

SEPARATE VIEWS OF CHAIRMAN GOLDWAY

While the Commission as a whole certifies the preceding advisory opinion, and its extensive analysis of the potential cost savings and impact on citizens of service cutbacks, we did not agree on the broader policy concerns arising from the Postal Service Proposal.

In this separate opinion, I explain that eliminating Saturday mail delivery does not conform to the Nation's postal policy.

When the Postal Service sought this advisory opinion, it was aware that for three decades Congress has annually adopted the requirement that the Postal Service maintain its current delivery frequency and levels of service. The Postal Service is thus asking Congress to alter longstanding national policy.

The recent Postal Accountability and Enhancement Act of 2006 (PAEA) is a reflection of national postal policy as well. The PAEA established procedures to ensure reliable, affordable and efficient postal service to the Nation. The centerpiece of this law is a cap on market-dominant products that limits any price increases to the rate of inflation.

The 2006 reform not only restricted price increases, however - it also required the Postal Service in consultation with the Commission to develop service standards, to measure service performance for every market-dominant product, and to regularly report on service performance results.

The price cap, the service standards and the performance measurement that ensure service quality are inextricably linked. Moreover, those features operate in parallel with the Congressional requirement to maintain and protect the service levels in place in 1983. Congress intended to protect mailers from both excessive rate increases and service degradation. The PAEA clearly requires the Postal Service to fulfill its

service obligations through gains in productivity and operating efficiencies rather than through price hikes or service reductions.

The language of the PAEA carried forward national postal policy from the 1971 Postal Reorganization Act (PRA), establishing a Universal Service Obligation under which the Postal Service must provide fair rates and bind the Nation together. National postal policy as expressed in sections 101 and 403 of title 39 requires equitable postal service for all areas of the nation.¹

The Commission's advisory opinion describes how the Postal Service's plan will produce a significant and disparate reduction in levels of service throughout the nation, and that the impact of that reduction in service will be particularly felt in remote and rural areas.

With this proposal, the Postal Service is challenging established national postal policy in two main ways. First, it is asking to significantly reduce service from 1983 levels yet maintain the rates set for six-day service. In its testimony, the Postal Service acknowledges that a reduction in service could be characterized as a hidden cost. It would amount to a de facto price increase. The American public will pay the same amount tomorrow yet receive a level of service quality that falls well below today's service levels.

While it may be acceptable for a private company to charge whatever the market will bear, the Postal Service is a government monopoly operating in the public interest under national policies. It should not reduce service unless it adjusts prices accordingly.

¹ “[The Postal Service] shall provide prompt, reliable and efficient services to patrons in all areas and shall render postal services in all communities.” 39 U.S.C. 101(a). “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.” 39 U.S.C. 101(b). “In determining all policies for postal services, the Postal Service shall give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail.” 39 U.S.C. 101(e). “The Postal Service shall serve as nearly as practicable the entire population of the United States.” 39 U.S.C. 403(a).

Second, the Postal Service's proposal unfairly discriminates against users of the mail in remote and rural areas and in the non-contiguous states of the Union. As the record of the Commission's opinion shows, some 25 percent of mail will be delayed by two or more days, which is more burdensome to any population that has greater reliance on the mail. Transportation circumstances in remote and rural areas, as we heard in the South Dakota field hearing, can extend mail delays.

More importantly, remote and rural areas rely on a wide variety of postal services provided by rural carriers and highway contract route carriers, in locations where a post office can be quite distant. By removing Saturday delivery, that aspect of service is left unfilled. I believe this rural divide is much greater than is intended in national postal policy.

The nation's postal policies are set forth in current law. The Postal Service proposal is in direct contradiction. Should Congress decide to allow the Postal Service to reduce levels of service set by current law, and to provide still lower levels of service to some of the nation, it should make adjustments to the PAEA and the annual appropriations language that will direct the Commission regarding future regulation.

Ruth Y. Goldway, Chairman