



December 5, 2011

The Honorable Patrick R. Donahoe
Postmaster General and CEO
United States Postal Service
475 L'Enfant Plaza SW
Washington, D.C. 20260

Re: Docket No. R2010-4 (Phase II), *Rate Adjustment Due To Extraordinary or Exceptional Circumstances*

Dear Postmaster General Donahoe,

We are perplexed. In your presentations to the mailing community in recent months, we have heard you say repeatedly that you do not want an exigent price increase; an exigent increase will not occur; and mailers should budget for 2012 price increases at the CPI level, because a larger increase would be self-defeating due to its negative effects on mail volume. Simultaneously, however, the Postal Service has continued to file pleadings and signed statements with the Postal Regulatory Commission in Docket No. R2010-4 claiming that the Service still seeks a \$2.3 billion exigent increase.¹

Under the current circumstances, the only prudent course for mailers is to assume that the Postal Service is still seeking Commission approval of an exigent rate increase in this docket, and that an increase approved by the Commission may very well be implemented by the Board of Governors. As long as the Postal Service's exigent increase request remains in active litigation, the Commission must consider the request

¹ See, e.g., Statement of the USPS Regarding Its Exigent Request (November 7, 2011):

In Order No. 937, the Postal Regulatory Commission directed the United States Postal Service "to file a statement indicating whether and how it wishes to pursue its Exigent Request, as described in Order No. 864, no later than November 7, 2011." This Statement responds to that directive. The Postal Service has determined that it will proceed with its Exigent Request.

See also Motion of the USPS for Leave to Supplement the Record (November 7, 2011); USPS Notice of Filing (November 21, 2011) ("recovery of lost contribution of \$2.34 billion would be consistent with the statutory standard").

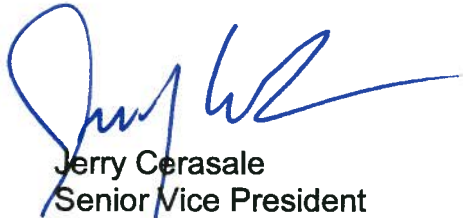
and issue a decision on it. Moreover, if the Commission ultimately authorizes any part of the requested increase, any portion of the authorized increase not implemented by the Postal Service could still end up as banked rate authority—rate authority that would force your customers to plan for above-CPI postage increases for the next five years, and adjust their mailing plans accordingly.

For these reasons, the mailing industry must continue to oppose the exigent rate request as long as it remains pending before the Commission. The resulting litigation will force *both* the Postal Service and the mailing community to divert precious time, energy, and resources to litigating an increase that you profess not to want – time, energy, and resources that would be far better deployed constructively collaborating to solve the Postal Service’s financial problems and pushing for Congressional action in our common interest. Further, the continuing pendency of this litigation—and the mere possibility that mailers may face an above-CPI rate increase in 2012 or 2013—has cast a pall of uncertainty over the industry’s budgeting and mailing plans. This business uncertainty almost certainly will cost the Postal Service mail volume and revenue.

These harmful consequences can be easily avoided. If you do not want an exigent increase and you do not want mailers to plan for one, withdraw the case. Actions speak louder than words.

Unless and until the Postal Service publicly withdraws its formal request for Commission approval of exigent rate increases, mailers must assume that the Postal Service is serious about seeking them. For the good of the Postal Service and the mailing community, we urge you to pull the exigent request.

Sincerely Yours,



Jerry Cerasale
Senior Vice President
Direct Marketing Association



Tony Corway
Executive Director
Alliance of Nonprofit Mailers



Jim Cregan
EVP, Government Affairs
MPA-The Association of Magazine Media



Gene Del Polito
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cc: Governors, United States Postal Service
Commissioners, Postal Regulatory Commission