



## ***Association for Postal Commerce***

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### *To Members of Congress*

We are writing you about the recently approved committee mark concerning postal reform. While we know that this bill has been the subject of a number of hearings and comments from others, we feel compelled to communicate one more time about the concerns we still have about the adequacy of this proposal to bring about an enduring reform of our nation's postal system.

We have long maintained that there are eight essentials that must be a part of reform, if it is to advance the preservation of a self-supporting universal mail delivery system. Today, however, we wish to focus our comments on one issue that we believe is of critical importance. Indeed, if it remains unaddressed satisfactorily, we have no doubt that shortly after enactment of this postal reform measure, we'll all have to begin our work on "Postal Reform II." We speak specifically of the provisions pertaining to worksharing. The "greater than 100%" worksharing discounts that have been the subject of considerable debate are a direct result of the outdated manner by which the Postal Service accounts for mail services' attributable costs and worksharing cost avoidances.

Please note, we are not asking you and your congressional colleagues to repudiate the current language concerning worksharing, but simply to include language that would address more fully the costing inadequacies that have produced this much discussed outcome. We suggest the following:

"The Postal Regulatory Commission and the Postal Service are directed to develop a method of costing postal services that is based on a transparent assessment of cost causality, in accordance with accepted economic practice, that fully reflects differences in the costs of those resources that are consumed to produce particular mail services."

We wish to make abundantly clear that we are talking about postal costing -- NOT postal pricing. Simply put, our desire is to ensure that postal costs are accurately and transparently accounted, and unencumbered by regulatory anomalies that have created "discounts in excess of 100% avoided costs," We firmly believe that our proposed language can address satisfactorily any concerns regarding the currently proposed worksharing language.

We thank you for your attention in this matter. We stand ready to assist you, your colleagues, and your staff on advancing the cause of accurate, fair, and transparent ratemaking.

Sincerely,

Gene A. Del Polito  
President