

BEFORE THE  
POSTAL REGULATORY COMMISSION

Before Commissioners:

Dan G. Blair, Chairman;  
Mark Acton, Vice Chairman;  
Ruth Y. Goldway;  
Tony L. Hammond; and  
Nanci E. Langley

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Report on Universal Postal  
Service and the Postal Monopoly

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Docket No. PI2008-3

INITIAL COMMENTS OF  
AMERICAN POSTAL WORKERS UNION, AFL-CIO  
(June 30, 2008)

The following comments are submitted on behalf of the American Postal Workers Union, AFL-CIO (the APWU) and its 300,000 members in response to Commission Order No. 71. We think it is important to recognize that the requirement that the United States Postal Service provide postal services to all parts of the nation is an enduring public policy commitment made through the political process, restated and reconfirmed in the Postal Reorganization Act of 1970 and again in the enactment of the Postal Accountability and Enhancement Act (PAEA). While Congress did, in the PAEA, require a report on universal postal service and the postal monopoly, Congress also

reconfirmed its commitment to provide a United States Postal Service that delivers postal services, and access to postal services, to all parts of the nation. Congress has expressly provided that

The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.

39 USC § 101(a); and

The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

Id. at § 101(b).

The discussion of universal postal service should not be approached or resolved based on economics and issues of affordability. As stated in the PAEA, the “United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States... .” Thus, universal service is fundamentally a public policy question and the Commission should approach the universal service and postal monopoly inquiry from the perspective of the average citizen mailer. The Postal Service is an important part of commerce, but it is also charged with binding the nation together through the personal, educational, literary and business correspondence of the people. While the Postal Service must meet the needs of businesses that mail millions of pieces, it must also meet the needs of the

individual. Viewed from the eyes of the individual, access to the mail box and retail access to postal services are critical issues. Some of the services needed to keep a two-way communication to individual residences, like local post offices, stations and branches and collection boxes, are too expensive for an individual to pay the full costs. However, the costs of these services have proven to be manageable costs when averaged over all users of the mail. Additionally, to the average citizen mailer, universal service is more than just the services related to sending and receiving mail pieces. As the Commission has learned from its field hearings, in many rural locations, the Postal Service is a critical link to government and community. There can be no substitute for the Postal Service in many communities throughout the United States in its ability to “bind the nation together.” And in many rural locations, and delivery points that are “not-profitable” there is little alternative to the Postal Service. Not all households have access to the internet; not all households can afford alternate sources of sending and receiving mail offered by Postal Service competitors. We urge the Commission to view the questions of access to the mail box and the need for universal service through the eyes of the average citizen. If the need for postal services were to be viewed only from a business viewpoint important access to services, might be curtailed.

The undertaking to discuss and perhaps define universal service and the universal service obligation of the United States Postal Service, and to re-examine the postal monopoly, comes at a time when the Postal Service is confronted by the steady decline of First Class mail. Over the decade before the passage of the PAEA, many concerns were expressed about the possible effects of the increasing use of electronic transmission of messages on the volume and revenues of the Postal Service. During

the debate concerning the likely impact of these changes, the APWU consistently expressed the view that change, although inevitable, would come more slowly and have a less devastating impact on the Postal Service than others had predicted. We expressed these views before the Presidential Commission on the U.S. Postal Service, to Congress, and to the Postal Rate Commission. We also expressed skepticism about the need for legislation to overhaul or otherwise save the Postal Service. In the more than 30 years of its existence, the Postal Service had performed very well, it had delivered excellent service at rates that, overall, had no more than kept pace with inflation. The Postal Accountability and Enhancement Act, by providing a rate cap tied to inflation, but with banking and exigency provisions to provide flexibility, has ensured that postal rates will remain in line with inflation for the foreseeable future. Our view of the present efforts to “define” universal postal service or to limit the postal monopoly is based on the same view of changing mail volumes that led us to differ from those calling for radical postal reform legislation. The Postal Service has shown a remarkable capacity to evolve and endure in response to changes in the postal marketplace. These changes include the near monopolization of overnight delivery of messages and of parcel delivery by Postal Service competitors, as well as the development of electronic transmissions. We see no reason to abandon evolution as a means of responding to market changes. We have only begun to test the effectiveness of the recently-legislated changes in the way postal rates are to be set – changes that were intended, among other things, to make the Postal Service more responsive to change in postal markets. Furthermore, Congress clearly understands that the Postal Service is a unique and important part of the economic infrastructure of the country. In the PAEA, Congress

maintained the requirement that the Postal Service continue to provide postal services to patrons in all areas and in all communities.

Postmaster General Potter has aptly characterized the universal service network of the Postal Service as a “national treasure.” Part of the value of the network has been its availability to serve other needs of the community by offering other federal non-postal services, and by serving as a focal point for a community. Those who want to dismantle this network, in whole or in part, or who call for changes in the postal monopoly that might jeopardize the future viability of this network, should be required to meet a heavy burden of proof that there is any need to make change. Universal service requires a universal network. The mailbox monopoly and the universal network also offer a general welfare benefit: the opportunity for a better environment, smaller carbon footprint, less demand for gasoline and less traffic. The postal monopolies help to sustain this network. Certainly, the American public is satisfied with its postal service. The United States Postal Service in every poll of American opinion proves to be widely respected. There is no public outcry for opening the nation’s mailboxes to products not delivered by the United States Postal Service. Calls to open up mailboxes are coming not from those who receive the mail but from those who want to use mailboxes to deliver other products. We see no advantage to the Postal Service and none to the American Public in these calls for change. And there is a serious risk that outside access to mailboxes would undermine the confidence of the public in the sanctity of the mail. Once lost, that confidence could well be impossible to recover.

Likewise, the call for reexamination of the need for First Class letter mail at a universal rate (Order No. 71 at 17) poses a question that has been answered by

Congress in the PAEA, both in the express statutory requirement for that service (see 39 USC § 404(c)<sup>1</sup>) and in the enactment of workshare discount standards. As recently as in R2006-1, the Postal Service proposed to move away from this requirement, by de-linking rates for large business mailers from rates for individuals and small business mailers. The evidence before the Commission showed that a universal rate with workshare discounts priced at the margin using Efficient Component Pricing is most efficient; and the Postal Regulatory Commission correctly declined to approve de-linking. Once again, those who would propose a change in this most efficient system should be made to bear a heavy burden of proof that the interests to be served by such change are the interests of the American public and not just the interests of a segment of the business community.

Finally, we observe that those who are calling for examination of alternatives to our Postal Service often point to recent changes in European posts. But those calls ignore the fact that the needs of the European Union, a composite of relatively small and densely-populated countries, are very different from ours; and their postal systems were evolving from a much different tradition. Our geography and our needs are unique to the United States. The United States Postal Service still serves an important need to provide postal services to every part of the nation, from the most urban to the most rural. There is no public policy justification for a call to back away from that commitment.

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<sup>1</sup> “The Postal Service shall maintain one or more classes of mail for the transmission of letters sealed against inspection. The rate for each such class shall be uniform throughout the United States, its territories, and possession ... .”

Respectfully submitted,

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