

www.affordablemailalliance.org

FOR IMMEDIATE RELEASE: August 18, 2010

Contact: aslater@skdknick.com (202-355-8287)

POSTAL SERVICE ISN'T FACING IMMEDIATE CASH CRISIS; SO WHY THE MASSIVE RATE HIKES FOR CUSTOMERS?

*Following Postal Regulatory Commission Hearings,
Affordable Mail Alliance Submits Further Comments*

Washington, DC – The Affordable Mail Alliance – a growing coalition of nearly 1,000 non-profits, Fortune 500 companies, small businesses, major trade associations, consumer groups, and citizens representing the vast majority of the mail sent in the United States – submitted further comments to the Postal Regulatory Commission yesterday. The comments focused on last week's hearings at the Commission, where the Postal Service admitted that it is not facing an immediate cash crisis – the original rationale for demanding a rate increase ten times the rate of inflation.

“Under none of the scenarios projected by the Postal Service will it stop meeting payroll or delivering the mail before... the last day of Fiscal Year 2011,” the Affordable Mail Alliance noted in its comments. “Moreover, the exigent increase, even if approved and implemented exactly as proposed, would not extend the Postal Service's ability to deliver mail by a single day.”

The Postal Service claims that the massive rate increase is vital to continuing mail operations because of an immediate cash crisis were contradicted in testimony by its own CFO during last week's hearings. Instead, the Postal Service claimed that the increases are necessary to avoid losses over the decade from now through 2020. But that kind of chronic, longer-term problem is not the “extraordinary or exceptional” circumstance that the 2006 law requires for any above-inflation rate increase.

A decade is ample time for the Postal Service to get its real problem—runaway costs—under control. The Postal Service should also work with its employees and customers to obtain proper credit for the \$55 billion in overpayments made by the Postal Service to the Treasury for pension costs.

“There are much better solutions for the Postal Service’s long run problems than the quick fix of a \$3 billion-a-year rate increase - totaling \$30 billion over the next decade - while the economy and its customers are struggling to get back on its feet,” said Tony Conway, Affordable Mail Alliance Spokesperson and Executive Director of the Alliance of Nonprofit Mailers. “That would amount to a new tax on the customers, driving them away from using mail services and exacerbating the Postal Service’s long-term problems.”

The Postal Service’s revelations at last week’s hearings have also given new force to the concerns of Senator Susan Collins (R-ME), the lead author of the 2006 legislation that now governs postal pricing. In comments filed with the Commission on August 9, she observed that the cause of the Postal Service’s “current financial condition [is primarily] its own failure to sufficiently update its business model to adapt to predictable and natural cyclical changes in the economy and mail usage.” She declared: “The Postal Service’s financial condition is not the result of ‘extraordinary or exceptional circumstances’ required by law to initiate an exigent rate case.”

For full copies of Senator Collins’ comments and yesterday’s comments submitted by the Affordable Mail Alliance, visit www.affordablemailalliance.org.

More on the Affordable Mail Alliance

The Affordable Mail Alliance is an unprecedented coalition of postal customers who have come together to say “enough is enough” – no more postal rate hikes. The coalition includes charities, consumer groups, small business, national retailers, utilities, banks, insurance companies, Fortune 500 companies, and the customers who use the Post Office every day. The members represent many of the Postal Service’s biggest customers—and many of its smallest—and use every major class of mail. It is this cross-section of America that will suffer if USPS raises rates. For further information, please visit www.affordablemailalliance.org or contact Alex Slater at aslater@skdknick.com or 202 355 8287.

###