

# Target Marketing

## Postage Up 2% on April 26

January 16, 2015

By Heather Fletcher

The U.S. Postal Service wasted no time in requesting a postal rate hike. On January 15, USPS filed a notice with the Postal Regulatory Commission for a nearly 2 percent increase to take place on April 26.

The timing for the inflation-based increase appears to coincide with the expiration of its exigent rate increase, which the PRC says USPS needs to stop after it brings in the \$3.2 billion meant to help make up for losses during the Great Recession. The USPS is suing the PRC regarding this \$3.2 billion limit.

The USPS "Notice of Market Dominant Price Adjustment" comes just days after the PRC freed the USPS from conditions placed on its exigent rate hike.

"The filing is expected to generate an additional \$900 million in revenues on an annualized basis, some \$400 million of which will be realized in FY 2015," the American Catalog Mailers Association notes in an email Thursday evening.

The 56-page USPS notice to the PRC explains more about postal service plans.

"The cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each market-dominant class," writes the USPS. "These fixed weights are the most recent 12 months of postal service billing determinants, with adjustments that are supported and reasonable."

The Direct Marketing Association (DMA) speaks up in a statement emailed to *Target Marketing*.

"Today's announcement is yet another attempt by the U.S. Postal Service to squeeze the direct mail industry," says Peggy Hudson, DMA's SVP of government affairs. "For the postal service to request this mid-year price increase, after companies have set their annual budgets, is short-sighted and irresponsible. We encourage the Postal Regulatory Commission to remain vigilant and deny this requested increase."