

Commissioners:

The United States Postal Service stands at a crossroads today. The very idea of “the post” and the notion that our fundamental national interests are sustained and furthered by the existence of an institution whose forming mandate is “to bind the nation together” is being challenged. That phrase, to bind the nation together, has been described by participants in this case as soaring language and rightfully so; for what better describes our national identity than a simple phrase that gives practical impetus to the Founders’ vision of E Pluribus Unum.

The Founders chose a motto that expressed a hope and vision for union and in their wisdom made provisions for an institution that could bring that motto to reality.

I thought not to offer comment in this case. The comments I offered in the recently decided exigent rate case were well received and garnered a good deal of feedback from many of my colleagues. I received positive responses from regular folks, from folks in the mailing industry and even from some of your staff. I hoped that those comments would offer a vision of both the importance of the Postal Service as a necessary institution and an integral part of our national infrastructure and also a way forward. But after reading the initial brief of the United States Postal Service in these proceedings, a document that is a crass and cynical exercise in reductionism, a document that consigns comment, argument and testimony offered in opposition to the dustbin of nostalgic recollection and anecdote, I feel compelled to offer additional comment regardless of possible professional repercussions.

I will revisit some of my earlier comments as they speak directly to the issues of this case and I hope to add two small examples that might call into question both the credibility of the Postal Service’s case as well as aspects of their case that are perhaps less clear-cut than they would warrant.

The opinion that you offer in this case may be the single most important determinant of the future of postal services and the idea of “the post” in this country. While six day delivery may not be sacrosanct it is an integral part of our understanding of the Universal Service Obligation (USO). While Congress holds the ultimate decision with respect to this change your opinion will offer guidance and foundation. The cavalier elimination of six day delivery will be only one of the first blocks of the postal foundation to be removed. Already the postmaster general has asked for authority to close facilities at will and without consultation. It has also been suggested that five day delivery may still prove to be an insufficient step in righting the Postal Service. Could we possibly expect four or three day service?

In its brief the USPS informs the Commission that applicable procedural and legal frameworks would allow the Commission to consider only limited amounts of the information and comment it has received in this case. The Postal Service insists that it would be treated unfairly if you were to consider any information or data that had not been subjected to rigorous and aggressive adversarial cross examination. No opinion is valid, we are instructed, unless the Postal Service has first had the opportunity to shred it. Furthermore we are informed that it is not within the purview or responsibility of the Commission to consider any alternative solutions that would address the current financial

challenges facing the Postal Service. The Postal Service, we are told, "...values the preferences of its customers..." but we are also informed that the sole power to determine what is operationally good for the Postal Service is vested with the Board of Governors and by extension its management team and that the Commission or any other body is not permitted to try on the shoes of authority and offer what if scenarios. Further, we are assured that the Postal Service, in the name of its management, has determined that its proffered solutions are not only the best but the only solutions. We are cautioned not to wait for legislative relief that may substantially change the financial picture of the entity, an interesting assertion since only legislative relief can grant this particular option.

This discussion within the USPS brief should give us pause. The USPS, ostensibly acting as a sort of chartered corporation, says we must rely on the competence of the corporate governance to see us through. The problem here is one that is at the heart of the construction of the Postal Service and one that undermines its business model. If the Postal Service were a typical corporation, then yes, the corporate governors and senior managers would be free to take whatever action they deemed necessary to stem the tide of losses. Of course if the Postal Service were a corporation the stockholders would be free to flee from mediocre corporate governance or perhaps make changes in the management or overseeing board. In a worst case scenario the corporation fails and its assets are reorganized or redistributed through bankruptcy.

But analogies and paradigms aside the Postal Service is not a corporation. It is an essential institution with a lofty and critical mandate embodied in the USO. Its owners are not merely stockholders or investors but the American public. The network it has built to satisfy the USO has also become a significant investment in itself. This network, with its full reach and breadth, with its capability of going to every address six days a week is, if we have the foresight to realize it, a critical piece of our national infrastructure. Dismantling or disassembling this network should not be done cavalierly. Certainly we must understand the consequences of these actions. The actions proposed by the management of the USPS might be right and proper in a traditional business or corporate scenario. Certainly an aging company in an aging industry, facing an uncertain technical future for its products and services might rationally choose to downsize and dismember itself in the hope of extracting a few more years of profitability. But this is not a dying company in a dying industry we are talking about. No, this is an essential institution supported by a magnificent vision of binding the nation together and sustained by a fundamental democratic ideal of universal service.

"At the conclusion of the current docket, the Postal Service would prefer to receive an advisory opinion not flawed by reliance on information obtained through procedures that failed to meet the standards required by Congress and affirmed by the courts."

With this statement we are informed that the advice of the Commission should be confined to a confirmation of the Postal Service's desires. We are told that any other outcome, that any other suggestion, that any other even hint of disagreement or concern would not only be legally flawed but would also be unreliable because, we are assured, the Postal Service has offered the only worthwhile evidence.

I am not an attorney so I cannot begin to offer any legal conclusions but I've read the references to section 3661 and the other attendant parts of the code and it seems that

perhaps the Postal Service may be right in its assertion that some of the field hearings and comments ought not to be accorded evidentiary status. I suppose if this were a simple court case and winning were the only issue then that might be the end of it, a morally unsatisfying end perhaps but a technically correct end.

But I hope this is more than about winning. Certainly the leadership of the Postal Service doesn't see it that way. I've read virtually all of the testimony, interrogatories and associated materials and it seems to me, an uninitiated layman, that the Postal Service has been particularly aggressive in asserting its case. In some cases it seemed like they were more interested in discrediting or dispiriting those opposed than in getting at a better version of the truth. While it did make some conciliatory gestures towards possibly reviewing and taking under advisement the views of the public, the Postal Service brief also attacked the Chair in a most disturbing manner.

Long before this case was begun the Postal Service has floated the figure of \$3 billion as the amount to be saved. It seems that independent estimates had concluded that perhaps the proposed change might save only \$1.3 billion and that might be only initially since future increases in volumes could diminish long term savings. The fact is that the Postal Service makes many public estimates that end up not being sustained. Initially declines in volumes were said to be temporary, now they are deemed permanent. Long term losses have been pegged at a sensational and frightening \$238 billion but the underlying assumptions behind that number have been questioned by many. In a matter of this severity skepticism is not a vice.

Since its reorganization under PAEA the PRC has done a yeoman's job in representing the interests of the American people. PRC audits and studies have reinforced our understanding of just how critical postal services are both economically and socially. Those audits have also identified obvious flaws in the funding of USPS pension and healthcare obligations. It is reasonable to argue that given the sums identified that any depletion of the network or attempt to address the current problems by service cuts ought to be set aside until a legislative conclusion can be reached.

Throughout its case the Postal Service represented that even with no Saturday delivery retail outlets would remain open and people would retain reasonable and sufficient access to postal services. During questioning of VP Granholm, Commissioner Langley asked if there was a breakdown of post offices that were now closed for retail on Saturdays. A total of 6235 post offices or 17% of the total were closed for retail business on Saturdays. In fact, in some areas of the country the Postal Service has recently taken an aggressive approach to closing facilities on Saturdays.

In July of 2009 approximately fifteen offices in the Mid-Carolinas District eliminated Saturday retail hours. When the change was introduced the rationale was given that these offices did not have enough business to justify being opened. I can speak to one specific case where that simply was not true. It would appear that most of the offices involved were small rural offices many with po box only delivery. The reduction would have saved approximately two hours per office per Saturday or 1500 work hours per year and those work hours were mostly PMR hours, some of the lowest paying in the service. The same district has also instituted a policy of closing larger offices on the Saturdays before major holidays resulting in small work hour savings.

So, while we are told several times in their brief that the Postal Service will retain a viable retail presence on Saturdays we are confronted with at least one example where this may not be true. I have no way of knowing if these policies are being instituted in other districts. The raw numbers in the spreadsheet provided with the answer to the interrogatory would indicate that there is variance across the country.

In its presentations the Postal Service warranted that virtually no new rural routes would have to be created. They presented relatively sketchy evidence to support this conclusion. The argument seemed to be that the Saturday volumes would be adjusted among existing routes thereby balancing the load. In theory that might work if all routes and all offices were equal but the fact is that many offices have only a few routes leaving minimal opportunities for shifting and adjusting to eight hours. And, given the complexities of rural pay shifting and adjusting could lead to increases in some costs and compensation. Another consequence of the proposed change is that the RCA workforce would virtually evaporate. Currently RCA's work either one day a week on K routes or one day every other week on J routes. With the elimination of Saturday delivery there would be no need for weekly RCAs. In offices with several routes there may be opportunities for regular leave replacements but given the intricacies of contract negotiations that might result in additional employees subject to benefits thus reducing savings. Finding and maintaining the competence of a work force that has no regularly scheduled hours would be a challenge. At the minimum drastic changes would be necessary in the rural carrier contract to accommodate the changes in leave availability. Maintaining the competence of a substitute rural work force with respect to both productivity and accuracy will be a significant challenge that should not be taken lightly. Based on my study of the current record the Postal Service has offered no specific plans as to how it would address those aspects of the change.

Given the tenacity of the Postal Service's responses I'm quite sure that these two examples can be dismissed offhandedly but it appears, even to a low level employee with limited perspective that perhaps the Postal Service has not thought of everything.

The proposed change from six to five day delivery is a significant one and should be considered in the context of the general plan offered by senior management. That plan relies on additional reductions in service like office closures. Parts of this plan are reliant on access so it is important to consider the plans for reduced access. Currently there has been a single predominant view presented with respect to the financial challenges faced by the Postal Service. That view takes a traditional and somewhat stilted view of a corporate reaction to a failing industry. On merit alone it is arguable that the proposals offered by the managers of the Postal Service would successfully address the current issues. Certainly those proposals would come with significant costs in lost jobs and reduced opportunity. Additionally, every proposal that has been advanced would require some measure of Congressional action or response. The Postal Service insists that you have a legal obligation to affirm its judgment and return an opinion in its favor. I would argue that you have both a legal and moral obligation to offer a thoughtful, well-considered, and well reasoned opinion as you did in the recent exigent rate case.

Ultimately it is Congress that must step up and meet its obligations to the American people. Only they can recognize both the imperatives contained in the Founders' vision and exemplified in that "soaring language" that speaks to binding the nation together. Only they can recognize the value of the postal network as important and essential infrastructure and craft a model that works.

Again, I thank you for your patience and forbearance and the opportunity to present my views. Godspeed in your deliberations.

Mark I. Jamison  
1363 Webster Rd  
Sylva, NC 28779