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USPS Chief Financial Officer Admits Rate Increase will have No Effect on Solvency of USPS

Day One Highlights of Hearing on Proposed Rate Increase Demonstrates Why PRC Should Return This Request to Sender

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 most of the mail sent in the United States – highlights the testimony of USPS CFO Joseph Corbett that makes clear the proposed rate increases are not justified under the law or necessary for the continuation of mail services.

Testifying yesterday at the Postal Regulatory Commission hearing, Corbett admitted that the Postal Service's cash position this year is no worse than in 2009, when the Postal Service did not seek a rate increase of this kind.

Corbett went on to describe the sophisticated computer modeling system the USPS has had for 20 years that tracks the decline in mail volume due to diversion to internet

communications. When asked why then the Postal Service had no contingency plan for the impending decreases in mail volume, a USPS key argument for needing the rate hike, Corbett replied that the system is used for “looking backward, not forward.”

“Today, we learned that not even the Postal Service’s top managers believe this rate increase meets the standards laid out in the “extraordinary and exceptional” clause in the PAEA,” said Tony Conway, AMA spokesperson and Executive Director of the Alliance of Nonprofit Mailers yesterday at the hearing. “We are encouraged by the tough but fair questioning by the Commissioners and believe that ultimately, they will be convinced that a rate hike ten times the rate of inflation is not justified by law.”

Many of the Commissioners expressed concern that if the PRC approves a rate increase that is ten times the rate of inflation, the USPS, instead of putting its financial house in order, will come back year after year asking for more money – a key argument of the AMA motion to dismiss, filed July 19 (<http://affordablemailalliance.org/motion.pdf>).

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. Our coalition includes charities, consumer groups, small businesses, national retailers, utilities, banks, insurance companies, Fortune 500 companies and the customers who use the Post Office every day. Our members represent many of the Postal Service’s biggest customers—and many of its smallest—and use every major class of mail. It’s this cross-section of America that will suffer if USPS raises rates. For further information, please visit www.affordablemailalliance.org or contact Jessica McCreight; jmccreight@SKDKnick.com; 202-464-6900.

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