

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

REPORT ON UNIVERSAL POSTAL SERVICE)
AND THE POSTAL MONOPOLY)

Docket No. PI-2008-3

**WRITTEN STATEMENT OF
LAWRENCE JAMES
UNITED STATES POSTAL SERVICE**

May 21, 2008

Good afternoon, Mr. Chairman, Commissioners, Ladies and Gentlemen.

My name is Lawrence James, and I am the District Manager for the United States Postal Service's Arizona District. I want to welcome you to Flagstaff, and thank you for giving me the opportunity to be here with you today.

As the lead manager for the Arizona District, I oversee all mail processing and distribution operations for the entire State of Arizona, except for a small portion in the northeast corner of the state that is within the Albuquerque District.

Over 11,600 Postal Service employees serve our customers in the Arizona District, bringing mail to 2.6 million street delivery points six days a week and more than 400,000 P.O. Boxes. And the number of deliveries grows each year despite the decline in mail volume. Over the last year, the Arizona District added 60,000 new deliveries. As you may know, Arizona is the second fastest growing state in the union in terms of population, having climbed to over 6.1 million residents.

We are serving Arizona's growing customer population in innovative ways – ways that customers have embraced so enthusiastically that Arizona is the number one district in the nation in terms of alternate retail access, with 43 percent of the Arizona District's total retail revenue coming from sales points other than traditional Post Offices. These include online postage and stamps available at usps.com; Automated Postal Centers inside Post Office lobbies; ATM machines; Stamps on Consignment to supermarkets and other retailers; Stamps by Phone, and Contract Postal Units (CPUs).

We are especially successful in terms of CPUs, with over 140 currently operating in businesses throughout Arizona, offering customers convenient access to Postal services at the same prices they pay at a regular Post Office. We are

continuing to partner with small business owners to host these Postal services and expect to add at least 10 more Contract Postal Units by the end of this year.

We get the mail delivered to a diverse range of customers -- from the citizens of the nation's fifth-largest city in Phoenix to the Havasupai Tribe members living at the bottom of the Grand Canyon, who receive virtually everything they need to live (including groceries and furniture) via mule-train mail delivery five days a week. Many residents in Sun City are served by letter carriers using the environmentally sustainable practice of bicycles. And we do an excellent job in getting the mail delivered to all of our customers in timely fashion. All of Arizona's service measurement categories have shown improvement, and Arizona's overnight First-Class Mail delivery score is at 96 percent. I am very proud of the employees who make that excellent service happen every day.

The core of the Postal Service's mission is to provide trusted, affordable, universal service. Changes to the universal service obligation could affect access and delivery. Access includes channels such as collection boxes, Post Offices, and the other alternate access points I mentioned earlier.

The Postal Service's ability to fund its universal service obligation is provided in large part by the postal monopoly on letters and the mailbox. Potential changes to the postal monopoly could affect the Postal Service's ability to provide customers with universal service at affordable and uniform prices.

Changes to the postal monopoly would raise some additional potential concerns. For example, opening access to customer mailboxes beyond the Postal Service would potentially impact service to customers. Such a change could also affect the Postal Service's ability to continue its excellent record of serving the public in a safe and secure environment.

Obviously, our business is all about connecting people – and my 36-year career has been built upon doing what’s right for people, both our customers and our employees. Just as the communities we serve are diverse, so too is our workforce. I am most proud of the multiple diversity awards I have received over the years, culminating in the National Diversity Award I received a few years ago. Our success – here and across the country – is a result of our dedicated employees providing the best service they can and of the Postal Service being a wonderful place to work.

Again, thank you for your time today and for visiting us here in beautiful Arizona. I’m happy to take any questions you may have.