



Postal Regulatory Commission

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Press Release

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PRC Approves Postal Service Request for Exigent Rate Increase; Rejects Permanent Price Increases

Washington, DC – Today the Postal Regulatory Commission issued Order No. [1926](#) in Docket R2013-11 partially approving a request by the Postal Service for an exigent rate increase to offset losses suffered as a result of the Great Recession of 2008-2009.

In its majority decision, the Commission found that the Postal Service experienced financial harm as a result of the Great Recession and is legally entitled to implement price increases in excess of the CPI cap for less than two years. The Commission denied the Postal Service's request to make the increases permanent. It found allowing the increases to remain in effect indefinitely would be inconsistent with fundamental postal policies underlying the price cap.

"The Commission's decision closely follows the law we are charged by the President and Congress to uphold," said Commission Chairman Ruth Y. Goldway. "The Postal Service will be reimbursed for exigent losses that can be reasonably quantified. We have determined that amount to be \$2.8 billion to cover the 25.3 billion pieces of volume lost between 2008 and 2011. The funds will come from a rate surcharge that will last just long enough to recover the loss," she added.

The Postal Accountability and Enhancement Act of 2006 requires the Postal Service to demonstrate to the Commission its need for an exigent price increase above the CPI cap by describing the exigent circumstances and showing why they necessitate the increase, showing that the proposed rates are reasonable and equitable, and describing the circumstances under which the increases could be rescinded or reduced.

The Commission determined that the proposed price increases were reasonable in amount, equitable in that they are approximately equal for all categories of mail, and necessary to maintain and continue needed postal services. However, the Commission also concluded that the Postal Service conflated losses that are a result of internet diversion with losses that were a result of the Great Recession, and that it failed to provide justification for permanent price increases in connection with recession-related mail volume losses.

In its order, the Commission directed the Postal Service to report quarterly on revenues generated by the rate increases, and to develop a plan to phase out the rates once they have produced the revenue justified by their request.

The 4.3 percent exigent rate increases are scheduled to be implemented in conjunction with the inflation-based rate adjustment of 1.7 percent (one cent for ordinary mailers), approved earlier by the Commission. The overall adjustment is 6.0 percent (a total of three cents from 2013 rates or 49 cents).

The Commission's decision was issued on a 2-1 vote.

The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the U.S. Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Goldway, the other Commissioners are Vice Chairman Robert Taub, and Mark Acton.

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