

HOW MUCH WILL POSTAL RATES GO UP?

The PRC is Still Mulling the USPS Request Eliminate the CPI Rate Cap

The answer is, no one knows for sure yet.

As last reported, the USPS was asking the Postal Regulatory Commission (PRC) to eliminate the Consumer Price Index (CPI) rate cap and establish a system where the Postal Service could set rates any way it wants or deems necessary. The only requirement would be to provide the mailing industry with advance guidance on the timing and size of the increase as well as making its rates *fair and reasonable* whatever that it is.

To support its position, the USPS again offered its standard list of issues it is dealing with, declining mail volumes in all classes, the expansion of its delivery point and the need for more homes and businesses that need delivery.

The original law set forth in 2007 by the PRC allowing the Postal Service to only annually raise rates based upon the current CPI is under review as mandated upon the 10 year mark of its inception.

The USPS considers financial stability to be their first and foremost concern, reasoning that from this point forward, anything they need to do should be allowed as long it helps them achieve that number one goal. According to them, all other objectives by the USPS depend on sufficient revenues to meet operating requirements.

As the PRC ponders its next steps, they will do so with over 40 separate sets of comments that have been filed during the review proceeding. Most of those “interested parties and stake holders” maintain that the CPI rate setting cap has worked well across a class basis and brings predictability and stability to postal pricing. In other words, they’re saying “only raise rates marginally and find other ways to cut USPS costs to ensure financial stability. Of course, the USPS counters that with they have already done what they can to reduce costs.

In essence, the USPS wants the PRC to not engage in second guessing postal management’s business decisions, but to recognize it has been attempting to honestly and efficiently manage the business. Other than that, the Postal Service offered no actual alternatives, just give them the “hands off” approach and they will take it from there. That outcome would surely lead to a multitude of being filed by the members of the mailing industry with the Court of Appeals.

The PRC has consistently stated that it plans to handle the rate review process expeditiously with an initial decision perhaps sometime this summer and completion by this fall.

The AAPS take is simple. Higher postal rates means higher distribution rates are possible. After all, financial stability is at the forefront of our operations as well.