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First-class stamps to cost a penny more

Other postage rates also will increase in January

The Associated Press

WASHINGTON — It'll cost a penny more to mail a letter next year.

The cash-strapped U.S. Postal Service announced Tuesday that it will increase postage rates on Jan. 22, including a 1-cent increase in the cost of first-class mail, to 45 cents.

Under the law the post office cannot raise prices more than the rate of inflation, which is 2.1 percent, unless it gets permission from the independent Postal Regulatory Commission.

The post office lost $8 billion in fiscal 2010 and the bottom line is likely to be even worse when final figures for fiscal 2011 are released next month.

The rate increase will make only a small dent in those losses, caused by the recession, movement of mail to the Internet, and a requirement that the agency fund future retiree medical benefits years in advance.

Other proposals to cut the losses have included reduction of mail delivery from six to five days a week and closing thousands of offices across the country.

The current 44-cent rate has been in effect since May 2009.

Other prices will also change, including:

- Postcards will go up 3 cents to 32 cents.
- Letters to Canada and Mexico will increase a nickel to 85 cents.
- Letters to other foreign countries will go up 7 cents to $1.05.
- Prices for advertising mail, periodicals and parcels also will rise about 2.1 percent.
- There will be a new three-month option for renting post office boxes.
- Delivery confirmation will be free on some parcel services.