

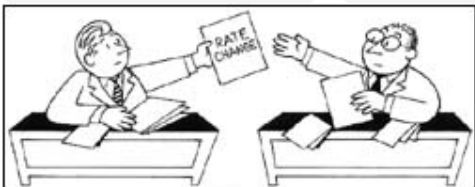

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History of the U.S. Postal Service

1775-1993

Rates

How Rates Are Set



The Board of Governors of the Postal Service proposes new rates to the Postal Rate Commission (PRC). This proposal comes in the form of a formal request accompanied by testimonies and analyses explaining the need for a rate increase and how the various rate proposals were

developed.

The PRC has ten months in which to render an opinion and a recommended decision to the Governors. During that ten-month span, the PRC conducts open hearings. In this process:

- The Postal Service answers questions from various interested parties, such as customers, competitors, and consumer advocates, about the proposed rates.
- The interested parties critique the Postal Service's rate proposals and offer their own alternatives.

If the PRC does not give a recommended decision to the Postal Service after ten months, the Postal Service may implement the proposed rates temporarily.

The Governors have several options after they receive the PRC's recommended decision.

- They may accept the recommended decision and, with the other two members of the Board, order new rates into effect on a specific date.
- They may reject the PRC's recommended decision and return it to the PRC for reconsideration. Current rates stay in effect.
- They may allow the recommended decision under protest; acting with the other members of the Board, order the new rates into effect on a specific date; and return the decision to the PRC for reconsideration or appeal the decision to the courts.

Finally, the Governors can modify the Commission's second or reconsidered decision by unanimous vote if they determine that the recommended rates yield insufficient revenue.

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Postal Rate Commission

The Postal Rate Commission is a five-member independent agency created by the Postal Reorganization Act of August 12, 1970, as amended by the Postal Reorganization Act Amendment of 1976 (90 Stat. 1303), approved September 24,

1976.

The Postal Rate Commission acts upon requests from the Postal Service or in response to complaints filed by interested parties. Its major responsibilities are to submit recommended decisions to the Postal Service on postage rates and fees and mail classifications; issue advisory opinions to the Postal Service on proposed nationwide changes in postal services; submit recommendations for changes in the mail classification schedule; and receive, study, and issue recommended decisions and reports to the Postal Service on complaints from the mailing public about rates, classifications, services, and the closing or consolidation of small post offices.

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