

**NOMINATIONS OF HON. TONY HAMMOND AND
HON. Nanci E. LANGLEY**

HEARING

BEFORE THE

**COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS**

FIRST SESSION

NOMINATIONS OF HON. TONY HAMMOND AND HON. Nanci E. LANGLEY
TO BE COMMISSIONERS, POSTAL REGULATORY COMMISSION

OCTOBER 2, 2013

Available via the World Wide Web: <http://www.fdsys.gov/>

Printed for the use of the
Committee on Homeland Security and Governmental Affairs



U.S. GOVERNMENT PRINTING OFFICE

85-502 PDF

WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

THOMAS R. CARPER, Delaware *Chairman*

CARL LEVIN, Michigan	TOM COBURN, Oklahoma
MARK L. PRYOR, Arkansas	JOHN MCCAIN, Arizona
MARY L. LANDRIEU, Louisiana	RON JOHNSON, Wisconsin
CLAIRE McCASKILL, Missouri	ROB PORTMAN, Ohio
JON TESTER, Montana	RAND PAUL, Kentucky
MARK BEGICH, Alaska	MICHAEL B. ENZI, Wyoming
TAMMY BALDWIN, Wisconsin	KELLY AYOTTE, New Hampshire
HEIDI HEITKAMP, North Dakota	JEFF CHIESA, New Jersey

RICHARD J. KESSLER, *Staff Director*

JOHN P. KILVINGTON, *Deputy Staff Director*

KATHERINE C. SYBENGA, *Senior Counsel*

DEIRDRE G. ARMSTRONG, *Professional Staff Member*

KEITH B. ASHDOWN, *Minority Staff Director*

CHRISTOPHER J. BARKLEY, *Minority Deputy Staff Director*

ANDREW C. DOCKHAM, *Minority Chief Counsel*

CATHARINE A. BAILEY, *Minority Director of Governmental Affairs*

JOSEPH D. MOELLER, *Minority U.S. Postal Service, Office of the Inspector General Detailee*

LAURA W. KILBRIDE, *Chief Clerk*

LAUREN M. CORCORAN, *Hearing Clerk*

CONTENTS

Opening statements:	Page
Senator Carper	1
Senator Coburn	2
Senator Ayotte	5
Prepared statements:	
Senator Carper	15

WITNESSES

WEDNESDAY, OCTOBER 2, 2013

Hon. Nanci E. Langley, to be Commissioner, Postal Regulatory Commission	
Testimony	3
Prepared statement	62
Biographical and financial information	64
Letter from the Office of Government Ethics	84
Responses to pre-hearing questions	87
Responses to post-hearing questions	109
Hon. Roy Blunt, a United States Senator from the State of Missouri	7
Hon. Tony Hammond, to be Commissioner, Postal Regulatory Commission	
Testimony	7
Prepared statement	17
Biographical and financial information	19
Letter from the Office of Government Ethics	37
Responses to pre-hearing questions	39
Responses to post-hearing questions	59
Statement for the record from Senator Schatz	112

NOMINATIONS OF HON. TONY HAMMOND AND HON. Nanci E. LANGLEY

WEDNESDAY, OCTOBER 2, 2013

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 11:18 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Thomas Carper, Chairman of the Committee, presiding.

Present: Senators Carper, Coburn, and Ayotte.

OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. This is like the second half of the day-night doubleheader in baseball and I am glad that you all stuck around for the second game. We welcome our nominees here this morning.

The Committee will come to order to consider the nominations of Tony Hammond and Nanci Langley to continue to be members of the Postal Regulatory Commission (PRC).

As my colleagues and those following this hearing certainly know, these are very challenging times for the U.S. Postal Service (USPS). While so many other vital Federal services are shut down, the mail continues to be delivered. Absent the legislative action, however, the post office may face a similar fate unless Congress can get its act together, and frankly, I would just say, if the Administration gets involved. We need the Administration to be a participant in this in a significant way as well.

The Postal Service has maxed out, as we know, its line of credit with Treasury and is rapidly running out of cash. Despite an improving economy and some positive signs from parts of its business, its immediate future is unfortunately still not bright.

Absent legislative intervention, the Postal Service will likely limp along for a few more months, unable to invest for the future, with its employees and customers uncertain of what that future holds, and that is not good.

It is up to those of us on this Committee and the rest of our colleagues in the Senate and the House and the Administration to do what we need to do to avoid a postal shutdown, a shutdown that would threaten the jobs of some 8 million people across the country whose jobs depend on the kind of private-public sector relationship that they enjoy with the Postal Service.

Over the past 2 weeks, this Committee has debated some of the tough decisions that will need to be made in the coming months and years regarding the level of service the Postal Service should

offer the American people and the type of workforce we must develop to provide that service. We also discuss how it should price and market its product and how much it should pay to fund its employees health and pension obligations.

Most importantly, we have heard about some innovative ways the Postal Service can make itself relevant to new generations of customers by taking creative advantage of its one-of-a-kind retail processing and delivery network.

In the very near future, we will take what we learned from our hearings and go to work on crafting and refining a legislative response to the very real crisis we face on this issue; and in fact, we have already spent a fair amount of time crafting that legislative response; and while I think it is not a final product, I think it is a good effort. We will look forward to making it better.

But today we gather to consider two very qualified nominees that the President has put forward to continue their service on the Postal Regulatory Commission. That commission has played a key role in recent years in partnering with the Postal Service to develop a rate system that has, since it was implemented, followed the postal reform legislation signed into law in 2006.

That law gives the Postal Service significant new commercial flexibilities that have helped it to weather both the major recession and significant growth in electronic communication.

It has also served as a venue where postal employees and customers can have their voices heard about the painful but often very necessary changes that postal management has been forced to consider.

In the coming months and years, the work of the Postal Regulatory Commission will be no less important.

So, I am pleased that Mr. Hammond and Ms. Langley are willing to continue their service. While I have not always agreed with every decision by the Commission, I am sure you have not always agreed with everything that we have done either. But the Congress, the Postal Service, and the public in general rely on it to efficiently and effectively perform its responsibilities and to be a source of key knowledge and expertise during both good times and bad.

Dr. Coburn, you are recognized.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. I have no opening statement, and I apologize for having to leave in about 5 minutes; I will submit my questions for the record.

Chairman CARPER. OK. Would you want to ask any questions before you go?

Senator COBURN. No.

Chairman CARPER. With that, then what we are going to do is I am going to ask you to do something you have done before and that is to rise and to raise your right hand and we will administer the oath before you testify.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth so help you, God?

Mr. HAMMOND. I do.

Ms. LANGLEY. I do.

Chairman CARPER. Please be seated. [Pause.]

I think that Senator Blunt is going to try to get here to introduce you, Mr. Hammond; and when he arrives, we will recognize him. And maybe even if it interrupts the flow a little bit, we will interrupt and we will do that and ask him to make some comments about you.

I am going to withhold my comments, my introductory comments, in anticipation of his arrival. If he is unable to come, I will revisit them.

Nanci Langley was sworn in as a Commissioner in June 2008. During her tenure she has been elected to two separate terms as vice chair of the Commission.

I note that the Chairman of the Commission is here. We welcome her.

Commissioner Langley has over 30 years of public service experience, including 24 years as a senior adviser to two U.S. Senators from her home State of Hawaii, most recently Danny Akaka, be loved by all of his colleagues and now retired in Hawaii.

Please give him our aloha.

She has also served as Deputy Staff Director of the Senate Committee on Homeland Security Subcommittee on Government Management and Federal Workforce.

Mr. Hammond, why do you not go ahead and proceed with your statement, well, I will tell you what. Just hold on to your statement. We will let Nanci go first and then maybe if Senator Blunt will join us we will roll right into you. OK.

Ms. Langley, as you know, your whole statement will be made part of the record. Feel free to summarize and we will then turn to your colleague there and ask him to proceed.

Thank you. Please proceed.

Ms. LANGLEY. Thank you very much.

Chairman CARPER. Welcome.

TESTIMONY OF THE HONORABLE Nanci E. LANGLEY¹ TO BE A COMMISSIONER, POSTAL REGULATORY COMMISSION

Ms. LANGLEY. Mr. Chairman and Senator Ayotte, distinguished Members of this Committee, and I know that Senator Coburn has departed but my appreciation to him as well.

I appreciate having the opportunity to appear before you today and I thank you for considering my nomination to a second term on the Postal Regulatory Commission. I am very honored to be nominated by President Obama to a second term and I thank him for the trust that he has placed in me.

I also appreciate the recounting of my career here at the Senate as well as the Commission. I never set out to spend 30 years as a Federal employee and it still surprises me every day that I continue to enjoy what I am doing but I do and I appreciate the comments.

And, I was honored and privileged to advise Senator Akaka on issues that came before this Committee for a little over 15 years, nine of which as his Deputy Staff Director. He was one of the guid-

¹ The prepared statement of Ms. Langley appears in the Appendix on page 62.

ing forces on the development and enactment of the Postal Accountability and Enhancement Act (PAEA).

He was particularly interested in financial transparency and championed the idea of having the Postal Service adhere to some aspects of the Sarbanes-Oxley Act, and I am very pleased to see that has actually turned out to be a very good thing for the Postal Service.

So, I do appreciate his support for my initial nomination as well as my renomination. I am absolutely grateful for the unwavering support he has provided me through much of my career and that of my husband, William Selander, of 33 years. He is unable to be here today but I know he is thinking about me right now and cheering me on.

Having grown up in Hawaii, I understand the unique challenges faced by individuals who reside in rural, remote, or noncontiguous areas of the United States. Their dependence on the U.S. Mail is different and many times greater than for those who reside in urban or suburban areas.

But just as I appreciate the challenges they face, I also understand the challenges that the Postal Service is requiring to make right now because of the volumes declining, the diversion of mail because of new technologies that were really unheard of or unthought of by our Founding Fathers when they called for the development of the U.S. Postal Service.

So, I am pleased that this Committee and Congress is tackling these issues; and as Chairman Carper said, these are really tough decisions that need to be made for the Postal Service to ensure its sustainability.

The Postal Service is vital to the Nation. It spurs economic growth yet fosters the entrepreneurial spirit that is so much a part of the country, and it really does bind family and friends across thousands of miles.

So, even though we are communicating in ways that were unimagined, the importance of the mail continues. It is a relevant part of our society and it is important that it provides universal and affordable service.

So, after working on the PAEA and now implementing the provisions, I have a deeper appreciation of the importance of an independent regulator. The need for clear, well reasoned, and unbiased reviews of Postal Service initiatives and its financial condition are especially important to ensure a balance between the flexibilities given to the Postal Service by the PAEA with the accountability and transparency provided by the Commission.

As a Commissioner, I strive to provide fair, reasoned, and expeditious review on all matters that come before me; and I will continue to work toward streamlining our review processes while ensuring due process, if I am confirmed for a second term.

Thank you, Chairman Carper and Members of the Committee. I also wish to thank your staff who have helped me through this process, especially John, Katie, Kata, Joe, and Deirdre.

And I want to thank the dedicated Commission staff for their professionalism and expert advice as well as the support of Chairman Ruth Goldway, Vice Chairman Robert Taub, Commissioner

Mark Acton, I am especially pleased to appear before you today with my good friend and colleague, Commissioner Tony Hammond.

Mr. Chairman, this concludes my statement and at the appropriate time I am happy to answer any questions that you may have of me.

Thank you.

Chairman CARPER. Thank you very much. I think what I am going to do is ask you the three questions, standard questions we ask all of our witnesses at this and then I am going to yield to Senator Ayotte for some questions she may have.

I understand Senator Blunt is 5 or 10 minutes out so that should work out pretty well. Here we go. Three standard questions. I have already had a chance to practice this once today so hopefully it will go well.

Is there anything you are aware of it in your backgrounds that may present a conflict of interest with the duties of the office to which you have been nominated?

Ms. LANGLEY. No.

Chairman CARPER. I would ask the same question of you, Mr. Hammond.

Mr. HAMMOND. No.

Chairman CARPER. All right. Do you know of anything, personal or otherwise, that would in any way prevent you from, either of you, from fully and honorably discharging the responsibility of the office to which you have been nominated?

Ms. LANGLEY. No.

Mr. HAMMOND. No.

Chairman CARPER. And No. 3. 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?

Ms. LANGLEY. Yes.

Mr. HAMMOND. Yes.

Chairman CARPER. Senator Ayotte please. Thanks for sticking with us.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. Thank you, Chairman. You are very kind to let me ask first and I thank both of you for being here. I appreciate it.

I just wanted to get a sense of—a lot has changed. I know that, Mr. Hammond, you have been appointed to the then Postal Rate Commission since 2002.

Mr. HAMMOND. Yes.

Senator AYOTTE. We have seen a 25 percent drop in volume. And so, is the PRC structured to properly respond to the changes?

I mean, what we are doing here is we are hearing, the Committee is trying to work on a bipartisan basis to allow the Postal Service to appropriately restructure in a way that allows them to continue to serve the public that I think all of us are committed to but in light of the changing market conditions.

So, I guess I wanted to ask the two of you, in light of the changes we are having to make in the Postal Service, is that PRC structure where it should be and it just wanted to get your thoughts on that.

And then related to that, since I know—I do not want to take up too much time—I know that the Chairman will explore in much more detail which I am sure he will ask about is the Consumer Price Index (CPI) rate cap and the proposed legislation that is pending before this Committee, what are your views on that.

But most of all I wanted to ask first about the structure as we look to make changes here based on your experience.

Mr. HAMMOND. Well, I think if you do make changes in the law, I think the Postal Regulatory Commission can adapt to any new structure. I was a member of the old Postal Rate Commission before the PAEA was passed; and once the PAEA was passed, we had to setup an entirely new rate-making system. We had a whole lot of obligations to go along with that.

We changed in the agency. I think we did a good job at that time. It took a tremendous amount of work cooperation from the chairman and the staff that we had at the time but we worked our way through that without a big difficulty. And, I think if new legislation is passed, I think our structure can adapt so that we will be responsive.

Senator AYOTTE. And, do both of you have a view on the legislation that is pending that we are examining and having important hearings on right now that would give the Board of Governors greater authority to set rates? And so, I wanted to get your thoughts on that.

Ms. LANGLEY. I have read the legislation and I am aware of the change that the legislation right now is seeking. Knowing that nearly 80 percent of postal revenues are from the market dominant products and that the Postal Service has a market dominant position for these products as well as a captive audience that uses the products, I do believe that where there are customers who do not have other alternatives, individuals and businesses that could be harmed without adequate protection and oversight, that the idea of the price cap as it was written was prudent public policy.

But I am also aware that the objectives of maximizing incentives by reducing costs and increasing efficiencies as well as providing predictable and stable rates has worked.

One of the objectives which is to assure adequate revenues, including retaining revenues, has not been met. So, I do believe that there are appropriate discussions going on; but as Commissioner Hammond said, the Commission has performed remarkably well in transitioning from one form of body to another; and now that we are a full-time regulator, we have been able to adjust quickly and we have an extremely flexible staff who are dedicated to doing the work that Congress intends us to do.

Senator AYOTTE. Well, I see my colleague Senator Blunt here. I am so glad to see you, Senator Blunt. So, I know that the Chairman will want to take back over and allow Senator Blunt to speak.

I appreciate your answer. I know that there will be further followup. I am going to submit some additional questions for the record; but as I am hearing you both, what I heard you say is that you will work with whatever changes we make with regard to this legislation to make sure that the PRC functions properly and assist in the goals that we all share to have a viable Post Office.

Ms. LANGLEY. That is correct.

Senator AYOTTE. Thank you.

Chairman CARPER. Senator, thank you so much for joining us today.

Senator BLUNT, nice to see you. How have you been, pal?

Senator BLUNT. I am good, Senator Carper. Thanks for letting me come in.

Chairman CARPER. Welcome. I understand you have a couple of stories you want to tell us about Tony Hammond.

TESTIMONY OF THE HONORABLE ROY BLUNT, A UNITED STATES SENATOR FROM THE STATE OF MISSOURI

Senator BLUNT. Well, I could tell you a lot of stories, and thanks to Senator Ayotte for going ahead and allowing me to say some things about Tony Hammond.

I have known him a long time. That may not necessarily be good for him but it has always been good for me. When he started his career, our Congressman Gene Taylor was the ranking member on the Post Office Committee and Tony staffed that Committee.

This is the fourth time he has been before this Committee to serve on the Commission. So if you approve him and if the Senate approves him, we have done it three other times, and I think Tony has done a good job.

Only one of those was a full term and then he served two partial terms. So, he knows what he is doing here. He has done a great job. We are lucky he is willing to continue to do it and I am pleased to see him nominated. I hope that he is easily confirmed and know that he will continue to do the good work he has been doing on this Commission for some time now.

Chairman CARPER. Well, you are good for coming. I know you have a lot on your plate today. Thank you so much for coming by. I know it means a lot to him as well.

Senator BLUNT. Thank you. Good luck.

Mr. HAMMOND. Thank you.

Senator BLUNT. See you all.

Chairman CARPER. Thank you, Roy.

Mr. Hammond, that is a tough act to follow but we are going to give you some time to do that. You are recognized for your statement. Please proceed.

TESTIMONY OF THE HONORABLE TONY HAMMOND¹ TO BE A COMMISSIONER, POSTAL REGULATORY COMMISSION

Mr. HAMMOND. Thank you, Chairman Carper, and I would like to express my appreciation to you and Dr. Coburn for scheduling this hearing to consider our nominations to continue as members of the Postal Regulatory Commission, and I appreciate Senator Ayotte for being here also.

I do appreciate the confidence that President Obama placed in me with this nomination as well as the support I received from Senate Minority Leader Mitch McConnell during this process, and I especially do want to thank Senator Blunt for his willingness to be here today to introduce me to this Committee. I am grateful for

¹ The prepared statement of Mr. Hammond appears in the Appendix on page 17.

his comments and especially for his friendship and the support that he has given me in my renomination.

I also appreciate our Chairman Ruth Goldway being in attendance here today, and I especially feel fortunate that I have been able to go through this nomination process with my colleague and friend Nanci Langley.

Although we are of different political parties, she shows every day on the Commission how we can work together in a bipartisan and cooperative manner, and that is very important for the work that we do.

The one other person that I would like to recognize, if I could, is fortunately my nephew Tracy Hammond is once again to represent the family. It is easier for him since he and his wife live here in Washington but I appreciate him making time to be here.

Chairman CARPER. I will ask Tracy to raise his hand please. Welcome Tracy. Thank you.

Mr. HAMMOND. Much has changed since my original appointment to the old Postal Rate Commission in 2002. As we were discussing, the PRC gained enhanced responsibilities with the passage of the PAEA in 2006.

It required a major revamping of our agency's functions, and it was because of the hard work and cooperation among the commissioners and staff that the transformation we made to a new agency, I believe, was achieved in a responsible and effective manner and in keeping with the mandates of the PAEA.

And, I was pleased to be actively involved in all the transition activities of the Commission. The first among them, of course, was the requirement that the Commission implement an entirely new rate making system which we actually completed several months ahead of schedule during that process.

We also provided the report on the universal Postal Service and the postal monopoly to the Congress on time as mandated by the PAEA. Each year the PRC is also responsible for our annual report to the President and the Congress which, of course, among other things, contains the current estimated value of the monopolies and the estimated cost of the universal service obligation (USO).

We also continue to produce the comprehensive annual compliance determination (ACD), which is the ongoing mechanism for providing accountability, transparency, and oversight of the Postal Service.

Recently, I have advocated the reform of our regulations to better assure that our advisory opinions are both timely and relevant, and I especially appreciate, Mr. Chairman, the interest that you have shown in this matter and the suggestions that you provided to our Commission for improvement of the process, and I hope we are able to finalize the proposed new regulations governing the issuance of advisory opinions in the very near future.

As the Members of this Committee know, the Postal Service is dealing with multiple challenges; and because of that, the Postal Regulatory Commission has an extraordinary responsibility to adjudicate fairly in a professional and timely manner all the decisions on every case that comes before us.

For approximately 10 years now, I have enjoyed the challenging work at the Commission and I hope that this Committee will look

favorably on my experience in considering my nomination for an additional term to the PRC.

Mr. Chairman, I want to thank you once again and the staff of this Committee for this opportunity, and I will be happy to respond to any questions that you or your colleagues would have.

Chairman CARPER. Good. Thank you, Mr. Hammond.

I have a question for both of you if I could. Were both of you present when we held the earlier hearing for Beth Cobert to be the Deputy at the Office of Management and Budget (OMB) for Management? Were you here?

Mr. HAMMOND. We were able to watch part of it.

Ms. LANGLEY. We watched part of it.

Chairman CARPER. OK. When I asked her, one of the questions I asked was to talk about what she learned from her mom and dad that might be applicable and helpful in this new role and what she learned in her role as a spouse, as a mom, as well; and she said that among the things she learned being a spouse and a mom is she learned the value of patience.

When we were closing out her hearing, I said I believe that patience is a virtue but in the Federal Government we need to convey a sense of urgency.

And, there is so much that we need to be doing, and we only have so much time, and it is especially frustrating this week as you might imagine for people particularly like Dr. Coburn and I and the others who have been here today.

Let me just say in terms of conveying a sense of urgency, one of the things that we sought to do before is to convey a sense of urgency to the PRC to go through the regulatory process.

I think, Mr. Hammond, you used the word timely when you were talking about adjudication. Just talk to us about trying to find the right balance between being timely and being, by the same token, appropriately thoughtful.

Ms. LANGLEY. I appreciate that; and as Commissioner Hammond said, your letter of last year I thought was very thoughtful and appropriate in its comments.

I always look at doing things as expeditiously as possible but also keeping in mind that we do act in a quasi-judicial fashion; and as such, we need to give appropriate consideration to the issue of due process.

And, one of the, I think, guiding principles for an independent regulator is to make sure that they are, indeed, independent and give an unbiased review. We do have procedures in place that allow interested parties to make comment but we are working right now on streamlining the advisory opinion process. We are in the process of reviewing the comments that we have received; and they have been very active and thoughtful but also very pointed in some instances.

We are looking to try to see if we can achieve a 90-day turnaround while still preserving due process. So, I am happy to discuss more of that or let Commissioner Hammond also talk.

Mr. HAMMOND. Well, I would just reiterate what Commissioner Langley said. One of the things that we have an obligation to do is to provide due process to parties that are interested in all the activities that come before the Commission.

In our system, the Postal Service and interveners alike come before us; and when the Postal Service comes before us and provides the evidence, the interveners want to know more about that evidence, want to be able to question the Postal Service, et cetera.

And so, part of the time and especially in the advisory opinion process because people are allowed that opportunity, that can slow things down. I admit it.

And, possibly at times we have been too accommodating to both sides as they tried to explore everything involved there. But I think that, as Commissioner Langley said, we are in the process right now of going through the final review of comments that have been submitted; and I think that we are going to be able to come to agreements on new regulations that will be acceptable to both sides, maybe not entirely but I think that we will be able to do that.

Chairman CARPER. All right. Thank you.

I think, Ms. Langley, you indicated you had a chance to review the legislation that Dr. Coburn and I have introduced. Is that correct?

Ms. LANGLEY. I had gone through it once, yes.

Chairman CARPER. OK. Mr. Hammond, have you had a similar opportunity?

Mr. HAMMOND. I have looked at it somewhat too, not an expert on it.

Chairman CARPER. Both of you have thought a lot about these issues before and at least one of you has played a role where you helped counsel and advise people, as it were Dr. Coburn and my colleagues said, what do you find especially encouraging about the legislation? What are some areas that you think it could be improved?

I would like to say everything we do, we know we can do better; and when we introduced the legislation, we described it as a work in progress. We think it is a pretty good work but we know it can be improved.

So, just give us some of your thoughts. Where do you think it has, we found the right spot, the sweet spot and what were a couple of areas where maybe we could do better please?

Ms. LANGLEY. Well, I hesitate to give my personal views because we are in the process of responding to a question by Senator McCain that asks us to go through the legislation and provide our views.

And as the Commission did with the testimony presented by Chairman Goldway a couple of weeks ago, that was something that the Commission and the Commissioners reviewed.

But I can say personally that I am very pleased to see certain aspects, particularly the reamortization of the Retiree Health Benefit Fund (RHBF). I think that is a very good and appropriate and necessary undertaking, using Postal Service specific demographics is quite important.

The PRC did a report on what we consider pension surplus, both on the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). Those are good. Changing or ensuring that the definition of Post Office covers all postal retail facilities, postal-run retail facilities, is an important change that I

see as being responsive to some of the concerns that people out in the communities have, and ensuring that there is no distinction among stations, branches, and post offices.

Chairman CARPER. Thank you. Mr. Hammond.

Mr. HAMMOND. Well, there is no doubt the legislative changes are needed to place the Postal Service on a more sound financial footing. I agree with all of those provisions which Commissioner Langley brought up, especially, of course, one of the major ones is the adjustment of the pre-funding of the retiree health benefits schedule. That helps address the liquidity challenge and is very important.

Some of the other provisions that I have looked at, and I know we discussed this last time I was before you last year with your previous bill, in having a provision that allows opportunities for non-postal products offerings. I think that is good as long as they do not create unfair competition with the private sector, and you seem to have taken care of making sure that is what occurs.

Chairman CARPER. We have sought to do that.

Mr. HAMMOND. Yes.

Chairman CARPER. I hope we were effective.

Mr. HAMMOND. And also as Nanci mentioned, clarifying which retail facilities are subject to review, I am glad to see that in there. If you include the provision that would increase the amount of dollars involved in experimental products that the Postal Service can provide, I think that is possibly something that should be done also.

So, those are some of the provisions which seemed to be very positive.

Chairman CARPER. What are—just give some broad guidance and counsel if you would—some areas that we need to keep in mind as we legislate, particularly in areas where we think we can do better.

We are meeting with people of this week, probably everyday this week, next week as well; meeting with our colleagues to get their input, their staffs, and the key stakeholders. But my guess is that the two of you have forgotten more than most people have learned about these issues.

I just welcome some general thoughts you have where we might be able to do a better job.

Ms. LANGLEY. I think it is always difficult to find, as you said, the sweet spot, the balance. But I think looking at the rate cap is certainly an appropriate action since the Postal Service has not been able to retain revenue.

But as I mentioned to Senator Ayotte, I do believe that it is good public policy to ensure that there is appropriate oversight and independent oversight. So, I would just urge that it is appropriate public policy that drives any changes that might be considered.

Chairman CARPER. All right. Mr. Hammond.

Mr. HAMMOND. Well, in broad overview, just like Commissioner Langley says, if you are going to make the changes and increase flexibility to the Postal Service once again, you do need an independent oversight of that if it is going to be effective.

People sometimes get tired of hearing me say it but I continually remind them that the U.S. Postal Service is the world's biggest

government monopoly; and so since they are the world's biggest government monopoly, you have to have oversight of them.

You have to have some controls on them. You have to force efficiencies upon them. Otherwise, I do not know what government monopoly would become more efficient if they are not required to, for instance.

So, things like that I think that you do need to keep in mind as you look at the legislative proposals.

Ms. LANGLEY. And, I just want to add to that. The rate cap as it exists now has been effective. It has not been as effective as it could be and that is because of many external issues.

But when you take the Postal Service's total revenue for fiscal year 2012 and back out the Retiree Health Benefit Fund as well as workers' compensation adjustment, there is a remaining \$2.4 billion that is under the control of the Postal Service.

So, the amount of money that needs to be bridged under the current rate cap system is not quite as great. But the rate making system has worked before the Commission. We do have a statutory review of 45 days for market dominant products, and the Commission itself has instituted a 34-day review of that general rate case.

So, we are providing a very quick turnaround, looking at whether or not the law has been met and whether or not any workshare costs are over the 100 percent attributable cost.

So, the rate making system for market dominant is a very quick turnaround, and a more in-depth review comes during our annual compliance determination review. And, the same as with competitive products, where there is a 30-day review.

I think the Commission, while ensuring public participation and a comment period, is turning around rate cases in a very expeditious time line.

Chairman CARPER. OK. I do not know if it was in your statement, Ms. Langley, or in response to a question raised by Senator Ayotte, but I think you mentioned that 80 percent of the Postal Service's revenues come from market dominant products.

Just tell us what those include please.

Ms. LANGLEY. Periodicals, First-Class Mail, Standard Mail, Special Services, and some international mail.

Chairman CARPER. And the other 20 percent would include what?

Ms. LANGLEY. That is the competitive Priority Mail and some of their market tests which are competitive, Express Mail.

Chairman CARPER. We have had any number of hearings. Even last month we had two hearings on the legislation that Dr. Coburn and I introduced, and one of the points I have made as important as it is to find efficiencies within the Postal Service, it is not enough to just cut, cut, cut but they have to be encouraged and incentivized to find ways, and we cannot be an impediment, as they look for ways to use this unique distribution system.

It goes to every mailbox in the country at least 5 or 6 days a week, find ways to use that, and their brand, to generate additional revenues.

When you think of some opportunities that are out there that you heard about, you know of, that you maybe even suggested to

the Postal Service to consider, what are some of the more promising places for them to turn to generate additional revenues?

Mr. Hammond, Ms. Langley, either of you can respond.

Mr. HAMMOND. Well, she is much more articulate. I like for her to talk more than me but, well, like I mentioned before, one of the provisions that you have that would allow the Postal Service an increase in experimental products.

I cannot tell you what experimental product they need to propose to us next. It does work the other way where we are the ones who are responsible for, once they come up with a new product, for instance, for us to review it rather than for us to recommend to them.

So, I do not want to be nonresponsive but I also do not want to make a whole bunch of recommendations for the Postal Service to send us when we are the ones that are going to have to review them. That is one of the areas of where they have flexibility and you are going to provide possibly increased flexibility.

Chairman CARPER. Ms. Langley.

Ms. LANGLEY. I think the concept of an innovation chief is a good idea. There could be great benefit to having someone at or a division within the Postal Service where individuals can go with their ideas.

I think there are a great many ideas out there. But sometimes when you reach into the Postal Service, just because of its size and the number of different departments and different individuals, it is not always easy to find where you should go, where somebody should go to bring a good idea.

But the Postal Service has been working on utilizing emerging technologies to bring forward to us incentives and experimental products. One of their most successful ones has been the Every Door Direct which allows—and it is really geared to small and medium-sized businesses—but cutting through some of the barriers that these much smaller mailers might see. And, that has been a successful initiative that the Postal Service has undertaken.

But they are trying to work with product samples, for example; and I remember we used to get products in the mail, small sizes of detergent or face cream, something.

That was always exciting, and I think the Postal Service is trying to go back to some of the concepts that used to work to see if there is a way of bringing it back into the fold but also utilizing technology.

So, if you can have a quick response (QR) code that you can read on an envelope and it drives a customer to look at a catalog or to use the QR code that then takes you to that page on a Web site, I think there is great innovation out there and great opportunities to continue to grow volume.

Chairman CARPER. We had a hearing here early this year—in fact, the first hearing we did with Dr. Coburn and I as the leaders of this Committee, was on postal reform. And, we had a fellow from one of the States. I do not know if it was Wisconsin; but his company a legacy company in the paper industry, and the name of the company was Quad/Graphics.

And I have always been intrigued by his testimony because what he basically said they have really what we are is a legacy industry,

and they figured out how to be relevant, not just relevant but very profitable in the digital age.

I am convinced that there are opportunities like this. You just mentioned one of them with respect to the Postal Service where they can find ways to generate revenues and be relevant in the digital age.

And, what we want to do is make sure that we incentivize them, do not impede their ability to do that, at the same time trying to be respectful of the fact that it is not appropriate for them to be competing head to head with the private sector on things the private sector is perfectly capable of doing.

Well, my colleagues and I will probably have some questions for the record. Before I talk about the deadline for submission of those, let me just say that we appreciate your giving us responses to the questions that we have asked with respect to your biographical and financial questionnaires, answering prehearing questions that have been submitted by the Committee, and you have had your financial statements reviewed by the Office of Government Ethics.

Without objection, this information will be made a part of the hearing record with the exception of the financial data which are on file and are available for public inspection in our Committee's offices.

And, the hearing record will remain open until noon, October 3, for the submission of statements and questions for the record.

Again, we thank you both for your service. We thank you for your presence here today and for your willingness to continue to serve.

With that, this hearing is adjourned. Thank you so much.

Mr. HAMMOND. Thank you.

Ms. LANGLEY. Thank you.

[Whereupon, at 12:02 p.m., the Committee was adjourned.]

A P P E N D I X

**Opening Statement of Chairman Thomas R. Carper
The Nominations of Hon. Nanci E. Langley and Hon. Tony Hammond to be
Commissioners of the Postal Regulatory Commission
October 2, 2013**

As prepared for delivery:

The committee will come to order to consider the nominations of Tony Hammond and Nanci Langley to be members of the Postal Regulatory Commission. As my colleagues and those following this hearing certainly know, these are very challenging times for the United States Postal Service.

This week, while so many other vital federal services are shutdown, the mail continues to be delivered. Absent legislative action, however, the Post Office may face a similar fate unless Congress can get its act together. The Postal Service has maxed out its credit line with the Treasury and is rapidly running out of cash. Despite an improving economy and some positive signs from some parts of its business, its immediate future is unfortunately not very bright. Absent legislative intervention, the Postal Service will likely limp along for a few months unable to invest for the future, with its employees and customers uncertain of what that future holds. It can only limp this way for so long.

It's up to those of us on this committee and the rest of our colleagues in the Senate and House to do what we need to do to avert a postal shutdown, a shutdown that would threaten the jobs of some 8 million people at the Postal Service and in the private-sector industries it supports.

Over the past two weeks, this committee has debated some of the tough decisions that will need to be made in the coming months and years regarding the level of service the Postal Service should offer the American people, and the type of workforce we must develop to provide that service. We also discussed how it should price and market its products, and how much it should pay to fund its employees' health and pension obligations. Most importantly, we heard about some innovative ways the Postal Service can make itself relevant to new generations of customers by taking creative advantage of its one-of-a-kind retail, processing, and delivery network.

In the very near future, we will take what we learned from our hearings and go to work on crafting and refining a legislative response to the very real crisis we face on this issue. But today, we gather to consider two very qualified nominees who the President has put forward to continue their service on the Postal Regulatory Commission.

The Postal Regulatory Commission has played a key role in recent years in partnering with the Postal Service to develop a rate system that has, since it was implemented following the postal reform legislation signed into law in 2006, has given the Postal Service significant new commercial flexibilities that have helped it weather both a major recession and significant growth in electronic communication. It has also created a venue where postal employees and customers can have their voices heard about the painful but often very necessary changes that postal management has been forced to consider.

In the coming months and years, the work of the Postal Regulatory Commission will be no less important. I'm pleased, then, that Mr. Hammond and Ms. Langley are willing to continue their service. I have not always agreed the decisions made by the Commission, but Congress, the Postal Service, and the public in general rely on it to efficiently and effectively perform its responsibilities and to be a source of key knowledge and expertise during both good times and bad.

###

Statement of Tony Hammond to be a Commissioner of the Postal Regulatory Commission
Senate Homeland Security and Governmental Affairs Committee October 2, 2013

Thank you, Senator Carper.

First, I would like to express my appreciation to you and Dr. Coburn for scheduling this hearing to consider our nominations to continue as members of the Postal Regulatory Commission.

I appreciate the confidence President Obama has placed in me with this nomination, as well as the support I have received from Senate Minority Leader McConnell during this process.

Also, I especially want to thank Senator Roy Blunt for his willingness to be here today to introduce me to this Committee. I am grateful for his comments and the support he has given to my re-nomination.

Much has changed since my original appointment to the old Postal Rate Commission in 2002. The PRC acquired enhanced responsibilities with the passage of the Postal Accountability and Enhancement Act in 2006, which required a major revamping of our agency functions. Because of the hard work and cooperation among the Commissioners and staff, the transformation into a new agency was achieved in a responsible and effective manner in keeping with the mandates of the PAEA.

I was pleased to be actively involved in all the transition activities of the Commission. First among them was the requirement that the PRC implement an entirely new ratemaking system, which we actually completed several months in advance of the deadline.

The Commission also provided the Report on the Universal Postal Service and the Postal Monopoly to the Congress on time as mandated by the PAEA.

Each year, the PRC is also responsible for our Annual Report to the President and the Congress, which among other things, contains the current estimated value of the monopolies and the estimated cost of the USO.

We also continue to produce the comprehensive Annual Compliance Determination (ACD), which is the ongoing mechanism for providing accountability, transparency, and oversight of the Postal Service.

Recently, I have advocated for reforming our regulations to better assure that our Advisory Opinions are both relevant and timely. I especially appreciate, Chairman Carper, the interest you have shown in this matter and the suggestions you provided to the Commission for improvement of the process. I hope we are able to finalize the proposed new regulations governing the issuance of Advisory Opinions in the near future.

As Members of this Committee know, the Postal Service is dealing with multiple challenges. Because of that, the Postal Regulatory Commission has an extra responsibility to adjudicate fairly, in a professional and timely manner, all the Decisions on every case that comes before us.

For ten years now, I have enjoyed the challenging work at the Commission. I hope this Committee will look favorably on my experience in considering my nomination to an additional term on the PRC.

Mr. Chairman, thank you, again, for this opportunity. I will be happy to respond to any questions you and your colleagues have.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<u>Name of Position</u>	<u>Date of Nomination</u>
<i>Postal Regulatory Commission</i>	<i>July 25, 2013</i>

<i>Current Legal Name</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
<i>Tony</i>	<i>Lee</i>	<i>Hammond</i>	

<i>Addresses</i>					
<u>Residential Address</u> (do not include street address)			<u>Office Address</u> (include street address)		
Street: 901 New York Avenue, NW, Suite 200					
City: <i>Arlington</i>	State: <i>VA</i>	Zip: <i>22207</i>	City: <i>Washington</i>	State: <i>DC</i>	Zip: <i>20268-0001</i>

<i>Other Names Used</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
<i>Anthony (On College Transcripts)</i>					Est <input checked="" type="checkbox"/>	Est <input type="checkbox"/>
					<i>Aug. 1974</i>	<i>May 1978</i>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
<i>April 13, 1956</i>	<i>Humansville, MO</i>

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married	Married	Separated	Annulled	Divorced	Widowed
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix

<i>Spouse's Other Names Used (current spouse only)</i>						
First Name	Middle Name	Last Name	Suffix	Check if Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
First Name	Middle Name	Last Name	Suffix

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Missouri State University	University	Est Aug 1974 <input checked="" type="checkbox"/>	Est Present May 1978 <input type="checkbox"/> <input type="checkbox"/>	B.S.	1978
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other)	<u>Name of Your Employer/Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
<i>Federal</i>	<i>Postal Regulatory Commission</i>	<i>Commissioner</i>	<i>Washington, DC</i>	2002 <input checked="" type="checkbox"/> Est	Present <input type="checkbox"/> Est
<i>Self-employment</i>	<i>T. Hammond Co, LLC</i>	<i>Owner/Managing Member</i>	<i>Arlington, VA</i>	2000 <input checked="" type="checkbox"/> Est	2002 <input checked="" type="checkbox"/> Est
<i>Presidential Campaign</i>	<i>Forbes 2000, Incorporated</i>	<i>Senior Consultant</i>	<i>Alexandria, VA</i>	1999 <input checked="" type="checkbox"/> Est	2000 <input checked="" type="checkbox"/> Est
<i>Political Party</i>	<i>Republican National Committee</i>	<i>Political Director</i>	<i>Washington, DC</i>	1994 <input checked="" type="checkbox"/> Est	1999 <input checked="" type="checkbox"/> Est
<i>Political Party</i>	<i>Missouri Republican Party</i>	<i>Executive Director</i>	<i>Jefferson City, MO</i>	1989 <input checked="" type="checkbox"/> Est	1994 <input checked="" type="checkbox"/> Est
<i>U.S. House of Representatives</i>	<i>Congressman Gene Taylor (MO)</i>	<i>Legislative Director</i>	<i>Washington, DC</i>	1979 <input checked="" type="checkbox"/> Est	1989 <input checked="" type="checkbox"/> Est

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>

4. Potential Conflict of Interest

(A) 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.

(B) 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 or execution of law or public policy, other than while in a federal government capacity.

None.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

*Pi Sigma Alpha National Honor Society
Phi Alpha Theta National Honor Society*

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

None.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service</u> (if applicable)
Greene County, Missouri Republican Central Committeeman	Elected	August 1978	2 Years

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
<i>Romney for President</i>	<i>\$250</i>	<i>2012</i>
<i>Romney for President</i>	<i>\$500</i>	<i>2012</i>
<i>George Allen for U.S. Senate (VA)</i>	<i>\$250</i>	<i>2012</i>
<i>Nodler for Congress Committee (MO)</i>	<i>\$500</i>	<i>2010</i>
<i>Hammond for State Representative (MO)</i>	<i>\$250</i>	<i>2010</i>
<i>Missourians for Roy Blunt</i>	<i>\$1000</i>	<i>2009</i>
<i>Hulshof for Governor (MO)</i>	<i>\$500</i>	<i>2008</i>
<i>McCain for President</i>	<i>\$500</i>	<i>2008</i>

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
None.		

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
<i>Nomination Hearing</i>	<i>Washington, DC, HSGAC</i>	<i>March 2012</i>
<i>Remarks by Postal Regulatory Commissioner Tony Hammond</i>	<i>Arlington, VA/Association of United States Postal Lessors</i>	<i>May 2010</i>
<i>Remarks by Postal Regulatory Commissioner Tony Hammond</i>	<i>Arlington, VA / National Postal Policy Council</i>	<i>December 2008</i>
<i>Remarks By Postal Regulatory Commissioner Tony Hammond</i>	<i>St. Louis, MO / National Association of Postmasters of the United States</i>	<i>August 2008</i>
<i>(Copies of above speeches are provided where available.)</i>		

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
	<i>Arlington, VA / National Postal Policy Council</i>	<i>November 2007</i>
	<i>St. Louis, MO / National Catholic Development Conference</i>	<i>November 2005</i>
<i>Nomination Hearing</i>	<i>Washington, DC / HSGAC</i>	<i>May 2005</i>
	<i>Arlington, VA / National Postal Policy Council</i>	<i>November 2004</i>
	<i>Portland, OR / National League of Postmasters</i>	<i>August 2004</i>
	<i>Clearwater, FL / IDEA Alliance</i>	<i>March 2003</i>
<i>Nomination Hearing</i>	<i>Washington, DC / HSGAC</i>	<i>October 2002</i>

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.)

No.

- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?

No.

- Have you been charged, convicted, or sentenced of a crime in any court?

No.

- Have you been or are you currently on probation or parole?

No.

- Are you currently on trial or awaiting a trial on criminal charges?

No.

- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?

No.

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

- Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
- Firearms or explosives: **Yes / No**
- Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**

- Name of the law enforcement agency that arrested/cited/summoned you:
- Location of the law enforcement agency (city, county, state, zip code, country):

F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**

- If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
- If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:

3) If no, provide explanation:

G) Were you sentenced as a result of this offense: **Yes / No**

H) Provide a description of the sentence:

I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

L) If conviction resulted in probation or parole, provide the dates of probation or parole:

M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**

N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
<i>None.</i>				

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
<i>None.</i>				

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No.

<u>Name of Agency/Association/ Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No.

12. Tax Compliance

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No.

14. Outside Positions

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

15. Agreements or Arrangements

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

16. Additional Financial Data

REDACTED

REDACTED

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Tony Hammond

This 15th day of Aug., 20 13



United States
Office of Government Ethics
1201 New York Avenue, NW, Suite 500
Washington, DC 20005-3917

JUL 31 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Tony L. Hammond, who has been nominated by President Obama for the position of Commissioner, U.S. Postal Regulatory Commission.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don W. Fox".

Don W. Fox
Principal Deputy Director

Enclosures **REDACTED**



TONY HAMMOND
COMMISSIONER

July 29, 2013

Stephen Sharfman
Designated Agency Ethics Official
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268

Dear Mr. Sharfman,

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner, Postal Regulatory Commission.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption pursuant to § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; and any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

Tony Hammond
Tony Hammond

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-Hearing Questionnaire for the
Nomination Tony L. Hammond to be Commissioner, Postal Regulatory Commission**

I. Nomination Process and Conflicts of Interest

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

During my years of service on the Postal Regulatory Commission I have handled all cases and issues before the PRC in a fair, impartial and responsible manner. I will continue to maintain the high ethical standards the President has set for all nominees for service in the federal government. I will work toward the best interest of all parties involved in every issue the Commission considers

2. Were any conditions, expressed or implied, attached to your nomination?

No.

3. What specific background and experience affirmatively qualifies you to be a Commissioner of the PRC?

I have served for over ten years as a Commissioner of the Postal Regulatory Commission and its predecessor agency, the Postal Rate Commission. In previous positions I developed mail marketing programs and have several years in direct marketing experience, working in the private sector. I have been an administrator, a supervisor, and have managed my own consulting firm. I also spent a decade on the staff of a former Ranking Member of the House of Representatives postal oversight committee, where I focused extensively on postal issues.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as a Commissioner of the PRC? If so, what are they and to whom have the commitments been made?

No.

5. If 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 serving as a Commissioner, my activities have been annually reviewed by our ethics officer and constantly monitored. I did not, and do not, maintain any connections with any firms or organizations which would cause me to recuse or disqualify myself because of a conflict of interest or the appearance of a conflict of interest.

II. Role of the Postal Regulatory Commission and its Commissioners

6. What is your view of the role of a Commissioner of the PRC? How has this view changed over the course of your tenure as a Commissioner?

Whether it has been as a Commissioner of the Postal Rate Commission or the Postal Regulatory Commission, my role has been to serve as a fair, independent arbiter of every issue and case brought before the PRC by the United States Postal Service, ratepayers, interested parties and citizens.

7. In your view, what are the major internal and external challenges facing the PRC, and how have they evolved since you were appointed to the PRC?

When I first became a Commissioner in 2002, the PRC was an entirely different agency. The Postal Rate Commission's main responsibility was changes in postal rates, fees and classifications.

When it became the Postal Regulatory Commission following the 2006 postal reform legislation, the PRC acquired enhanced responsibilities which required major revamping of the agency functions. Because of the hard work and cooperation among the Commission and staff, the transformation was achieved in a responsible and effective manner.

The major challenges facing the PRC stem from the Postal Service's need to adjust to the changing role of mail. As the Postal Service attempts to adjust, new issues and conflicts must be evaluated and resolved by the Commission.

8. How have you addressed the challenges facing the PRC during your term as Commissioner?

During the ten years on the Commission, I have continually sought the input of everyone affected by the actions of the PRC. From the Postmaster General's office and the postal employee unions to representatives of the mailing industry, shippers, postal competitors and mail recipients, I have dealt with the diverse interests that are concerned with the operations of the United States Postal Service. It provides me with a good background for understanding the issues facing everyone in the postal community.

9. What do you think is the PRC's most important role now and going forward given the changing nature of communication and commerce?

Transparency and accountability remain important Postal Service functions. The Postal Regulatory Commission's priority is to assure that transparency and accountability are continued.

10. What do you believe have been your principal accomplishments during your tenure at the PRC? What contributions do you hope to make if confirmed for another term?

During my tenure at the Postal Regulatory Commission, I have been active in all the full-time duties of a Commissioner.

Elected twice as Vice-Chairman, I have chaired hearings and actively participated in all the meetings, forums, and conferences at the Commission. I consult with my colleagues and work for cooperation among the Commissioners. On many occasions, I have provided on-the-record alternative and supplemental comments on cases and advisory opinions.

I have participated in active outreach to varied groups and organizations through speaking events, postal forums and site visits. When necessary, I have represented the Commission on the official delegations to the Universal Postal Union.

If confirmed for another term, I will continue as an active, full-time Commissioner to see that all cases and issues before the Commission are handled in a fair and responsible manner that participants have every right to expect.

11. If confirmed, how would you coordinate and communicate with PRC staff to accomplish the PRC's goals?

There has been a good working relationship between the Commissioners and PRC staff. The interaction between staff and Commissioners is beneficial in getting our jobs done. I have always had PRC staff communicate directly with me on any issue before us and will do so again if I am confirmed to return to the Commission.

12. What do you believe should be the PRC's top three priorities over your six-year term?

The Postal Regulatory Commission's responsibility is to carry out the statutory requirements given it by the Postal Accountability and Enhancement Act. Three ways to accomplish that goal are:

1.) Making sure the PRC provides accurate, non-biased and timely Annual Reports to the Congress and Advisory Opinions to the Postal Service. 2.) Adjudicating fairly, in a professional, reliable and timely way, all decisions on every case, complaint and appeal that comes to the Commission. 3.) Assuring that the PRC is transparent, accountable and responsive in PRC activities and operations as should be required of all government agencies.

13. How do you believe the PRC could improve the management and timeliness of its docket while also maintaining or improving the quality of decision-making?

I continually review our rules and regulations, to make sure the Commission is responsive to the need to provide timely Orders and Opinions. I have advocated for reforming our regulations to better assure that our Advisory Opinions are both relevant and timely. I hope we are able to finalize new regulations in the near future.

The full-time workload at the PRC mandates that the priorities of the Commission must be to see that its statutory responsibilities are carried out without distraction.

14. Should the general management of the Commission be more or less vested in the Chair?

Under the statute, the President names the Chairman to provide general management of Commission operations. Any effective Chairman consults with all the Commission members and keeps them informed of management operations. An effective Chairman will specifically seek guidance and consensus on major matters that affect the Commission as a whole.

15. The PRC listed human capital management as a key strategic goal in its Strategic and Operational Plan. What role have you played as a Commissioner, in helping recruit and retain a talented and skilled workforce?

The entire Commission does vote on the hiring of Office Heads. Beyond that, individual Commissioners are responsible only for adoption of the Strategic and Operational Plan, not for individual hiring decisions. I am always willing to work with our Division Directors and human capital employees on specific retention matters. We have an overall successful record of bringing on a talented and skilled workforce and retaining them.

16. As a Commissioner, do you believe that retention incentives are a necessary tool in recruiting and retaining an effective workforce? Should retention incentives be a first or last resort?

The Postal Regulatory Commission must be competitive with other agencies of the federal government and the private sector in recruitment and retention of skilled employees. Retention incentives should be offered only when necessary. The PRC should not take extraordinary or unfair measures to retain employees.

17. What should you and your fellow Commissioners do to help ensure that the Office of Inspector General established under the Postal Accountability and Enhancement Act (PAEA) functions independently and effectively?

Since the establishment of the PRC Office of Inspector General in 2007, that Office has always functioned without undue or inappropriate influence from individual Commissioners. I will do whatever necessary to see that is maintained.

18. How do you believe your prior experience would help inform and guide your decisions as a Commissioner of the PRC for another term?

If confirmed for a new term on the Commission, my previous ten years of service will be helpful. I will continue as an active, full-time Commissioner to see that all cases and issues before the commission are handled in a fair and responsible manner that participants have every right to expect.

19. The PRC is an independent agency. How do you understand that obligation of independence? How does such independence affect your approach to the evaluation and decision of cases?

As an independent agency, the Postal Regulatory Commission is beholden to no group, agency or constituency. Our responsibility is to evaluate and decide cases based upon facts after providing a fair hearing to all ratepayers and those affected by our actions.

20. How can PRC effectively and efficiently fulfill the statutory mandate for PRC to provide its views to the State Department regarding international postal arrangements?

The PRC provided views last year regarding proposals for the Universal Postal Union Congress that established rates and classifications for market dominant postal products and services. The Commission views were in keeping with the statute and indicated whether a proposal was consistent or inconsistent with Section 3622. We also provided a rationale for the Commission's view on the proposals to the State Department as is a responsibility of the Commission. These improvements over the previous process put a proper focus on the PRC's role under the law.

21. According to documents provided to this Committee, in calendar years 2012 and 2013 you have not traveled, or do not have future plans to travel this calendar year. Do you believe you can effectively carry out the duties of your job without traveling?

Whenever travel is necessary to effectively carry out the duties of my job, I will travel. I always take into consideration the impact of official travel on the PRC budget and will continue to do so.

III. Policy Questions

Postal Reform Generally

22. The U.S. Postal Service (or “USPS”, or the “Service”) continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2012 with a net loss of \$15.9 billion and has recorded a \$3.9 billion loss in the first three quarters of FY 2013. In recent years the USPS has been unable to make its approximately \$5.5 billion annual retiree health benefits pre-funding payments required under the Postal Accountability and Enhancement Act of 2006 (PAEA) (P.L. 109-435).

- a. In your view, what is the PRC’s role in overseeing USPS’s efforts to improve its financial condition and exercising its flexibility to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

The PAEA’s goal was transparency. As the regulator, the PRC motivates the Postal Service to continue improvement in accountability. The PRC’s Annual Compliance Determination is the primary guide for USPS to comply with the statutory requirements. This comprehensive annual review focuses on financial transparency and compliance with pricing and service performance standards.

- b. How does this differ from the role of the Postal Board of Governors or the role of Congress?

The Congress sets broad national postal policy. The Congress created the Board of Governors specifically to select the management of the United States Postal Service to set the goals and policies of the agency. As the independent regulator, the PRC provides the transparency which leads to accountability.

23. In the PRC's Annual Compliance Determination Report for FY 2010, the Commission stated that while the Postal Service's reduction of work hours and other actions have reduced costs, "they will not provide the \$4 billion-\$5 billion in annual cost savings necessary to bring the Postal Service long term financial solvency and stability."

- a. What additional steps do you believe the Postal Service should take that do not require Congressional action to improve its financial condition?

The Postal Service needs to continue review of their modernization efforts to bring about further efficiencies. The Postal Service can make more use of the flexibilities Congress provided it in the PAEA. Nonetheless, legislative action appears necessary.

- b. What legislative changes do you believe Congress should consider to help improve the Postal Service's financial condition?

As provided for in the PAEA, I joined my fellow Commissioners in approving the Commission Section 701 Report to Congress which made recommendations on legislative changes.

Included was the Commission's position that the Health Care Retiree Benefit Fund payment requirements were overly ambitious and needed to be modified. The Report also recommended that the Postal Service be allowed to add new market-dominant classes of mail to provide it with more flexibility. It further recommended that the law allow the maximum revenue limitation on market tests of experimental products to be increased.

These kinds of changes could bring about more financial stability.

24. What role, if any, should the PRC have in the Postal Service's operational decisions?

Congress provided that the Board of Governors select a Postmaster General to make the operational decisions for the Postal Service. The Postal Regulatory Commission was not given a statutory responsibility for operational decisions.

25. Should Congress modify or repeal the requirement for USPS to seek advisory opinions from the PRC, as some have proposed? Why or why not?

The Postal Regulatory Commission's Advisory Opinions are in-depth and professional reviews of the Postal Service's proposed changes in the nature of service, which can be very helpful to the Postal Service and stakeholders in understanding the benefits and risks involved. The advisory, nonbinding nature of these opinions means the Postal Service is still allowed to make the changes provided they comport with the law. However, timely issuance has been problematic in some of these proceedings, and untimely advice, as a practical matter, is far less helpful than it should be.

Over a year ago, I joined with a Commission colleague in a Concurring Opinion where we questioned how relevant the advice from an N-Case proceeding is if the Postal Service does not receive that Opinion in a timely fashion.

The PRC has now issued a Notice of Proposed Rulemaking to make the Advisory Opinion process more efficient and streamlined. This proposal also pays particular attention to the responsibility to protect the rights of all affected mail users in the process.

I hope we will be able to finalize the new regulations before receipt of any additional Advisory Opinion requests from the Postal Service.

26. It has been over seven years since PAEA changed postal pricing to provide the Postal Service with more flexibility as well as improve the rate-making process.

- a. Do you believe the Postal Service has effectively utilized the pricing flexibility provided in PAEA?

The Postal Service has sent several requests for approval to develop and evaluate new products to the Commission since enactment of the PAEA. They are cases in keeping with the increased competitive flexibility allowed under the Act.

The PRC also has approved hundreds of competitive Negotiated Service Agreements from cases filed by the Postal Service. However, the Postal Service has not been aggressive in filing market-dominant NSA proposals.

- b. Do you believe that the goal of increased flexibility was met?

The PRC has approved each case the Postal Service has filed with us concerning the increased flexibility afforded it under the PAEA.

- c. Under what circumstances should “flexibility” include the ability of the Service to have different price increases for one class of mail versus another class?

The law currently allows the Postal Service to send rate requests with different price increases for different products to the Commission. The Postal Service has utilized this flexibility in every rate case filed with us. It remains our responsibility to review whether each class of mail covers its overall cost.

- d. Do the work share provisions of the Commission rules, all else equal, enhance or hinder flexibility?

The workshare provisions are the appropriate example of the flexibility allowed under the law. They are not a hindrance to flexibility.

27. In your view, how can the Postal Service return to viability in a market in which e-commerce and electronic communication and payments are increasing and mail volume is declining? What role do you believe the PRC should play in shaping the future Postal Service given these rapid changes?

While there is an ever-changing environment in the way people use the mail, there is still a need for postal service products. The Postal Service must be aggressive in pointing out the strengths they have and the service they provide to keep them relevant.

The statutory role of the PRC is to continue to be timely, accurate and reliable in consideration of the requests brought before it by the Postal Service. We also continue with the responsibility for transparency and accountability for this multibillion dollar government service.

28. What is your overall impression of how well the postal reforms under the PAEA have been implemented so far? What areas have been most challenging, and what areas do you believe need the most attention in the future?

Before the passage of the PAEA, the postal ratemaking process had become too cumbersome and expensive. It took too long. It also did not provide the predictability of rates that mailers needed, nor the flexibility the Postal Service needed to modernize and remain relevant.

The implementation of the new ratemaking system was the biggest challenge to the Postal Regulatory Commission. The PRC was successful in transforming into an entirely new agency, with different responsibilities. At the same time, the PRC completed the new regulations governing future ratemaking several months in advance of the deadline. It was accepted by both the Postal Service and the mailing community in keeping with the mandate of the PAEA.

The challenge in the future is for the PRC to continue to provide timely, accurate and reliable decisions on the statutory responsibilities of the Commission.

29. What do you believe are the most important responsibilities of the PRC, and what is your opinion of how those responsibilities have been fulfilled?

The continuing responsibility of the PRC is to carry out the PAEA's statutory requirements. To do that, the PRC has to make sure that it is producing accurate, non-biased and timely Advisory Opinions and Reports. The Commission must adjudicate fairly, in a professional and timely manner, all decisions on every case, complaint and appeal that comes before it.

The PRC must also be transparent, accountable and responsive in PRC operations. The PRC must be mindful that all activities are carried out in a frugal and responsible manner that makes wise use of the ratepayer dollars that provide the PRC's annual budget.

30. Do you believe Congress should amend the structure of the current Commission relative to how long commissioners serve? If so, please describe.

The current staggered six-year terms are appropriate.

31. Do you believe Congress should amend the process for selecting a Chair and Vice Chair? If so, please describe.

The President should continue to have the power to appoint the Chairman. Our current process for selection of a Vice Chairman does not need to be changed.

32. The PAEA substantially changed the relative responsibilities of the Postal Service Board of Governors and the Commission.

- a. What do you believe are the most important decisions the Commission has made since the PAEA?

The decision implementing the new rate-making process, the Annual Compliance Determinations, the mandated report on Universal Service, the issuing of the Advisory Opinions requested by the Postal Service, and the annual rate change cases have all been important decisions. One of the most important decisions from the PRC was the ruling which rejected the Postal Service's Exigent Rate Request.

- b. What are the key decisions you expect the Commission to make in the future under the PAEA?

The look-back regulatory model of the PAEA requires an Annual Compliance Determination by the PRC. I would anticipate that the Postal Service will make annual price adjustment requests of the Commission. Further Advisory Opinions may be requested as the Postal Service struggles financially. All these decisions would be major issues for the PRC.

- c. Generally, what approaches do you advocate the PRC should take in regulating USPS and why?

The PRC has established a good record in accordance with the statutes governing regulation of the Postal Service. This was in keeping with the guidance provided by the PAEA. I advocate the PRC remaining within the understood boundaries of the law, rather than trying to intervene in the day-to-day operational management of the Postal Service.

33. Debates about postal reform legislation raised fundamental questions about the role of the Postal Service in our nation, including the nature of the Postal Service's universal service obligation.

- a. What is your view of the Postal Service's universal service obligation?

I actively participated in the development of the PRC's 2008 report on Universal Postal Service and the Postal Monopoly, required by the PAEA. It outlined that the current obligation to provide service to all persons in all parts of the Nation, its territories, and possessions, is paramount and should not be altered. Our Report also identified the features that should be attributed to the USO.

- b. Do you believe the concept of universal service has evolved? If so, how? How do you believe USPS can adapt to meet that obligation?

As the PRC Report noted, the "universal service obligation" has been consciously and intentionally applied since only the mid-20th Century. The Postal Service should be encouraged to use their flexibilities and constantly monitor the changing needs of their customers. This should allow the Postal Service to meet their universal service obligation in the future.

- c. In your view, what is the PRC's role in preserving universal service?

The PRC has the responsibility of considering the preservation of the universal service obligation in all cases that come before the Commission.

- d. What PRC decisions or opinions have you been involved in that uphold the Postal Service's responsibility to provide universal service, and what has been your view about the universal service obligation in deciding these cases? Should the PRC encourage use of the complaint process?

Similar to the above statement, every decision and opinion I have been involved in at the PRC takes into consideration the universal service obligation.

34. Since enactment of PAEA, the PRC has interpreted the term "non-postal service" through consideration of various USPS proposals for new products and services.

- a. Do you believe the Postal Service should be allowed to compete with the private sector? If so, under what circumstances?

Under current law, the Postal Service is allowed to provide competitive postal products which are also offered by private sector companies. One example is the Priority Mail boxes similar to FedEx and UPS. In other areas where the private sector is already providing the products, there is no reason for the Postal Service to offer the same products.

- b. What concerns, if any, do you have about such efforts?

If the services are already being provided by the private sector, there is no need for the Postal Service, which enjoys the free world's largest government monopoly, to become a competitor with unfair advantages. It could cause businesses to close and private sector jobs would be lost to our economy.

- c. What role do you believe the PRC should play in the introduction or pricing of new products?

The Postal Regulatory Commission is not responsible for introducing new postal products. The PRC does have the duty to ensure that market dominant products are not subsidizing competitive products. The PRC also is responsible for making sure new products are consistent with the current statutory requirements.

35. The PAEA set forth a new process for resolving complaints against the Postal Service. What do you believe must be done to ensure that the PRC will review and resolve any complaints promptly and fairly?

The PRC published overall regulations dealing with the complaint process in line with the PAEA. Since that time, we have dealt with individual aspects of the complaint process that might need improving and have proposed new rules where needed. We will continue to review our practice to see that the process is prompt and fair

Postal Ratemaking

36. Before enactment of the PAEA, the postal ratemaking process was criticized for being too cumbersome, taking too long, and being too adversarial to best serve the financial interests of the Postal Service or postal customers.

- a. In your view, how has the ratemaking process changed from implementation of PAEA?

The PAEA was a necessity. Prior to passage of the reform legislation, the ratemaking process was outdated and impractical to modern postal realities. The PRC set up a realistic new system of ratemaking; fair to all and workable. The budget deficiencies of USPS are not because of any faulty ratemaking process.

- b. Do you believe additional improvements to the ratemaking system are necessary?

The process for ratemaking set up by the PRC has worked. Since setting up the new ratemaking system in 2007, no mailer has ever filed a complaint related to a rate that had been reviewed and approved by the Commission.

- c. How will you use the PRC review scheduled for 2016 to improve the system?

As provided for under the PAEA, the Commission's responsibility in 2016 will be to determine if the system for regulating rates and classes for market-dominant products is achieving its goals. We will have an open process, with the opportunity for public comment, to determine whether the system needs changing and consider recommendations for improvement at that time.

- d. Has the new system made pricing less adversarial?

Yes. It has simplified a process which formerly was costly, litigious and lengthy.

37. The PAEA codifies the Postal Service's ability to enter into special classifications with mailers, referred to as Negotiated Service Agreements (NSAs). The Postal Service, however, has entered into very few domestic market-dominant NSAs. Some mailers cite the lengthy and cumbersome process for NSA approval, while other stakeholders have raised concern that NSAs may lead to unfair competition.
- What are your views about the desirability and effectiveness of market-dominant NSAs under various circumstances?
 - What do you believe has hindered the more extensive use of this authority?
 - Do you believe the PAEA addresses and resolves these concerns that had previously been raised about NSAs?

In responding to this series of questions, I would say that the PAEA rightly gave the PRC the responsibility of assuring that Negotiated Service Agreements not provide unfair advantages to any individual mailer over their competitors. Because the law says that a market-dominant NSA cannot cause unreasonable harm to the marketplace, the PRC seriously reviews each request to make sure that a proposed NSA is accountable and fair.

By definition, the Postal Service enjoys a monopoly, or market dominant position, for its market dominant products. This may reduce the opportunities for profit-making NSA's.

While the Postal Service has not taken much advantage of this product line, Negotiated Service Agreements remain a potentially valuable tool. During the time I have been on the Commission there has been no delay in the PRC approving any NSA.

38. What do you believe should be the role of the PRC in helping to ensure that the quality and timeliness of the Postal Service's data in cases before the PRC are adequate?

The PRC has the responsibility to obtain the information necessary from the Postal Service to determine cases and issues before us. While there are some instances where the quality of the data has been questioned, there has not been an instance where the Postal Service refused to comply with our requests since the passage of the PAEA provided the PRC with subpoena power.

39. During consideration of the PAEA, there was debate about whether the Postal Service could realistically be expected to function under a strict consumer-inflation-based rate cap. From experience so far, do you believe the Postal Service can operate successfully under the current rate cap system? How do you interpret the rate cap and its exigency clause? Would an alternative cap be more appropriate?

The price cap on market-dominant products has caused the Postal Service to focus on making its operations more efficient and cost effective. No government monopoly would undertake such efforts without being forced to. So, the price cap has been successful in that regard. Major mailers have continually pointed out that the predictability in postage increases, because of the price cap, has led to predictable mailer planning and market-dominant products still make up eighty percent of Postal Service Revenues.

As I have testified before, exigent circumstances means an emergency, such as the deadly anthrax mailings, for instance. The Postal Service's simple inability to raise enough revenue is not, itself, an exigent circumstance.

Should the Postal Service file another exigent rate increase with the PRC, each Commissioner has the responsibility to withhold judgment until the case has been adjudicated before us. However, in 2010, the Commission rightfully did not grant the Postal Service the ability to implement an exigent rate increase because it was unable to quantify the impact of the recession on its finances and to show how its rate request responded to changes in mail volume caused by the recession.

Service Standards and Other Performance Obligations

40. What do you believe should be the PRC's role in establishing performance standards for postal products and services and for monitoring the Service's results in meeting these standards? Do you believe that the Service has sufficient business incentives to provide good service?

As contemplated by the PAEA, service standards have been established by the Postal Service in consultation with the PRC and we now require reporting of service performance. Under the law, this information is analyzed and reported in the PRC's Annual Compliance Determination (ACD). The comprehensive ACD focuses on compliance with pricing and service performance standards as well as financial transparency.

41. The PAEA requires the Postal Service to consult with the PRC in establishing modern service standards, as well as in modifying the standards and planning for future standards. How do you believe this consultation should be carried out? What additional value, if any, do you believe the PRC can bring to this process? Do you believe PRC consultation has been effective thus far?

As was established by the PAEA, the consultations between the Postal Service and the PRC were carried out in establishing the standards. The continuing consultations have been beneficial to both agencies. They assure that both the Commission and the Postal Service understand each other's responsibilities.

42. In your view, what degree of transparency should the Postal Service provide to Congress, mailers, and the public on delivery performance goals and general quality of delivery services? Do you believe the PRC has sufficient information to monitor service quality?

Unless the Postal Service has a specific legitimate reason to withhold information, they are to be transparent in their reporting. Providing the PRC sufficient information is an evolving process, which the Commission needs to keep the Postal Service accountable for.

43. Many postal stakeholders have raised concerns about the adequacy of the Service's financial transparency. The PAEA requires the Postal Service to meet the financial reporting requirements of the Sarbanes-Oxley legislation. What is your opinion of this mandate and do you believe the Postal Service has satisfied this mandate?

The Postal Service has said that going through the process of having to meet the financial reporting requirements was beneficial for them. As it is a continuing requirement, the PRC provides a continuing review. The Postal Service is complying with this mandate. The PRC has not received complaints about the Postal Service's financial reporting requirements under Sarbanes-Oxley.

44. In March 2011, the PRC issued an advisory opinion about the USPS's proposal to reduce delivery to five days per week. In its opinion, the PRC identified many shortcomings in the USPS's proposal, including a lack of consideration for the disproportionate effect the proposal would have in rural areas.

- a. What is the role of the PRC in mail delivery service frequency determinations?

The Postal Regulatory Commission was not given the responsibility for determining the Postal Service's number of delivery days. However, the PRC was given the mandate in the PAEA to report on the Universal Service Obligation (USO). Our 2008 USO Report did state that a minimum five day delivery was necessary for the USO to be met. While the Postal Service has proposed making changes in delivery days, the Congress has restricted changes.

- b. Do you believe the PRC's opinion is relevant to Congress's consideration of legislative proposals to allow USPS to reduce delivery days?

The PRC's unanimous opinion was a reliable review of the effect reducing delivery days could have. I joined with my colleagues in stating that the USPS had not adequately considered the effect the original proposal would have in rural and non-contiguous areas of the country.

In separate views, I did point out our analysis showed that even after the Postal Service's somewhat optimistic estimates were corrected, the elimination of Saturday delivery would provide substantial financial benefit.

- c. Do you believe the PRC's opinion on this matter should be binding rather than advisory? Please explain.

Congress properly establishes national postal policy. That is why the PRC was asked to provide an Advisory Opinion rather than issuing a binding decision on this issue.

Post Office Closings and Relocations

45. In your opinion, does the existing process for closing and relocating post offices adequately protect the interests of postal customers and the affected communities, especially in small towns and rural areas? If not, what additional protections do you believe are necessary?

Current law requires that in making the determination on whether to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. These are definitive safeguards. Anyone who finds these considerations have not taken place has appeal rights to the Postal Regulatory Commission.

46. Many members of the public have expressed a concern that the Postal Service does not adequately involve affected communities in the decision-making process for the closings of post offices and processing facilities. What are your views on this issue?

Anyone who believes the Postal Service has acted in an arbitrary or capricious manner has appeal rights to the Postal Regulatory Commission. The Commission must impartially consider any appeal that comes before it.

47. Do you believe the PRC should have final authority to approve post office closings?

The Congress has determined that the PRC may remand matters to the Postal Service for further consideration. However, it does not authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service. It remains the Postal Service's responsibility to run their day-to-day operations.

48. Does the process for closing and relocating post offices need to be improved?

While I was not a member of the Commission at the time the Advisory Opinion on the Postal Service's Retail Access Optimization Initiative (RAOI) was issued, I was active in consideration of the AO during my time at the PRC and agreed with its findings.

As was pointed out, "The Commission was unanimous in expressing its concern that the Postal Service's plan did not and could not, because of lack of data and analysis, determine the facilities most likely to serve the greatest number, reduce the greatest costs, or enhance the potential for growth or stability in the system. We agree that the Postal Service access network should be right-sized but found that the RAOI was not the proper approach to meet that goal."

The subsequent POST PLAN adopted by the Postal Service is an improvement over the original RAOI. Additionally, the Postal Service adopted a number of suggestions from the commission Advisory Opinion on ways to improve the process for evaluating whether to close retail facilities.

49. Do you believe the Postal Service should have additional flexibility to more quickly and easily close post offices? If so, what impact do you believe this will have on the USPS's current retail network?

Their current authority does not allow the Postal Service to be arbitrary or capricious, nor abuse their discretion. This allows the Postal Service flexibility in managing their retail network while providing necessary safeguards.

50. Over the past few years, USPS has expanded its retail network to existing retail facilities, such as Office Depot.

- a. What is your view on USPS's efforts to offer postal products and services at existing retail facilities and other alternative retail locations?

The more presence the Postal Service has, the more opportunities it has for sale of its products.

- b. To what extent do you think the availability of postal services at alternative locations should be a key factor when considering closing or consolidating traditional retail facilities?

The availability of postal services at alternative locations is a necessity, but only one factor when closing or consolidating traditional retail facilities.

51. Are improvements needed to the PRC's appeals process related to closing and consolidating post offices? If yes, what specific changes do you believe are needed? If no, please explain why you believe the current process is viable.

The PRC has already published revised regulations relating to the PRC appeals process. They updated the procedures for the review of Postal Service determinations to close or consolidate post offices. These new regulations allow anyone affected by closing and consolidating post offices to appeal to the Commission.

IV. Relations with Congress

52. 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 confirmed?

Yes.

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

Yes.

V. Assistance

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

These answers are my own. I have not consulted with the PRC or any interested parties.

I, TONY HAMMOND, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Tony Hammond

(Signature)

This 25th day of Sept., 2013

Senate Committee on Homeland Security and Governmental Affairs

Page 20 of 20

Post-Hearing Questions for the Record

Submitted to Mr. Tony Hammond

From Ranking Member Tom A. Coburn

Nomination, Commissioner, Postal Regulatory Commission

October 2, 2013

1. The Postal Service filed documents for an exigent price increase it deems necessary. There is the possibility your nominations could lapse while this case is being reviewed by the PRC. Could you explain what a lapse would mean practically in terms of your involvement in the case should your nomination(s) lapse? The Commission would have a quorum without you on the occasion your nomination lapses, and would retain the same political balance. What makes your near-term confirmation essential?

Should my current appointment to the Commission end before my re-appointment is completed, I would obviously not be voting on any Order issued during that time period even though cases would be decided that I had been actively involved in. The day the President signs my re-appointment, following the advice and consent of the Senate, I would resume voting on all issues before the Commission. This would include the Exigency Case (Docket # 2013-11). It would also entail the Market Dominant Price Adjustment Case (Docket # 2013-10) the Postal Service filed concomitantly that the Commissioners are considering under our 45 day review.

The Commission also has several open dockets that I began work on as soon as they were filed. As a full-time Postal Regulatory Commissioner, I am currently involved in all cases and proceedings before the Commission.

Chief among the pending Rulemakings, I am working with my colleagues to finalize reform of the procedures for the issuance of Advisory Opinions to speed up the review process, which has been a major congressional concern. Six other active Rulemakings are in progress, including rules for market tests of experimental products to provide the Postal Service more flexibility.

The Commission also has eleven active cases involving Competitive Prices and Negotiated Service Agreements which Commissioners must finalize in the next few weeks. We also have one new Competitive Product Price Request, two Post Office closing appeals and one major Complaint Case to rule on.

For the immediate future, because of the partial federal government shutdown, the full Commission may receive motions requesting procedural relief in any of these cases. Each Commissioner will have to separately consider any motions filed on any active docket, including the exigency case and the price adjustment case, before votes can be taken on procedural relief. No one can predict what additional actions may be filed with the Commission due to the shutdown.

All of these activities are occurring in relation to the continuing requirements of the Commission under the law.

We are currently working on the PRC's FY2013 Annual Report to the President and the Congress which we will have completed for submission this December. By the end of this calendar year, the PRC will also receive the Annual Compliance Report from the Postal Service. This begins the Commission's work on the comprehensive ACD (Annual Compliance Determination) that we must provide under the PAEA which reports on Postal Service financial transparency and compliance with pricing and service performance standards. This is in addition to the continuing dockets of which, as example of our workload, there were a total of 343 discussed in the Commission's 2012 Fiscal Year Annual Report.

I would leave to others the discussion of political balance. My term ends on October 14, 2013. The next term ending is Commissioner Langley's on November 22, 2013. The law as passed by the Congress provides that there will be five Commissioners, with no more than three from one political party.

With the U. S. Postal Service in financial crisis, a full-time functioning Commission with the statutorily-mandated five Commissioners is to the benefit of all stakeholders. Each Commissioner brings to the role a unique background and expertise. Issues brought before the Commission are often complex matters. I know personally that having the benefit of the greater perspective of a full complement of Commissioners better ensures a fair and thorough review.

Finally, with regard to the issue of a Commission quorum, an unanticipated absence of one of the current Commissioners would result in less than a quorum if there were only three sitting members. If such a circumstance occurred, the Commission would be unable to issue a timely decision on the Postal Service's Exigent Rate Request or any other case.

Senator Mark Begich
Additional Questions for the Record
Nomination of Tony Hammond to be Commissioner for the Postal Regulatory Commission
October 2, 2013

1. What role do you see for the Bypass Mail program in providing rural Alaskans with universal service?

The Bypass Mail program is part of the Postal Services' Universal Service Obligation (USO). The Postal Regulatory Commission includes the Alaska Air Subsidy in reporting the estimated costs to the Postal Service for providing universal service in the PRC's Annual Report to the President and Congress.

2. Are you supportive of the Bypass Mail program?

I support the USO. As long as the Congress has made the determination to continue the USO, there should be a Bypass Mail program.

3. What if any changes do you think should be made to the Bypass Mail program?

I have no specific changes to recommend.

Statement of Nanci E. Langley
Nomination Hearing to be a Commissioner
Postal Regulatory Commission
U.S. Senate Committee on Homeland Security
and Governmental Affairs

October 2, 2013

Mr. Chairman, Dr. Coburn, distinguished members of the Committee; I appreciate having the opportunity to appear before you today, and I thank you for considering my re-nomination to the Postal Regulatory Commission

I am honored to be nominated by President Obama to a second term as a Commissioner, and I thank him for the trust he has placed in me.

This past February, I marked my 30th year of federal service. For 24 of those years, I had the privilege of serving as a senior legislative and policy advisor to two United States Senators from Hawaii. I was honored to advise Senator Dan Akaka on issues that came before this very Committee for over 15 years, 9 of which was as his deputy staff director on the federal workforce and government management subcommittee. As you know, he was active in the development and passage of the Postal Accountability and Enhancement Act, especially in the area of financial transparency and accountability. Although Senator Akaka has retired to Hawaii and his beloved family, I greatly appreciate his support for my initial nomination as well as my re-nomination. I want to thank him for that unwavering support.

Having grown up in Hawaii, I understand the unique challenges faced by individuals who reside or do business in rural, remote or noncontiguous areas of the United States. Their dependence on the US Mail many times is greater than those who reside in urban or suburban areas. But just as I appreciate those challenges, I also appreciate the challenges facing the Postal Service as it faces declining mail volumes and electronic diversion of mail. I am pleased Congress and this Committee are working to address the issues discussed in the past two weeks of postal hearings.

A vital U.S. postal system is a cornerstone of our national economy, which depends on a healthy postal service to spur economic growth - foster America's entrepreneurial spirit and link family and friends across thousands of miles. Even though we communicate in ways unimagined by our Founding Fathers, hard copy mail, including packages, continue to bind the nation together through universal and affordable service.

After working on the PAEA, and now implementing its provisions, I have a deeper appreciation of the importance of an independent regulator. The need for clear, well-reasoned and unbiased reviews of Postal Service initiatives and its financial condition are especially important to ensure a balance between the flexibilities given to the Postal Service with the accountability and transparency provided by the Commission as envisioned by the PAEA. As a Commissioner, I strive to provide fair, reasoned and expeditious review of all matters that come before me, and I will continue to work toward streamlining our review processes while ensuring due process.

Thank you Chairman Carper, Dr. Coburn and members of the Committee. I also wish to thank your staff for assisting me through the nomination process, especially John Kilvington, Katie Bailey, Kata Sybenga, Joe Moeller and Deirdre Armstrong. And, I thank our Commission staff for their professionalism, expert advice and commitment.

Mr. Chairman, this concludes my statement, and I am happy to answer any questions the Committee may have of me.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
Name of Position	Date of Nomination
Commissioner, Postal Regulatory Commission	April 25, 2013

<i>Current Legal Name</i>			
First Name	Middle Name	Last Name	Suffix
Nanci	Ellen	Langley	

<i>Addresses</i>					
Residential Address (do not include street address)			Office Address (include street address)		
			Street: 901 New York Avenue, NW, Suite 200		
City: Falls Church	State: VA	Zip: 22042	City: Washington	State: DC	Zip: 20268

<i>Other Names Used</i>						
First Name	Middle Name	Last Name	Suffix	Check if Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
Nanci	Langley	Savit			06/1969 Est <input type="checkbox"/>	11/1978 Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1948	San Francisco, California

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married <input type="checkbox"/>	Married <input checked="" type="checkbox"/>	Separated <input type="checkbox"/>	Annulled <input type="checkbox"/>	Divorced <input type="checkbox"/>	Widowed <input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
<u>Spouse's First Name</u>	<u>Spouse's Middle Name</u>	<u>Spouse's Last Name</u>	<u>Spouse's Suffix</u>
R.	William	Selander	

<i>Spouse's Other Names Used (current spouse only)</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Married Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (If over 18)</i>			
First Name	Middle Name	Last Name	Suffix
Joshua	Dylan	Savit	

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
University of Southern California, Los Angeles	University	09/1966 Est <input type="checkbox"/>	05/1971 Est Present <input type="checkbox"/> <input type="checkbox"/>	B.A.	08/1971
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment.
If the employment activity was military duty, list separate employment activity periods to

show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non- Federal Employment), Self- employment, Unemployment, Federal Contractor, Non- Government Employment (excluding self-employment), Other	<u>Name of Your Employer/ Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
Federal employment	Postal Regulatory Commission	Commissioner, Vice Chair (2012, 2007-8)	Washington, DC	06/2008 Est <input type="checkbox"/>	Present Est <input type="checkbox"/>
Federal employment	Postal Regulatory Commission	Director, Public Affairs and Government Relations	Washington, DC	04/2007 Est <input type="checkbox"/>	06/2008 Est <input type="checkbox"/>
Federal employment	U.S. Senate/ Subcommittees of HSGAC and GAC (Akaka)	Deputy Staff Director	Washington, DC	03/1999 Est <input type="checkbox"/>	03/2007 Est <input type="checkbox"/>
Federal employment	U.S. Senate/ Office of Senator Daniel K. Akaka	Legislative Assistant	Washington, DC	05/1990 Est <input type="checkbox"/>	02/1999 Est <input type="checkbox"/>
Federal employment	U.S. Senate/ Office of Senator Spark M. Matsunaga	Communications Director	Washington, DC	02/1983 Est <input type="checkbox"/>	04/1990 Est <input type="checkbox"/>

Please see attachment for additional employment

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

None

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>

		Est 2	Est 3	Present 4
--	--	----------	----------	--------------

4. Potential Conflict of Interest

(A) 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

(B) 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 or execution of law or public policy, other than while in a federal government capacity.

None

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

Special Recognition, Office of Personnel Management
20-year Service Recognition Award, United States Senate
Special Recognition Award, National Association of Postal Supervisors

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
National Academy of Public Administration	2009-present	Fellow
National Academy of Public Administration	01/2012 – 03/2013 (Inactive 09/2012-03/2013)	Member of Finance Committee
Women in Logistics Delivery	2008-2012	Member
Antiquarian Bookseller Association of America	1983-2004	Associate Member

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

No

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service (if applicable)</u>

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
Fairfax County Democratic Party	Unpaid volunteer	Poll Watcher	11/2008

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Obama for America	\$1,350	2012
Obama for America	\$1,000	2011
Obama for America	\$250	2008

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

Wrote four articles in 1980-81 as a free-lance writer for *The Christian Science Monitor* on the following assigned topics: Teenage Alcohol Abuse, Intern Opportunities, Traveling with Children, and Energy Conservation Tips. I do not have copies of these articles.

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>

Informal remarks updating Commission activities	Executive Board of the National Postal Policy Council	02/2011
Informal remarks updating Commission activities	Executive Board and officers of the National Association of Postmasters of the United States	03/2010
Informal remarks providing an overview of the Commission	Regulatory Forum sponsored by Rutgers University, Center on Regulated Industries, attended by regulatory economists and analysts	05/2009
Informal remarks updating Commission activities	American Catalog Mailers Association	05/2009
Informal remarks updating Commission activities; Presented with former Commission Chairman Blair	Executive Board of the Direct Marketing Association	04/2009
Informal remarks providing an overview of Commission activities	An audience of postmasters, postal supervisors, invited guests and Members of the CA congressional delegation, sponsored by the CA Postal Coalition [CA chapter of the National Association of Postmasters].	01/2009
Informal remarks on Commission activities	Continuity Shippers Association	09/2008
Informal question and answer session on the role of the Commission	National Association of Postmasters of the United States before an audience of active and retired postmasters and other US Postal Service officers and employees.	08/2008
Informal remarks on Commission activities (Presented while the Director of PAGR)	Continuity Shippers Association	09/2007

Informal Remarks - Senate: As deputy staff director of the Senate Subcommittee on the Oversight of Government Management, the Federal Workforce and the District of Columbia, I was invited to speak at forums and legislative meetings to convey Chairman/Ranking Member Akaka's views and to address activities on issues related to the US Postal Service, the federal workforce and government management. Please see attachment for a listing of these informal remarks.

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you?
(Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.)
No
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?
No
- Have you been charged, convicted, or sentenced of a crime in any court?
No
- Have you been or are you currently on probation or parole?
No
- Are you currently on trial or awaiting a trial on criminal charges?
No
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?
No

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
- 2) Firearms or explosives: **Yes / No**
- 3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**

1) Name of the law enforcement agency that arrested/cited/summoned you:

2) Location of the law enforcement agency (city, county, state, zip code, country):

- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
 - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
 - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

No

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

No

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

N/A

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No

<u>Name of Agency/Association/Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No

12. Tax Compliance

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No

14. Outside Positions

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

15. Agreements or Arrangements

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for:
(1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred

compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

16. Additional Financial Data

REDACTED

REDACTED

81

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Harri E. Langley

This 2nd day of May, 2019

Attachment – Speeches/informal remarks as Senate staff

2006 – informal remarks and panel participation on legislation to establish deputy secretaries for management at the Departments of Defense and Homeland Security at a discussion sponsored by *Government Executive* magazine.

04/2006 – informal remarks on federal workforce issues, Honolulu-Pacific Federal Executive Board.

05/2006 – informal remarks on federal workforce issues, Chief Human Capital Officers Council, Office of Personnel Management.

03/2006 – Panel discussion on postal reform, National Association of Postmasters of the United States.

01/2006 – informal remarks and panel discussion, Federal Workforce Forum sponsored by the Office of Personnel Management.

01/2006 – informal remarks and panel participation, National Academy of Public Administration Performance Consortium Forum on Multi-Sector Workforces.

02/2006 and 02/2005 – informal remarks on federal workforce issues, Federal Bar Association.

02/2006, 02/2005 and 02/2001 – informal remarks and panel participation on postal reform, National Association of Postmasters of the United States Leadership Forum.

08/2005 and 08/2004 – informal remarks and panel participation on federal workforce issues, Federal Disputes Resolution Forum.

04/2005 – informal remarks on postal reform, National Postal Mail Handlers Union Conference.

07/2004 – informal remarks and panel participation, National Association of Letter Carriers Annual Meeting.

07/2004 – informal remarks on federal workforce issues, Honolulu-Pacific Federal Executive Board.

03/2002 – informal remarks and panel participation on postal reform and general postal issues, National Association of Postal Supervisors Legislative Training Seminar.

I have also given informal remarks and participated in various forums sponsored by the Office of Personnel Management, the Government Accountability Office, the Federal Managers Association, the National Treasury Employees Union and the Senior Executives Association. I do not have particular dates, but all participation occurred prior to April 2007.

In addition, from 2000 – 2007, I participated annually at approximately four seminars per year offered to the public by TheCapitolNet, an affiliate of Congressional Quarterly, Inc., to share my views on the congressional process and preparing for congressional hearings. I was also a guest speaker at the Brookings Institution Executive Education program, "Inside Congress: Understanding the Legislative Process," on various dates. I received no compensation from any of these appearances, all of which were held in Washington, DC and included other congressional staff.

Attachment – Additional Employment since 18 Years of Age

Writer/Editor [Winter 1981 – January 1983]
American Dental Association – Governmental Affairs Office
Washington, DC

Staff Assistant [May 1980 – October 1980]
Robinson & Associates Public Relations
Boston, Massachusetts

Secretary [Fall 1977 – April 1979]
Republican National Committee
Washington, DC

Recruiter [1976 – 1977]
George Washington University Hospital – Center for Family Research
Recruiter for participants for federal research project on families and alcoholism
Washington, DC

Writer [1974 – 1976]
National Consumers League
Washington, DC

Assistant [1972 – 1973]
Montgomery County Office of Consumer Affairs
Rockville, Maryland



United States
Office of Government Ethics
1201 New York Avenue, N.W., Suite 500
Washington, DC 20005-3917

MAY 10 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Nanci E. Langley, who has been nominated by President Obama for the position of Commissioner, Postal Regulatory Commission.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Don W. Fox
Principal Deputy Director

Enclosures **REDACTED**



NANCI E. LANGLEY
COMMISSIONER

April 10, 2013

Stephen Sharfman
Designated Agency Ethics Official
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268

Dear Mr. Sharfman,

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner, Postal Regulatory Commission.

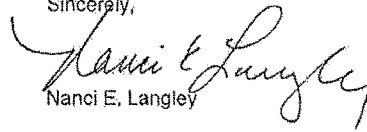
As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption pursuant to § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will retain, in name only, my position as a Fellow in the National Academy of Public Administration. I will not participate personally and substantially in any particular matter involving specific parties in which the National Academy of Public Administration is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in cursive script, reading "Nanci E. Langley". The signature is written in black ink and is positioned above the printed name.

Nanci E. Langley

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-Hearing Questionnaire for the
Nomination Nanci E. Langley to be Commissioner, Postal Regulatory Commission**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President re-nominated you to serve as a Commissioner of the Postal Regulatory Commission (“PRC” or “the Commission”)?

I am honored to be nominated by President Barack Obama to a second term as a Commissioner of the PRC and believe my 30 years of experience in regulatory, policy and legislative matters related to the U.S. Postal Service and government management is the basis of my re-nomination. Prior to my appointment in 2008, as a Commissioner on the Postal Regulatory Commission, I served as a senior officer at the Commission having established and directed the PRC’s first public affairs and government relations office.

Previously, I served for 24 years as a senior U.S. Senate legislative and policy advisor on issues related primarily to the Postal Service, government management, and the federal workforce. I am an elected Fellow of the National Academy of Public Administration. I have postal-specific expertise, professional standing, and in-depth public administration/management knowledge and skills that meet the requirements of 39 U.S.C. §502(a).

2. Were any conditions, expressed or implied, attached to your nomination?

No.

3. What specific background and experience affirmatively qualifies you to be a Commissioner of the PRC?

I have been a Commissioner and PRC executive at a critical time, and I have been involved in leading the PRC as it transitioned from postal rate making to impartially and independently regulating the Postal Service. Specifically I have participated in all Commission cases and matters. Examples include issuing five advisory opinions related to nationwide changes in postal services, reviewing multiple annual rate adjustments of general applicability and an exigent rate increase request, implementing rules for a modern system of ratemaking under an inflation-based price cap, and statutorily-required reports to Congress. I have been elected twice by my fellow Commissioners to the position of Vice Chairman and served as presiding officer in directing the Commission’s efforts to issue an advisory opinion in 90 days on the Post Office Structure Plan (POStPlan).

As a senior legislative and policy advisor in the U.S. Senate, I served for 9 years as deputy staff director on subcommittees of the Senate Committee on Homeland Security and Governmental Affairs and its predecessor Committee on Governmental Affairs. Prior to that I was senior legislative assistant covering postal, among other issues, for Senators Daniel K. Akaka and Spark M. Matsunaga. I have substantive experience in regulation, legislative policy and public administration and a strong working knowledge of the laws and regulations affecting the Postal Service, as well as significant institutional background in postal and large-scale government reorganization.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as a Commissioner of the PRC? If so, what are they and to whom have the commitments been made?

No.

5. If 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.

No.

II. Role of the Postal Regulatory Commission and its Commissioners

6. What is your view of the role of a Commissioner of the PRC? How has this view changed over the course of your tenure as a Commissioner?

The primary role of a Commissioner is to carry out the responsibilities invested in the Commission by Congress through the Postal Accountability and Enhancement Act (PAEA), and other applicable laws and regulations. As a Commissioner, I support the overall effort to keep Congress informed of relevant developments and endeavor to reach fair and well-reasoned decisions that support prompt completion of Commission work. If re-confirmed, I will continue to approach this responsibility in a balanced and unbiased manner. Adherence to the law is a duty I take seriously.

7. In your view, what are the major internal and external challenges facing the PRC, and how have they evolved since you were appointed to the PRC?

Initially, an internal challenge was the need to promulgate regulations with time-sensitive, statutory deadlines and create a regulatory climate that recognizes the flexibility accorded to the Postal Service in the offering and pricing of its products. The Commission had limited staff that was required to transition from cost-of-service ratemaking to a system that balanced rate making flexibility for the Postal Service with Commission regulatory oversight. The Commission has increased staff – hired individuals with needed expertise – and generally meets its deadlines. Currently the Commission faces internal challenges of managing a diverse workload with limited resources. For example, as the Postal Service seeks new revenues and competes in new markets, the Commission would benefit from developing further expertise in competition law and economic theory.

Externally, there is a need to respond to the challenges facing the Postal Service by diversion of hard copy mail and market changes that are shaping the role of the Postal Service in our society. Transparency and accountability of postal finances and operations have become all the more important given the Postal Service's financial condition and its rapidly changing business environment. Ensuring a high degree of transparency benefits all users of the mail because it is the rate payer who funds the Postal Service. The PRC should continue to meet the external challenges by ensuring public input and working cooperatively within the law with the Postal Service.

8. How have you addressed the challenges facing the PRC during your term as Commissioner?

In my role as presiding officer directing the Commission's efforts in reviewing the Postal Service's proposal and crafting an advisory opinion on the POSTPlan, I marshaled limited resources and managed the process to ensure a timely advisory opinion was issued 90 days after the Postal Service requested review. I have been fully supportive of the Commission reforming its rules, particularly those governing the advisory opinion process to ensure timely and relevant Commission opinions. During my tenure as Commissioner, I have worked with Commission staff to ensure consistent legal and economic analysis that provides for timely, impartial, and informed decision-making in addition to promoting collegiality among Commissioners.

9. What do you think is the PRC's most important role now and going forward given the changing nature of communication and commerce?

The Commission must ensure the completeness, accuracy and clarity of information provided by the Postal Service in its Annual Compliance Report, which is the basis for the Commission's Annual Compliance Determination (ACD – 39 U.S.C. § 3653) review, and for all rate, classification, exigent, and advisory opinion requests to be completed in a timely and unbiased manner, thus promoting the flexibility given to the Postal Service to respond to its constantly changing business environment.

10. What do you believe have been your principal accomplishments during your tenure at the PRC? What contributions do you hope to make if confirmed for a second term?

I participate in all Commission activities. My reasoned, unbiased and pragmatic viewpoint has been exhibited as the presiding officer for the POSTPlan advisory opinion, and as the team leader for the "Section 701 Report" that was submitted to Congress, the Administration and the Postal Service four months ahead of schedule. If re-confirmed, I would continue to be an active participant in all Commission activities and look forward to reforming Commission processes to increase efficiency and timeliness in PRC proceedings.

11. If confirmed, how would you coordinate and communicate with PRC staff to accomplish the PRC's goals?

I am privileged to have served the Commission both as a Commissioner and as a member of the staff and enjoy professional and personal friendships, which will continue if I am confirmed for a second term. I foster these relationships through regular meetings with my fellow Commissioners, PRC office heads and staff, all of whom know that I am always accessible. I am an active participant in our quarterly strategic planning sessions, which bring together office heads and Commissioners to analyze the effectiveness of current strategic goals and map out future goals.

12. What do you believe should be the PRC's top three priorities over your six-year term?

My top three priorities will be to strengthen relations with Congress to ensure timely and responsive answers to questions and concerns about the Commission's activities; to carry out the Commission's regulatory responsibilities in a fair, unbiased and expeditious manner; and to ensure that regulations, as written and implemented, are consistent with the law.

13. How do you believe the PRC could improve the management and timeliness of its docket while

also maintaining or improving the quality of decision-making?

I understand that to be relevant, the Commission must issue its opinions within expected timeframes. Positive steps are being taken to improve the timeliness of dockets through final or proposed rulemakings that, as examples, establish rules for experimental products, streamline consideration of Postal Service requests for advisory opinions, modernize post office appeal rules, and promulgate rules to consider complaints of Postal Service anticompetitive behavior. Commission opinions must be issued in a timely fashion after fair and unbiased reviews that include opportunities for public comment. The Commission's "Section 701 Report" recommended a 90-day review of advisory opinions, and the Commission has proposed rules out for public comment that streamline the consideration of such cases.

14. Should the general management of the Commission be more or less vested in the Chair?

Under existing law, it is a President's prerogative to designate the Chairman, thereby conferring executive, administrative and budget authority with that person. I have worked with a number of PRC chairmen and commissioners in my role as Commissioner and as PRC and Senate staff, and I understand that each has his or her own management style. A responsible and effective Chairman works with his or her colleagues to ensure, when possible, that divergent views are accommodated in a collegial manner.

15. The PRC listed human capital management as a key strategic goal in its Strategic and Operational Plan. What role have you played, as a Commissioner, in helping recruit and retain a talented and skilled workforce?

Recruiting, retaining and motivating a workforce are critical elements for any organization. The Commission's staff is composed of highly professional individuals, who have appropriate legal or analytical skills. I have actively participated in the development of the Strategic and Operational Plans since I arrived at the Commission in 2007 and will continue to stress human capital management as a strategic and operational goal. Because of my background as a legislative and policy advisor and manager in the Senate who worked on human capital issues for 24 years, I do not hesitate to offer my opinions on draft personnel policies and have recommended specific changes that have been adopted. I want to make sure the Commission has a strong program to recruit and develop younger staff that is critical to succession planning in the Commission. I am pleased to serve as a mentor to these individuals.

16. As a Commissioner, do you believe that retention incentives are a necessary tool in recruiting and retaining an effective workforce? Should retention incentives be a first or last resort?

Retention incentives are designed to allow an agency to retain individuals whose expertise is unique or who cannot be replaced or if the agency is facing a special need. In all cases, however, retention incentives should be used judiciously. While there may be individual circumstances that dictate the need for a retention bonus, there should be a legitimate reason for offering an employee a retention incentive, and it must be accompanied by a written service agreement as prescribed by title 5.

17. What should you and your fellow Commissioners do to help ensure that the Office of Inspector General established under the Postal Accountability and Enhancement Act (PAEA) functions independently and effectively?

Senate Committee on Homeland Security and Governmental Affairs

Page 4 of 22

I support the Inspector General's independence and take his findings seriously. I would object to attempts to impede the function of that office and respect the Inspector General's right and responsibility to investigate allegations of internal waste, fraud, abuse and whistleblower violations, or other employee rights violations.

18. How do you believe your prior experience would help inform and guide your decisions as a Commissioner of the PRC for a second term?

As a Commissioner since 2008, and previously as director of the Commission's Public Affairs and Government Relations Office, I have experience implementing the PAEA, which I helped develop and enact, as a senior staff member of this Committee. Because of these cumulative experiences, I am able to assess the different options available to the Commission as it carries out its responsibilities. Through my current and past positions, I understand how to incorporate varying views in a collegial, consultative and unbiased manner.

19. The PRC is an independent agency. How do you understand that obligation of independence? How does such independence affect your approach to the evaluation and decision of cases?

The Commission, as a body, is independent, both from the Postal Service, which it regulates, and the mailing public, who are impacted by the Postal Service and PRC's actions. The Commission must remain independent of those forces to provide fair and responsible oversight of a government establishment that is tasked with competing in commercial markets while also offering certain monopoly or market dominant products. My responsibility is to administer the law as enacted by Congress and interpreted by the Courts.

In addition, although our decisions are issued jointly, each Commissioner is, in effect, a separate office. I independently analyze all matters that come before the Commission to arrive at my opinion. Should I chose to offer a separate concurrent opinion to an underlying opinion, or dissent on an opinion, I ensure that such opinions are germane to the order and specific to the topic under consideration.

20. How can PRC effectively and efficiently fulfill the statutory mandate for PRC to provide its views to the State Department regarding international postal arrangements?

Under 39 U.S.C. 407(c)(1), the Secretary of State (State) requests from the Commission its views on whether any treaty, convention or amendment establishing a rate or classification is consistent with the standards and criteria established by the Commission under section 3622. To fulfill this requirement, the Commission reviews all international postal rates. Proposals may be presented in advance of, or during, the Universal Postal Union (UPU) Congress, UPU Postal Operations Council meetings or the Council of Administration. In addition, if requested, the Commission provides its expertise and assistance to State before, during and after the UPU Congress and meetings.

To ensure timely responses to State, the Commission is developing internal procedures for the expeditious review of all international proposals requiring a Commission determination of compliance with section 3622.

21. According to documents provided to this Committee, in calendar years 2012 and 2013 you have not traveled, or do not have future plans to travel this calendar year. Do you believe you can effectively carry out the duties of your job without traveling?

I do not have future travel plans this calendar year. Generally, I can effectively carry out my responsibilities without traveling, but understand that there may be times when the responsibilities of my office could necessitate travel.

III. Policy Questions

Postal Reform Generally

22. The U.S. Postal Service (or “USPS”, or the “Service”) continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2012 with a net loss of \$15.9 billion and has recorded a \$3.9 billion loss in the first three quarters of FY 2013. In recent years the USPS has been unable to make its approximately \$5.5 billion annual retiree health benefits pre-funding payments required under the Postal Accountability and Enhancement Act of 2006 (PAEA) (P.L. 109-435).

- a. In your view, what is the PRC’s role in overseeing USPS’s efforts to improve its financial condition and exercising its flexibility to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

The Commission’s role in overseeing the Service’s efforts to improve its financial condition and meet its legal obligations includes an independent, timely review of pricing and classification requests so that the Service can use its flexibility to operate more efficiently and to maximize revenue. This is especially true in the areas of the introduction of new products, promotional pricing incentives, use of negotiated service agreements and market tests. Timely review in these areas allows the Postal Service to quickly exercise its flexibility.

Issuing useable analysis of postal finances, operations and service performance through the ACD process and through general dockets fosters the transparency and accountability required by law and better positions the Postal Service and its customers to respond to the changing postal environment.

- b. How does this differ from the role of the Postal Board of Governors or the role of Congress?

As an independent regulatory body, the Commission’s statutory responsibilities are varied, but include providing expert independent review of postal finances, operations and performance as dictated by the PAEA. The Board, while also nominated and confirmed by the U.S. Senate, has a fiduciary responsibility to the Postal Service, as well as sole oversight responsibility for its operational and management decisions, including the appointment of the Postmaster General, Deputy Postmaster General, Inspector General and other members of the Postal Service leadership team. Congress establishes overall, national postal policy.

23. In the PRC’s Annual Compliance Determination Report for FY 2010, the Commission stated

that while the Postal Service's reduction of work hours and other actions have reduced costs, "they will not provide the \$4 billion-\$5 billion in annual cost savings necessary to bring the Postal Service long term financial solvency and stability."

a. What additional steps do you believe the Postal Service should take that do not require Congressional action to improve its financial condition?

In addition to significantly reducing its workforce, cutting operating costs and realigning carrier routes, the Service is currently consolidating its mail processing network, which it states will save \$1.6 billion annually when that process is completed in 2014. The Postal Service has also implemented the POSiPlan, which is aligning retail hours with workload at approximately 13,000 small post offices. Through the greater use of automated postal centers (APCs) and other alternatives to postal-run retail facilities as well as enhancing online postal products, the Postal Service is increasing access for customers, thereby generating additional income. The Postal Service is continuing to pursue short-term pricing incentives, introducing longer-term experimental products that may become permanent products and entering into negotiated service agreements and mailer-specific contracts.

The Commission's FY 2012 ACD found that \$2.4 billion out of the \$15.9 billion loss incurred by the Postal Service was under direct control of the Service. The Commission advised that the Postal Service could increase revenue by better aligning its pricing decisions with costs to increase efficiencies and drive out additional costs. For example, the Postal Service should use its pricing flexibility to realign rates for Periodical Mail. The Commission noted that Periodical Mail worksharing pricing incentives date back to 2007, and updating these incentives should improve finances.

b. What legislative changes do you believe Congress should consider to help improve the Postal Service's financial condition?

S. 1486, the Postal Reform Act of 2013, includes provisions that restructures the current statutory retiree health care pre-funding obligation with a more achievable 40-year amortization schedule; requires the Office of Personnel Management to use Postal Service-specific data when calculating payments to the Federal Employees Retirement System and the Civil Service Retirement System; and allows the Postal Service to offer services on behalf of federal, state or local government agencies and offer other non-postal services. The Commission has repeatedly noted that the pre-funding requirement has been a significant deterrent to the financial health of the Postal Service.

24. What role, if any, should the PRC have in the Postal Service's operational decisions?

Congress gave the Postal Service flexibility to operate in a more business-like fashion with specific, limited regulatory oversight to ensure its actions do not violate certain provisions of the law. The Commission's role, with regard to Postal Service operational decisions primarily focuses on (1) reviewing appeals of decisions to close post offices under 39 U.S.C. § 404(d); (2) review of Postal Service requests under Section 3661 for advisory opinions and (3) review of service performance as part of the ACD. In addition, the Commission is responsible for hearing complaints and to correct operational decisions that violate specific sections of title 39. There are other statutory responsibilities, such as the 2016 review of the price cap, the "Periodicals Mail Study," a joint Postal Service-PRC report, the "Section 701 Report" and consultation with the Postal Service to establish

and from time to time revise modern service standards.

25. Should Congress modify or repeal the requirement for USPS to seek advisory opinions from the PRC, as some have proposed? Why or why not?

I believe that there is benefit in a fair and impartial review of Postal Service initiatives that have at least a substantially nationwide effect. The Commission is taking steps to streamline and shorten the process by which the PRC reviews advisory opinion requests from the Postal Service. The Commission recognizes that in order to be relevant, advisory opinions must be issued within a timeframe that is useful to the Postal Service. The Commission understands that not all of its recent advisory opinions met that responsibility, and it has an open docket on proposed rules that would significantly shorten and simplify the process. These proposed rules, when finalized, would result in a more streamlined process that would solicit public input, balance competing interests before issuing an advisory opinion and satisfy 3661(c), which requires a “hearing on the record under sections 556 and 557 of title 5.” Review of public initial comments and reply comments is ongoing. The Commission’s “Section 701 Report” recommended shortening Commission advisory opinion reviews to 90 days. As the team leader of this report, I believe the open docket is gathering important information on how to streamline the process.

26. It has been over seven years since PAEA changed postal pricing to provide the Postal Service with more flexibility as well as improve the rate-making process.

a. Do you believe the Postal Service has effectively utilized the pricing flexibility provided in PAEA?

Yes and no. The Postal Service has successfully utilized short-term pricing incentives that incorporate digital and mobile technologies, such as discounts for use of Quick Response (QR) codes, or seasonal pricing incentives to increase volume during slow mailing periods. The Postal Service has also entered into hundreds of competitive product NSAs. The introduction of experimental new products has, by contrast, been met with varying degrees of success.

As noted earlier, the Commission continues to find that the Postal Service has not exhausted its pricing flexibilities when setting rates, and in its last ACD said that the Postal Service could increase contribution through adjustments in worksharing arrangements and rates charged for products within a class. For example, despite efforts by Periodical mailers to mail in the most efficient manner, the contribution (net revenue) per piece for Periodical Mail continues to decline. To address this shortfall, the Commission recommends the Postal Service review its worksharing and pricing structure for Periodical Mail that has been in place since 2007.

b. Do you believe that the goal of increased flexibility was met?

Not completely because there are always additional opportunities to enhance flexibility, such as the provision in S. 1486 that would allow the Postal Service to offer certain non-postal products. The PAEA provides pricing, classification and product introduction flexibility to the Postal Service, and as I noted above, the Postal Service has utilized that flexibility with varying degrees of success. It has done well with the introduction of short-term incentives along with some experimental products and test products. Competitive negotiated service agreements and

international contracts are important examples of the Postal Service using its pricing and classification flexibility. However, although the Postal Service has pricing flexibility it has not used it to maximum effectiveness as noted by the Commission's FY2012 ACD.

- c. **Under what circumstances should "flexibility" include the ability of the Service to have different price increases for one class of mail versus another class?**

Currently the Postal Service has the ability to have different increases for different classes of mail as long as each class of mail does not exceed the price cap. Products within a specific class can also be increased independently of one another. While the Commission has not reviewed permitting the Postal Service to exceed the CPI cap for some classes of mail, such increases should be carefully reviewed and subject to public comment, prior to implementation, to ensure no undue pricing discrimination occurs.

- d. **Do the work share provisions of the Commission rules, all else equal, enhance or hinder flexibility?**

The workshare provisions provide flexibility by giving the Postal Service the discretion of whether or not to offer workshare discounts to mailers. It is the Postal Service that determines what pricing signals to send to mailers. The flexibility is balanced by limiting the amount of discounts to the cost avoided by the Postal Service. This is an important safeguard for mailers not eligible for the discount as it ensures that the Postal Service is not giving away more money than it is saving. The flexibility is also tempered by statutorily defining worksharing and placing the responsibility for changes to this definition with the Commission.

- 27. In your view, how can the Postal Service return to viability in a market in which e-commerce and electronic communication and payments are increasing and mail volume is declining? What role do you believe the PRC should play in shaping the future Postal Service given these rapid changes?**

Although the volume of hard copy letter mail is declining due to the availability of multiple digital and electronic communications platforms, the Postal Service remains the world's largest and most efficient postal operator. The dramatic rise in ecommerce has led to a parallel increase in the volume of packages for the Postal Service, especially through its partnerships with private sector carriers. The Service is adjusting its operations to capitalize on the increase in package volume, and the Commission expeditiously reviewed recent proposals, such as the transfer of Parcel Post from market dominant to competitive, the introduction of experimental products like Metro Post, and mailer-specific contracts and negotiated service agreements—all of which enhance the Service's role as a preferred mail provider.

The Commission has the responsibility to respond to Postal Service requests for rate and classification adjustments and advisory opinion requests in a timely and unbiased manner, while providing the opportunity for public comment on the merits of individual proposals. The Commission encourages the Postal Service to avail itself to the pricing flexibilities available under the PAEA, such as NSAs and niche classifications, which I believe will assist the Postal Service to compete competitively in the ecommerce world.

The Commission also functions as a check on the Postal Service, through the complaint process,
Senate Committee on Homeland Security and Governmental Affairs Page 9 of 22

should a complainant believe the Postal Service had moved too far into the competitive marketplace and/or abused its status as a government establishment with significant market power.

28. What is your overall impression of how well the postal reforms under the PAEA have been implemented so far? What areas have been most challenging, and what areas do you believe need the most attention in the future?

The pricing flexibility provided to the Postal Service by the PAEA has increased its ability to respond to changing business environments more quickly and to provide mailers with certainty and predictability of rates. By fundamentally altering the way the Postal Service operates, especially in setting rates, the law eliminated the lengthy, costly and overly litigious ratemaking process. The Postal Service now has the flexibility to establish rates, develop new products, transfer existing products from market dominant to competitive and enter into individualized contracts through negotiated service agreements and other mailer-specific agreements. External challenges such as continued electronic diversion of mail, wide-spread use of social media and the recent deep recession have all added to declining postal finances exacerbated by the health care pre-funding requirement in the PAEA. These challenges deserve attention in order to ensure the viability of the Postal Service and its role in binding the nation together.

29. What do you believe are the most important responsibilities of the PRC, and what is your opinion of how those responsibilities have been fulfilled?

Fostering the Postal Service's pricing flexibility by exercising regulatory authority in an expeditious and reasoned manner, while maintaining transparency and accountability of the Postal Service are among the most critical responsibilities of the Commission. The Commission provides an in depth analysis within 90 days of receiving annual Postal Service reports, which affords transparency and accountability of postal operations, finances and service performance.

To facilitate these pricing flexibilities, the law required the Commission to establish a new ratemaking process, which it did eight months ahead of the statutory deadline. The Commission, by law and regulation, reviews general rate increases within 45 days for market dominant products, 30 days for competitive products and 15 days for competitive NSAs and contracts. Ensuring the timely analysis of rate and/or product classifications requests is a primary and important responsibility of the Commission. Not adhering to these statutory timeframes would undermine congressional intent. The Commission has an excellent record of completing its reviews within these established time periods.

30. Do you believe Congress should amend the structure of the current Commission relative to how long commissioners serve? If so, please describe.

I believe the terms of Commissioners are an appropriate length.

31. Do you believe Congress should amend the process for selecting a Chair and Vice Chair? If so, please describe.

Under existing law, it is a President's prerogative to designate the Chairman, thereby conferring executive, administrative and budget authority with that person. Current law also provides for the election by the Commissioners of a Vice Chairman.

32. The PAEA substantially changed the relative responsibilities of the Postal Service Board of Governors and the Commission.

a. What do you believe are the most important decisions the Commission has made since the PAEA?

The most important decisions are as follows, although not inclusive since all Commission decisions have the common goal of maintaining the viability of the Postal Service: designing a modern ratemaking system; consulting on the establishment of service standards; developing rules for financial reporting; completing five advisory opinions and the determination on the exigent rate case.

b. What are the key decisions you expect the Commission to make in the future under the PAEA?

In the short-term, as a member of the Commission, I will begin to review the Postal Service Board of Governors proposed exigent rate increase announced on September 25, 2013, to go into effect on January 26, 2014. The Postal Service is expected to file with the Commission on September 26, 2013. In the long-term, if re-confirmed, I will review and make determinations on the price cap and its effectiveness (39 U.S.C. § 3622(d)(3)) in 2016. There will also be a second 701 review, as well as the potential for additional advisory opinion requests. I would also expect more requests from the Postal Service to transfer products from market dominant to competitive.

c. Generally, what approaches do you advocate the PRC should take in regulating USPS and why?

The Commission should be receptive to innovative proposals – open to consideration of stakeholder and public input – prompt in issuing decisions – sensitive to claims of undue discrimination and anti-competitive behavior by the Postal Service – and be fair and unbiased in its administration of the law.

d. In a response to a question in your previous pre-hearing questionnaire, you stated that “[b]alancing the flexibilities granted to the Service by the PAEA with the strengthened regulatory role of the Commission is evolutionary, and in my view is moving on the right course.” Is the course complete, or still moving? If still moving, is it still on the right course?

The “course is not complete,” as evidenced by the on-going discussions of postal reform in Congress. The current law is organic and as such, it is developing as the Commission and the Postal Service gain experience. For example, the Postal Service continues to innovate through experimental products – and through the transfer of products from market dominant to competitive, which provides it with competitive pricing flexibility in the highly competitive package delivery business. The Commission’s responsibility is to review these requests and ensure public input. Another example is the evolving use of the Intelligent Mail Barcode (IMb) as a performance measurement tool. The Commission is better able to analyze how well the Postal Service is meeting its performance goals, and the Postal Service is better able to strategically understand bottlenecks or problems in its network operations while providing greater

visibility to mailers.

33. Debates about postal reform legislation raised fundamental questions about the role of the Postal Service in our nation, including the nature of the Postal Service's universal service obligation.

a. What is your view of the Postal Service's universal service obligation?

Despite the widespread use of alternate communication platforms, there remains reliance on, as well as a relevancy and need for the mail, including letter and package mail. I agree with the Commission's "Report on Universal Postal Service and the Postal Monopoly" (2008) that found there is no single definition of the universal service obligation. The PAEA, like its predecessor laws, recognizes the public's reliance on the mail by requiring access to postal services and a uniform rate for one class of mail sealed against inspection.

As one who grew up in the island state of Hawaii, I appreciate the need to provide service to all areas of the country and supported the Commission's findings in the Six Day to Five Day Street Delivery Service Changes (N2011-1) advisory opinion that the Postal Service must take into consideration the needs of rural, remote and noncontiguous areas, where mail is a necessity, not an option, to many. I promoted the inclusion of a biennial analysis of the impact of service standards on noncontiguous states and territories by the Postal Service, which is reviewed in the appropriate year ACD. The importance of the USO is further evidenced by the value in providing the "last mile" of delivery.

b. Do you believe the concept of universal service has evolved? If so, how? How do you believe USPS can adapt to meet that obligation?

Just like the Postal Service, the concept of universal service has evolved over time. The Postal Service, through its focus on digital solutions, is moving in new directions and is broadening customer access by offering postal products through a multi-channel strategy. It is leveraging the availability of pre-paid, printed mailing labels and flat rate boxes and envelopes. Wider access to postal services are being provided through automated postal centers, the testing of "GoPost" package lockers and agreements with local businesses and municipalities to offer some postal products through Village Post Offices (VPOs). Provisions in S. 1486 would promote greater use of postal retail centers by ending the prohibition on nonpostal service. Doing so will enhance the Postal Service's ability to meet its universal service obligation and grow revenue.

c. In your view, what is the PRC's role in preserving universal service?

Through reviewing service performance, appeals of post office closings, the complaint process and advisory opinions, the Commission remains informed as to whether the Postal Service is meeting its universal service obligation and whether access to postal services may be diminished by specific Postal Service actions. In the case of post office appeals, one of the statutory considerations that the Commission gives to these appeals is whether or not access to postal services is impacted, and as I noted previously, the Commission found that the unique needs of rural, remote and noncontiguous areas were not adequately considered when the Postal Service developed its initial plan to reduce days of delivery. The Commission also found that eliminating Saturday delivery would negatively impact the receipt of prescription medicines by mail. The

Senate Committee on Homeland Security and Governmental Affairs

Page 12 of 22

Postal Service – as a result of Commission recommendations – revised its 5-day plan accordingly.

- d. What PRC decisions or opinions have you been involved in that uphold the Postal Service's responsibility to provide universal service, and what has been your view about the universal service obligation in deciding these cases?**

I have participated in all five advisory opinions and posed questions to assess whether the needs of rural, remote and noncontiguous areas were clearly understood and being considered by the Postal Service. In post office appeal decisions, I consistently noted when I found that access to service was diminished through closing specific post offices and as presiding officer in the POSTPlan, I ensured that the issue of access – a key component of universal service – was properly reviewed and would be maintained.

- 34. Since enactment of PAEA, the PRC has interpreted the term “non-postal service” through consideration of various USPS proposals for new products and services.**

- a. Do you believe the Postal Service should be allowed to compete with the private sector? If so, under what circumstances?**

The PAEA established that postal products are either market dominant or competitive, and through its MC2008-1 ruling, the Commission designated 15 non-postal products as either market dominant or competitive. These 15 were grandfathered into the law. Currently, the Postal Service cannot offer new non-postal products, although S. 1486 includes provisions to change that. I support that section of the PRA of 2013 and I would also suggest it would be appropriate to include provisions that are similar to those governing competitive products – not harm small business, contribute to institutional costs, cover attributable costs and are not cross-subsidized by market dominant products. The addition of an independent review to demonstrate that the proposed non-postal product would not impose an unfair competitive advantage to the Postal Service in the market in which such product will be offered would be helpful.

- b. What concerns, if any, do you have about such efforts?**

If the Postal Service is given authority to engage in new nonpostal activities, I believe there should be adequate regulatory oversight to ensure that such activities do not represent a threat to businesses that may be already engaged in that activity, thus violating certain provisions of the PAEA. Section 404(a) enables individuals to file complaints based on anti-competitive practices. The Commission has received comments from the public on how to best interpret this section of the law through Docket No. RM2013-4 and is currently reviewing the comments.

- c. What role do you believe the PRC should play in the introduction or pricing of new products?**

The Postal Service has the flexibility and authority to innovate through the introduction of new products. As with all pricing and classification requests, the Commission has the responsibility to respond to the request in a timely and unbiased manner. The Commission recently issued proposed rules governing market tests of experimental products and is seeking public comment. Since FY 2009, the Commission has approved nine market tests.

Currently, the Postal Service can test experimental products to gauge the acceptance of new products by the mailing public. 39 U.S.C. §3641 provides the statutory framework for the Commission to ensure that the proposed product is a significantly different product that has not been offered by the Postal Service within the past two years; will not cause market disruption, especially for small businesses; and is identified as either market dominant or competitive. The use of experimental products is an important tool that maximizes revenue to the Postal Service while minimizing investment risks. Some experimental products have been successful and have been made permanent products, such as Every Door Direct Mail-Retail. Others, like the Samples Co-Op Box, incurred \$250,000 in costs and was concluded early by the Postal Service. Although no revenue was realized, the Samples Co-Op Box allowed the Postal Service to analyze customer acceptance without assuming the costs associated with the introduction of a more permanent product.

35. The PAEA set forth a new process for resolving complaints against the Postal Service. What do you believe must be done to ensure that the PRC will review and resolve any complaints promptly and fairly? Should the PRC encourage use of the complaint process?

The Commission serves as an unbiased arbiter of complaints. It should not encourage the use of complaints any more than the Courts should encourage lawsuits. The Commission has endeavored to make its complaint process accessible and easily understood. 39 U.S.C. § 3662 requires a finding, within 90 days of receiving a complaint whether a complaint raises material issues of fact or law, and either to begin proceedings on the complaint or issue an order dismissing the complaint. When it hears complaints, the Commission properly balances the benefits of expedition with the need to assure due process for all participants.

Postal Ratemaking

36. Before enactment of the PAEA, the postal ratemaking process was criticized for being too cumbersome, taking too long, and being too adversarial to best serve the financial interests of the Postal Service or postal customers.

a. In your view, how has the ratemaking process changed from implementation of PAEA?

The PAEA created a new ratemaking process that affords the Postal Service the flexibility to set rates that are reviewed by the Commission within 45 days for market dominant products or 30 days for competitive products. The ratemaking system established by the Commission has modernized, streamlined and significantly reduced costs to the Postal Service and users of the mail. The Commission actually completes its initial review of market dominant requests within 34 days to allow the Postal Service time to adjust its proposals within the statutory timeframe and keep the implementation date announced to mailers. This system also allows the Postal Service the ability to introduce short-term incentives along with annual, predictable rate adjustments.

The Commission has a 15-day process for the review of competitive NSAs. As of the end of FY 2012, there have been 63 domestic competitive NSAs and 383 competitive international mail NSAs. The successful use of these NSAs by the Postal Service is due in part to a collaborative effort—through experiences gained by both the Postal Service and the Commission. In particular, for certain types of competitive NSAs, the Commission found that after-the-fact review

procedures are appropriate, and the Commission has taken the steps necessary to implement such procedures. Currently, the Postal Service files many competitive contracts that take effect without pre-implementation review of the individual contracts. These NSAs are known as Non-Published Rates (NPR) contracts. They are based on contract templates that ensure compliance with all statutory and regulatory requirements. The Postal Service, after Commission approval of the initial contract, began offering NPR contracts in FY 2011.

b. Do you believe additional improvements to the ratemaking system are necessary?

There is always room for improvement, and the Commission continues to refine existing regulations and promulgate new ones to accommodate the changing postal environment. For example, the Commission recently issued rules regarding the treatment of deflationary periods for purposes of the price cap. Similarly, the Commission has proposed rules out for public comment to address the Postal Service's recoup of pricing authority from promotions or discounts.

c. How will you use the PRC review scheduled for 2016 to improve the system?

The 2016 review of the appropriateness of the CPI-based rate cap and accompanying system of ratemaking will provide the Commission with the opportunity to conduct an independent and expert review that will include the solicitation of public comments and the examination of testimony from the Postal Service, stakeholders and other interested persons. A thorough review will allow me to evaluate whether or not the CPI-rate cap is an appropriate pricing mechanism – how refinements could enhance the cap – or whether the cap should be replaced altogether.

d. Has the new system made pricing less adversarial?

Yes.

37. The PAEA codifies the Postal Service's ability to enter into special classifications with mailers, referred to as Negotiated Service Agreements (NSAs). The Postal Service, however, has entered into very few domestic market-dominant NSAs. Some mailers cite the lengthy and cumbersome process for NSA approval, while other stakeholders have raised concern that NSAs may lead to unfair competition.

a. What are your views about the desirability and effectiveness of market dominant NSAs under various circumstances?

I believe market dominant NSAs, like competitive NSAs, are an important flexibility. I advocated on behalf of Senator Akaka for codifying the ability of the Postal Service to offer NSAs in the PAEA. Market dominant NSAs are desirable, and if properly constructed, can be effective. 39 U.S.C. 3622(c)(10) requires that a market dominant NSA must either: (1) improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the Postal Service institutional costs; or (2) enhance the performance of mail preparation, processing, transportation, or other functions. Results so far have been mixed.

b. What do you believe has hindered the more extensive use of this authority?

The length of time that it takes for the Postal Service and a specific mailer to work through and finalize an agreement prior to the Postal Service submitting a proposal to the Commission for review may be a contributing factor in the lack of market dominant NSAs. Anecdotally, I have heard from mailers that discussions with the Postal Service officials about a possible agreement can take over year and that working with multiple Postal sometimes delays the progress of discussions. Another factor may be that because the Postal Service is a government monopoly it must offer a market dominant NSA to similarly situated mailers. It is my hope that the Postal Service will utilize market dominant NSAs and continue to develop proposals with interested mailers.

c. Do you believe the PAEA addresses and resolves these concerns that had previously been raised about NSAs?

Aside from my comments to a. and b., I believe that the provision in S. 1486, which adds language to Section 3622 to ensure that market dominant NSAs not cause unfair competitive advantage or unreasonable disruption to volumes or revenues of other postal users, is important. However, again as noted above, the requirement that NSAs be available to similarly situated mailers may be a reason why the Postal Service is hesitant to enter into to such NSAs.

38. What do you believe should be the role of the PRC in helping to ensure that the quality and timeliness of the Postal Service's data in cases before the PRC are adequate?

Ensuring the completeness, accuracy and timeliness of Postal Service data is a critical function of the Commission. Without reliable data, the Commission cannot ensure that its statutory reviews accurately reflect the Postal Service's true financial and operating conditions. The Postal Service is required to use data and analytical methods established by regulations and orders adopted by the Commission, in compliance with the PAEA. For this purpose, the Commission uses informal rulemakings that are flexible and vary according to the complexity of the proposed change and level of supporting documentation. The intent is to improve methodologies and data collection through strategic rulemakings, discrete issue rulemakings and expedited rulemakings, all of which are provided for public comment. For an example, RM2011-3 is a cooperative effort in which the Postal Service, mailers and the Commission are working together to identify areas where new studies will provide "the most bang for the buck." It was initiated in 2010 to evaluate the Postal Service's need to update and improve on the data and analytical methods it uses to report costs, volumes, revenues and service quality of its products.

In addition to Postal Service and Commission-initiated rulemakings, any interested party may petition for a change in accepted analytical principles. A recent Pitney Bowes request was approved by the Commission in June 2013.

39. During consideration of the PAEA, there was debate about whether the Postal Service could realistically be expected to function under a strict consumer-inflation-based rate cap. From experience so far, do you believe the Postal Service can operate successfully under the current rate cap system? How do you interpret the rate cap and its exigency clause? Would an alternative cap be more appropriate?

The current rate cap has met two goals of the PAEA—to provide predictable rates constrained by the CPI and to drive down costs. It has not, however, provided the Postal Service with adequate

revenues.

Although consideration was given to different indexes during the consideration of the PAEA, the current cap was chosen because pre-PAEA rate increases generally followed inflation. At the time it seemed appropriate to use an inflation-based rate cap since overall postal volume was growing. The unexpected deep recession and deflationary period that occurred in 2009 were unexpected. The last deflationary period occurred in the 1930s. The law and Commission rules may have been different if deflation was a consideration prior to the passage of the PAEA.

Currently, the only way the Postal Service can pierce the CPI cap is by filing an exigent rate request with the Commission citing extraordinary or exceptional circumstances as described in 39 U.S.C. § 3622(d)(1)(E). The Service sought to raise rate for market dominant products, on average by 5.6 percent, through an exigent rate increase request filed in July 2010. After a 90-day review, the Commission denied the request. I agreed with the majority of the Commission that the recent recession and accompanying decline in mail volume qualified as an extraordinary or exception circumstance, but that the requested rates were not designed to respond to the recession or the impact on mail volume.

I know that S. 1486 would eliminate the existing cap. I believe it would be desirable to begin the Commission's Section 3622(d)(3) Review of the PAEA rate system now, rather than in 2016. Through a Commission led review, the Postal Service and stakeholders would be provided the opportunity for public comment on how well the cap is working, whether the current index works, and if not, what alternatives should be considered and whether the cap should be modified or abolished.

Service Standards and Other Performance Obligations

40. What do you believe should be the PRC's role in establishing performance standards for postal products and services and for monitoring the Service's results in meeting these standards? Do you believe that the Service has sufficient business incentives to provide good service?

The Postal Service has the flexibility to set performance standards, but has a statutory requirement to consult with the Commission on setting service standards and performance goals (39 U.S.C. 3652(a)).

With the establishment of clearly defined standards in 2008, the Commission analyzes whether the Postal Service meets its service standard obligations through the yearly ACD. The Commission approved the Postal Service's use of the Intelligent Mail barcode (IMb) as one of its performance measurement systems. However, developing reliable measurement systems continues to present challenges to the Postal Service as a result of uneven participation levels of mailers in IMb. The level of Full Service IMb participation impacts the reliability of recent service performance results for certain Standard Mail categories, Package Services and Periodicals. Reliable performance measures are important to users of the mail especially as the Postal Service adjusts overnight and 2-day delivery standards for First-Class Mail, consolidates half of its processing plants and realigns office hours for many small post offices. Without providing good service, the Postal Service will see further diversion from the mail stream. The recent enhancements announced by the Postal Service to Priority Mail, including enhanced tracking, is a positive example of the Postal Service working to meet customer expectations and delivery performance goals.

- 41. The PAEA requires the Postal Service to consult with the PRC in the establishment of modern service standards, as well as in modifying the standards and planning for future standards. How do you believe this consultation should be carried out? What additional value, if any, do you believe the PRC can bring to this process? Do you believe PRC consultation has been effective thus far?**

As noted previously, the initial consultations resulted in modern service standards promulgated in 2008 by the Postal Service in consultation with the Commission. The Commission continues to consult with the Postal Service on service performance measures and goals, as well as the progress of IMb participation through monthly consultation meetings. The ongoing consultations, which include senior Postal Service and Commission staff, focus on service performance and provide constant pressure to meet these established goals. The consultations continue to be an effective tool for maintaining transparent and accountable service performance information.

- 42. In your view, what degree of transparency should the Postal Service provide to Congress, mailers, and the public on delivery performance goals and general quality of delivery services? Do you believe the PRC has sufficient information to monitor service quality?**

Service performance transparency is just as important as financial transparency. The Commission continues to find the Postal Service data deficient to monitor whether the Postal Service is meeting its stated service performance goals, but understands it is working toward compliance.

Anecdotally, through discussions with stakeholders and from articles in mail related publications, I know that business mailers are raising serious concerns with inadequate information from the Postal Service. During the Commission's review of the Mail Processing Network Rationalization advisory opinion, interveners and Commissioners questioned whether the Postal Service could meet stated performance goals despite cutting its processing network in half.

- 43. Many postal stakeholders have raised concerns about the adequacy of the Service's financial transparency. The PAEA requires the Postal Service to meet the financial reporting requirements of the Sarbanes-Oxley legislation. What is your opinion of this mandate and do you believe the Postal Service has satisfied this mandate?**

The need for timely, accurate, useable and transparent financial information is a cornerstone of the PAEA. In my opinion, the Postal Service responsibly focused on this requirement to ensure compliance with it. Through briefings with Commissioners, Postal Service executives in charge of the program confirmed the SOX reporting requirements are important internal tools that generate significant savings and efficiencies. The Commission annually receives the Postal Service's 10-K filing, along with its 10-Q quarterly reports and necessary 8-K events filings and posts them on its website for public viewing. The Postal Service is satisfying this mandate well.

- 44. In March 2011, the PRC issued an advisory opinion about the USPS's proposal to reduce delivery to five days per week. In its opinion, the PRC identified many shortcomings in the USPS's proposal, including a lack of consideration for the disproportionate effect the proposal would have in rural areas.**

a. What is the role of the PRC in mail delivery service frequency determinations?

The primary role is to provide advisory opinions that examine how a proposed change in delivery frequency impacts universal service,

b. Do you believe the PRC's opinion is relevant to Congress's consideration of legislative proposals to allow USPS to reduce delivery days?

Yes. The Commission identified operational and service issues that would be impacted by reducing delivery.

c. Do you believe the PRC's opinion on this matter should be binding rather than advisory? Please explain.

My personal opinion is that it should not be, although I suggest that the Postal Service should have some responsibility to acknowledge the Commission's opinion. I agree with the "Section 701 Report" that recommends, "Congress should consider adding language to 39 U.S.C. 3661 requiring the Postal Service to provide a written response to Commission advisory opinions and submit its response to Congress prior to implementing such changes in service."

Post Office Closings and Relocations

45. In your opinion, does the existing process for closing and relocating post offices adequately protect the interests of postal customers and the affected communities, especially in small towns and rural areas? If not, what additional protections do you believe are necessary?

The closing or consolidation process is established by Postal Service regulations, and if consistently adhered to, should adequately protect customers and communities. The PAEA carried over the ability of affected persons to file appeals with the Commission. That role is limited by 39 U.S.C. § 404(d) to hear appeals and determine whether the Postal Service followed its internal procedures and the law when closing a particular post office. While the Commission can return a determination to close an office back to the Postal Service for a new review, it cannot substitute its judgment for that of the Postal Service. From working on over 200 post office appeals, I believe the Postal Service must ensure that community input is considered and taken into account when closing or consolidating a post office.

The addition of language as proposed in S. 1486 that clarifies that standards in Section 404(d) apply to all Postal Service operated retail facilities is an important improvement to current law.

46. Many members of the public have expressed a concern that the Postal Service does not adequately involve affected communities in the decision-making process for the closings of post offices and processing facilities. What are your views on this issue?

I believe the Postal Service's decision-making process would be improved by providing greater community involvement and giving more serious consideration to issues raised by affected communities. The Commission has heard repeatedly through appeals of post office closings that residents do not believe their input is being considered by the Postal Service and that comments given

to postal officials at open meetings or through responses to questionnaires are ignored. The importance of keeping affected communities involved in the process and updated on the status of individual post offices closings and suspensions is critical.

It was evident from working on the five recent advisory opinions the Postal Service would benefit from greater communication with affected communities, including elected officials representing the areas, or as in the case of its consolidation of processing plants, with business mailers, to ensure that the Service's plans are clearly stated – clearly understood – and that affected persons and businesses have the opportunity for meaningful comment.

47. Do you believe the PRC should have final authority to approve post office retail closings?

No. The current law requires that the Commission ensure that an appropriate level of due process is afforded to affected communities before a post office is closed.

48. Does the process for closing and relocating post offices need to be improved?

There is always room for improvement in any process, especially one that impacts the residents and businesses within a community facing the closing or relocation of a post office. The need for the Postal Service to use reliable and accurate data supporting its decision to close or relocate an office is of great importance to the community. The Commission has found instances where the Postal Service's information is incomplete, thereby bringing into question the analysis behind a particular determination. The Commission found in three recent advisory opinions – Stations & Branches advisory opinion, Retail Access Optimization Initiative (RAOI) and POSTPlan – that local data was not as robust as it should be. Among the Commission's recommendations in these cases was the need for facility-specific revenue and cost data, the use of modern modeling tools and improved communications with affected communities.

49. Do you believe the Postal Service should have additional flexibility to more quickly and easily close post offices? If so, what impact do you believe this will have on the USPS's current retail network?

The Postal Service has the flexibility to align its retail network as long as it is not capricious in its actions or does not abuse its authority. I believe that such changes must take into consideration public input, as well as the availability of alternate access that includes more than just the sale of stamps and flat rate boxes. Access to services is a key element of the Postal Service's universal service obligation.

50. Over the past few years, USPS has expanded its retail network to existing retail facilities, such as Office Depot.

a. What is your view on USPS's efforts to offer postal products and services at existing retail facilities and other alternative retail locations?

Offering postal services at alternate locations is a positive step in providing access to communities. But as noted in my response above, there should be retail outlets that provide more than stamps and flat rate boxes. Postal Service retail facilities provide a broad range of important

postal services, as well as other governmental services such as passport applications. The Postal Service should retain the flexibility to determine its retail network, but in doing so, should understand that individual mailers may wish to purchase more than just stamps or mail a flat rate package.

- b. To what extent do you think the availability of postal services at alternative locations should be a key factor when considering closing or consolidating traditional retail facilities?**

As noted in the POSTPlan advisory opinion, alternative access points, such as Village Post Offices, are important, but they do not replace full service retail facilities. During consideration of POSTPlan, the Postal Service witness testified that it is the intent of the Postal Service to use VPOs to complement existing facilities, not as replacements, to existing retail post offices. In addition, the Commission's advisory opinion recommended that alternative access locations should be available to a community prior to closing or consolidating an existing Postal Service retail facility.

- 51. Are improvements needed to the PRC's appeals process related to closing and consolidating post offices? If yes, what specific changes do you believe are needed? If no, please explain why you believe the current process is viable.**

I believe the provision of S. 1486 to codify the definition of post office to include post office branches and stations or other facilities operated by the Postal Service whose primary function is to provide retail postal services is a necessary change. The Commission has found that the public do not know if their facility is a post office, branch or station. Most importantly, if enacted, that change will ensure that affected postal customers receive proper notice and have appeal rights under 39 U.S.C. § 404(d). This clarification reflects one of the recommendations of the Commission's "Section 701 Report" to Congress. As noted previously, the Commission adopted updated procedures for the review of appeals in January 2012 in order to streamline the review process and make the process more transparent.

IV. Relations with Congress

- 52. 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 confirmed?**

Yes.

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

Yes.

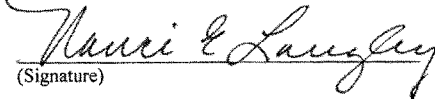
V. Assistance

- 54. Are these answers your own? Have you consulted with the PRC or any interested parties? If**

so, please indicate which entities.

Yes, these answers are my own. I consulted with Commission staff for technical guidance.

I, Nanci E. Langley hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.


(Signature)

This 25th day of September, 2013

**Post-Hearing Questions for the Record
Submitted to Ms. Nanci Langley
From Ranking Member Tom A. Coburn
Nomination, Commissioner, Postal Regulatory Commission**

October 2, 2013

The Postal Service filed documents for an exigent price increase it deems necessary. There is the possibility your nominations could lapse while this case is being reviewed by the PRC. Could you explain what a lapse would mean practically in terms of your involvement in the case should your nomination(s) lapse? The Commission would have a quorum without you on the occasion your nomination lapses, and would retain the same political balance. What makes your near-term confirmation essential?

I am engaged on a daily basis in the Commission's expedited, 90-day review of the Postal Service's exigent rate filing (Docket No. R2013-11) and the Postal Service's concurrent request for the Commission's annual 34-day review of Market Dominant rate adjustments (Docket No. R2013-10), which were submitted contemporaneously on September 26, 2013. My full-time participation in these Dockets began with my review and approval of the PRC's establishment of procedural schedules for both cases. Expeditious disposition of this matter is a high priority for the PRC.

For the exigent review, I will be involved in three technical conferences open to the Postal Service and the public; will share decisional responsibility for reviewing and selecting questions to be asked of the Postal Service by interested parties; sit *en banc* for several days of public hearings, after which my fellow Commissioners and I will review the initial comments, as well as reply comments. I will also be a full participant throughout the Commission's concomitant review and decision on the Market Dominant rate adjustment. Because these two cases involve simultaneous review, my uninterrupted participation promotes consistency and fairness from case to case.

I respectfully note that the Postal Service and the mailing public benefit from having the independent and objective thought of the five, full-time individual Commissioners, each of whom brings diversity of viewpoints and experiences to such an important and complex review. Without expeditious confirmation, my term of office will end just as the Commission begins its final deliberations for determining the Postal Service's exigent request. Throughout my tenure on the Commission, my pragmatic, reasoned and impartial perspective balances and bridges divergent views. My absence before the conclusion of two months of work at the end of the exigent review process will deny all parties the benefit of my observations and recommendations even though I will have participated in all activities related to the case with the exception of the final determination.

A truncated Commission, with only three members deciding the critical questions presented in an exigent rate request, could question the integrity of the process by not taking into account the views of those Commissioners who had participated in the review up to its final determination. My positive contributions are well-represented throughout Commission opinions, as is my demonstrated leadership as the presiding officer in the Post Office Structure Plan advisory opinion that was issued in 90 days.

Shortly, the Commission also expects to issue final regulations streamlining the advisory opinion process by limiting review to 90 days in most instances while ensuring due process for participants. I

have been involved in the Commission's review since its inception and note that a 90-day turnaround of an advisory opinion request is among the recommendations made in the PRC's first statutorily mandated "Section 701 Report," which I led. The issuance of streamlined advisory opinion regulation is only one of many concurrent cases being considered by the Commission.

Lastly, although a three-person quorum can consider and act on the exigent rate request, I believe the seriousness of the request, the complexity of the issues involved and the critical financial condition of the Postal Service should be heard by the five-person, full-time Commission. Should one Commissioner be unable to vote in this matter, there would be less than a quorum, and the Commission could not make a determination with a two-person panel. This also would hold true for final disposition of other Commission proceedings.

Senator Mark Begich
Additional Questions for the Record
Nomination of Nanci Langley to be Commissioner for the Postal Regulatory Commission
October 2, 2013

1. *What role do you see for the Bypass Mail program in providing rural Alaskans with universal service?*

Bypass Mail is a part of the U.S. Postal Service's universal service obligation. The Commission, in its 2008 Report to Congress on Universal Service found, "The current obligation [universal service] to provide service to all persons in all parts of the Nation, its territories, and possessions, is paramount, and should not be altered."

2. *Are you supportive of the Bypass Mail program?*

Yes. For 24 years, I served as a senior legislative and policy advisor to two U.S. Senators from Hawaii. Due to the shared interests of Alaska and Hawaii, I am sensitive to the unique needs of non-contiguous states. Moreover, during consideration of the Postal Service's request for an advisory opinion to reduce delivery days, I consistently pointed out the needs of rural, remote and non-contiguous areas and their dependency on the U.S. Mail.

In addition, in Docket No. MC2012-13, the Commission transferred Parcel Post to the Competitive Product list. As part of that case, I supported the Commission's decision to retain Alaska Bypass Service on the Market Dominant product list to maintain the integrity of the program.

3. *What if any changes do you think should be made to the Bypass Mail program?*

The current system meets the Postal Service's universal service obligation to rural residents and businesses in Alaska.

**Statement of Senator Brian Schatz
Nomination of the Honorable Nanci E. Langley to be Commissioner of the Postal
Regulatory Commission
October 2, 2013**

Chairman Carper and Ranking Member Coburn, I would like to thank you for the opportunity to make this statement in support of Nanci Langley's re-nomination to be a Commissioner of the Postal Regulatory Commission.

I am pleased to support her nomination because not only does she have extensive experience on U.S. Postal Service issues, but she also understands the unique challenges a remote, island faces and the importance of the Postal Service in Hawaii. Commissioner Langley was raised in Honolulu and is a graduate of my high school alma mater Punahou School.

She served the people of Hawaii for many years by working as deputy staff director of the Committee's Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, as senior legislative assistant in Senator Daniel Akaka's office, and as communications director for the late Senator Spark Matsunaga.

During her tenure on the Hill, she was instrumental in developing the Postal Accountability and Enhancement Act. Since then, she has worked to implement this law at the Postal Regulatory Commission. Her work demonstrates her commitment to public service, strong work ethic, and a great appreciation for the thousands of Postal Service employees.

The U.S. Postal Service faces many challenges, but Commissioner Langley will continue to serve the Commission well with her experience and background. I thank her for her many years of service to the people and state of Hawaii and her continued willingness to serve our country.

Commissioner Langley is an outstanding nominee and I am proud to support her re-nomination. I urge my Senate colleagues to move quickly on her nomination. Thank you.