

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Proposed Amendment to
The Commission's Rules

Docket No. RM2004-1

COMMENTS OF LIFETIME ADDRESSING, INC.
PURSUANT TO COMMISSION ORDER NO. 1389

Lifetime Addressing, Inc. ("Lifetime Addressing") respectfully submits the following comments regarding the proposed amendment of 39 C.F.R. §3001.5 to include a new subsection (r) defining the term "postal service."

The proposed amendment does not go far enough
to address the problems identified in the Petition.

Lifetime Addressing believes that the Petition filed by Consumer Action ("CA") and the Office of the Consumer Advocate ("OCA") set forth compelling arguments for review of the fourteen unclassified services by the Postal Rate Commission ("the Commission"). As the Commission noted in its Order, CA and OCA oppose continued offering of those services "absent the discipline that comes with classification and rate review" (Order at 3). Such arguments were strongly supported by various commenters who also noted that the United States Postal Service ("USPS") should focus on its core business of delivery of physical mail. The Petition and comments collectively described highly significant issues associated with the unregulated services offered by USPS in competition with the private sector.

The proposed amendment thus offers only a limited solution to the problems identified by the Petition, particularly in light of the expressed intent of the amendment "to afford the Postal Service sufficient flexibility to engage in functions ordinarily performed by a national post as may be affected, from time-to-time by changes in technology." Moreover, this view may be inconsistent with the recent report of the President's Commission on the United States Postal Service which took the position that USPS should "offer only products and services directly related to the delivery of letters, newspapers, magazines, advertising material and parcels." It also indicated that

“other governmental services (such as passports)” could be offered “when in the public interest and when the Postal Service is able to recover the full costs of providing such services.” The public interest is best served by a broad definition of jurisdiction.

The recent decision of the United States Supreme Court in *United States Postal Service v. Flamingo Industries (USA) Ltd., et al.* (02-1290, decided February 25, 2004) exempted USPS from antitrust liability, holding that it was “in both form and function” a part of the Government. The Court stated, “The Postal Service’s public characteristics and responsibilities indicate it should be treated under the antitrust laws as part of the Government of the United States, not a market participant separate from it.” Such immunity underscores the need for strict regulation of its activity in services where it competes with the private sector.

In its Order the Commission stated, “today, the concern over electronic diversion continues to drive the Postal Service’s efforts to generate increased revenues and to serve the public’s communication needs.” This is an accurate description of the sometimes fuzzy thinking of USPS. Its proper role as a government entity is to serve the public’s need for delivery of physical mail, not to become a “me-too” provider of products and services readily available in the private sector.

The appropriate way to utilize advances in technology is to enhance the efficiency and cost effectiveness of the delivery of physical mail - the core service of USPS.

Although this rulemaking proceeding is focused upon the definition of “postal service” for purposes of determining jurisdiction, Lifetime Addressing would nevertheless like to comment upon the technology strategy of USPS since the Commission, in its comments supporting the proposed amendment, noted the significance of adapting services offered by USPS to changes in technology. Lifetime Addressing advocates the adoption of a system of lifetime (non-geographic) postal addresses for each mail recipient, linked to a database of each recipient’s current physical address. Such a system would eliminate the need for mail forwarding and improve address quality. The technology presently exists to implement such a system. USPS presently acknowledges that undeliverable-as-addressed mail costs about \$2 billion annually, which is passed on to customers in higher rates. Over at least the past ten years USPS has consistently promoted new initiatives and software to improve

address quality and reduce the volume of UAA mail. Nevertheless, during this period its annual costs associated with UAA mail have increased from \$1.5 billion to the present \$2 billion level. The Commission should be concerned with perpetuation of the present addressing system which does not utilize the best available technology and unnecessarily inflates postal costs.

Most significantly, such a system would leverage a valuable distinction which USPS has among providers of communications services: it is the only one which serves everyone. The significance of this fact is that should it adopt a system of all-numerical identifiers for mail recipients, such identifiers could be utilized as links to other forms of communication and become a universal address. Lifetime telephone numbers and lifetime e-mail addresses already exist and there is no reason not to introduce the same innovation into the delivery of physical mail.

Finally, it may be noted that development of such a system would further the goals expressed in the report of the President's Commission to fully utilize advances in information technology in postal operations.

The Postal Rate Commission is well-positioned to protect the public interest by calling the attention of USPS to the means by which it can best utilize advances in technology and thereby improve efficiency of its core service and reduce its overhead.

Respectfully submitted,
Lifetime Addressing, Inc.

By: _____
Camille Q. Bradford
11515 Quivas Way
Denver, Colorado 80234
303-460-0371

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