

Remarks of The Honorable Edward J. Gleiman

Chairman

Postal Rate Commission

Before the

Government Affairs Conference

of the Direct Marketing Association

May 14, 1997

---

Bob, Jerry, I want to thank you for squeezing me into the program at the last minute.

I feel a certain kinship with DMA and its Government Affairs Conference.

Shortly after my arrival at the Postal Rate Commission, DMA was the first group to invite me to speak. That was in 1994, and I was the featured luncheon speaker at the Government Affairs Conference. The next year, 1995, I was invited back but downgraded to a panelist at one of the general sessions. Last year I was tapped again as a panelist, only that time for one of those concurrent session panels.

This year I waited and waited. At first I thought my invitation to participate might be lost in the mail. But what are the odds of that happening? In any event, it never arrived.

I want you to know that I wasn't particularly troubled by this. It seemed to be part of the natural progression. Moreover, when I saw your program, it was clear that "postal" was but one of many important issues on your agenda. On the other hand, I realized I had slipped to the bottom of the ladder. It occurred to me that unless I could be sure of some sort of resurrection next year---possibly my last at the Commission---1997 was likely to be my last chance to appear at a DMA Government Affairs Conference.

Some of you may find that a pleasant prospect, but I got down right panicky.

I had already been cut from the cheerleading squad for the recent AMMA/EMA legislative pep rally.

What to do? I mean, what about all the stuff I have that needs saying! So, here I am, a last minute gate crasher.

I know you have a busy day, with visits to Capitol Hill and the like. I just want to say a few words about the legislative front, comment briefly on that pep rally that was held last week and, in an effort to continue what I believe has been a fairly progressive attitude by the Commission toward ratemaking and problem solving during the past three years, offer a comment or suggestion (if you will) that may have some relevance to the omnibus rate case that I understand is looming on the horizon.

I believe that most of you know my views on postal reform legislation. They fall into two general areas: (1) issues concerning what is the appropriate role for a federal government agency (albeit one directed to act in a business-like manner) in offering goods and services in competition with the private sector; and, (2) the nuts and bolts of the ratemaking process.

Whatever may happen on the legislative front, I think we all owe a debt of gratitude to John McHugh. I spent seventeen years on Capitol Hill, in both the House and Senate, before moving to the Commission. Rarely during that time did I see anyone new to the scene put in the time or make the effort that Chairman McHugh has made.

Some of you may have heard me quote one of my favorite passages from A.A. Milne's Winnie the Pooh. It reads as follows:

Here is Edward bear, coming downstairs now, bump, bump, bump, on the back of his head, behind Christopher Robin. It is, as far as he knows, the only way of coming downstairs, but sometimes he feels that there really is another, if only he could stop bumping for a moment and think about it.

Thanks to John McHugh, we have all been given an opportunity to stop bumping and think about other ways.

Nevertheless, there is a long way to go in the legislative process; a process that, before it is all over, some of you may view as more arcane and full of surprises than the very ratemaking process you have come to know and, unfortunately, dislike. Whatever the outcome, the Postal Rate Commission stands ready to assist in making sure that the threads on the nuts and bolts of any new ratemaking machinery have a good fit.

Now, about that legislative pep rally. There was some rhetoric during that session, or so it has been reported to me by a number of sources, that borders on hyperbolic hysteria. Statements, for example, that we are in (and I quote) "an era of bad blood" between the Postal Service and the PRC, that "if the process isn't broken, maybe the players are," and that the Commission "never gets anything right." This kind of talk is both untrue and counterproductive.

Maybe this rhetoric was intended to inflame those attending the pep rally, thereby creating the aura of a

crisis that some seem to think is a necessary precursor to any action by the Congress. If so, perhaps we need to remind those members of our community that we can disagree on issues without getting vile; that conflicts are inevitable but anger, grudges, hurt and blame are not; legislation involves the art of compromise; and, that that type of rhetoric has no place in any serious effort to address your concerns, whether legislatively or administratively.

Let's move on, now, to the real reason I crashed the gate today. I mentioned earlier that I thought the Commission had taken a fairly progressive approach to ratemaking and problem solving in recent years. What I refer to here is that the Commission completed action on the R94 rate case in record time; gave the Postal Service more competitive Priority and Express Mail rates than it requested (the \$3 flat rate, for example); approved nearly all the Service's reclassification proposals, including the new enhanced carrier route subclass; approved, on an expedited basis, the only two experimental cases the Service has filed in recent years; issued a set of regulations that streamlined many of our procedures; and, started a web page to make nearly all case-related material available as it is filed.

Yes, we have had some failures. And, no, you and the Postal Service didn't always get everything you wanted. But then getting everything you want all the time is rare, at best.

Today I want to offer some thoughts on how we might continue to address problems within the confines of existing law, specifically with respect to the upcoming omnibus rate case.

During discussions concerning the need for legislative reform, a number of problems have come to the fore. Among them is that business mailers have found it increasingly difficult to accommodate the large, episodic increases they have experienced in past years. As I understand it, they would much prefer to have no increases, but, if that is not possible, smaller, more frequent increases that could mesh with budgeting and planning processes would be preferable to a big hit every three or four years.

If this is so, let me suggest to you and to my colleagues at the Postal Service that the way I read the existing law, there appears to be no bar to achieving such an objective; that is, to phasing rate increases.

This is not, I believe, something that the Commission could initiate in the absence of a request by the Governors, since under existing law it is they who must determine the Service's revenue requirement and the timing of increases. Moreover, developing a fair and equitable phased rate case would surely test our mettle at the Commission, as well as that of the Service and intervenors.

I can not tell you how such a case would turn out. It would be a case of first impression. I am sure there could be practical and legal hurdles I have not foreseen. And, the Commission could not make a decision until it has examined the evidentiary record against the requirements of the law.

Whatever happens with legislative reform, it is quite unlikely that the ratemaking scheme will be modified before the upcoming omnibus rate case. So, if you agree that the prospect of a phased rate increase could address concerns you have about the impact of large, episodic increases, I hope you will

discuss this idea among yourselves and with postal officials. It is an idea whose time may have come; it may be doable!

Finally, whatever the nature of the case that is filed by the Postal Service, I urge you to participate actively in that case. Generally, there is more at stake than first meets the eye in these cases. If important issues go unlitigated because someone has decided to play most of his marbles in the legislative game or because of some perceived sidebar agreement with the Postal Service, as was the case with the 150 piece rule in MC95-1, the Commission may not be able to offer any recourse.

I want to thank you for giving me an opportunity this morning to send a problem-solving signal to the community. I hope it is received in the same spirit that it was sent. Have a great day.