

## PRC approves USPS rate increases, but is critical of discount calculations

The Postal Regulatory Commission has approved the Postal Service's planned rate increases for its market dominant products, including first class and standard (advertising) mail. There would be no increase for a one ounce first class letter, but other rates would rise an average of 1.7%. The [new rates](#) will take effect on April 17.

While finding that the rate changes were within the authority granted to the USPS by the 2006 PAEA Act, the commission was critical of some of the Postal Service's methods of calculating worksharing discounts:

In some instances, the Postal Service calculates worksharing pass-throughs utilizing unapproved methodologies that currently are under review with the Commission. The Postal Service asserts that the methodologies it employs are superior to the established methodologies; therefore, it contends that use of the unapproved methodologies is appropriate.

The Postal Service should not use unapproved methodologies in price adjustment filings. These cases are conducted using a compressed time schedule to allow the Postal Service to quickly and efficiently adjust rates without the delays inherent in evaluating new, unreviewed analytical methodologies. The expedited process was developed with the support of the Postal Service.

PRC Chair Ruth Goldway was even more critical of the USPS, saying in a concurring opinion:

I am troubled by the Postal Service's disregard for the regulatory procedures established and often reiterated by the Commission, particularly with regard to the reliance on an unapproved costing methodology in this case. I believe the workshare discounts that the Postal Service has proposed continue to allow for inefficiencies in mail processing. However, I concur with my colleagues that meeting the price cap requirements is of primary importance.

[PRC Order\\_No\\_675](#).

[http://www.prc.gov/Docs/71/71974/Order\\_No\\_675.pdf](http://www.prc.gov/Docs/71/71974/Order_No_675.pdf)