

Before the Postal Regulatory Commission
Washington, DC 20268-0001

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The Annual Compliance Determination is the Keystone of Commission oversight to ensure the transparency and accountability of the Postal Service and to determine whether its financial management, service performance, pricing policies and strategic execution are consistent with the principles of the PAEA. In FY 2003, FY 2004, FY 2005, and FY 2006 the USPS received net profits.

Since FY 2006, major changes have occurred in the USPS.

1. Postmaster General John E Potter awarded a contract to United Parcel Service (UPS) to begin July 1, 2006.
2. December 20, 2006, the Postal Accountability and Enhancement Act became law. (PAEA).
 - A. PAEA establishes the postal service retiree health benefits fund.
 - B. PSRHBFB requires the USPS to prefund its future retiree's health benefits \$5.6 billion per year for 10 years. (USPS is the only agency required to do this).
3. Postmaster General John E Potter, put several Strategic plans into place, to save the USPS financial and operating costs. Some of these reports were full of misconcepts, misrepresentations, and misinterpretations. Vital factors were omitted in the financial savings of over 3 billion annually.
 - A. The expected revenue loss of \$427 million annually, did not factor in any loss of the USPS vital package services, see Exhibit 3 on five day delivery plan (the plan says zero loss). Our competitors are preparing now for the loss of Saturday delivery if implemented. The financial impact of parcel delivery will have major effect on the USPS.
 - B. The USPS only stated to the public FY volume losses, but each FY the USPS recovered with vital package services.
 - C. The plan states over 2 billion savings in city carriers. City carrier savings will result from no longer needing over 25,000 carriers who handle the sixth delivery day. Regular carriers would deliver their route Monday-Friday eliminating Saturday as a relief day. These estimates are inaccurate. The volume of mail for Monday delivery will have a major impact on city routes across America. Although we would be closed on Saturday, the volume of mail will still be there for Monday delivery. This will create major overtime and later delivery times for all routes. There will be a domino affect for delivery for the rest of the week, creating more delays in mail and overtime needed.
 - D. The report states .5 billion in savings in rural carriers. The bulk of savings is from work hour reductions in rural carrier associates (RCA'S). The wage rate for RCA's is about half that for a regular carrier. Example of misrepresentation: The rural craft works on an

evaluated system. Example a 43K route ranges from 51:00 to 52:11 work hours for six days of delivery. The regular carrier will work 5 days and be paid for 43 hours. The sixth day will be a relief day which is worked by a leave replacement (RCA). All rural routes will have to be re-evaluated. One example in a office that has 7 or 8 routes evaluated at 43 k's- to 46k's (max hours allowed), if you were to eliminate 1 day of delivery on all routes, you would create a full time route with all the benefits, a vehicle, and the carrier would earn sick leave and annual leave. You would also add hours to most of the remaining routes at a higher rate of pay than an rca.

- E. None of these additional cost for rural and city carriers were factored into their reports.
- 4. Former Post Master General John Potter's strategies to reduce to 5 day delivery will forever change our country as we know it today. On January 11, 2011, Mr. Potter was hired to open up global supply chains and logistics for American companies, by The U.S. Chamber of Commerce, as stated by CEO and President Thomas Donohue. The US Chamber of Commerce is building one of the largest political operations. The chamber spent more than \$144 million on lobbying and grass-roots organizing last year, well beyond the spending of individual labor unions, the Democratic or Republican national committees. The three major supply chains are: USPS, UPS, and Fed Ex. The USPS system will break down if it is reduced to 5 day delivery, with this knowledge of the USPS revenue loss, these new global supply companies will be waiting to compete for our business.

Respectfully,
Theresa Naquin