

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON DC 20268-0001

REGULATIONS ESTABLISHING SYSTEM OF )  
RATEMAKING )

Docket No. RM2007-1

WRITTEN STATEMENT OF  
JOHN CARPER, PEPPERDINE UNIVERSITY

June 28, 2007

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**I. INTRODUCTION**

My name is John Carper. I am Director of Mail & Receiving Services for Pepperdine University, with offices at Malibu, California. I very much appreciate the opportunity to testify before the Commission in this case.

Pepperdine University is an independent, medium-sized university enrolling approximately 8,300 students in five colleges and schools. Seaver College, the School of Law, the Graduate School of Education and Psychology, the Graziadio School of Business and Management, and the School of Public Policy are located on the University's 830-acre campus overlooking the Pacific Ocean in Malibu, California. Courses are taught in Malibu, at six graduate campuses in Southern California, and at international campuses in Germany, England, Italy, and Argentina.

Pepperdine is a Christian university committed to the highest standards of academic excellence and Christian values, where students are strengthened for lives of purpose, service, and leadership.

In my position at Pepperdine University, I have oversight of all mailing operations for the University, including incoming mail, outgoing mail, on-campus student mailboxes (approximately 4,000) and the receipt of all incoming and outgoing freight shipments for the University.

I began my professional career as a delivery clerk in Mail Services at TRW Systems, Redondo Beach, CA, in August 1963. Through a series of promotions, I became the Supervisor of Mail Services at TRW Electronic and Defense, in which position I had responsibility for a staff of 50 people and 63 million pieces of mail annually. I left TRW in May, 1986 for the position of Supervisor of Mail Services at Pepperdine University. I advanced to my present position as Director in 2003.

The mail sent by Pepperdine consists primarily of First-Class, Standard Mail, and Parcel Services. In the last complete fiscal year, we sent 672,002 pieces of First Class Mail and Parcel Services, with a total postage cost of \$422,049.95; and 1,621,767 pieces of Standard Mail, with a postage cost of \$270,134.50.

Timely and cost-effective mail service is essential to the mission of the University. First-Class Mail is crucial to communicating with prospective, incoming and current students in a timely and cost effective way. Standard Mail is an essential medium for presenting educational opportunities to individuals and alumni, and soliciting funds for our educational mission from prospective donors. Parcel Services are a vital medium for inter-library loans, a low cost method for

university libraries and other libraries to leverage their collections to reach a wider reading audience.

The University's concerns with the Commission's new regulatory standards involve both rates and service standards. I discuss each in turn.

## **II. RATES**

The University is deeply concerned with both the size and the predictability of postal rate increases. Postal rate increases drain money from our educational mission. We were hard hit by the large increase in non-profit rates in the most recent rate case (R2006-1), especially for flat-size mail.

The timing of rate increases is also an issue. Our fiscal year begins on August 1<sup>st</sup> of each year. Because postal rate increases typically occur in the middle of our fiscal year, the unpredictable size of recent postal rate cases makes annual budgeting difficult.

I understand that the new postal legislation will tie postal rates more closely to changes in the Consumer Price Index than to the Postal Service's own revenue requirements. This is an encouraging step because of its potential for making postal rate changes more predictable. But the Commission needs to take several steps to make sure that the CPI-based adjustment mechanism works as designed by Congress.

In particular, the Commission needs to make sure that the rate adjustment is not circumvented by uncompensated changes in the quality of mail service, or

the work that the Postal Service requires mailers do. Compliance with the index is likely to understate the true cost of postal services, for example, if the *quality* of postal service is allowed to degrade. (As I discuss in the next section of my testimony, this is already an issue.)

The CPI-based rate cap could also be circumvented by Postal Service unfunded mandates that force mailers to do more work without any offsetting rate discounts. The University is particularly sensitive to this issue. We, like many other universities, already perform the final delivery of most of our incoming mail to the department offices and dormitory mailboxes throughout our campuses; the Postal Service merely drops off the mail at a centralized mailroom. We receive no rate discounts, however, for performing this costly work. Likewise, we perform much of the initial collection of mail generated on our campuses – again, without compensation from the Postal Service.

The Alliance of Nonprofit Mailers and other postal trade associations have discussed the technical aspects of this issue in greater detail in their comments. I respectfully urge the Commission to put into effect adequate safeguards against abuse in this area.

Another important area involves worksharing—particularly presorting, barcoding and related activities. The University, like most of its peers, spends a great deal of resources to submit mail that is economical for the Postal Service to handle. We do so in part as an act of public citizenship, and in part because we believe that the University or private vendors often can perform barcoding and mail sorting more economically than the Postal Service can. Worksharing is,

among other things, a way to protect ourselves, at least in part, from postal rate increases. But this activity can flourish fully only if the discounts offered by the Postal Service for worksharing fully reflect the costs that the Postal Service saves. We urge the Commission to adopt standards to ensure that our cost-saving efforts are fully recognized in rates.

### **III. SERVICE STANDARDS**

Service standards are also an important issue for the University. We are very concerned, in particular, with the timeliness of mail delivery, particularly of Standard Mail. Standard Mail service has become increasingly (and unpredictably) slow within the past three years. This has been especially true since the closing of the Marina Processing center in the Los Angeles District. All of the Standard Mail that the University mails is seeded with several names of my staff that live in the Los Angeles area. Some mailings have been delayed as little as a day and some as much as a month. On average our mail takes 10 days to be delivered in the Los Angeles area. This is not just a local problem, but one we have experienced with mail sent to addresses throughout the United States. Unreliability of service time makes the efficient and effective planning of mailings for events almost impossible.

For these reasons, we urge the Commission to adopt a measurement system that provides objective, detailed, and timely information on mail service performance to each 3-digit ZIP Code prefix. The information should be updated at least monthly. And the procedures for collecting and compiling the data should be reliable and not subject to manipulation by any interested party. If

actual mail service falls short of nominal service standards, mailers and the public are entitled to know, so that mailers can plan accordingly, and the public can seek relief from the Commission or Congress if the problem continues to spiral out of control. Accurate and timely data on service quality are also vital to make the CPI cap on rate increases meaningful.

Finally, we greatly appreciate the effort being made by the Commission to establish the new ratemaking system as quickly as possible. While the law allows the Commission until June 2008 to establish the new system, the Commission has taken an aggressive approach to have it ready for use this fall. By doing so, the Commission will allow the Postal Service to next adjust rates under the new system, rather than filing yet another omnibus rate case. We strongly endorse the use of the new system for the next rate adjustment, and strongly oppose another omnibus rate case.

Thank you for your time and attention in these important matters. Please feel free to contact me if you have any additional questions.