Postal Regulatory Commission
Submitted 7/11/2012 10:28:31 AM
Filing ID: 83553
Accepted 7/11/2012

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

MAIL PROCESSING NETWORK RATIONALIZATION	)	
SERVICE CHANGES, 2012	)	**Docket No. N2012-1**

REVISED INITIAL BRIEF OF THE NATIONAL NEWSPAPER ASSOCIATION (July 11, 2012)

Respectfully submitted,

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July 11, 2012

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I. Introduction

National Newspaper Association intervened in this docket to examine the impact of the proposed service standards changes upon the delivery of its member newspapers. It has also commented directly to the Postal Service on its various proposals.

Established in 1885, NNA's mission throughout its history has included the protection of newspapers in the mail—both as Periodicals and, in the later development of local Standard mail categories, as free newspapers, shoppers and Total Market Coverage[1] publications delivered within the Standard Mail Carrier Route mailstream.

The development of this docket alongside the Postal Service's evolving understanding of how to reduce costs at a critical time in its history has injected substantial uncertainty into the newspaper mailing community, particularly those stakeholders reliant upon time-sensitive Periodicals delivery. The industry remains, at the close of evidence in this docket, mostly unclear how local, time-sensitive publications will be handled at any phase of the Postal Service's plans and particularly after 2014 plant closings are completed. The lack of clarity is compounded by the Postal Service's acknowledgement that **service**, (e.g. Tr. 12/4342-3) which is solely within the control of USPS, is a matter between itself and its customers, though **service standards** are jointly regulated by itself and the Postal Regulatory Commission.

Elements of uncertainty critical to newspaper mailers include the anticipated plans to maintain overnight delivery for Periodicals entered at delivery units where the number and scope of delivery units is yet unknown; the use of transportation hubs within former Sectional Center Facility plants where the development of hubs is yet unknown; whether changed container rules will permit efficient use of the hubs, and the establishment of critical acceptance and critical entry times in a network where transportation schedules from the remaining processing facilities are yet unknown.

[1] [1] Total Market Coverage publications represented by NNA involve delivery to non-subscriber households, typically at High Density or Saturation ECR rates.

Accordingly, NNA is somewhat in the position of Winston Churchill trying to predict the World War II era behavior of the Russians: "It is a riddle, wrapped in a mystery, inside an enigma; but perhaps there is a key."

The "key" for Churchill was to identify Russian self-interest. In this docket, the Postal Service has articulated its version of a key: in its view, survival of the institution rests upon its ability to force the mail into a slower flow so its equipment can be used with greater efficiency. To NNA, slowing the mail stream is a high-risk strategy. It may make some sense for the rapidly declining First-Class letter volume—although even the adjustment of First-Class has implications for Periodicals because of the effect upon Origin-Mixed (OMX) sortation options that tends to improve long-distance delivery (NNA/USPS-T4-1, Tr. 5/ 1954). But pulling all flat mail along with slower First-Class to the gaining centers running letter-sorting machines more hours ensures even worse delivery for Periodicals already facing serious delays.

So should the Postal Service, the Commission, the postal workforce and the mailer stakeholders help to achieve the engineering plans that it believes will lead to cost reductions, or should all involved seek unexplored savings within a downsized version of the existing nationwide service network. How much of the future of the institution rests upon its service standards, which Commissioner Taub rightly characterized as the "heart of what people can expect?" Tr. 2/53-54. These are the questions participants must address.

II. Procedural Status

On September 21, 2011, the United States Postal Service published an Advanced Notice of Proposed Rulemaking (ANPR) to revise nationwide service standards. Proposal to Revise Service Standards for First-Class Mail, Periodicals and Standard Mail, 76 Fed. Reg. 58433 (proposed September 21, 2011). In that notice, USPS proposed changing the standards for First-Class Mail Service and, because Periodicals standards are linked, to change Periodicals delivery standards within the contiguous

United States from 1- to 9-delivery days to 2- to 9-delivery days. The Postal Service's intention was to eliminate the overnight delivery of First-Class and Periodicals mail.

On December 5, 2011, the Postal Service initiated a request under 39 U.S.C § 3661(b) to the Postal Regulatory Commission for an advisory opinion on nationwide changes in service standards for First-Class, Periodicals and Standard mail, all market dominant mail products. Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services, December 5, 2011. That filing was followed by USPS's subsequent Federal Register filing of a Notice of a Proposed Rule (NPRM), continuing its deliberation over the proposed service standards changes. The NPRM commentary included the Postal Service's recognition that the degradation of service would lessen the value of the mail for some, but that it expected a loss only of 1.9 percent of First-Class Mail while the alteration of the mail processing network enabled by the slower standards would save as much as $2.6 billion. The proposal added nuances to the published ANPR for Periodicals. Only Intra-SCF not mixed with Inter-SCF mail entered at the Destination SCF mail would retain overnight delivery and then only if Critical Entry Times (CETs) were met. A new two-day service would be initiated for non-qualified Intra-SCF mail. For other Periodicals, 2- to 3-day mail would become 3- to 4-day mail. Mail with existing 5 to 9 day standards would not change. Mail with an 8- to 20-day standard would become 11 to 20 days. More critically for local newspapers, destination-entered mail at non Flat Sequencing sites would see a change in CETs from 4 p.m. for mail requiring a bundle sort and 5 p.m. for mail not requiring a bundle sort to 11 a.m. and 2 p.m. respectively. Service Standards for Market Dominant Mail Products, 76 Fed. Reg 77942-6 (December 15, 2011).

On May 25, 2012, the Postal Service published its final rule called Network Rationalization, effective July 1, 2012. The new rule would be implemented in three phases, culminating in full implementation on Feb. 1, 2014. The rule changed Periodicals 1-9 day service to 2-9 day service in the first phase and 3-9 days in the final phase. Though it maintained overnight service for qualifying destination-entry Periodicals, non-qualifying mail would move from 1- to 2- day service to 1- to 3-day

service. The new rule preserved Business Mail Entry Units (BMEUs) “for the time being.” (quotation marks added to original) 77 Fed. Reg. 3195 (May 25, 2012).

USPS’s decision to move forward without the Commission’s advice led the American Postal Workers Union to seek the Commission’s intervention to stop the rollout of the new standards. Complaint of American Postal Workers Union, AFL-CIO Regarding Violations of 39 U.S. C. 3661 and 3691, Docket No. C2012-2, filed June 12, 2012. The Commission declined to intervene to stop the service changes. Order Denying American Postal Workers Union Motion for an Emergency Order, Docket No. C2012-2 (June 29, 2012). The possibility now exists that Commission recommendations in this docket will be mooted by the rollout of the Postal Service’s first phase of implementation, and even by investments and network changes being laid into place for the second and third phases. Thus, participants in the case are in a state of uncertainty for making future mailing plans, with serious questions about the future network. Being unsure of the Postal Service’s capacity to implement any Commission recommendations that might protect or preserve newspaper delivery at the conclusion of this docket adds to the uncertainty.

The service standard changes under review, first under the original NPRM and now under the Final Rule, imply profound impacts for the delivery of time-sensitive newspapers. The complexity of the Commission’s review indicates that the Postal Service and stakeholders perceive the sweeping implications of the changes. The initial request for an advisory opinion included testimony from 13 witnesses and more than 50 library references. Two additional rounds of testimony have been received in rebuttal and surrebuttal rounds, generating more than 4,500 pages of transcript. It is clear that such dramatic changes in nationwide service expectations carry grave implications for mailers, workers and the future of USPS.

III. Service standards will be inevitably degraded by the Postal Service's plans, as the request for endorsement of its changes indicates, but should mail processing equipment capacities drive standards?

NNA's witness Heath, a 30-year observer of postal policy and network designs, has dubbed the Postal Service's current network optimization plan a "Postal-geddon." Testimony of National Newspaper Association Witness Max Heath, Tr.10/2845. He explains that he believes much of the proposed change in this docket is being driven by engineering plans to keep automated sorting equipment running, rather by than customer needs. He likens the Postal Service's intentions to a publisher's holding up the publication of a newspaper until all possible ads are sold and news inserted, rather than delivering the product while information is fresh. Tr. 10/2846.

Indeed, the Postal Service's plan has been developed around an assumption that expanding mail processing windows is the key to its survival, which is to be achieved through resulting cost reductions. USPS Witness Neri explains that rationale in his testimony when he states that existing service standards leave too much equipment idle. Testimony of United States Postal Service Witness Neri USPS-T-4 at 13. His assumption is that the best approach is to use the equipment better.

> The service change proposal aims to redesign our network and infrastructure to create a more efficient operating plan….The proposed plan would allow for both the expansion of outgoing operations and service to a larger geographic area. The expanded operating window would take advantage of the economies of scale to "pack" the mail processing equipment. This would result in better equipment utilization and better use of the mail transportation equipment (MTE) and truck capacities. Neri at 17.

To achieve that goal, USPS would create a network with fewer than 200 mail processing facilities, ultimately closing about half of the operating nodes in its current system. Neri at 3, 17. It would then haul mail greater distances, creating larger aggregations of mail to sort, and arguably permitting it to run machines at 95% of peak load capacity. Rebuttal Testimony of USPS Witness Neri, SRT-1 at 4-5. This optimized network was originally designed to remove about $2.1 billion in costs from the Postal Service's system, after avoided costs and lost opportunities were accounted for.

Tr.2/71. This design was later amended by the Postal Service's revision of plant-closing schedules, whereby fewer plants would be closed in the immediate future, but full implementation would be completed by 2014. At present, it appears USPS will follow the schedule provided in response to POIR Request No 10:

- Closing approximately 48 facilities beginning on July 1, 2012 and scheduled for completion by August 31, 2012;
- Phase One consolidations of approximately 92 facilities beginning on January 1, 2013 and scheduled for completion by January 31, 2014; and
- Phase Two consolidations of approximately 89 facilities beginning on February 1, 2014 and scheduled for completion sometime in 2014. USPS Response to POIR No.10-3.

In the end, more than 200 facilities will be closed. The new plan is intended to achieve similar ends to the original plan, but more slowly.

A. The engineering solution to pack mail processing equipment with volume has negative implications for smaller communities, particularly in rural America.

1. Bigger plants are not necessarily better.

Neri's plan is to move mail from smaller plants to larger ones so the gaining plants will have more mail to process. But rebuttal witnesses have raised a variety of objections to the Postal Service's plan. Among them is the element of removing efficient smaller plants from the system.

The decision to aggregate mail into the most highly-automated urban plants creates an uneven impact upon America, impairing rural areas where many of NNA's member newspapers serve. The Postal Service's plant closing plans—both before and after the new network rationalization was articulated—deprive the system of the efficiencies of the smaller plants and complicate the possibility of timely delivery to rural

areas. To cite just a few from Library Reference N2012-1/73, USPS would move mail from Colorado Springs to Denver; from Fayetteville, NC, to Charlotte; from Norfolk, VA, to Richmond; from Chattanooga, TN, to Nashville; from Erie, PA, to Pittsburgh; from Central Massachusetts to Boston; from Binghamton, NY, to Syracuse, from Anniston, AL, to Birmingham; and Somerset, KY, to Knoxville, TN—all smaller communities losing plants to big cities. Whether the advantages in those smaller cities of less traffic, fewer job opportunities leading to more qualified applicants, newer plants, better layouts, more favorable highway connections or other elements might enhance USPS efficiency is unexamined in this case.

The Commission's witness Weed questions the wisdom of selecting the smaller plants for closing.

> ".. [that] smaller plants have historically demonstrated a higher productivity, has been documented in the past. For example, in GAO report 05-261 *Productivity Varies Among Plants*, page 28, "Average productivity – total pieces processed per hour – varies among the Service's Mail Processing and Distribution Plants, which indicates that some plants are not processing mail as efficiently as others. Postal Service officials have attributed this variation to several factors, including size of plants as measured by workload, number of employees, layout of plants, and the use of non-standardized processes." Testimony of PRC Witness Weed, PRCWIT-T-1 at 12.

NNA witness Heath explains that this element of the network optimitization design constitutes a fatal flaw in USPS plans.

> "I believe the Postal Service is making a serious and possibly uncorrectable error by trying to "streamline" its mail processing to aggregate mail in large, urban plants where it has historically suffered its worst service problems. Instead, it should right-size and customize plants in the smaller communities that historically had better service." USPS/NNA-T1-16 Tr. 10/2906.

Moreover, it is not clear that the larger plants are ready for and able to handle large new volumes, particularly in flat mail. USPS is still examining whether the plants that will remain in the network are designed so that they can most efficiently process mail. USPS SRT-1 Neri at 6. PRC Witness Weed raises doubts that the productivity levels necessary to claim the savings USPS needs can be achieved. Plants would have to

find a 20.9 percent increase in overall productivity in order to meet savings targets. Testimony of PRC Witness Weed, PRCWIT-1, 11/4179. And Heath finds that gaining larger plants typically have great difficulties in absorbing new volumes without significant disruption to mailers. Tr. 10 /3037-8.

Public Representative witness Raghavan finds other concerns with the USPS assumption, including the decisions not to factor in the need for additional space for staging of the mail as it is being aggregated for processing, Tr. 10/3122, the lack of studies simulating the gaining plants' operations, Tr. 10/3123, and failure to consider the impact of greater plant-to-plant transportation costs, Tr. 10/3115. All of these concerns give rise to skepticism about projected cost savings. But they also suggest that even degraded standards may not be met, as the network struggles to adjust to elements that were not considered in the planning.

2. The loss of smaller plants degrades service to rural areas.

The loss of close-by plants in smaller communities means that their mail has to be hauled longer and further for processing and delivery.

NNA Witness Bordewyk has witnessed, through the member newspapers of the South Dakota Newspaper Association, the impact of a USPS decision to close a mail processing facility in the smaller community of Mobridge, SD, and to consolidate mail volumes into the larger and more urban Bismarck, ND in December, 2011. His members reported:

- Cash flow disruptions
- Slower movement of essential supplies and products, including water samples required for compliance with state and federal water quality rules
- Costs for residents to drive greater distances to shop for items that had been received by mail; and

- Significant delays in newspaper mail delivery, causing newspapers to lose subscribers. Testimony of NNA Witness Bordewyk, NNA-T-2 at 3-4.

His belief that service degradation from future plant closings would force negative impacts upon South Dakotans was derived from comments he received from residents. One resident commented on financial implications for residents fearing the impact of an additional plant closing in Rapid City to help add mail volume to a gaining facility in Sioux Falls:

> "Rural South Dakota's mail is already 1 day longer service to arrive to many locations. Closing Rapid City will add an additional 2-day delay. It takes the first day for mail from here to get to (Rapid City) now just to be sorted and a day to sort it and a day to return it. Add another day to (Sioux Falls) to sort it and a day back. If you remove one day of sorting in Rapid City, that's five days. 2 days longer for my local payments…I receive my water bill and it is due 10 days from the billing date, same goes for my Verizon and (electric) bills….Late fees are imposed by all 3 if they are as much as a day late." Testimony of David Bordewyk NNA-T-2, Tr. 10/3054.

Bordewyk said that residents of rural areas find it "alarming how easily their interests are written off by people in our nation's capital." Tr. 10/3055. He believes mail is a fundamental need for people in rural areas. Id.

It is unfortunate for the quality of the Commission's record that such a paucity of evidence from rural communities and mail users is garnered for its consideration. NNA believes the expense and complexity of the dockets discourages organizations with meager resources from providing their insights for the Commission's record. But the experiences and observations of local newspaper publishers and executives like Heath and Bordewyk provide a window into the depth of concern many rural residents have. It is regrettable that materials proferred by Bordewyk that consisted of comments from many South Dakota residents were blocked from the record by the Postal Service's objections, because those residents are unlikely to have the resources and capacity to participate in these proceedings directly. Their absence leaves open a gaping hole in

the understanding of both USPS and the Commission on the importance of the mail in rural America. And it enables assumptions like the one that began this case: moving mail long distances from smaller communities so it can be processed and delivered, albeit more slowly, through use of USPS's urban centers is ok with rural America.

USPS has not considered whether these discouraged rural residents will begin to withhold their First-Class mail, perhaps by paying bills at work where broadband is available, or use alternative services for their package delivery, enabling other carriers to profitably open up customized services in smaller towns, or begin concentrating their shopping for periodic visits to larger city malls rather than ordering from catalogs. It has not fully considered that their alarm has roused rural members of Congress to oppose reforms that USPS considers necessary. But it has tasted the impact of these communities in the revolt against post office closings. The Commission should draw the Service's attention to the possibility that its disregard for these highly active communities will present complications to whatever plan USPS hopes to implement.

At a minimum, the Commission itself should shine its own analytical light upon the testimony of witnesses Raghavan and Weed to decide whether it agrees that degrading service to rural America is one reason among many that the Postal Service's assumptions should be reconsidered.

B. **A plan designed to preserve the mailstream would start at a different point of analysis and end with more service and less degradation**.

By starting its analysis with the assumption that the way to save money is to slow down the mail and aggregate volumes for the benefit of the machines, USPS has failed to consider sufficient alternatives.

Ragahvan tackles what he sees as substantial flaws in the cost scoring tools used by the Postal Service. Among his concerns is the Postal Service's decision not to allow plant-to-plant transportation costs to significantly impact its analysis. Tr. 10/3115. He

believes starting the analysis with an assumption that plants would be closer to post offices, as NNA prefers, would have provided a better result. Id.

More importantly, he employs the same LogicNet models used by USPS Witness Rosenberg to determine whether changing certain assumptions of capacity and sorting rules would yield comparable savings but with more plants remaining open. For example, he considered a plant that was not at capacity except for within a certain product group. By adding in the ability to process other products, he achieved greater output. Tr.10/3144-45.

At the end of his analysis, he finds that instead of having fewer than 200 plants in its network, USPS could use 239 to 277 plants. It would still claim substantial cost savings, but take less of the risk inherent in degrading its network. Tr. 10/3146.

APWU Witness Kobe similarly questions whether USPS could claim substantial cost savings without degrading its service.

Among those cost savings are the allowable use of Postal Support Employees (PSEs) permitted under the APWU 2010 National Agreement, which had reached 11 percent of mail processing clerks in FY2010 but could go as high as 20 percent—savings achievable without changes in service standards. Tr.11/3706. USPS Surrebuttal Witness Smith objects to Kobe's calculations, USPS SRT-2 at 6-7, but the fact remains that USPS does have considerable room to expand its use of non-career mail processing plant personnel, as well as to achieve a lower per-employee cost. It could also request additional concessions from its craft groups, which might willingly agree to greater use of casual and non-career workers in order to maintain the mail stream that provides thousands of jobs.

USPS criticizes these rebuttals, but its criticism is grounded in its point of view, which begins with the assumption that the economies of scale derived from its engineering plan to aggregate and slow the mail is the only way to drive out sufficient cost. It has not considered any number of alternatives, including those advanced by the rebuttal witnesses. Among them is examining whether its automation strategy has resulted in acquisition of not only too much machinery that will never be used, but too-

large equipment than the future mailstream could use. Rather than driving the mail to the machines and potentially throwing good money after bad, it might instead consider a more customized approach of smaller machines and better use of human resources in locations that do not require so much aggregation, truncate the potentially dramatic impacts of longer hauls in an era of rising fuel, and protect itself from the risk that degradation drives away so much mail that, in the end, no strategy will save the Service.

In the Churchillian query, USPS believes the key is machines. Instead, it should consider that the key is service.

IV. Loss of business could drive USPS into an ever-accelerating downward spiral.

A. Credible witnesses foresee disaster

No less than international mail expert Michael Crew opines in this case that this service degradation may be the “death knell” of the Postal Service. Testimony of National Association of Letter Carriers Witness Crew NALC T-2, Tr. 11/3545. His prediction is parallel to Heath’s “Postal-geddon” predictions and witness Weed’s questioning of projections that gaining plants will inevitably have the volumes of the losing plants to process. Weed at Tr.11/4184.

Perhaps the most persuasive witness to the effects from degrading service overall was a reluctant one. That was USPS Witness Elmore-Yalch, whose first “all-causes” study actually asked the right questions: what would be the effect of the combined losses of elements of today’s delivery systems—the closing of post offices, the slowing of mail and the loss of 6-day delivery. Tr. 3 /587. Chairman Goldway engaged the witness at considerable length about the obvious value of considering the cumulative impact upon USPS of the many service changes it contemplates. Tr. 3 /882-893. Elmore-Yalch’s initial data, which had been withheld as preliminary and qualitative, eventually made its way to the record through cross-examination. Possibly because it was so revealing, the Postal Service did not include it with its initial filing. The preliminary results of her research indicate that a 7.7% reduction in mail volume and a

revenue loss of approximately $5.2 billion, with a contribution loss of nearly $2 billion could occur. (APWU-XE-1).Tr.4/905.

The Postal Service understandably wishes to consider the various elements of its cost reduction plans separately. Its decision to terminate Elmore-Yalch's original research and to attempt to quantify only the mail slowdown may have been logical, considering that it wished to use the study as evidence in the case examining the impacts of mail processing changes.

But customers do not experience the various losses of service in isolation. What they know, as Witness Bordewyk's South Dakota stakeholders expressed, is whether the mail is reliable or not and moves at speeds they need or not. When customers do not get the service they need, rather than asking which element of the Postal Service's cost-cutting led to their disappointment, they simply find alternatives.

B. The fact that a newspaper delayed is a newspaper denied is not only of concern in rural America but can shed some light into how residents of rural America may be impacted by service degradation.

For newspapers, the combined effects of the Postal Service plans must be considered.

Heath details numerous barriers to service that he sees as discouraging newspapers from using the mail:

- Sarbanes-Oxley-oriented verification requirements that hamper overnight entry
- Denials of effective use of exceptional dispatch privileges that permit newspapers to use their own transportation to reach delivery units;
- The "droop" (angle of deflection) test that disqualifies newspapers from automation discounts; and

- New pressure to use Full Service Intelligent Mail Barcodes, even though individual mailpiece visibility offers little to locally-entered newspapers. Heath, Tr.10/2842-43.

He relies upon a host of concerns raised by his client newspapers, some of which were supplied as printouts of emails. Tr.10/2874-2898.

He points out the high level of dependence upon community newspapers that many readers have, particularly in smaller towns where digital information services may be inaccessible or unpopular. Tr.10/2838-39. The loss of overnight mail delivery for some readers and the movement from 2- to 3-day service for others, coupled with loss of Saturday mail delivery, would be highly detrimental to community newspapers and, thus, to their readers. Readers must receive local newspapers within 24-48 hours of printing for the information in them to be of value because old news is not news. Tr. 10/2842. Newspaper production is tightly timed to accommodate rigid printing schedules and to capture the latest information. Tr.10/3017-18. The newspaper cannot adapt to slower delivery by changing its closing times without losing value in the product, and often cannot find earlier printing times even if other elements were adjustable. Id.

So Heath is worried about the loss of service. His worries are enhanced by his belief that USPS does not at present have an effective measurement technique for capturing newspaper delivery speed, Tr.10/2843-44, so it is unlikely to be able to measure results after service degradation in any comparative fashion.

Heath thought the ultimate impact for newspapers upon overnight delivery would hinge to some degree upon whether BMEUs remain functional for their purposes, particularly if a previously-used Sectional Center Facility is replaced by a transportation hub. But although the latest iteration of the network rationalization leaves BMEUs open "for the time being," USPS Witness Mehra sheds little light upon where they will be, let alone their hours of availability. Tr. 5 /1568. And the Postal Service's plans for

developing the hubs remain murky and aspirational. Even witness Neri could muster no more assurance than assertions that USPS would examine them. NNA/USPS T4-4,Tr.5/1957; NNA/USPS T4-5, Tr. 5/1958.

It is not unusual for NNA's publishers to experience USPS indifference about the loss of their business because of the absence of contribution by Periodicals under the current cost structure. But, as Heath points out, as the Periodicals newspapers go, so go the Standard Mail shoppers and TMC publications that are highly profitable to USPS. Tr. 10/2843.

V. The Commission must articulate its expectations for the decision in this docket.

The Postal Service's handling of this case in any circumstance other than from within the cauldron of its financial troubles would be highly troubling. By deciding to go ahead with the new service standards prior to the completion of the case, it suggested that neither stakeholder input nor Commission analysis in this case would be likely to alter its direction.

NNA did not participate in the APWU's motion for injunctive action to stay implementation of the new standards, but it has considerable sympathy with the labor union's concerns. Although the Commission opines that Congress directed USPS to "request" an opinion rather than "obtain" an opinion on nationwide service changes, this reading would suggest that the day after a request USPS would have authority to proceed with its own plans. That cannot be what Congress meant. A combination of inartful language and the usual dualistic desire of Congress to have the benefit of a postal regulatory body without hampering USPS's operations with one are likely at the root of the ambiguity that permitted this case—with all of its weight and import—to teeter on the edge of irrelevance.

NNA respectfully disagrees with the Commission's opinion that the principal value of this docket is to air views for the Postal Service's consideration. Ideally, that cannot be the purpose of such a costly and time-consuming case as this, although under the circumstances that may be the best the parties can expect.

As USPS demonstrated in its Federal Register publications, the Postal Service has ample ability to open the door to due process and to take many views into consideration. NNA has often been the beneficiary of that due process, having suggested better alternatives to an original USPS proposal and having had its concerns generously heard. NNA has made numerous recommendations in the testimony of witness Heath in this proceeding that may help many newspapers to ease the impact of service degradation. These same recommendations have been carried directly to USPS over a variety of avenues and NNA hopes USPS will give them due consideration.

The Commission's role in its sometimes ambiguous role of regulator is nonetheless one of tremendous importance. It alone can stand back from the financial and operational pressures upon USPS management and the often confusing and parochial concerns of Congress to consider what's best for the American public. It has the obligation to oversee universal service. It is not a board of directors nor a think tank, although at times it functions in these capacities to some degree. It is the body endowed in the law with considering the greater good. NNA recognizes that the financial imperatives surrounding this case may have precipitated actions that in calmer times would not have been considered, but it nonetheless urges the Commission to articulate its expectations that its recommendations and advice, should it choose to make any, should be seriously enough considered by the Postal Service that the failure to implement them should be accompanied by explanations. Both the recommendations and the explanations should be transmitted to Congress which ultimately has the obligation to help both the stakeholders and the Service out of the Churchillian dilemma.

VI. Conclusion

The twists and turns of this highly unusual case have created a robust record, albeit one that will fail to enlighten outcomes unless the Postal Service and stakeholders decide to use the period of delayed implementation of the Network Rationalization Plan to reconsider their options and analyses. NNA believes significant errors in the starting point of the Postal Service's decisions have been made and that they will accelerate the Postal Service's downward spiral. Cost reductions are imperative and urgently needed. But serious examination of alternatives to service degradation must occur before the final phase of the network rationalization is complete.