IRET Congressional Advisory

INSTITUTE FOR RESEARCH ON THE ECONOMICS OF TAXATION

IRET is a non-profit 501(c)(3) economic policy research and educational organization devoted to informing the public about policies that will promote growth and efficient operation of the market economy.

December 22, 2003 **Advisory No. 166**

A CHECKLIST FOR POSTAL SERVICE REFORM

Executive Summary

This paper offers a checklist of some of the features to look for in future legislative proposals aimed at reforming the U.S. Postal Service. The checklist is organized under four headings: cost management, rate regulation, core versus non-core products, and transparency. These areas are emphasized because of their importance in determining whether the Postal Service adequately performs the public service mission Congress has given it: collecting and delivering non-urgent letters and periodicals throughout the nation while maintaining reasonable standardized rates and relatively uniform service. Better cost management is essential if the Postal Service is to improve its financial outlook through means other than higher rates and lower service standards. Careful rate regulation is needed to protect consumers within the postal monopoly. Legislation that focuses the Postal Service on its core market will help the agency carry out its mission while avoiding problems elsewhere in the economy. Transparency and accountability are vital at a government-owned enterprise like the Postal Service to compensate for the lack of normal market discipline. This checklist can help distinguish between legislative proposals that would be better than current law and those that would be worse.

Introduction

Since the mid 1990s, several members of Congress have introduced bills that would significantly change many of the statutory rules under which the Postal Service operates. Although none of these bills has so far passed either house of Congress[1], interest remains high. The Postal Service, a Presidential Commission, and the White House have all called for statutory changes. In April 2002, the Postal Service issued its "Transformation Plan", which contained a number of legislative suggestions.[2] In July 2003, after studying the government agency's problems, the bipartisan President's Commission on the U.S. Postal Service put forward its own set of legislative recommendations based on its findings.[3] (The "Transformation Plan" and the President's Postal Commission also made many suggestions that the Postal Service could implement under current law.) In December 2003, a year after the Presidential Commission was established and following a meeting between the President and the Commission members, the Administration urged Congress "to enact comprehensive postal reform to ensure that the United States Postal Service can continue to provide affordable and reliable universal service, while limiting exposure of taxpayers and operating appropriately in the competitive marketplace."[4] Although the Administration's statement does not address specifics, the Commission's report is highly detailed.

Attempts to overhaul the legislative framework governing the Postal Service are mainly driven by worries about the organization's finances. Although the Postal Service possesses a huge monopoly market, stemming from its dual monopolies on carrying non-urgent letters and on access to mailboxes, it has often lost money in the past, and there are worries its future losses may be worse. The organization's financial difficulties threaten consumers caught within the mail monopoly, who may be hit with higher postal rates and deteriorating service. Red ink at the Postal Service may also hurt taxpayers. Because the organization is part of the federal government, taxpayers are at risk of being forced to bail it out in the future, as they have on multiple occasions in the past, if the agency suffers large losses. Aside from finances, reform proposals should be shaped by what is thought to be the Postal Service's proper role in the 21st century.

Designing good legislation is more complicated than otherwise because the Postal Service does not confine itself to its monopoly. It also operates in other markets, where it directly competes with private-sector businesses. Two related concerns are that the Postal Service may charge its monopoly-market customers higher rates in order to compensate for losses on its competitive-market products, and that it may leverage its monopoly revenues and other government-derived advantages (tax exemptions, fee exemptions, credit line at the U.S. Treasury, exemption from zoning laws, etc.) to compete unfairly against private-sector businesses. Although good legislation should provide greater protection against these dangers, it is all too easy to write legislation that leads, inadvertently, to less protection.

In analyzing future bills introduced in the name of Postal Service reform, it would be useful to have a short checklist showing some of the main statutory changes, both positive and negative, for which to look. That is the purpose of this paper.

The checklist could be organized in various ways. The method chosen here is to group the items under four main categories: cost management, rate regulation, core versus non-core products, and transparency and accountability. The relevance and importance of each of these categories is explained in the text below. The possibilities shown under each category are divided according to whether their effects would be for good or ill.

The list does not include every possible statutory proposal (that would be impossible in a brief paper) and it necessarily omits legislative details, but it should give a sense of whether a bill that promises to reform the Postal Service contains the types of provisions needed to accomplish its stated objectives and whether or not the bill would likely be an improvement over current law. It is assumed in this discussion that the Postal Service remains a government-owned enterprise, a plausible assumption given the lack of enthusiasm in the current Congress and Administration for privatizing the organization.

Cost Management

The Postal Service's financial problems are mainly due to excessive costs. Although the agency often complains that it needs more revenues, its revenue growth has been more consistent than that of many private-sector companies that have managed to prosper. The organization's huge monopoly market has enabled it to record year-over-year revenue increases in every year from July 1,1971 (when it replaced the old Post Office Department and officially began operations) to 2003. Nevertheless, it lost money in 21 out of those 33 years due to its high costs. The importance of costs was underscored in 2001 and 2002, when the Postal Service faced a "perfect storm" of an economy-wide recession, the 9/11 terrorist strikes, mail-delivered anthrax attacks, and growing use of non-postal electronic alternatives. The newly installed Postmaster General, John Potter, responded to those challenges by launching a crash program to trim fat. As a result of this burst of cost management, and contrary to earlier projections that the agency's deficit would balloon in 2002, the Postal Service instead narrowed its loss in 2002, and it turned a profit in 2003. In 2003, cost reductions actually exceeded the Service's financial plan by $2.0 billion. That more than offset slower-than-planned revenue growth (revenues increased, but by $1.7 billion less than the very optimistic number in the Service's plan), with the result that net income was $0.3 billion above what had been forecast.[5]

Some of the primary features characterizing good cost management are: (1) only buying and retaining labor and capital inputs if they are needed; (2) not paying above-market prices for labor and capital; and (3) maximizing the productivity of the labor and capital that is purchased. The bipartisan President's Postal Commission concluded, after studying the evidence, that a strategy centered on improved cost management can stabilize the Postal Service financially while maintaining (and, with other reforms, sometimes improving) current service standards. Without better cost controls, however, the Postal Service's financial problems cannot be fixed.[6] In other words, the Postal Service needs to become more efficient, and most of the Commission's many recommendations aim at that goal.

There is much the Postal Service can and should be doing to control costs using the tools it has under current law. One such tool with great potential is increased use of contracting out and worksharing arrangements. There are many opportunities for outsourcing to reduce the Postal Service's costs while maintaining current service levels. (As a safeguard, Congress should keep the current-law requirement that the Postal Rate Commission hold a rate case to determine that a proposed worksharing discount would save the Postal Service money before the discount takes effect.) In many other instances, though, the Postal Service does not have the tools it needs because sensible options are precluded or discouraged by restrictions in current law.

The Postal Service could achieve large cost savings through more efficient use of capital. An especially valuable tool in this effort would be a network modernization commission, modeled on successful military base realignment commissions, to facilitate the process of rationalizing the Postal Service's out-of-date, national network of facilities. (Because the aim is to rationalize the network, not cut back on service, the statute establishing the commission might, if Congress wishes, include explicit language that no facility needed to maintain universal service is to be closed or consolidated.)

Because the organization has a labor-intensive cost structure (over three-fourths of its costs are labor related), the biggest potential cost saving involve labor. Under existing law and with the help of the network modernization commission, the Postal Service could substantially reduce its workforce, which would yield major cost savings. As the President's Commission perceptively noted, the large number of postal employees becoming eligible for retirement in the next several years means that this reduction could be accomplished primarily through attrition while protecting the job security of most existing employees. In addition, to bring the Postal Service's costs under control, structural reforms in the determination of wages and benefits are also needed and could achieve large cost savings. (To protect current employees, it could be stipulated that none of the changes are to abrogate existing labor contracts and that some changes would only apply prospectively to new employees.) Several statutory changes for controlling labor costs, in addition to the network rationalization commission, are mentioned in the checklist. Some undesirable statutory changes that would make it harder to rein in the Postal Service's costs are also noted.

Rate Regulation

Under current law, the Postal Service must seek prior approval from an independent regulator, the Postal Rate Commission (PRC), before changing postal rates. The Postal Service has been complaining about this limitation on its pricing power almost since the ink was dry on the Postal Reorganization Act of 1970. The strongest arguments against current pricing regulations are that they are cumbersome and time consuming, with many months elapsing between when a rate change is requested and when the new rates, often slightly modified by the PRC, can be implemented.

Although these arguments persuaded the President's Postal Commission that the Postal Service should have more pricing flexibility, that is,

A Checklist of Provisions To Look For In Legislative Proposals for Postal Service Reform

Cost Management

Desirable Statutory Changes	*Harmful or Unwise Statutory Changes*
■ Create a Postal Network Modernization Commission to facilitate rationalization of national network of facilities. ■ Establish a mechanism to adjust postal workers' pay so it is similar to that for comparable work in the private sector. ■ Bring retirement and health benefits into labor negotiations rather than set their terms by statute. ■ Reform Workers' Compensation rules. ■ Reform Grievance Procedure rules. ■ Free Postal Service from Davis Bacon Act and similar cost-raising legislation. ■ Adopt well-designed performance-based incentives for workers and management — but only if the details of the incentives are publicly disclosed in advance and transparently monitored thereafter to minimize gaming.	■ Give a statutory promise to make no changes in how wages and benefits are determined. ■ Put a union representative on the Postal Service's board. ■ Restrict the Postal Service's ability to enter into contracting out and worksharing arrangements in the future. ■ Place new restrictions on facility closings and consolidations.

Rate regulation

Desirable Statutory Changes	*Harmful or Unwise Statutory Changes*
■ Maintain current regulatory oversight with only minor changes, including retaining requirement that the Postal Service seek regulator's prior approval before changing rates.	■ Allow the Postal Service to set rates (subject only to staying within certain rate caps), and allow it to alter the relative prices of various products (subject only to holding relative price changes below certain percentages yearly). ■ Regulate only loosely what the Postal Service charges in competitive markets. ■ Allow the rate regulator, not Congress, to decide what form of rate regulation to use.

Checklist, cont.

Core Versus Non-Core Products / Help the Postal Service Focus on its Core Mission

Desirable Statutory Changes	*Harmful or Unwise Statutory Changes*
■ Prohibit the Service from selling non-postal products. ■ Limit the Postal Service to its core markets of first-class mail, standard mail, and periodical mail. ■ Require the Postal Service to pay normal taxes and government fees on at least its non-core products. ■ Require the Service to pay commercial market interest rates on a share of its borrowings based on the share of its revenues in non-core markets. ■ Make the Postal Service obey antitrust laws on its competitive-market activities. ■ Remove other special governmental powers (power of eminent domain, exemption from zoning laws, etc.)	■ Create a satellite company, wholly owned by the Postal Service, that could undertake a broad range of commercial activities. ■ Raise the Postal Service's borrowing limit, unless it is specified that the extra funds may only be used in the agency's core market. ■ Allow larger, longer market tests of experimental and new products. ■ Place new restrictions on facility closings and consolidations.

Transparency and Accountability

Desirable Statutory Changes	*Harmful or Unwise Statutory Changes*
■ Require the Postal Service's financial reporting to conform generally with SEC requirements. ■ Give the rate regulator subpoena power to obtain information from the Postal Service. ■ Require the Service to obey truth-in-advertising laws. ■ Require the Postal Service to record retiree-health-care costs as expenses as they accrue. ■ Require the Postal Service to have the market value of its real estate holdings appraised and publicly release the results. ■ Require the Postal Service to release accurate and timely revenue and cost data on all its products. ■ Provide a clear statutory distinction between postal and non-postal products.	■ Looser rate regulation. (Provisions loosening rate regulation are the biggest threat to transparency in some recent legislative proposals. The Postal Service is currently most forthcoming with information during rate cases when it must seek prior regulatory approval and provide evidence supporting the requested rates. It would be less forthcoming if it could change rates on its own and the burden were on others to demonstrate that the new rates were unreasonable.)

Note: This checklist is not exhaustive; many possible statutory changes must be omitted to keep the list brief. Also many desirable actions are not listed here because they could be done under existing law.

be subject to less rate regulation, increasing the Service's power in this area would be a bad idea. If the Postal Service were not a monopolist, its rates should not be regulated at all. However, it is a monopolist, and it does control a large monopoly market. The current regulations give valuable protection to consumers within the monopoly.

Some have suggested moving to a different type of rate regulation. If the Postal Service were privately owned, a simplified regulatory system known as rate-cap (or price-cap) regulation, which takes advantage of the profit motive of private investor/owners, would make sense. However, rate-cap regulation loses its incentive effects when an enterprise does not have private owners but, like the Postal Service, is owned by the government. Rate-cap regulation is then not a good alternative to current law.[7]

Also, it might seem as though it would be sufficient to tightly regulate a government-owned monopolist on product prices within its monopoly but regulate it only loosely on products it sells in competitive markets. The problem with having two different regulatory standards at a government enterprise, where bureaucratic incentives often favor expansion, is that it then becomes easier to set very low prices in competitive markets in order to boost sales there. The result is that monopoly-market consumers bear a disproportionate share of any common costs, which is contrary to the enterprise's public-service mission, and, beyond that, they may be forced to cross-subsidize the competitive-market products to make up for losses there.[8]

In fact, the Postal Service already enjoys unregulated pricing in some non-monopoly markets where it competes with private-sector firms. The results have been disappointing and contradict the Postal Service's claim that greater pricing flexibility would allow it to grow its markets and place less of its costs on monopoly-market consumers. By law, the Postal Service can set international mail prices without seeking approval from its price regulator, the PRC. Has the Postal Service translated this pricing discretion into a product success story? No. Revenue, cost, and volume figures show that international mail is a small, low-margin, troubled market that contributes little financially.[9] As another example, the Postal Service has taken the position, despite the PRC's objections, that prices on its e-commerce products are outside the PRC's jurisdiction. Has the Postal Service used its pricing discretion in that area to achieve success? Again, the answer is no. The results have been a disaster. The U.S. General Accounting Office recently reported that the Postal Service's e-commerce ventures have lost money as of 2002, although it found too many holes in the Service's financial records to place a precise number on the size of the losses.[10] If these example are any guide, the Postal Service would respond to less vigilant price regulation by pushing down the prices of its competitive-market products in an effort to pump up their volumes and try to compensate financially by using some of its monopoly power to push up the prices of its core, monopoly-market products.

The Postal Service may be overlooking some existing discretionary authority that allows it to speed up rate cases under current law. PRC Commissioner Ruth Goldway observed that if the Postal Service believes a particular product is mispriced, it can obtain a speedy decision under existing law by filing a "niche" case. "Under current law omnibus rate cases are time consuming, a price we pay for due process. But the Service fails to mention that it can file niche classification cases, or cases involving narrowly focused rate changes, that may take little time."[11] Commissioner Goldway also expressed disappointment that at a postal ratemaking summit in 2002, "USPS staff ... almost uniformly dismissed what I thought were interesting, worthwhile ideas on how to simplify the ratemaking process..."[12] One of her suggestions at that conference was "separating rate cases from methodology and classification cases. Such a reform [using pre-agreed-upon cost-measurement rules and not seeking to change classifications during rate cases] might make ratemaking into a fairly quick exercise of plugging updated cost data into a formula."[13]

In pushing for major statutory changes in price regulation, the Postal Service also glosses over how fairly modest changes in law could help resolve the issues it raises. For example, if mailers would prefer small, periodic rate increases to the large, irregular increases they have experienced in the past, an easy way to accommodate that preference would be to give the PRC explicit statutory authority to approve multi-year, phased-in rate increases. (Perhaps a staged rate increase could already be granted under current law, if the Postal Service only asked, but a statutory change would remove any doubt.)

In assessing the Postal Service's complaints about the problems it experiences and the opportunities it loses because it cannot adjust rates rapidly, it is useful to remember that the Postal Service's core product — hard copy delivery of non-urgent letters — is a standardized, slow-to-change product in a mature industry. The agency would have more need to adjust its prices quickly if it had a rapidly evolving product line in a young, dynamic industry.

Core Versus Non-Core Products

The Postal Service's twin monopolies on non-urgent letter delivery and mailbox access delineate its core market, which basically consists of first-class mail, standard mail (mainly advertising), and periodical mail. Although the Postal Service is a giant enterprise because of these product lines, it has long sought to grow even bigger by offering an array of products in markets that are beyond its monopolies and that are already served by private-sector businesses.

The Postal Service's non-core activities and its efforts to expand them are undesirable at a number of levels. Looking just at the Postal Service's financial viability, non-core products are harmful because they tend to be financial drains instead of generating the fat profits the agency promises. From the perspectives of taxpayers and postal consumers, non-core products are injurious because, by absorbing money and management time, they reduce the agency's ability to deliver high quality service in its core market, may require cross-subsidies from consumers within the postal monopoly to offset non-core-product losses, and ultimately may require a taxpayer-funded government bailout. In addition, the Postal Service's competitive-market activities are unfair to the owners and employees of the private-sector businesses against which the agency competes because of the Postal Service's many tax and fee exemptions and other special government privileges. More broadly, the Postal Service's competitive-market operations damage the economy's productivity and reduce national income and output because they substitute relatively inefficient production by a government agency for more efficient production by private-sector businesses.

Although the Postal Service's "Transformation Plan" endorsed expansion in the "Commercial Government Enterprise" model it recommended, the President's Postal Commission observed how disappointing the agency's results have been in markets where it competes with private-sector companies. Primarily for that finance-related reason, it recommended that the Postal Service reduce its presence in peripheral markets to focus on its core market.

Transparency and Accountability

In the private sector, businesses can readily be disciplined if their performance disappoints equity owners and lenders. Equity owners who are unhappy can sell a company's stock which drives down its price, vote against management proposals, and vote in favor of a takeover by a rival management group that the owners think will do better. Lenders who are dissatisfied can demand higher interest rates on new loans, decline to make new loans altogether, and call in loans if loan covenants are violated. Firms that do badly enough can be forced into bankruptcy, which releases their assets for use by other, more efficient producers. At the government-owned Postal Service, in contrast, there are no tradeable shares with which owners can register displeasure in the marketplace, its lender is the federal government from which it borrows at a government-based interest rate, and the federal government protects it from bankruptcy. In addition, the Postal Service's government-bestowed monopoly power shields it from direct competition in its core market.

Because the Postal Service operates without the discipline and oversight that private owners and lenders would provide, it is important to establish discipline by other means. One of the most promising is through greater transparency and accountability. Enhanced transparency and accountability would help people outside the agency see more quickly, more fully, and at lower cost what it is going on within the organization. That would improve their ability to monitor the agency and its management and to recommend improvements where needed on a timely basis. Unfortunately, the Postal Service often tries to prevent information about its operations from being released by claiming that the data are proprietary (the PRC complains that the Postal Service has made such claims with increasing frequency in recent rate cases[14]). Given the Postal Service's status as a publicly owned institution that supposedly operates for the common good, the amount of information that it classifies as proprietary, and not suitable for public release, should instead be kept to a minimum.

Rep. Ernest J. Istook, Jr. (R-OK), Chairman of the House Transportation, Treasury and Independent Agencies Appropriations Subcommittee, accurately noted one of the ways in which transparency and accountability could serve the objectives of efficiency and equity in a letter he sent to the Chairman of the PRC in December 2003. "I consider it important that all U.S. Postal Service services have a high degree of financial transparency, accountability, and oversight so that ratepayers for one service are not subsidizing excessive costs for any other service."[15] Rep. Istook was writing in support of a petition filed by the PRC's Office of the Consumer Advocate and by Consumer Action (a non-profit consumer organization). The petition points to 14 services "that the Postal Service is selling or plans to sell to the public without first coming to the Postal Rate Commission with requests for new classifications and accompanying rates. Many of these services operate at a substantial loss, generating large operating expenses but virtually no revenues. Furthermore, the Postal Service refuses to release information on the fixed and investment costs of providing these services."[16] The petition asserts that the services are within the PRC's jurisdiction, asks the PRC to hold a hearing on the matter, and, in addition, "asks that detailed accounting and reporting rules be established that would require sufficient information to ensure that non-jurisdictional services are not being cross-subsidized by jurisdictional services."[17] The Postal Service's position is that the services are non-postal, that it is the judge of which of its services are postal and non-postal, and that the PRC has no jurisdiction over its non-postal services. Transparency and accountability will benefit if the current-law administrative procedure by the PRC's Office of the Consumer Advocate succeeds, but the matter could be clarified with new legislation saying explicitly that all Postal Service products are under the PRC's jurisdiction, or, at a minimum, that the Service must give the PRC accurate and timely revenue and cost data on all its products. Further, it would be helpful to have legislation that provides a clear statutory distinction between postal and non-postal products and that gives the PRC or some other independent body — not the Postal Service — the authority to interpret and enforce that distinction.

Conclusion

The Postal Service can certainly use legislative help. However, whether a particular bill would be better or worse than current law depends very much on the provisions within the bill. For example, a legislative proposal would be a disturbing setback compared to current law if it would loosen regulatory supervision of rates and facilitate expansion in non-core markets, but do little with regard to cost-management reforms. On the other hand, a bill that would help the Postal Service control its costs, encourage it to focus on its core market, and increase its transparency and accountability would be a major improvement. The checklist presented here can help distinguish between legislative proposals that would be better than current law and those that would be worse.

Michael Schuyler
Senior Economist

Endnotes

1. However, several bills dealing with specific Postal Service issues have become law. For instance, in 2002, Senator Susan Collins (R-ME) and Representative John McHugh (R-NY) sponsored legislation that Congress quickly approved to reduce the payments the Postal Service must make into the pension plan of some of its retirees, after independent audits revealed that the old law would have required excessive contributions. In 1998, Senator Michael Enzi (R-WY) successfully sponsored legislation to treat the Postal Service like other employers with regard to OSHA workplace safety rules, removing a regulatory exemption the Service had formerly enjoyed. Also in 1998, Senator Thad Cochran (R-MS) sponsored an amendment that was incorporated into subsequently enacted legislation that requires the Postal Service to file an annual report with the Postal Rate Commission on its international operations.

2. United States Postal Service, *United States Postal Service Transformation Plan*, April 2002, accessed on the Internet at http://www.usps.com/strategicdirection/transform.htm.

3. President's Commission on the United States Postal Service, *Embracing The Future; Making The Tough Choices To Preserve Universal Mail Service*, July 31, 2003, accessed on the Internet at http://www.treas.gov/offices/domestic-finance/usps/pdf/report.pdf.

4. U.S. Department of the Treasury, "Bush Administration Announces Principles For Postal Reform," Press Release, December 8, 2003, accessed on the Internet at http://www.treas.gov/press/releases/js1044.htm.

5. See Richard J. Strasser, Chief Financial Officer & Executive Vice President, U.S. Postal Service, "Financial Results - FY 2003," Presented at Board of Governors Meeting, December 9, 2003, accessed on the Internet at http://postcom.org/public/2003/2003%20USPS%20audited%20final.pdf.

6. The Presidential Commission's findings were discussed in an earlier paper in this series. See Michael Schuyler, "Presidential Postal Commission Recommends Cost-Control Reforms, Not Business Expansion," IRET Congressional Advisory, No. 160, October 16, 2003, available on the Internet at ftp://ftp.iret.org/pub/ADVS-160.PDF.

7. With rate-cap regulation, a firm that lowers costs more than expected while upholding service standards earns an above-normal return for a period of time. A firm whose costs are on the high side suffers reduced profits. The variation in profits depending on performance strongly motivates the owners of a private-sector firm subject to rate-cap regulation to strive for cost efficiency. In contrast, because a government-owned enterprise does not have profit-seeking owners to reward or punish, rate-cap regulation does not motivate it to perform better. Another key difference also related to ownership is that a private-sector company which sells some products in a regulated monopoly market and others in competitive markets does not want to use income from the monopoly to cross-subsidize its competitive-market products because doing so would reduce owners' profits. A government-owned business lacks that internal, profit-driven check on cross-subsidization, which means that greater regulatory vigilance is needed to guard against cross-subsidization.

8. These problems are discussed more fully in Michael Schuyler, "Uneven Price Markups Distort Postal Service Mission," IRET Congressional Advisory, No. 165, December 11, 2003, available on the Internet at ftp://ftp.iret.org/pub/ADVS-165.PDF.

9. For data on volume, see U.S. Postal Service, *Annual Report*, *Fiscal Year 2002*, p. 52. Over the period 1998-2002, International Economy Mail volume declined sharply. Over the same period, International Airmail volume rose and then fell and was about the same in 2002 as it had been in 1998. For data on revenues, costs, and markup in 2002, see United States Postal Service, "Cost And Revenue Analysis, Fiscal Year 2002," 2003, accessed on the Internet at http://www.usps.com/financials/_pdf/cra_fy02.pdf.

10. See U.S. General Accounting Office, Statement of David M. Walker, Comptroller General of the United States, Testimony Before the President's Commission on the United States Postal Service, "U.S. Postal Service: Key Postal Transformation Issues," GAO-03-812T, May 29, 2003, p. 13, accessed on the Internet at http://www.gao.gov/new.items/d03812t.pdf.

11. Ruth Y. Goldway, "Comments To The President's Commission On The United State Postal Service," Submitted by Ruth Y. Goldway, Commissioner Postal Rate Commission, February 3, 2003, accessed on the Internet at http://www.postcom.org/public/2003/goldway_statement.htm.

12. *Ibid*.

13. *Ibid*.

14. U.S. Postal Rate Commission, "Opinion And Recommended Decision Approving Stipulation And Agreement, Docket No. R2001-1," March 22, 2002, p. 15, accessed on the Internet at http://www.prc.gov/docs/33/33578/R2001-1-Decision.pdf. The PRC writes, "[T]he increasing reliance on protective conditions for the submission of material that, on closer inspection, may not require such treatment ... burdens the parties and the Commission. It is also inconsistent with public access to data that forms the basis for Commission decisions."

15. Cited by Council for Citizens Against Government Waste, "Postal Service Lacks Oversight of Non-Postal Products; Rep. Istook Nudges Postal Rate Commission to Investigate the Cost of Non-Postal Products," December 10, 2003, accessed on the Internet at http://www.cagw.org/site/PageServer?pagename=news_NewsRelease_12102003. For the original letter, see http://www.cagw.org/site/DocServer/Istook_letter.pdf?docID=461.

16. Consumer Action, "Petition of Consumer Action Requesting That the Commission Institute Proceedings to (1) Review the Jurisdictional Status of Fourteen Specified Services and (2) Establish Rules to Require a Full Accounting of the Costs And Revenues of Non-jurisdictional Domestic Services," submitted to Postal Rate Commission, October 15, 2002, p. 3, accessed on the Internet at http://www.prc.gov/docs/35/35357/oca-petition.pdf.

17. *Ibid*., p. 4.