

Opening Statement
Chairman Dan G. Blair
Kansas City Field Hearing
Docket No. RM2007-1
June 22, 2007

I am glad to open today's hearing – the first of three field hearings the Postal Regulatory Commission will hold on the development of a modern system of rate regulation for market dominant postal products. Before I continue with my brief remarks, I would like to introduce my fellow Commissioners: Ruth Goldway, Tony Hammond, and Mark Acton. Scheduling conflicts prevent Dawn Tisdale, the vice-chairman, from being here today.

For the record, this hearing has been formally noticed and is open to attendance by the public. My fellow Commissioners and I hope that citizens who are attending today will find that this hearing provides an interesting and informative window on postal policymaking. The format precludes accepting unsolicited testimony, comments or questions from the public in this setting; however, anyone who wishes to submit comments or suggestions may do so. The preferred method is via the Commission's online filing system, and I will provide our web address at the close of my remarks.

The Postal Accountability and Enhancement Act fundamentally alters the postal rate making process. The Act gives the PRC 18 months from date of enactment to issue regulations for a new system to replace the lengthy and overly litigious one that has been used since 1970. The Commission's goal is to have the new regulatory framework in place by this Fall despite the need to complete work on the last rate case.

We are actively soliciting input on how that new rate system should look, and this morning's hearing – and the next two in Los Angeles and Wilmington, Delaware – are a critical part of this rulemaking process. Holding hearings outside of Washington are important if we are to learn what postal stakeholders and mailers expect from a new ratemaking system. We are working with other federal agencies, including Congress, and we've sought public comment through two Advance Notices of Rulemaking and co-hosted a ratemaking forum with the Postal Service that attracted over 200 attendees.

Transparency has guided the PRC throughout its 37-year history. As an independent agency exercising regulatory oversight over the Postal Service, the Commission – prior to the passage of the reform law on December 20, 2007 – conducted public, on-the-record hearings regarding rate, mail classification, and major service changes.

Our job was to recommend cost-of-service rates to the postal Governors to promote efficient mailing practices and to ensure that each class of mail covered its costs and contributed to the Postal Service's overhead costs.

All this has changed with the passage of the new Act. Congress wants the Postal Service to operate in a more business-like manner. The USPS now has the flexibility to raise rates under a price cap system, as well as earn and retain profits. However with this added flexibility comes the need for greater transparency and accountability, which is why Congress significantly strengthened the Commission's regulatory authority. In addition to creating a framework for a new ratemaking process, the PRC is charged with issuing annual rate compliance reports, financial accounting reports, and acting on complaints, among its many new responsibilities.

That is why we believe these field hearings will add value to our regulatory process. We are pleased to have with us today five distinguished witnesses representing the diversity within the mailing community. We appreciate your willingness to share with us your expectations for a new ratemaking system and your views on delivery service standards, which the Postal Service must establish in conjunction with the Commission.

At this time, I would like to introduce our panelists:

1. Donald J. Hall, Jr., Vice Chairman, President and Chief Executive Officer, Hallmark Cards, Inc., Kansas City, Missouri;
2. David Berry, Vice President, Community Publications Inc, Boliver, Missouri;
3. Mury L. Salls, Senior Vice President, DST Mailing Services, Kansas City, Missouri;
4. William S. Berkley, President and Chief Executive Officer, Tension Envelope Corporation, Kansas City, Missouri; and
5. Randy Stumbo, Director of Distribution and Postal Affairs, Meredith Corporation, Des Moines, Iowa.

We look forward to hearing from you on how the Commission can best fulfill its responsibilities and achieve the objectives of the Act. Although we ask that you limit your oral testimony to five minutes, please be assured that both your oral and written statements will be made a part of the official record. Today's testimony, along with all other written comments related to the new ratemaking system may be viewed on the PRC's website – www.prc.gov.