



# POSTAL NEWS

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## **POSTMASTER GENERAL APPEALS TO CUSTOMERS TO STAY INVOLVED IN TRANSFORMING THE U.S. POSTAL SERVICE**

BOXBOROUGH, MA – Postmaster General John E. Potter joined in a celebration of National Postal Customer Council Day here today urging thousands of customers in Boxborough and around the nation to remain committed and involved in the transformation of the U.S. Postal Service.

The televised speech highlighted National Postal Customer Council (PCC) Day, an event honoring the 200 local councils that serve as liaisons between the Postal Service and its business and non-profit customers across the United States.

Potter said the Postal Service will raise the goal of delivery point sequencing to 85 percent by the end of the year, 90 percent next year, and ultimately to 100 percent. He noted that bar coding mail for automated processing drives efficiency, and efficiency keeps rates affordable. He urged customers to stay involved.

“We are also exploring the pros and cons of a new four–state barcode that would enable us to enrich the information on mail as it moves through our system – information that you and we can use to increase the value of mail and efficiency. We need your input,” he said.

He encouraged PCCs to assume a greater role for providing feedback on new ways to improve service, develop new products, build efficiency and generate new opportunities to reduce costs. “We rely on you to ‘push back’ when you think an idea or project doesn’t make good business sense,” he said.

Potter said he envisions PCCs serving as a catalyst in the business communities for raising awareness of the value of the mail for local businesses.

He introduced a new “Postal Customer Council Network Plan” that will transform the PCCs into a premier network for customer education and training, stimulate growth for member businesses and help create a stronger Postal Service for the future.

He announced the establishment of a National PCC Website, the creation of new resources to help design professional workshops, seminars and special events and the development of multi-PCC events, like the one in Boxborough to help grow memberships.

Potter also praised customers for helping the Postal Service convince Congress that potential overpayments to the Civil Service Retirement System needed to be fixed.

“Congress agreed and lowered retirement payments,” said Potter. “It was a great first step. Don’t discount this legislative victory. It occurred because we all stayed involved and committed.”

But the Postmaster General warned that unless further legislative changes take place, a provision in the Civil Service Retirement System legislation could result in the need to generate \$3 billion in the next rate filing, a potential 5.4-percent increase over and above forecasts. The legislation passed in 2003 correcting the overpayments also put in place a requirement for the Postal Service to place the savings in escrow beginning in 2006. In addition, the law transferred responsibility for military retirement benefits of postal employees from the Treasury to the Postal Service, adding a \$28 billion obligation.

Potter noted that reform bills introduced in both the House and Senate include language that would eliminate these burdens being placed on postal ratepayers.

However, he noted his concern about other elements of the bills, which aim to modernize the 34-year-old postal regulatory process. He cited provisions requiring the Postal Service to prefund health benefit retirement obligations, which, based on the pace of implementation, would put upward pressure on prices.

“Our evaluation indicates the costs could be as high as \$3.9 billion in 2006, or a 6.5-percent rate increase over and above our forecast,” said Potter.

Also, he said, both bills have language that calls for price caps as a way to set rates. “Since neither bill provides relief from our major cost drivers -- wages and benefits -- we believe any price cap index must take all cost drivers into consideration. We therefore prefer the Senate version of price caps,” said Potter.

He said he is concerned about legislative language that deals with pricing flexibility in competitive and non-competitive product lines. “The language will likely

result in added costs being shifted to packages,” he noted. “That could result in significant upward price pressure, which could put \$2.5 billion in contributions we gain annually from our package services in jeopardy. That loss of contribution would have to be borne in higher rates on other classes of mail.”

“Today’s Postal Service is excited about the future. We’re ready to deliver your growing business! Mail is still very much a vital part of this nation’s economy. And mail will remain valuable for years to come,” Potter predicted.

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Since 1775, the U.S. Postal Service has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that visits 141 million homes and businesses every day and is the only service provider delivering to every address in the nation. The Postal Service receives no taxpayer dollars for routine operations, but derives its operating revenues solely from the sale of postage, products and services. With annual operating revenues of more than \$68.5 billion, it is the world’s leading provider of mailing and delivery services, offering some of the most affordable postage rates in the world. The U.S. Postal Service delivers more than 46 percent of the world’s mail volume—some 202 billion letters, advertisements, periodicals and packages a year—and serves seven million customers each day at its 40,000 retail locations nationwide.