

12-Month Average Change in CPI-U

Prepared by Postal Regulatory Commission

Last Update: 12/17/2014

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	2.8%	2.9%	3.0%	3.1%	3.1%	3.0%	3.0%	3.1%	3.3%	3.4%	3.4%	3.4%
2006	3.5%	3.5%	3.5%	3.5%	3.7%	3.8%	3.9%	3.9%	3.7%	3.4%	3.3%	3.2%
2007	3.1%	3.0%	2.9%	2.8%	2.7%	2.6%	2.4%	2.3%	2.3%	2.5%	2.7%	2.9% ^{1/}
2008	3.0%	3.2%	3.3%	3.4%	3.5%	3.7%	4.0%	4.3%	4.4%	4.5%	4.2%	3.8% ^{2/}
2009	3.5%	3.2%	2.8%	2.4%	1.9%	1.4%	0.8%	0.2%	-0.324%	-0.634%	-0.570%	-0.356%
2010	-0.143%	0.013%	0.236%	0.482%	0.757%	0.968%	1.252%	1.477%	1.685%	1.799%	1.741% ^{3/}	1.640%
2011	1.559%	1.557%	1.589%	1.668%	1.799%	2.008%	2.208%	2.426% ^{4/}	2.653%	2.849%	3.036%	3.157%
2012	3.263%	3.326%	3.322%	3.248%	3.090%	2.930%	2.743%	2.570% ^{5/}	2.415%	2.303%	2.170%	2.069%
2013	1.960%	1.887%	1.789% ^{6/}	1.686%	1.657%	1.664%	1.710%	1.696% ^{7/}	1.628%	1.528%	1.484%	1.465%
2014	1.495%	1.393%	1.396%	1.471%	1.535%	1.562%	1.565%	1.580%	1.620%	1.678%	1.685%	

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

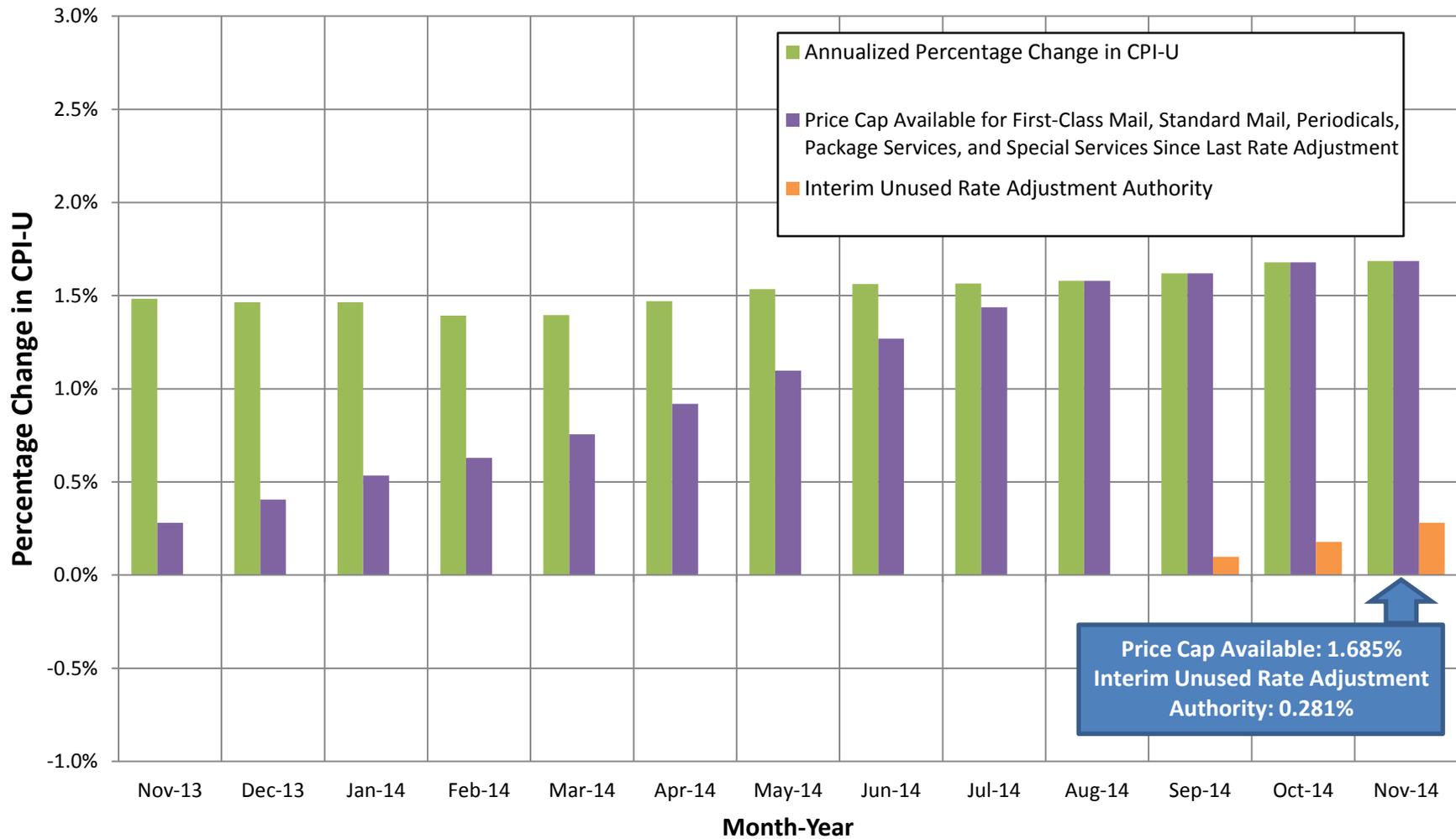
7/ Price cap for Docket No. R2013-10 for First-Class Mail, Standard Mail, Periodicals, and Package Services;

Partial Year price cap for Special Services equals 0.636 percent

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, or the Commission's Final Rules at <http://www.prc.gov/prc-docs/home/PAEA/FinalRulesWeb.pdf>.

Annualized Percentage Change in CPI-U and Available Price Cap November 2013 - November 2014



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, or the Commission's Final Rules at <http://www.prc.gov/prc-docs/home/PAEA/FinalRulesWeb.pdf>.

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 November 2010, the Commission sums the CPI-U figures for each month beginning with December 2009 and ending with November 2010, 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, i.e., the annualized percentage change, exactly twelve months apart throughout 2013 and 2014.

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 R2012-3 the Postal Service filed a market dominant rate change using the August 2011 index. Because the price adjustment occurs 9 months after the previous adjustment, the Commission uses the ratio of the annualized August 2011 index to the annualized November 2010 index. Simply, it is a ratio of two indices nine 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 an annual price change, but increases month by month, except under deflation. The **purple bars** on the graph depict the "build up" of the price cap for each class of mail, i.e., the allowable percentage price change, throughout the year by class. In September 2013, the two bars are far apart, but continue to grow closer throughout the ensuing months.

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.¹

¹ 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)
FIRST-CLASS MAIL								
R2008-4	0.014%	0.000%	0.000%	0.014%	2/11/2008	2/11/2013	None/Expired	66
R2009-2	0.030%	0.000%	0.030%	0.000%	2/10/2009	2/10/2014	R2013-11/Exhausted	191 4/
R2011-2	-0.574%	0.000%	-0.574%	0.000%	1/13/2011	1/13/2016	R2013-11/Exhausted	675 4/
R2012-3	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	987
R2013-1	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	1541
R2013-10	0.081%	0.000%	0.081%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 4/
R2013-11	0.000%	N/A*	0.000%	0.000%	N/A	N/A	N/A	1926 4/
PERIODICALS								
R2008-4	0.176%	0.000%	0.161%	0.015%	2/11/2008	2/11/2013	R2009-2/Expired	66 1/
R2009-2	0.000%	0.161%	N/A	N/A	N/A	N/A	N/A	191 1/
R2011-2	-0.577%	0.000%	-0.577%	0.000%	1/13/2011	1/13/2016	R2013-11/Exhausted	675 4/
R2012-3	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	987
R2013-1	0.021%	0.000%	0.021%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1541 4/
R2013-10	0.032%	0.000%	0.032%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 4/
R2013-11	0.000%	N/A*	0.000%	0.000%	N/A	N/A	N/A	1926 4/
STANDARD MAIL								
R2008-4	0.062%	0.000%	0.000%	0.062%	2/11/2008	2/11/2013	None/Expired	69
R2009-2	0.041%	0.000%	0.041%	0.000%	2/10/2009	2/10/2014	R2013-11/Exhausted	201 4/
R2011-2	-0.575%	0.000%	-0.575%	0.000%	1/13/2011	1/13/2016	R2013-11/Exhausted	675 4/
R2012-3	0.092%	0.000%	0.092%	0.000%	10/18/2011	10/18/2016	R2013-11/Exhausted	987 4/
R2013-1	0.001%	0.000%	0.001%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1573 4/
R2013-10	0.054%	0.000%	0.054%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1902 4/
R2013-11	0.000%	N/A*	0.000%	0.000%	N/A	N/A	N/A	1926 4/
PACKAGE SERVICES								
R2008-4	0.025%	0.000%	0.000%	0.025%	2/11/2008	2/11/2013	None/Expired	66
R2009-2	0.000%	0.000%	0.000%	0.000%	N/A	N/A	N/A	191
R2011-2	-0.576%	0.000%	-0.576%	0.000%	1/13/2011	1/13/2016	R2013-11/Exhausted	675 4/
R2012-3	0.018%	0.000%	0.018%	0.000%	10/18/2011	10/18/2016	R2013-11/Exhausted	987 4/
R2013-1	0.003%	0.000%	0.003%	0.000%	10/11/2012	10/11/2017	R2013-11/Exhausted	1541 4/
R2013-10	0.243%	0.000%	0.243%	0.000%	9/26/2013	9/26/2018	R2013-11/Exhausted	1890 4/
R2013-11	0.000%	N/A*	0.000%	0.000%	N/A	N/A	N/A	1926 4/
SPECIAL SERVICES								
R2008-4	0.052%	0.000%	0.052%	0.000%	2/11/2008	2/11/2013	R2013-11/Exhausted	66 2/
R2009-2	0.085%	0.000%	0.085%	0.000%	2/10/2009	2/10/2014	R2013-11/Exhausted	201 2/
R2011-2	-0.575%	0.000%	-0.575%	0.000%	1/13/2011	1/13/2016	R2013-11/Exhausted	675 2/
R2012-3	2.832%	0.000%	2.832%	0.000%	10/18/2011	10/18/2016	R2013-1;R2013-10;R2013-11/Depleted	987 2/ 3/ 4/
R2013-1	0.000%	0.280%	N/A	0.000%	N/A	N/A	N/A	1541 2/
R2013-7	1.564%	0.000%	1.564%	0.000%	5/10/2013	5/10/2018	R2013-11/Exhausted	1756 4/
R2013-10	0.000%	1.864%	N/A	0.000%	9/26/2013	9/26/2018	N/A	1890 3/
R2013-11	0.000%	N/A*	0.000%	0.000%	N/A	N/A	N/A	1926 4/

Notes:

N/A means Not Applicable

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

Dockets that are struck (i.e. ~~Docket No. R20XX-4~~) indicate that unused rate adjustment authority from that docket expired pursuant to 39 U.S.C. 3622(d)(2)(C)(ii) and 39 CFR 3010.26(d) and is no longer available for future price adjustments.

1/ Part of the unused rate adjustment authority generated in Docket No. R2008-1 was used to fund the above CPI-U price adjustment approved in Docket No. R2009-2.

2/ Unused rate adjustment authority generated in Docket Nos. R2008-1, R2009-2, R2011-2 and part of R2012-3 was used to fund the above CPI-U price adjustment approved in Docket No. R2013-1.

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

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