



Postal Regulatory Commission

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Press Release

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Commission Issues Order Resolving Technical Issues Related to Workshare Discounts

Washington, DC - The Postal Regulatory Commission today issued Order No. 1320, Docket No. RM2010-13, evaluating and resolving several key issues related to the pricing of workshare discounts the Postal Service offers to mailers who prepare their mail in ways that reduce the Service's sorting and delivery costs.

First, the Commission determined that changing mailing patterns have caused the need for a new, broader benchmark for calculating discounts for presorted First-Class Mail. The Commission concluded that the recent shift of small-volume mailers away from metered mail to "information-based indicia" mail makes such mail a better benchmark for estimating the savings achieved by presorting.

Second, the Commission found that savings from specific kinds of worksharing activities which depend on closely-related mailer preparation activities should be taken into account in the Postal Service's savings estimates.

Third, the Commission discussed the potential benefits of "bottom-up" costing proposed by certain mailer organizations, and what Postal Service data would need to be collected to make that costing approach succeed.

The Commission also found that the Postal Service saves some collection costs when First-Class Mail belonging to the new benchmark category is converted to the presort category.

"The Commission's decision provides the Postal Service and mailers with a worksharing benchmark that better reflects current mailing practices, and the new ways in which customers deposit mail into the postal network," said PRC Chairman Ruth Y. Goldway. "The thoughtful and detailed comments we received from the Postal Service and the public in this docket were invaluable in helping my colleagues and me to arrive at a decision that reflects actual mailing practices and enhances worksharing opportunities for mailers," added Goldway.

The PRC is tasked with ensuring the legal requirement that worksharing discounts do not exceed the Postal Service's cost savings from such worksharing. The results of the Commission's compliance review for worksharing are published each year in the Annual Compliance Determination (ACD) available on the PRC.gov web site.

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 Nanci Langley, Mark Acton, and Robert Taub.