

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

Before Commissioners:

Dan G. Blair, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Tony L. Hammond

Report to Congress and the President on
Universal Postal Service and the Postal Monopoly

Docket No. PI2009-1

NOTICE AND ORDER PROVIDING
AN OPPORTUNITY FOR COMMENT

(Issued December 19, 2008)

I. INTRODUCTION

On December 19, 2008, the Commission transmitted to Congress and to the President a *Report on Universal Postal Service and the Postal Monopoly* (Report) as required by section 702 of the Postal Accountability and Enhancement Act (PAEA), Pub. L. 109-435, 120 Stat. 3218 (2006). The Report is the product of over eight months of review and analysis of information, comments, and testimony submitted in Docket No. PI2008-3¹ by the United States Postal Service (Postal Service),² other Federal

¹ The proceedings in Docket No. PI2008-3 were instituted by PRC Order No. 71, Notice and Order Providing an Opportunity to Comment, April 18, 2008.

agencies, a member of Congress, representatives of Postal Service employee unions, postmaster associations, users of the mails, enterprises in the private sector engaged in the delivery of the mail, and the general public.³ In addition to its solicitation of written comments, the Commission scheduled three field hearings,⁴ a hearing in Washington, D.C.,⁵ and a public workshop.⁶

II. THE COMMISSION'S REPORT

The extensive Commission Report is available at *www.prc.gov*. It addresses all of the matters identified in section 702 of the PAEA, including:

- A comprehensive review of the history and development of universal service and the postal monopolies;
- The current legal scope of the universal service obligation and the postal letter and mailbox monopolies;
- The scope and standards of universal service and the postal monopolies likely to be required in the future to meet the needs and expectations of the United States public.

The report recommends no immediate changes in universal service, the universal service obligation, the letter monopoly, or the mailbox monopoly. However, it recognizes that the Postal Service is faced with many difficult challenges stemming both

² In addition to the data, testimony, and other related materials submitted in Docket No. PI2008-3, the Postal Service also commissioned analyses which it has made available at <http://www.usps.com/postallaw/universalpostalservice.htm>.

³ The Commission was assisted in this undertaking by a team of experts assembled by the School of Public Policy at George Mason University (GMU) and by GMU's Center for Social Science Research.

⁴ Hearings were held in Flagstaff, Arizona on May 21, 2008; St. Paul, Minnesota on June 5, 2008; and Portsmouth, New Hampshire on June 19, 2008.

⁵ The Washington, D.C. hearing was held on July 10, 2008.

⁶ The workshop was held in Washington, D.C. on June 12, 2008.

from technological and social trends, and volume declines caused by the current economic downturn, and offers recommendations identifying areas where additional information should assist decision makers if future action becomes necessary.

Primary Commission findings are:

- The universal service obligation has seven attributes: (1) geographic scope; (2) range of products; (3) access to postal facilities; (4) delivery frequency; (5) prices/affordability; (6) quality of service; and (7) users' rights.
- The current obligation to provide service to all persons in all parts of the Nation, its territories, and possessions, is paramount, and should not be altered.
- Current law makes the universal service obligation applicable to both market dominant and competitive products.
- A first estimate of the annual cost of the universal service obligation, based on FY 2007, is \$4.4 billion.
- A first estimate of the annual value of the combined letter mail and mailbox monopolies, based on FY 2007, is \$3.5 billion, although this estimate is subject to substantial variation.

Accompanying the Report is a CD that contains the extensive body of material underlying the Report that was developed for the Commission under a contract with the George Mason University School of Public Policy. All of this material can be accessed on the Commission website. For the USO Report:

http://www.prc.gov/docs/61/6128/USO_Report.pdf. For the USO Appendices and Workpapers: *<http://www.prc.gov/prc-pages/library/USOAppendices.aspx>*.

III. PUBLIC COMMENTS

The Commission's Report is a further step in the ongoing evolution of postal services. The information and analyses contained in the Report will form an important part of the basis for future discussions and action on issues facing the Postal Service. While the PAEA does not specifically require the Commission to solicit comments on its Report, the Commission believes that further discussion would be facilitated and the record further enhanced by establishing a new docket that gives the public an opportunity to comment. Following the receipt of additional comments, the Commission may decide to issue a supplemental report. The Commission urges those persons and entities that participated in the proceedings in Docket No. PI2008-3, as well as any other interested persons, to review the Report carefully and provide their comments in this new docket.

IV. PUBLIC REPRESENTATIVE

Section 505 of title 39 requires the designation of an officer of the Commission in all public proceedings to represent the interests of the general public. The Commission hereby designates E. Rand Costich as that Public Representative in this proceeding. Pursuant to this designation, he will direct the activities of Commission personnel assigned to assist him and will, upon request, provide their names for the record. Neither he nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding.

It is Ordered:

1. As set forth in the body of this Notice, Docket No. PI2009-1 is established for the purpose of receiving comments regarding the Commission's December 19, 2008

Report to Congress and the President on Universal Postal Service and the Postal Monopoly.

2. Interested persons may submit comments no later than February 17, 2009.
3. Reply comments may be filed no later than March 19, 2009.
4. E. Rand Costich is designated as the Public Representative representing the interests of the general public in this proceeding.
5. The Secretary shall cause this Notice to be published in the *Federal Register*.

By the Commission.

Steven W. Williams
Secretary