

# consumer action

Education and advocacy since 1971

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Chairman Thomas Carper  
Ranking Member Tom Coburn  
U.S. Senate Committee on Homeland Security & Governmental Affairs  
340 Dirksen Senate Office Building  
Washington, DC, 20510

October 31, 2013

RE: Senate Bill 1486

Dear Mr. Carper and Dr. Coburn,

As you consider S. 1486, Consumer Action<sup>1</sup> would like to weigh in on several aspects that concern us. Overall, this proposal concerns us because it seems to have absolutely no recognition of the average citizen's needs in terms of a functioning postal service. It also seems to mean that tens of thousands of postal workers would lose their jobs. In fact, it appears that the legislation would allow many postal services to be privatized and enrich private corporations.

Consumer Action is on record to preserve six-day delivery. According to the Postal Regulatory Commission (PRC), the savings potential from ending Saturday mail service is far less than projected (\$1.7 billion vs. \$3.1 billion) and would place undue harm on consumers, rural customers and small businesses. The PRC also has said that ending Saturday mail would result in larger mail-volume losses than the Postal Service predicts.

S.1486 would maintain Saturday delivery for just one year, and then in the second year permits the Postal Service to switch over to delivering just packages on Saturday. In the third year, Saturday delivery could be ended completely.

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<sup>1</sup> Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A non-profit 501(c)3 organization, Consumer Action focuses on consumer education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change.

By providing consumer education materials in multiple languages, a free national hotline, a comprehensive website ([www.consumer-action.org](http://www.consumer-action.org)) and annual surveys of financial and consumer services, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices. Nearly 7,500 community and grassroots organizations benefit annually from its extensive outreach programs, training materials and support.

We suggest that the phase two plan for Saturday mail delivery be submitted immediately to the PRC for review. Is this a fair and equitable plan? Will it save money? These are questions that need concrete answers.

Under the bill, the CPI rate cap would expire in 2016. We suggest that the Postal Service has a cost problem, not a rate or service-setting problem. Raising rates and cutting service will drive mail out of the system, creating revenue losses. The current CPI-based price cap system and prior review requirement for changing service should be maintained.

The rate and service provisions in S.1486 give too much control to the USPS Board of Governors and do not provide an appropriate or effective system for mailers to protect their interests.

The Postal Service retains significant monopoly powers under S.1486. It controls access to the mailbox and the ability to carry many mail types. In recognition of that monopoly power, the PRC was created to establish an effective system of checks and balances to protect customers subject to that monopoly.

We suggest that you strengthen the role of the PRC in dealing with appeals of post office closing decisions. You could propose giving the Commission authority to overturn a closing order, rather than simply remanding it for further consideration. The PRC could also benefit from more authority in dealing with “emergency suspensions,” to counter the Postal Service practice of using the suspension provision to close post offices without due process.

We suggest that other savings options be explored fully before reducing service. An obvious place to start would be to end the Postal Service’s prefunding obligations for retiree medical costs. The pre-funding obligation puts the Postal Service at great risk. With billions already in the fund, it doesn’t make sense to prefund more. The federal government does not prefund its retiree healthcare liabilities—why should the Postal Service? These payments are driving the Postal Service into the red and, we fear, paving the way to further privatization

Sincerely,

A handwritten signature in cursive script that reads "Linda Sherry".

Linda Sherry  
Director of National Priorities