

POSTAL REGULATORY COMMISSION

COMMENTS OF CHAIRMAN BLAIR
AT THE MARCH 13, 2007
SUMMIT

Good morning. Thank you all for being here.

The Postal Service and the Postal Regulatory Commission are jointly sponsoring this program to get your input. We all want an effective responsive Postal Service, and in order to meet your needs, we have to understand your needs.

At the outset, I want to thank the Postal Service. Later this summer, the Postal Service will engage the Commission in full consultation to develop and establish new service standards for all classes of mail. In preparation for this the Service has invited the Commission to observe MTAC meetings at which customer service requirements are being explored.

All this will guide us in our thinking as we proceed to engage the community in developing the complaint process.

Eleven days ago, Postmaster General Potter and I spoke at a program on postal reform sponsored by the American University School of Public Affairs. Jack identified what I think is the key concept we should remember as we implement postal reform.

Congress approved new postal legislation to enable the Postal Service to continue to evolve to meet the needs of the American public.

By any reasonable measure, the Postal Reform Act of 1970 was a success. That law took politics out of the Post Office, and directed it to operate in a businesslike fashion. The Postal Service has done that. It has improved service while becoming financially sound.

The new legislation builds on that success. It gives the Postal Service additional tools to meet the challenges of changing markets, and new authority to price its own products.

At the same time, Congress reaffirmed the Postal Service's role as a government service, whose primary mission remains providing universal service at affordable rates for the American public. It must serve both businesses and individuals.

The Postal Regulatory Commission is the means for providing the transparency appropriate for a government body with this mission.

My colleagues on the Commission and I are charged with the task of developing and implementing a new, modern system of rate regulation. This is an extremely challenging, and important responsibility.

In order to do the best job possible we need your help. We hope that all interested postal stakeholders, especially including the Postal Service, will take time to think about the many requirements, objectives, and factors set out by Congress, and provide us with advice on how best to balance those considerations.

The Commission issued an Advance Notice of Proposed Rulemaking in late February asking for written comments. Those comments are due April 6. To date, we have received no

comments. We announced that all comments would be published on our website, and invited interested persons to file responsive comments by May 6.

I hope our conversation today will generate innovative thinking on a system of rate regulation that will best serve the needs of the Postal Service, the mailing community, and the entire Nation. The Commission has asked for comments to facilitate dialogue. I firmly believe that exchanging ideas, and carefully evaluating alternatives, is the best way to obtain the full, potential benefits of the Postal Accountability and Enhancement Act.

If everyone waits, and “keeps their powder dry” so to speak, the opportunity for dialogue will pass. We have a deadline. Congress gave the Commission 18 months to enact implementing regulations, and we will meet that deadline.

This raises a question I would like you all to think about.

Why 18 months?

The House bill allowed 24 months, while the Senate bill gave us 12 months. As a compromise, the Congressional negotiators

agreed to 18 months. Eighteen months is precious little time for designing a modern system for rate regulation.

But, the question I have for you is whether it is in the best interest of the Postal Service, and mailers, for the Commission to use the full 18 months.

Most of us in Washington have come to expect that when a government agency is given 18 months to do a job it will take all 18 months — unless it takes 24 or 30 months.

But I think Congress hoped that we would all think a little bit outside the box, and come up with new ways to meet the problems of the new century.

Congress may have presumed the Commission would take the full 18 months to act; in any case, it allowed the Postal Service to file one more rate case under our old system if it needed to generate additional revenues while the new system was being designed.

Again, the question is, does it make sense to litigate an omnibus rate case at the same time everyone is trying to develop a new system?

In the recently completed rate case, the Postal Service filed testimony from dozens of witnesses and responded to literally thousands of discovery requests from intervenors. Does it make sense for Postal Service pricing and marketing executives, the same people who should be exploring how best to use pricing flexibility, to be spending their time justifying rates under the old system?

Certainly deciding an omnibus rate case requires a huge commitment of time from Commissioners who also are responsible for important new duties under the legislation.

If the Commission could get rules in place by, say, October, would this be better for everyone? Might this allow the Postal Service to forgo another omnibus rate case?

Under this scenario both the Postal Service and the Commission will be better able to focus attention on the future, rather than on the past.

This is intended as food for thought. We certainly haven't made up our minds on this issue. The Commission would appreciate getting your thoughts on this issue in the April 6 Comments.

You can be sure the Commission will take the right steps toward meeting the challenges – and opportunities – presented by enactment of the postal reform law. So your opinion – your voice – and your concerns are so important to this effort.

We understand that an effective system of regulation affects your business and your industry.

To do our job right we need your ideas.

Please feel free to participate fully both during today's session, and by providing written comments as the rulemaking process takes shape.