Mailers Hub News

The information source for commercial mailers

May 23, 2022

In this issue …

PMG Repeats Familiar Themes in NPF Address

It's customary that the keynote address to the opening general session of National Postal Forum is delivered by the Postmaster General. So it was on Monday, May 14, that PMG Louis DeJoy spoke to the registrants assembled in Phoenix at the first in-person NPF since 2019.

As is always *his* custom, he spared no time in taking a now-familiar approach to describing how the Postal Service got into its current condition, squarely blaming his predecessors and everyone else for not doing what he so clearly states they should have done:

"... While there has been a great deal of conversation and fanfare, our team has pushed through, and we have accomplished a lot over the last two years, but there is much more to do. We must continue to accomplish our goals in a deliberate and logical manner. Our focus is not on this year or next. This management team, our Board of Governors, and I, are committed to establishing a positive trajectory for decades into the future.

"None of it is going to be easy – for any of us, especially in the short term. The lift is big and its success will take some time to manifest. Had this process begun many years ago, some of the dramatic actions we are required to take could have been avoided. Instead, there was indecision, inaction and obstruction. If Congress, Regulators, Management, and other stakeholders, had taken some meaningful actions, or not created so many obstacles to change, the Postal Service could have evolved more appropriately.

"Perhaps we could have avoided our dire financial condition. Perhaps we could have avoided the significant decline of our operations and infrastructure. And perhaps we could have mitigated the erosion of our relevance in the marketplace. All I can say is year after year, the Postal Service was allowed to be overwhelmed. And the consequence to our institution is significant.

"We were in crisis when I arrived at the Postal Service, and we didn't have a plan to fix it. Why? Because the changes required were big, and uncomfortable, and were never made. Because almost all efforts to adapt were met with extreme resistance from almost all stakeholders. And because in the face of these extremely complicated problems the Postal Service lost its voice to advocate which caused it to lose its ability to lead, which caused it to become ineffective in solving its problems.

"You see, here is where I differ with many. I strongly believe that only Postal Service leadership could have provided the comprehensive answers to its growing challenges. Not Congress, not our regulator, not other oversight agencies, and not industry stakeholders.

"While they have many loud and forceful opinions on what we do, they are often political, parochial and lack any comprehensive strategy or ability for execution. Execution is most of our problem. We are an operational services entity, not a policy shop, and over the years we let operations decline, we failed to effectively debate the policies, and we allowed the rhetoric to deter us. Instead of leading the way we became a bystander in a rapidly changing environment."

Though DeJoy is openly indifferent to offending anyone, his criticism of past postal administrations and others were made while USPS Governor (and former Deputy PMG) Ron Stroman and PRC Vice Chairman Ann Fisher were sitting in the first row, and other past and current postal executives were in the audience. Nonetheless, he continued:

"The Postal Reorganization Act of 1970 mandated that the Postal Service solve its own problems. This legislation designed the Postal Service to be a self-sustaining business-like entity that would cover its operating cost through the sales of postal products. ... Postal Service Leadership was not just given the responsibility to deliver the mail, it was also entrusted with the responsibility to give the organization long term viability. That was the law!

"Well, it worked for a while, but soon came a point where very few stakeholders were participating in its vision and challenging events began to add up quickly: a dramatic change in our economy – with a digital revolution; the Postal Accountability and Enhancement Act of 2006; continued mail volume decline; an increasingly defective pricing model; a decreasingly effective operating model; mounting financial losses; increased political activity around postal issues; substantial resistance to change from stakeholders; no Governors[for twenty months from December 2016 to August 2018]; battered Leadership; a great recession; and a pandemic.

"Year after year, market disruptions and events occurred without adequate response from the Postal Service and its stakeholders. Year after year there were headlines and reports that made it strikingly obvious where things were headed. Year after year, the General Accountability Office identified the grave threat of potential Postal Service failure. And yet nothing was effectively done about it. And the Postal Service fell further and further behind. This decline continued unanswered for so long that it became difficult to imagine anything but a government bailout of the Postal Service. We were headed that way when I arrived."

A short video followed, darkly illustrating the conditions he'd described and conspicuously brightening when ending with his arrival. Many comments were made later about the obvious symbolism of the clouds parting upon his taking over.

DeJoy continued to hammer his theme:

> "Quite a history – I remind everyone of it to identify our crisis and because history is a good teacher. However, my view of history is that our dire condition exists not because of email, digital marketing, or the significant decline of mail. Our dire condition exists because everyone involved was ineffective in fully dealing with the realities and challenges presented.
>
> "I do not believe it was a competency issue and I don't think it was a commitment issue. Instead, it was about a missing character in the saga. Who was running the place for the American people? Who was taking the lead in developing the comprehensive solutions and implementing them? It was supposed to be the Postal Service. That is why we are an independent agency. If the Postal Service doesn't lead and effectively advocate its positions – however uncomfortable they are and execute on its strategies – however loud the noise is, the required evolution cannot get done ... period. History has proven this.
>
> "The Board did not hire me, nor did I come here, to manage the Postal Service. I was hired to lead the Postal Service and transform it."

Many in the room took note of how he presented himself as *the only person* who could fix what was wrong. Not surprisingly, he then presented his 10-Year Plan as the roadmap to restoring the Postal Service, again dismissing input from anyone who didn't fully agree.

> "Wow – what a powerful vision for the future. Who can argue with that vision ... well in Washington -- everyone! The roar and outrage in response to us having a plan to avoid collapse was not credible and bordered on irrational. The reaction by many stakeholders reflected those actions we succumbed to in the past.
> "Not this time. We had our first success. We did not retreat. We kept charging forward.

Launching into an advocacy for his Plan, he said he started a "dual transformation process."

> "The first part of this Dual transformation is to get rid of the strategies and practices that are bogging us down and costing us money or hurting our position in the market. The second part of a Dual Transformation is to invest and turbocharge this liberated organization and implement new strategies for continued growth and improvement."

He made a point of praising the postal labor force, his management team, and the many initiatives that have been begun as part of his Plan. Then he segued into a list of "what we have accomplished":

> "First, we implemented both market dominant and competitive price increases which were necessary for our continued survival. Second, we are adjusting all our products and standards to align with market evolutions. These actions will simplify operations and reduce costs and grow revenue.
>
> "Third, we have reorganized our management structure and have the total organization focused on improving our operations and our service to you. We had a great peak season and have improved market dominant service scores to 94 percent. On average we deliver mail in 2.4 days, which is just as fast as before we changed the standard. ...
>
> "Fourth, we have worked with the Congress and most stakeholders to enact the Postal Service Reform Act, and we did so without disruption to our long-term strategy. Thank you to those in the audience who supported us.
>
> "Fifth, we have energized the workforce and are deploying many strategies to make the Postal Service a preferred employer.
>
> "Sixth, we continue to invest in our operating infrastructure, adding facilities and equipment around the nation at a rapid pace. This will enable us to achieve the objectives of our plan for our customers, employees, and the American people.
>
> "And finally, we have decreased our forecasted losses by at least 100 billion dollars getting more than halfway towards our goal of break even.
>
> "We are now focused on the right things. ... We are a better organization, in a better financial position, than we were just one year ago. The Postal Service leadership team, our management ranks and all our employees are filled with great aspirations as we continue this journey."

DeJoy next got into some details about changes he's advancing in several areas:

- **Human Resources.** "One of the biggest initiatives we are working on is organizing and empowering our people to embrace the changes we need to succeed. We are focused on engaging a disciplined and collaborative management team, developing effective supervision, stabilizing our work force, and promoting diversity in leadership. ..."
- **Facilities Network.** DeJoy plans "to align our network of processing facilities to our future operating strategy. ... This is a massive effort that will touch almost 500 network mail processing locations, 10,000 delivery units, 1,000 transfer hubs, and almost 100,000 carrier routes. ... Our current processing plant and transportation network is well, not good. We process mail and packages in a complicated, illogical, redundant, and inefficient way. To compound this, our facilities are in disrepair, lack adequate space and equipment and are not suitable to the implementation of standard operating practices and measurements.

  DeJoy said he'll "logically sequence the workflow between facilities, and standardize operations within facilities" to "provide precise, efficient, repeatable, and measurable operations." He also plans to "close the multitude of annexes around the nation that add cost, transportation, and foster inefficient and ad-hoc operations," replacing them with "strategically important multi-functional distribution centers for all network originating and destinating volume, package processing, cross docking, destination entry functions, and other functionality as required in the specific region."

  Interestingly, as he'd be closing some facilities, he plans to "reactivate dormant facilities and redesign current ones to be consistent with our network strategy, ... adding needed equipment and removing old equipment, refreshing employee amenities, and specifying their form, fit and function to accommodate the work we deliberately decide to assign. ...

  Describing his plans optimistically, DeJoy added that "Our designs will be standard and configurable enabling us to take advantage of our existing infrastructure. We will improve throughput, substantially reduce transportation, improve performance measurement, enhance budgeting, improve reliability, and reduce the impact of rising costs. ..."
- **Delivery Network.** DeJoy criticized the current delivery infrastructure: "... With almost 19,000 locations around the country, we can have as many as 40 locations within a ten-mile radius. This requires significant sorting of product at our plants, numerous underutilized truckloads, and diminishes the magnificence of our biggest competitive advantage – our mail carrier route structure. These delivery units are in disrepair. They have poor employee amenities, have not accommodated our package growth, and operate to a dated and costly strategy.

  DeJoy said he's planning "dramatic change." "We will be aggregating much of our carrier base into Sort and Delivery Centers with adequate space, docks, conveyors, mail, and material handling equipment to operate more efficiently and provide greater reach. We will place large carrier operations inside our mail processing plants, dramatically reducing transportation, reducing mail handlings, increasing reliability, and decreasing time to delivery. We are analyzing our vast collection of closed plants around the nation and plan to modernize them to accommodate this strategy. ..."

"These changes to both our national network and our local operations will take years to accomplish, but each plant or delivery unit tackled will provide immediate systemwide benefits. We simply just cannot do this fast enough. This will transform the Postal Service---and I wish I could say it is ingenious! It is not – it is obvious. If you were building a Postal Service from scratch today this is what you would do. The genius is unwinding what we are doing today to prepare for the future.

- **Growth and Commercial Shipping Solutions.** DeJoy devoted some time to the package business, saying his agency "will gain efficiency through increased automation, and the integration of mail and package volume across our network.

  "We currently transport and deliver cubic volume of mail and packages ... and air. A whole lot of air. I want to stop moving air – air in trays, air in containers, air in trailers, air in carrier bags, and air in the air. ... The less air we move, the lower our cost.

  "It is not an expansion of a package network. It is an increase in utilization of what we now do to deliver mail. In fact, we have the ability to use less transportation and fewer processing facilities and fewer delivery units, and greatly increase the movement of cubic volume, meaning mail and packages. ...

  "The greatest delivery system in the world is literally 'become fixed infrastructure' like a pipeline, and we are going to capitalize on it with new shipping products; new marketing; new pricing; new contracting; new technology; and a focus on market responsiveness and efficiency. ...

  "Much of what we are doing with our numerous standard changes is to aggregate volume of all products and move it through our system expeditiously. ...

  "We are also investing in new logistics and customer service software to better operate, serve and connect with our shipping customers. The package delivery market is growing and our ability to effectively capture our share will provide the necessary funding to support our Postal system into the future. This is our focus. Several more packages a day per route results in big numbers."

- **Capital Investment.** "Over the past 10 years, the Postal Service has significantly under invested in its infrastructure. We have historically spent approximately 1.7 billion a year with a great deal of it going to replace old roofs on old buildings, leaving very little to invest in modernizing our plant, technology, and equipment. We are going to change all that. ...

  "We have established long-term, strategic, focused capital plans for each business area in the Postal Service that will align capital with the strategic direction. Using the new process, strategic and specific investments have been defined for the next 5 years. ... Every department in the organization has specific initiatives ... .

  I now want to take a moment to address a concern I sometimes hear from our mail customers, those who use the mail for letters, flats, periodicals.

Interestingly, DeJoy spent a few moments addressing an issue on which he's heard complaints:

"I often hear that we are not doing enough about mail. I respectfully disagree. This plan is all about mail. The Postal Service is all about mail. Everything that we are doing is to position the Postal Service to continue to deliver mail to 161 million addresses 6 days a week and serve you better and into the future.

"The fact of the matter is, we have failed to adequately adjust to declining mail revenue. We need time to restructure our costs and supplement our revenue stream to fulfill our primary mission of delivering mail. We are not building a package business; we are saving our mail business. ..."

DeJoy ended with characteristic conviction that he and his Plan are unquestionably correct and assured of success:

"We will become financially sustainable in 2024. We will achieve 95 percent on-time performance across our product categories in 2024. We are laser focused on our transformation. We will become much more efficient and operate at lower cost. We will support mail innovation and add more value to each mail piece. We will grow volume and fill our trucks with mail and packages to better sustain our business. We are working hard to be the high-performing organization you need us to be, and we know we can be. ..."

Observations

DeJoy's address to the NPF was more focused and coherent than his usual extemporaneous and rambling comments in smaller group settings (i.e., he stuck to the script).

Nonetheless, neither his theme nor his approach was different. He again needlessly berated his predecessors and their management of the Postal Service, offered a litany of their failures, and asserted that past administrations failed to lead. At the same time, he again presented himself as essentially the savior of the Postal Service – someone with the unique talents to see what needed to be done, develop a plan of action, and implement it.

Observers with decades more experience in the world of the USPS and mail will grant that DeJoy has three assets: he knows logistics, he's political, and he's confident. However, those don't overcome his deficiencies: he's doesn't understand the business of mail, he ignores the possibility that he may need to know more than he does, and he's dismissive of different ideas, even if they're meant to support achievement of his goals.

Previous PMGs knew and could manage the operational side of the Postal Service and, contrary to DeJoy's generalization, they did have plans – they just weren't codified in a glossy publication. Their biggest shortcoming was that they weren't political. For example, they presented operational or business arguments to Congress for why this-or-that should be done but had no political leverage.

DeJoy has that leverage and was able to use it to get postal reform passed. As good as that achievement was, his political acumen may not be as effective in convincing mailers that they should pay higher prices, accept slower service, or tolerate unfettered postal operating costs. In their minds, as good as it may be for him to have a Plan, they're not giving him license to ruin their businesses to implement it.

There's a fine line between being confident and focused and being overconfident and obstinate; arrogance is assuredness not moderated by discretion. It's open to conjecture if DeJoy acknowledges or cares if these distinctions exist. Contrary to his apparent belief, "stakeholders" with a different opinion are not by definition obstructionists or adversaries deserving exclusion from the conversation.

No matter; for now, he's going full throttle in the direction he's set, and all we can do is hope to survive the trip.

Seeking Equilibrium – *Commentary*

The concept of balance is present in many philosophies, operations, and financial considerations, and requires that competing factors and forces be in equilibrium for balance to be achieved.

The analogy can be applied to the Postal Service which, financially, has been off balance for many years. The agency was debt-free at the end of fiscal 2005, i.e., until the *Postal Accountability and Enhancement Act* took effect in 2006.

After that, an imbalance developed largely from an excessive demand to prefund retiree health costs for decades into the future. Under the price cap pricing regime also implemented in 2006, there was no way that the USPS could generate the necessary revenue from the contemporary mail volume. As we all know now, that situation worsened because of the 2008 recession and the burgeoning use of electronic communications that has siphoned off traditional mail volume.

To correct this long-term situation, the USPS has to restore financial balance. PMG Louis DeJoy is determined to do that which, in principle, is reasonable; it's how he plans to do it that's put him at odds with those he wants to pay for it.

Balance

Obviously, financial equilibrium requires matching costs and revenues. The approach DeJoy is taking, however, is much like that of his predecessors – whose judgment he so often criticizes – i.e., looking to revenue increases as the only corrective input to restore equilibrium.

One concept behind the 2006 reform law was that capping USPS revenues would drive the agency to reduce costs – to live within its means – but that was never effectively embraced by the USPS. While there were various initiatives – such as by reducing service commitments, consolidating facilities, trimming retail operations, and increasing automated mail processing – none ultimately yielded the desired results because the common element – the cost of labor – was never tackled squarely.

The expensive gorilla in the room

Historically, the Postal Service, like the Post Office Department, is seen as having a secondary social purpose – the provision of steady good-paying jobs; the 1970 law also established that the USPS would be unionized. Over the following decades, during which mail volume and revenue grew steadily, postal officials fell into a habit of granting benefits to the postal workforce that, over time, became increasingly out of step with the changing economic environment.

Even in the most recent round of labor contracts, the USPS again agreed to not only more raises and upgrades to positions, but to continued semi-annual cost-of-living adjustments and protection against layoff. Moreover, likely because of union opposition, there are neither performance standards nor incentive programs for craft workers.

Meanwhile, mail volume and retail activity have decreased, delivery points have increased, and more employees have been added to the rolls. All of these factors continue the veer that began decades ago as the cost side of the equation grows faster than revenues.

DeJoy economics

DeJoy's answer to the imbalance is simple: raise revenue.

Likely schooled by some of his Inner Circle who dislike the 2006 reform law's price cap regime, he's adopted the argument that the limitation is unfair, and that ratepayers have been spared liability for the costs they cause the USPS to experience. Like every other concept in his head, that one is *de facto* correct, and any conflicting facts are dismissed.

Here's something else for him to dismiss: fulfilling customer expectations does not automatically generate unavoidable and uncontrollable costs to be underwritten by postage.

Instead of tackling costs, DeJoy is doing the same thing that his predecessors did – failing to control labor costs and inefficiency, instead blaming ratepayers for not paying enough. Under his argument, the costs of providing service – at any level – are inescapable if he's to provide what he's claiming to be the service customers want.

What do customers want?

Not that anyone would expect DeJoy or his Inner Circle to concur, but the USPS is in no position to speak for its customers or what they want. Though many at USPS HQ have experience in their respective business aspects of the USPS, few have any first-hand knowledge of the business of those customers that produce most of the agency's revenue and have to manage the challenging realities of that side of mail.

"Service" for retail customers may mean convenient access to a post office, regular delivery, and reliable mail service. Unfortunately, those customers don't generate enough revenue to cover the costs of those services, nor – if those are "public services" expected of the USPS by Congress – are the associated costs offset in any way by public funding. So, for that segment, DeJoy is right – those customers are getting a lot more than they pay for.

On the other hand, "service" for business customers is different. They expect what they send to move quickly to addressees – at a pace faster than what the USPS likes to say they want – and at a price commensurate with that service. (The USPS also uses its own definition of what a "good price" is.) Smaller business customers may need retail access, but those that generate the most mail (and revenue) do not, funneling their presorted, automation-compatible, destination entered mail through high-volume commercial mail producers directly into the postal processing stream. So, for that segment, DeJoy is wrong – those customers are paying more than their share of postal costs, and are getting weary of being expected to kick in even more.

Commercial ratepayers are not who's agreeing to higher labor costs, imposing an unachievable prefunding goal, or advocating for six-day delivery, so DeJoy is looking at the wrong parties when saying someone needs to pay more.

The threshold

What DeJoy also is overlooking is that, regardless of which "customer" is expecting what types or levels of service, none of them is implicitly handing him and USPS management a blank check to cover the costs they run up.

As one of the few (if not the only) among senior executives with hands-on business experience, DeJoy should understand that customers have a finite tolerance for service degradations and/or price increases, beyond which they will go elsewhere. On that point, he may have been misled by his insular Inner Circle to believe that, as their monopoly provider, his customers have no alternatives. Wrong; they do.

The USPS monopoly is over specific types of *hard-copy* messages, not over all hard copy messages or over monopoly messages *not* in hard copy form. Virtually every sender of market-dominant mail has a *non-hard-copy* alternative to reach recipients; the only question isn't if, but when that sender's service and rate tolerance will be reached.

Implicitly, DeJoy equates what customers want with both the scope of and the need for whatever resources his agency puts against that demand, e.g., if customers want retail access that means they're OK with any assigned resources and their associated costs. Wrong on that, too.

Therefore, if DeJoy will accept one small suggestion, he should stop telling commercial ratepayers that they're not paying enough for what they want. What those customers *really want* is for him to start looking at getting costs under control. Ratepayers are tired of dealing with an agency unwilling or unable to control its labor costs, and too ready to demand more revenue as an alternative.

Getting through the Inner Circle

Undoubtedly, his Inner Circle will again plaster over any perspectives differing with his as just more industry whining.

He'll be kept focused on the rate cap as the source of all USPS financial woes. His opinions will be channeled to consider maximized semi-annual price increases as the only way to overcome accumulated debt – regardless of its sources (like $1 billion spent on a fleet of 100 flats sequencing machines that never yielded anticipated savings).

And, of course, his Brain Trust will never allow the notion that runaway labor costs should be throttled: poking the union bear will cause problems with politicians and inspire work slowdowns and a bloom of petty grievances.

Maybe DeJoy and his Inner Circle are smarter than the rest of us and understand something we don't; maybe they think postal labor is a great bargain. More likely, they just prefer to ignore labor cost and inefficiency because it's easier to go to the revenue well twice a year than tackle the unions.

Despite all the effervescent press releases coming from DeJoy's spinmeisters, the message ratepayers get every time a new labor contract is signed, or a new price increase is announced, is that he wants to take the easy path to financial equilibrium – getting more money from ratepayers than do the hard work of reducing labor costs.

PRC Issues Instructions for Proposed CET Changes

In an April 22 filing with the Postal Regulatory Commission, the Postal Service notified the PRC of three planned changes to the service measurement process. As the USPS stated:

> "First, the Postal Service will be undertaking to measure Reply Mail. ... Through internal measurement enhancement initiatives, the Postal Service has developed the ability to track Reply Mail.
>
> "The second change relates to the long haul exclusion to service performance measurement. ... Accordingly, the Postal Service is updating its service performance measurement business rules to leverage the date and time of the departure event from the mailer facility and will utilize this to enhance the 'Start-the-Clock' event for a plant load mailing using postal transportation.
>
> "The third change involves the critical entry time (CET) applicable to Periodicals. ... The implementation of a more uniform CET applicable to all Periodicals and facilities will promote simplification of mail processing operations, and hence more efficient allocation and use of processing and sorting equipment. ..."

In a May 20 order, after reviewing comments received, the PRC observed that several commenters raised concerns over the proposed standardization of a standard CET for Periodicals, specifically that the proposal was not simply a change to reporting requirements but a "change in service standards that is a change in the nature of postal services and will generally affect service on a nationwide or substantially nationwide basis, for which the Postal Service must request an advisory opinion."

More information

This argument led the PRC to seek more information, from both commenters and the Postal Service:

> "The Postal Service's Notice and proposed SPM Plan contain limited information concerning its planned CET change and does not include any analysis that would address the commenters' concerns. Therefore, to facilitate its review of the planned CET change and afford participants the opportunity to address any matters raised by the comments, the Commission establishes June 3, 2022, as the deadline for filing reply comments.
>
> "Should the Postal Service intend to facilitate the completion of the Commission's review and allow for implementation of its CET change for Periodicals as planned, the Postal Service must meaningfully address the questions raised by the commenters and further described below by June 3, 2022. Specifically, the Commission expects that the Postal Service will explain in detail why its planned CET change does not constitute 'a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis.' To the extent that the Postal Service takes the position that its planned CET change does not constitute such a change, the Postal Service shall discuss and/or distinguish relevant authority interpreting [statute] including but not limited to [seven prior legal and advisory opinions]."

To ensure that the questions raised by commenters are answered and that the USPS doesn't proceed with its CET changes before any related issues are resolved, the commission further ordered:

> "The Commission reserves for final disposition of issues, including whether the Postal Service's plan to change the CET for Periodicals constitutes a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis ... for the final order in this proceeding.
>
> "... Due to the concerns raised by [commenters], and in order to allow the Postal Service to respond to these comments, the Commission directs the Postal Service not to implement its plan to change the CET applicable to Periodicals pending issuance of a final order in this docket. This Order does not restrict the Postal Service's ability to implement the other two planned changes to the SPM Plan (concerning revisions to the long haul exception and inclusion of Reply Mail in measurement) because there have been no comments directly adverse to these proposals and both appear to be improvements over the existing SPM Plan."

PRC Issues Financial Analysis of the USPS

On May 18, the Postal Regulatory Commission released its *Financial Analysis of United States Postal Service Financial Results and 10-K Statement* for fiscal 2021 (October 2020 through September 2021). The document was formerly part of the *Annual Compliance Determination*, issued no later than March 31, but in recent years has been released later as a separate report.

The 113-page analysis (available from the PRC website at https://www.prc.gov/dockets/document/121778) is comprehensive and detailed, with dozens of charts illustrating a variety of financial conditions, including USPS revenue and costs.

Summary

The PRC summarized the agency's financial position at the end of FY 2021:

- The Postal Service's total net loss was $4.9 billion.
  - The net deficit was $75.7 billion, consisting of an accumulated deficit of $88.8 billion offset by capital contributions of $13.1 billion. The net deficiency is $5 billion less than in FY 2020, primarily as the result of the $10 billion capital contribution in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- The Postal Service's cash and cash equivalents total, excluding restricted cash, was $23.9 billion, an increase of $9.6 billion.
  - Remaining available borrowing authority from the PAEA-mandated debt ceiling of $15 billion was $4 billion, an increase of $3 billion.
  - The cash ratio, which measures the amount of cash, cash equivalents, or short-term investments available to cover current liabilities, was 0.28, an increase of 0.09 compared to the prior year. The FY 2021 cash ratio was also higher than the 10-year average of 0.15.
- The Postal Service's operating revenue was $77 billion, which was $3.9 billion higher than the previous year.
  - Pandemic-induced e-commerce led to $3.6 billion or 11.8% more Competitive product revenue, but the growth slowed during the second half of the year.
  - In FY 2021, revenue from Competitive products exceeded First-Class Mail revenue.
  - Market Dominant revenue decreased by $97 million in FY 2021, a substantially smaller decrease than FY 2020, as the economy recovered and USPS Marketing Mail volume increased during the second half of the year.
- Net operating expenses stood at $79.6 billion, which were $3 billion greater in FY 2021 than the prior year, and $3.2 billion more than the Integrated Financial Plan.
  - Increased expenses for compensation (3.6%) and transportation (9.5%) were driven by pandemic-related increases in more labor-intensive package shipping, disruptions in air and highway transportation, and enhanced safety measures.
- Personnel-related expenses made up 75.7% of total expenses.
  - Overtime hours increased by 23 million compared to FY 2020, and total workhours increased by 1.4%, the highest rate in the past five years.
  - Total postal employees increased by a net of 9,000. Over the past decade (FY 2012-FY 2021), the Postal Service has reduced its full-time and part-time workforce by approximately 12,000 employees and added approximately 36,000 non-career employees.

Details

The underlying details about revenue and cost can best be provided by some of the charts contained in the report.

Revenue by Market Dominant Class,[16] FY 2019, FY 2020, and FY 2021 ($ in Millions)

	FY 2020	FY 2021	$ Change FY 2021 over FY 2020	% Change FY 2021 over FY 2020	FY 2019	$ Change FY 2021 over FY 2019	% Change FY 2021 over FY 2019
First-Class Mail	$ 24,203	$ 23,526	$ (677)	(2.8%)	$ 25,462	$ (1,936)	(7.6%)
USPS Marketing Mail	13,959	14,645	686	4.9%	16,407	$ (1,762)	(10.7%)
Periodicals	1,024	942	(82)	(8.0%)	1,194	$ (252)	(21.1%)
Package Services	832	835	3	0.3%	821	$ 14	1.7%
Ancillary and Special Services	1,713	1,686	(27)	(1.6%)	1,810	$ (124)	(6.9%)
Subtotal Market Dominant Mail and Services Revenue	**$ 41,731**	**$ 41,634**	**$ (97)**	**(0.2%)**	**$ 45,694**	**$ (4,060)**	**(8.9%)**
Other	779	1,102	323	41.5%	1,299	(197)	(15.2%)
Total Market Dominant Mail and Services Revenue	**$ 42,509**	**$ 42,736**	**$ 226**	**0.5%**	**$ 46,993**	**$ (4,257)**	**(9.1%)**

Competitive Product Revenue, FY 2019, FY 2020, and FY 2021 ($ in Millions)

	FY 2020	FY 2021	$ Change FY 2021 over FY 2020	% Change FY 2021 over FY 2020	FY 2019	$ Change FY 2021 over FY 2019	% Change FY 2021 over FY 2019
Priority Mail	$ 11,529	$ 13,212	$ 1,683	14.6%	$ 9,464	$ 3,748	39.6%
Total Ground	9,195	9,709	513	5.6%	7,271	2,438	33.5%
First-Class Package Service	6,228	7,388	1,161	18.6%	4,466	2,922	65.4%
Priority Mail Express	697	820	123	17.7%	716	104	14.5%
International	1,959	1,966	7	0.3%	1,380	586	42.4%
Ancillary and Special Services	1,004	1,139	135	13.5%	911	228	25.1%
Subtotal Competitive Products Mail and Services Revenue	**$ 30,611**	**$ 34,233**	**$ 3,622**	**11.8%**	**$ 24,207**	**$ 10,025**	**41.4%**
Other Revenue	142	129	(13)	(8.8%)	142	(13)	(9.1%)
Total Competitive Products Mail and Services Revenue	**$ 30,752**	**$ 34,362**	**$ 3,609**	**11.7%**	**$ 24,349**	**$ 10,012**	**41.1%**

Total Expenses, FY 2020 and FY 2021 ($ in Millions)

	FY 2020	FY 2021	$ Change	% Change	% of Total Expenses FY 2020	% of Total Expenses FY 2021
Compensation & Benefits Expenses:						
Salaries and Benefits	$52,411	$54,039	$ 1,628	3.1%	63.8%	66.0%
Workers' Compensation - Cash Outlays	1,298	1,345	47	3.6%	1.6%	1.6%
Normal Costs of Retiree Health Benefits	3,850	4,203	353	9.2%	4.7%	5.1%
Other Personnel Related	123	163	40	32.5%	0.1%	0.2%
Subtotal Personnel Expenses Excluding Systemwide Personnel Expenses	**$57,682**	**$59,750**	**$ 2,068**	**3.6%**	**70.2%**	**73.0%**
Transportation	8,814	9,652	838	9.5%	10.7%	11.8%
Other Expenses	10,116	10,201	85	0.8%	12.3%	12.5%
Total Operating Expenses	**$76,612**	**$79,603**	**$ 2,991**	**3.9%**	**93.2%**	**97.3%**
Systemwide Personnel Expenses:						
Non-Cash Change to Workers' Compensation Liability	1,605	(1,925)	(3,530)	NMF	2.0%	(2.4%)
Amortization of RHB Unfunded Liability	810	907	97	12.0%	1.0%	1.1%
Amortization of FERS Unfunded Liability	1,343	1,401	58	4.3%	1.6%	1.7%
Amortization of CSRS Unfunded Liability	1,817	1,858	41	2.3%	2.2%	2.3%
Total Expenses	**$82,187**	**$81,844**	**$ (343)**	**(0.4%)**	**100.0%**	**100.0%**

FY 2021 was the first full year under PMG Louis DeJoy, so it reflects more the impact of the pandemic than any changes he implemented. FY 2022, however, will be different, showing the results of two significant rate increases he's imposed, changes in operations and transportation, increased complement (especially of career employees), and the benefits of the *Postal Reform Act of 2022*.

DeJoy has claimed that the results of his Plan will be manifest by FY 2024, so positive movement of related indicators should be visible in next year's report.

OIG Reviews USPS Role in Identity Verification

Whether and how the Postal Service might play a larger role in identity verification services was the topic of a May 11 white paper by the USPS Office of Inspector General's Research and Insights Solution Center. In the document, *The Role of the Postal Service in Identity Verification*, the OIG offered some background:

"... To prevent identity fraud and encourage more secure identity proofing, the federal government has launched several measures. The American Rescue Plan Act (ARPA) funds agencies' initiatives aimed at strengthening their identity verification systems and ensuring equitable verification for vulnerable populations. In addition, many agencies have partnered with private sector providers to implement more secure and advanced remote verification methods and technologies, such as facial recognition software, biometrics collection devices, and artificial intelligence.

"However, each verification method has different strengths and limitations, and the most stringent verification standards still involve in-person proofing (IPP) – where a user physically presents their identification documents for review by an authorized representative attesting to their accuracy and authenticity. ..."

This, in turn, introduced the role of the Postal Service.

"IPP is currently available to USPS customers at 17,000 retail locations for services that require identity verification, such as renting a PO Box or enrolling in Informed Delivery. More recently, USPS has piloted two more complex forms of in-person verification services involving the collection of biometrics, in partnership with the General Services Administration (GSA) and the FBI, at selected postal retail locations.

Accordingly, the OIG initiated research "to identify opportunities for the Postal Service to support the federal government's efforts to promote secure identities by leveraging some of its major assets.":

"Based on an analysis of the identity verification challenges government agencies currently face and interviews with government agencies and private sector providers, we identified three potential roles for the Postal Service in identity verification: ...

"First, USPS could gradually extend current IPP services to the customers and employees of other federal and state agencies nationwide. The service would increase convenience for citizens completing transactions that need high levels of identity assurance and provide a fallback option for government customers who have failed remote identification verification or prefer in-person interaction. ...

"Second, in addition to IPP, the Postal Service could provide name/address validation services. Subject to user's prior consent, the verification service would calculate the level of confidence that this person lives at the address provided. ...

"Finally, the Postal Service could also explore whether and how its 47 million Informed Delivery subscribers could, in the long term, use their verified postal credentials to prove their identity to securely create and access other government accounts.

"While estimating the demand for identity verification services was outside the scope of this paper, the high level of identity fraud and the federal government's focus on closing identity verification gaps demonstrate the potential value of these services to government, citizens, and the private sector. However, since the Postal Service does not receive appropriations, it would have to rely on alternative funding sources to support the expansion of its verification services to the public. ... Finally, the recent passing of the Postal Service Reform Act of 2022 expands the Postal Service's ability to provide nonpostal services, such as identity verification, to all levels of government, not just federal agencies. Further legislative action allowing the provision of identity services to private sector businesses would allow the Postal Service to fully maximize the commercial and social value of these public interest services."

Whether the USPS will pursue any of these ideas remains to be seen but, for postal ratepayers, the key element might be that they won't need to pay the related non-mail costs.

Collection System Examined by USPS OIG

The Postal Service collects mail through a variety of methods, but gathering data about mail volume and collection points is performed by the agency's Collection Point Management System. How use of that system could be improved was the subject of a May 18 white paper by the Postal Service's Office of Inspection General (*The Postal Service's Collection Point Management System*). As the OIG stated:

"The Postal Service's Collection Point Management System (CPMS) is a data collection system that manages information pertaining to the majority of mail collection points in the Postal Service network. Through CPMS, the Postal Service can ascertain whether collection points are needed where they are located, whether they are currently in service or need maintenance, and verify daily that mail is regularly collected from these points according to schedule. CPMS plays a key role in helping ensure the Postal Service is providing customers with appropriate access to its collection network and quality of service.

"We reviewed the CPMS' policies and processes for data collection and maintenance and interviewed Postal Service management at the headquarters (HQ), District, and local post office levels in order to identify potential opportunities to enhance CPMS' capability to support the Postal Service's operations, its customers, and its stakeholders.

"While the Postal Service's more than 140,000 blue boxes located throughout the nation are the most visible part of its collection network, CPMS includes data on all the collection points in the network except for individual home curbside mailboxes and cluster box units, data for which are included in the Postal Service's Address Management System. ...

"CPMS includes four primary data categories: box type and location information; collection times; box removals, relocations, suspensions, and additions; and annual volume density test data.

"Per the CPMS user manual, each District office currently maintains their portion of the national CPMS database that contains information for all the collection points that are managed by the post offices or stations within the District. Additionally, District officials (1) Review daily collections data to ensure all collections were conducted. ... ; (2) Validate operational requests submitted by local postmasters (for example, requests for box suspensions) to ensure the premise of the request is appropriate, and that all necessary supporting information is included; [and] (3) Review data submitted by carriers during density testing for reasonableness or anomalies. ... When anomalies are discovered, District officials contact the local post office that generated the questionable data to clarify and correct. ...

"CPMS data is primarily used internally, at both the local and HQ levels, to support operational decisions and monitor the status of collection points in the network. External use of CPMS data is limited to specific data requests from the public or the media, users of the Postal Service's online collection box locator tool, and the Postal Regulatory Commission (PRC), which includes CPMS data in its *Annual Compliance Determination* report.

"While CPMS provides the Postal Service with a tool to manage and monitor the status of its vast collection point network, District officials and postmasters highlighted several opportunity areas related to data collection and management processes to help increase resource efficiency and data quality.

- While CPMS is the primary tool that the Postal Service uses to manage collection boxes and other collection points, the system does not facilitate or capture key communications between Districts and postmasters – such as changes to the status of a collection point – which currently take place through communications channels outside of the system. Additionally, postmasters cannot directly input data about box suspensions, reactivations, relocations, or removals into CPMS. ... These communications occur via phone or email messages rather than through the CPMS system itself. ... The coexistence of these parallel communication channels can create challenges.
- The data input into CPMS by carriers for the annual volume density tests are manually validated by the carriers at the point of input, which increases the risk of inaccurate results. ... Because volume density tests are an important factor in determining removal or addition of collection boxes, District officials must devote time to manually reviewing the data ... .

The OIG recommendations that the USPS consider:

- Building a new workflow to enable postmasters to enter collection box status change requests directly into CPMS or other data management systems, subject to District approval;
- Building a new workflow to enable maintenance personnel to enter blue box label replacement requests directly into CPMS or other data management systems, subject to District approval; and
- Establishing within CPMS validation controls to help identify, flag, and produce an exception report for any potential errors occurring during the volume density test for further review by District and local personnel.

Management agreed with the recommendations and expected to have their feasibility determined by August 31.

USPS Package Delivery Raises Questions About Amazon

It's inarguable that Amazon has become the dominant online retailer in the country, as are its demand for speedy delivery, its progress toward vertical integration of its entire supply, sales, and delivery operations, and its lengthening shadow over legacy delivery services like UPS, FedEx, and the USPS.

One side of the story

Amazon's tolerance for dealing with partners is low if they don't perform to the company's expectations. Friction with FedEx led to a parting of the ways in August 2019, with some reports saying the cut was FedEx's idea. UPS continues to deliver Amazon shipments, as does the Postal Service, once a leading delivery provider but now with a smaller share.

As Americans know, Amazon has replaced logistics and delivery providers with its own fleet of seventy airplanes, 40,000 semi-trailers, and 30,000 vans and other delivery vehicles – all to better control and ensure that delivery service to its customers is as – or better than—promised. In this regard, there's a looming problem for the Postal Service. As reported May 12 by *Forbes*,

> "There have been many unhappy customers of Amazon because of delayed delivery by USPS. Amazon's pride is speed of delivery, and customers are frequently disappointed when USPS delivers 2-3 days after the promised date."

The article concluded that

> "USPS delivers to every corner of the US. Their inability to deliver quickly is a sad commentary that the Post Service is not updating their service with new equipment and new technologies."

The other side of the story

Offering a different perspective was a May 14 article in *eCommerce Bytes* that claimed the USPS is prioritizing Amazon packages:

> "It's long been suspected in certain quarters that the US Postal Service prioritizes Amazon packages over every other package and mail, and a survey of postal workers gives credence to the theory, according to a trade organization.
>
> "The Strategic Organizing Center (SOC) is a coalition of four labor unions representing over 4 million workers that is 'dedicated to improving the lives of working people,' according to its website.
>
> "SOC conducted an online survey of USPS employees during the 2021-2022 holiday season and found a substantial majority of respondents said they had been instructed by managers to prioritize Amazon packages over every other kind of mail.
>
> "SOC made the revelation in a filing with the Postal Regulatory Commission (PRC) requesting details about a USPS Negotiated Service Agreement (NSA) with Amazon. An excerpt of SOC's filing with the PRC makes some troubling claims:
>
> 'According to SOC's follow-up interviews with survey respondents, USPS management consistently pressures USPS employees to sort and deliver Amazon packages as fast as possible, but does not exert the same pressure regarding other types of mail. And as a predicable result, respondents reported that when, as often happened, it was necessary to choose whether to process and deliver Amazon packages or other mail, they would prioritize Amazon's. 'In addition, respondents also reported that USPS does not seek recourse for physical damage caused by Amazon deliveries to USPS facilities, and that Amazon may cancel its use of a particular post offices without giving meaningful notice.
>
> 'This evidence indicates that USPS's negotiated service agreement with Amazon likely includes terms that violate or have the effect of causing the Postal Service to violate its core legal obligations not to discriminate between users, to prioritize letter mail, and to the extent that the agreement has these impacts primarily in low-population-density areas, to provide effective services to rural communities.'
>
> "SOC said it was seeking access to certain documents for its counsel so that it may investigate and initiate a complaint before the PRC."

Truth or the lack thereof

Where the truth lies is always somewhat difficult to discern, but in this case, there's an alignment of sorts between the two reports. On the one hand, it's generally accepted based on anecdotal reports and simple observation that the USPS puts Amazon packages at the head of the line but, on the other hand, anecdotal reports and simple observation also indicate the agency isn't doing the bang-up job of timely delivery that it wants customers to think it is. (Such reports also suggest that the Postal Service's self-complimentary claims about service are not fully reflective of reality.)

As PMG Louis DeJoy presses headlong for maximized price increases on market-dominant volume, his equally strenuous efforts to build package volume are at risk if the agency's 600,000-plus employees can't make good on the service he claims they'll provide.

Mailers of market-dominant mail may have fewer options to get their messages delivered to recipients, but Amazon – and other package shippers – don't have that limitation – as the USPS might need to quickly realize.

Excluded Mail Continues to Reduce Volume "In Measurement"

Despite its generalized service performance claims, the volume of market-dominant mail that is excluded from the Postal Service's measurement process continues to justify questions about whether those claims are representative.

Because the USPS measurement process relies on pieces bearing an intelligent mail barcode, documentation from mail preparers, and processing over automated equipment, any mail not meeting one of those basic requirements reduces the volume of mail potentially eligible for measurement, even before other reasons for exclusion apply.

Data

The latest data filed with the Postal Regulatory Commission by the USPS are for its second fiscal quarter (January 1 – March 31, 2022). According to the PQ II *Revenue, Pieces, and Weight* report, the total mailpiece volume of Presorted First-Class Mail was 9,552,094,920; the total volume of Marketing Mail letters was 12,843,624,237; and the total volume of Periodicals was 803,828,462.

According to the PQ II *Quarterly Result Aggregation for Presort First-Class Letters/Postcards*, 5,535,528,933 pieces – about 58% of total volume – were "in measurement." The remaining 42% – *over four billion pieces* – were excluded from measurement because they fell into one of the fifteen categories of exclusion used by the USPS; see the chart below. About three-fourths of total excluded volume – roughly 2.7 billion pieces – were not counted because of the "long haul" and "no start-the-clock" exclusions. (The USPS has recently announced changes to reduce the volume of "long haul" exclusions.)

For Marketing Mail, according to the PQ II *Quarterly Result Aggregation for USPS Marketing Mail* reports for destination entry and origin entry letters, 8,253,743,888 letters – about 64.3% of total volume – were "in measurement." The remaining 33.7%, *about 4.33 billion pieces*, were excluded from measurement for one of the fifteen reasons, over 70% of which, about 3.01 billion pieces, because of "no piece scan" or "no start-the-clock."

For Periodicals, according to the PQ II *Quarterly Result Aggregation* reports for Within- and Outside-County Periodicals, 58.1% of the mail (467 million pieces) was "in measurement." Of the remaining 41.9%, about 394.7 million pieces, exclusion for "no piece scan" or "no start-the-clock" was the reason 67.7% (267.2 million pieces) were disqualified.

Claims

As noted, the USPS continues to issue weekly press releases presenting homogenized class averages, but the underlying data paints a less deceptive picture. By excluding significant volumes of mail for a long list of reasons – of which some, like "no piece scan" or "no start-the-clock" are the fault of the USPS, not the mail preparer – the agency can limit the mail on which its scores are based to only the "best."

Some observers might find such a practice disingenuous, if not outright misleading, but under PMG Louis DeJoy, who always puts things in the most favorable light, not surprising.

FY 2022 Exclusions		First-Class Mail Presort First-Class Mail				USPS Marketing Mail Letters and Flats across all products measured by IMb				Periodicals			
Reason	**Description**	**PQ I**	**PQ II**	**PQ III**	**PQ IV**	**PQ I**	**PQ II**	**PQ III**	**PQ IV**	**PQ I**	**PQ II**	**PQ III**	**PQ IV**
Excluded ZIPs	Excluded due to 3 digit delivery ZIP Codes that are not measured.	0.05%	0.06%			0.04%	0.04%			0.10%	0.11%		
FAST Appointment Irregularity	Irregularity with the mailing/trip captured by FAST (e.g., contents not matching 8125).	0.00%	0.00%			1.37%	0.39%			0.18%	0.09%		
Inaccurate Scheduled Ship Date	eDoc scheduled ship date time is 48+ hours earlier than the postage statement finalization date time	0.42%	0.90%			0.12%	0.13%			1.61%	2.65%		
Inconsistent Service Performance Measurement Data	Mail piece received inconsistent scan events when calculating service performance measurement (container/mail piece scans not in chronological order).	3.77%	5.13%			7.43%	6.45%			2.29%	2.46%		
Incorrect Entry Facility	eDoc entry facility does not match the facility specified in the associated FAST appointment.	0.00%	0.00%			0.00%	0.00%			0.00%	0.00%		
Invalid Entry Point for Discount Claimed	Entry Point for Entry Discount claimed in eDoc is invalid for the entry point and destination of the mail.	0.00%	0.00%			4.93%	4.50%			6.17%	6.35%		
Long Haul	Mail verified at a DMU then transported by USPS to a mail processing facility in a different district than the DMU.	35.31%	38.53%			0.56%	0.96%			9.58%	7.67%		
No Piece Scan	No automation scan observed for the mail piece	4.57%	4.51%			26.60%	24.43%			47.79%	48.49%		
No Start-the-Clock	Lack of a container unload scan or inability to identify the FAST appointment associated to the container.	41.88%	35.52%			43.47%	45.03%			20.77%	18.79%		
Non-Compliant	Mail identified as non-compliant due to inaccuracies in mail preparation.	1.68%	1.61%			0.88%	2.12%			0.08%	0.02%		
Non-Unique IMb	eDoc contains mail pieces with a non-unique IMb.	1.55%	1.99%			1.87%	2.04%			1.39%	2.19%		
Non-Unique Physical IMcb	Physical containers with non-unique IMcb on the placard	1.59%	1.79%			2.16%	2.03%			0.93%	0.99%		
PARS	UAA mail as indicated by ACS and/or PARS operation when mail piece is processed.	3.62%	4.00%			5.71%	6.14%			4.55%	5.11%		
Orphan Handling Unit	Mail piece associated to an Orphan Handling Unit not inducted at a BMEU	0.42%	0.70%			0.60%	0.74%			1.19%	1.26%		
Other	All other reasons	5.14%	5.28%			4.26%	4.99%			3.37%	3.82%		

PQ II/FY 2022 USPS Service Performance: Little Improvement

As commercial mail producers and their clients are aware, the Postal Service lowered service standards for First-Class Mail and some Periodicals effective last October 1, and set new performance targets for all mail for FY 2022. The performance reports it filed May 10 with the Postal Regulatory Commission are based on these revised targets.

The latest scores show little improvement compared to PQ I, despite lower volume, better weather, and more workers. All service level scores for First-Class Mail were below the previous quarter – and mostly below the scores in late FY 2021 under the previous service standards. The aggregate scores for Marketing Mail letters and flats also were lower than the PQ IV, FY 2021, as were Periodicals.

Variation

Area and districts in the west again generally performed better while those in the east generally did worse. The Pacific Area led with the most top quarterly scores for First-Class Mail and Marketing Mail, while the Cap Metro Area had more of the worst quarterly scores.

Meeting or exceeding targets for First-Class Mail were 33 districts for overnight, 29 for two-day, 12 for 3-day, 8 for 4-day, and 59 for 5-day service; fewer met or exceeded targets in PQ II than in PQ I. Conversely, 12 districts reported quarterly First-Class Mail scores that were *ten points or more below* target – more than for the previous quarter.

For Marketing Mail, 10 districts fell short of the service target for letters, and 20 districts missed the mark for carrier route mail, and *57 districts fell short of the service target for flats*, fewer in each category than for PQ I.

Scores for Periodicals are not reported below the area level but were again well below service targets.

Claims

The USPS continues to issue weekly press releases touting ever-improving service, based on homogenized, national level class averages, but the real, more granular numbers, and the long-term trends, paint a far less positive picture than the PR spin would have ratepayers believe.

The Postal Service's revisions to the service standards for some two-day and all three-to-five day service for First-Class Mail allows more transit time, and so may yield numerically better service scores, but also may conceal other operational issues that are not related to travel time or speed. Historically poor performance by some processing facilities and districts won't be improved by simply allowing slower service.

The chart on the next page is an overview of quarterly and year-to-date district and area scores for overall Presorted First-Class Mail (overnight and 2-, 3-, 4, and 5-day) and overall Marketing Mail (letters, flats, and carrier route). More granular data is available from the Postal Regulatory Commission at https://www.prc.gov/dockets/document/121705.

Summary of National-Level Service Performance – FY 2016-2022

Targets	First-Class Mail										Marketing Mail						Periodicals	
FY 16-20	96.80% overnight, 96.50% 2-day, and 95.25% 3-to-5-day										91.00%						91.00%	
FY 21	93.99% overnight, 89.20% 2-day, 84.11% 3-to-5-day										86.82%						86.62%	
FY 22	**94.75% overnight, 93.00% 2-day, and 90.5% 3-, 4-, & 5-day**										**91.84%**						**82.67%**	
	Quarter					Year-to-Date					Quarter			Year-to-Date			Qrtr	Yr/Dt
	Overnight	2-Day	3-day	4-day	5-day	Overnight	2-Day	3-day	4-day	5-day	Overall Ltrs	Overall Flts	Overall CR	Overall Ltrs	Overall Flts	Overall CR	Combined	Combined
PQ I/16	95.8	94.2		89.0		95.8	94.2		89.0		87.1	74.5	76.1	87.1	74.5	76.1	74.1	74.1
PQ II/16	96.0	94.4		89.8		95.9	94.3		89.4		88.0	79.7	84.2	87.5	76.6	79.2	78.5	76.3
PQ III/16	96.9	96.3		94.4		96.2	94.9		91.0		92.6	**89.7**	90.6	89.2	79.2	82.2	83.3	78.6
PQ IV/16	96.8	96.2		94.5		96.3	95.2		91.9		93.0	87.2	90.6	90.1	81.4	83.9	83.7	80.1
PQ I/17	96.2	94.9		92.0		96.2	94.9		92.0		90.2	77.4	89.6	90.2	77.4	89.6	81.5	81.5
PQ II/17	96.6	95.5		92.9		96.4	95.2		92.5		**96.4**	81.8	91.4	90.9	79.4	90.3	85.4	83.4
PQ III/17	**97.1**	**96.5**		**94.7**		**96.6**	95.6		93.2		93.3	82.7	93.2	91.7	80.2	91.2	87.7	84.9
PQ IV/17	96.8	96.2		93.9		**96.6**	**95.8**		**93.4**		92.2	81.1	91.9	91.8	80.4	91.4	86.7	85.3
PQ I/18	95.7	94.2		90.9		95.7	94.2		90.9		86.5	71.4	83.5	86.5	71.4	83.5	82.1	82.1
PQ II/18	95.8	94.1		89.9		95.7	94.1		90.4		86.6	70.3	89.1	86.5	71.0	85.9	83.4	82.6
PQ III/18	96.8	96.2		94.2		96.1	94.8		91.6		92.2	81.6	**94.2**	88.4	74.1	88.2	**88.3**	84.5
PQ IV/18	96.6	96.1		94.0		96.2	95.1		92.2		92.4	83.0	94.1	89.4	76.5	89.5	88.0	85.0
PQ I/19	94.9	93.0		90.1		94.9	93.0		90.1		85.2	71.8	84.2	85.2	71.8	84.2	81.8	81.8
PQ II/19	95.0	93.5		90.6		95.0	93.2		90.4		88.5	77.0	91.1	86.8	74.3	87.3	84.9	83.2
PQ III/19	96.5	95.4		93.8		95.4	93.9		91.4		91.4	80.7	93.1	88.3	76.2	89.0	87.6	84.7
PQ IV/19	96.4	95.4		94.3		95.7	94.3		92.1		92.3	82.1	93.8	89.2	77.6	90.0	87.8	**85.4**
PQ I/20	94.6	93.7		91.5		94.6	93.7		91.5		89.5	78.4	89.9	89.5	78.4	89.9	84.5	84.5
PQ II/20	96.1	94.6		92.7		95.4	94.2		92.1		92.0	81.9	93.5	90.6	79.9	91.2	86.7	85.6
PQ III/20	95.9	93.5		90.9		95.5	94.0		91.7		91.3	71.7	84.3	90.9	77.2	88.7	76.9	82.9
PQ IV/20	93.0	90.0		84.9		94.9	93.0		90.2		86.7	72.1	85.7	89.8	75.7	87.8	74.3	80.9
PQ I/21	91.6	85.0		78.3		91.6	85.0		78.3		85.9	69.1	81.9	85.9	69.1	81.9	69.5	69.5
PQ II/21	93.1	85.1		74.0		92.4	85.1		76.2		86.9	66.9	82.0	86.3	68.0	82.0	70.9	70.1
PQ III/21	95.5	92.4		86.2		93.4	87.4		79.4		92.2	76.9	89.6	87.4	69.5	82.8	78.2	72.7
PQ IV/21	94.8	92.5		87.2		93.7	88.5		81.0		94.2	82.7	92.4	89.5	72.5	85.1	82.2	75.0
PQ I/22	95.0	92.4	87.2	91.8	96.5	95.0	92.4	87.2	91.8	96.5	93.1	81.4	91.3	93.1	81.4	91.3	80.3	80.3
PQ II/22	94.3	92.3	86.0	86.8	94.2	94.7	92.3	86.6	89.3	95.3	93.0	81.7	93.0	**93.1**	**81.5**	**91.8**	81.1	80.7

USPS Service Performance – % On-Time for Mailpieces Delivered Between 01/01/2022 and 03/31/2021 (PQ II/FY 2022)

	Presort First-Class Letters/Postcards **										Marketing Mail **					
	Quarter					Year to Date					Letters (Overall)		Flats (Overall)		Car Rte (Overall)	
Area/District *	Overnight	2-Day	3-Day	4-Day	5-Day	Overnight	2-Day	3-Day	4-Day	5-Day	Quarter	Yr to Dt	Quarter	Yr to Dt	Quarter	Yr to Dt
Cap Metro ↓FCM PQ/YTD ↓MKT PQ	***93.9***	***90.6***	***83.3***	***83.4***	***93.9***	***93.5***	***90.2***	***82.3***	***86.0***	***95.2***	***90.9***	***91.0***	***75.3***	***75.8***	***88.3***	***87.3***
Atlanta ↓MKT YTD	94.2	90.6	80.8	85.1	91.9	92.9	89.0	78.3	86.1	93.6	89.4	88.0	72.5	65.7	89.5	79.1
Baltimore	91.2	86.7	80.0	80.6	89.2	92.1	87.8	77.9	84.0	92.3	90.1	90.4	71.6	74.9	89.0	89.1
Capital ↓FCM PQ ↓FCM YTD	73.8	87.9	83.3	80.6	91.2	81.5	87.0	81.6	84.4	92.9	90.5	90.5	70.5	71.9	82.1	81.4
Greater So. Carolina	95.1	90.8	80.4	84.0	92.4	94.6	90.6	80.1	86.6	93.9	92.6	92.5	83.1	84.6	92.7	93.9
Greensboro	95.0	94.8	85.9	85.4	95.4	95.4	94.7	86.5	87.7	96.0	92.6	93.5	81.3	83.5	90.9	90.9
Mid-Carolinas	95.0	90.3	86.4	87.6	95.9	95.3	90.9	86.4	89.2	96.8	93.3	94.6	79.1	80.9	89.2	90.5
Northern Virginia	92.9	91.8	85.7	82.9	95.0	94.0	91.1	84.7	86.7	96.2	92.7	93.0	80.8	80.9	94.1	93.8
Richmond ↓MKT PQ	91.2	88.1	80.9	75.0	89.7	91.5	86.5	80.7	81.4	91.8	87.0	87.6	63.3	67.7	78.2	81.1
Eastern	***94.0***	***91.2***	***84.7***	***86.0***	***93.5***	***94.5***	***91.3***	***85.3***	***88.4***	***94.5***	***93.2***	***93.3***	***81.0***	***81.0***	***93.7***	***92.6***
Appalachian	95.1	85.4	87.0	84.8	93.6	95.4	89.1	87.0	87.7	94.2	94.2	94.7	86.3	87.5	94.6	95.9
Central Pennsylvania	93.9	90.9	83.1	86.3	95.1	93.8	89.4	82.5	88.2	95.0	92.0	91.2	76.7	75.3	91.6	88.8
Ohio Valley	94.6	94.1	85.8	88.2	94.5	95.4	94.4	86.7	90.0	94.8	95.2	95.9	82.8	85.1	95.5	96.4
Kentuckiana	94.2	93.4	86.5	84.1	93.0	94.8	94.0	87.7	88.5	94.8	95.4	95.6	87.8	89.0	96.2	96.6
Northern Ohio	93.2	90.7	84.9	87.3	93.7	93.7	92.2	86.3	89.6	94.8	95.0	95.4	83.5	83.0	94.4	92.7
Philadelphia Metro	88.8	88.0	86.1	86.2	91.7	90.9	88.7	85.0	88.4	93.1	91.3	90.3	71.6	69.0	88.1	82.7
South Jersey	95.8	90.6	81.9	87.0	96.0	96.1	90.8	82.1	88.7	96.3	92.5	90.8	78.8	77.6	93.9	91.6
Tennessee	93.5	95.7	80.8	81.2	91.0	94.5	95.3	83.4	84.6	92.5	88.0	89.4	71.0	72.6	92.0	92.8
Western New York	96.1	95.8	84.5	85.4	94.6	96.4	95.6	85.2	89.9	95.9	95.5	95.7	86.4	87.7	96.0	96.0
Western Pennsylvania ↑ MKT YTD	94.7	90.8	86.0	88.3	93.8	95.4	90.7	85.7	89.4	94.5	96.4	96.7	90.2	90.7	97.3	97.1
Great Lakes	***93.6***	***92.6***	***83.7***	***86.1***	***95.3***	***94.0***	***92.4***	***84.8***	***88.5***	***96.1***	***94.1***	***94.0***	***81.2***	***81.6***	***92.9***	***92.6***
Central Illinois	93.7	92.8	82.3	84.2	94.9	93.9	92.4	84.2	87.0	95.5	93.6	93.1	81.3	81.6	91.2	91.5
Chicago	88.1	87.9	84.6	84.7	92.4	87.3	86.7	82.0	86.2	92.4	93.6	90.6	75.9	69.3	83.9	80.5
Detroit	94.6	95.1	80.8	86.8	96.5	94.7	95.4	82.8	89.1	97.6	95.5	95.5	84.6	85.4	94.6	95.0
Gateway	88.0	89.9	78.6	85.6	93.9	91.2	91.7	79.8	87.6	94.6	91.9	93.4	74.2	80.2	87.6	91.8
Greater Indiana	94.5	92.4	88.5	91.8	94.0	94.2	93.3	89.8	93.2	95.4	93.3	93.8	80.6	78.6	92.4	88.7
Greater Michigan	95.6	95.6	89.9	83.3	95.3	96.1	95.5	89.8	87.0	96.1	95.6	95.9	88.8	88.7	97.6	96.8
Lakeland	95.1	93.3	84.2	84.0	95.5	94.8	92.3	83.9	86.8	95.5	95.1	94.4	82.5	81.6	96.5	95.6
Northeast ↓MKT YTD	***94.1***	***89.3***	***85.3***	***85.0***	***95.1***	***94.5***	***90.0***	***85.6***	***87.2***	***96.2***	***90.6***	***90.3***	***77.7***	***75.3***	***91.6***	***87.3***
Albany	94.8	91.2	88.7	82.4	94.4	93.8	91.7	88.7	85.2	95.2	92.4	90.3	82.7	80.8	93.5	91.0
Caribbean	95.8	97.5	N/A	87.0	91.8	95.2	97.9	52.6	83.3	92.1	92.9	91.7	83.9	74.0	82.7	84.4
Connecticut Valley	95.1	88.0	84.7	83.7	94.9	96.0	89.5	86.3	86.0	96.0	90.3	91.3	74.5	67.4	89.6	76.5
Greater Boston	94.6	91.3	85.5	84.1	90.9	94.4	91.8	85.5	86.7	92.9	90.1	89.3	78.6	74.3	91.7	84.3
Long Island	92.1	89.6	81.3	82.7	95.9	93.0	89.8	81.5	85.5	96.8	91.4	91.0	80.5	80.5	95.9	93.2
New York	88.7	86.2	84.5	85.8	94.8	90.0	85.8	82.9	87.7	95.4	92.0	91.4	80.9	79.9	91.8	91.1
Northern New England	93.8	87.2	86.0	85.2	90.7	94.6	88.8	86.3	88.1	93.3	89.3	88.9	71.5	70.6	88.6	85.4
Northern New Jersey	90.9	89.4	84.5	88.0	96.6	92.3	89.8	84.6	90.6	97.4	90.3	89.3	77.0	76.1	91.5	89.4
Triboro	90.4	89.4	87.3	86.6	95.4	90.8	90.3	85.9	88.7	96.2	90.3	91.2	78.9	78.0	91.3	90.2
Westchester	92.6	88.7	87.1	85.5	94.5	93.1	89.8	85.7	87.9	95.3	92.5	92.2	78.3	77.1	92.2	90.7
Pacific ↑FCM PQ/YTD ↑MKT PQ/YTD	***96.1***	***96.6***	***95.8***	***89.9***	***94.8***	***96.1***	***96.5***	***95.4***	***92.5***	***95.6***	***95.7***	***95.6***	***87.4***	***87.4***	***95.7***	***95.1***
Bay-Valley	98.0	96.3	94.3	90.0	96.0	96.5	96.3	94.1	93.7	96.9	96.0	95.9	90.6	89.1	96.1	95.6
Honolulu	97.7	N/A	43.8	88.8	92.2	97.6	N/A	57.6	87.8	91.1	94.8	94.7	85.2	75.6	89.8	87.9
Los Angeles	93.4	96.9	96.1	93.3	95.8	93.8	96.8	95.6	94.2	96.0	95.4	95.5	87.2	88.1	91.8	92.8
Sacramento	96.5	96.1	95.8	86.2	94.3	96.4	96.0	95.2	90.5	95.4	95.1	94.9	89.5	88.7	96.9	96.0
San Diego	97.0	96.5	95.1	90.7	95.0	97.3	96.5	95.1	92.5	95.6	95.9	96.1	83.1	83.6	95.2	94.0
San Francisco ↑ MKT PQ	96.1	95.6	93.8	85.2	94.7	96.3	95.4	93.8	90.9	96.0	96.5	95.5	90.1	89.9	97.6	97.2
Santa Ana ↑ FCM PQ ↑ FCM YTD	98.2	97.0	96.6	91.9	94.7	98.2	96.9	96.5	93.7	95.7	95.6	95.7	89.1	89.0	96.0	95.2
Sierra Coastal	97.0	97.4	96.6	92.1	95.1	96.9	97.2	96.5	94.1	96.0	96.6	96.6	87.7	87.9	97.1	96.6
Southern	***93.1***	***91.1***	***85.5***	***86.3***	***92.3***	***94.0***	***91.5***	***86.7***	***89.3***	***94.4***	***92.9***	***93.2***	***81.4***	***81.9***	***93.0***	***92.2***
Alabama	95.1	91.5	80.8	83.6	95.1	95.4	89.5	79.8	84.0	95.7	93.4	93.0	76.6	74.1	92.6	89.7
Arkansas	93.8	80.2	80.2	85.0	92.3	94.0	85.1	83.4	88.2	93.6	89.9	91.0	69.7	73.9	95.1	95.8
Dallas	89.9	87.9	85.3	87.0	86.6	92.1	90.2	88.0	90.6	91.8	92.0	92.9	83.0	83.3	91.4	92.4
Fort Worth	87.7	87.1	87.7	87.9	91.7	91.8	89.7	90.0	91.1	94.8	92.4	93.6	85.4	86.8	93.4	95.5
Gulf Atlantic	96.1	92.7	84.4	86.5	92.2	96.2	92.5	83.6	87.2	93.5	91.2	90.6	80.2	80.6	92.9	92.5
Houston	90.5	N/A	85.9	83.3	90.8	91.7	54.6	86.8	87.7	94.1	94.0	94.8	84.8	85.6	93.6	92.5
Louisiana	95.5	95.6	87.4	83.1	93.6	95.7	95.6	88.6	86.8	95.3	91.6	92.9	75.4	78.7	94.1	94.0
Mississippi	94.4	93.3	81.0	82.8	92.7	94.1	93.7	83.2	84.3	93.6	89.3	90.2	70.9	71.1	89.7	90.2
Oklahoma	95.7	93.1	86.9	88.0	81.0	96.2	93.2	88.6	90.7	82.2	94.4	94.9	87.0	86.9	96.8	96.2
Rio Grande	90.6	81.1	88.1	84.8	89.5	91.8	86.6	90.5	89.0	93.0	93.7	94.3	83.4	85.6	93.7	94.3
South Florida	93.6	94.3	90.6	88.0	90.9	92.7	92.4	88.6	89.4	93.2	93.0	92.1	77.4	73.2	88.3	81.6
Suncoast	96.7	95.1	90.4	91.7	96.0	96.9	95.3	89.9	92.7	96.8	94.3	94.4	83.1	84.5	94.6	94.6
Western	***95.4***	***95.4***	***88.8***	***88.6***	***93.2***	***95.6***	***94.9***	***89.8***	***90.6***	***94.9***	***93.3***	***93.3***	***84.8***	***85.1***	***94.9***	***94.6***
Alaska	98.6	96.4	N/A	86.1	89.0	98.5	96.8	88.3	89.4	90.6	95.7	95.8	87.6	87.6	89.4	91.8
Arizona	97.3	97.7	91.5	90.9	95.7	97.0	96.9	91.8	92.8	96.6	93.6	93.9	84.7	85.3	96.4	96.2
Central Plains	94.8	92.8	92.5	94.3	94.3	94.1	92.2	93.4	94.8	92.8	93.4	93.1	86.7	86.2	96.5	96.0
Colo/Wyoming	92.2	83.0	82.4	86.8	90.6	93.5	84.7	85.3	89.4	92.9	90.9	91.5	78.3	78.3	89.6	89.7
Dakotas	96.3	98.3	85.5	80.6	86.7	96.9	97.3	87.2	85.5	90.9	91.6	92.6	85.0	86.1	93.9	95.2
Hawkeye	94.9	94.3	84.9	79.9	91.0	95.4	94.0	86.1	84.7	93.0	94.6	94.8	88.1	89.4	95.8	97.5
Mid-America	93.6	91.1	84.5	78.6	86.9	94.4	90.9	86.1	82.5	89.8	91.0	91.2	78.2	77.0	92.5	89.6
Nevada-Sierra	97.4	68.9	96.0	88.3	95.3	97.4	78.7	95.5	91.5	96.4	95.8	95.9	87.8	88.5	97.0	97.2
Northland	95.7	95.3	87.1	86.6	96.4	94.9	94.1	87.4	86.5	97.0	93.2	92.8	84.2	83.4	93.9	92.9
Portland	96.8	97.9	93.1	89.5	94.0	97.1	98.0	93.5	92.1	95.5	94.8	94.7	89.4	89.9	97.2	96.2
Salt Lake City	95.4	97.1	87.7	80.8	90.8	95.9	96.9	89.8	86.0	93.3	91.8	92.4	83.4	84.2	96.6	96.8
Seattle	95.4	95.5	90.0	86.2	92.2	95.4	95.3	90.6	89.2	94.5	94.6	93.6	88.9	89.2	96.4	96.7
Nation	***94.3***	***92.3***	***86.0***	***86.8***	***94.2***	***94.7***	***92.3***	***86.6***	***89.3***	***95.3***	***93.0***	***93.1***	***81.7***	***81.5***	***93.0***	***91.8***

Presort First-Class: 94.75% (overnight); 93.0% (2-Day); 90.50% (3-, 4-, 5-Day) **<<<< FY 2022 Targets >>>> Marketing Mail:** 91.84%

*** = ↑ Best combined PQ or YTD score** **↓ Worst combined PQ or YTD score** for Presort First-Class Letter/Postcards **or** Overall Standard Mail Letters/Flats/Carrier Route

**** = *HIGHEST AREA CATEGORY SCORE* HIGHEST DISTRICT CATEGORY SCORE ☐ = Over 10 pts below Svc Std *LOWEST AREA CATEGORY SCORE* LOWEST DISTRICT CATEGORY SCORE**

Miscellany

Full board

By voice votes on May 12, the Senate confirmed two nominees for the Postal Service's Board of Governors. Daniel Tangherlini and Derek Kan both were nominated by the president on November 19, 2021, examined by the Committee on Homeland Security and Governmental Affairs on March 31, and reported out favorably on April 6.

Tangherlini will serve a term expiring December 8, 2027, replacing former Board chairman Ron Bloom.

Somewhat controversially, Bloom was reelected to the chairmanship in late 2021, even though the end of his holdover year (an additional year beyond the end of a term allowed for incumbents) was only a month away. Some took that as a signal by the majority of the Board (all chosen by the previous president) that they remained supportive of PMG Louis DeJoy (whom they'd picked) and would continue his policies.

Tangherlini's government experience includes serving as the Administrator of the General Services Administration and Chief Financial Officer at the Department of the Treasury; City Administrator and Deputy Mayor of Washington DC); Interim General Manager of DC's Metro; the first Director of the DC Department of Transportation; the CFO of the DC Metropolitan Police Department; and various roles in the Federal Government at the US Department of Transportation and the US Office of Management and Budget. He holds a BA and MA in public policy from the University of Chicago, and an MBA from the University of Pennsylvania's Wharton School of Business.

Kan will serve a term expiring December 8, 2028, relacing John Barger. Barger's term expired last December but he's remained on the Board during his holdover year, pending Kan's confirmation.

Derek Kan is currently an executive at Deliverr, an ecommerce fulfillment startup. Previously, he served as Deputy Director of the Office of Management and Budget in the Executive Office of the President and as the Under Secretary of Transportation. Prior to that, Kan was the General Manager for Lyft, a Director of the Amtrak Board, a policy advisor to the former Senate Majority Leader, and a Presidential Management Fellow at the White House Office of Management and Budget. Kan has a BS from the University of Southern California, an MSc from the London School of Economics, and an MBA from the Stanford Graduate School of Business.

With the seating of Tangherlini and Kan, the Board will be fully constituted and balanced politically; Amber McReynolds is considered unaligned. However, by a five-to-four majority, the Board will be composed mostly of nominees of the current president, and the terms of Donald Moak and William Zollars expire this December, enabling two more nominees.

Ever since the shorthanded Board in place in mid-2020, whose members were politically aligned with and nominated by the former president, selected fellow partisan Louis DeJoy as PMG, speculation has burbled whether turnover on the panel would eventually undermine his support. Though he's so far avoided any major missteps, it remains to be seen how much longer the Board will tolerate his "I know best" resistance to the panel's oversight.

Doubts

In a May 11 *Statement of Position* on N2022-1, *Retail Ground and Parcel Select Ground Service Standard Changes, 2022*, now before the Postal Regulatory Commission, the PRC's designated Public Representative offered some cautions:

> "As previously discussed, the Public Representative appreciates the Postal Service's efforts to make RG and PSG faster and more appealing to customers and is in favor of the proposed service standard changes. Generally, many of the Postal Service's projections related to network capacity, customer satisfaction, improved on-time performance, and revenue are intuitive. ... Similarly, it seems reasonable that, if a certain transportation network is being underutilized, it could probably absorb additional volumes, particularly when those volumes are relatively small. And if volumes are shifted to a more reliable transportation network with less frequent touches (i.e., the FCPS network), it seems reasonable that on-time performance and customers satisfaction would improve, and customers would choose to continue to purchase that service because both reliability and speed have improved.
>
> "However, as noted above, there are some concerning gaps in the evidence upon which the Postal Service's conclusions about the ground shipping market and customer satisfaction are based. Moreover, because the operational changes necessary to implement the new service standards have not been tested, related projections regarding cost and service performance are merely speculative. As such, there are risks inherent to the proposed service standard changes, especially in this instance, where the product involved is a Competitive product and consumers have other options for their ground shipping needs.
>
> "For the aforementioned reasons, the Public Representative supports the Postal Service's proposed service standard changes to RG and PSG products but suggests that it be mindful of the limitations of its own projections and conclusions."

As observers have noted about USPS statements and assertions in general, but especially in the service standard cases litigated over the past year, the agency tends to adopt a "trust me" attitude when presenting its case. Sometimes short on objective analysis and long on favorable evaluations, the USPS has reflected the PMG's disregard for oversight and accountability, preferring the "I know what I'm doing, don't get in way" approach. Time will tell if events validate the Postal Services assurances.

Minor corrections

In a May 6 filing, docketed on May 9 by the Postal Regulatory Commission as MC2022-57, the Postal Service proposed "minor corrections to the International Money Transfer Service – Inbound product description in the Mail Classification Schedule. First, it asked to remove Japan from the list of countries when the docket is concluded because the Postal Service terminated the exchange of international postal money orders with Japan Post.

Second, the USPS proposed to remove the Bahamas, Barbados, British Virgin Islands, Dominica, Montserrat, St Kitts, and St Vincent from the list of countries effective October 1, 2022, because it will stop cashing international postal money orders issued by the postal operators of those countries. Comments on the filing are due June 6. The changes are intended to take effect on two dates: for Japan, when the docket is concluded, and, for the others, on October 1, 2022.

All the Official Stuff

Federal Register

Postal Service

NOTICES

May 11: Product Change [3]: Priority Mail Express and Priority Mail Negotiated Service Agreement, 28848; Priority Mail Negotiated Service Agreement [2], 28847, 28848.

May 13: Change in Rates and Classes of General Applicability for Competitive Products, 29398-29408.

May 18: Product Change [2]: Priority Mail Negotiated Service Agreement [2], 30284, 30284.

PROPOSED RULES

[None].

FINAL RULES

May 16: Post Office Organization and Administration: Discontinuance of USPS-Operated Retail Facilities; 29673.

May 17: International Competitive Services Price Changes, 29830.

May 18: Domestic Competitive Products Pricing and Mailing Standards Changes, 30101-30105.

Postal Regulatory Commission

NOTICES

May 10: New Postal Products, 28040-28041.

May 11: New Postal Products, 28847.

May 13: Competitive Price Adjustment, 29396-29397; Mail Classification Schedule, 29397-29398.

May 17: New Postal Products, 29890-29891.

May 18: New Postal Products, 30283-30284.

May 20: Mail Classification Schedule, 31007-31009; Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, 31009-31010; New Postal Products, 31010.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

May 11: International Service Suspension Notice – Effective May 13, 2022 [2].

May 16: UPDATE 239: International Mail Service Updates Related to COVID-19.

Postal Bulletin (PB 22598, May 19)

- Effective **May 19**, the IMM Individual Country Listing for Estonia is revised to note that the value-added tax (VAT) exemption is abolished.
- Effective **May 19**, Publication 431, *Post Office Box Service and Caller Service Fee Groups,* is revised to include the changes noted.

USPS Industry Alerts

May 11, 2022

COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Suspension Notice Effective May 13, 2022

[See the May 11 listing for COVID-19-Related International Mail Service Disruptions in the Special Section.]

May 20, 2022

National Zone Chart Matrix Updates Effective July 10, 2022

The Postal Service will be updating the method for calculating distance for Zone assignments, effective July 10, 2022. The National Zone Chart Matrix product distributed to customers on June 1, 2022, would typically have a July 1, 2022, effective date. However, due to the change identified above, the June 1, 2022, distributed file will only be effective for mail inducted July 10, 2022, or after. Once this file is effective, previous Zone Chart files will not be authorized. The normal schedule of the National Zone Charts Matrix product use will then resume on August 1, 2022. There are no structural changes to any file formats for users that subscribe to the National Zone Charts Matrix data. Should you have any questions, please send an email to inbox labellist.ncsc@usps.gov for a reply.

May 20, 2022

Business Customer Gateway eDoc Training Series – Postal Wizard and Intelligent Mail for Small Business Tool

The Postal Service will host bi-weekly webinars on utilizing the Business Customer Gateway (BCG) for electronic documentation (eDoc) and postage statement submission. The topics will alternate between using the Postal Wizard (PW) and Intelligent Mail for Small Business Tool (IMsb Tool) applications. Learn how to eliminate hard copy postage statements and submit Full-Service mail! Join us for the next session - using the IMsb Tool held on Tuesday, May 24, 2022, at 1:00 PM EST. Bi-Weekly BCG PW and IMsb Tool training sessions: Meeting URL: https://usps.zoomgov.com/j/1615857192?pwd=dGVJTjlYNEFib2FGNmpJL2luZ2ZlZz09; Meeting ID: 161 585 7192; Password: 903345. If requested, enter your name and email address; Enter meeting password: 903345. Join Audio by the options below: Call using Internet Audio or Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts.

May 20, 2022

National Zone Chart Matrix Updates Effective July 10, 2022 [Recalled by USPS 5/20/2022]

The Postal Service will be updating the method for calculating distance for Zone assignments, effective July 10, 2022. The National Zone Chart Matrix product distributed to customers on June 1, 2022, would typically have a July 1, 2022, effective date. However, due to the change identified above, the June 1, 2022, distributed file will only be effective for mail inducted July 10, 2022, or after. Once this file is effective, previous Zone Chart files will not be authorized. The normal schedule of the National Zone Charts Matrix product use will then resume on August 1, 2022. There are no structural changes to any file formats for users that subscribe to the National Zone Charts Matrix data. Should you have any questions, please send an email to inbox labellist.ncsc@usps.gov for a reply.

May 20, 2022

[CUSTOMER IMPACT] Scheduled Commercial Systems' Activity – Tuesday, May 24, 2022

Next Tuesday (May 24, 2022), from 6:00 PM CT – 10:00 PM CT, the United States Postal Service will implement software updates which are critical to our information technology infrastructure. This scheduled activity will impact access to the following Commercial Systems' functionality: MicroStrategy Reports. All Business Service Administrators (BSAs) should alert their impacted stakeholders. We apology for any inconvenience experienced by our valued customers. During normal business hours (8:00 AM CT – 5:00 PM CT), please direct any inquiries or concerns to the Mailing and Shipping Solutions Center (MSSC) via eMail [MSSCAdmin@usps.gov] or telephone [(877) 672-0007].

Calendar

To register for any webinar, go to MailersHubWebinars.com

June 12-16 – In-Plant Printing & Mailing Ass'n Conf., Buffalo (NY)
June 21 – ***Mailers Hub Webinar***
July 12-13 – Delivery Technology Advocacy Council mtg., Sussex (WI)
July 19 – Atlantic Area AIM Meeting
July 19 – ***Mailers Hub Webinar***
July 26-27 – MTAC Meeting, USPS Headquarters

August 4-6 – MFSA Conference, Dallas (TX)
August 16 – ***Mailers Hub Webinar***
August 16 – Southern Area AIM Meeting
August 24 – Central Area AIM Meeting
October 20 – Atlantic Area AIM Meeting
October 25-26 – MTAC Meeting, USPS Headquarters

Special Section: DMM Advisories and USPS Industry Alerts Related to COVID-19

These service disruptions affect Priority Mail Express International (PMEI), Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), International Priority Airmail (IPA), International Surface Air Lift (ISAL), and M-Bag items. Unless otherwise noted, service suspensions to a particular country do not affect delivery of military and diplomatic mail.

May 11, 2022, *DMM Advisory*: International Service Suspension Notice – effective May 13, 2022
[Also issued as May 11, 2022, Industry Alert: COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Suspension Notice]

The Postal Service will temporarily suspend international mail acceptance for certain destinations due to service impacts related to the COVID-19 pandemic. Effective May 13, 2022, the Postal Service will suspend international mail acceptance to **China** until further notice due to unavailable transportation. Customers are asked to refrain from mailing the following service to China until further notice: First-Class Package International Service (FCPIS) – effective 5/13/22; International Priority Airmail (IPA) Packets – effective 5/13/22; International Surface Air Lift (ISAL) Packets – effective 5/13/22; Priority Mail International (PMI) – previously suspended 4/29/22. For already deposited PMI items entered prior to 5/13/22, the Postal Service will transport to destination and delays are to be expected. For deposited PMI items entered on or after 5/13/22, the Postal Service will endorse the items as "Mail Service Suspended – Return to Sender" and place them in the mail stream for return to sender. Due to COVID-19, international shipping has been suspended to many countries. According to DMM 604.9.2.3, customers are entitled to a full refund of their postage costs when service to the country of destination is suspended. The detailed procedures to obtain refunds for Retail Postage, eVS, PC Postage, and BMEU entered mail can be found through the following link: https://postalpro.usps.com/international-refunds. The Postal Service is closely monitoring the situation and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

May 11, 2022, *DMM Advisory*: International Service Suspension Notice – effective May 13, 2022
[Also issued as May 11, 2022, Industry Alert: COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Resumption Notice]

The Postal Service will temporarily suspend international mail acceptance for certain destinations due to service impacts related to the COVID-19 pandemic. Effective May 13, 2022, the Postal Service will suspend international mail acceptance to **New Zealand** until further notice due to unavailable transportation. Customers are asked to refrain from mailing the following service to China until further notice: First-Class Package International Service (FCPIS) – effective 5/13/22; Commercial ePacket (CeP) – effective 5/13/22; International Priority Airmail (IPA) Packets – effective 5/13/22; International Surface Air Lift (ISAL) Packets – effective 5/13/22; Priority Mail International (PMI) – previously suspended 4/1/22; Airmail M-bags – previously suspended 10/1/21; International Priority Airmail (IPA) M-bags – previously suspended 10/1/21; International Surface Air Lift (ISAL) M-bags – previously suspended 10/1/21. For already deposited items (Airmail M-bags, IPA M-bags, and ISAL M-bags entered prior to 10/1/21, PMI entered prior to 4/1/22, and FCPIS, CeP, IPA Packets and ISAL Packets entered prior to 5/13/22), the Postal Service will transport to destination and delays are to be expected.For deposited items (Airmail M-bags, IPA M-bags, and ISAL M-bags entered on or after 10/1/21, PMI entered on or after 4/1/22, and FCPIS, CeP, IPA Packets and ISAL Packets entered on or after 5/13/22), the Postal Service will endorse the items as "Mail Service Suspended – Return to Sender" and place them in the mail stream for return to sender. Due to COVID-19, international shipping has been suspended to many countries. According to DMM 604.9.2.3, customers are entitled to a full refund of their postage costs when service to the country of destination is suspended. The detailed procedures to obtain refunds for Retail Postage, eVS, PC Postage, and BMEU entered mail can be found through the following link: https://postalpro.usps.com/international-refunds. The Postal Service is closely monitoring the situation and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

May 16, 2022, *DMM Advisory*: UPDATE 239: International Mail Service Updates Related to COVID-19

On May 16, 2022, the Postal Service received notifications from various postal operators regarding changes in international mail services due to the novel coronavirus (COVID-19).

Fiji *UPDATE*: Post Fiji Ltd has advised that postal services have returned to normal as of May 1, 2022.

Germany *UPDATE*: Deutsche Post has advised that, following the latest decisions of the German Government regarding the relaxation of public health measures throughout the country, most restrictions relating to COVID-19 have now been lifted.

New Zealand *UPDATE*: New Zealand Post has advised that, on April 13, 2022, the Government of New Zealand announced a nationwide move to the orange setting of the pandemic plan. As most restrictions relating to COVID-19 have now been lifted, New Zealand Post has decided to close its force majeure case.

Mailers Hub News™ is produced by Mailers Hub LLC and provided to subscribers as part of their subscription.
No part of *Mailers Hub News* may be reproduced or redistributed without the express consent of Mailers Hub LLC.
For subscription or other information contact Mailers Hub LLC at info@MailersHub.com.