

<b>Postal Regulatory</b>	Postal Regulatory Commission 901 New York Avenue, NW	Phone: 202-789-6800 Fax: 202-789-6886
<b>Commission</b>	Suite 200 Washington, DC 20001 <a href="http://www.prc.gov">www.prc.gov</a>	Contact: Nanci Langley <a href="mailto:Nanci.Langley@prc.gov">Nanci.Langley@prc.gov</a>

## Press Release – October 29, 2007

### PRC Issues Final Regulations on Rulemaking for the New Ratemaking System 8 Months Ahead of Statutory Deadline

#### Press Briefing – Thursday, November 1, 2007 2:00 pm, Commission Hearing Room

Washington, DC – The Postal Regulatory Commission (PRC) today released the final regulations to implement new modern ratemaking and classification systems for market dominant and competitive mail products. The 178-page Order describing the regulations is available on the Commission’s website, [www.prc.gov](http://www.prc.gov) and has been submitted to the *Federal Register*.

“I am extremely proud the Commission has completed its work eight months ahead of the statutory deadline set by the Postal Accountability and Enhancement Act (PAEA) (PL 109-435), said PRC Chairman Dan G. Blair. “We and the U.S. Postal Service have a full agenda before us as we implement the requirements of the Act. Having the new ratemaking system in place sooner, rather than later, allows us to focus on the tasks ahead and hopefully avoid an old cost-of-service rate case,” Blair noted.

“These new rules provide the Postal Service with the ability to adjust rates for market dominant products within a Consumer Product Index (CPI) cap,” said Blair, who praised the tremendous public input from interested parties throughout the Commission’s rulemaking process. The Commission issued two Advance Notices of Rulemaking, held three field hearings, as well as inviting comments and reply comments on the proposed regulations.

The regulations consist of three parts:

- Regulations related to rate adjustments for market dominant products, including the formula for the calculation of the rate cap under which annual adjustments may be made;
- Regulations related to competitive products; and
- Establishment of a Mail Classification Schedule, which categorizes products as either market dominant or competitive.

The Commission’s introduction to the adopted rules highlights certain clarifications made to the proposed rules issued on August 15, 2007, as a result of reply comments, including:

- Clarifying the content of the notices of proceedings applicable to the various types of filing;
- Reaffirming the use of the rate cap for market dominant products;

-More -

- Adopting a transition rule for the calculation of rate cap in the event of a transitional rate filing;
- Clarifying the content of an exigent rate request;
- Reaffirming that each negotiated service agreement (NSA) is a separate product, but that functionally equivalent NSAs may, with supporting evidence, be grouped as one product; and
- Adopting initial lists of market dominant and competitive products.

“These new regulations provide the predictability and flexibility envisioned by the PAEA by enabling the Postal Service to price its own products; ensuring competitive products pay their own way; improving accountability; and maintaining universal service at affordable rates,” said Chairman Blair.

-30-

*The Postal Regulatory Commission is an independent federal agency 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 Blair, the other four Commissioners are Ruth Goldway, Tony Hammond, Dawn Tisdale, and Mark Acton.*