

NPPC Annual Report: 2007 – 2008

Over the past fiscal year (November 1, 2007 – October 31, 2008), NPPC has continued its track record of broadened impact based on the expansion of its program by the Board. This year, much of our focus has been at the Postal Regulatory Commission on the myriad of rulemakings and studies generated by passage of postal reform – the Postal Accountability and Enhancement Act. We have nonetheless, of course, maintained our steady presence and effect at the Postal Service and, notwithstanding dramatically diminished activity in the wake of completion of postal reform, on Capitol Hill, as well. We have shaped postal public policy outcomes. These results could not have been achieved without the oversight of NPPC’s Board, and participation of a great many of our members. This memo will encapsulate the primary accomplishments of NPPC’s program during the past twelve months.

Postal Reform. As you know, NPPC played a significant role in postal reform for years before it was passed and signed into law by the President last December. Among other things, we helped preserve worksharing discounts and kept the entire process alive by brokering the key compromise over “fair and equitable” rates; the disagreement over that provision having stalemated progress for more than six months. But at no time were we more active or effective than in working with a very small team which wouldn’t give up to revive the bill during last year’s lame duck session of Congress, after it had been written off. Urging continued effort and working with Members of Congress and their staffs, the postal unions and other stakeholders, NPPC helped prompt everyone to try again. In doing so, we addressed a variety of issues, including specifically coming up with the formulation to break the logjam on the “exigency” standard, and encouraging continued negotiations on the thorny worker’s compensation issue. The results of passage in meeting NPPC’s goals of recovering the \$78 billion in savings from pension overpayments, imposing an inflation-based rate cap, preserving worksharing discounts, and more, speak for themselves.

Postal Regulatory Commission. Over the past year, we have had vigorous, effective participation in proceedings before the PRC. Relying on expert outside counsel David Levy, NPPC has achieved the following:

- **Rate case R2006-1** NPPC helped preserve: worksharing discounts under direct attack from APWU and the Commission’s Consumer Advocate; the discount for the 2d oz; the prior form of the CONFIRM product and pricing; the letter/flat differential in Standard; and more, all for a huge collective net savings for NPPC members notwithstanding some rate cells where rates did not decline.
- **Rulemaking to create the new ratesetting system** NPPC has participated in every round of comments, urging light-handed, flexible, but fair regulation (“efficient component pricing,” considering all costs to mailers,

and not decreasing service to protect rates), and opposing positions that would effectively restore the complex and costly litigation of the old law.

- **New service standards and measurement** NPPC has not only worked with USPS, but has submitted comments to the PRC laying out our key priorities of an effective measurement system end-to-end, and standards that are practical.

USPS. In 2006-07, we continued NPPC's long tradition of working closely with USPS in a collaborative and non-acrimonious way on important issues:

- **CASS Cycle L/DPV** NPPC was at the forefront of those working on this major update and change to the requirements for discounts, warning in meetings with USPS' senior team that the lead time was inadequate for perfecting software, revising operations and budgeting for a change of this magnitude. The warning was regrettably true, at least for mainframe mailers. Although extensions of time for individual companies were liberally granted, work continues on the issue in an environment that remains substantially unsettled.
- **IMB** NPPC has formed a communications team that is already working with USPS to craft the implementation of IMB, and communications about it, in a way that will avoid many of the pitfalls of Cycle L/DPV, and realize the potential of this great new mailing tool.
- **Next Rate Increase** NPPC has been very clear and direct with USPS executives, and the Postal Governors, that a rate increase under the new regime is much preferable to one sought under the old law, as can be if such a case is filed on or before December 19 (one year from the President's signing the bill into law). We are working with other mailing groups to encourage a USPS that now seems to be leaning toward a new-style increase to actually proceed that way next Spring/Summer.
- **MTAC** NPPC MTAC Reps Laurel Kamen and Ernie Rojas, along with other NPPC MTAC members have been very active on service standards, Cycle L, Cycle M (now postponed), IMB and more through this rejuvenated and more effective organization.

NPPC Quarterly Meetings During this past year, NPPC continued its success in attracting senior policymakers and operational executives to engage with us at our quarterly meetings. Among others this year, we have been joined by: Postal Governor Thurgood Marshall, Jr.; Postal Regulatory Commissioners Ruth Goldway and Mark Action; Deputy PMG Pat Donahoe; and a large group of senior USPS executives, including Anita Bizzotto, Bill Galligan, Tom Day, Glen Walker, Mary Anne Gibbons, Joe Moeller, Alice VanGorder, and more. At these meetings, often ideas germinate – a recent example being the IMB communications concept.

- **Silver Anniversary Meeting** Of course, this meeting should be singled out for specific attention. We were fortunate to have both Postal Board Chairman Jim Miller and Postmaster General Jack Potter come to speak with us. And our reception marking the event was well-attended and – received, with a very nice touch being the presentation of a plaque by the PMG to our Chair, Laurel Kamen, for her lengthy and outstanding service to NPPC and the postal community.

Looking Ahead to Next Year Next year promises to be pivotal, once again. With the first filing under the new ratesetting system, imposition of new service standards and development of a system to measure service, potential complaint cases at the PRC, additional studies and reports required by the new postal law, the continued development of the IMB, oversight hearings on the Hill with some promoting further restrictions on contracting out, worksharing or addressing the “rate shock” some mailers experienced in the last rate case, NPPC will have a full plate. We are grateful for the continuing support and participation of our members, and look forward to working on all of the above, and quite likely some surprises, together next year.