

GERALD E. CONNOLLY
11TH DISTRICT, VIRGINIA

COMMITTEE ON THE BUDGET

COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM

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FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA

GOVERNMENT MANAGEMENT, ORGANIZATION,
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COMMITTEE ON FOREIGN AFFAIRS

SUBCOMMITTEES:

TERRORISM, NONPROLIFERATION AND TRADE

MIDDLE EAST AND SOUTH ASIA

Congress of the United States
House of Representatives
Washington, DC 20515-4611

July 20, 2010

Postal Regulatory Commission
901 New York Avenue NW
Suite 200
Washington, DC 20268

Dear Postal Regulatory Commission,

I am writing to request inclusion of my recent letter to Postmaster General Potter in your record of testimony on the proposed exigent rate increase. Thank you for your consideration of my concerns with the Postal Service's proposal.

Sincerely,



Gerald E. Connolly
Member of Congress
11th District, Virginia

GC/ZF

Postal Regulatory Commission
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July 13, 2010

Mr. John Potter
Postmaster General
475 L'Enfant Plaza
Washington, DC 20260

Dear Postmaster General Potter,

I am writing to express my concerns with the Postal Service's proposed exigent rate increase. As you know, I am not opposed categorically to price increases for Postal Service products, and in fact support granting the Postal Service greater legislative authority to maximize profits on some products over which it enjoys a monopoly. However, I am deeply concerned about your two pronged approach to the Postal Service's financial challenges: Cut service and raise prices.

Cutting service will only weaken the Postal Service's competitive advantage, your expansive network of retail outlets. Far from being a liability, this network offers the Postal Service the ability to deliver more products at lower prices than any other communications firm. Similarly, raising prices in a vacuum could contribute to a self reinforcing cycle of declining revenue and volume. If it is possible to raise prices on some products for which customers have no practical alternative that may be financially advisable. However, this exigent rate increase proposal could push customers to other means of communication.

Instead of pursuing another proposal that will reduce Postal Service volume and revenue in the long run, we should work together to relieve the Postal Service of retirement prefunding obligations and address the \$75 billion CSRS overpayment in order to buy time with which we could establish a comprehensive plan for the Postal Service's business model in the digital millennium. There is no substitute for this new business model, but pursuing a litany of service cuts and price increases will circumscribe the Postal Service's future options to enhance revenue and volume.

Sincerely,



Gerald E. Connolly
Member of Congress
11th District, Virginia

GC/ZF