

## 12-Month Average Change in CPI-U

Prepared by the Postal Regulatory Commission

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2005</b>	2.8%	2.9%	3.0%	3.1%	3.1%	3.0%	3.0%	3.1%	3.3%	3.4%	3.4%	3.4%
<b>2006</b>	3.5%	3.5%	3.5%	3.5%	3.7%	3.8%	3.9%	3.9%	3.7%	3.4%	3.3%	3.2%
<b>2007</b>	3.1%	3.0%	2.9%	2.8%	2.7%	2.6%	2.4%	2.3%	2.3%	2.5%	2.7%	<b>2.9%</b> <sup>1/</sup>
<b>2008</b>	3.0%	3.2%	3.3%	3.4%	3.5%	3.7%	4.0%	4.3%	4.4%	4.5%	4.2%	<b>3.8%</b> <sup>2/</sup>
<b>2009</b>	3.5%	3.2%	2.8%	2.4%	1.9%	1.4%	0.8%	0.2%	-0.324%	-0.634%	-0.570%	-0.356%
<b>2010</b>	-0.143%	0.013%	0.236%	0.482%	0.757%	0.968%	1.252%	1.477%	1.685%	1.799%	<b>1.741%</b> <sup>3/</sup>	1.640%
<b>2011</b>	1.559%	1.557%	1.589%	1.668%	1.799%	2.008%	2.208%	<b>2.426%</b> <sup>4/</sup>	2.653%	2.849%	3.036%	3.157%
<b>2012</b>	3.263%	3.326%	3.322%	3.248%	3.090%	2.930%	2.743%	<b>2.570%</b> <sup>5/</sup>	2.415%	2.303%	2.170%	2.069%
<b>2013</b>	1.960%	1.887%	<b>1.789%</b> <sup>6/</sup>	1.686%	1.657%	1.664%	1.710%	<b>1.696%</b> <sup>7/</sup>	1.628%	1.528%	1.484%	1.465%
<b>2014</b>	1.464%	1.393%	1.396%	1.471%	1.535%	1.562%	1.565%	1.580%	1.620%	1.678%	<b>1.685%</b> <sup>8/</sup>	1.622%
<b>2015</b>	1.483%	1.386%	1.253%	1.072%	0.891%	0.728%	0.576%	0.451%	<b>0.311%</b> <sup>9/</sup>	0.187%	0.120%	0.119%
<b>2016</b>	0.239%	0.325%	<b>0.402%</b> <sup>10/</sup>	0.513%	0.602%	0.676%	0.731%	<b>0.804%</b> <sup>11/</sup>	0.928%	1.051%	1.150%	1.262%
<b>2017</b>	1.355%	1.498%	1.625%									

1/ Price Cap for Docket No. R2008-1

2/ Price Cap for Docket No. R2009-2

3/ Price Cap for Docket No. R2011-2

4/ Partial Year Price Cap for Docket No. R2012-3 equals 2.133 percent

5/ Price Cap for Docket No. R2013-1

6/ Partial Year Price Cap for Special Services for Docket No. R2013-7 equals 1.053 percent

7/ Price Cap for First-Class Mail, Standard Mail, Periodicals, and Package Services for Docket No. R2013-10;

Partial Year Price Cap for Special Services for Docket No. R2013-10 equals 0.636 percent

8/ Price Cap for Docket No. R2015-4; Interim Unused Rate Adjustment Authority equals 0.281 percent

9/ Partial Year Price Cap for First-Class Mail and Standard Mail for Docket No. R2016-2 equals 0.064 percent

10/ Partial Year Price Cap for First-Class Mail and Standard Mail for Docket No. R2016-5 equals 0.384 percent

11/ Price Cap for Periodicals, Package Services, and Special Services for Docket No. R2017-1;

Interim Unused Rate Adjustment Authority equals 0.067 percent (as applicable);

Partial Year Price Cap for First-Class Mail and Standard Mail for Docket No. R2017-1 equals 0.422 percent

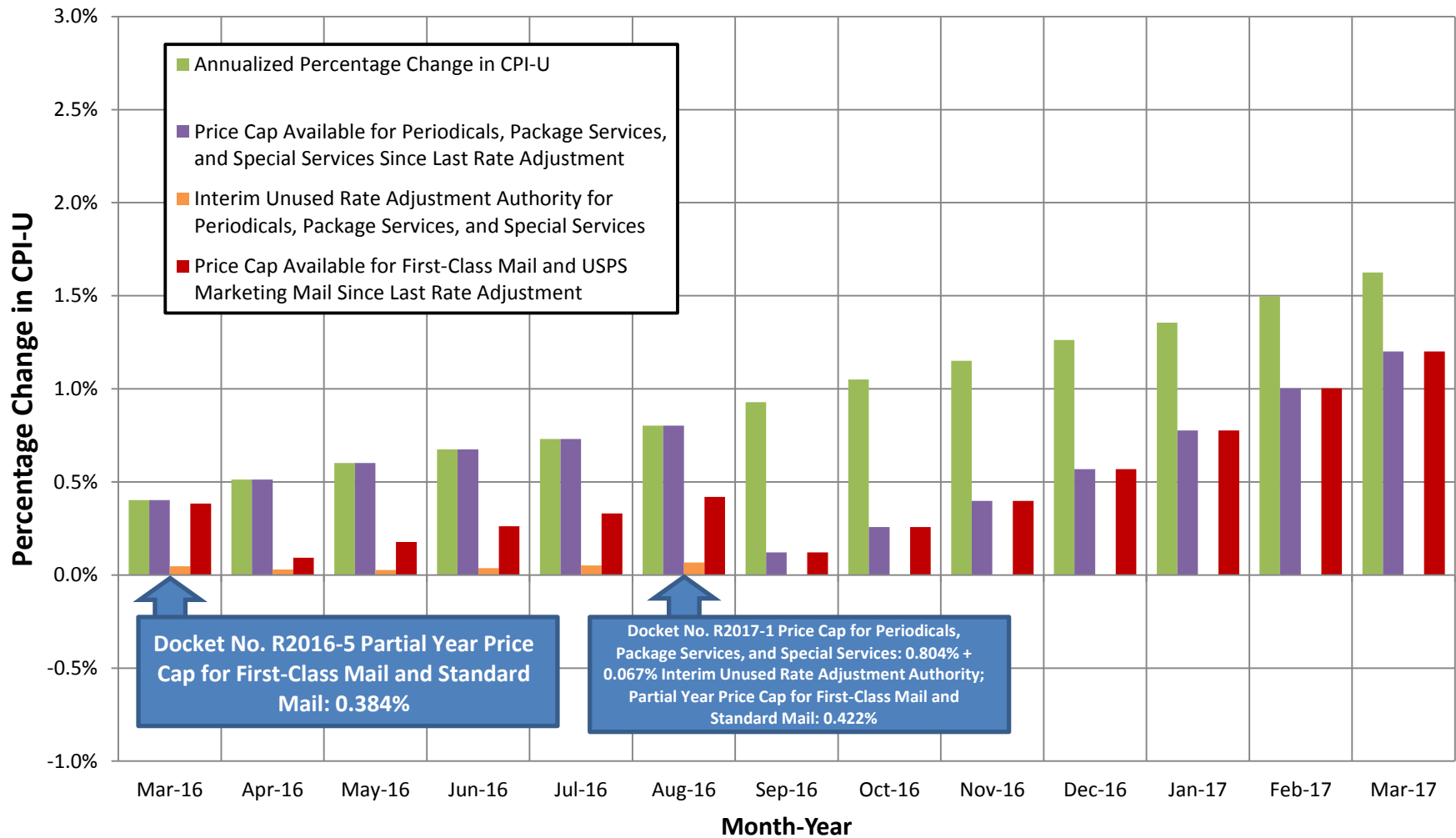
Note: On October 18, 2016, the Bureau of Labor Statistics revised the CPI-U numbers for May 2016, June 2016, July 2016, and August 2016. From September 2016 onwards, the revised numbers will be used to calculate the 12-month average change in CPI-U.

Note: On January 22, 2017, Standard Mail incurred a name change to USPS Marketing Mail.

### Explanation of How "Change in CPI-U" is Calculated:

The Commission determines the price cap for any 12-month period by calculating the ratio of two 12-month CPI-U averages that are 12 months apart, subtracting one, and expressing the value as a percentage. For a more detailed explanation of the calculation of the price cap please see 39 CFR §3010.21.

## Annualized Percentage Change in CPI-U and Available Price Cap March 2016 - March 2017



CPI-U annualized using a 12-month moving average. For a more detailed explanation of the calculation of the price cap, including partial year cap calculations, please see 39 CFR §3010.21-22.

## Explanation of Bar Graph:

Generally, the Postal Service changes market dominant prices annually. To calculate the applicable annual percentage change in rates, the Commission first creates an annualized index that is the average of twelve monthly CPI-U figures. For example, to calculate the annualized index for January 2017, the Commission sums the CPI-U figures for each month beginning with February 2016 and ending with January 2017, and divides that sum by 12 to produce an annualized index for that 12-month period. To calculate the annualized percentage change, the Commission takes the ratio of two annualized indices twelve months apart and subtracts one from the quotient. The remaining amount is the annualized percentage change. The **green bars** on the graphs depict the trend of the ratio of two indices, the annualized percentage change, exactly twelve months apart throughout 2016 and 2017.

On occasion, the Postal Service may decide to change market dominant prices less than annually. In this circumstance the Commission takes the ratio of two annualized indices less than twelve months apart using the annualized index at the time of the last price adjustment as a base. For example, in Docket No. R2016-5 the Postal Service filed a market dominant rate change using the March 2016 index. Because the price adjustment occurs 6 months after the previous adjustment, the Commission uses the ratio of the annualized March 2016 index to the annualized September 2015 index. Simply, it is a ratio of two indices 6 months apart. The closer the Postal Service's partial year price change is to the most recent annual price change the smaller the allowable increase is compared with the annualized percentage change. For this reason, the allowable percentage price change is very small in the first month after a price change, but increases month by month, except under deflation. The **purple bars** and **red bars** on the graph depict the "build up" of the price cap, the allowable percentage price change, throughout the year for each class.

The Postal Service may also decide to change market dominant prices more than twelve months apart. When this happens, the purple and green bars will continue to be of equal height until the Postal Service changes market dominant rates. When rate adjustments are greater than twelve months apart, interim unused rate adjustment authority is generated as depicted by the **orange bars** on the graph.<sup>1</sup>

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<sup>1</sup> This authority is excluded from the price cap calculation because the Postal Service is not required to use all of its unused rate adjustment authority in traditional rate adjustments.

## Unused Rate Adjustment Authority By Class (The Bank)

Docket No. (1)	New Unused Rate Adjustment Authority (2)	Price Adjustment in Excess of Annual Limitation (3)	Amount of Unused Rate Adjustment Authority Used in Subsequent Rate Adjustments (4)	Remaining Unused Rate Adjustment Authority (5)=(2)-(4)	Date Generated (6)	Expiration Date (7)	Docket(s) Used/Remaining Unused Rate Adjustment Authority Status (8)	Final Order No. (9)
<b>FIRST-CLASS MAIL</b>								
R2013-10	0.081%	0.000%	0.081%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 2/
R2013-11	0.000%	N/A*	N/A	N/A	N/A	N/A	N/A	1926 2/
R2015-4 (Interim)	0.281%	0.000%	0.281%	0.000%	1/15/2015	1/15/2020	R2015-4/R2017-1/Depleted	2365 3/ 4/ 7/
R2015-4 (Annual)	0.000%	0.271%	N/A	N/A	N/A	N/A	N/A	2365 4/
R2016-2	0.064%	0.000%	0.064%	0.000%	11/16/2015	11/16/2020	R2017-1/Depleted	2861 7/
R2016-5	0.308%	0.000%	0.284%	0.024%	5/16/2016	5/16/2021	R2017-1/Available	3373 7/
R2017-1	0.000%	0.358%	N/A	N/A	N/A	N/A	N/A	3610 7/
<b>PERIODICALS</b>								
R2013-1	0.021%	0.000%	0.021%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1541 2/
R2013-10	0.032%	0.000%	0.032%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 2/
R2013-11	0.000%	N/A*	N/A	N/A	N/A	N/A	N/A	1926 2/
R2015-4 (Interim)	0.281%	0.000%	0.281%	0.000%	1/15/2015	1/15/2020	R2015-4/Depleted	2472 3/ 4/
R2015-4 (Annual)	0.000%	0.281%	N/A	N/A	N/A	N/A	N/A	2472 4/
R2017-1 (Interim)	0.067%	0.000%	0.029%	0.038%	10/12/2016	10/12/2021	R2017-1/Available	3610 5/ 6/
R2017-1 (Annual)	0.000%	0.029%	N/A	N/A	N/A	N/A	N/A	3610 6/
<b>USPS MARKETING MAIL (FORMERLY STANDARD MAIL)</b>								
R2013-1	0.001%	0.000%	0.001%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1573 2/
R2013-10	0.054%	0.000%	0.054%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1902 2/
R2013-11	0.000%	N/A*	N/A	N/A	N/A	N/A	N/A	1926 2/
R2015-4 (Interim)	0.281%	0.000%	0.281%	0.000%	1/15/2015	1/15/2020	R2015-4/R2017-1/Depleted	2472 3/ 4/ 7/
R2015-4 (Annual)	0.000%	0.241%	N/A	N/A	N/A	N/A	N/A	2472 4/
R2016-2	0.064%	0.000%	0.064%	0.000%	11/16/2015	11/16/2020	R2017-1/Depleted	2861 7/
R2016-5	0.403%	0.000%	0.376%	0.027%	5/16/2016	5/16/2021	R2017-1/Available	3373 7/
R2017-1	0.000%	0.480%	N/A	N/A	N/A	N/A	N/A	3610 7/
<b>PACKAGE SERVICES</b>								
R2013-1	0.003%	0.000%	0.003%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1541 2/
R2013-10	0.243%	0.000%	0.243%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 2/
R2013-11	0.000%	N/A*	N/A	N/A	N/A	N/A	N/A	1926 2/
R2015-4 (Interim)	0.281%	0.000%	0.272%	0.009%	1/15/2015	1/15/2020	R2015-4/R2017-1/Available	2472 3/ 4/ 7/
R2015-4 (Annual)	0.000%	0.102%	N/A	N/A	N/A	N/A	N/A	2472 4/
R2017-1 (Interim)	0.067%	0.000%	0.000%	0.067%	10/12/2016	10/12/2021	Available	3610 5/
R2017-1 (Annual)	0.000%	0.170%	N/A	N/A	N/A	N/A	N/A	3610 7/
<b>SPECIAL SERVICES</b>								
R2013-7	1.564%	0.000%	1.564%	0.000%	5/10/2013	5/10/2018	R2013-11/Exhausted	1756 2/
R2013-10	0.000%	1.864%	N/A	N/A	N/A	N/A	N/A	1890 1/
R2013-11	0.000%	N/A*	N/A	N/A	N/A	N/A	N/A	1926 2/
R2015-4 (Interim)	0.281%	0.000%	0.281%	0.000%	1/15/2015	1/15/2020	R2017-1/Depleted	2388 3/ 7/
R2015-4 (Annual)	1.430%	0.000%	1.430%	0.000%	1/15/2015	1/15/2020	R2017-1/Depleted	2388 7/
R2017-1 (Interim)	0.067%	0.000%	0.000%	0.067%	10/12/2016	10/12/2021	Available	3670 5/
R2017-1 (Annual)	0.000%	1.711%	N/A	N/A	N/A	N/A	N/A	3670 7/

**Notes:**

N/A means Not Applicable

\*There is no annual limitation calculated in an exigent rate adjustment.

1/ A portion of the unused rate adjustment authority generated in Docket No. R2012-3 was used for the above CPI-U rate adjustment approved in Docket No. R2013-10.

2/ All available unused rate adjustment authority was exhausted as a result of the approved exigent rate adjustment in Docket No. R2013-11.

3/ Due to filings being more than 12 months apart, upon filing Docket No. R2015-4, interim unused rate adjustment authority was generated for the months not included in the annual limitation calculation (September 2013 - November 2013).

4/ A portion or all of the interim unused rate adjustment authority generated in Docket No. R2015-4 was used for the above CPI-U rate adjustment in the same docket.

5/ Due to filings being more than 12 months apart, upon filing Docket No. R2017-1, interim unused rate adjustment authority was generated for the months not included in the annual limitation calculation (December 2014 - August 2015).

6/ A portion of the interim unused rate adjustment authority generated in Docket No. R2017-1 was used for the above CPI-U rate adjustment in the same docket.

7/ A portion or all of the unused rate adjustment authority generated in Docket Nos. R2015-4, R2016-2, and R2016-5 (as applicable) was used for the above CPI-U rate adjustment approved in Docket No. R2017-1.