



# Regulation and Reform of the United States Postal Service

Chairman Ruth Y. Goldway  
Postal Regulatory Commission

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# Postal Accountability and Enhancement Act (PAEA) of 2006

- 10 years of debate in U.S. Congress
- Government ownership
- Retain the letter and mailbox monopolies
- New competitive flexibility for U.S. Postal Service
- Creation of Postal Regulatory Commission with strengthened regulation and oversight

# Postal Regulatory Commission (PRC)

- Independent federal agency
- Regulator of the U.S. Postal Service only
  - Promote level playing field with private sector for Postal Service's competitive products
- Five commissioners appointed by the President and confirmed by the U.S. Senate
- Our mission: *Ensure transparency and accountability of the U. S. Postal Service and foster a vital and efficient universal mail system.*

# Role of the PRC Under the PAEA

## Create the Regulatory Framework

- Develop a modern system of rate regulation
- Monitor U.S. Postal Service finances and service
- Consult with Postal Service to establish service standards and measurements on delivery and access
- Report to Congress annually on Postal Service's compliance with regulations and adequacy of service
- Adjudicate complaints from mailers and public

# Separation of Postal Service's Market Dominant and Competitive Products

- Two-tiered rate case process
  - Competitive – 30 days, price floor
  - Market Dominant – 45 days, price cap
- Completed two “Rate Cycles” (2008, 2009)
- Approved new competitive products
- Developed separate accounting rules for competitive products

# Rules And Decisions

- Service Measurement System (Nov. '08)
- Postal and Non-postal Services (Dec. '08)
- Complaint and Service Inquiries (Mar. '09)
- Periodic Reporting (Apr. '09)
- Confidentiality Rules (June '09)

# Other Accomplishments

- Annual Compliance Determination** (Mar. '09)  
(Review of U.S. Postal Service FY 2008 performance)
- Report to the President and Congress** (Dec. '08)  
(Review of PRC FY 2008 performance)
- Universal Postal Service and the  
Postal Monopoly** (Dec. '08)
- Public Outreach** (Ongoing)

# Universal Service and the Monopolies

- Universal Service Obligation (USO)**
  - Estimated Cost: \$4.4 Billion
  - Seven aspects: 1) Geographic scope, 2) Range of products, 3) Access to facilities, 4) Prices and affordability, 5) Service quality, 6) User rights, 7) Delivery frequency
  
- Letter and Mail Box Monopolies**
  - Estimated value: \$3.5 Billion
  - 99 percent of mail volume, 90 percent of revenue
  - Mailbox monopoly: unique and absolute
  
- Six vs. five delivery days**

# Proposed Closing of Post Offices and Stations

- U.S. Postal Service proposal to review hundreds of retail offices for possible closure
- Advisory Opinion – national service implications
- Field hearings in Ohio and New York
- Transparency, accountability, effectiveness
- No discrimination in appeal rights

# International Dialogue

- Coordinate with State Department on international postal policy
- Deputy Head of Delegation to UPU Council of Administration
- Engagement in international community and multilateral meetings
- Postal Regulatory Dialogue
- International web page at [www.prc.com](http://www.prc.com)

# Postal Service Cooperation with the Private Sector

- Worksharing
- Last-mile delivery
- Transportation contracts
- Joint products

# Future Issues

- Declining mail volume
- Role of mail in complex, modern communication network
- Possible further reform of PAEA
- Greater reliance on postal regulation



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