

Postal Regulatory Commission

Postal Regulatory Commission
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Press Release

Washington, DC – May 25, 2007— The Postal Regulatory Commission (PRC) today offered interim rate relief for Standard Regular flats and catalog mailers in response to the Governors of the U.S. Postal Service (USPS) who requested reconsideration of the recommended rates in March.

The Commission's *Second Opinion and Recommended Decision on Reconsideration* recommends a transitional temporary rate reduction of three cents (\$0.03) for all Standard Mail Regular flats and two cents (\$0.02) for Standard Regular nonprofit flats. By law, the average revenue per piece for nonprofit mail is only 60 percent of the average revenue for commercial mail. No other rate changes were recommended by the Commission.

If the Governors accept the Commission's recommendation, there should be minimal administrative or transaction costs since the savings could be easily measured at the end of the transition period or at the time of mailing. Mailers would not need to reprogram computer hardware or software to accommodate this temporary change. Mailers could simply multiply the number of flats mailed by \$0.03 to calculate their savings in this transition period. Nonprofit mailers could multiply the number of flats mailed by \$0.02.

Today's PRC action responds to the last of three issues returned to the Commission by the Governors in relation to Docket No. R2006-1. The Commission's decision may be found on the PRC website: www.prc.gov under *Daily Listing*, May 25, 2007.

Commission chairman Dan G. Blair issued the following statement:

The Commission's proposal gives the USPS Governors the ability to make a temporary rate reduction for catalog and flats mailers. We believe this option responds to the concerns expressed by the Governors and all of the many participants who submitted comments. It leaves Standard letter rates untouched, protects the Postal Service's financial standing, allows USPS projected revenues to meet expected costs, and does not reduce the Contingency Fund.

Our recommendation does not involve shifting the financial burden associated with lowering catalog and flats rates to other mailers. If the Governors accept our recommendation, commercial and nonprofit flats mailers could expect to achieve savings of \$0.03 and \$0.02, respectively, and the Postal Service would still break even if the temporary transitional rate relief for Standard Regular flats mailers ends on September 29, 2007, the last Sunday before the test year begins.

The Commission recognizes that the dates for implementation of all rate changes are determined by the Governors who must balance the needs of mailers and the Postal Service. We believe our recommendation appropriately acknowledges the recent passage of the Postal Accountability and Enhancement Act that underscores the potential benefits of providing the Postal Service with additional pricing flexibility.

- 30 -

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