



May 21, 2008

Good afternoon. I appreciate the invitation to be with you all, here in Flagstaff today, and to offer what I hope may be food for thought – and more – regarding the present re-consideration of the notions of Universal Service, the Universal Service *Obligation*, and the Postal Monopoly, and to join in on the discussion of these important topics.

I am here as the owner and publisher of The Flute Network. We are a small entirely volunteer entity now closing in on the end of our 24th year of service as a “bulletin board service” for flutists, flute teachers, *and* the people who love these kinds of folks. In addition to a website presence (which has become absolutely requisite in recent years for businesses of all kinds), we continue to organize and publish an adletter of typically 8 – 12 pages, which goes out free of charge 9 times a year, now to some 6,100 different subscribers nationwide.

One of the MANY things I learned while organizing information and preparing to share with you all here today in Flagstaff is that 5 minutes is just *not* a very long time – especially given the magnitude of the subjects we’re here to talk about, and the magnitude of the *task* at hand. I don’t know how to be any less than thorough when it comes to considerations like this – what works for me is to dive in and wrap my head around as much of it as possible so that the core issues will rise to the top... All that was condensed down into the 30 page document I brought along to share, but there’s no way I’m going to be able to get to mention all the wonderful stuff I’ve found and how I think it all fits together in just 5 minutes – so instead of even trying, I’m hoping you’ll allow me to give you a copy of it and submit it to the Docket, and we’ll use the rest of my allotment of minutes to highlight a few of the things that are in there.

The beginning is always a good place to start – You already know that I produce The Flute Network, and some of you may remember that I shared with the PRC before, in the 2006 Rate Case under the name FLUTE. In this paper, though, I begin with a more considered background on how it is that Flute Network came to be – especially how we came upon the convictions that drove it’s development, and then how a conviction-driven philosophy can indeed be reflected in a tangible form with all the related dimensions of dollars and cents accountability. I felt this to be important groundwork to lay because one of the things I would like to suggest to you in your considerations is that the notion of Universal Service (with or without the Obligation part), and the Postal Monopoly Laws – are *also* deeply philosophical and value laden, even as they have overwhelming importance when it comes to balance sheets, dollars and cents, and the pressures of those who seek to influence the national policies related to them. It’s going to take courage and no small degree of spine to play in these realms, and I commend the PRC for taking it on (even if the task was instigated by language in the PAEA).

As I see it, there are a number of matters related to the potential future of the whole issue of mailing that may - (or may not) - influence the direction you decide to go in re-visioning the future scope of responsibility and the practical handling of Universal Service and Postal Monopoly. I think that what I can legitimately offer you has less to do with rules, regulations, and business

models and is more something along the lines of “the view from the little guy out here” and “the potential mailer” ... Essentially, then, I will be talking from an “outside-looking-in” point of view.

The one most important part that I would like to give voice to today is to encourage the PRC to please – to the best of your ability – take the *long* view on these questions, as they are indeed of historical magnitude. It’s going to be especially challenging to keep the “big picture” in mind and I don’t envy you your task. No less than a dozen times just in the preparation of these materials I thought I had it all figured out – then a new idea would present itself, and a fair consideration of *it* in the context of all the rest would take me right back to square one! All I know is that in the past – for Flute Network at least – when confronted with similar challenges, I found that without fail, the best way forward was always in line with the firm conviction and solid principles about *choosing* to do whatever was the “right thing to do” – even if at the time it possibly wasn’t what I particularly *wanted* to do - even if I was *pretty sure* that on the face of it, what was being asked was totally impossible – even if I couldn’t see my way forward, if it passed this test of “is it the right thing to do”, then a clear way forward always made itself known sooner or later... no matter what, though, there would certainly be more work to do, and more often than not, lots of it. What that means in this context is – I would encourage you to consider the reasons why someone would recommend moving *AWAY* from a given model as much as they are trying to convince you to move *TOWARDS* the other one... and listen for the deep subtle indications of what is “the right thing to do”.

Another theme in here has to do with encouraging – heck, begging you to go beyond just the proposals to actively imagine the consequences of the choices you make as regards both the ideological *and* the operational decisions for the handling of Universal Service (with or without the Obligation part), and the Postal Monopoly options. To take one example, in terms of the questions before us today – when it comes to revising the aspect of Universal Service that has to do with allowing the United States Postal Service to drop service areas, for whatever reason or to relax the Universal Service Obligation, there is peril in the question of *JUST WHO* would we *CHOOSE to leave out*?! On the face of it, the potential of cutting back on service areas for mail delivery heightens emotions because it’s a threat that tends to be taken personally... the idea being, “if somebody can get left out, it just might be *ME* – or maybe somebody I really need to send stuff to.. and that’s just not acceptable!” Even were other delivery options ready to fill the gap, unless their costs were substantially less and their service substantially better (a combination which people would willingly gravitate towards), the political consequences for the politicians in those areas would likely be swift and stern. Though I’ve not had the opportunity to research it yet, my sense of it is that losing Postal Service in the home area is not generally conducive to one’s re-election, especially now when we’re in our second consecutive year in a series of annual postage rate increases – yet here we are talking about cutting back on services... So – again, we have another case where fundamental values, beliefs and convictions about big issues can help.

Another part of that “Big Picture” view that I’ve encouraged you to take is looking beyond the current generation, and the one coming next – to the one coming *after* that... the kids who are now in junior high and high school, maybe early college. Now, we’ve already noticed a decline in letter mail for quite a number of reasons, one of them attributing this drop in volume to people communicating and paying bills more online than they used to. But *THESE* kids, according to quite a number of University administrators I’ve talked with, both here and from overseas, *SIMPLY DO NOT DO* email – nor do they read the emails they get. If you want to get a message through to these kids, you have to “text it”, because they are always on their phones. I ‘m sure you’ve seen it too – they’re LOL’ing, BRB’ing and PROS’ing and CU’ing all the time. These kids have been called by some as the “Burger King” generation; as in, they want it “*their way*” – they *want* what they want tailored just for *them*, they want it big and colorful and flashy, and they *don’t* want to have to look for *or* have to wait for what they want, anywhere along the line ...they want what they want handed to them.... and the

new phenomena of “push technology” is rising up fast and furious these days to give it to them. So – looking a bit even farther ahead then, as I think we need to now, the question really becomes: “how do we make the Postal Service relevant to a people who won’t even use whole words to communicate?” Oddly enough – there is hope, I think, and I talk about that in here. (One bit of that has to do with the potential for the “Vote by Mail” idea – I think that could be especially important down the line.)

Approximately four of these pages are a retelling of an episode in the history of the US Postal Service that I bring forward because I am convinced that both the US Postal Service and the PRC could take *real advantage* of some of what I see as pearls of wisdom buried in there, and then run with them -- those points really are rather timeless things. I also came across and included here a reference to a paper by Charles Kenny who quoted a J. Campbell who’d said in a paper presented in Ireland recently that “the United States only mandated universal home delivery in 1958” and had introduced “one price delivery in 1885” – Then Kenny goes on to conclude that “the postal monopoly far pre-dates one-price delivery and universal service obligations, suggesting that the justificatory link between the three developed ex-post”. And then there’s also a section where I’ve shared insights and discussions with a friend of mine that took place just this past weekend – This gentleman is a high ranking consultant in a private consulting firm for the electric power industry. Since the late 1980’s he’s also done work in the UK, Canada, New Zealand, and Australia – and we played with notions of how the mail system might work should it mirror what’s happening in the power industry.... And let me tell you, it isn’t pretty... but I’ve included all that in here for you as well. --- And there’s lots more – but I’m aware I’m running out the last milliseconds of my five minutes at this point, ... however there’s one last thing I really wanted to get in....

One way or another, even *just by paying attention* to something, CHANGE happens... it always does. When it comes to something as monolithic as the US Postal Service, no matter what comes out in your final report, there’s going to be some sort of change reflected in it, for some body.... And what it’s going to come up against is inertia.

Inertia is hard to overcome, but **survival** is a powerful and proven motivator. If the path forward can be laid out clearly and with well thought through rationales which are based on widely held convictions and cultural values, people will likely have an easier time choosing to buy into it.... or not. Either way – they are *NOT going to like* having to make a choice... they won’t *like* having the comfort of their rut compromised.... there will be screaming. But competing with this is also a hunger to feel a part of something – a vital part of something that is growing, dynamic, and exciting, and leading to a clearly better way of doing things and of being. A well thought out vision - one which brings us along in the making of it - can tip the scales in favor of the later.

Whether you decide ultimately to reconfirm the “Universal Service Obligation” and the Postal Monopoly as belonging to the USPS or to redefine it in some way – please – make every effort to bring us along in the reasoning for it. Help us see how the decisions were made, and help us understand the convictions, principles and values that drove them. Help us see that you’ve thought through the consequences and ramifications of making that vision realized, for both the entities most directly affected, and the ancillary ones who support them.

Most of us in this country are reasonable people, most of the time, and I do believe that most folks in this country would choose “the good of the many over the good of the few”... unless, of course, the good of the few happens to include the *proverbial “me”*....

When that is the case for someone, then usually all bets are off.

Thank you for your time. I regret that I wasn’t able to squeeze it all into five minutes – and hope that the document accompanying this testimony may prove useful or at the very least, amusing. I’d be happy to take any questions.