



## POSTAL SERVICE APPEALS EXIGENT RATE CASE DECISION

On October 22, 2010, the Postal Service filed an appeal with the U.S. Court of Appeals for the D.C. Circuit regarding the September 30, 2010 ruling of the Postal Regulatory Commission (PRC) denying the Postal Service exigent price request.

The Postal Service is requesting a review of the PRC's interpretation of the law that governs how prices can be set under "extraordinary and exceptional" circumstances – an exigent" price increase. The Postal Service is also requesting that the Court of Appeals confirm that the Postal Service has the right to the exigent price increase, as originally filed with the PRC.

The Postal Service disagrees with the PRC's interpretation of the statutory language and believes that the PRC applied an incorrect standard in evaluating the request for an exigent price increase.

The Postal Service believes we need clarity regarding the exigent price increase rules under current law should the Postal Service find itself in a similar situation in the future.

The Court of Appeals will ask for briefs from both the Postal Service and the PRC. Oral arguments also may be scheduled by the court.

The Postal Service continues to evaluate other options to address the PRC's ruling. The exigent price request would have generated about \$2.3 billion in much needed revenue for the first nine months of calendar year 2011.

As laid out in the Postal Service's March 2<sup>nd</sup> Action plan, requesting an exigent price increase was the one option the Postal Service could exercise under current law to help address its current dire financial situation.

Increasing revenue is only one part of the solution. The long-term financial viability of the Postal Service will remain questionable unless the actions recommended on March 2<sup>nd</sup> are implemented. These include:

- Addressing the statutory retiree health benefit pre-funding requirement, averaging \$5.5 billion;
- Allowing the Postal Board of Governors to direct the Postal Service to move to five day delivery;
- Requiring an arbitrator to consider the financial health of the Postal Service when making a determination;
- Allowing the Postal Service greater freedom to close Post Offices;
- Permitting the Postal Service to offer new products and services; and
- Giving the Postal Service greater pricing flexibility.