



POSTAL NEWS

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Postal Service Committed to Continued Affordable Universal Service

Postal Service Issues Report on Universal Service Obligation and Postal Monopoly

WASHINGTON, DC — The Postal Service today submitted a report to the Postal Regulatory Commission (PRC) on its position related to the Universal Service Obligation (USO) and postal monopoly. The Postal Service confirms its continued commitment of trusted, affordable universal service to the American public. The report supports that no changes to the USO and monopoly are necessary at this time while additional flexibilities will be required to ensure affordable, universal service into the future.

Obligations of the USO include uniform prices, quality of service, access to services, and six-day delivery to every part of the country. To assure financial support for these obligations, the postal monopoly provides the Postal Service the exclusive right to deliver letters and restricts mailbox access solely for mail. Therefore, the USO and postal monopoly are inextricably linked. The report supports that eliminating or reducing either aspect of the monopoly “would have a devastating impact on the ability ... to provide the affordable universal service that the country values so highly.” Relaxing access to the mailbox would also pose security concerns, increase delivery costs, and hurt customer service.

The Postal Service said that the USO should continue to be broadly defined and there should be no changes to the postal monopoly. Any changes would have far-reaching effects on customers and the trillion dollar mailing industry. “A more rigidly defined USO would ... ultimately harm the American public and businesses,” according to the report, which cautions that any potential change must be studied carefully and the effects fully understood.

The report is available at <http://www.usps.com/postallaw/universalpostalservice.htm>.

During hearings held earlier this year, the PRC also heard from mailers, mailing associations, and postal unions and management associations. Comments generally indicated that changes are not currently needed.

The Postal Act of 2006 requires the PRC to submit a report to the President and Congress on universal postal service and the postal monopoly in December 2008. The report must include any recommended changes. The Postal Service report supports the requirement that the PRC is to consult with and solicit written comments from the Postal Service. In addition, the Government Accountability Office is required to evaluate broader business model issues by 2011. Thus, the dialogue on universal postal service and postal monopolies, in many respects, is just beginning. Given the economy and significant dynamics in the marketplace, this dialogue may need to occur sooner rather than later.

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An independent federal agency, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 146 million homes and businesses, six days a week. It has 37,000 retail locations and relies on the sale of postage, products and services, not tax dollars, to pay for operating expenses. The Postal Service has annual revenue of \$75 billion and delivers nearly half the world's mail.