

## **SEPARATE VIEWS OF COMMISSIONER HAMMOND**

Congress properly establishes national postal policy, including setting the requirements of the Postal Service's universal service obligation.

In the Postal Accountability and Enhancement Act of 2006 Congress included a price cap on market dominant products, designed to cause the Postal Service to focus on making its operations more efficient and cost effective. I believe the price cap has been successful in encouraging efficiency, yet the Postal Service has been losing billions of dollars a year, and is in danger of being unable to meet its obligations by the end of this fiscal year.

The Postal Service therefore is searching for additional ways to reduce its costs. In addition to trying to make its operations more efficient, it has identified eliminating Saturday delivery as a means to achieve substantial annual savings. Obviously, no postal customers want less service, but our analysis shows that even after the Postal Service's somewhat optimistic estimates are corrected, eliminating Saturday delivery would provide substantial financial benefit.

The other most frequently mentioned way to reduce the Postal Service's costs is to close thousands of small post offices around the country. Although no current record has been developed on this, my belief is that closing thousands of post offices would cause more harm to the communities and businesses that rely on those post offices, generate more negative reaction from customers, and save less money than eliminating Saturday delivery.

When considering the future viability of the U. S. Postal Service, it may be important to recognize the least unpleasant of distasteful alternatives.

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Tony L. Hammond, Commissioner