



Postal Regulatory Commission

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PRC Issues Final Regulations on the Treatment of Rate Incentives and De Minimis Rate Increases for Price Cap Purposes

Washington, DC – The Postal Regulatory Commission today released final regulations on the treatment of mid-year rate reductions, de minimis rate increases, and rate incentives for purposes of the price cap system established under the Postal Accountability and Enhancement Act. The rules create a new type of rate filing called a “Type 1-C rate adjustment.” Type 1-C rate adjustments allow the Postal Service to reduce rates without calculating the annual limitation on the percentage change in rates. Generally, the Postal Service will be able to choose whether or not to generate and bank unused rate adjustment authority as a result of a Type 1-C rate adjustment.

The rules also provide the Postal Service with the flexibility to implement very small rate increases in between its regularly scheduled rate adjustments without calculating the annual limitation on the percentage change in rates.

Finally, these rules provide additional guidance on the types of rate incentives and promotions that will be included in the price cap calculation, as well as details about how the Commission calculates the percentage change in rates for certain classification changes.

These final regulations are designed to provide greater predictability for the Postal Service and the mailing community at large as they make decisions that rely on the Postal Service’s authority to adjust rates for market dominant products under the price cap.

The Commission’s order is available on the Commission’s website at http://www.prc.gov/Docs/89/89838/Order_2086.pdf. The regulations will take effect 30 days after publication of the Commission’s Order in the *Federal Register*.

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 Mark Acton, and Robert Taub.