

Postal Regulatory Commission

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Press Release

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PRC Issues Report on Universal Postal Service and the Postal Monopoly USO cost estimated at \$4.4 billion for FY 07. Monopolies valued at \$3.48 billion.

Washington, DC – The Postal Regulatory Commission today transmitted its Report on Universal Postal Service and the Postal Monopoly to the President and Congress. The Postal Accountability and Enhancement Act of 2006 directed the Commission to identify the scope and standards of universal service and the postal monopoly based on a comprehensive review of their history and development.

“This is a landmark report which surveys the status of the monopoly and the costs associated with the universal service obligation. The Report reflects a year’s worth of work by the Commission and reflects the input obtained through an extensive Federal Register Notice and Request for Comments, four public hearings, and an open workshop,” said Commission Chairman Dan G. Blair.

The report found that the public is generally satisfied with the current level of universal service provided by the Postal Service. While no changes to either the universal service obligation or the monopoly are recommended at this time, the Commission noted the serious financial situation currently facing the Postal Service and the general economy. The Commission urged Congress to use this Report as a guide should a rebalancing of postal obligations become necessary to ensure future universal service.

The Commission affirmed the current USO of providing mail service to all persons throughout the United States. Further, the Commission determined current law requires that the USO apply to both competitive and market dominant postal products.

In response to direction by Congress, the Commission calculated the costs associated with the universal service obligation and postal monopolies. Based on the Commission’s methodology, and using FY 2007 figures, the Report estimates the annual cost of the universal service obligation at \$4.4 billion. The estimated value of the combined letter mail and mailbox monopolies ranges from \$200 million to \$7.1 billion, with \$3.48 billion as the most plausible estimate.

“These are estimates of first impression and the assumptions on which they are premised are dynamic. The Commission would expect and welcomes suggestions for refinements to these estimates based on subsequent study and analysis,” said Chairman Blair.

The Commission is initiating a new public inquiry, [Docket No. PI2009-1](#), to allow interested persons to express their views on this report. The Commission will evaluate all comments received, and may issue supplemental analyses as a result of this additional public input.

- 30 -

The Postal Regulatory Commission is an independent federal agency comprised of five Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The Chairman is designated by the President. In addition to Chairman Blair, the other Commissioners are Vice Chairman Nanci Langley, Ruth Goldway, Tony Hammond, and Mark Acton.

Key Findings:

1. The Universal Service Obligation consists of the following seven attributes:
 - Geographic Scope
 - Range of Products
 - Access to Postal Facilities
 - Delivery Frequency
 - Prices/Affordability
 - Quality of Service
 - Users' Rights
2. The current obligation to provide service to all persons in all parts of the Nation, its territories, and possessions, is paramount, and should not be altered;
3. Current law makes the universal service obligation applicable to both market dominant and competitive products;
4. An initial estimate of the annual cost of the current universal service obligation, based on FY 2007, is \$4.4 billion; and
5. An initial estimate of the annual value of the combined letter mail and mailbox monopolies is \$3.48 billion, although this estimate is subject to substantial variation.

The Commission Recommends:

1. That Congress consider and balance all the features of universal service as part of any review of changes necessary to preserve a financially viable Postal Service;
 2. That the Postal Service be directed to develop information on the probable impact on mail usage by large volume mailers in reaction to potential alternative changes in the seven features of universal service; and
 3. That before any decisions to reduce or eliminate universal service or the monopoly are made, the resulting impact on the societal benefits of a Federal postal service should be carefully assessed.
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