

**STATEMENT OF**

**TED KEATING, PRESIDENT**

**NATIONAL ASSOCIATION  
OF POSTAL SUPERVISORS**

**BEFORE THE**

**POSTAL REGULATORY COMMISSION**

**HEARING ON**

**UNIVERSAL POSTAL SERVICE  
AND THE POSTAL MONOPOLY  
IN THE UNITED STATES**

**JULY 10, 2008**

Chairman Blair and distinguished members of the Postal Regulatory Commission:

Thank you for holding this hearing and for the opportunity to appear before you on behalf of the postal supervisors, managers and postmasters who belong to the National Association of Postal Supervisors.

Our 34,000 members are responsible for the management and supervision of mail processing, delivery and support operations. They maintain a strong interest in the Commission's inquiry into the universal service obligation and the postal monopoly in the United States because they play a fundamental and critical role in the delivery of postal services to all parts of the nation, in fulfillment of the universal service obligation.

Over the course of the past 231 years, our nation's postal system has demonstrated a remarkable capacity to adapt and endure. The history of the United States Postal Service is rooted in the principle of universal service: that every person in the United States, no matter who, no matter where, has the right of equal access to secure, efficient, and affordable mail service.

Given history's role in the evolution of universal service, it is fitting that I appear before you because the National Association of Postal Supervisors this year celebrates the 100<sup>th</sup> anniversary of its

birth. Two months from now, on September 7, NAPS delegates to our national convention will gather in Louisville, Kentucky to honor the vision and courage of 50 postal supervisors, who on that very day one-hundred years ago, came from post offices in 13 states to create an association dedicated to the welfare of postal supervisors and the improvement of the United States Post Office Department.

At that moment in 1908, the nation's postal system was already over a century old. Yet America's postal system was far, far different than the extensive network of mail collection and delivery we enjoy today. Rural Free Delivery was still in its infancy. Postmasters were appointed by patronage. There was less mail, far fewer customers and considerably less delivery points. Today the United States Postal Service has grown to become the most trusted part of our government, delivering more than 700 million pieces a day to over 160 million addresses, generating \$77 billion of revenue a year. It is indeed a national institution unlike no other in the world. Our members are proud to have played a role in that growth.

Before proceeding to address more specifically the universal service obligation and the most important issues under consideration by the Commission, I want to take this opportunity to congratulate the members of the Commission and its staff for the impressive number of regulatory and achievements you have accomplished over the past two years, all with considerable speed and intellect. The regulatory framework you have established under the new postal reform law has

helped to provide a strong foundation for the law's implementation. The American postal system is the better today for your efforts, and we thank you for your hard work and the products of your labors.

While my testimony will not address every one of the topic areas outlined in the Commission's notice of April 30, I will try to address the major issues that have arisen in the field hearings, the June 12 workshop and the first round of public comments.

**Overall, the National Association of Postal Supervisors urges the Commission to:**

- **Support the continuation of universal mail service as we have come to know it;**
- **Embrace a flexible, evolving view of the universal service obligation, mindful of economic realities, but resisting rigid regulatory or statutory definition;**
- **Affirm the synergy of universal mail service through a nationwide system of post offices and mail delivery, fortified by the strengths of the letter monopoly and the mailbox rule; and**
- **Preserve six-day delivery, balancing customer needs, economic realities and the need to assure a strong system overall.**

The Commission's responsibility to study the future of the universal service comes at a time when a number of forces put the

USO at risk. Declining First Class mail volume, fast-rising fuel costs, a sluggish economy, and increasing numbers of delivery points are testing the economic durability of the Postal System. These forces are economically potent, and could suggest to the Commission an approach that recalibrates the universal service obligation, so as to lead to shorter delivery frequency, with limited geographic reach, involving fewer products, with greater reliance upon private sector carriers. We believe, however, such an approach would be shortsighted and seriously flawed, and ultimately only exacerbate the troubles faced by the current system. The infancy of the new postal law and the multiple business opportunities and flexibilities it affords to the Postal Service should be tested to a far greater degree before injecting further change into the nation's postal system.

We believe the Commission would be ill-advised to recommend major changes at this time that alter the character and scope of the universal service obligation or the postal monopoly.

The universal service obligation represents an enduring public policy commitment, rooted in the Constitution and reaffirmed by the Congress in the Postal Reorganization Act of 1970 and more recently through the enactment of the Postal Accountability and Enhancement Act. The universal service obligation recognizes that every American citizen should have access to basic, reliable and affordable postal service. The corresponding obligation on the part of government to assure accessibility to the post is embedded in our deepest American

traditions of fairness and responsive government. The universal service obligation was not primarily designed to generate revenue, but as a policy to encourage personal, cultural, and commercial intercommunication.

Congress has long installed in federal law the primary obligation of the Postal Service “to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people.” Congress also has mandated that the Postal Service “provide prompt, reliable, and efficient services to patrons in *all* areas and shall render postal services to *all* communities.” Indeed, every American household and business depends on regular, accessible and affordable postal service for their social and economic well-being, regardless of location. While electronic communication and the internet continue to change our lives, the Postal Service’s role in binding the nation together remains is as integral to our country’s future as ever.

Though the specific terms of the universal service obligation are not defined by law, unlike the practice of some other nations, this is a strength of our system, not a weakness. The meaning of universal service in the United States has come to be known through the combination of governmental policy, public expectations and market realities over the course of 230 years. The U.S. has been well-served by this flexible, evolutionary approach. Given the changes in postal service, technology and market conditions over that time

period, and especially in the last several decades, the United States is best served by the continuation of an adaptive, flexible approach toward the universal service obligation. NAPS opposes the statutory or regulatory definition of the universal service obligation.

Codification of the meaning of universal service would also undermine the flexible approach embodied in the new postal reform law.

NAPS similarly opposes the relaxation of the letter monopoly and the mailbox rule. Considerable harm to the economic viability of the Postal Service would come about if private carriers were permitted to receive and deliver current market-dominant postal products. The Postal Service's financial base would be endangered because not all delivery routes are profitable, and private competitors would attempt to secure the most profitable routes, leaving the less profitable ones to the Postal Service. The potential injection of subsidies into the system to heighten the commercial appeal of less profitable routes will only complicate an already complex system.

Similarly, the security of current mail system would be threatened if the mailbox rule were liberalized to afford accessibility to competitors of the Postal Service to place materials in the mailboxes of Americans. Multiple materials belonging to multiple carriers in mailboxes would create endless confusion and debase the sanctity of the mail. Congress sufficiently considered whether to revise the letter and mailbox monopolies in its recent passage of the Postal

Accountability and Enhancement Act, and elected not to make any changes. The Commission should respect that conscious policy choice and refrain from injecting itself. While partnerships between the Postal Service, business mailers and the private sector continue to present opportunities to contain costs, the preservation of accessibility to the system and the security of the mail should never be compromised.

Finally, the National Association of Postal Supervisors strongly supports the preservation of six-day delivery service. We recognize that delivery cycles have expanded and contracted over the more than two-hundred year history of the Postal Service, driven by customer needs and economic realities. Affordability, indeed, is a necessary contributor to the character of universal service. While declining First Class mail volume and rising fuel costs will require the Postal Service to continue to consider and undertake the measures necessary to assure the core viability of secure, efficient and affordable mail service, we believe six-day delivery service should continue at the present time.

Our Association and its members look forward to continuing to play a role in preserving universal service and the economic viability of a postal system that continues to bind the nation together. Thank you, Mr. Chairman and Members of the Commission, for the opportunity to present these remarks.