

**NOMINATION OF GEORGE A. OMAS**

---

---

**HEARING**

BEFORE THE

COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

ON THE

NOMINATION OF GEORGE A. OMAS, TO BE A COMMISSIONER OF THE  
POSTAL RATE COMMISSION

SEPTEMBER 19, 2000

Printed for the use of the Committee on Governmental Affairs



U.S. GOVERNMENT PRINTING OFFICE

67-286 cc

WASHINGTON : 2000

---

For sale by the Superintendent of Documents, Congressional Sales Office  
U.S. Government Printing Office, Washington, DC 20402

COMMITTEE ON GOVERNMENTAL AFFAIRS

FRED THOMPSON, Tennessee, *Chairman*

WILLIAM V. ROTH, Jr., Delaware  
TED STEVENS, Alaska  
SUSAN M. COLLINS, Maine  
GEORGE V. VOINOVICH, Ohio  
PETE V. DOMENICI, New Mexico  
THAD COCHRAN, Mississippi  
ARLEN SPECTER, Pennsylvania  
JUDD GREGG, New Hampshire

JOSEPH I. LIEBERMAN, Connecticut  
CARL LEVIN, Michigan  
DANIEL K. AKAKA, Hawaii  
RICHARD J. DURBIN, Illinois  
ROBERT G. TORRICELLI, New Jersey  
MAX CLELAND, Georgia  
JOHN EDWARDS, North Carolina

HANNAH S. SISTARE, *Staff Director and Counsel*

DAN G. BLAIR, *Senior Counsel*

JUDITH WHITE, *Detailee, International Security, Proliferation,  
and Federal Services Subcommittee*

JOYCE A. RECHTSCHAFFEN, *Minority Staff Director and Counsel*

PETER A. LUDGIN, *Minority Professional Staff Member*

NANCI E. LANGLEY, *Minority Deputy Staff Director,  
International Security, Proliferation, and Federal Services Subcommittee*

DARLA D. CASSELL, *Chief Clerk*

# CONTENTS

Opening statements:	Page
Senator Cochran .....	1

## WITNESSES

TUESDAY, SEPTEMBER 19, 2000

Hon. Trent Lott, a U.S. Senator from the State of Mississippi .....	1
George A. Omas, nominated to be a Commissioner of the Postal Rate Commission .....	4

## ALPHABETICAL LIST OF WITNESSES

Omas, George A.:	
Testimony .....	4
Biographical information .....	12
Pre-hearing questions and answers .....	20
Lott, Hon. Trent:	
Testimony .....	1
Prepared statement .....	2

## APPENDIX

Hon. Benjamin A. Gilman, a Representative from the State of New York, prepared statement .....	9
--	---



## NOMINATION OF GEORGE A. OMAS

TUESDAY, SEPTEMBER 19, 2000

U.S. SENATE,  
COMMITTEE ON GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:30 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Thad Cochran presiding.

Present: Senator Cochran.

### OPENING STATEMENT OF SENATOR COCHRAN

Senator COCHRAN. The Committee will please come to order. This morning our Committee is considering a hearing on the nomination of George Omas, who was nominated to serve a 6-year term as Commissioner of the Postal Rate Commission. We welcome all of you here for this hearing this morning. We also especially welcome the distinguished Majority Leader of the U.S. Senate, my colleague and friend, Senator Trent Lott of Mississippi, who is here today to introduce Mr. Omas.

Mr. Majority Leader, welcome. You are recognized for such time as you may consume.

### STATEMENT OF HON. TRENT LOTT, A U.S. SENATOR FROM THE STATE OF MISSISSIPPI

Senator LOTT. Well, thank you very much, Mr. Chairman. Thank you for having this hearing and moving forward on this nomination. There is nothing I could tell you publicly about this gentleman that you do not already know. You know that we go back to about 1957, when we met on a bus in Biloxi, Mississippi, on the way to Boys' State, and I have never recovered from that experience.

But, George Omas is an outstanding nominee. He has a wonderful family in Biloxi, Mississippi. He has been outstanding in his involvement all his life, both in the private sector and in the public sector. He certainly has the qualifications, the experience and the educational background. He has, of course, a B.A. and an M.A. and has done graduate work at Florida State University.

I first started working with him in the private sector when he was the National Executive Vice President of the National Apartment Association. I was already a House member, and I remember he brought representatives of that association to Washington and we had a really good meeting. Then George served awhile on the House Post Office and Civil Service Committee, where I had the pleasure or the opportunity to serve for a brief period of time.

George served as staff director of the subcommittee—interestingly—on Census, Statistics and Postal Personnel. He worked on the committee that looked after or looked over the franking activities in the House of Representatives, the Franking Commission. He served overall with the House committee and its different arms for 18 years. He worked for 3 years in the Doorkeeper’s Office in the House of Representatives. He now has 3 years of experience on the Postal Rate Commission, served as vice chairman for a year and, of course, we are seeking his confirmation now for a full 6-year term, which would expire October 14, 2006.

Well, that is the record academically and from his experience in the area that he is dealing with every day. I also take note that postal rates have stayed pretty steady under his leadership, and we like that, but more than anything else about George Omas, from my own standpoint, is he is a personal friend. I have always admired his commitment to duty, his hard work ethic and his ethical standards.

We never would have to be concerned about George doing something that would be an embarrassment to his friends, his State, the Postal Rate Commission or any work that he does. So, I am delighted, Mr. Chairman, to be here before you and to support this confirmation, and I am hoping that we can get it through here quickly and that George will be confirmed before the end of the session.

So, thank you for this opportunity. I might say, Mr. Chairman, I would like to ask that my complete statement be made a part of the record.

Senator COCHRAN. Without objection, it will be made a part of the record.

[The prepared statement of Senator Lott follows:]

#### PREPARED STATEMENT OF SENATOR LOTT

Mr. Chairman, it is a pleasure to be here in the Governmental Affairs Committee today to introduce to the Committee one of our fellow Mississippians, George Omas, and to speak in favor of his nomination for this very important position.

Mr. Chairman, the Committee may recall that I introduced George at its hearing on July 28, 1997, when he was first nominated to be a Commissioner on the Postal Rate Commission. George was confirmed by the Senate for this position on July 31, 1997, and he has been serving with distinction on the Postal Rate Commission since that time. On October 1, 1999, George began a term as Vice-Chairman of the Postal Rate Commission. So, it is a delight to be here today to refresh the Committee Members’ memories about this distinguished Mississippian.

George and I first met back in the summer of 1957 when a delegation of boys on the Mississippi Gulf Coast assembled to attend Boys’ State. George Omas—a real character from Biloxi—was one of the first people I met when I got on the bus, and we have been friends since that day.

George and I both went to college at the University of Mississippi, which the Chairman knows we all fondly call “Ole Miss.” George earned a B.A. and an M.A. degree at Ole Miss, and held a teaching fellow position while there. George also did postgraduate work at Florida State University.

For a number of years after college George and I kept up with each other indirectly. When George became Executive Vice President of the National Apartment Association, I was able to see George more often as he worked on Federal issues. Later, he came to work for the Post Office and Civil Service Committee on which I served in the House of Representatives. He served as staff director on the Subcommittee on Census, Statistics and Postal Personnel. Because he had done such a good job, he was asked by the distinguished Chairman, Ed Derwinski, to stay on after I had left. He worked for the House Committee on Post Office and Civil Service for nearly 18 years in all.

More recently, before his appointment to the Postal Rate Commission, he served for approximately 3 years in the Doorkeeper's Office of the House of Representatives.

Mr. Chairman, George has gained invaluable experience over the past 3 years on the Postal Rate Commission, particularly since he has been serving as its vice chairman for almost a year. This experience is in addition to the knowledge he gained while serving as a staff member for the House of Representatives' Committee on Post Office and Civil Service. I believe that America would be well-served by taking advantage of this experience. In addition to this excellent record of experience, I want to personally attest to George's skills and abilities which I have had the chance to observe throughout the course of our friendship. I urge this Committee to act favorably on his nomination, and I look forward to the full Senate confirming him for this 6-year term which expires October 14, 2006.

Thank you, Mr. Chairman, for allowing me to testify on behalf of George Omas.

Senator COCHRAN. We appreciate very much your being here and introducing Mr. Omas to us. As a matter of fact, you may remember my first encounter with George Omas was in the capacity of his dormitory manager. When I went back to law school after serving in the Navy, I found that I needed a little extra money to pay the room rent and a dorm manager's job might be available, and it just happened to be down the hall from where George Omas was staying in Guest Hall at the University of Mississippi.

Senator LOTT. Well, he was from Biloxi. He didn't cause any kind of commotion; did he?

Senator COCHRAN. Very rarely. He was a very positive influence in all respects. That is my memory, anyway.

Senator LOTT. Great.

Senator COCHRAN. Well, thank you very much for being here. We know you are busy and you can go do whatever else you need to do at this time.

Senator LOTT. Thank you very much.

Senator COCHRAN. In keeping with the rules of the Committee, I need to say that we have done the required examination into the experience, qualifications, suitability and integrity with questions to the nominee about his financial situation. All of the materials that have been requested by the Committee to be submitted by Mr. Omas have been submitted. These items are on file.

The financial statements are available in the Committee office for review by anyone who wants to see them. A copy of Mr. Omas' biographical information and responses to the inquiries of the Committee that had previously been submitted are available upon request. They are all a part of the record of this hearing.

I have also received a statement of support for this nomination from Congressman Benjamin Gilman.<sup>1</sup> His remarks will be printed in the record, as well.

The Committee staff have reviewed all of the information that the nominee has submitted in response to our inquiries, including the financial disclosure report submitted by the Office of Government Ethics. I have personally reviewed the FBI background investigation reports and we are now ready to proceed to the formal questioning of the witness. Our rules require that all nominees be under oath while testifying on matters relating to their suitability for office, including the policies and programs which the nominee will pursue, if confirmed.

<sup>1</sup>The prepared statement of Mr. Gilman appears in the Appendix on page 9.

So, Mr. Omas, if you will please stand. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. OMAS. I do.

Senator COCHRAN. Thank you. At this time, we will be glad to receive any opening statement or comments that you would like to make, Mr. Omas.

**TESTIMONY OF GEORGE A. OMAS,<sup>1</sup> NOMINATED TO BE A  
COMMISSIONER OF THE POSTAL RATE COMMISSION**

Mr. OMAS. Thank you, Mr. Chairman. I do have a brief statement. Mr. Chairman and Members of the Subcommittee, it is a privilege for me to once again appear before you today as you consider my nomination to the Postal Rate Commission. Before I make some very brief remarks, I would like to take this opportunity to thank the President of the United States, the Majority Leader, Trent Lott, and you, Mr. Chairman, and this Subcommittee for giving me this opportunity.

While it has been just slightly over 3 years since I was last here, it has been an exciting and intense time in the postal community. I arrived at the PRC in August 1997 after a rate case had been requested by the Postal Service that July. That case, R97-1, was not only massive, but I was told it was one of the most complicated in recent history. Today, we are in the process of considering R2000-1, and while I cannot talk about the specifics of the case, I can say that it is just as intricate and complicated as its predecessors.

Today, with 2 months left to go in the case, there have been 69 witnesses from the Postal Service, 107 witnesses representing other parties, with a transcript of over 20,000 pages. Due to the timing of my first appointment, and the fact that generally new commissioners have much to learn, I had to, as they would say, hit the ground running in R97-1. Having gone through that process, I am now much more conversant—or so I would like to think—with the complicated economic theories and the legal arguments than when I last sat in this chair.

During the past 3 years, we have considered a number of smaller cases. In addition to R97-1 and R2000-1, the rate proceedings, these cases have been much narrower in focus and are targeted to meet the needs of particular types of mailers. Through the streamlined administrative process established by the Postal Rate Commission to handle such cases, we are able to process them much faster than the 10 months allowed by law.

Mr. Chairman, I have also had the opportunity to preside over several cases and I take pride in the fact that we were able to reach settlement agreements that allowed the Postal Service and the mailers to immediately benefit from the proposals. I look forward to working with the Postal Service and the mailing community to make the rate-setting process as expeditious as possible.

Also, Mr. Chairman, as you know from your recent hearing on e-commerce issues, these are interesting times for the Postal Service. The postal landscape is changing and it is not clear what the

<sup>1</sup>The biographical information and pre-hearing questions and answers from Mr. Omas appear in the Appendix on pages 12 and 20 respectively.



impact of technology on the Postal Service will be over the next decade. I can assure you, however, and the Subcommittee that universal service, rates that cover cost and a willingness to work with the postal community will be the hallmark of my tenure at the Postal Rate Commission, should I be reconfirmed.

I would be remiss, Mr. Chairman, if I did not comment on the fine staff of the full Committee and the Subcommittee. Awaiting word on your nomination, as you know, can be a little anxious, and the staff was excellent in keeping me informed on matters related to my renomination, and I want to thank them personally.

Thank you, Mr. Chairman.

Senator COCHRAN. Thank you, Mr. Omas. I think we should point out you are now serving as Vice Chair of the Postal Rate Commission. Is that correct?

Mr. OMAS. Yes, sir.

Senator COCHRAN. I think it is clear from the comments made by Senator Lott and others whom I have encountered that you have served with honor and have been a very positive influence in the decision-making process of the Postal Rate Commission. Let me ask you a few standard questions that the Committee staff have put in my folder.

Is there anything you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. OMAS. No, sir.

Senator COCHRAN. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. OMAS. No, sir.

Senator COCHRAN. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Mr. OMAS. Yes.

Senator COCHRAN. Those are the required questions. I thought up a couple on my own which would probably make you nervous, but they do not have anything to do with our recollections of student days on the campus of the University of Mississippi, I assure you. But what I am curious about is what your reaction is to legislation that Congress enacts relating to the rate-making process. You mentioned in your statement that R2000-1 is pending before the Postal Rate Commission, and I guess this is the big rate case. This is the request for increased rates submitted by the U.S. Postal Service.

Mr. OMAS. That is correct.

Senator COCHRAN. And, under the law, that has been referred to the Postal Rate Commission for its consideration, approval, or disapproval. You can modify it. You can amend it—isn't that correct—and approve, in effect, rate changes?

Mr. OMAS. Well, the Postal Rate Commission conducts public hearings and, as I have said, we have had like 69 witnesses from the Postal Service who defend the rates that they are requesting. Then we give the opportunity to intervenors, which we have had in this case 107, who come in to tell us whether they support or

whether they oppose what the Postal Service is requesting, and we at the Postal Rate Commission must go by what is on the record and we cannot—we can alter, but we must have specific economic backup and statistics to back up whatever decisions we make.

Senator COCHRAN. When the Postal Reorganization Act was passed by Congress, signed, and became law, taking away from Congress the supervision and control over the Postal Service and making it an independent agency, in effect it created the Postal Rate Commission, the Board of Governors, and the arrangement we have now. At that time the Act was advertised as an opportunity to get Congress out of the business of interfering or managing, appointing postmasters, appointing rural mail carriers, basically running it as a cottage industry in the Congress, and leaving it up to the independent bodies that were created to run it.

But now what I have noticed is, as Chairman of the Subcommittee that has jurisdiction over these issues and the laws, we are being called upon to legislate still on issues that some might think are under the strict purview and responsibility of the Postal Rate Commission, such as a recent bill that we have approved here in our Subcommittee. We have reported it out for consideration by the full Committee, dealing with these very rates that you are now considering in the Postal Rate Commission.

My question is what effect does that have on the process? What effect does that have on the decisions that will be made by the Postal Rate Commission in R2000-1?

Mr. OMAS. Well, I think, Mr. Chairman, what you are referring to is the legislation for non-profit mailers. And we, or the Postal Rate Commission, must follow the rules and regulations set forth in Title 39, and those regulations stipulate that we must accept the case that is presented to the Postal Rate Commission and then, according to the record that is developed during the course of the hearings, make our decisions accordingly.

Legislation is sometimes—in this particular instance with non-profit mailers, is that, for some reason unbeknownst to the Postal Service and to the Postal Rate Commission, non-profit mail costs have just gone out of sight. Without legislation, we would have to impose the rates that the statistics and—that have been given to us. Those are the rates we would have to impose on the nonprofit community unless the legislation is passed by Congress.

Senator COCHRAN. So, you are telling me that this legislation is welcomed by the Postal Rate Commission and facilitates your decision?

Mr. OMAS. Well, it would facilitate the interest of that community, if that is what Congress so desires. Congress has always tried to be of assistance to the non-profit community, and if they want to continue that, this legislation would be required.

Senator COCHRAN. Are there any other classes of mail where the rates are influenced by legislative action, other than the so-called non-profits, to your knowledge?

Mr. OMAS. No, sir.

Senator COCHRAN. Did this start some time ago or did we just dream this up this year?

Mr. OMAS. Well, I think it is the first time that non-profit costs have just—they are astronomical, and they had a great increase in

the R97 case, which I cannot remember the exact percentage. But in this one, the rate increase for non-profits could go anywhere from 18 to 40 percent in some instances.

Senator COCHRAN. These are increases, 18 to 40 percent increases, over current rates that are being paid for such mail?

Mr. OMAS. Correct.

Senator COCHRAN. Well, what would happen if we did not pass the legislation, as a practical matter?

Mr. OMAS. Well, that is very interesting. That was asked to me by staff and we also asked that question of the Postal Service when the case was filed. In fact, it is the first time that the Postal Service, since the Postal Reorganization Act, has submitted an omnibus rate case, that the rates of a specific group of rates or a subclass was dependent on legislation being passed. So, we, the Chairman, the Committee, with the consent of the other commissioners, wrote a letter to the Postal Service. When we did write a letter, it was in the term of a POIR, a Presiding Officer's Information Request.

The Postal Service said the rates would stand as proposed in R2000-1 should the legislation not pass and, as I told you earlier, we can only go by what is supplied to the Postal Rate Commission and what other facts are given to us in public hearings.

Senator COCHRAN. Do you see any need for reform of the law as it exists to restore the power to the Postal Rate Commission to make these decisions? I mean, if we carried out the legislative history of the Postal Reorganization Act, it would seem to me that we would leave to the Postal Rate Commission the full power and authority to set rates. Isn't that why the Postal Rate Commission was created?

Mr. OMAS. Yes, sir.

Senator COCHRAN. Why then would we permit a situation to continue where your hands are tied and you really cannot set rates except within very strict limitations which don't permit you to respond to needs or justifiable changes that you think are necessary, given the current state of the economics of mailing or whatever the facts are? Should you be given more power, rather than less? It sounds like you are getting less power than you had when you were first created.

Mr. OMAS. Well, Mr. Chairman, I don't know if we are getting less power. This is, as I said earlier, non-profits are sort of a special group that have always been treated in a different manner. RFRA, which was a law that amended the Postal Reorganization Act in, I think, 1994, said that the non-profit rates would be half of the markup. That worked for awhile, but for some unexplainable reason, non-profit costs have just gone out of sight. And, as I said, we are only able—

Senator COCHRAN. Well, has the Postal Rate Commission approved this?

Mr. OMAS. No, sir.

Senator COCHRAN. When you say the rates have gone out of sight, the cost of mailing—

Mr. OMAS. I am sorry. The cost—

Senator COCHRAN. But not the rates.

Mr. OMAS. But not the rates. I am sorry. The cost of processing this subclass of mail has gone up, and we have asked the Postal

Service, we have asked intervenors, no one can tell you why this particular—

Senator COCHRAN. Because of the requirement that each class of mail has to stand on its own, you cannot cross-subsidize, you are saying. Therefore, the rates have to go up unless you are going to incur big deficits in the operation and require subsidies from Congress, from the taxpayers, etc.

Mr. OMAS. That is right. And that is why our hands are tied, because with the facts presented to us and the figures that have been given to us by the Postal Service, their rates would have to go up anywhere from 18 to 40 percent, depending on the subclass, just for it to cover its costs and stand alone.

Senator COCHRAN. Well, I am sorry to spring all of these questions on you here without any warning, but it occurs to me that this is a matter of some urgency for us to decide, because there is pending now in the full Committee, maybe for action this week, this legislation that has been generated out of this process. And I was curious to know why we are doing it.

Mr. OMAS. Yes, sir.

Senator COCHRAN. I understand why we are doing it now.

Mr. OMAS. I think the non-profit community feels that it is very necessary.

Senator COCHRAN. Well, you have been very helpful to me personally, as you have always been when I have had questions about the Postal Service. With your experience on the House Committee and now as Postal Rate Commissioner, you are the best thing we have as an expert from our State on this subject. We appreciate your serving with such distinction on the Postal Rate Commission. I know of no other questions to submit to you. We appreciate your attendance and cooperation with our Committee. Good luck. I hope we can get you confirmed quickly. We need your service to continue on the Postal Rate Commission.

Mr. OMAS. Thank you, Mr. Chairman.

Senator COCHRAN. The hearing is adjourned.

[Whereupon, at 10 a.m., the Committee was adjourned.]

# APPENDIX

BENJAMIN A. GILMAN  
20th District, New York  
INTERNATIONAL RELATIONS  
COMMITTEE  
CHAIRMAN  
REPUBLICAN POLICY  
COMMITTEE

Congress of the United States  
House of Representatives  
Washington, DC 20515-3220

COMMITTEE ON  
GOVERNMENT REFORM  
SUBCOMMITTEES:  
POSTAL SERVICE  
CRIMINAL JUSTICE, DRUG POLICY  
AND HUMAN RESOURCES

STATEMENT BY  
REP. BENJAMIN A. GILMAN  
(20th District -- New York)  
Subcommittee on International Security, Proliferation & Federal Services  
U.S. Senate Committee on Governmental Affairs  
September 19, 2000

Chairman Cochran, Distinguished Senators:

I deeply regret that my Congressional schedule precludes my testifying in person in favor of the re-appointment of Mr. George A. Omas, for the position of Commissioner of the U.S. Postal Rate Commission. As you know, George was confirmed by the Senate July 31, 1997 and sworn in as a Postal Rate Commissioner on August 8, 1997.

Prior to his appointment, I worked with George Omas throughout my tenure in the Congress and I know that he is highly qualified for the position.

George, not only has proven his outstanding ability as a Commissioner of the Postal Rate Commission, but as someone I worked closely with during the years I was the Ranking Republican on what was then the House Post Office and Civil Service Committee, I can attest to both his professionalism and expertise. George enjoyed eighteen years of experience with the

PLEASE REPLY TO:

WASHINGTON OFFICE  
2448 RAYBURN BUILDING  
WASHINGTON, DC 20515-3220  
TELEPHONE: (202) 225-3778  
FAX: (202) 225-2541

DISTRICT OFFICE:  
419 East Main Street  
Suite 2  
P.O. Box 250  
MOULTONVILLE, NY 12840-0258  
TELEPHONE: (518) 343-6286  
FAX: (518) 343-2520

DISTRICT OFFICE:  
317 ROUTE 59  
MOUSEY, NY 10951-3488  
TELEPHONE: (518) 387-9000  
FAX: (518) 387-4904

DISTRICT OFFICE:  
HEATHS QUADRANGLE  
TELEPHONE: (518) 476-9559

Web Page: <http://www.house.gov/gilman>

Committee, having been initially hired for the Committee staff by former Congressman Trent Lott in 1977. George subsequently worked as Staff Director for the Subcommittee on Census, Statistics and Postal Personnel directly under four different Ranking Minority Members: Edward Dewinski, Gene Taylor, John Myers, and myself. The fact that George earned the respect and confidence of such a diverse group legislators is a testament to his skillfulness.

Throughout his career in the legislative and executive branches of our government, as well as in corporate public affairs, George Omas has earned a reputation as an outstanding staff manager, issue analyst, public speaker, and advocate for government policies. Moreover, as the current Commissioner of the Postal Rate Commission, George has

George is a graduate of the University of Mississippi, earning his B.A. degree and participating in their Masters Program. George also pursued post graduate studies at Florida State University.

As deputy director for the speakers bureau at ACTION from 1971 to 1973, he gained invaluable experience working with the press, the electronic media, and with executive department officials.

Mr. Omas served as Executive Vice President of the National Apartment Association from 1973 to 1974 where he helped spearhead the successful communications programs of that organization. In that position, he worked with many of the leasing officials in our executive branch at that time and honed his skills at working within our government framework.

Despite his busy schedule, George still finds the time to remain active in his home parish, the Church of the Annunciation, here in Washington, where he is Chairman of the Pastoral Council. In addition, he is also a member of the Board of Governors of the National Republican Club of Capitol Hill.

In the twenty-three years that I have had the privilege of working with George Omas, I never ceased to be amazed at his diligence, maturity and analytical mind. He is an individual who combines sincerely with skill, and compassion with authority.

Mr. Chairman, it is without hesitation that I highly recommend George A. Omas for your favorable consideration for the position of Commissioner on the U.S. Postal Rate Commission.

Respectfully submitted,



BENJAMIN A. GILMAN  
Member of Congress

**BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES**  
**A. Biographical Information**

**Name:** (Include any former names used.)

George A. Omas

**Position to which nominated:**

Member, Postal Rate Commission

**Date of nomination:**

July 21, 2000

**Address:** (List current place of residence and office addresses.)

-----

**Date and place of birth:**

July 28, 1940 Biloxi, Mississippi

**Marital status:** (Include maiden name of wife or husband's name.)

Single

**Names and ages of children:**

None

**Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

Secondary:	Biloxi High School (1956-1959) Biloxi, MS 39530
College:	University of Mississippi (1959-1964) B.A. University, MS
	University of Mississippi (1959-1964) Masters Program University, MS Teaching Fellow
Courses	Florida State University (1966) Post Graduate Tallahassee, Florida

**Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)



Biloxi City School System Social & Community Services Biloxi, MS 1965-67
Harrison County Community Action Program Community Service Coordinator Gulfport, MS, 1967-68
Vista, Office of Economic Opportunity Atlanta Regional Recruitment Specialist Atlanta, GA, 1968-69
Vista, Office of Economic Opportunity Mid-Atlantic Region Washington DC 1969-72
Action Agency Deputy Director, Speaker Bureau Washington, DC 1972-73
House of Representatives Staff Director, Comm. On Post Office and Civil Service Subcommittee on Census Statistics and Postal Personnel Washington DC 1977-95
National Apartment Association Executive Vice President Washington DC, 1973-74
House of Representatives Sergeant-at-Arms Office Chamber Security Washington DC, 1995-1997
Postal Rate Commission 1333 H Street, NW Washington DC, August 1997-Present

**Government Experience:**

Member, Secretary of Commerce Census 2000 Task Force to research a methodology for the 2000 Census.

**Business relationships:** List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None

**Memberships:** List all memberships and offices held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

Biloxi Jaycees, 1965-68  
Sigma Alpha Epsilon House Corporation, Washington DC 1979-81  
Sigma Alpha Epsilon Board of Directors, Washington DC 1981-88  
Chairman, Pastoral Council, Church of Annunciation, 1996-97  
Board of Governors, National Republican Club of Capitol Hill, 1996-Present  
Congressional Staff Club, 1977-94  
National Policy Forum Council Member, Republican National Committee,  
Task Force on "Reducing the Size and Scope of Government", 1994-1997

**Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Delegate Security Staff, Republican National Convention, 1988  
Executive Director, Rules Committee, Republican National Convention, 1992,  
1996, 2000

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 5 years.

Tom Ridge, Governor, PA, 1994, \$350  
Jim Bunning, Kentucky, 1998, \$350  
Mike Parker, MS, 1999, \$250  
Bob Franks, NJ, 2000, \$500

**Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Teaching Fellowship, University of Mississippi, 1964-65

**Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

Docketed Cases of the U.S. Postal Rate Commission authored in part by Commissioner George A. Omas (1997-2000)

Omnibus Rate Cases:

R2000-1, Postal Rate and Fee Changes  
R97-1, Postal Rate and Fee Changes

Mail Classification Cases:

MC2000-2, Mailing Online Experiment  
MC2000-1<sup>1</sup>, Experimental "Ride-Along" Classification Change for Periodicals  
MC99-4, Bulk Parcel Return Service Expedited Minor Classification Case.  
MC99-3, Periodicals Classification Change  
MC99-2<sup>2</sup>, Classification and Fees for Weight-Averaged Nonletter-size Business Reply Mail  
MC99-1<sup>3</sup>, Renewal of Experimental Classification and Fees for Weight-Averaged Nonletter-size Business Reply Mail  
MC98-1, Mailing Online Experiment  
MC97-5, Provisional Packaging Service

Complaint Cases:

C2000-1, Complaint of John Westfall  
C99-5, Complaint of Throop Borough  
C99-4, Complaint of the Continuity Shippers Association  
C99-3, Complaint of Joseph B. Hurwitz et.al.  
C99-2, Complaint of Douglas Ralph Saint et.al.  
C99-1, Complaint of the United Parcel Service  
C98-1, Complaint of Lifetime Fitness

Rulemaking Cases:

RM 2000-1, Rules and Procedures concerning the filing of the annual International Mail Report to the U.S. Congress.  
RM 99-5, Amendments to the Domestic Mail Classification Schedule.  
RM 99-4, Amendments to Privacy Act Rules and Record System  
RM99-3, Mission Statement of the OCA  
RM99-2, Amendments to FOIA Rules  
RM99-1, Amendments to DMCS Docket R97-1  
RM98-3, General Review of the Rules of Practice  
RM98-2, Revisions to Library Reference Rule  
RM98-1, Amendments to Domestic Mail Classification Schedule

Miscellaneous Cases:

IM2000-1, International Mail Report  
IM99-1, International Mail Report

Post Office Closing Appeals:

A2000-1, Roanoke, West Virginia 26423  
A99-1, Encinitas, California 92024  
A98-1, Nassau, Minnesota 56272

<sup>1</sup>Presiding Officer  
<sup>2</sup>Presiding Officer  
<sup>3</sup>Presiding Officer

**Speeches:** Provide the Committee with three copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Two Speeches – R97-1, MC97-3, MC97-4, MC97-5  
Chaired 7<sup>th</sup> Conference on Postal and Delivery Economics, Portugal – June 23-26, 1999

**Selection:**

(a) Do you know why you were chosen for this nomination by the President?

I believe it is because I bring almost thirty years of federal government experience to my position on the Postal Rate Commission. I know that the issues brought before us, like many other agencies, are important to the welfare and economy of the Nation and its people. I have tried to keep the best interests of all stake holders and interested parties in mind as I have carried out my duties.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I came into the Postal Rate Commission with a general knowledge of its responsibilities and a firm background in the oversight of federal agencies as a staff member for the former Committee on Post Office and Civil Service in the U.S. House of Representatives. The experiences I have had in the past three years have honed both my knowledge of postal rates and services and my understanding of the role our agency has in the setting of those rates and services for the U.S. Postal Service and the impact those decisions have on mailers, large and small, throughout the country.

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate.

Not applicable.

Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No

Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No

Has anybody made a commitment to employ your services in any capacity after you leave government service?

No

If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes

**C. POTENTIAL CONFLICTS OF INTEREST**

Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

None

Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None

Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None

Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

As a professional member of the House of Representatives, Post Office and Civil Service Committee for 18 years, it was my duty and responsibility to assist the Committee Congressional Members concerning the passage, defeat or modification of all legislative public policy issues.

Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide copies of any trust or other agreements.)

After three years at the Commission, I can not identify any potential conflict of interest in performing the duties as a Member of the Postal Rate Commission. In the unlikely event that a conflict of interest issue would arise while serving on the Postal Rate Commission, I would immediately bring it to the attention of the Postal Rate Commission's Legal Counsel for review and resolution.

Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes

**D. LEGAL MATTERS**

Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No

Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No

Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No

Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense?

No

Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

During my initial confirmation process in 1997, I stated in response to this question that, "for the past 25 years I have provided the federal government with all the skills and knowledge I had to offer to ensure a successful working relationship between government, industry and the American people". Now, having served over three years as a Commissioner at the Postal Rate Commission, I am certain the skills I learned in the Executive and Legislative Branches of Government have served me well in working with my fellow Commissioners and the management of the U.S. Postal Service. Issues before the Commission are often intricate and associated with strong feelings. I have attempted to use my past experiences and skills to keep the discussions open and the information by which we base our recommendations flowing.

**E. FINANCIAL DATA**

Financial Data is maintained on file with the Committee on Governmental Affairs.

**AFFIDAVIT**

*[Signature]* being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

*[Signature]*

SUBSCRIBED AND SWORN TO before me this 13<sup>th</sup> day of August, 2000.

*[Signature]*  
Notary Public

**M.D. ACTON**  
Notary Public, District of Columbia  
My Commission Expires July 14, 2002

**COMMITTEE ON GOVERNMENTAL AFFAIRS  
PRE-HEARING POLICY QUESTIONS FOR GEORGE A. OMAS  
TO BE COMMISSIONER, POSTAL RATE COMMISSION**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President re-nominated you to serve as Commissioner of the Postal Rate Commission (PRC)?

I believe it is because I bring almost thirty years of federal government experience to my position on the Postal Rate Commission. I know that the issues brought before us, like many other agencies, are important to the welfare and economy of the Nation and its people. I have tried to keep the best interests of all stakeholders and interested parties in mind as I have carried out my duties.

2. Were any conditions, expressed or implied, attached to your re-nomination? If so, please explain.

No.

3. Describe how your experience during your previous appointment to the PRC has enhanced the background and experience that affirmatively qualifies you to continue as a Commissioner of the PRC?

I came into the Postal Rate Commission with a general knowledge of its responsibilities and a firm background in the oversight of federal agencies as a staff member for the former Committee on Post Office and Civil Service in the U.S. House of Representatives. The experiences I have had in the past three years have honed my knowledge of postal rates and services, my understanding of the role our agency has in the setting of those rates for the U.S. Postal Service, and the impact the Commission's decisions have on mailers, large and small, throughout the country.

3. Have you made any commitments with respect to the policies and principles you will attempt to implement if you are re-confirmed? If so, what are they and to whom have the commitments been made?

No.

4. If re-confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

While I cannot predict what type of issue may be brought up in a case before the Commission during my tenure, I can say that I am unaware of any issue that might be brought before us from which I would have to seek recusal. As to what procedure I would use, I would immediately notify the Chairman and our General Counsel and advise them of the particulars of the situation.



II. Role and Responsibilities of Commissioner

1. How do you view the role of a Commissioner of the PRC and has your view changed since you were first appointed as Commissioner?

Proceedings before the Commission tend to have both legal and analytical facets. My role is to receive testimony and evidence with an open mind, weigh the arguments and use my knowledge and judgement to reach a decision based upon those arguments and to reach that decision in an impartial and fair manner.

2. What challenges currently face the PRC? How have you, as a Commissioner, been addressing these challenges? How will you, if re-confirmed, continue to address these challenges and what will your top priorities be?

The most immediate challenge facing the PRC is a staff rapidly approaching potential retirement qualification. While it speaks highly of the agency that a large number of our employees have chosen to remain with the Commission for a number of years, replacing those employees with similarly accomplished and dedicated employees will be difficult. Accountants, mathematicians, economists and econometricians are all highly sought after talents in both the public and private sectors and competition for them is keen. Therefore, the biggest challenge will be recruiting individuals with the skills necessary to properly analyze the detailed data that we receive and continue to produce the types of studies and decisions for which the Commission is so well known in the postal community. I will continue to monitor workforce-staffing situations and, with my colleagues, work to recruit the talents that we need.

3. How do you plan to communicate to Congress on efforts to address PRC issues and how have you done so in the past?

I will continue to be available to Members of Congress and their staffs for hearings, briefings or consultations. I joined my colleagues in 1998 at a hearing on postal reform before the House Government Reform Subcommittee on the Postal Service. Similarly, written inquiries such as I have received, will continue to be responded to with alacrity and thoroughness.

4. How do you plan to communicate to PRC staff on efforts to address PRC issues and how have you done so in the past?

One of the benefits of the Commission is the informality existing between the staff and the Commissioners. All Commission employees, from office directors to clerical may mix freely with the Commissioners and their staffs. This provides a constantly free-flowing form of discussion that enlightens everyone. I have requested and received briefings, and taken part in discussions regarding personnel and case-related legal issues as well as analytical topics such as various economic theories which are referenced in our cases.

III. Policy Issues

A. POSTAL RATEMAKING

1. Some parties have criticized the quality and timeliness of data used by the Postal Service to support proposed rate increases. Do you believe that the quality and timeliness of the Service's data is adequate or does it need to be improved?

The issue of data quality and timeliness is a difficult one. The Data Quality Study jointly undertaken by the PRC, USPS and the General Accounting Office (GAO) was a good first step to address some of these issues. The topic of non-sampling error contained in data sampling continues to be an issue deserving of more detailed study. As to timeliness, in my experience the issue here relates to the timing of the initial rate request chosen by the USPS Board of Governors and our ability to update it with more recent data as it becomes available during our deliberations. A related topic is my concern not necessarily with the actual data presented to the PRC, but with the availability of USPS witnesses with suitable knowledge of the data on which their testimony is based.

2. Do you believe that the Postal Service should have more flexibility in setting rates for its competitive products? If so, how much authority should the PRC retain over ratesetting for these competitive products?

I do not believe the Postal Service should have more flexibility, if by flexibility you mean the ability to unilaterally set its rates for competitive products. As long as USPS competitive products contribution to institutional costs is below that of monopoly products, then the rates for competitive products should be subject to regulatory review. PRC review serves to insure that monopoly customers are not being financially disadvantaged and that the Postal Service is not competing unfairly. Similar concerns led to legislation in 1997 requiring the Commission to furnish Congress with a report on the volumes, costs and revenues related of International Mail.

3. Some nonprofit mailers are concerned that the formula used by the Postal Service to determine rates for commercial mailers and nonprofit publications are too complex, often unfair, too contentious, and has resulted in higher rates for nonprofits. Do you agree with this assessment and do you believe that Congress should revise the law governing nonprofit rates?

I do not believe the formula for setting nonprofit rates, at its heart, is very complex. As established by the Revenue Forgone Reform Act (RFRA) it requires the PRC to recover all the costs associated with handling this mail as a base and then to apply a "mark-up" of one-half that applied to its closest commercial rate. Unfortunately, nonprofit costs have increased at a faster pace than its corresponding commercial category and the application of a smaller mark-up does little to provide a lower than commercial rate. In the case of Library rate versus Special Rate for books, the commercial Special Rate was lower, after R97-1, and the Commission recommended a special rule that enabled preferred library rate mailers to use Special Rate in those cases when it was lower. If Congress wishes nonprofit or preferred rates to be lower it will likely have to amend the law to allow the PRC to set these rates

below costs, (passing on the revenue difference to other mailers) or restrict access to these rates. I must point out that the former option would be a fundamental change in the direction of the Postal Reorganization Act of 1970, which prohibited any cross-subsidy.

4. The postal ratemaking process has been frequently criticized for being too cumbersome, taking too long, and being too adversarial to best serve the financial interests of the Postal Service. Do you agree and, if so, what should be done to improve the process? Are any legislative changes needed?

I would agree if the process were simply to best serve the financial interests of the Postal Service, however, it is not. The law requires us to protect the general public and the interests of all the parties presenting their cases to the PRC. Omnibus rate cases are long and adversarial but one must keep in mind that we are dividing up responsibility for paying \$70 billion in revenues among mailers of all sizes. But not all cases are so complex. In the past several years the USPS has requested and the PRC has completed expedited cases allowing the Postal Service to offer new postal services in less than 90-days. As to legislation, if the USPS continues to enter into the "e-commerce" arena, direction from Congress would assist us in considering situations that were never contemplated by the Postal Reorganization Act of 1970.

5. What administrative changes do you think the PRC could make to improve the postal ratesetting process?

The PRC has initiated many administrative changes to make the ratesetting process both more efficient and more convenient. As I said in my response to the previous question we have established procedures to expedite cases that greatly shorten the time-frame of a normal case while maintaining adequate and fair opportunities for analysis and comment. We have also brought online our new internet web site which has made the process much easier for participants. Commission documents are placed on the web site and are accessible to everyone within a few hours of having been served to our Docket room. We now also have all, except for a few, of our almost 30 years worth of cases accessible and searchable on the Internet. Hearings are "streamed" on the Internet to allow interested parties to listen without actually having to be present in our hearing room. Attorneys and analysts have advised us that the rapid accessibility of these documents and being able to monitor the progress of ongoing hearings has greatly enhanced their abilities to present better cases.

6. Currently, the PRC has up to 10 months to make a recommended decision to the Postal Service Board of Governors on an omnibus rate filing. Some critics have said the 10-month timeframe puts the Postal Service at a competitive disadvantage, saying the Service needs more flexibility to change its rates. In your opinion, is the 10-month timeframe appropriate? If not, how long should the PRC be allowed to take to make its recommendation?

The ten-months allowed for the consideration of a case before the Commission hinges on how much time Congress feels is adequate to allow participants to review the Postal Service's case, which may consist of voluminous testimony, work papers, exhibits and library references, including numerous computer databases and spreadsheets. In setting rates

we take into consideration the effect of competition, but postal products must recover their costs. It is often difficult to recover costs and price competitively with the private sector. When the Postal Service talks about the competitive disadvantage of bringing a matter to the Commission, this is what they mean. If a matter is brought to us, either through the complaint process or through a normal USPS request, we must price each competitive product to recover its costs and to make a reasonable contribution to institutional costs.

7. Do you think any changes are needed in the nine ratemaking criteria included in the law that are used for allocating overhead costs and setting postal rates?

I am not aware of any participant in any recent case that has expressed a concern that did not fit within these criteria.

8. The Postal Service has projected that it faces declining volumes in its core products and services, particularly First-Class Mail, within the next 5 years due to competition and electronic diversion that may also reduce its revenues. Do you believe that this is a likely scenario, and if so, what should postal management be doing now to address this situation?

I am not convinced that the five-year forecast is accurate. Mail volume handled by the Postal Service continues to grow despite shifts by many industries. Nevertheless, many postal observers expect Postal volumes to begin to decline over the next decade. It is obvious that postal management must make contingency plans to shed variable costs should the need arise.

9. Some mailers are concerned that the Postal Service has failed to take advantage of opportunities under current law to offer negotiated service agreements or classifications for which only a handful of mailers may qualify. Do you believe this is acceptable under current law? Do you believe the Postal Service should be submitting such requests to the PRC for approval?

It is not only acceptable, I would say that the USPS has already submitted such cases, and we have responded favorably. We recently completed a case that established a rate and classification for small parcels to be returned to the companies that shipped them at a very advantageous rate. The Bulk Parcel Return Service addressed the needs of only a few businesses, that regularly ship out small parcels. However, we priced this product to recover its costs and allowed for the opportunity for all parties to review its particulars. If the USPS wants to have fair and equitable negotiated service agreements, it simply needs to make the request.

#### **B. POSTAL REFORM**

1. What are your views on proposed changes to the role of the PRC under postal reform to strengthen its regulatory oversight responsibilities?

The legislation would require an annual review of Postal Service finances and service levels. I believe this would be useful whether other reforms are adopted or not.

2. The reform proposals also include new subpoena powers for the PRC. Do you believe these powers are needed, and if so, why?

I do believe this authority should be available to us. While we have the authority to delay a case for a time equal to the USPS' delay in responding to a lawful order, it is often difficult to institute such a delay when the Postal Service is in a poor financial situation and in need of an expedited rate decision. The authority to issue a subpoena I believe would provide the PRC with one more tool to expedite cases and to ensure rate matters are handled fairly.

3. As the Postal Service increases its activities in the competitive marketplace, what role, if any, should the PRC play in ensuring "fair competition?" Should private-sector delivery companies providing similar products and services as the Postal Service be subject to PRC oversight?

I believe the PRC has a very important role in this situation. It is uniquely qualified to audit financial data, be an impartial decider of argument and to place those data and arguments in the context of good economic principles. I do not believe subjecting private companies to PRC authority is necessary, as these companies do not benefit from a government-imposed monopoly.

4. As you know, proposed postal reform legislation would make a number of changes to the postal ratemaking process, including adopting price cap regulation. What are your views on using price cap regulation to set some postal rates?

A price cap mechanism for setting rates might shorten somewhat the ratemaking process. Unfortunately, this mechanical method does not address one of a regulator's most important roles and that is to take into consideration fairness and equity. Over time, just as we are seeing with nonprofit rates, a purely mechanical method loses these important features. I believe for this type of process to work, the PRC would need to change from primarily a ratemaking entity to more of a regulator. Any shortening of the ratemaking procedures might well be offset by increased activities in a complaint and review process.

5. Do you think that universal postal service needs to be more precisely defined, and if so, what contribution could the PRC make to helping define universal service?

I believe the PRC could be of valuable assistance with this issue. In the Postal Reorganization Act Congress has in a general way mandated the products the Postal Service must provide to all parts of the country. But, Congress has provided no guidance on what level of service is required (e.g., frequency of delivery, service standards, location and number of post offices, door versus curbside delivery, etc). Were the Postal Service to experience a large drop in volume with a resulting need to make large reductions in its costs or if the Congress wished to consider the privatization of the Postal Service, the Commission could assist in that endeavor by conducting a proceeding to determine the costs of the various aspects of Universal Service and to develop a public record on how they are valued by the general public and mailers.

6. Concerns have been raised about potential cross-subsidization in the Postal Service's international products and services. Based on the PRC's recent reviews in this area, are you confident that cross-subsidization is not occurring?

I am not confident that such is the case. While it appears International Mail as a whole is covering its costs the Commission's two annual reports indicate that inbound International Mail, and at least three categories of outbound International Mail are not recovering their attributable costs and are not making any contribution to the institutional costs of the Postal Service. Thus, at least in these instances there is some cross-subsidization present in International Mail.

7. The Postal Service has undertaken a number of initiatives in the e-commerce area, such as eBill Pay, an electronic bill presentment and payment service. The PRC did not review eBill Pay before it was introduced to the public in April of this year. What role do you believe the PRC should play in ensuring that the Postal Service's e-commerce related activities are not cross subsidized by core postal products and services?

I believe, as the Postal Service expands into offering products directly in competition with similar products offered by the private sector, it will become more important that rates of hardcopy mailers are not inflated to enable the Postal Service to invest in these technologies and enter these types of services. The Postal Service should provide specific financial data on these services, just as it does its hardcopy services during rate cases so that we can analyze any potential cross-subsidization. I believe Congress should assess the fundamental issue of whether the Postal Service, with over 80 percent of its revenue subject to monopoly protection, should offer competitive products without regulatory oversight. The basis for PRC regulation of mail products is to protect monopoly ratepayers and competitors from unfair postal rates. Congress should consider whether monopoly ratepayers and competitors need the same protections in the e-commerce arena.

8. Does the Postal Service need to expand, reduce, or continue its present level of introducing new products and services, and why? What type of new products and services should the Postal Service be allowed to provide? Are there any specific products currently being marketed that should not be and why?

As a sitting Commissioner, with an omnibus rate proceeding before me, I believe it would be inappropriate for me to make comments that might lead to an assumption by anyone of a preference on my part for one particular proposal over another. However, as a general rule I would encourage the Postal Service to continue to evaluate its worksharing program, which has been a great success and benefits everyone.

9. Increasing productivity is critical to controlling postal labor costs, but growth in the Postal Service's overall productivity has lagged behind the private sector in recent years. What are your views on why postal productivity failed to keep up with the private sector? Should the PRC study this issue?

I do not know why the Postal Service's productivity is not better. What is of particular concern to me is that the Postal Service does not seem to know why it is not better.

C. POST OFFICE CLOSINGS AND RELOCATIONS

1. In your opinion, does the existing process for closing and relocating post offices adequately protect the interests of postal customers and the affected communities?

While there is a moratorium on post office closings, my experience as a Commissioner and as a Congressional staff member is that more focus should be placed on the notice process so that the affected community is fully aware of timing and appeals options. Overall I believe the system has worked well. There does need, however, to be a clearer distinction between a closing and what the Postal Service deems an "emergency suspension." Suspensions can go on for long periods of time and because the office is technically not being closed, the residents have no appeal process.

2. Does the process for closing and relocating post offices need to be improved? If so, why?

The PRC does not presently have responsibility for consideration of post office relocations. Obviously, the USPS as an agency of the Federal government should be sensitive to the needs of the communities it serves. On the other hand we must balance those needs against the costs which must be borne by ratepayers.

IV. Relations with Congress

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are re-confirmed?

Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are re-confirmed?

Yes.

V. Assistance

1. Are these answers your own? Have you consulted with PRC or any other interested parties? If so, please indicate which entities.

The views expressed are entirely my own, however, I have taken the opportunity to consult with my Special Assistant, Steve Williams, the Commission's General Counsel, Steve Sharfman and the Director of our Rates, Analysis and Planning Office, Bob Cohen.

AFFIDAVIT

I, *Sam Brown*, being duly sworn, hereby states that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Subscribed and sworn before me this 30<sup>th</sup> day of August, 2000

*MO [Signature]*  
Notary Public

M.D. ACTON  
Notary Public, District of Columbia  
My Commission Expires July 14, 2004

