

Press Release

Contact: Nanci Langley
Phone: 202-789-6887

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**POSTAL REGULATORY COMMISSION
OPINION & RECOMMENDED DECISION ON RECONSIDERATION
DOCKET NO. R2006-1
PRIORITY MAIL FLAT RATE BOX
FIRST-CLASS MAIL NONMACHINABLE LETTER SURCHARGE**

April 27, 2007

Washington, DC – The Postal Regulatory Commission (PRC) today issued its Opinion and Recommended Decision on Reconsideration resolving two issues before it in Docket No. R2006-1. The Commission’s decision lowers the rate for the Priority Mail Flat Rate Box and expands the First-Class Mail nonmachinable letter surcharge to pieces weighing more than one ounce. The decision may be found on the PRC website, www.prc.gov, under *Daily Listing, April 27, 2007*.

Background and Summary

On February 26, 2007, the Commission issued its recommended decision in Docket No. R2006-1, the most recent omnibus rate case. On March 19, 2007, the Governors of the U.S. Postal Service (USPS) endorsed the Commission’s rate recommendations with three limited exceptions, including those for Priority Mail Flat Rate Box and First-Class Mail nonmachinable letter surcharge. The Postal Service sought reconsideration on March 28 and the Commission invited comments from interested parties with a deadline of April 12, 2007, for initial comments and April 19, 2007 for reply comments.

Priority Mail Flat Rate Box

The Commission agrees with the Postal Service's request that the Priority Mail Flat Rate Box rate be set at \$8.95 rather than \$9.15 as initially recommended. On reconsideration, the PRC concurred with the Postal Service that the Commission had inadvertently understated dim-weight related cost savings, thereby eliminating the need to increase Flat Rate Box rate above \$8.95.

Nonmachinable Surcharge to First-Class Letters

The Commission recommends the classification change suggested by the Postal Service to resolve the letter-shaped First-Class Mail nonmachinable surcharge reconsideration request. The Commission found the Postal Service justified increasing rate differentials on heavier-weight nonmachinable letters. Surcharges for nonmachinable pieces exist in other mail rate categories and fairly distinguish between lower and higher cost mail.

The revised classification provides rates that better reflect the underlying costs of providing the service.