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PRC Issues Proposed Rulemaking for New Ratemaking System Ahead of Statutory Deadline

Washington, DC – The Postal Regulatory Commission (PRC) today published proposed regulations to implement a modern ratemaking and classification system for market dominant and competitive mail products. Comments to the proposed regulations are due by September 14, 2007, and reply comments are due by September 28, 2007. The proposed regulations are available on the Commission's website, www.prc.gov, and will be available in the Federal Register.

The Commission unveiled its proposed regulations 10 months ahead of the June 2008 deadline set by the Postal Accountability and Enhancement Act (PAEA) (PL 109-435).

"Early implementation benefits all customers of the U.S. Postal Service," said PRC Chairman Dan G. Blair. "In three separate appearances before Congress this year, I said the Commission would meet its goal of issuing final regulations by the end of October. The regulations will reflect the input we received through our two Notices of Advanced Rulemaking issued this year, as well as the three field hearings we held this summer. The parties' contributions are appreciated. We're on track, and I thank my fellow Commissioners and Commission staff for moving forward so quickly."

Blair noted that there was a general consensus that avoiding a final omnibus rate case under existing procedures would allow the Postal Service and the Commission to dedicate more resources to implementing other aspects of the PAEA. "Having this new framework in place, will allow the Postal Service to operate with the flexibility envisioned by the Act," he said.

The proposed rulemaking consists of three parts: regulations related to competitive products; regulations related to rate adjustments for market dominant products, including the formula for calculation of the rate cap under which annual adjustments may be made; and establishment of a Mail Classification Schedule, which categorizes products as either market dominant or competitive.

"The proposed regulations provide a broad framework that will evolve over time, and we will issue proposals shortly amending the Commission rules concerning complaints and reporting requirements to provide additional transparency," Blair said.

The Commission's proposed regulation seeks to make the new rate system workable for all stakeholders 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.

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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 Commissioners are Ruth Goldway, Tony Hammond, Dawn Tisdale, and Mark Acton.