

**BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

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

Docket No. PI2009-1

COMMENTS OF PITNEY BOWES INC.

James Pierce Myers
Attorney at Law
1617 Courtland Road
Alexandria, Virginia 22306
Telephone: (571) 257-7622
Facsimile: (571) 257-7623
E-Mail: jpm@piercemyers.com

Michael F. Scanlon
Christopher J. Hopfensperger
K&L GATES LLP
1601 K Street, NW
Washington, DC 20006
Telephone: (202) 778-9000
Facsimile: (202) 778-9100
E-Mail: michael.scanlon@klgates.com

Counsel to PITNEY BOWES INC.

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I. INTRODUCTION

Pitney Bowes Inc. (“Pitney Bowes”) submits these comments in response to Order No. 152, the Postal Regulatory Commission’s (the “Commission”) Notice and Order Providing an Opportunity for Comment on the Report on Universal Postal Service and the Postal Monopoly (the “Report”), issued December 19, 2008.

Section 702 of the Postal Accountability and Enhancement Act (“PAEA”),¹ requires the Commission to “submit a report to the President and Congress on universal postal service and the postal monopoly in the United States (in this section referred to as ‘universal service and the postal monopoly’), including the monopoly on the delivery of mail and on access to mailboxes.” In developing this Report, the PAEA directed the Commission to make recommendations after consulting “with the Postal Service and other Federal agencies, users of the mails, enterprises in the private sector engaged in the delivery of the mail, and the general public.”²

On December 19, 2008, the Commission issued its Report within the two-year statutory deadline. More than 250 pages in length with multiple appendices, the Report is a substantial work of scholarship that examines the historical origins and development of universal service and the two postal monopolies in the United States. It also examines the universal service obligations and laws governing posts in countries outside the United States, including the United Kingdom, Germany, Canada, and Australia. The comprehensive nature of the Report was informed by and benefited from the Commission’s efforts to solicit a broad cross-section of

¹ See Pub. L. No. 109-435, 120 Stat. 3198 (Dec. 20, 2006). The PAEA amends various sections of title 39 of the United States Code. Unless otherwise noted, section references in these comments are to sections of title 39.

² Pub. L. 109-435, § 702(c), 120 Stat. 3198, 3243-44.

views from the mailing community – through notice and comment procedures, informal field hearings in various regions of the country, and a public workshop in Washington, D.C.

The Report comes at a critical time in the history of the Postal Service. It appropriately promotes a conception of “universal service” that ensures the continued viability and relevance of the Postal Service. These comments – focus on the “access” attribute of universal service as it relates to efficiency, affordability and quality. Specifically, these comments urge the Postal Service to further leverage technology to promote increased access to postal services while minimizing postal and environmental impacts.

II. DISCUSSION

A. Expanded Access to Postal Services

The Report cites section 403(b)(3) of the PAEA, which imposes a requirement on the Postal Service to consult with affected parties before closing a post office, and the general obligation to “establish and maintain postal facilities of such character and in such locations, that postal patrons throughout the nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services.” 39 U.S.C. 403(b)(3); *see* Report at 183. The Report notes that this requirement, like other aspects of the universal service obligation, is “broadly formulated” and “provides the Postal Service with considerable latitude to exercise discretion.” Report at 26. The Commission recommends that Congress consider the allocation of postal facilities in a more expansive policy context than the annual appropriations process may afford. *See id.* at 196. Pitney Bowes agrees that the Postal Service must be given the flexibility to realign the postal network to promote greater efficiency and to respond to the ever-changing needs of its customers. But the realignment of the Postal Service’s *existing*

network, while necessary, falls far short what is necessary in a world where physical mail is but one of many alternative communications channels.

Access to retail postal services in the context of the universal service obligation has two important dimensions. At its most fundamental level, access and universality are construed as the provision of basic delivery service at affordable rates across the country. But access can and should also be understood to include the critical customer interface with the Postal Service. In this context, the existing postal retail facilities network alone cannot promote a conception of “universal service” that ensures the continued viability and relevance of the Postal Service.

Ubiquity and convenience of postal services are critically important elements of universal service. These attributes are ever more important in an environment where physical mail is competing with electronic alternatives and where other basic services (e.g., banking services via automated teller machines) have moved much farther and faster to provide convenient 24/7 access to services where consumers live, work, and recreate. Accordingly, non-traditional postal retail access technologies (e.g., kiosks, postage meters, on-line solutions) must be used to augment the Postal Service’s existing postal infrastructure.

Congress recognized the need to expand non-traditional postal retail access by expressly directing the Postal Service, in consultation with the Commission, to develop and submit a plan to –

expand and market retail access to postal services, in addition to post offices, including (1) vending machines; (2) the Internet; (3) postage meters; (4) Stamps by Mail; (5) Postal Service employees on delivery routes; (6) retail facilities in which overhead costs are shared with private businesses and other government agencies; (7) postal kiosks; or (8) any other nonpost office access channel providing market retail access to postal services.³

³ Pub. L 109-435, § 302, 120 Stat. 3198, 3221.

A forward-looking universal service obligation must embrace more efficient, cost-effective, and environmentally friendly means of providing access to postal products and services. Pitney Bowes recognizes the concerns regarding the uneven adoption and dispersion of technology, *see* Report at 169-170, but these concerns may overstate the issue. Non-traditional postal retail access technologies need not displace a physical retail facility. Rather, expanded retail access channels allow the Postal Service to economically reach further into underserved rural areas or to augment and improve access and service within urban and suburban communities (i.e., placing a kiosk in a corporate office park or on a college campus). Thus, expanded retail access can encourage increased mail volumes through enhanced convenience and customer loyalty.

Expanded retail access also enhances the value of the mail by promoting efficiency and reducing costs. Retail transactions at a Postal Service window counter are expensive. For years the Postal Service's Strategic Transformation Plans have identified the need to move expensive retail transactions away from the window counter. *See, e.g.,* United States Postal Service, *Strategic Transformation Plan 2006-2010*, 61 (2005). The current financial challenges facing the Postal Service underscore the importance of leveraging expanded retail access technology. The Postal Service recently announced that it was implementing a freeze on new facilities construction; expanded retail access technologies provide a low-cost solution to reach customers, promote efficiency, and provide greener access to postal services. And the Postal Service's recent experience with certain international mail, Priority Mail, and Express Mail products confirms that mailers are receptive to pricing incentives designed to avoid transaction costs at the window. The Postal Service should expand these programs and provide pricing incentives to all

forms of expanded retail access – kiosks, postage meters, on-line postage solutions – across a broader array of postal products, including domestic Single-Piece First-Class Mail.

B. Federal Policy Considerations Regarding State “Do Not Mail” Laws

The Report acknowledges the potentially adverse impact of state “do not mail” (DNM) initiatives on universal service. *See* Report at 172. As noted by the Commission, numerous parties raised the concern regarding state DNM laws and the “possible effect for postal revenues, possible constitutional ramifications, and possible restriction on business enterprise.” *Id.* at 233. Because state DNM laws would directly undermine the federal policy objective, most recently codified in the PAEA, of universal mail service, the Report correctly suggests that Congress consider the impact of state DNM laws when considering the future of the Postal Service. *See id.* at 172.

III. CONCLUSION

Pitney Bowes appreciates the Commission's consideration of these comments.

Respectfully submitted:

/s/

James Pierce Myers
Attorney at Law
1617 Courtland Road
Alexandria, Virginia 22306
Telephone: (571) 257-7622
Facsimile: (571) 257-7623
E-Mail: jpm@piercemyers.com

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Christopher J. Hopfensperger
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Washington, DC 20006
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