



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

Report on Universal Postal Service )  
and the Postal Monopoly )

Docket No. PI 2008-3

Reply Comments of  
the National Association of Postmasters  
of the United States  
(August 1, 2008)

On behalf of the approximately 40,000 members of the National Association of Postmasters of the U.S. (NAPUS), we respectfully submit reply comments concerning the Report on Universal Postal Service and the Postal Monopoly. The Postal Regulatory Commission (PRC) has conducted three field hearings, one hearing at the PRC office, and received numerous public comments relating to the report, which is to be submitted to the President and the Congress no later than December 19, 2008. NAPUS wishes to reply to two of the comments proffered by a participant in this docket.

**Contract Postal Units (CPU) and Other Retail Options Are Not Surrogate Post Offices**

In its submission, the U.S. Postal Service has suggested that Contract Postal Units (CPU), rural letter carriers, internet postal interface can replace physical Post Offices. NAPUS vigorously disputes this assertion and maintains that while these alternative venues can supplement physical Post Offices in high-traffic areas, they cannot replace them. In fact, swapping Post Offices with these alternatives undermines universal postal services and undermines confidence in the Postal Service. NAPUS witnesses, Dennis O'Neill, Lyle Puppe, Jeannie Schnell and Dale Goff, provided firsthand evidence of how a Post Office provides essential postal services to communities throughout the country. The Postmasters also explained that rural letter carriers provide a valuable service; however, postal customers can be inconvenienced significantly by having to meet their carrier at designated times at their mail box, to transact postal

business. Moreover, APWU President William Burrus illustrated the sacrosanct relationship that exists between a community and its Post Office, explaining the lengths to which the town of McCausland, Iowa went to defend their Post Office against closure. In addition, over 20 years ago, NAPUS created the Post Office Closings and Consolidations Committee to assist communities preserve their Post Offices.

The Postal Service and a limited number of participants have raised the possibility of non-Post Office alternatives to an independent community Post Office. It is important to note that out-sourced postal retail units cannot provide a number of key services that are very important to rural and small communities. For example, postal contractors cannot provide insurance claims service and permit mailing services. In both these situations, the postal customer would have to travel miles to the nearest Post Office to access these services. In addition, many contract units do not offer postal money orders. As Postmasters O'Neill and Schnell pointed out in their testimony, Post Offices are the sole financial institutions in many rural areas; consequently, the availability of postal money orders is an absolute necessity. Moreover, permit mailings are a necessity in remote areas because nonprofit organization (e.g., churches and other charitable organizations) and rural businesses utilize postal permits for communicating with their congregants, members and customers. The permits enable the organizations and companies to avail themselves of special postage rates, to which unpermitted mail is not entitled. Contract postal units do not provide permitting service, resulting in customers having to travel to "authentic" Post Offices miles away.

Postal customers who are compelled to accept an outsourced postal unit must settle for personnel who are often ill-trained to complete postal tasks – even those tasks for which they are authorized to complete. As Postmaster of Covington, Louisiana, I often had to walk a contractor through "Post Office 101." I must note that, as the Covington Postmaster, I was charged as being the administrative officer of contract units, under the authority of the Covington Post Office. These contract units complemented the Post Office or replaced postal "Stations"; they did not take the place of an independent Post Office. In contrast, a contract postal unit that replaces a Post Office is administered by the Postmaster of another Post Office, which may be some distance away. Administering and monitoring postal functions at a remote contract unit unduly burdens the Postmaster with additional that adversely effect the mail quality at his or her own Post Office. This new affliction is no illusion because, as mentioned earlier, contractors do not have adequate training. For example, retail contractors receive only a handful of training days in managing postal retail functions, compared to career hands-on training enjoyed by Postmasters. Moreover, contractors who hire

subordinates to actually staff the units must train the employees. In many instances, the Postmaster from a remote location must come in and clean up the mess made by contract employees.

The contract establishing an outsourced postal retail unit is negotiated at the Area or District level. In many instances, this negotiation and resultant agreement is completed without intimate knowledge of the community to be served. Hours of operations may not necessarily be the same as the store in which the contract is being hosted, or may lack the flexibility of hours that a Postmaster may provide. In addition, unlike a Post Office, the Postal Service may arbitrarily close a contract postal unit, without community input. Or, the retail unit can be shuttered upon the termination or suspension of the contract. There is absolutely no community recourse. As the Commission knows, current statute affords communities “due process” rights with closing or consolidations of its Post Offices.

### **Universal Service Obligation Applies to Competitive Products**

In its submission, the U.S. Postal Service suggests that the universal service obligation “can no longer be deemed obligatory with respect to competitive products.” NAPUS respectfully disagrees with the agency’s apparent blanket position on applicability of the obligation to competitive products. While the Postal Service may exercise enhanced pricing flexibility with competitive products, it should not be permitted to discriminate against rural and small communities, regarding product offerings. For example, if the obligation were to be suspended for expedited mail and priority mail, it is possible that the Postal Service could deny rural communities these products. These communities have no reasonable alternative to these products. Consequently, we believe that the Postal Service should continue to offer competitive products, as part of its obligation.

### **Conclusion**

Post Offices are the bedrock of the Postal Service universal service obligation. Our Founding Fathers recognized this fact, when they explicitly referenced the establishment of Post Offices in the U.S. Constitution. In our times, far-flung towns across this Nation understand the economic and societal importance of their Post Offices, sustaining their viability and sense of community. A facility without protection against arbitrary termination, devoid of qualified postal management, and lacking essential postal services to which communities are entitled fails to satisfy this Nation’s obligation to provide universal mail service. Moreover, the Postal Service must continue to over a wide

range of services, both market-dominant and competitive to Americans, whether their residence or business is urban, suburban or rural.

Respectfully submitted,

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