

July Price Change Becoming Clearer

After eleven months, the Postal Service's potential annual rate authority under the CPI cap is getting clearer. After the January CPI was released by the Bureau of Labor Statistics on February 13, the annualized cap stood at 2.599%, down 0.032% from where it was a month earlier.

The February CPI will be released on March 11; the rate authority calculated at that time will be used by the Postal Service in its early April price filing – that has to occur before the March CPI is announced if the annual rate cycle is to be preserved. The calculated value of the annualized cap has fluctuated between 2.6% and 2.7% over the past year, so the “final” number, after the March CPI, may well be at the lower end of that range.

The USPS estimates

Like the rest of us, the Postal Service is watching where the CPI cap may land; its current estimate is a bit lower – 2.545% – but that will be supplemented by the additional rate authorities established by the Postal Regulatory Commission in November 2020.

The “density” adder, related to the loss of volume per delivery stop, will add 2.19% for all classes while the “non-compensatory” adder – for classes not covering their costs – will add another 2% for Periodicals.

The “density” adder was calculated by the Postal Service and reported in its *Annual Compliance Report* at the end of December. Though any significant difference is unlikely, the figure will be confirmed by the PRC and reported in its *Annual Compliance Determination*, due by the end of March. The “non-compensatory” adder is a fixed 2%. The “retirement” adder expired last year.

Of course, the percentages apply at the class level, so component price cells can increase or decrease by more or less.



In addition to the revenue to be derived from the rate authority provided by the CPI and the adders, the Postal Service can recoup the value of the incentives paid out to mailers participating in various promotions over the year. That amount, referred to as “cap space,” is updated continually and included in the revenue calculations used in the final price filing.

As explained by the Postal Service, the “cap space” would be 0% if the total dollar value of incentives paid out is the same as the prior year. If the value is less or more than the prior year, the “cap space” would be negative or positive, accordingly.

Effective Cap Space History and Forward Guidance



As of February 2026, the “cap space,” represented by the gray bars in the chart above, stands at +0.2% for First-Class Mail and +0.9% for Marketing Mail. (There are no promotions or incentives for Periodicals or Package Services.)

Classification changes

A January 13 decision by the PRC (Order No. 9426), that most notably limited the Postal Service to one price increase per year, also provided that “no proposal to adjust a rate associated with a workshare discount may increase the absolute value of the difference between the discount and the cost avoided by the Postal Service.” That stipulation will be reflected in any changes to workshare prices/discounts that will be in the April price filing.

(Meanwhile, the USPS has sued the PRC about the annual limitation; see the article on Page 1.)

Most of the classification changes planned for inclusion in the April filing have already been announced:

- 2027 promotions and incentives
- NCOA+ API
- A 2.5-lb “breakpoint” for Marketing Mail heavy printed matter
- Periodicals rate structure simplification
- Allowing the 500-piece minimum volume for Presorted First-Class Mail to be a combination of letters and cards
- Package barcode noncompliance fee
- Per-piece prices for Bound Printed Matter
- Elimination bundles for Marketing Mail prepared in tubs
- Elimination of NDC entry prices for marketing Mail parcels
- Consolidation of ADC and 3-digit prices
- Elimination of customs clearance and delivery fees for letters and flats

Whether all of these currently-planned changes will be part of the filing, or whether others will be added, won’t be known until the filing actually occurs.

Estimating the date for that filing requires calculating back from when the Postal Service has stated it will implement the July increase: on Sunday, July 12. The PRC’s rules for a market dominant price filing require that it be filed no less than ninety days before the implementation date. Therefore, allowing that interval, the latest filing date would be Monday, April 13. In the past, the USPS has favored a late Friday afternoon filing, so having the filing occur on April 10 would not be a surprise. Regardless, we’ll see the proposed prices and more in less than seven weeks.