

Reply comments on the U.S. Postal Service Annual Compliance Report

Submitted to The Postal Regulatory Commission

Washington, DC 20268-0001

Docket: No. ACR2016

February 13, 2017

Chairman Taub, and Commissioners Acton, Langley, Hammond:

The Taxpayers Protection Alliance (TPA) requests to submit the following reply comments to the Postal Regulatory Commission upon considering the materials submitted by the U.S. Postal Service (USPS) (notably, the Annual Compliance Report for Fiscal Year 2016), and comments initially submitted by other organizations.

Primarily, TPA seeks to reemphasize concerns highlighted in the comments submitted by the Association for Postal Commerce (PostCom). Several of the issues raised about suitable business practices by PostCom and also in comments previously shared by TPA for the compliance review docket in 2015 and 2014, have been long-standing and the Commission should more closely scrutinize such matters and take action to resolve them.

Initially, PostCom highlights the importance of USPS transparency in reporting. Our organization, representing millions of taxpayers across the country, believes that a commitment to accountability in fully reporting financial data and information about the costs needed to provide each service is essential given the ten consecutive years of billion-dollar net losses. Furthermore, more than \$120 billion in unfunded liabilities remains on the USPS balance sheet.

Knowledge of the expenses incurred to bring each of its products to market, for both market dominant and competitive services, is critical for developing a full understanding of the origins of USPS debt. Through current reporting it is apparent that core letter mail services are among the most profitable and often return twice as much revenue compared to costs. Such information for competitive products and new potential lines of service must also be made available by the USPS to give the Commission a proper analysis of the extent to which the earnings on legacy mail services subsidize other existing or future lines of service.

Overall, the profitability of legacy services are such that any attempts for further raise rates on mail customers, who are widely dependent on this system, would be unjustifiable. As

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the Commission considers and helps to define “pricing flexibility” it must acknowledge which offerings show fiscal stability and must also dig deeper into the other developmental areas that will require rate revisions or potentially ceasing operations.

Further, recent discussion from TPA on letter mail rates and unwarranted increases is included below. Ultimately, we ask that the Commission proceed with caution and scrutinize any further USPS effort to gouge millions of individuals who rely on affordable mail service.

Thank you for your consideration,

Sincerely,



David Williams
President