

Testimony before the Postal Regulatory Commission on  
USO/Monopoly

My name is Stephanie Lerdahl. I have been a Rural Letter Carrier for 32 years. My route is 20 miles and has 604 Boxes in Taylor Ranch, New Mexico.

I thank you for the opportunity to provide comments for the Report on Universal Service Obligation and the Postal Monopoly. I was part of a team of Rural Carrier leaders that lobbied in favor of passage of the Postal Reform Act. ....We made a big mistake. ....We concentrated so much of our efforts on the detailed bill language that we overlooked the numerous studies added to the law. Particularly, we did not concentrate on the due dates of the studies or we would have fought to persuade Congress of much later due dates.

I will attempt to give you a picture of rural mail delivery in New Mexico. We are a state composed of 3 predominant urban areas and many smaller cities, villages and Native American pueblos. I will attempt to address a number of the topics in your *Notice*, but certainly not all of the questions that have been raised.

I am the appointed State Steward of the New Mexico Rural Letter Carriers' Association. However, I carry my route 6 days a week, every other week and do union business on a leave without pay basis. Rural routes in New Mexico range from suburban routes in such places as Albuquerque and Santa Fe to isolated Native American Pueblos, and small remote villages. All receive the same service; collection and delivery 6 days a week. Rural Carriers are a "Post Office on wheels" providing all the services found in any post office to all of our customers every delivery day. We deliver Express Mail

and Express Parcels on Saturday, Sunday and Holidays. The shortest rural route in the state is 8 miles and the longest is 155 miles a day.

The majority of Economists & Americans believe we are now in a recession. Rural Letter Carriers are a perfect example of a group affected by this downturn. Rural Carriers are paid using an evaluated system based on the number of; boxes, stops, mileage and mail piece count. Measurements are taken annually to evaluate our rate of pay. The miles we drive are measured, the number of stops and boxes are counted, and we actually count each piece of mail for a period ranging from 2 to 4 weeks.

Because of the sagging economy, the average rural carrier nationwide lost between 2 and 12 hours per week during the last mail count. Each hour is worth \$1500 in annual salary. My route lost 4 hours per week and my husband's route lost 4 hours also. The Lerdahl household lost \$12,000 in annual income because of the economic downturn. The Rural Craft is made up of a majority of women, in N.M. many of whom are the sole bread winners for their family. This loss of income, hits their families especially hard. Although the USPS shows a decline in revenue Rural Carriers nationwide are sharing the pain on a personal basis.

Please do **NOT** utilize Europe or developing countries as a model for your conclusions. The USPS in the USA is not comparable because;

- 1) Volume
- 2) Geography
- 3) Affordability
- 4) No labor problems
- 5) Our USO is 6 day delivery everywhere
- 6) We operate on strictly postal revenue

I believe you know these statistics, but allow me to elaborate:

- 1) USPS collects and delivers 48% of the World's mail
- 2) My state of New Mexico is almost the geographical size of Germany
- 3) USPS has the lowest postage prices in the World
- 4) Canada and Europe are full of Postal labor problems; we may have tensions but no strikes, stoppages, or slow-downs
- 5) PAEA's intent was to continue 6 day delivery everywhere in the US, documented by the Acts authors in the Congressional Record.
- 6) Unlike the rest of the World's Posts all of USPS revenue is from Postal Services & Products

The man seated with me devoted 16 years to enacting a meaningful postal reform law. We believe that the new law deserves to see the test of time. The subjects you have been asked to evaluate are extremely complex..... so proceed cautiously.

The USPS and the U.S. mailing industry are businesses that are very sensitive to the economy, and its current state is affecting the combined industry. Congress is mandated to reevaluate the new law after 10 years. That is probably a long enough period to provide good data on the new regulatory scheme. The economy needs to come out of the recession and go into a period of expansion before we can make adequate judgments. We are living in a time of rapid technological change so Congress chose not to define USO. The reality is if they had tried we would probably still be waiting for a new law.

There is plenty of data available, however all the current data is from the old ratemaking process. You need data under the new ratemaking regime. So any conclusion we offer, or the research contractor offers, is a first step only. Therefore it is only intuitive not quantitative.

I believe that the Universal Service Obligation in the U.S. is the result of collaboration between USPS and our partners. These partners are in some cases both competitors and business partners. DHL, FedEx, and UPS drop off parcels at individual post offices throughout New Mexico. They help us transport and process postal products and we help them deliver the last mile. As a result Americans receive the best collection and delivery services in the World. I urge extreme caution in applying academic theories to change the best system in the world.

Identity theft and security are huge problems. An FTC study showed that only 2% of identity thefts occurred through the postal service and most of those were customer caused problems. The Ponemon institute survey showed for the fourth year in a row 86% of citizens showed USPS to be the most trusted Government Agency. Because of this trust the 2 Carrier Unions have agreed with the White House and the Department of Homeland Security to deliver medicine in the event of a catastrophe. My customers believe the Postal Service maintains the security and sanctity of the mail with quality of service at affordable rates. Letter Carriers are a constant in the lives of almost every New Mexican; they can depend on us every day. We collect and deliver their parcels, news, information, and bills.

Let's discuss volume and delivery days. My fellow carriers have great difficulty on high density routes of loading, delivering in a timely manner mail the day after a holiday. Many are compelled to make return trips to the Post Office to reload the remainder to mail for their route. If one day or more were eliminated where would the mail be

stored until delivery day? What kind of trucks would be needed to deliver it? For city carriers how would they handle such mail sacks?

Basically if we went to fewer delivery days, the delivery of mail would be substantially delayed. Carriers would have a difficult time getting mail into their vehicles. Mail would not be delivered on time. So the customers would possibly see their mail delayed all week. Choices would be made on whose mailings would receive priority. Plants process mail 7 days a week. The plants couldn't hold the processed mail so they would send it out to the stations. Where could it be stored? Many post offices do not have adequate capacity to hold an extra day's mail. Mailers would have to readjust their delivery dates of mail to be delivered.

You have a very complex assignment. You have been asked to define the Universal Service Obligation/monopoly, after Congress chose not to do it. You have data, but not under the new process. Most of the US industries that were monopolies are deregulated. The European Union is commercializing their posts. In spite of those facts, the U.S. has the most sophisticated and cheapest mail & parcel delivery network in the world. We believe that the monopoly in mail and our competitive partnerships allow a Universal Service Obligation that is unique in the World. Please be extremely cautious in proposing change to the World's most efficient and effective system

Thank you for allowing me to testify representing the nations 120,000 Rural Letter Carrier members. I would be glad to answer any questions you may have.