

September 12, 2024

Mr. Keith Weidner
Deputy General Counsel
U.S. Postal Service
475 L'Enfant Plaza SW
Washington, DC 20260
keith.e.weidner@usps.gov

Re: **Pre-Filing Stage: Operational and Service Standards Changes To Meet Statutory Requirements for Reliable, Efficient, High Quality Service and Financial Sustainability Through An Integrated Mail and Package Network (Postal Regulatory Commission Docket No. N2024-1)**

Dear Mr. Weidner:

The National Rural Electric Cooperative Association (NRECA) respectfully urges the U.S. Postal Service to pull back and reconsider its plan to curb evening mail service in rural America, as outlined in the Notice of Pre-Filing Conference regarding Operational and Service Standards Changes (Postal Regulatory Commission (PRC) Docket No. N2024-1).¹ Moving forward with this proposal would have a significant and deleterious impact on America's electric cooperatives and more broadly on rural America.

NRECA is the national trade association representing nearly 900 local electric cooperatives and other rural electric utilities. America's electric cooperatives are owned by the people that they serve and comprise a unique sector of the electric industry. From growing regions to remote farming communities, electric cooperatives power 1 in 8 Americans and serve as engines of economic development for 42 million Americans across 56 percent of the nation's landscape.

As member-owned, not-for-profit electric cooperatives, our members clearly understand and take seriously their responsibility to provide universal service of affordable, reliable, and safe electricity to all Americans situated within their service territories. Our members also understand the high costs that can be associated with providing and maintaining universal service. Electric cooperatives own and maintain 2.7 million miles, or 42 percent, of the nation's electric distribution lines and serve large expanses of the United States that are primarily residential and typically sparsely populated. Those characteristics make it comparatively more expensive for electric cooperatives to operate than the rest of the electric sector, which traditionally serves more compact, industrialized, and densely populated areas.²

¹ Filed Before the Postal Regulatory Commission, August 22, 2024

² Since electric cooperatives serve areas with low population density, costs are borne across a base of fewer consumers and by families that spend more of their limited resources on electricity than do comparable municipal-owned or investor-owned utility customers. Using data from the U.S. Energy Information Administration and other sources, NRECA estimates that rural electric cooperatives serve an average of eight consumers per mile of line and collect annual revenue of approximately \$19,000 per mile of line. In contrast, for the rest of the industry, the averages are 32 customers and \$79,000 in annual revenue per mile of line.

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Within this currently outlined proposal, the USPS is walking away from its universal service obligation to rural America and asking those who live in rural and remote areas more than 50 miles from a post office to accept mail service that is lesser than what their fellow Americans receive. This is simply unacceptable, and NRECA strongly urges USPS to reconsider this proposal.

USPS customers, particularly those in rural America, often have no other options to deliver or receive First-Class Mail and periodicals. The dearth of broadband service in rural America (which our organization and many others are working to address) precludes the use of electronic billing services and electronic delivery of periodicals or other important notices for many consumer-members.

As not-for-profit, consumer-owned, and consumer-governed organizations, electric cooperatives utilize mail for many reasons, including sending bills to consumer-members using First-Class Mail and receiving their payments, and distributing cooperative magazines to consumer-members in 42 states. Cooperative mailings provide members with critical information about their cooperatives, including notices of annual meetings and director elections, information that can help consumers use energy more wisely, participate in cooperative energy management programs, learn about planned maintenance that may impact service, and otherwise save money on their electric service. More broadly, mail is also used by their consumer-members to receive medication or equipment to keep their businesses functioning.

This USPS proposal comes at a time when many cooperatives are already facing serious reliability problems with postal delivery and they are concerned these service changes will take it from bad to worse. Cooperatives have reports of far too many bills delivered after the due date, lost bills, and lost payments. These failures often make it necessary for cooperatives to work with consumer-members to avoid disconnections caused by USPS's failure to deliver. Ultimately, the efforts required to correct for these failures make it more difficult for them to deliver on their core mission of providing affordable, reliable and safe electricity to their consumer-members.

We urge USPS to reconsider its outlined proposal and find other solutions that will not subject rural America to different, lesser mail delivery standards than Americans living in more densely populated areas. As USPS reassesses this proposal and develops a formal proposed rule, we urge it to consider the following points:

- The Biden Administration has announced initiatives to promote equity to underserved communities in its Executive Order 139851. The Executive Order includes the following in the definition of underserved communities: "...persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality." Counter to this policy prerogative, the USPS proposal as outlined thus far will only exacerbate inequity and poverty in rural America. In 2022, the average (mean) household income for electric cooperative consumer-members was 12 percent below the national average. That is unsurprising, given that electric cooperatives serve 92 percent of persistent poverty counties in the United States.³
- All but two of NRECA's member cooperatives are "small entities" under the U.S. Small Business Administration's size standards. By virtue of their size and limited resources, small

³ More information on America's Electric Cooperatives available at: https://www.electric.coop/wp-content/uploads/2024/04/2024_NCS5685_Coop_FactsAndFigures_4.22.24.pdf

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entities such as cooperatives are disproportionately burdened by the cost of regulations in comparison to their larger counterparts. Cost-effective federal regulations that minimize unnecessary burdens are very important to cooperatives' ability to provide affordable, reliable, and safe electricity to their consumer-members. For that reason, it is extremely important that USPS properly assess the costs of any proposed regulations on small entities and work to reduce any disproportionate burdens.

Finally, given the wide-reaching impact of this impending USPS proposal on rural Americans, the USPS should allow for additional opportunities to receive public feedback prior to submitting its proposal for advisory opinion to the PRC or issuing any subsequent notice of proposed rulemaking (NPR). A single virtual webinar – which not all stakeholders interested in the proposal were able to register for – is not sufficient.⁴ USPS should (1) hold a series of virtual webinars with sufficient notice to the public and time to register and (2) make an email address widely available for submission of written public comments to enable robust participation and public input. These comments should be considered by USPS prior to submitting the proposal to the PRC or issuing a NPR. Otherwise, USPS is simply not serious about considering feedback, including from the millions of rural Americans who will be directly impacted by this proposal.

America's electric cooperatives understand well the challenges of providing universal service to high cost areas. That is why they were established beginning in the 1930s – because investor-owned utilities did not see profit in extending service to rural areas yet to be electrified. Electric cooperatives continue to collect less revenue per mile than other electric utilities while remaining committed to providing cooperative consumer-members with affordable, reliable, and safe electricity every day. We urge USPS to reconsider this ill-conceived proposal that would harm not only our members but also the 42 million Americans they serve, who will disproportionately bear the brunt of these mail delivery changes.

Thank you for considering our comments. Please contact me at 703-907-5732 if you have any questions.

Sincerely,

Stephanie Crawford

Stephanie Crawford
Regulatory Affairs Director
National Rural Electric Cooperative Association

cc: A. Reams, USPS
A. Alverno, USPS
A. Pigott, USPS
D. Southard IV, USPS

⁴ For example: <https://cowboystatedaily.com/2024/09/04/usps-shuts-out-wyomingites-who-want-to-comment-on-rural-delivery-plan/>