

## ***PRC UPDATE TO POSTMASTERS***

### **REMARKS BY GEORGE OMAS CHAIRMAN, POSTAL RATE COMMISSION AT THE NATIONAL LEADERSHIP CONFERENCE OF THE NATIONAL ASSOCIATION OF POSTMASTERS FEBRUARY 19, 2002**

**Good morning. As the new Chairman of the Postal Rate Commission, I am very pleased to be here this morning and to participate in today's program and I thank my long-time friend, Bob Levy, for inviting me.**

**I'm sure you will hear a lot of discussion during your conference regarding the direction that America's Postal Service is going to take in the coming years.**

**I thought I would bring you up to date on what the Commission has been doing. I am sure you are all interested in the status of the current rate request.**

**As you probably know, the Postal Service and most of the participants in the rate case have signed on to a proposed settlement agreement.**

**You might rightfully ask: "How does that affect the process?"**

**The Commission has a statutory obligation to assure that the rates it recommends are consistent with the public policies that Congress established in the Postal Reorganization Act.**

**And, even though many parties are willing to accept the rates contained in the proposed settlement, the Commission must hear and evaluate any opposing views.**

**The American Postal Workers Union presented testimony in opposition to the proposed settlement this past Thursday. We will hear additional testimony a week from today. The Commission will**

**consider that testimony, and decide whether the proposed settlement should be accepted or not.**

**The Commission is well aware of the need for prompt action, and I expect we will be issuing our decision on the proposed settlement sometime in March.**

**Even after the rate case is over the Commission will be quite busy. The Postal Service has let it be known that it has a number of classification requests in the pipeline. Once the rate case has been decided, I expect the Service to finish work on those proposals, and to file them with the Commission.**

**The Commission also must respond to congressional requests for analysis of postal issues. Congress through its Appropriation's Committees asked the Commission to evaluate the legality of the Postal Service entering into Negotiated Service agreements with its customers and its authority to develop new and innovative products and services. We submitted that report last week and it is now available on our website "www.PRC.gov".**

**Briefly, we found that the Service has both the obligation to develop new services to meet the needs of America's mailers, and ample authority to explore the feasibility of innovative new products and services.**

**We also found that it was permissible for the Postal Service to develop new services in consultation with mailers, and to negotiate innovative, new rate and service arrangements with those mailers. However, befitting its being a Government agency, This authority is not completely unconstrained.**

**Whatever arrangements the Postal Service makes with mailers, it must not violate the postal policies established in the Reorganization Act, but these are not particularly difficult standards to meet.**

- The arrangements must be subject to public review.**
- They must benefit both the Postal Service and the mailers.**

- And finally, they must be available on a non-discriminatory basis to other mailers.

The Postal Service submitted its own report on this subject simultaneously with the Commission. It too recognized the need to comply with these legal requirements. It is my understanding that the Postal Service intends to submit several new rate and service arrangements for Commission review after the completion of the rate case. I hope it follows through on these plans.

I know that the Postal Service has been very busy with many important issues these last few months, but I think it is equally important that the Service remain responsive to the needs of its customers.

The current law provides that only the Postal Service can propose new arrangements that involve changes in rates. It is important that the Service show that it is aware of mailers' needs by exercising its authority to provide new options.

In another area, the Commission is currently working on a response to a Congressional request for an analysis of the potential impact of alternative international rate setting formulas.

Public interest in international mail is growing. Three years ago the Commission was tasked with preparing annual reports to Congress on the costs, volumes, and revenues of international mail. International business is growing at a very fast rate and is becoming very competitive. The Postal Service should be prepared to compete fairly to handle the needs of Americans sending items to all parts of the world.

During the last several years, there have been a number of calls to completely restructure the Postal Service to make it more efficient and competitive. In response to these calls, Congress has been considering how best to modernize the laws governing the Postal Service.

The Commission has frequently been asked to analyze the feasibility and potential effects of possible changes to the laws governing the

**Postal Service. I testified on this subject last summer, and I expect requests to address these topics will continue until improvements are made. There are a lot of interesting ideas around Washington on Postal reform. But I think it is important to remember that over the last thirty years the Postal Service has done an outstanding job of serving the public.**

**I feel Improvements can and should be made, however, we should not forget to give credit to those who have made the United States Postal Service among the very best in the world.**

**This concludes my prepared remarks. I would be happy to answer questions about the Postal Rate Commission, or the process for setting postal rates.**

**Before I take Questions though, I want to introduce Steve Williams, the Commission's Secretary. I wanted Steve here should we get into any areas during the questions that are above my pay grade.**

**I'm a firm believer that you need a good staff around, because so many things often go wrong and you can't possibly blame them all on the weather and the Postal Service.**

**Thank you all very much.**