

Press Release

December 18, 2008

PRC Issues Final Regulations for Accounting Practices and Tax Rules for Competitive Products

Washington, DC – The Postal Regulatory Commission today released final regulations establishing financial accounting practices and tax rules for the Postal Service’s competitive products category. Order No. 151 is available on the Commission’s website, www.prc.gov and has been submitted to the *Federal Register*.

The Postal Accountability and Enhancement Act (PAEA) required the Commission to develop accounting rules and principles applicable to competitive postal products. The PAEA also directed the Commission to develop rules for determining the assumed Federal income tax on competitive products income.

The final rules in this order differ slightly from the proposed rules and were designed to address comments of the Postal Service and the Public Representative. Principal differences between the proposed and final rules include:

- Treatment of group specific costs when calculating net income for competitive products has been changed to be consistent with PRC Order No. 115 - Order Accepting Certain Analytical Principles for Use in the Postal Service’s Periodic Report;
- Title for the Pro Forma Balance Sheet has been changed to Statement of Allocated Assets and Liabilities;
- Provide opportunities for public comment on the Postal Service’s assumed annual Federal income tax calculations.

“These rules should provide the public with increased transparency of Postal Service accounting practices for the competitive products category. We worked to balance the goal of ensuring against cross subsidies by the market dominant products without imposing undue burdens on the Postal Service,” said PRC Chairman Dan G. Blair.

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