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NOMINATION OF ELLEN C. WILLIAMS

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF ELLEN C. WILLIAMS TO BE A GOVERNOR, U.S. POSTAL SERVICE

OCTOBER 18, 2007

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NOMINATION OF ELLEN C. WILLIAMS

THURSDAY, OCTOBER 18, 2007

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

The Committee met, pursuant to notice, at 3:48 p.m., in Room SD–342, Dirksen Senate Office Building, Hon. Thomas R. Carper, presiding.

Present: Senators Carper and Akaka.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. The hearing will come to order. We welcome Ms. Williams. Thank you for joining us. And we welcome our Republican Leader, Senator McConnell.

My opening statement called for me to defer to you after I had made my statement, but I just want to ask you to lead off, Senator McConnell, because I know you have a lot going on.

TESTIMONY OF HON. MITCH McCONNELL,[1] A U.S. SENATOR FROM THE STATE OF KENTUCKY

Senator MCCONNELL. Well, thank you, Mr. Chairman. I really appreciate that. I have a prepared statement here which I would like to ask consent be made part of the record.

Senator CARPER. Without objection.

Senator MCCONNELL. And I would rather speak extemporaneously on behalf of my old and dear friend Ellen Williams who is superbly qualified to continue as a Governor of the U.S. Postal Service.

I have known Ellen for 20 years. I have watched her in a variety of different positions of extraordinary responsibility. She has extraordinary intelligence. She is very personable. She knows how to handle people. In short, she is the complete package, and I cannot think of anybody the President could have nominated any better qualified. Add onto that the fact that she has already been serving as one of the governors of the Postal Service, so she is familiar with the subject matter and can hit the ground running. And I guess the best way to sum it up is I give her my very highest recommendation without any qualification whatsoever and would urge the Committee to speed her through the process and get her confirmed at the earliest possible opportunity.

[1] The prepared statement of Senator McConnell appears in the Appendix on page 15.

Senator CARPER. Well, Mr. Leader, we will do our best to see that it happens.

Senator MCCONNELL. Thank you, Mr. Chairman.

Senator CARPER. It means a lot to us and I am sure to Ms. Williams that you are here. Thank you.

I am pleased to serve today as Chairman of our Committee as we consider the nomination of Ellen Williams to be a member of the Board of Governors of the U.S. Postal Service. As just about everyone here today probably knows, our Postal Service finds itself in the midst of a new age of sorts.

Until very recently, the Postal Service was operating under a business model that was created to serve our economy in the 1970s. But since the 1970s, we all know our country has grown. The complexity of our economy has grown. The number of postal customers has also grown, but so has competition from the private sector from companies like FedEx and UPS and from technologies that we did not have in the 1970s, like cell phones, fax machines, e-mail, and electronic bill paying.

With this in mind, Senator Collins and I and a number of our colleagues in both the House and in the Senate worked for years to enact the first major reforms to the Postal Service since 1970 when Ted Stevens was a freshman Senator from Alaska.

Our bill will not convince people to give up e-mail—that is not our idea, that is not our intent—and return them to written correspondence as their primary means of communication. What it will do, though, is shore up the Postal Service's finances in the long run and give postal managers the tools that they need to price and market their products like any business would. So we think it is important perhaps now more than ever that the Postal Service has good leadership.

Ms. Williams, you have provided some of that leadership in your current capacity, and for that we are grateful. I am pleased that you have shown an interest in continuing to serve in this position, and I look forward to hearing from you today about what your priorities would be as governor and how you would work with your colleagues to implement the reform legislation that the President has signed and to add value to the products and services that postal employees provide every day.

Senator McConnell has been good enough to come and to introduce you. We rode over on the subway together, and I caught him on the Senate floor and asked if he was going to come over and introduce you. And he said, "Well, I want to," but he had heard that the hearing had been canceled. And I said, "Oh, no. I am chairing it. So believe me, it is not." [Laughter.]

We rode over on the subway together along with Senator Bunning, who asked that we extend his regards to you. And I mentioned to both Senator McConnell and Senator Bunning that Ellen Williams was among my very earliest supporters when I ran for State Treasurer. And knowing of your affiliation and leadership in the other party in the State of Kentucky, they both blanched when they heard that. But I hastened to add that it was another Ellen Williams, and one who is a good deal older than you.

I have not done this before, and I have really been looking forward to it, but I have the opportunity to swear this witness in. I

believe, Ms. Williams, that you have filed responses to a biographical and financial questionnaire. I believe you have answered some pre-hearing questions that were submitted by our Committee. And you have had your financial statements reviewed by the Office of Government Ethics.[1] I would just ask, without objection, that this information be made part of the hearing record, with the exception of the financial data, which are on file and available for public inspection in our Committee offices. And since I am the only one here, I hear no objection to that request, so we will proceed.

The Committee Rules require that all witnesses at nomination hearings give their testimony under oath, and I am going to ask, Ms. Williams, that you stand and raise your right hand, and then I will ask you a couple of questions.

Do you swear that the testimony you are about to give to our Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. WILLIAMS. I do.

Senator CARPER. All right. Please be seated. That was the answer we were looking for.

Ms. WILLIAMS. Thank you.

Senator CARPER. And I understand there is at least one member of your family here today, and I do not know if you would want to introduce him or anyone else that is sitting out in the audience. But if you do, you are welcome to do that. And we will make your whole statement part of the record. If you would like to summarize that, you can. You have the next 2 hours to proceed.

Ms. WILLIAMS. It will be very brief.

Senator CARPER. Well, maybe we will make that 10 minutes.

TESTIMONY OF ELLEN C. WILLIAMS, GOVERNOR, U.S. POSTAL SERVICE

Ms. WILLIAMS. I would like to thank Senator McConnell for taking time out of his schedule to come and introduce me today, and I would like to thank you very much, Senator Carper, for convening this hearing and allowing me to appear before you so I can talk about why I would like to have the opportunity to serve for a second term on the Postal Board of Governors. But I do have guests today. I have two of my dear friends: Vicki Dixon, with the Department of Interior—she was at my hearing about 15 months ago.

Senator CARPER. Would Vicki raise her hand? Ms. Dixon, how are you? Welcome.

Ms. WILLIAMS. And Mark Acton—a fellow Kentuckian—on the Postal Regulatory Commission (PRC), one of the Commissioners.

Senator CARPER. Nice to see you. Welcome.

Ms. WILLIAMS. He is here. And my very special guest is my father, retired Lieutenant General John Conaway. My dad is former Chief of the National Guard Bureau from 1990 to 1994. He likes to say he went into the Pentagon in the 1970s as the youngest general. He came out in 1994 as the oldest general, and by far and away the wisest general. And he was Chief during Desert Shield and Desert Storm, and his 37-year military career gave rise to the

[1] The biographical information and pre-hearing questions of Ms. Williams appear in the Appendix on page 19.

modern-day Guard, which we are so proud of, and its importance to the total component of our military. So he is our example in my family of public service and a hero to us all. So I am really honored that he is here today—General Conaway.

Senator CARPER. At ease, General. Welcome. Has your father ever been to Delaware?

Ms. WILLIAMS. Well, he is a constituent of yours. Did you know that, sir? [Laughter.]

We see you in the parade every year.

Senator Akaka, how are you, sir?

Senator AKAKA. Fine. Thank you.

Ms. WILLIAMS. I appear before you today after serving 15 months as a Governor of the U.S. Postal Service, and I appear before you to seek nomination to a full term. I would like to thank the President for his confidence in me, and I truly appreciate the opportunity to be considered for a full term, and under the new law that full term will be 7 years.

Last week, I met with your staff, and we discussed many of the key issues facing the Postal Service, and most specifically, we discussed implementation of the new postal legislation which was enacted.

The enactment of this new legislation is the main reason I would like to have the opportunity to continue my service. I thought long and hard about it, and prior to the legislation, I mean, I was interested in the Board; but upon passage of the legislation, I was energized and intrigued by the opportunities that the Board of Governors will be afforded to help guide the Postal Service into its next era, if you will. I think that you all did an excellent job in defining the roles of the Board of Governors and the roles of the Postal Regulatory Commission. PRC is what Kim Weaver of the Postal Service said I need to stick to because I always get confused.

Senator CARPER. You are not the only one.

Ms. WILLIAMS. Well, thanks, but it is exciting, and we stand at an exciting time, and I look forward, should I be confirmed to the full term, to working closely with my fellow governors, management, the PRC, and all stakeholders as we move this valuable institution forward.

I will take any questions that you all may have, and I thank you for allowing me to be here.

Senator CARPER. Thank you.

We have been joined by Senator Akaka. I am going to ask Senator Akaka to say whatever is on his mind and maybe ask the first question or two. Senator Akaka, thanks for joining us.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman. I am glad to be here with you, and I want to commend you for your oversight work over the Postal Service.

Senator CARPER. My pleasure. Thank you. Thanks for your help.

Senator AKAKA. I want to add my welcome to Governor Williams.

Senator CARPER. It has a nice ring to it, doesn't it? "Governor Williams."

Senator AKAKA. I also want to thank you for your service. I think you mentioned that it has been 15 months?

Ms. WILLIAMS. Fifteen months, yes.

Senator AKAKA. The Postal Service is in the midst of many changes resulting from the passage of the Postal Accountability and Enhancement Act at the end of last year by this Committee with the leadership of Senator Carper. As you said, this legislation has re-energized your passion in your work with the Postal Service. Yours is the first nomination to the Board of Governors since the law passed, so while your responsibilities have changed and while being a governor may be a part-time job, it still requires a full-time commitment to every American citizen that is connected with the Postal Service. I am pleased that we have before the Committee a nominee that is from a rural area, who understands the unique challenges and needs of those communities. I hope to ask your views about some of these important rural issues.

Even with the new law enacted, it is up to the Postal Service, in large part through the Board of Governors, to ensure that the Postal Service is never privatized and that there continues to be a commitment to universal service for every American.

Finally, I want to urge you, if confirmed for this appointment, to keep your door open to the Congress and to make it a point to share your thoughts and update Members of this Committee regularly.

So, again, I want to thank you for being here and appearing before us.

Ms. WILLIAMS. Thank you, Senator.

Senator AKAKA. Thank you, Mr. Chairman.

Senator CARPER. Senator Akaka, thank you, my friend. It is always great to be with you.

I want to start off, Governor Williams—you do not mind if we call you "Governor Williams," do you?

Ms. WILLIAMS. No. You can call me "Ellen," if you would like, but "Governor Williams" works. [Laughter.]

Senator CARPER. Let me start our questioning. We ask some fairly standard questions that we ask of all the nominees, and let me just ask those, and then we will move on from there.

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

Ms. WILLIAMS. No, sir.

Senator CARPER. All right. And, second, do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Ms. WILLIAMS. No.

Senator CARPER. OK. And 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. WILLIAMS. I absolutely do.

Senator CARPER. Well, why don't we go on to the other questions then.

Ms. WILLIAMS. OK.

Senator CARPER. You passed that first test.

You have now served on the Board of Governors for almost a year and a half—I think you alluded to this in your opening state-

ment, but just talk a little bit more about why you would like to continue to serve.

Ms. WILLIAMS. Well, I think that I have been given a good framework in the first 15 months of the term that I just completed, understanding a bit about how it was but not being so entrenched in how it was that I do not have the ability to look at the new law and begin to move forward. And as I said in my opening remarks, I have enjoyed the Postal Board of Governors, but I am energized about being on the Board in light of the new legislation that you all enacted. I think it gives us great opportunity to move the Postal Service into the future. It gives us a lot of opportunity in the competitive market area, with caution. I like the way you have defined the way the PRC and the Board of Governors will work together. I appreciate their regulatory role and the way it has been defined.

And so I just think there is a lot of unique opportunities and it is an exciting time.

Senator CARPER. Good.

Ms. WILLIAMS. And I would like to continue service.

Senator CARPER. Talk to us a little bit about some of the challenges that you think the Board and postal management are going to be facing in the coming years under the new law, and in addition to telling us what you think are some of the challenges, maybe what you believe are some of the opportunities.

Ms. WILLIAMS. Well, the challenges, I mean, first and foremost—and you mentioned it in your opening statement—is the decline of First-Class mail. And we are not under the illusion that we can increase for the long term First-Class mail due to electronic diversion. But I think there are things that we can do to make the Postal Board more cost-efficient, and we are looking at ways right now with the service standards that are mandated in the new legislation, and we just posted the regulations today for comment, so there is a 30-day comment period, and we are working with all the stakeholders to try to make sure that service standards are doable, not too low, not too high, and that once we have something that everyone agrees to and comments are accepted, we then can work on a facilities plan, which is due, according to the new law, by June 2008.

And so I think then we will put some measurements in place, too, on these service standards so that we can determine if we are achieving them and if we need to modify them as we go forward. We work closely with the PRC on that. The PRC has issued draft regulations on the way we file a new rate case, and they are pushing us, and we appreciate that. I think Dan Blair and Mark Acton, the two specifically that I know of, and the rest of them are doing a good job in communicating with us. But the Board of Governors and management almost without exception like the draft regulations on the new ratemaking, and it would be our intention that we file our rate case under the new law. And I think as a Board of Governors that is part of our role, to show leadership in the implementation of this law, to try to help set the tone, to try to work through some of the challenges that management is going to be facing as we move forward.

Senator CARPER. When you think about some of the new pieces of business that might be out there for the Postal Service in this

decade and down the road, what are some that come to mind? This is not a trick question, but I think we have a couple of States now where folks actually do their voting by mail. I believe that maybe Oregon is one of those States. There may be others, but I am aware of at least Oregon. I suspect some others are thinking of it.

I have not thought about that until right now as a possible area of growth, a growing area of your business. But it could.

Ms. WILLIAMS. It could be. There could be a lot of things. What we are focused on right now is to try to make sure that we have parameters for competitiveness, and the PRC has submitted some guidelines. We at the Board of Governors level are redoing our bylaws to be consistent with what the law states we need to do. So we have a lot of oversight in the competitive products area. So we want to make sure that these bylaws and the standards that the PRC submitted allow for a competitive environment to make us move forward.

So as far as actual products, we brainstorm on some, but none that I am really comfortable talking about.

Senator CARPER. How does it work within the Board of Governors? At the Board of Governors, I think, just in terms of brainstorming, given the kind of intellectual fire power you have on the Board, you have the ability to come up with some ideas there. I presume the folks who run the Postal Service are coming up with ideas. Do you hire consultants and others to help you figure out how to develop new business opportunities?

Ms. WILLIAMS. I think that remains to be seen, but it is certainly something that is on the table as we look to expand products and enhance our role, if you will. Jack Potter, the Postmaster General, and Pat Donahoe have put together a tremendous staff, and they are very innovative. They are aggressive. They have a wonderful marketing team and overseas division. We hope that there will be a lot of opportunities, and, frankly, we would like to come back and talk to you all maybe in the spring or summer and expound on some of the competitive opportunities that we are exploring.

Senator CARPER. All right. I have stated in the past, those of us who put together the postal reform bill chose not to pursue the idea of privatization. We also chose to preserve postal employees' collective bargaining rights, as you know.

A number of my colleagues and I have been concerned about the trend in recent months in the Postal Service of contracting out work in what appears to be a greater degree than has happened in the past. I acknowledge that work has been contracted out for years by the Postal Service, but it just appears to be something that is being done more often than was the case a year or even 2 years ago. And that contracting out of mail deliveries has received a fair amount of attention, and I am sure it has been brought to the Board's attention.

Personally, I believe that contracting out has its place, but that it should be the exception rather than the rule with respect to the Postal Service.

Let me just ask what your views are on this subject. When is it appropriate and when is it not appropriate for the Postal Service to be contracting out work that is currently performed by bargaining unit employees?

Ms. WILLIAMS. Thanks for that question. That is one that I think we all struggle with. I agree with you; I do not believe the Postal Service should be privatized, first of all.

Second of all, contracting out does have its place, but it is a balancing act, and we have restraints and parameters based on our contracts that we have with our workforce. And Jack Potter and our management team, I think, are very judicious in trying to make the determination when it is OK to contract out and when we should not. And it is a balance of cost. Is it cost-saving? Can you still get the same efficient work? But there is no hard and fast rule on when it is OK to contract out and when it is not.

I can tell you that our management team has just successfully negotiated three of our four contracts with our workforce.

Senator CARPER. Which ones have you negotiated?

Ms. WILLIAMS. All but the rurals. I always forget the one that we have not done.

Senator CARPER. All right.

Ms. WILLIAMS. But there is language that says—there is nothing in these contracts that prohibit contracting out, and that was something that both parties agreed on. It is not anything that we want to do wholesale. We believe that is an opportunity to save costs. We also believe there are a lot of efficiencies that can be identified in automation and other things that can help save money, too, and keep us in a more profitable or straight line on not losing money.

Senator CARPER. With the significant increase in contracting out that has taken place within the last year or so, at least one of my colleagues, with support from a number of other Senate colleagues, introduced legislation that sought to preclude the contracting out in a number of instances. I think there is an interest in maybe adding it as an amendment to one of our appropriations bills that was moving through. We encouraged that not to happen. We felt that the authorizing committee should really have jurisdiction over that. And what we heard from some of the labor unions was that this is a matter that should be resolved at the bargaining table between management and labor, and others are actually supportive of the legislation. Your thoughts in that regard?

Ms. WILLIAMS. My thought would be to not do anything legislatively at this juncture, and I would hate to see our hands really tied from the standpoint if we need to do contracting out, which the Postal Service has been doing since the 1700s, to prohibit it through legislation I am not sure is the right approach. I think the new law has yet to be determined how it is going to impact the Postal Service, and so I would like in a year or two maybe we come back, and I know we provide yearly reports to you all, and we are redoing our strategic transformation plan to coincide with the new law and some of its requirements. So I would not encourage any legislative action on contracting out at this time. I agree with letting us take care of it at the table, frankly.

Senator CARPER. Thank you.

Senator Akaka, I have some more questions, but let me yield to you, if I may.

Senator AKAKA. Thank you very much, Mr. Chairman, for this opportunity.

As I mentioned, I was glad that you have lots of experience with the rural areas. In my home State of Hawaii, over the years we have sometimes experienced problems with services in the most rural areas. For example, a few years ago, there was a shortage of post office boxes in a community that did not offer delivery to the home. And coming from a rural area yourself, do you think the Postal Service is doing everything it can to ensure universal quality mail service?

Ms. WILLIAMS. I do, and I think that the Postal Service is continually addressing how to provide universal service, and we are reviewing our standards right now—and they are out for comment—to try to figure out how we can provide universal service regardless of where a person lives in this country, which is the backbone of the creation of the Postal Service.

So your staff had indicated they may have some thoughts, and we are going to work with the Postal Service on our service standards that are out for comment right now. So I appreciate very much mail being delivered in a timely fashion no matter if you are in New York City or Elliott County in Kentucky that in some instances in the winter we use a mule to deliver the mail.

Senator AKAKA. Speaking of timely delivery, as you know, yesterday the Postal Service released their draft modern service standards regulations for comment. One issue of concern I have is the disparity between Alaska and Hawaii standards and the Mainland standards. For example, a periodical sent on the Mainland to another State would take 1 to 9 days; whereas, a periodical from Hawaii to the Mainland would take from 11 to 17 days, even though both periodicals cost the same to send.

Can you give me your reaction to such disparities? Should the Postal Service do more to close this gap?

Ms. WILLIAMS. I cannot speak specifically on how to close the gap. I know Pat Donahoe, our Chief Operating Officer, is working closely with stakeholders to try to figure out how to close the gap on the disparity. I believe that we need to do as much as we can. We may not be able to get it to exactly the same time frame as the Mainland, but I think if we could shave off some of the days, that seems to be a pretty big gap. And I know that they are working diligently on it, but I cannot state specifically what will be done to do that. But I know they are conscious of it, and it is a problem.

Senator AKAKA. Governor Williams, in your pre-hearing questions, you stated that as you see it, the Board of Governors should act much like a private sector board——

Ms. WILLIAMS. Right.

Senator AKAKA [continuing]. Providing high-level oversight and guidance to management. In the brief time that you have spent already with the Board, can you give me any examples of what kind of oversight or what kind of guidance you or the Board as a whole has provided to management?

Ms. WILLIAMS. We have pushed management pretty hard on trying to measure the standards and trying to put some system in place so that we can understand that if you make this more efficient, what is the dollar savings. And so we are really trying to put some more accountability into the standards that we develop.

Also, I am on the Management and Compensation Committee, and in 2008, we are going to have a huge number of retirees in management. And so we have pushed hard on that committee and have brought in a consultant to help us help them develop some succession planning that has parameters and is not based on maybe who you may be comfortable with or who you may know, but who has the talents and the experience and the capabilities to move into the pipeline to start filling some of the management gaps that will begin existing.

We are reaching out to the colleges to try to bring some new college graduates in on a career path for the Postal Service, which is a wonderful career. I had no idea until I joined the Board. And so there are some of those kinds of things. I am on the Governance and Strategic Planning Committee, and we have spent a lot of time discussing the new legislation and really pushing on how we start thinking in a different way, how we start thinking more like a business in the competitive products standpoint. And those are the two committees I can specifically speak on the way that the Board has tried to give them some backing and point some things out that maybe they—because they are not bogged down, but because they are dealing with a lot of the day-to-day issues may not have time to step back and think about.

Senator AKAKA. The postal reform bill that we passed last year shifted more responsibility to the Postal Regulatory Commission. Can you tell me what are some of the changes you have experienced from the Board's perspective?

Ms. WILLIAMS. I like the changes very much. The Board of Governors are a part-time board, and the PRC is a full-time board. And so I think that in and of itself makes sense that there would be a shift to some more responsibility, if you will, to the PRC with more of a board of directors oversight capacity that the Board of Governors now has. A lot of us have functioned that way, but I think the legislation has clearly spelled it out and articulated just exactly how the two bodies work together. And on a lot of the draft regulations that the PRC is sending over, they are helping to provide a framework on how we as a Postal Service will go forward on competitive products, on the new rate case. As I said earlier, we like what they are doing. We like the direction and the driving force that Chairman Blair is showing.

And so that has been a really good thing, and it has clarified and prevented—it has just allowed good cooperation, good communication, which we had before, but I am excited about the opportunities that it is going to afford the Postal Service.

Senator AKAKA. Well, I am glad to hear that about the relationships. Do you think that the relationship between the Board and the Commission has been constructive?

Ms. WILLIAMS. Yes, I do. I think it has been very constructive. I think that both entities are working hard to provide the leadership on this new legislation and to do what is right for the Postal Service. The one thing for certain about the Postal Service right now is nothing is for certain. There is a lot of change.

Senator AKAKA. Yes. Well, I am glad to have you before us. I want to wish you well.

Ms. WILLIAMS. Thank you very much.

Senator AKAKA. And I want to thank the Chairman for his part in crafting the bill that was passed and for his leadership in bringing it to fruition to improve the service of the Postal Service.

Ms. WILLIAMS. Thank you.

Senator AKAKA. Thank you very much, Mr. Chairman.

Senator CARPER. Thank you very much, Senator Akaka. I would be happy to extend your time another 10 minutes if you want to go on.

Senator AKAKA. No, thank you.

Senator CARPER. All right. Thank you. And thank you for being a big part of the legislation that Senator Collins and I and others worked on.

Governor Williams, a number of us here in the Senate have been concerned for a while, really for a number of years, over the way that processing plant consolidations are handled. On the one hand, it appears that at times the Postal Service does not have what I would call a robust plan for right-sizing its facilities in our network and taking advantage of some of the technology in mail processing innovations that have made some plants, particularly older ones, obsolete.

On the other hand, when a plant is being considered for closure or for consolidation, we always hear concerns from employees, as you might understand, that they were not consulted and they have no idea what is going on and how they are going to be affected.

How do you think that these issues ought to be addressed?

Ms. WILLIAMS. Well, we do not make any of the decisions on closures or changes lightly, and we have encouraged on the Board all stakeholders' views to be heard. The new law will also require that by 2008 we have a facilities plan, if you will, which will be, I am sure, presented to Congress in our report. But it is not a decision that we would ever make lightly, and I can tell you that we have something called "total factor productivity" and——

Senator CARPER. What does that mean?

Ms. WILLIAMS. It means that we look at automation, we look at our staffing, and through attrition, we have 100,000 less employees at the Postal Service today. But our productivity from the standpoint of cost efficiencies and moving the mail out the door and service standards have improved. And so we are really trying to make decisions that are good for the Postal Service, good for the communities, and not do anything that has not been totally thought out and part of the overall plan, which I think management and the folks out in the field have done a good job putting together.

Senator CARPER. All right. How many people serve on the Postal Board of Governors today?

Ms. WILLIAMS. Nine. We have a full Board.

Senator CARPER. A full Board. Not all of us are born or raised with the same skills or gifts or talents, but when you look at the folks who serve on the Board and the range of the talents that are represented by the membership of the Board, what do you find are some of the most important gifts or skills or talents that one needs to serve in this brave new postal world?

Ms. WILLIAMS. The Board is a really unique mixture of strengths, and we have a woman that has experience with a large corporation. We have a former Congressman and someone who has served on

a lot of task forces, the base closing task force being one of them, so he understands large challenges and the enactment of legislation. We have a small businessman. We have someone from a small rural State in myself. We have a former staffer who is pretty intimately knowledgeable about issues and the legislation.

So I think that the diversity of the Board and all of our backgrounds are what make the give and take and the opportunities for discussion good. I know that in the legislation there was some encouragement of 50,000-person organizations, and I think it is good to have people like that on there. But I do not know that you would want a whole board made up of people who only come from the large corporate mentality—particularly in the small States and the small communities, you would look at a Postal Service and say, well, this one is not profitable, we need to close it. Well, sometimes you cannot put a price tag on the benefits to a small community, and I think that is where the balance in the membership of the Board is really important, and I believe that we have that in this Board.

Senator CARPER. OK. When you think of the other eight members who serve on the Board of Governors and you think about their expertise, their abilities, and what they bring to the table—I am not going to ask you to go through and name for each person what they are, but could you think of for everybody some of their foremost talents or skills or expertise?

Ms. WILLIAMS. Absolutely.

Senator CARPER. And when you think of yourself and what you bring to the table, the value-added that you bring, what are some of the things that you think are most valuable that you bring as a governor?

Ms. WILLIAMS. I think that my experience—I have managed large organizations, never any with a union component, but I have managed large organizations. I have been in State government. I have been in the Federal Government in many capacities. I think that coming from a rural State and living in a small town and being involved in the political process, frankly, gives me a unique perspective as we put all the different stakeholders together and try to come to some compromise and solutions on big issues. And there has to be give and take in all these solutions that we deal with, and I think one of my strengths is absolutely trying to draw the best out of a situation and the best out of each side to meld together, I think, the optimum solutions.

Senator CARPER. I have served on boards, and you probably have served on other boards, I am sure, where we think, it would be great if we had a person who was good at this or maybe good at that, but there was not a vacancy and as a result you could not.

When you look at the Board today, and you think it would be nice if we had somebody who is especially good at something else, what might that be? Or let me ask that question in another way. If you were advising a President, a future President, on what to look for in appointing or nominating a person to serve on the Board of Governors, what advice would you provide?

Ms. WILLIAMS. I think it would be important—I would not—all of us, obviously, if you asked that question on the Board of Governors, would come up with a different answer.

Senator CARPER. This is just for you.

Ms. WILLIAMS. My specific answer would be—look at the make-up of the Board and then let's figure out where the hole is. If we do not have anybody from the accounting field—which we do—or if we do not have anybody that is versed in business start-ups, I think it would be important to have somebody that has been involved with union negotiations and labor unions. We have a good management team that has been very helpful on that, and Jack Potter serves in that role—our Postmaster General.

So I do not know that we have any gaps, frankly, right now, but there will come a time that, depending on who leaves, I think that it will be evident to you all as you go through the next confirmation process where the hole would be.

Senator CARPER. All right. The main feature of our new rate system is the rate cap, as you know. In most cases, the cap will prevent the Postal Service from raising rates above the CPI. Having said that, our reform bill does include a provision that would allow rate increases above the cap under certain circumstances. There has been some debate over the years about what those circumstances might be. In fact, there was a fair amount of debate during the time that we were negotiating the legislation about that.

When do you think it would be appropriate for the Postal Service to break the cap?

Ms. WILLIAMS. I think it would have to be a truly extraordinary circumstance.

Senator CARPER. Well, can you give us some example?

Ms. WILLIAMS. Well, God forbid, but a September 11, 2001, or a large national or international incident. I do not think that we want to use the ability to raise rates—or this caveat in the law as something if maybe we did not do as well last year as we thought we would, well, then, this is a special circumstance and we want to raise rates. It is my opinion that was not the intent of the legislation but the intent was for an anthrax or a September 11, 2001—a truly extraordinary situation that I hope we are never faced with, but at that point we would sit down and immediately begin work on what we needed to do.

Senator CARPER. OK. Maybe a couple more questions and then we will call it a day. I have been an advocate for some time of the Postal Service using alternative retail options, such as vending machines or windows in places like grocery stores and pharmacies in order to reach its customers. This kind of retail can be used, at least in my view, to augment what is already offered or to serve as a cheaper alternative in some cases to a full-scale post office where that does not make good economic sense.

Now, the reform bill that we passed included language that requires the Postal Service to come up with a plan for rolling out alternate retail options. And let me just ask what, in your view, should the Postal Service be doing in this regard.

Ms. WILLIAMS. I like the alternate retail options. I think with the decline of the First-Class mail service, anything that we can do to expand our reach and make the post office more user friendly to folks is a good thing. We are working on ways to roll that out right now, so I do not have specific instances for you, but I think there

are—like I said, probably by next summer you will see some things that we would be prepared to come talk to Congress about that I hope will be worthy of good things and expansion and good news for the Postal Service.

Senator CARPER. OK. The last question I have is probably the most important question I will ask of all as we look at your nomination going forward, and it is a fairly straightforward question, but what does PRC stand for? [Laughter.]

Ms. WILLIAMS. The Postal Regulatory Commission.

Senator CARPER. Just the answer we were looking for.

Ms. WILLIAMS. I almost choked. Thank you, sir. [Laughter.]

Senator CARPER. I think that is all the questions we have for you today.

Ms. WILLIAMS. Thank you.

Senator CARPER. Senator Coburn had indicated that he was going to try to come by, but unless he comes in the next few seconds, I am afraid he is going to miss this opportunity.

So let me thank you for your willingness to serve and for your willingness to take a longer view at this opportunity for service and maybe give us a few more years.

There may be some other questions from Members who were not able to join us today, and if those questions find their way to you, I would just ask that you respond promptly so that we can have a full record of the hearing.

Ms. WILLIAMS. I will do so. Thank you.

Senator CARPER. With that having been said, we thank you and your guests again for joining us today, and with that this hearing is concluded.

Ms. WILLIAMS. Thank you, sir.

Senator CARPER. Thank you.

[Whereupon, at 4:32 p.m., the Committee was adjourned.]

APPENDIX

LEADER McCONNELL'S REMARKS ON THE NOMINATION OF ELLEN C. WILLIAMS TO BE A GOVERNOR OF THE U.S. POSTAL SERVICE
October 18, 2007
SD-342

Mister Chairman, Senator Coburn, my fellow Senators,

I'm honored to introduce a proud Kentucky native, Ellen C. Williams, the President's nominee to continue as a Governor of the U.S. Postal Service. Ellen has served as a USPS Governor admirably since August 2006, and she is more than qualified to serve another term helming a vital government service that connects and serves all the American people.

Founded by the Second Continental Congress, the U.S. Postal Service is as old as the country itself. It works not on behalf of any one group or faction of the country, but for the broad interests of the public. A USPS Governor must juggle competing interests while never forgetting the needs of ordinary Americans.

In her years of service for her country and Kentucky, Ellen Williams has demonstrated that skill, and many more. I've known Ellen for more years than either of us cares to recall, and I can testify she is smart, hardworking, disciplined, honest, tireless and loyal—everything we need in a public servant.

As Vice Chairman of the Kentucky Public Service Commission, Ellen served the people of Kentucky fairly and took care to provide public utility service for all at low rates.

As Commissioner of the Governor's Office for Local Development, Ellen managed the Kentucky statewide agency charged with providing state grants and loans to local governments. She was able to adapt to the needs of different communities, and worked to make sure that her agency's efforts went towards helping as many as possible.

Ellen works as president of her own government relations and public relations firm, again demonstrating her ability to connect people to solve problems.

She's also been active in electoral politics in Kentucky. It's in this way I've gotten to know her as a dogged worker with a great passion for whatever endeavor she finds herself in. And she is no stranger to Capitol Hill, having worked as a staffer here on the Senate side and in the other body.

Ellen graduated with a bachelor's degree from the University of Kentucky and went to high school in Louisville, my hometown. Of the many jobs she's held, the one she's proudest of is being a mom to her two teenage sons, Sam and Joey. She makes her home today with them in Lawrenceburg, Kentucky.

Public service runs in Ellen's family. Her father, retired Lieutenant General John Conaway, is with us today. General Conaway is a former chief of the National Guard Bureau, and he's also a constituent of yours, Mister Chairman ***[Senator Carper]***, as he has a home in Bethany Beach, Delaware.

In every aspect of her life, Ellen has demonstrated the power to connect people, which is the U.S. Postal Service's core mission. Over the last year, she's already shown the ability and the drive to excel as a USPS Governor.

I appreciate this committee's expeditious handling of her nomination, and I look forward to her confirmation to a full term. Thank you for allowing me to testify on her behalf.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. Biographical Information

1. **Name:** (Include any former names used.) Ellen Conaway Williams

   Ellen Rosemary Conaway

2. **Position to which nominated:**

   Governor, Board of Governors of the U.S. Postal Service

3. **Date of Nomination:**

   January, 2007

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

   Home:

   Office: 519 Murray Street
   Frankfort, KY 40601

5. **Date and place of birth:**

   November 23, 1956
   Tampa, Florida (Hillsborough County)

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

   Divorced

7. **Names and ages of children:**

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

Westport High School, Louisville, KY , 1971-1975, diploma, 1975
University of Kentucky, 1975 – 1980, BA in Business Education.

9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)

5/79 – 12/80	Office Manager, Hargett Construction Company, Lexington, KY
2/81 – 7/83	Staff Assistant, Congressman Larry J. Hopkins, Washington, DC
7/83 - 1/84	Executive Director, Young Republican National Federation, Washington, DC
1/84 – 11/84	Midwest Field Coordinator, Voter Programs Division, Reagan-Bush '84 Campaign, Washington, DC
11/84 – 1/85	Deputy Director, Special Groups Division, 50th Presidential Inaugural Committee, Washington, DC
2/85 – 6/85	Deputy Director, Republican Governor's Association, Washington, DC
6/85 – 12/85	Regional Political Director, Fund for American's Future, Washington, DC
1/86 – 4/86	Special Assistant, Vice President George H.W. Bush, Washington, DC
4/86 – 11/86	Deputy Campaign Manager, U.S. Senator Robert W. Kasten, Jr,. Milwaukee, Wisconsin
3/88 - 5/88	Deputy Director, The President's Dinner, Washington, DC
11/86 – 11/88	Executive Assistant, U.S. Senator Robert W. Kasten, Jr., Washington, DC
11/88 – 1/89	Deputy Director, Public Liaison Division, American Bicentennial Inaugural Committee, Washington, DC
2/89 – 6/90	Deputy Political Director, National Republican Senatorial Committee, Washington, DC
7/90 – 1/91	Moved back to Kentucky. Birth of 1st son. Stayed home

2/91 – 6/92 Executive Director, Republican Party of Kentucky
Frankfort, KY

7/92 – 11/94 Birth of second son. Stay at home mom.

11/94 – 11/95 Deputy Campaign Manager, Larry Forgy for Governor
Campaign, Louisville, KY

12/95 – 6/96 Stay at home mom

6/96 – 11/96 Political Director, Bob Dole for President Campaign,
Lexington, KY

12/96 – 2/97 Stay at home mom

3/97 – 5/99 Part-time Consultant, Government Relations, Lexington-
Bluegrass Association of Realtors, Lexington, KY

2/99 – 4/04 Chairman/Executive Director, Republican Party of Kentucky,
Frankfort, KY

4/04 – 5/05 Vice Chairman, Kentucky Public Service Commission,
Frankfort, KY

5/06 – 1/06 Commissioner, Governor's Office for Local Development,
Frankfort, KY

1/06 - Present Government Relations Director, Turfway Park, Florence, KY
(Thoroughbred Race Track)

1/06 – Present Ellen C. Williams, LLC, Frankfort, KY
(Government Relations Firm)

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.

Governor , U.S. Postal Board of Governors.
Foundation Member, Kentucky Commission on Women

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

1/06 – present Consultant, Kentucky Association of County Organizations, Frankfort, KY

1/06 – present Consultant, Commonwealth Brands, Inc. Bowling Green, KY

5/06 – present Consultant, Houchens Industries, Bowling Green, KY

2/06 – present Consultant, Kentucky Downs Racetrack, Franklin, KY

3/06 - present Consultant, Data Recognition Corporation, Maple Grove, MN

3/06 - present Consultant, Eastern, Kentucky University, Eastern, KY

3/06 - present Consultant, Paducah McCracken JSA, Paducah, KY

3/06 - present Kentucky Speedway, Sparta, KY

3/06 - present Corporex, Covington, KY

12. Memberships: List all memberships, affiliations, or and offices currently or formerly held in professional business, fraternal, scholarly, civic, public, charitable or other organizations.

Southern Women in Public Service

Southern Policies Growth

13. Political affiliations and activities:

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

Member, Executive Committee, Republican Party of Kentucky, 1996-2004

Chairman, Republican Party of Kentucky 1999-2004

Co-Chairman, Defense Subcommittee, Platform Committee Republican National Convention 2000.

Chairman, Southern Chairmen's Association, Republican National Committee, 2001-2004

Chairman, 2004 Site Selection Committee, Republican National Committee

Chairman, Housing Committee, Committee on Arrangements for the Republican National Convention 2004

Local Candidate for Magistrate, Anderson County, Kentucky 1994 (lost)

(b) See answer Above (a)

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

1/2003	Damon Thayer for State Senate	$250
3/2003	Adam Koenig for State Treasurer	$200
5/2003	Ernie Fletcher for Governor	$1,000
10/2003	Larry VanMeter for Ct. of Appeals Judge	$250
1/2004	Harold Fletcher for State Senator	$500
1/2004	Carroll Gibson for State Senator	$1,000
10/2004	Dana Stephenson for State Senator	$250
12/2005	David Williams for State Senator	$1,000
2/2006	Bill Roberts for City Council	$500
4/2006	John Roach for Supreme Court Judge	$1,000
3/2004	George Bush for President	$2,000
9/2004	Geoff Davis for Congress	$250
6/2006	Geoff Davis for Congress	$1000
8/2006	Geoff Davis for Congress	$1100
2/2006	Anne Northup for Congress	$500
11/2006	Anne Northup for Congress	$2100
1/2004	Alice Kerr for Congress	$500

2/2004	Alice Kerr for Congress	$500
12/2005	Republican Party of Kentucky	$1,000
10/2004	Republican Party of Kentucky	$500
1/2005	Republican Party of Kentucky	$300
5/2003	Republican Party of Kentucky	$500
7/2003	Republican Party of Kentucky	$1,000
2/2006	Republican Party of Kentucky	$300
9/2006	Republican Party of Kentucky	$2500
7/2006	Ron Lewis for Congress	$1000
10/2006	Ron Lewis for Congress	$1100
8/2006	Robert P. Corker, Jr. for Senate	$350
8/2006	James Matthes Talent for Senate Committee	$350
8/2006	Richard Michael Dewine for US Senate	$350
8/2006	Joy Moore, Kentucky Court of Appeals	$250
4/06	Bill Farmer for Mayor	$1,000
9/06	Mary Ann Baron, Co. Judge Executive	$250
9/06	Harry Berry, Co. Judge Executive	$250
9/06	Ernie Fletcher, Governor	$1,000
9/06	Kentucky Federation of Republican Women	$50
7/06	Theresa Padgett, Co. Judge Executive	$250
3/07	Trey Grayson	$1000

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

None

15. **Published writings:** Provide the Committee with two copies of any books, articles, reports, or other published materials which you have written.

None

16. **Speeches:**

(a) Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide copies of any testimony to Congress, or to any other legislative or administrative body.

None

(b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

None

17. **Selection:**

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

I was and am a loyal, active supporter of the President and his policies.

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

My positions in Kentucky Sate Government and my position with Congress provide me an understanding of the importance of relationships and knowledge of Congress and the Agencies.

B. EMPLOYMENT RELATIONSHIPS

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

This position is a part-time board appointment. I have communicated with Postal

Board Ethics about avoiding any conflicts either real or perceived during my term.

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

   The position I have been nominated to is a part-time board appointment. I intend to continue to run by business, Ellen C. Williams, LLC in order to support my family.

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

   N/A

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

   No

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

   Yes

6. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

   No

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relations, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or asking 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 exist

2. 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.

Ellen Williams, LLC is a government relations lobbying firm. In my representatation of clients I work directly with the Kentucky General Assembly to influence the passage of legislation deemed important by my clients.

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

   Yes

D. LEGAL MATTERS

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

2. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement Authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

   No

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

   Yes

4. For responses to question 3, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, alleged to have been taken or omitted by you, while serving in your official capacity.

   In the Summer of 2004, I was sued in my capacity as Commissioner along with With the other two Commissioners and some key staff of the Kentucky Public Service in the Franklin Circuit Court, Commonwealth of Kentucky.

   In the Fall of 2005, I was subpoenaed to appear before the Franklin County Grand Jury as a witness. In lieu of an appearance before the Grand Jury I met informally with an Assistant Attorney General for the Commonwealth

of Kentucky. I was never the subject of this investigation but because of my prior positions in state government and Kentucky politics the Attorney General's office wanted to ask me some questions about the Merit Hiring investigation taking place in the Fletcher administration.

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

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection).

AFFIDAVIT

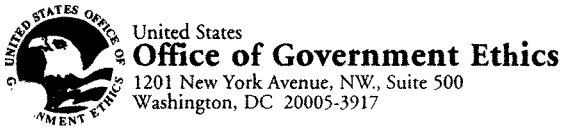
Ellen C. Williams being duly sworn, hereby states that he/she has read and signed the forgoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Ellen C Williams

Subscribed and sworn before me this 16TH day of April 20 07

Notary Public

MY COMMISSION EXPIRES 6/27/2010



May 19, 2006

The Honorable Susan M. Collins
Chair
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Madam Chair:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) which allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (SF 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

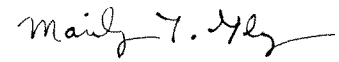
Therefore, I am forwarding a copy of the financial disclosure report of Ellen C. Williams, who has been nominated by President Bush for the position of Governor on the Board of Governors of the United States Postal Service. Because Ms. Williams is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the United States Postal Service concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter from Ms. Williams to the agency's ethics official, outlining the steps which Ms. Williams will take to avoid

conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of her confirmation date with the actions she agreed to take in her ethics agreement.

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

Sincerely,



Marilyn L. Glynn
Acting Director

Enclosures

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Ellen C. Williams to be
Governor of the United States Postal Service

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Governor of the United States Postal Service (USPS)?

   I believe I was nominated due to my current service on the Board of Governors and my understanding and knowledge of government, the legislative process, and governmental entities.

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

   No.

3. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

   My current service on the Board has given me a good understanding of the challenges and opportunities facing the Postal Service. In addition, my knowledge of government and experience in consensus building when necessary and implementing tough decisions at other times provides me with a wealth of experiences that have proven useful for this appointment.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments 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 and/or criteria that you will use to carry out such a recusal or disqualification.

   No.

6. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

No.

II. Role and Responsibilities of Governor of the United States Postal Service

7. Why do you wish to continue to serve as a Governor of the Postal Service?

The Postal Service is facing significant challenges – the continuing decline of First-Class Mail, the need to realign its processing network and the implementation of the Postal Accountability and Enhancement Act. I believe my current service on the Board has given me a thorough understanding of these issues and my background will be useful to working with the rest of the Board to guide the Postal Service through these challenges.

8. What do you see as the principal mission of the Postal Board of Governors? What do you see as its principal responsibilities?

The principal mission of the Board is to provide guidance and oversight to management. The Board should work with management to oversee the implementation of policies and to review policies and procedures to ensure we are meeting the needs of the public.

9. What do you see as the main challenges facing the Postal Service? What do you believe the Board can do to help meet those challenges?

I believe the continuing decline of First-Class Mail, the need to realign its processing network and the implementation of the Postal Accountability and Enhancement Act are some of the main challenges facing the Postal Service.

The Board has, and should continue, to open lines of communication with all stakeholders of the US Postal Service to ensure the continuation of reliable, affordable and accessible services. We must make sure that the services we provide are done professionally, and efficiently. We must focus on the services we do well and work closely with all stakeholders when considering and implementing new services.

10. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

Each Governor brings his or her experiences to the table to provide the Postal Service with variety of viewpoints. My past experiences in federal government, state government and managing large organizations have provided me with the leadership abilities to

effectively work with groups with differing views and work together to come to good compromises for consumers and the organization. In addition, individual members serve on one or more of four Committees. I currently sit on the Compensation and Management Resources Committee and the Governance and Strategic Planning Committee.

11. What do you believe should be the respective roles and functions of the Postal Service Board of Governors and the Postal Service management? How do you believe the Governors and management can best work together to meet the challenges facing the Postal Service?

    The Board should function in a manner similar to a private sector Board, providing high level oversight and guidance to management. Postal management has the responsibility for managing the day to day operations of the Postal Service. The Board and management will be successful if they are able to continually discover new ways to make Postal products and services useful to the American mailing public.

12. The Governors are chosen to represent the public interest generally. How do you plan to interact with various stakeholders interested in postal issues, and how do you think as a Governor you can effectively represent their ideas?

    I plan to meet with various stakeholders to learn directly from them about their concerns and ideas.

13. Generally, what contributions do you hope to make during your tenure on the Board of Governors, if confirmed?

    I believe my current service on the Board, in addition to my experience in state and Federal government, will allow me to work to ensure the Postal Service continues to look for new ways to offer relevant products and services to retain and increase mail volume.

III. Policy Questions

Postal Reform and Financial Issues

14. In December 2006, after years of work by the members of this Committee and many others, the Congress enacted the Postal Accountability and Enhancement Act (P.L. 109-435). Generally, how do you believe the Board of Governors should provide leadership in working with Congress and postal stakeholders to ensure that this postal reform legislation is effectively implemented?

    I believe the Board should be aware of the reduced role given to it by the Postal Act of 2006 and the enhanced role given to the Postal Regulatory Commission (PRC). The Board has worked with the PRC directly and has been involved in the Postal Service's

responses to a number of PRC rule-makings. The Board also has been working with management to determine how the Postal Service can best use the potential flexibility contained in the new law.

15. One of the primary challenges of this landmark legislation is to give the Postal Service more flexibility to operate like a business, while also providing appropriate accountability mechanisms. How should the role and responsibilities of the Board of Governors complement and balance the role and responsibilities of the regulator under the Postal Accountability and Enhancement Act to ensure that these challenges are appropriately met?

    The Postal Act of 2006 holds the potential for greater pricing flexibility pursuant to regulations issued by the PRC. So far, we are encouraged by the action of the PRC to allow the Postal Service to meaningfully explore that flexibility. The Board will be working with management to determine how the Postal Service can best take advantage of that pricing flexibility while providing information to the regulator and other stakeholders to allow the Postal Service be held accountable for its actions.

16. Recent data show that the Postal Service is facing declining volumes in First-Class Mail, which is its largest revenue-producing area, due largely to competition and electronic diversion. What approaches do you believe the Postal Service should take to maintain its viability and competitiveness?

    I do not think that it is possible to reverse the effects of electronic diversion. The Postal Service will have to continue to offer easy and convenient services that appeal to the American mailing public. A real challenge under the Postal Act of 2006 will be identifying new products and services that will increase mail volume and revenue by allowing mailers to increase their businesses.

17. Under the postal reform legislation, the Postal Service must operate under an inflation-based rate cap. Many suggestions have been made on ways that the Service could reduce costs and improve productivity. What do you think the Service should do with respect to these circumstances? How should the Board be involved in identifying areas for cutting costs and improving efficiency in postal operations?

    The Board has been involved in numerous discussions about reducing costs and increasing productivity. Those goals were important before the enactment of the new law and are now essential to the future of the Postal Service. However, as the Postal Service's Inspector General has testified before Congress, there are conflicting stakeholder views about how to achieve these goals, which make their achievement particularly challenging.

18. Some concerns have been raised about whether it is appropriate for the Postal Service to offer certain new products and services. What are your views regarding whether it is

appropriate for the Postal Service to offer products and services that compete with private sector companies?

The Postal Act of 2006 creates a competitive category of products, which includes Express Mail, Priority Mail, and bulk parcel post. The Postal Service has offered these types of products for years, and has competed with the private sector in doing so. I think it is appropriate for the Postal Service to continue to offer these services and investigate new products and services in these traditional areas.

Postal Rates

19. Concerns have been raised in recent years about whether it is appropriate for the Postal Service to offer certain new products and services, especially those that are not closely related to the Postal Service's core mission. The Postal Accountability and Enhancement Act limits the Postal Service to "postal services," defined as products related to "the delivery of letters, printed matter, or mailable packages, including acceptance, collection, sorting, transportation, or other functions ancillary thereto." The bill also gives the Postal Regulatory Commission two years to determine which of the Postal Service's products not meeting this definition can continue to be offered. What are your views on the types of products it would be legal and appropriate for the Postal Service to offer?

    I agree with the definition in the new law. I caution, however, if the decrease in First-Class mail continues, offering these traditional "postal services" may not provide the necessary revenue to maintain the system as we currently know it.

20. As you know, the most recent rate increases that went into effect this year attempt, in part, to base the price charged for postal products on the shape of the product. Mail that is more complicated or expensive to handle due to its shape is now, in theory, making a greater contribution to the Postal Services costs.

    a. Do you think this approach is fair? What are its benefits and drawbacks?

       I do think the move to shape-based rates was fair. These rates more accurately reflect the actual costs associated with handling specific types of mail.

    b. Some mailers are now paying significantly higher rates due to the new shape-based pricing, as well as some other rate policy changes currently being implemented. Going forward, what do you believe the Postal Service should do to avoid rate shock and to prevent a significant loss of mail volume as it transitions to the new rate system called for in the Postal Accountability and Enhancement Act?

       I and the other Governors share the concerns about rate shock and the impact on mail volume and revenue. As you know, the PRC did not adopt the shape-based

rates as proposed by the Postal Service. Going forward, the increases facing periodicals will be tied to the increase in the Consumer Price Index.

21. Postal Regulatory Commission Chairman Dan Blair has stated his intention to establish the Consumer Price Index (CPI) rate indexing system for market dominant products in advance of the statutory deadline of June 20, 2008. This means the new system should be available for use once the current rates have been in effect for a year. Do you believe knowing that the new rate setting system will be available for use in such a timely manner should affect the Postal Service's decision on whether to file a "final" rate case?

    The PRC has issued its proposed rules for the new rate system. I believe it will benefit the Postal Service and its customers if the Postal Service moves forward under the new pricing rules, rather than filing a last rate case under the old "cost of service" rules.

22. One of the core principles of the Postal Accountability and Enhancement Act is to provide the mailers with predictability and stability, which allows mailers to better plan their mailing and could allow them to increase the amount of business they do with the Postal Service. What steps do you believe the Postal Service should take to provide mailers with this desired predictability and stability?

    The law controls this to a large degree by tying rates increases at the class level to the increase in the Consumer Price Index. The Postal Service is well aware of the impact of price increases and will work within the law and the new regulations to do its best to minimize that impact.

23. Under the postal reform legislation, the Service has more pricing flexibility and is allowed to retain earnings. What opportunities do you see for the Service to use this flexibility to further its mission and the intent of the legislation?

    The flexibility available to the Postal Service under the new law is largely dependent on the regulations promulgated by the PRC, which are currently being reviewed by the Postal Service. However, I believe the new law could allow the Postal Service to offer new products in both the market-dominant and competitive categories that will provide new opportunities for mailers to increase the amount of mail they use in furtherance of their individual businesses.

Facility Closings

24. One of the major initiatives discussed in the Service's Transformation Plan was its goal to optimize its mail processing and distribution network to reduce costs and improve efficiency. Recently, the Service has been implementing numerous consolidations of mail processing facilities. Many stakeholders have questions about these consolidations. For example, some have said that the Postal Service has failed to adequately provide

sufficient information to affected communities and stakeholders about the reasons for, and impact of, the proposed consolidations or closures.

a. What information do you believe the Service should provide to the public about proposed consolidations of mail processing operations and closings of mail processing facilities, and how widely do you believe such information should be disseminated to affected communities and stakeholders?

I believe the Postal Service must provide information that allows communities to understand the impact of the proposed changes on the employees, the mailers and the communities. However, that must be balanced against providing confidential data which could be used by competitors.

b. How can the Service ensure that its decisions related to closing postal facilities take appropriate account of community views and priorities and are fair and objective and perceived to be so?

The Postal Service must explain its rationale for its decisions in clear terms that allow the audience to make a reasonably informed judgment about the issue in question and the Postal Service must listen closely to, and if possible act on, the feedback it receives from its stakeholders.

25. Some stakeholders are concerned about the potential decline in delivery services resulting from consolidations and workforce realignment. How can the Board ensure that delivery performance does not decline as a result of facility consolidations?

The Board is aware of and concerned about the maintenance of service. We were very pleased with the third quarter results showing record levels for First-Class Mail. While right-sizing our network is important, we are well aware that consistent, reliable service is a major factor in retaining and increasing mail volume.

Transparency and Accountability

26. The Postal Accountability and Enhancement Act calls for a significant amount of transparency and accountability from the Postal Service. For example, the Postal Service will be required to file regular financial statements modeled after the requirements placed on private businesses under Sarbanes-Oxley. The Postal Service will also need to better measure service performance and agree to abide by service standards.

a. How do you think that these measures will improve and make more valuable the service that the Postal Service provides?

Compliance with Sarbanes-Oxley will provide a greater level of data to interested stakeholders, however, I am not sure that it will increase value of the services

provided. Providing a greater amount of data regarding service performance for market-dominant products should enhance the value of the mail by providing mailers an increased level of understanding of the service which they are procuring.

b. How would you balance the need for, and value of, increased transparency and accountability at the Postal Service against the need to control costs?

I understand the need for transparency and accountability and I believe that can be achieved without significantly increasing the number or complexity of the data collection systems used by the Postal Service, which can become a very expensive proposition. Those costs would have to be recouped through price increases, so the Postal Service is very interested in exploring the ways its current systems can provide information that will serve these purposes.

27. The Postal Service is required to annually report to Congress on its plans and performance related to its major goals. This information is vital to congressional oversight. However, some concerns have been raised that the Service has not established goals related to major postal functions and operations. What can the Board of Governors do to provide leadership in this area?

I believe that Postal management has done a good job in laying out goals and expectations, communicating what they are to both employees and stakeholders, and then achieving those goals. I would point out that the Strategic Transformation Plan covers the years 2006-2010 and lays out the Postal Service's plans for the future. That Plan is currently being revised in light of the enactment of the Postal Act of 2006 and the Board is working with Postal management on that revision.

Mail Safety and Security

28. What is your opinion of the Postal Service's current programs to manage risks posed by suspicious mail to enhance the safety and security of the mail?

I believe the programs balance the risks identified by the Federal law enforcement with the safety of our employees and our customers.

29. What are the tradeoffs that should be considered to determine what actions the Postal Service should take to enhance the safety and security of the mail – for example, in terms of potential impacts on postal operations and service delivery?

In designing security systems that protect our employees and our customers, we must be mindful of the impacts on mailers and the economy. I believe it is important that the

credibility and trust of the Postal Service be maintained while serving the public and ensuring the safety of our workforce and the communities we serve.

30. To what extent should any additional costs of enhancing mail security be funded by ratepayers, and to what extent by taxpayers?

    I believe that it is appropriate for the ratepayers to fund the costs of maintaining our programs, as is currently the case. To the extent that a significant new threat is identified, one that is essential to homeland defense, I believe it is appropriate to review whether the taxpayers should assume some or all of the costs of the homeland defense.

31. What steps should the Postal Service take to maintain trust and credibility with its employees and customers that the mail is safe? How can the Postal Service improve its response to hazardous incidents to ensure that appropriate safety procedures are understood and followed by all employees?

    I believe the Postal Service has done a tremendous job of managing and preparing and adapting to the changed environment that is occurring across this country and the world. While nothing is failsafe, the Postal Service has, and continues to, do everything within our power to maintain trust and credibility of all stakeholders and always do the best we can to ensure safety to the public and our workforce.

Workforce-Related Issues

32. The Service has projected that by 2010 about 75 percent of its executives and 50 percent of its managers and supervisors will be eligible to retire. How can the Board work with postal management to address these challenging succession, continuity and associated cost issues?

    Postal management has a comprehensive succession plan in place for the Postal Service and it is important for the Board to continually communicate with management on the structure and leadership within the Service. It is the workforce that has made the Postal Service one of the must trusted governmental agencies. As a member of the Compensation and Management Resources Committee, I work with management to review the succession plan.

33. In your view, has the Postal Service taken sufficient advantage in recent years of the opportunity retirements offer to re-shape the workforce?

    Yes. Over the past seven years, the Postal Service has reduced its employment levels by roughly 100,000 employees while increasing Total Factor Productivity and maintaining service levels.

34. How do you believe the Postal Service can ensure that whatever steps it takes to realign its workforce are consistent with its universal service obligation and with any existing strategies on related issues such as automation, facilities consolidations, and work sharing?

    The Postal Service must set priorities and then constantly review its priorities and performance goals. The Postal Service and the Board must keep in mind the difficult balance of restraining cost growth to maintain affordable universal service while continuing to provide the quality service Americans expect.

35. Some local postal managers have expressed concerns about not being given the opportunity to adequately staff carrier routes and window positions. They have pointed out that inadequate staffing adversely affects mail service and employee morale. The Postmaster General indicated at an April 19th Senate postal hearing that he would work to remedy the situation. He also mentioned that he would work with the postmaster organizations to provide adequate staffing where necessary, and that he was soliciting postmaster input into identifying the post offices where inadequate staffing is a problem. Do you believe the Postal Service is adequately addressing this problem? How so?

    As I mentioned above, the Postal Service and the Board must keep in mind the difficult balance of restraining cost growth to maintain affordable universal service while continuing to provide the quality service Americans expect.

36. Concerns have been raised that the Postal Service has adopted s policy of greater contracting out mail delivery work in urban and suburban areas. It is argued that contracting out mail delivery will cause poor service, will compromise security in this era of terrorism, and will reduce accountability. The Postal Service disagrees with these concerns, and believes that contracting out of mail delivery is needed to control costs. Under what circumstances and conditions do you believe it is appropriate for the Postal Service to use contractors to perform work traditionally performed by its bargaining-unit letter carriers?

    I believe the Postal Service, operating within the constraints of its collective bargaining agreements, should cautiously explore means to provide service while reducing costs.

37. Performance-based compensation systems have recently been implemented for postal executives, as well as managers and supervisors. Generally, GAO and others have argued that the success of performance-based compensation systems depends on the credibility, validity, transparency, and fairness of the performance measures and their implementation. Do you agree with this view? What do you believe the Board can do to help ensure the credibility and success of the any performance-based compensation systems at the Service?

I believe performance based compensation systems must be developed to allow individual employees understand how their goals contribute to the success of the organization. I believe the Postal Service has a robust performance system that is tied to agency-wide and individual success.

38. Concerns have been raised regarding diversity within the Postal Service, particularly in the composition of top executives and in contracting practices. What role do you see for the Board of Governors in addressing these concerns?

The Board encourages outreach to all stakeholders to encourage diversity in top management positions and in contracting practices. This is reviewed when succession plans are presented and in discussion of overall goals of the Service. As I mentioned last year, I have a strong belief in diversity in management as I think it provides a stronger, more creative, well rounded structure when dealing with problems and future planning.

39. The Postal Service is subject to Occupational Safety and Health Act (OSHA) workplace safety laws in the same manner as private-sector employers. How can the Board of Governors help ensure compliance with this law and encourage efforts to improve the safety of the workplace?

The Board and Postal Service management takes their responsibilities under OSHA very seriously. For example, the Postal Service has worked very closely with OSHA to bring a number of our plants into OSHA's Voluntary Protection Program (VPP). VPP is a proven and effective method for achieving workplace safety and health excellence. Sites are accepted only after extensive evaluation by OSHA. Currently, the Postal Service has 132 VPP sites, more than any other single employer. The Board was recently informed that the last published comparable industry OSHA injury and illness rate was 12.4. Comparable industry includes UPS, Fed-Ex, and DHL. The current Postal Service OSHA injury and illness rate is 5.4, or 56% under the comparable industry rate of 12.4. The OSHA injury and illness average rate at Postal VPP sites is 4.8, or 11% under our current OSHA II rate.

40. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service, and what is your opinion about the current state of labor-management relations within the Postal Service?

I believe the best labor-management relationship needs to be a strong and open relationship. It is vital to understand that both parties may have different short-term goals, with the long-term goal being the same—provide universal service in an affordable manner with the best trained workforce available.

41. What do you believe should be done to facilitate effective cooperation between postal management and Postal Service labor unions, and what should the Board do in this regard?

I believe that management has done an excellent job of negotiating and communicating with our unions. I am very pleased that management was able to come to negotiated contracts with three of our four major unions. The Board supports management's efforts to listen to and work with labor striving to find common ground in solutions. I recognize the importance of good labor-management relations – our employees are the backbone of the Postal Service.

42. Is there anything in your past experiences that demonstrate or sheds light on your approach or views in the area of labor-management relations?

I have two brothers who have been active union members. My deceased younger brother was a member of the International Brotherhood Electrical Workers Union in Evansville, IN. He appreciated the union's negotiations on his behalf and was confident that they had the best interest of the members covered in their negotiations. Until his death, I spoke with him quite often about why he appreciated the benefits of his union membership. I also have a brother who is a member of the Airline Pilots Union.

IV. Relations with Congress

43. 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.

44. 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

45. Are these answers your own? Have you consulted with the Postal Board of Governors or any interested parties? If so, please indicate which entities.

These answers are my own. I have discussed these questions and answers with the Postal Service's Office of Government Relations.

AFFIDAVIT

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

Subscribed and sworn before me this 24TH day of SEPTEMBER 2007.

Notary Public