

December 9, 2011

Patrick Donahoe

Postmaster General

Office of Postmaster General

US Postal Service

475 L'Enfant Plaza SW

Washington DC 20260

Dear Mr. Donahoe:

You may have heard that on Monday, December 5<sup>th</sup>, I spoke on the floor of The House of Representatives in reaction to your proposal to move to five day delivery and to take other steps that I believe would be very detrimental to the future of the United States Postal Service (USPS). Out of frustration I called for your removal. I understand you've had a long and distinguished career with the Postal Service. However, rather than avoiding the financial death spiral facing USPS, these proposals would accelerate the demise of the Postal Service.

Most critical is the idea of six day delivery. The Postal Service has been advocating for five day delivery since 1977. At that time USPS had no real competition and email didn't exist. In today's

24/7 world service, speed, and reliability are top priorities of the American public. Moving to a system where 25% of First Class and Priority mail would be delayed and where some First Class letters mailed on a Wednesday might not arrive until the following Monday, guarantees to drive customers to seek reliable alternatives to USPS.

I've heard from a number of small businesses and rural newspapers who say that such a change would basically guarantee their demise. This change would have a widespread economic impact. In addition, every workday over 300,000 veterans use the Veterans Administration's mail order pharmacy. These delays would affect the veterans and seniors who rely on USPS to deliver the prescription drugs they need.

The Postal Regulatory Commission (PRC) has analyzed your proposal and stated you dramatically over-estimated the potential savings and under-estimated the loss of revenue by eliminating Saturday delivery. In fact, PRC states net savings closer to \$1.7 billion rather than the \$3.4 billion you predict.

According to your own statistics you sell fourteen products [not first class mail] at less than cost. If Congress granted pricing flexibility and those costs were recouped, that would exactly match your projected savings. This would be a much more desirable and acceptable result for the American people.

**I realize that Congress has failed to act and the Administration has shown little initiative on this issue.** However, I am frustrated that you seem to be advocating steps that come out of the privatization playbook. Your proposal will drive your customers to alternate services, and it heavily emphasizes employee layoffs and benefit cuts. I would suggest there are other alternatives you should be advocating.

If we accept the unique requirement of the Postal Service pre-funding of retiree health insurance, which is unlike any other branch of the government, the Office of Inspector General (IG) has estimated that the payments should be closer to \$1.6 billion per year instead of \$5.5 billion per year. The IG has also estimated that the Postal Service has overpaid CSRS and FERS more than \$75 billion. If you strongly advocated for and argued these points this would provide a very substantial, if not complete, relief from the Postal Service's short-term financial problems. Unfortunately, you chose a different path.

I agree that USPS should have more flexibility in setting rates. As you are aware, USPS has, by far, the lowest first class rate in the world. A one penny adjustment will do very little to address the financial concerns of the Postal Service. I believe that customers would be willing to pay a little more in order to maintain current services.

Unfortunately, I've heard little or no vision from USPS regarding new services. If you look around the world there are many innovative services provided in other countries. In Switzerland physical mail is scanned, customers can open or delete it virtually, or ask that it be physically delivered. Sweden delivers email communication to people without internet service. I have many people living in rural areas that would be interested in such services if they were provided by USPS. There are many, many models out there that warrant review. You would be better served by advocating for 21<sup>st</sup> Century improved service instead of reverting to a pre-1775 delivery standards.

I have introduced HR 3591, The Postal Service Protection Act, which contains a number of these ideas. I would be happy to discuss this further with you, or any of your representatives. I very firmly believe the current path that you are advocating for the Post Office will, rather than stave of its demise, actually accelerate it.

Sincerely

Peter DeFazio

Member of Congress

cc: Postal Board of Governors