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advantage of the “‘unique opportunity to take some steps toward increasing Periodicals revenue and improving cost coverage.’” Instead, the Commission stated, “the authority to raise prices due to either extraordinary or exceptional circumstances was not designed to provide a ‘unique opportunity’ to address problems that have persisted ‘for years.’” Postal Service v. Postal Regulatory Commission, Brief for Respondent Postal Regulatory Commission, U.S.C.A. D.C. (No. 10-1343) (Jan. 14, 2011), p. 35. In other words, it is the Commission’s position that the Postal Service is powerless to remedy the problem by pricing for underwater classes in an exigent price increase docket.

If the Commission’s position is accurate and if the Postal Service cannot achieve cost coverage for Periodicals and Package Services through (i) cost cutting and (ii) cap-limited price increases, or as part of (iii) an exigent price adjustment, then the last available tool is for the Commission to do what is within its remedial powers under sections 3653 and 3662(c).

For the reasons set out above, Valpak urges that, in the pending FY2010 ACD, the Commission act now to take the following steps:

1. Standard Flats Product.

- a. Find that the rates for the Standard Flats Product are not in compliance with PAEA, and
- b. Direct the Postal Service to immediately increase prices for Standard Flats by **11 percent** — the amount which would move the product half-way to full coverage in this Docket — followed by another similar increase in the next round of pricing adjustments to get Standard Flats at least to full coverage.

2. Periodicals Class.

- a. Find that the rates for Periodicals Class are not in compliance with PAEA, and