, increasing more slowly than in the past. In turn, this has meant that the Postal Service's CPI-based rate authority (the "cap"), a rolling twelve-month average compared to a rolling average of the preceding twelve months, has been declining.



Though the month-over-month change has been small since mid-2024, it's still been a pattern of monthly decreases. Of course, over time, as the difference between the prior and current periods becomes less, the rate of decline will itself change, and may even increase.

The upshot of this pattern is that, as of the July CPI, the Postal Service's *annualized* rate authority was 2.621%, the lowest since the 8.058% all-time high in November 2022.



However, if the next price change filing occurs in October, six months since the preceding filing, calculation of the cap would be based on a different formula applicable only to filings at a less-than-annual interval.

As of the July CPI, the Postal Service's calculated rate authority for a less than twelve-month interval is 1.031%, though that would change once the August CPI is released. Projecting the current figures to estimate what *could* define USPS six- and twelve-month rate authority after the August CPI points to about 1.27% and 2.6%, respectively. Obviously, those figures will change, but the degree to which they'll change will depend on by how much, and in which direction, the CPI itself moves.

Month	Calculated Monthly	Projected 6-month	Calculated Annual	Projected Annual
March	0.197	1.185	2.824	2.369
April	0.389	1.167	2.737	2.334
May	0.585	1.169	2.661	2.338
June	0.806	1.209	2.636	2.419
July	1.031	1.237	2.621	2.475

Therefore, despite these estimates, commercial mail producers, and their ratepaying clients, should stay tuned.