

Before the
Postal Regulatory Commission
Washington, D.C. 20268–0001

Public Inquiry on Changes Associated
With the Delivering for America Plan

Docket No. PI2023-4

**RESPONSE OF THE LEXINGTON INSTITUTE TO MOTION FOR RECONSIDERATION
OF THE UNITED STATES POSTAL SERVICE**

(May 22, 2023)

The Lexington Institute opposes the U.S. Postal Service’s Motion for Reconsideration of Order No. 6488 (“USPS Motion”), filed in this docket on May 5, 2023. Moreover, the Lexington Institute strongly supports the Postal Regulatory Commission’s creation of this public inquiry docket on the *Delivering for America* (“DFA”) plan.

Recent events have shown how essential it is that the Postal Regulatory Commission probe and be kept informed of major developments with the DFA plan. On April 27, 2023, in a two-year update on the DFA plan, the Postal Service disclosed that it projects to lose \$70 billion from 2021-30. This is a major change from what it had forecast when the DFA plan was issued in March 2021.

USPS sought to portray this as progress, saying that it had reduced its projected losses from 2021-30 from \$160 billion to \$70 billion. Yet in the March 2021 DFA plan it said it would be breakeven from 2021-30 if the Postal Service Reform Act was enacted into law, which happened in April 2022, and if a \$14 billion dispute with the Office of Personnel Management was resolved in its favor. The latter remains to be determined.

There are potential major ramifications for postal rates and service if there is a cumulative loss of \$70 billion or so through 2030. At a basic but important level, one step that the Commission should consider taking is to each quarter request from the Postal Service annual projections of the net loss, or gain, each year through 2030. For consistency, this should include a graphic

like Figure 2 in the DFA plan, entitled, "Comparison of the 10-Year Base Projection Net Income vs. Projected Net Income with Strategic Plan Initiatives." This is on page seven of the DFA plan.

Furthermore, the Commission, Congress, and the American people should not have to wait until the Postal Service decides when and how it is going to release such central financial information. Nor should it be necessary to rely on marketing documents to determine how well the DFA plan is being implemented.

The USPS Motion is an audacious, pre-emptive attempt to keep the Commission from being informed of, and able to address, some of the basic elements of DFA plan implementation. Even if the letter of the law were on the Postal Service's side, it has a public duty to be transparent with the Commission and the American public as a government entity that has received \$120 billion in taxpayers' help since December 2020.

In their May 12 filing on this docket, the Association for Postal Commerce (PostCom) and the Alliance of Nonprofit Mailers (ANM) provide clear and well-reasoned arguments for why this docket should proceed. This is an information gathering, public inquiry docket about an important public matter. There is no indication of any planned regulatory action and numerous other steps will occur before that happens.

As PostCom and ANM state, the Commission's authority on this seems clear under Section 503 of Title 39 which specifies the Commission may "take any other action they deem necessary and proper to carry out their functions and obligations."

Furthermore, it does not seem likely that the Commission could fully and properly meet its duties under Section 3651, to annually report to Congress and the President about the Postal Service, without the information on the DFA plan that this docket will help provide. Section 3651 also requires the Postal Service to "provide the Postal Regulatory Commission with such information as may, in the judgment of the Commission, be necessary in order for the Commission to prepare its reports under this section."

Thank you for your consideration and attention to these matters.

Respectfully,

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