

Remarks for the National Catholic Development Conference

St. Louis, MO

October 3, 2005

Thank you, Sister Georgette and Neal, for the kind introduction, and thank you, all, for inviting me to join you here in St. Louis. I'm glad to be with you this morning.

First, before we get into discussion, I do want to thank so many in this room for your efforts to help the communities recovering from the damage brought on by the recent hurricanes. I know Catholic relief organizations were some of the very earliest responders on the scene – and for that, you deserve a tremendous thanks.

President Bush, of course, called particularly on faith-based organizations to help. Many relief organizations have been especially stretched lately and should be commended for the extra effort you're making.

But, I'm also glad to be here today, because I spent a good number of years as a non-profit fundraiser myself. So, I do understand the type of problems that you face and, of course, one of those concerns is fair rates and regulations for non-profit mail.

As you know, special rates for nonprofits have existed for more than a century. Historically, whether it was the Congress providing for the

“preferred-rate mail” through appropriations or postal ratepayers assisting preferred rate mail through discounts, we have understood the value of non-profits to the communities they serve.

I think there is a consensus that this situation should continue to exist for the non-profit community. Nothing has occurred to justify a change to this policy.

But, should that ever be forgotten, Neal Denton and the Alliance for Non-Profit Mailers, will be all over Washington pounding on doors to remind people.

The Alliance is one of the most respected organizations in the community and Neal is the best in the educational process of what non-profit mailers mean to the postal community. I know you appreciate the work the Alliance does.

One issue which can affect you directly is postal reform legislation. My position as a Commissioner keeps me from becoming too involved in the details of the legislation but I can discuss generally what has been going on in Washington.

Postal Reform has been discussed for long a time. But, it hasn't been until recently that passage of legislation actually looked feasible.

There are bipartisan bills before both the House and Senate. Each of them contains provisions that would give the Postal Service more flexibility in the overall rate-making process.

In return for that increased flexibility, the Postal Service would be held more accountable, and be more financially transparent, in part by changing the current duties of the Postal Rate Commission.

The House passed their version of the legislation, HR 22, by an overwhelming vote last July.

The Senate reform package was also passed out of committee and the full Senate was expected to be debating its version of the bill this fall.

However, two stumbling blocks have emerged that could delay that:

- 1) The impact of Hurricane Katrina and what Congress must do to respond, and
- 2) The last-minute concerns the Postal Service Board of Governors' raised about the legislation.

The major champion of the Senate bill - Senator Susan Collins of Maine- is also Chair of the Senate Homeland Security and Governmental Affairs Committee. And, she is going to be extremely busy with dealing with hurricane relief efforts.

And, on top of a very crowded Senate calendar, the Postal Service Board of Governors recently expressed major concerns with the legislation.

They identified more than a half-dozen reasons for their position, but their primary concern was over the issue of governance – that is, the role of the regulator versus that of the Board of Governors. They complain that the postal reform bills give too much power to the new Postal Regulatory Board, while not providing enough flexibility to the Postal Service.

Now, I do believe that legislative reform is necessary for the Postal Service to survive in the future. The Postal Service deserves the flexibility necessary to succeed if it is to remain a viable and valuable institution.

However, along with that, because it is a government monopoly, the Postal Service has an extra-special responsibility to be accountable to stakeholders and the American mailing public, such as yourselves.

While the reform bills provide for a necessary modernization of the rate-making process, they also have provisions that provide for review. That is an essential part of the reform and I hope that any legislation passed by Congress will continue to provide safeguards in the rate-making process. After all, it is for your benefit.

Financial accountability is essential. Since the Postal Service will remain a government monopoly, the PRC will be the only place for those affected by rate changes, like yourselves, to seek review.

I know that much of what the Postal Rate Commission does seems arcane and technical to those who don't have to deal with the various rates and classifications on a professional basis. And, quite frankly, it is.

But, during my three years serving as a Commissioner, we have been active on a number of issues dealing with postal rates and efficiencies that affect everyone in the mailing community.

We have worked to improve flexibility in the rate-making process through Negotiated Service Agreements (NSAs) between the Postal Service and mailers. The Alliance of Nonprofit Mailers has been very supportive of further NSAs.

We also adopted new rules of practice requiring the Postal Service to provide "roadmap" testimony in Omnibus Rate Case filings. This is so ratepayers can more quickly identify changes that affect them, and has been beneficial to all the intervenors, including the Alliance of Nonprofit Mailers.

We have attempted to increase financial transparency by adopting rules directing the Postal Service to provide relevant financial and operating reports. The more information we can get from the Postal Service, the more helpful it is to you.

Now, there currently is a rate case pending before the Postal Rate Commission.

In April, the Postal Service filed a “unique” ratecase request for a 5.4% across the board increase, which Postmaster General John Potter testified was entirely due to the Postal Services’ legal obligation to fund the \$3.1 billion escrow requirement mandated by Congress.

To make sure that we are as responsive as possible, the Commission has allowed expedition of the case. We authorized settlement discussions between mailers and the Postal Service, and we will make recommendations to the Board of Governors responding to the request.

Now, I’m not allowed to discuss what our recommendation will be, or when it will occur. Our lawyers would prefer I not even acknowledge what I just told you, even though I just told you nothing. Therefore, I shall say nothing further about the pending case.

Other than that, when discussion time begins, I’ll be happy to answer any questions you might have. And, thank you again for having me.