

Press Release

March 16, 2009

Postal Regulatory Commission Verifies Rate Cap Compliance for Market Dominant Products

Washington, DC – The Postal Regulatory Commission today issued its review of the U.S. Postal Service’s price adjustments for market dominant products. Chairman Dan G. Blair announced the Commissioners’ decision that the increases for market dominant products are, on average, within the applicable 3.8 percent price cap for each class of mail. The rate adjustment includes a 2 cent increase in the price of the First-Class stamp, from 42 to 44 cents.

The Postal Accountability and Enhancement Act of 2006 (PAEA) established ratemaking flexibility and allows the Service to adjust rates on an annual basis for market dominant products as long as the increase for each class of mail is kept under the rate of inflation, as determined by the Consumer Price Index. The Commission’s determination may be found on its website, www.prc.gov, under [Order No. 191](#).

Under Commission rules established after the enactment of the PAEA, the Commission opened [Docket No. R2009-2](#) on February 11, 2009 and followed a 34-day review process which allows market dominant rates to increase after a 45-day public notice by the Postal Service. Under these regulations, today’s findings conclude a 20-day public comment period and a 14-day review period during which the price adjustments were verified. The new prices are scheduled to become effective May 11, 2009.

Today the Commission is also initiating [Docket No. RM2009-3](#) with [Order No. 192](#) to afford the Postal Service (and interested persons supporting its rationales) an opportunity to address the legal, factual, and economic underpinnings of the methodologies used by the Postal Service to develop its proposed First-Class Mail and Standard Mail discount rates in [Docket No. R2009-2](#). Interested persons, including the Postal Service, may submit alternative workshare discount rate design and cost avoidance calculation methodologies. Such presentations will be due no later than 60 days after publication of the Order in the *Federal Register*.

The summary below includes a table demonstrating that the price adjustments planned by the Postal Service are properly below the statutory price cap. The law allows the Postal Service to “bank” the difference between the cap and its price changes. The difference between them is also shown in the attached table.

Percentage Increase by Class and Unused Rate Authority

Class	Rate Changes %	Unused Rate Authority %
First-Class Mail	3.770	0.044
Standard Mail	3.781	0.081
Periodicals	3.961	0.015
Package Services	3.800	0.025
Special Services	3.825	0.027