



June 30, 2008

**COMMENTS OF  
Major Mailers Association  
ON ADVANCED NOTICE OF PROPOSED RULEMAKING**

The Major Mailers Association (MMA) respectfully submits these comments pursuant to Order No. 71, *Universal Service Obligation*, issued by the Commission on April 18, 2008, and published in the Federal Register at 73 Fed. Reg. 23507(April 30, 2008).

MMA is a trade association representing large business users of First Class Mail, including those in the telecommunications, banking and financial services, utilities and insurance industries. Its mission is to partner with the USPS to support and encourage a robust and healthy postal system. Its members include both mail owners and mail preparers.

MMA applauds the PRC in seeking responses from users of the mails, Federal Agencies, enterprises in the private sector engaged in the delivery of the mail, and the general public to solicit comments on universal postal service and the postal monopoly. MMA also recognizes Public Hearings were held in Flagstaff, Arizona, St Paul, MN, Portsmouth NH and Washington DC. The PRC is making an effort to reach out over all sections and demographics of the United States for comments.

The new law requires the PRC to examine and report back to Congress on Universal Service.

In the absence of explicit definitions it is unclear if the six factors, geographic scope, range of product offerings, access to facilities and services, frequency of delivery, rates and affordability and quality of services are the correct parameters for universal service or USO.

Furthermore, MMA champions the idea that the US Postal Service should develop and support what *they* believe the Universal Service Obligation is and then be held accountable to ensure the obligations are met.

### **Geographical Scope**

Is the obligation to deliver to every Delivery point a USO or Universal Service? Simply put: YES. Is this necessary? At this point in time, we believe this is necessary. We acknowledge, however, that this need may evolve over time and appreciate that the PAEA requires a review of the USO every five years such that is a formal structure to examine this evolution.

MMA recognizes that some severely remote locations may need to have modified or reduced delivery days to ensure cost effective delivery for all.

### **Frequency of Delivery**

Frequency of delivery as it relates to Remittance mail would be to assume that the USPS availability for remittance mail pick-ups would continue. Customers could also continue to drop payments in the blue boxes but these payments may be delayed if the mail pickups are reduced.

By 2010 it is projected that 52% of all households that are on line will pay bills on line. In 2010 it is also projected that 90.7% of all households will have internet access. In 2007 42% of all payments were made by paper check and in 2010 it is projected to only be 32%. The rest of the payments are going electronic in one form or another. It is unclear, whether these projections will be realized as scheduled or will the weak economy (or other factors) slow or expedite more online activity.

For MMA member companies both mail owners and providers, are aggressively driving to electronic solutions to reduce the amount of ever increasing postage costs. Mailers and mail providers are encouraging electronic solutions with products that will enable the electronic delivery of statements and payments.

The ever increasing cost of postage and USPS mailing requirements and preparation of mail is driving many large mailers to more efficient and economic solutions which are typically electronic in nature.

So as more mail goes through electronic delivery and payments the negative impacts to business of Frequency of Postal Delivery become less and less. Of course this also means there is less mail to cover the U S Postal Services costs. It would be to the U S Postal Service advantage to try to keep the mail in the system. If the prices were not going up as rapidly, and extensive mailing requirements weren't imposed with shortened time for response, more mail may be staying with the U S Postal Service.

Even if the U S Postal Service decides to scale back on delivery service, many mailers would still need the current level of pick-up and acceptance of mail at their facilities, and business mailers would address this in their Customer Service Agreements with the U S Postal Service. Similar to current processes, MMA is anticipating that internal operations within the USPS would continue for non-delivery days, and continue to ensure mail transportation is supported.

### **Access to Facilities and Services**

Why are there so many US Post Offices in small geographic areas, such as Martha's Vineyard? The US Postal Service should be reducing redundancies of services and better manage their costs more efficiently. Further investigations should take place for any other redundancies of this sort. We encourage the US Postal Service to continue to investigate alternatives to maintaining brick and mortar buildings, i.e. leasing space in large retail outlets? This would certainly address the concern of the Post Office only being available Mon to Fri from 8:00 a.m. to 5:00 p.m. & Saturday's 8:00 a.m. to noon when most people, their customers, are at work.

Some large mailers have expressed that it is important to maintain access to facilities and services by increasing the possibility of cluster/curb side deliveries to contain costs.

### **Range of Product Offerings**

Currently MMA members are attempting to comply with the U S Postal Services mandate to deploy the IMB. MMA members believe the IMB is a potentially good product and could offer much in the way of measurement services; however, we encourage the Postal Service to further enrich this product and to be innovative in the deployment of the new Intelligent Mail product and other potential new product offerings.

### **Rates and Affordability**

MMA has concerns that the increases allowable under the new CPI rules will not sustain the US Postal Service and will eventually or ultimately require subsidization from Congress. The US Postal Service should continue to explore alternatives for cost cutting and revenue growth.

### **Quality of Service**

MMA is compelled to reply that currently Quality Standards are not published and are unknown. If by Quality of Service is meant "Service Standards" then the US Postal Services has already received input from MTAC and as yet has not deployed any of these suggestions.

Unfortunately mailers do not have any recourse if mail is picked up and "forgotten" for a couple of days. The Postal Service is not accountable and mailers have no options.

## **Conclusion**

MMA members are significant contributors and customers of the US Postal Service and are requesting affordable and timely delivery services. Anything less would encourage mailers to seek alternatives. Everything that can be done within the guidelines of the PAEA should be investigated and acted upon to allow the US Postal Service to succeed. Moreover, MMA does not agree with opening up the Postal monopoly of mailboxes for their competitors to pick the low hanging fruit for instant monetary gratification.

Respectfully submitted on behalf of MMA by:

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Legislative Committee