

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

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Mail Processing Network Rationalization)
Service Changes, 2011 and 2012)
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Docket No. N 2012-1

Motion for Termination of Non-Public Status of Library Reference

By this motion I am requesting that the Commission make public all documents and communications related to the United States Postal Service's market research information file as Library Reference, USPS-LR-N2012-1/NP14 and NP1, filed on March 6, 2012 and December 5th, 2011 with an application for non-public status.

Public Interest in Financial Transparency Supports Publicizing USPS-LR-N2012-1/NP14 and NP1

This Library Reference information (NP 14) includes data on total and contribution revenue losses from the aggregate impact of Post Office closures, reduction in mail service to fewer than six days per week, processing facility closures, degradation of mail service, and possibly other factors such as rate increases. Library Reference information (NP1) also contains information about the impact of processing facility closures in isolation of other variables. Making this information public also would indicate whether the Postal Service abandoned this study before completion because it would have shown revenue losses despite Postal Service management's assertions to the contrary. As you know, a proposal from Postal Service management and some legislation introduced by Members of Congress would result in the closure of Post Offices and mail processing facilities, the elimination of next-day mail service, and other changes in current service standards. Legislation (H.R. 2309) to restructure the Postal Service, including provisions to close many processing facilities, reduce service standards and close thousands of rural Post Offices, has been reported from the House Oversight and Government Reform Committee and may come before the House for consideration. A separate bill (S. 1789) has been reported from the Senate Homeland Security and Governmental Affairs Committee and may come before the Senate for consideration. Simultaneously, the Postal Service is moving forward with its own plans to close hundreds of mail processing facilities and thousands of Post Offices.

These changes in Postal Service infrastructure and service standards will have a considerable affect on Postal Service revenue. Both customers and policy makers should have the opportunity to review information on the likely revenue impact from these proposed reductions in service and facilities. Unfortunately, the Postal Service has not presented such market data either to Congress or to the public. This data is relevant because it has a direct impact on the long-term viability of the Postal Service. As a Member of Congress, I have a responsibility to make decisions about pending legislation based on the best available information, but right now there is insufficient information about the impact on revenue of these proposals to reduce services and facilities. Making information in the Library Reference public would allow Members of Congress to better understand the ramifications of these proposals.

This market research is particularly important to understand in the context of changing market conditions, particularly those related to technology. Historically, the lack of alternative means of communication insulated the Postal Service from revenue and volume losses which could result from reductions in service and facilities. However, proliferation of numerous means of internet and mobile communication, as well as the current state of private mail and parcel delivery services, likely mean that elasticity of demand for postal services has increased while new business opportunities like parcel shipment from online retailers also has increased. Members of Congress and the public should have as much information as possible to understand how growing elasticity of demand will affect the long-term financial viability of the Postal Service. Projected revenue impacts from reducing services or facilities will offer valuable information for assessing that elasticity of demand. Without such information, how are we to know if these proposed reductions are not making permanent a short-term financial crisis by exacerbating the effects of the recent recession and the ill-advised retiree benefits pre-funding requirement?

Moreover, the public has a right to know about possible revenue impacts from these proposals. Closing Post Offices and processing facilities has a direct impact on the health, safety, and quality of life for Americans. According to the Kaiser Family Foundation, mail order pharmaceuticals have been the fastest growing segment of the prescription drug market in recent years, and at least 214 million prescriptions are filled through the mail annually. The speed and reliability with which mail-order pharmaceuticals arrive at Americans' homes has a direct impact on their health, particularly for our growing senior population, many of whom are unable to drive to a store to pick up medicines. The combination of fewer Post Offices and substantially slower mail delivery could make it impossible for Americans in rural areas to receive pharmaceuticals in a timely and affordable manner. Closing Post Offices and processing facilities also affects the quality of life and economic opportunities for many communities. Rural Post Offices are the anchor of many small towns, and their closure likely will have a ripple effect on nearby businesses which rely on patrons drawn to the Post Office. Reduction in service standards and Post Office closures will reduce economic opportunities for small retail businesses which ship their products through the mail by increasing the cost and time to ship products to consumers. Finally, as research conducted by the Postal Regulatory Commission has

demonstrated, closure of rural Post Offices and reductions in service standards will have a profound impact on the social life of Americans, particularly in those communities. Perhaps these sacrifices are justifiable if the Postal Service can realize substantial savings from downsizing without concomitant revenue losses. However, if downsizing actually results in substantial revenue losses, then citizens have a right to know if those economic and quality of life sacrifices are solving or exacerbating the problem.

Postal Service is Unlikely to Suffer Commercial Injury from Transparency

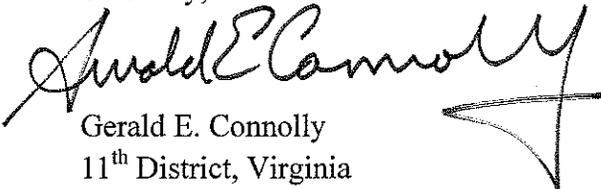
The Postal Service claims (Filing ID 80967, 3/8/2012) that the Library Reference should not be made public because the study was abandoned before completion and because the information is “of a commercial nature.” Any study of projected revenue impacts of business decisions is based on limited information. While this aborted study is less informative than if it had been completed, making it public nonetheless would provide more information to Congress and the public. With respect to information “of a commercial nature,” all Postal Service operations since the Postal Reorganization Act of 1970 have been of a commercial nature and subject to public review. The Postal Service is a self-sustaining entity whose decisions are inherently commercial, yet Congress, acting under a Constitutional mandate, has required that the Postal Service make commercial decisions in a transparent and public process. Such a process includes public comment on proposed stamp price increases and the closure of facilities. These “commercial” decisions have a profound public impact, and both Congress and the public have a right to know what the nature of that impact will be, even based on limited analysis.

In its submission to keep revenue impact information secret, the Postal Service claims that releasing revenue projections would provide an advantage to its competitors. I am concerned that it is the Postal Service’s proposal itself that will force customers to take their business to private competitors. The Postal Service is proposing sweeping reductions in service standards, processing facilities, and Post Offices. Congress and the public have a right to understand the *aggregate* impact of those decisions on Postal Service revenue. The Postal Service has proposed specific facility closures on the premise that such actions will save money. If it actually would result in greater revenue losses than savings, then both Congress and the public should have access to that information. Such information is relevant because multiple Members of Congress have petitioned the Postal Service to delay or stop facility closures and because the public is participating in a statutorily-protected public input process on this proposal through the Postal Regulatory Commission. Both aggregate and regional revenue data could have direct bearing on Members’ decision with respect to postal legislation and on citizens’ comments with respect to proposed facility closures, which is why that revenue data should be made public. While the Postal Service’s submission expresses concern about competition, it is precisely because of my concern that the Postal Service’s own downsizing proposals will divert mail to competitors and harm the Postal Service financially that I am filing to make revenue information public.

Conclusion

Based on the arguments submitted above, I am requesting that the Commission make public the Postal Service's market research information file as Library Reference, USPS-LR-N2012-1/NP14 and NP1. Postal Service management has suggested that Congress must allow and the public must accept dramatic reductions in mail service and postal facilities in order to ensure the financial viability of the Postal Service. Members of Congress have been asked to accede to these demands without thorough information on revenue losses which would accompany them, even though such revenue losses could negate the savings from these actions assumed by the Postal Service. Americans have been asked to accept unprecedented reductions in postal service, both in terms of speed of delivery and the number of Post Offices, on the premise that such downsizing is necessary to save the Postal Service. If that downsizing actually would lead to shrinking demand and revenue, then Americans have a right to understand that purported benefits of downsizing may not materialize. This information is relevant right now, as Congress considers legislation to restructure the Postal Service and as Americans participate in statutorily-established public input processes under the auspices of the Postal Regulatory Commission. To allow the Postal Service to keep revenue impact information secret would imply that Postal Service management has a monopoly on good judgment, which is an affront not only to the Constitution—which directs *Congress* to establish and maintain a Postal Service—but also to the public we serve.

Sincerely,

A handwritten signature in cursive script that reads "Gerald E. Connolly". The signature is written in black ink and is positioned above the printed name and district information.

Gerald E. Connolly
11th District, Virginia