Mailers Hub News

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USPS Issues PQ III Results: Volume Recovery, More Revenue from Higher Prices

On August 9, following the meeting of the Postal Service Board of Governors, the agency released its *Form 10-Q* for the third quarter of fiscal 2022 (April-June).

Revenue

Increased mailing activity and higher prices provided better numbers than have been seen previously, and combined to generate positive income for the period. Operating revenue was up 1.39% for the quarter, and 1.62% for the year-to-date, compared to the same point in FY 2021; a 6.503% price increase had been implemented in August 2021. However, as shown in the chart below, the agency's finances benefitted much more significantly from provisions in the *Postal Service Reform Act of 2022*, enacted April 6, that erased tens of billions in past and future obligations for retiree health care costs and, for accounting purposes, skewed the quarterly results accordingly.

UNITED STATES POSTAL SERVICE
STATEMENTS OF OPERATIONS
(UNAUDITED)

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Revenue:				
Operating revenue	$ 18,741	$ 18,484	$ 59,820	$ 58,869
Other revenue	40	10	67	28
Total revenue	**18,781**	**18,494**	**59,887**	**58,897**
Operating expenses:				
Compensation and benefits	12,469	12,271	38,544	37,871
Retirement benefits	1,924	1,824	5,745	5,404
Retiree health benefits	—	1,432	—	3,832
Workers' compensation	(1,021)	1,053	(1,146)	(485)
Transportation	2,450	2,364	7,651	7,309
Other operating expenses	2,878	2,505	8,492	7,620
Total operating expenses	**18,700**	**21,449**	**59,286**	**61,551**
Income (loss) from operations before the impact of Postal Service reform legislation	**81**	**(2,955)**	**601**	**(2,654)**
Impact of Postal Service reform legislation	59,625	—	56,975	—
Income (loss) from operations	**59,706**	**(2,955)**	**57,576**	**(2,654)**
Interest and investment income	42	5	62	20
Interest expense	(40)	(37)	(116)	(117)
Net income (loss)	**$ 59,708**	**$ (2,987)**	**$ 57,522**	**$ (2,751)**

See accompanying notes to the unaudited financial statements.

Deeper into the document, another chart (below) detailed the Postal Service's financial results if the impact of the PSRA and monthly variations in the workers' compensation liability were excluded. Simply put, absent those factors, the results for the quarter would have been a $459 million loss.

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Net income (loss)	**$ 59,708**	**$ (2,987)**	**$ 57,522**	**$ (2,751)**
Impact of Postal Service reform legislation on past due PSRHBF obligations and current year PSRHBF amortization[1]	(57,475)	—	(56,975)	—
PSRHBF amortization and changes in normal costs of retiree health benefits due to revised actuarial assumptions[2]	—	457	—	907
Workers' compensation non-cash (benefit) expense[3]	(1,356)	724	(2,143)	(1,506)
CSRS unfunded liability amortization expense[4]	464	454	1,393	1,363
FERS unfunded liability amortization expense[5]	350	336	1,051	1,007
Controllable income (loss) including partial impact of Postal Service reform legislation and partial retiree health benefits expense	**$ 1,691**	**$ (1,016)**	**$ 848**	**$ (980)**
Impact of Postal Service reform legislation on current year normal costs of retiree health benefits[6]	(2,150)	—	—	—
Normal costs of retiree health benefits[7]	—	975	—	2,925
Controllable (loss) income excluding full impact of Postal Service reform legislation and all retiree health benefits expense	**$ (459)**	**$ (41)**	**$ 848**	**$ 1,945**

[1] Represents the reversal of $57.0 billion for past due obligations as of September 30, 2021 and the reversal of $500 million for PSRHBF amortization that would have been due September 30, 2022, but was canceled by the PSRA. These amounts represent the noncontrollable portion of the impact of the Postal Service reform legislation.

[2] Represents expense of $230 million for PSRHBF amortization and expense of $227 million for the increase in the annual normal cost attributable to revised actuarial assumptions and discount rate changes based on OPM's invoices for obligations due September 30, 2021. These amounts represent the noncontrollable portions of retiree health benefits expense.

[3] Represents workers' compensation non-cash (benefit) expense resulting from fluctuations in discount rates, changes in assumptions, valuation of new claims, revaluation of existing claims, and the administrative fee paid to DOL, less current year claim payments.

[4] Expense for the accrual for the annual payment due to the OPM by September 30 of the respective fiscal year, to amortize the unfunded CSRS retirement obligation. Payments are to be made through 2043 based on the OPM invoices.

[5] Expense for the accrual for the annual payment due to the OPM by September 30 of the respective fiscal year, to amortize the unfunded FERS retirement obligation. Payments are to be made over a 30-year rolling period based on the OPM invoices.

[6] Represents the reversal for actuarially determined normal cost that would have been due September 30, 2022, but was canceled by the PSRA. This amount represents the controllable portion of the impact of the Postal Service reform legislation.

[7] Represents the accrual for the annual payment due to the PSRHBF by September 30, 2021 for actuarially determined normal cost of retiree health benefits for current employees, less the noncontrollable portion of $227 million. This amount represents the controllable portion of retiree health benefits expense.

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021[1]	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021[1]
Operating Revenue:				
First-Class Mail[2]	$ 5,585	$ 5,537	$ 18,319	$ 17,816
Marketing Mail[3]	3,774	3,450	11,983	10,843
Shipping and Packages[4]	7,574	7,659	24,088	24,813
International	388	527	1,347	1,733
Periodicals	246	237	729	716
Other[5]	1,174	1,074	3,354	2,948
Total operating revenue	**$ 18,741**	**$ 18,484**	**$ 59,820**	**$ 58,869**

[1] Prior period amounts for certain service categories include reclassifications of amounts amongst service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue for the period. These reclassifications are required by Postal Service regulatory requirements and are included in this document for consistency amongst publicly-available information.

[2] Excludes *First-Class Package Service - Retail* and *First-Class Package Service - Commercial*.

[3] Excludes *Marketing Mail Parcels*.

[4] Includes *Priority Mail, USPS Retail Ground, Parcel Select Mail, Parcel Return Service Mail, Marketing Mail Parcels, Package Service Mail, First-Class Package Service - Retail, First-Class Package Service - Commercial*, and *Priority Mail Express*.

[5] Revenue includes *PO Box* and Caller Services, *Certified Mail*, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, *Registered Mail*, Stamped Envelopes and Cards, Money Orders, Passport Services, and other services.

Volume

Market-dominant mail volume continued to recover slowly from the levels reported during the depths of the pandemic, but competitive products moved the other way, likely reflecting both greater in-store shopping and increased competition from private shippers.

As a result, though revenue was higher for the quarter, as noted above, volume was not, ending the quarter 0.66% lower and 0.82% lower, compared to last year, for the quarter and year-to-date, respectively.

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021[1]	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021[1]
Operating Revenue:				
First-Class Mail[2]	$ 5,585	$ 5,537	$ 18,319	$ 17,816
Marketing Mail[3]	3,774	3,450	11,983	10,843
Shipping and Packages[4]	7,574	7,659	24,088	24,813
International	388	527	1,347	1,733
Periodicals	246	237	729	716
Other[5]	1,174	1,074	3,354	2,948
Total operating revenue	$ 18,741	$ 18,484	$ 59,820	$ 58,869
Volume:				
First-Class Mail[2]	11,518	12,138	37,708	38,940
Marketing Mail[3]	16,126	15,581	50,772	49,711
Shipping and Packages[4]	1,740	1,832	5,475	5,871
International	79	93	280	328
Periodicals	909	939	2,633	2,819
Other[6]	78	68	221	231
Total volume	30,450	30,651	97,089	97,900

[1] Prior period amounts for certain service categories include reclassifications of amounts amongst service categories to conform to current period presentation. These reclassifications are immaterial for each affected category and have no effect on total operating revenue for the period. These reclassifications are required by Postal Service regulatory requirements and are included in this document for consistency amongst publicly-available information.

[2] Excludes *First-Class Package Service - Retail* and *First-Class Package Service - Commercial*.

[3] Excludes *Marketing Mail Parcels*.

[4] Includes *Priority Mail*, *USPS Retail Ground*, *Parcel Select Mail*, *Parcel Return Service Mail*, *Marketing Mail Parcels*, *Package Service Mail*, *First-Class Package Service - Retail*, *First-Class Package Service - Commercial*, and *Priority Mail Express*.

[5] Revenue includes *PO Box* and Caller Services, *Certified Mail*, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, *Registered Mail*, Stamped Envelopes and Cards, Money Orders, Passport Services, and other services.

[6] Volume includes Postal Service internal mail and free mail provided to certain congressionally mandated groups.

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021
Shipping and Packages Revenue:				
Priority Mail Services[1]	$ 3,080	$ 3,338	$ 10,192	$ 11,158
Parcel Services[2]	2,334	2,309	7,125	7,316
First-Class Package Services[3]	1,974	1,822	6,133	5,709
Package Services	186	190	638	630
Total Shipping and Packages revenue	$ 7,574	$ 7,659	$ 24,088	$ 24,813
Shipping and Packages Volume:				
Priority Mail Services[1]	289	338	956	1,117
Parcel Services[2]	874	876	2,654	2,764
First-Class Package Services[3]	478	502	1,504	1,596
Package Services	99	116	361	394
Total Shipping and Packages volume	1,740	1,832	5,475	5,871

[1] Includes *Priority Mail*, *Priority Mail Express* and *USPS Retail Ground*.

[2] Includes *Parcel Select*, *Parcel Return*, and *Marketing Mail Parcels*.

[3] Includes *First-Class Package Services - Retail* and *First-Class Package Services - Commercial*.

The Postal Service's comments reflected the situation:

> "We believe consumer behavior has evolved during the pandemic and our Shipping and Packages volume is not expected to return to pre-pandemic levels, as the nation has increasingly relied on the safety and convenience of e-commerce. However, the surge in e-commerce has continued to abate as the economy recovers. Furthermore, competition in the overall market has increased as certain major customers have returned to diverting their volume from our network and aggressively pricing their products and services to fill their networks and grow package density."

How those trends support the expectations for increased package business, on which the Postmaster General's 10-year Plan relies for increased revenue, remains to be seen.

Liquidity

For years, the Postal Service's quarterly and annual financial statements warned of inadequate liquidity, overwhelming debts, and insufficient funds to make investments in infrastructure. Passage of the PSRA, aggressive price increases, and Congressional funding for COVID expenses and the purchase of electric delivery vehicles might be expected to decrease the need for predictions of financial disaster, but that was not the case.

Instead, in the "Liquidity Outlook" section of the document, the USPS simply revised its gloomy forecast to fit the changed circumstances and justify seeking ever more money from ratepayers:

> "While the enactment of the PSRA is a critical component of the *Delivering for America* plan and restoring the Postal Service to financial sustainability, we continue to face systemic imbalances that make our current operating model unsustainable. Although our liquidity has generally increased since 2012, it remains insufficient to pay all obligations, to make capital investments necessary for continuity of operations, and to prepare for unexpected contingencies in the medium or long-term. ...
>
> "We currently estimate that our required cash outlays for capital investments necessary to ensure that we can continue to perform our universal service mission will amount to $1.1 billion for the remainder of 2022, and an additional $17.9 billion for years 2023 through 2026, depending on the timing of investments to replace our delivery fleet and other appropriate capital assets ... . Although our future projections include these capital cash outlays, the severity and duration of the pandemic may impact these outlays, and the future cash flow from operations alone may not generate the cash needed to enable us to fully fund such necessary capital investments."

Costs

The USPS repeated past explanations that its processing networks, designed to meet long-deleted service standards for First-Class Mail, remain "not completely aligned to today's mail and package mix" and so "continue to operate at less than full capacity." As for employee costs,

> "Compensation and benefits, our largest operating expense category, is significantly impacted by the terms in our collective bargaining agreements. ... Overall, our compensation and benefits expenses increased 1.6% and 1.8% for three and nine months ended June 30, 2022, respectively, compared to the same periods last year. These increases are primarily due to contractual wage increases, which include the inflationary impacts on related COLA, partially offset by a lower number of work hours."

In other words, higher compensation costs to which the USPS committed itself in labor negotiations more than offset the increases in revenue generated from ratepayers. How this pattern is expected to yield a better financial condition for the agency was not explained, though it might give insight into the PMG's forecast for semi-annual price increases well into the future.

Observations

Though the *Form 10-Q* is supposed to be a financially document, describing the Postal Service's financial condition with data and objective statements, it – like every issuance from the USPS for the past two years – has become a vehicle for promotion of the PMG's Plan, devoting a separate section to it and citing it repeatedly in other parts of the report.

However, having a plan – which is good – and tying everything to it – which might follow – does not mean that every element thus connected is as singularly compelling as the plan's authors might assert. For example, it's not particularly persuasive to assume future package growth as a key source of revenue and continued ratepayer tolerance for ever-higher prices while simultaneously perpetuating generous labor agreements and complaining about an unsustainable business model. Moreover, that model includes costly commitments for retail and delivery service levels that the Plan actually embraces.

To some observers, the reliance on higher revenues rather than cost control to balance the books seems a less than prudent management strategy but, as the PMG has stated, such doubts are simply "noise."

USPS Announces Peak Season Prices for Competitive Products

As expected, the Postal Service will be increasing prices for some competitive products over the coming holiday season. Following the approval by the Governors of the USPS at their meeting on August 9, the prices were announced by the agency on August 10. The temporary price increase will take effect at 12am CT on October 2 and expire at 12am CT on January 22, 2023.

Given that the USPS will be implementing higher rates for market-dominant products on January 22, it's likely that, if higher rates for competitive products are announced later this year, those would take effect that day as well.

As stated in the Governors' decision submitted to the Postal Regulatory Commission on August 10:

> "**A. Priority Mail Express.** Overall, the Priority Mail Express price change represents a 2.7% increase. The existing structure of zoned Retail, Commercial Base, and Commercial Plus price categories is maintained, with Commercial Base and Commercial Plus prices continuing to be set equal to each other. Retail prices will increase 2.8% on average. The Commercial Base and Commercial Plus price categories will increase 2.1% on average.
>
> "**B. Priority Mail.** On average, the Priority Mai! prices will be increased by 6.3%. The existing structure of Priority Mail Retail, Commercial Base, and Commercial Plus price categories is maintained. Retail prices will increase 6.3% on average. The Commercial Base and Commercial Plus price categories will increase 6.1% on average.
>
> "**C. Parcel Select.** On average, prices for destination-entered non-Lightweight Parcel Select, the Postal Service's bulk ground shipping product, will increase 10.2%. The prices for destination delivery unit (DOU) entered parcels will increase 5.9%. For destination sectional center facility (DSCF) destination entered parcels, the average price increase is 12.8%. For destination network distribution center (DNDC) parcels, the average price increase is 12.8%. Parcel Select Ground will see a 4.2% price increase, while prices for Parcel Select Lightweight will not change.
>
> "**D. First-Class Package Service.** First-Class Package Service (FCPS) prices will increase 8.3% overall, which reflects a 8.4% for FCPS-Commercial, and a 8.2% for FCPS-Retail prices.
>
> "**E. USPS Retail Ground.** USPS Retail Ground prices will increase 5.8%, and the Limited Overland Routes category will increase 10.2%.
>
> "No price changes are being made to Special Services or International competitive products."

Product		Weight (lbs.)	Increase $
Priority Mail and Priority Mail Express			
Commercial	PM/PME Flat Rate Boxes/Envelopes		0.75
	Zones 1-4	0-10	0.25
		11-25	0.75
		26-70	3.00
	Zones 5-9	0-10	0.80
		11-25	2.80
		26-70	6.50
Retail	PM/PME Flat Rate Boxes/Envelopes		0.95
	Zones 1-4	0-10	0.30
		11-25	0.95
		26-70	3.25
	Zones 5-9	0-10	1.00
		11-25	3.20
		26-70	6.45
First-Class Package Service, Parcel Select Ground, and USPS Retail Ground			
Commercial	Zones 1-4	0-10	0.25
		11-25	0.75
		26-70	3.00
	Zones 5-9	0-10	0.40
		11-25	1.60
		26-70	5.50
Retail	Zones 1-4	0-10	0.30
		11-25	0.95
		26-70	3.25
	Zones 5-9	0-10	0.60
		11-25	2.70
		26-70	5.85
Parcel Select			
	DDU		0.25
	DSCF		0.75
	DNDC		0.75
USPS Connect Local			No change
Parcel Select Lightweight (DDU, DSCF, DNDC)			No change
Parcel Return Service			No change

The full USPS filing, including complete rate charts for the temporary prices, can be found on the PRC website at https://www.prc.gov/dockets/document/122448.

New USPS Product Continues to Struggle

Launched as a two-year market test beginning January 9, USPS Connect Local Mail is (very) slowly gaining traction among potential customers. As described by the USPS

> "USPS Connect Local Mail is a First-Class Mail product focused on local document delivery that accepts payment using Click-N-Ship, requires customers to submit mailpieces at Destination Delivery Units (DDUs) or by carrier pick-up in line-of-travel (LOT), and offers same-day or next-day delivery to such customers."

After a modest start in one market that generated only $191.75 from 65 pieces of mail through March 31, the product was rolled out to additional markets nationwide over the third postal quarter (April-June) with relatively better results, as shown in the adjacent chart.

USPS Area	Volume		Dropped-off	Picked-up	Revenue	
	Pieces	%			$	%
Atlantic	107	34.7	100	7	315.65	34.7
Central	1	0.3	1	0	2.95	0.3
Southern	64	20.8	46	18	188.80	20.8
WestPac	136	44.2	121	15	401.20	44.2
Total	**308**	**100.0**	**268**	**40**	**908.60**	**100.0**

The limited income from the test has yet to cover its associated costs. For PQ III, though the USPS reported that "the total attributable costs related to the provision of USPS Connect Local Mail during the quarter equal $634.38," it added that "the administrative and start-up costs for USPS Connect Local Mail during the quarter equal $45,500." As a result, the product has a long way to go before breaking even.

At the conclusion of the two-year test, the Postal Service can notify the Postal Regulatory Commission that it's ending the test, or ask it to extend the test another year or to convert USPS Connect Local Mail to a permanent product.

USPS Seeks Waiver of Worksharing Rule

Few ratepayers would ever be aware of an anomaly in the Postal Regulatory Commission's ratemaking rules, but one that's been causing issues with workshare discounts for Marketing Mail was the subject of an August 8 Postal Service filing. A skill at math would help understand the situation.

In its filing, the Postal Service requested a waiver from a PRC rule about the calculation process for some specific workshare rates that, if followed correctly, would yield illogical price relationships. The specific circumstance involves "the workshare discount for Marketing Mail Carrier Route Flats drop-shipped at the Destination Delivery Unit (DDU)."

As explained in a statement by Sharon Owens, VP for Costing and Pricing, the problem goes back to a 2017 change to the methodology "used to calculate workshare discount passthrough percentages for drop-shipped Marketing Mail pieces." (The passthrough is the proportion of the value of USPS work avoided as a result of the mailer's actions.) The revised methodology proposed by the USPS and adopted by the PRC included an incorrect calculation.

Higher math

To understand the flaw requires a concurrent understanding of the mechanics of ratesetting, particularly how the passthrough is calculated:

> "For Marketing Mail flat-shaped pieces, two groups of rates are available to mailers: a rate per piece for pieces up to a 4-ounce breakpoint weight and a combined rate, per piece and per pound, for pieces heavier than the 4-ounce breakpoint weight. The passthrough percentage calculation in 2017 divided only the discount for pieces heavier than the breakpoint weight by the avoided cost per pound for pieces both above and below the breakpoint weight. ... As such, this method of calculating passthrough percentages was incomplete. It did not include in its numerator pieces below the pricing breakpoint, but it did include the weight of those pieces in the denominator.
>
> "The Postal Service therefore proposed, and the Commission approved, what is now the current methodology, which addresses that limitation by including in the numerator the discount for pieces at or below the breakpoint weight, adding them to the discount for pounds above the breakpoint weight, and dividing by the avoided cost per pound for weights above and below the breakpoint weight ... ."

That fix didn't solve the problem.

> "For the combined per-piece and per-pound prices of Marketing Mail flats, however, ... the benchmark price varies with the different weights of the different pieces mailed. Put slightly differently, the Postal Service can only calculate workshare discounts and percentage passthroughs for Marketing Mail Flats on a weighted basis *after* mailing when the weights and numbers of pieces sent are known."
>
> "The use of actual volumes and weights means, as a practical matter, that there can be volatility in passthrough percentages for Marketing Mail flats, which can make it more difficult for passthroughs calculated this way to meet the requirements for workshare discounts in [commission rules].
>
> "For example, in Docket No. R2021-2, the Postal Service was faced with a situation in which it was mathematically impossible for all six passthrough percentages for Basic Carrier Route Flats (those on 5-Digit pallets and those on all other pallets) to comply with [commission rules], at least without introducing prices that were irrational on their face, such as making the DDU price for pieces greater than four ounces on basic pallets higher than both the DNDC and DSCF prices and making the DDU price for pieces heavier than four ounces on 5-Digit pallets higher than the DSCF price. ...
>
> "The Postal Service is faced with a similar situation now. In the previous four quarters, there was a great disparity in the volumes and weights of Marketing Mail Carrier Route Flats entered at the different dropship levels. The approximately 2.9 billion Carrier Route Flats pieces weighing less than four ounces and entered at the SCF outnumbered the same-sized pieces entered at the DDU by a factor of 79. ... And the average weight of the Flats drop-shipped at the SCF was 1.625 times heavier than the average weight of Flats drop-shipped at the DDU, 2.6 ounces versus 1.6 ounces ... .
>
> "The Postal Service is considering recommending to our Governors a Marketing Dominant price case ... and the effect of this great disparity in volumes and weights will be that it is mathematically impossible for both the DSCF and DDU passthrough percentages to be compliant with the requirements of [commission rules], at least without resorting to irrational pricing. ..."

Asking for the waiver

Owens closed her statement by explaining why the waiver should be granted.

> "There are a number of reasons to grant the waiver requested. First, in any upcoming price case if approved by the Governors, the Postal Service would intend to seek approval of prices that will minimize non-compliance and its consequences. The Postal Service would intend in any such price case to seek approval for prices for Market Mail Carrier Route Flats such that only the passthrough percentage for pieces drop-shipped at the DDU is out of compliance, approximately 105.0 percent. Because the volume of Carrier Route Flats drop-shipped at the DDU is so relatively small compared to other dropship volumes, one and two orders of magnitude smaller than the DNDC and DSCF dropship volumes, the cost of this non-compliance is only approximately $200,000 ... and that amount will inure to the benefit of mailers in any event.
>
> "Second, ... requiring compliance for passthrough percentages at all dropship levels for Marketing Mail Carrier Route Flats will result in pricing that is *prima facie* irrational. This would not be the result of any failure of effort, planning, or implementation by the Postal Service but rather of happenstance – the comparatively low average weight of Carrier Route Flats drop-shipped at the DDU in the last four quarters, which exacerbated the volatility inherent in the agreed-upon methodology for calculating the applicable passthrough percentage.
>
> "Third and finally, the Postal Service believes that this (and similar) waivers for Marketing Mail flats will not be necessary in Market Dominant price cases beyond the potential upcoming price case. As the Postal Service has become aware of this iteration of the problem, it has been investigating solutions. The Postal Service is investigating structural changes in pricing of flat- and parcel-shaped pieces leading to a simplified methodology in the calculation of passthroughs which will not require the pieces and pounds data to calculate dropship passthroughs. ..."

Though the foregoing details may bore most ratepayers, they still serve to illustrate the complex mechanics of developing prices and the inevitable conflicts arising when so many elements of the process must be considered concurrently.

Is the Détente Over? – *Analysis*

Not having been in the room, we'll never know what Louis DeJoy was told about the postal unions before – or after – he became Postmaster General 26 months ago. We'll never know his thinking about how to deal with them, either, but over the period he's been very pragmatic, building a useful relationship while he planned his future moves. Being from Brooklyn and experienced in the trucking business, he likely was familiar with unions, their tactics, and how to deal with them. And, as he's said, he "likes the fight," so he'd confront them if he had to.

Learning

When he first arrived, his political connections and those of the governors who chose him led to assumptions that he was appointed to scuttle the Postal Service's handling of mailed ballots during the upcoming election. And his initial orders to get the trucks running on schedule and reduce overtime did little to make the unions welcome him.

Soon, and likely not coincidentally, groups opposing the then-president's re-election were citing slow delivery service, the removal of processing equipment and collection boxes, and other circumstances that, to them, proved DeJoy was in place to derail voting by mail. Avenging his mandates' impact on their interests, the unions had showed that they could operate invisibly but effectively to thwart DeJoy.

Though the removal of excess machines and underutilized collection boxes had been ongoing for years, the hysteria continued until the election passed and balloting by mail had been completed without major bumps.

The Plan

Having risen through the ranks, the PMGs who'd served over the 22 years before DeJoy knew there was no benefit to tackling the unions; they could harass management in a hundred ways, use their political leverage to instigate Congressional meddling, and sway media coverage to demonize postal decisions. Given his criticism of his predecessors, DeJoy probably concluded they lacked the will or the sophistication to handle union mischief – but he could.

After his initial experience in the fall of 2020, DeJoy apparently honed his approach. In his 10-year Plan issued the following spring, he said things the unions wanted to hear.

The Plan set many goals, including to "enable long-term postal careers for employees" and improve the facilities in which they worked. It committed to "maintenance of universal six-day mail delivery and expanded seven-day package delivery," as well as "workforce stability and investment strategies that empower, equip, and engage each employee and put them in the best possible position to succeed."

His Plan cited "underinvestment in delivery and retail operations" and "an extremely high attrition rate among non-career employees." It criticized the ratesetting process for limiting price increases – which the unions see as the key to higher wages – and called the CPI cap – not high labor costs – the "barrier to financial stability."

To remedy the deficiencies he cited, DeJoy assured that he would "improve employee engagement and retention"; despite declining mail volume and the need for more workforce flexibility, he converted tens of thousands of non-career workers to career status; and he promised to develop additional services to be provided by retail employees.

The Plan stated that employees "should expect significant investment in training, tools and technology; a more stable career path and an organizational structure that provides greater opportunity; and an improved workplace that advances a culture of diversity, inclusion, and acceptance throughout our organization." His Plan set the goal of making the USPS "an 'employer of choice' that hires, develops, and retains the most capable and diverse employees."

Since

The Plan also called for passage of legislation to delete the onerous and burdensome prefunding obligation imposed by the 2006 postal reform law. To get this done, he would need bipartisan support; his political connections would be useful on one side of the aisle, but he needed the unions to work the other side. As we saw when the president signed the *Postal Service Reform Act of 2022*, his strategy worked.

Though DeJoy got what he wanted from the unions, he's been clever in keeping them at bay for a while longer.

A covert test of postal banking – favored by the American Postal Workers Union and its political allies – continues despite imperceptible business activity. He continues to complain about postal facilities as being dark, dirty, and depressing places to work. And he continues to claim mailers have failed to pay enough for decades; he's never explicitly criticized worksharing – which the clerks' union historically opposes – but the implication is clear that mail producers are over-compensated by the "defective pricing model" overseen by the Postal Regulatory Commission.

Labor agreements reached under his tenure haven't challenged the status quo, either. Customary contractual provisions – regular raises, semi-annual cost-of-living allowances, increases in job/pay grades, limitations on non-career workers, conversion of temps to career status, and protection against lay-off – continue as if it's still the 1980s.

What's only starting to become apparent amid the making-nice with postal labor is that DeJoy's Plan – and his steps to implement it – have elements that the unions may have noticed but bided their time before confronting.

Poking the bear

What may have finally sparked the unions was a comment DeJoy made during unscripted Q&A after a July 27 speech to the American Enterprise Institute.

Responding to a question about network redesign, he moved into describing how his Plan would reorganize the processing and delivery infrastructure, reduce the number of major facilities to 65-75, have smaller subordinate local processing facilities, and establish a network of about 11,000 delivery hubs where carrier operations would be consolidated.

He continued that, though he's "committed to a stable workforce," network redesign could enable trimming the postal complement. "Right now, to get to break-even, I think we may need to get 50,000 people out of the organization," he commented, adding that such a reduction could be accomplished easily because he expects about 200,000 postal employees to retire over the next decade.

Such comments made labor groups uneasy about the intentions of the PMG who'd previously been saying and doing so many things they liked. Though mail delivery seemed safe (assuaging the two carriers' unions), changes at post offices and processing plants made other groups worry.

As reported August 4 by *Government Executive*

> "Edmund Carley, president United Postmasters and Managers of America, said ... he first heard of the plan earlier this year, but his follow up questions ever since have gone largely unanswered. His members have expressed outrage over the plan, as post offices that have only retail offerings and not back-end mail processing typically do not have a postmaster on site. Those supervisors are now worried they will be out of a job. ... Carley told members on Wednesday he was 'very concerned about the implementation going forward.'"

But the UPMA was overshadowed when, on August 9, Mark Dimondstein, president of the APWU, representing processing and retail clerks, maintenance workers, vehicle service drivers, and others, fired off a more pointed response:

> "... One remark from the Postmaster General during a discussion following his prepared speech created headlines that deeply concern postal workers and the American Postal Workers Union. The PMG said that, through attrition and retirements, the USPS 'may need to get 50,000 people out of the organization' in the next 10 years to 'break even.'
>
> "Let me be perfectly clear with our members: Prior to the PMG's remarks, postal management had never discussed any such proposals or plans on the future size of the postal workforce or of the APWU bargaining unit. ...
>
> "I've spoken with the PMG since his remarks and made clear to him our position: without postal workers, there is no USPS. We make it work and we're committed to fulfilling our mission of providing essential services to the country. ...
>
> "If it's management's intent to weaken our union, attack our pay and conditions or eliminate family-sustaining union postal jobs, the PMG will get a strong fight from the APWU. ...
>
> "When PMG DeJoy introduced management's 10-year 'Delivering For America' plan ... there were elements of the plan we supported ... . And we vowed to use every resource of our union to fight elements of the plan we opposed ... .
>
> "We will oppose future job reductions that affect the lives of the postal workers we represent, good living wage union jobs for future generations and diminishes the good service the people deserve. Rest assured that any such management actions will be met with unbridled opposition of the APWU – the same kind of fightback, allied with the labor movement and the people of our country, that won the 'Stop Staples' campaign, defeated the privatization plans of the White House in 2018 and compelled the USPS to do right in relation to vote by mail during the 2020 election."

The union's reaction was typical: though a minority of its members ever see customers, it still speaks of itself as protecting postal service in America; though mail volume is shrinking, it perpetuates staffing costs that drive postage prices to levels that exacerbate the decline; it instinctively opposes actions by postal management; and it sees adding more dues-paying employees as the solution to just about every problem. Maybe the union's bellicose statement was more for internal consumption by the faithful than anyone else, but some would find it more belligerent that helpful.

Whether DeJoy dismissed Dimondstein, like all non-supporters, as "noise" isn't known. Both he and the APWU's president are savvy political activists, shrewd prosecutors of their agendas, and self-assured exponents of their causes.

DeJoy likes to says he's leading the Postal Service, but Dimondstein is leading the union that represents 200,000 workers in processing plants and post offices, and has shown he can slow postal operations without saying a word. DeJoy is disdainful of anyone not supportive of his Plan; Dimondstein is equally disinterested in anyone not supporting his union's interests.

If, as this exchange suggests, the détente between DeJoy and the union is unraveling, the roll-out of network redesign could get very interesting.

OIG Examines Underperforming Facilities

Anyone regularly observing USPS data about service performance knows that it varies among facilities, with some chronically falling to the bottom of the performance results. In an audit conducted earlier this year, the Postal Service's Office of Inspector General examined ten such facilities, and issued its findings in an August 8 report, *Improving Service Performance and Mail Processing Efficiencies at Historically Low Performing Facilities*. Unfortunately, the report was so heavily redacted that it left readers unable to learn the identity of the facilities visited or any of the OIG's comments or findings about them. Generally, the OIG stated that

> "Service performance at the 10 facilities significantly improved in FY 2022, Q1 compared to the same period last year; however, each was generally less efficient in processing mail compared to approximately 300 facilities nationwide. ... [S]everal challenges such as inherent facility conditions (multi-floor facilities, inadequate operational layouts, and overcrowding), low employee availability, inadequate management staffing, inadequate training, and turnover among newly hired employees, continue to affect these facilities' ability to meet service targets and process mail efficiently. We estimate that addressing the issues noted above would assist in bringing productivity within the 10 facilities up to the national average, resulting in savings of about $41.2 million annually. We also found mail processing machines at the 10 facilities, on average, had more machine jams and fewer pieces sorted per machine hour than the national average. This occurred due to lack of employee training and management oversight."

The OIG offered eight recommendations to management, including identifying inefficiencies in mail flow; implementing a plan to address safety and health issues; removing excess mail transport equipment; reducing the number of acting supervisors/managers; providing training to persons assigned as acting supervisors/managers; ensuring non-career employees get orientation training; verifying that newly appointed supervisors/managers complete required training; and evaluating employee exit surveys regularly.

The OIG reported that management "generally disagreed with the findings," complained that "the audit took a sampling of 10 historically underperforming facilities and attempted to draw conclusions regarding the entire nation by extrapolating the data," disagreed "with the audit's evaluation of the negative impact of lack of training," and disagreed "with the OIG's evaluation of efficiency."

USPS Seeks End to Parcel Return Service

In a June 12 filing with the Postal Regulatory Commission, the Postal Service asked to eliminate Parcel Return Service from the competitive products list. As stated in the accompanying Governors' Decision:

> "... Parcel Return Service was originally designed for shippers, shipping agents, or return logistics providers who can retrieve items in bulk from the Postal Service's Return Delivery Units (RDUs) and/or Return Sectional Center Facilities (RSCFs). Over time, Parcel Return Service has evolved to become almost solely provided through negotiated service agreements (NSAs). There are currently only three customers using Parcel Return Service at published rates. With these changes, the Parcel Return Service product will be removed from the competitive product list, but will continue to be offered solely through NSAs. The volume from these three customers would still be able to be covered via NSAs, as appropriate.
>
> "The Postal Service expects that there will be minimal impact to its retail and commercial customers from the elimination of Parcel Return Service. All customers interested in a bulk package return service will still be able to utilize Parcel Return Service via an NSA. Eliminating Parcel Return Service from the competitive product list will further simplify and streamline the Postal Service's offerings, and avoid customer confusion."

In a separate "Statement of Supporting Justification," VP Costing and Pricing Sharon Owens noted that

> "... Very few small businesses utilize Parcel Return Service because it is a bulk parcel return service, and most lack the volume to avail themselves of the service. Most that do utilize Parcel Return Service likely do so by partnering with existing NSA customers. As discussed above, the Postal Service will continue to offer this service via NSAs, and the existing Parcel Return Service NSAs will be unaffected."

In effect, though eliminated as a free-standing product, the function of Parcel Return Service would be rolled into the terms of service and prices typically contained in an NSA.

If approved by the commission, the removal of Parcel Return Service would be effective January 22, 2023.

Explaining the Accounting

When the *Postal Service Reform Act of 2022* abolished the prefunding obligation and waived past and future unmade payments, the benefit to USPS finances was significant. However, making the agency's many accounting systems recognize and properly state about $58 billion in "revenue" or deleted "expense" is another matter. The Postal Service's recently filed PQ III financial documents illustrate how the necessary adjustments to expense and income can skew the data and obscure "normal" figures.

In an attempt to clarify how the Postal Service will be treating the PSRA's impact in its accounting, Richard Cooper, the agency's Managing Counsel for Corporate and Business Law, wrote a four-page explanatory letter to the Postal Regulatory Commission. In his August 12 message, Cooper tried to translate the complexities of postal accounting into more practical terms.

> "... for accounting purposes these changes [made by the PRA] result in a one-time reversal of $59.6 billion for retiree health benefits that had been accrued but unpaid as of March 2022. Importantly, ... there are two elements of this total amount. The first element is an amount of $2.150 billion representing elimination of the current year retiree health benefit normal cost payment. The second element is an amount of $57.475 billion representing the reversal of the current year retiree health benefit amortization payment ($0.5 billion) and the reversal of all past due retiree health benefit payments that were unpaid between September 2012 and September 2021 ($57.0 billion).
>
> "For accounting purposes, when submitting the FY 2022 Financial Statements that are part of the *Form 10-K* that will be filed in November, the Postal Service will treat the above amounts as described above. Consequently, in the Statements of Operations, there will be significant one-time reductions in FY 2022 Operating Expenses, with very substantial effects on the bottom-line FY 2022 Net Income/Loss.
>
> "While this treatment in the financial reports is dictated by accounting standards, the Cost and Revenue Analysis (CRA) Report submitted each year as part of the [Annual Compliance Review] primarily fulfills regulatory functions, not accounting functions. ...
>
> "Under the unique circumstances triggered in FY 2022 by enactment of the PSRA, however, rigid default application of the accounting treatment employed in the Financial Statements would preclude meaningful achievement of various regulatory objectives. ..."

Cooper explained how various postal accounting methods could treat the PSRA's impact differently, produce conflicting results, and frustrate other related calculations. Therefore, he added, the Postal Service will exclude the

> "$57.0 billion negative expense representing the reversal of all past due retiree health benefit payments that were unpaid between September 2012 and September 2021 [from some systems]."

Such measures may try to resolve conflicts between different elements of the postal books, but

> "... the elimination of these prior-year expenses, while a negative expense for accounting purposes, does not reflect a change in annual institutional costs for regulatory purposes. It will allow FY 2022 institutional costs to remain positive and within the same general magnitude as experienced in recent years (although, obviously, fully recognizing all of the other factors still specifically influencing institutional costs in FY 2022). Moreover, given the one-time nature of the specific accounting transactions involved, institutional costs in FY 2023 and onward will not be affected by these reversals. Omitting prior years' past-due payments from the FY 2022 Reallocated Trial Balance thus constitutes one of the extremely rare circumstances in which the appropriate accounting treatment of certain expenses does not constitute the appropriate regulatory treatment."

Hoping his explanation was helpful, Cooper closed with:

> "While it is still several months before the Postal Service will be providing its year-end submissions, it seemed worthwhile to advise the Commission (and other potentially interested stakeholders) of our plans."

While Cooper's effort may reduce questions from the PRC and others about USPS financial reports, it also reminds the rest of us about the arcane complexity of accounting rules and how those are often best left to the professionals.

Exclusions Continue to Reduce Volume "In Measurement"

Though the Postal Service has issued its PQ III service performance data, it remains questionable whether the reported service truly represents service for the associated class or category of mail. 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 cannot be included in the volume of mail eligible for measurement, even before other reasons for exclusion apply.

Exclusions

Significant quantities of mail remain not "in measurement" for any of several other reasons, but the leading causes are "long haul," "no piece scan, and "no start-the clock."

The "long haul" exclusion, which mainly impacts Presorted First-Class Mail, was addressed in an April 22 filing with the Postal Regulatory Commission:

> "... The reason for this exclusion is that when the Postal Service transports mail from a mailer facility to a Postal Service facility that is not in the same District, the Postal Service is unable to accurately determine the date and time of when the Postal Service takes possession of mail. To improve the Postal Service's measurement capabilities in this area, the Postal Service will implement a scanning solution at impacted mailer locations to capture when Postal Service trailers, and nested containers, depart from that mailer facility. 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 change was approved and implemented at the end of May. Though pieces were still excluded from measurement during April and earlier in May (and not reflected in PQ III data), volume excluded for that reason should have declined or stopped in June. Resolution of the exclusion should be more fully reflected in PQ IV data reported later this year.

A missing "start-the-clock" scan disables the USPS from knowing when it took custody of the mail. This can occur, for example, if the USPS fails to capture a container scan as the mail is unloaded, or if it is unable to relate the container or first piece scan to a mailing being entered according to a scheduled FAST appointment. Whether the mail arrived before or after the applicable critical entry time cannot be ascertained because of this disconnect. For the USPS, if a mailing arrives before the CET as scheduled in FAST, but is not unloaded until after the CET, it still must be treated as if it had been unloaded timely.

A missing "piece scan" occurs most typically if the mail is not processed on automation and, consequently, is not "seen" so that its movement through the mailstream can be tracked for service purposes. A missing piece scan also can occur if the piece is processed on automation but the equipment fails to capture the scan or transmit it to USPS data systems.

As the Postal Service continues its weekly drumbeat of self-congratulatory press releases about service, the credibility of those releases and the underlying scores would be greatly improved if the universe of mail reflected by the scores was shown to be truly representative of the entire mailstream.

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%	0.05%		0.04%	0.04%	0.04%		0.10%	0.11%	0.11%	
FAST Appointment Irregularity	Irregularity with the mailing/trip captured by FAST (e.g., contents not matching 8125).	0.00%	0.00%	0.00%		1.37%	0.39%	1.99%		0.18%	0.09%	0.31%	
Inaccurate Scheduled Ship Date	eDoc scheduled ship date time is 48+ hours earlier than the postage statement finalization date time	0.42%	0.90%	0.13%		0.12%	0.13%	0.19%		1.61%	2.65%	4.14%	
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%	3.37%		7.43%	6.45%	7.17%		2.29%	2.46%	2.76%	
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%		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%	0.00%		4.93%	4.50%	4.81%		6.17%	6.35%	8.27%	
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%	35.39%		0.56%	0.96%	0.64%		9.58%	7.67%	4.29%	
No Piece Scan	No automation scan observed for the mail piece	4.57%	4.51%	4.04%		26.60%	24.43%	28.28%		47.79%	48.49%	51.73%	
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%	32.47%		43.47%	45.03%	39.23%		20.77%	18.79%	16.06%	
Non-Compliant	Mail identified as non-compliant due to inaccuracies in mail preparation.	1.68%	1.61%	1.41%		0.88%	2.12%	1.18%		0.08%	0.02%	0.14%	
Non-Unique IMb	eDoc contains mail pieces with a non-unique IMb.	1.55%	1.99%	1.61%		1.87%	2.04%	2.39%		1.39%	2.19%	1.30%	
Non-Unique Physical IMcb	Physical containers with non-unique IMcb on the placard	1.59%	1.79%	1.34%		2.16%	2.03%	2.07%		0.93%	0.99%	0.71%	
PARS	UAA mail as indicated by ACS and/or PARS operation when mail piece is processed.	3.62%	4.00%	3.56%		5.71%	6.14%	6.11%		4.55%	5.11%	4.96%	
Orphan Handling Unit	Mail piece associated to an Orphan Handling Unit not inducted at a BMEU	0.42%	0.70%	0.64%		0.60%	0.74%	0.83%		1.19%	1.26%	1.56%	
Other	All other reasons	5.14%	5.28%	16.00%		4.26%	4.99%	5.07%		3.37%	3.82%	3.65%	

USPS, Union Group, Unable to Agree About Disclosure of Amazon NSA

A union group's little-noticed effort continues to seek information it believes would demonstrate that the Postal Service is giving better treatment to Amazon shipments than to comparable items from other customers.

The Strategic Organizing Center, a coalition of four labor groups (the Service Employees International Union, International Brotherhood of Teamsters, Communications Workers of America, and United Farmworkers of America) filed a motion with the Postal Regulatory Commission on May 12 "requesting access to unredacted versions of documents which it understands were filed under seal by the Postal Service in Docket CP2021–117 on July 21, 2021." The focus of the motion was Shipping Services Priority Mail & First-Class Package Service Contract 200, which the group believes contains relevant terms and agreements proving its allegations.

In its motion, the SOC stated that

> "SOC is in possession of preliminary but troubling evidence that suggests that USPS's Contract 200 is causing the Service to violate [its] legal obligations under 39 USC 403(c) not to 'in providing services … make any undue or unreasonable discrimination among users of the mails, nor grant … any undue or unreasonable preferences to any user [of the mails]' ... .
>
> "In an online survey of USPS employees which SOC conducted during the 2021-2022 holiday season, a substantial majority of respondents reported that they had been instructed by managers to prioritize Amazon packages over every other kind of mail.
>
> "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."

The SOC added that it intended to file a formal complaint with the PRC about the Postal Service's allegedly improper practices, but needed to obtain evidence from the contract to support its claims.

Naturally, on May 18, the Postal Service filed an opposition to granting the motion and urged that the PRC deny it with prejudice. The Package Shippers Association filed a similar motion the next day.

No deal

On June 6, the commission rejected the SOC's motion but did not kill its effort, stating

> "... For the reasons discussed below, the Commission denies the Motion without prejudice to SOC refiling a request for access to non-public materials in the appropriate docket(s) at least 7 calendar days after filing of a joint statement by SOC and the Postal Service. The Commission holds Docket Nos. MC2021-115 and CP2021-117 in abeyance pending the filing of a joint statement by SOC and the Postal Service within 60 days of the date of issuance of this Order, after SOC's counsel meet and confer with the Postal Service's counsel in a good faith effort to narrow or resolve disputed issues and clarify the parties' positions on any issues they cannot resolve."

As reported earlier, in its analysis of the opposing motions, the commission described the circumstances that would allow the disclosure of otherwise non-public information, specifically noting that its rules require the party seeking access to detail what it wants disclosed and how that would be relevant to its case. However, the PRC also noted that it added rules in 2018 that would "allow a person to seek access for the purpose of aiding the initiation of a proceeding before the Commission" and that the SOC request "appears to be the first instance [since 2018] in which the movant seeks access to non-public information" under that rule, thus arguing against the Postal Service's motion to dismiss.

In somewhat of a Catch-22, the SOC needs to obtain evidence supporting its claims from a confidential document, but can't get the necessary evidence because the document is confidential.

On August 5, the SOC and Postal Service filed a joint statement with the commission stating that they "met on July 25, 2022, and July 27, 2022, but despite efforts by both parties, were unable to resolve or narrow the disputed issues." On all the points on which the two sides were told to confer, they were unable to find common ground, as their report to the commission indicated.

The SOC had revised its target documents to be parts of Parcel Select Contract 44 and claimed it needed access

> "... to determine whether they contain terms regarding performance standards and criteria, incentives and penalties, precise service categories, price rates, service locations, and the parties' duties and obligations with respect to termination notice, damage, and other matters relevant to the issues SOC is considering raising in its potential complaint to the Commission."

In response, the USPS stated that

> "... if such a contract existed, the binding terms of such contract likely would limit the ability of the Postal Service to disclose both the identity of the other party thereto or any of the non-public terms thereof, including in the context of the 'meet and confer' ordered by the Commission. Moreover, the Postal Service noted that beyond its potential inability to disclose the parties or non-public terms without risk of breaching such a hypothetical contract, it would be contrary to the Postal Service's interests to agree voluntarily to do so. To voluntarily disclose such sensitive contractual information likely would have a significant negative effect on current business relationships and a chilling effect on potential future business relationships."

There's more

The Postal Service probably assumed, rightly, that the joint filing put the ball back in the PRC's court – but the SOC had more to say. In a "supplemental submission" also filed with the commission on August 5, the group asked the PRC to

> "... immediately grant its Motion Requesting Access to Non-Public Materials under Protective Conditions, filed May 12, 2022 ... and grant it full access to the relevant contract because the United States Postal Service ... has effectively waived its right to object to the release of the non-public information SOC seeks by taking the position that not only will it *not* release any information regarding any USPS contract, but that it lacks the power to do so because, it claims, it must obtain Amazon's consent to any such release. In contending it is powerless to release information without Amazon's consent – and in asserting several purported alternative ways of responding to SOC's inquiry and objectives – USPS is attempting a blatant end-run around the rules for access to information the PRC has established pursuant to its statutory authority and on which its Order 6189 ... is based. Those rules properly balance USPS's business interests against the public's interest in accountability and transparency. Accordingly, the Postal Service's refusal to recognize or participate in the process established

under the rules constitute grounds for immediately granting SOC's Motion and granting SOC access to the full unredacted version of the relevant contract, along with the supporting Governor's Decision, between USPS and Amazon.

Needless to say, the USPS didn't agree. In a response filed August 12, the agency requested

"... that the Commission decline to consider the Supplemental Submission, as both the Supplemental Submission itself and the requests made therein are inconsistent with the instructions contained in Commission Order No. 6189 and are not otherwise authorized by the Commission's rules. ..."

The agency remained concerned about confidentiality and was somewhat confused about the PRC's process.

"... As the Postal Service stated in its response to SOC's Motion and stated numerous times in its consultations with counsel for SOC, the Postal Service is seriously concerned about the chilling effect that this sort of ill-supported and speculative search for commercially sensitive contract information would have on the Postal Service's ability to do business via negotiated service agreements. The Postal Service has reason to believe that other potentially interested parties in the parcel shipping market will seek to respond to SOC's Motion once it is filed in the appropriate docket, and at the appropriate time, as directed by the Commission.

"As it stands, consideration of SOC's Supplemental Statement at this point, in these Dockets, would give SOC a second bite at the apple, and reward SOC's continuing attempts to circumvent the normal and appropriate procedures applicable to its requests for highly sensitive commercial information. Additionally, this ongoing motions practice in the instant dockets unnecessarily involves an irrelevant party to the dispute at hand. Therefore, the Postal Service respectfully requests that instead of considering SOC's unauthorized Supplemental Submission, it would be helpful for the Commission instead to clarify the procedural posture of the instant proceedings."

Observations

Suspicions among mailers and assertions by postal employees about preferential treatment for Amazon items are not new but those claims have never been proven. Unfortunately, if the SOC is correct, and evidence to support its beliefs exists, but is successfully sheltered from disclosure, the statutory violations SOC alleges would be able to continue.

Conversely, the USPS, like any business, has an understandably legitimate argument that its commercial relationships would be undermined if the confidentiality of customer agreements were compromised.

Therefore, the PRC must decide if the Postal Service's commercial interests outweigh the violations of statute the SOC is claiming it is committing. Ironically, for the PRC could do so, it would have to do basically what the SOC wants – examine the contract's terms and conditions and determine if its contents substantiate the SOC's claims – before it could allow the group to gather evidence to file its complaint. How the commission untangles this conflict remains to be seen.

June Financials: Aside from PSRA Adjustment, Lower Volume, Persistent Costs

Again in June, the Postal Service's financials reflected the impact of the *Postal Service Reform Act of 2022*, enacted early in April, that erased tens of billions in health care costs. Other than that, revenue and volume figures were generally lower; Market-Dominant mail volume was down as both First-Class Mail and Marketing Mail declined, but revenue was up thanks to higher prices. Meanwhile, competitive product volume fell again, continuing a downward trend. Transportation costs grew, but the workers' comp liability moved favorably by $612 million. After April's one-time PSRA adjustment, June revenue was $6.232 billion, and $59.887 billion for FY 2022 to date, with net income of $111 million for the month on total income of $57.522 billion YTD (most of the "income" is from the PSRA adjustment).

Volume and revenue

Total market-dominant mail volume for the month was down 3.4% from June 2021, led by a 2.5% drop in First-Class Mail and a 4.2% decrease in Marketing Mail. Meanwhile, competitive products volume fell – again – down 1.5% for the month and 6.6% for the YTD. Total USPS volume was 9.787 billion pieces, down 3.3% from last June, while YTD volume, 97.089 billion pieces, was 0.8% lower.

- First-Class Mail: 3.849 bln pcs, -2.8%; 37.708 bln pcs, -3.2% YTD.
- Marketing Mail: 4.982 bln pcs, -4.2%; 50.796 bln pcs, +2.1% YTD.
- Periodicals: 304.3 mln pcs, -2.5%; 2.633 bln pcs, -6.6% YTD.
- Total Mkt Dom: 9.206 bln pcs, -3.4%; 91.718 bln pcs, -0.4% YTD.
- Total Competitive: 554.1 mln pcs, -1.5%; 5.091 bln pcs, -6.6% YTD.
- Total USPS: 9.787 bln pcs, -3.3%; 97.089 bln pcs, -0.8%.

Though market-dominant revenue should be higher because of last August's 6.503% price increase, revenue from the market-dominant classes, compared to SPLY, actually was up just 2.0% for the month and 1.6% YTD, suggesting the sharp price increase may have dampened mailing activity. Meanwhile competitive products revenue was up only 0.9% in June and down 2.5% for the YTD, both compared to SPLY. Total USPS revenue for the month ($6.194 billion) with its components most higher as well:

- First-Class Mail: $1.860 bln, +3.3%; $18.319 bln, +2.8% YTD.
- Marketing Mail: $1.168 bln, +1.5%; $12.023 bln, +10.5% YTD.
- Periodicals: $83.04 mln, +6.1%; $728.51 mln, +1.7% YTD.
- Total Mkt Dominant: $3.517 bln, +5.0%; $34.048 bln, +6.2% YTD.
- Total Competitive: $2.545 bln, -0.9%; $24.424 bln, -2.5% YTD.
- Total USPS: $6.194 bln, +2.0%; $59.820 bln, +1.6% YTD.

Expenses and workhours

Total "controllable" compensation and benefit costs for June were $4.655 billion, and total expenses were $6.142 billion, but the annual YTD totals remained skewed lower because of the PSRA adjustment: -$13.832 billion and $2,427, respectively.

Workhour usage was 1.2% under plan for the month and 2.9% lower than SPLY, but mail processing workhours exceeded plan by 8.4% and were 3.7% higher than last June. Total workhours YTD are 0.6% over plan but 0.9% below SPLY, but with mail processing hours over plan and SPLY.

- Month's end complement: 636,247 employees (509,277 career, 126,970 non-career) **-0.69%** compared to last June (640,668 employees: 508,555 career, 132,113 non-career), but **0.14% more** *career* workers than a year ago.

Compared to pre-pandemic June 2019, USPS volume is down 3.67% (market dominant volume 5.23% lower; competitive product volume up 38.99%). Meanwhile, despite the loss of mail volume, workhours are up 2.09%, continuing the worrisome trend of more workhours, higher employee costs, and lower volume. *All the numbers are on the next page.*

USPS Preliminary Information (Unaudited) – June 2022 [1]

OPERATING DATA OVERVIEW [1,2]	Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Revenue										
Operating Revenue	$6,195	$6,003	$6,072	3.2%	2.0%	$59,820	$58,754	$58,869	1.8%	1.6%
Other Revenue	$37	$1	$6	NMF	NMF	$67	$9	$28	NMF	139.3%
Total Revenue	$6,232	$6,004	$6,078	3.8%	2.5%	$59,887	$58,763	$58,897	1.9%	1.7%
Operating Expenses										
Personnel Compensation and Benefits *	$4,315	$5,384	$5,856	-19.9%	-26.3%	$-13,832	$48,777	$46,622	-128.4%	-129.7%
Transportation	$814	$740	$789	10.0%	3.2%	$7,651	$7,333	$7,309	4.3%	4.7%
Supplies and Services	$250	$283	$231	-11.7%	8.2%	$2,368	$2,538	$2,247	-6.7%	5.4%
Other Expenses	$749	$632	$653	18.5%	14.7%	$6,124	$5,654	$5,374	8.3%	14.0%
Total Operating Expenses	$6,128	$7,039	$7,529	-12.9%	-18.6%	$2,311	$64,302	$61,552	-96.4%	-96.2%
Net Operating Income/Loss	**$104**	-$1,035	-$-1,451			**$57,576**	-$5,539	-$2,655		
Interest Income	$21	$2	$2	NMF	NMF	$62	$22	$20	181.8%	NMF
Interest Expense	$14	$11	$12	27.3%	16.7%	$116	$111	$117	4.5%	-0.9%
Net Income/Loss	**$111**	-$1,044	-$1,461			**$57,522**	-$5,628	-$2,752		
Mail Volume										
Total Market Dominant Products [3]	9,206	9,246	9,532	-0.4%	-3.4%	91,718	88,860	92,124	3.2%	-0.4%
Total Competitive Products [3]	554	494	563	12.1%	-1.6%	5,091	4,943	5,448	3.0%	-6.6%
Total International Products	27	25	27	6.7%	0.0%	280	298	328	-6.0%	-14.6%
Total Mail Volume	9,787	9,765	10,122	0.2%	-3.3%	97,089	94,101	97,900	3.2%	-0.8%
Total Workhours	94	95	97	-1.1%	-3.1%	892	887	900	0.6%	-0.9%
Total Career Employees	**509,277**		508,555		**0.1%**					
Total Non-Career Employees	**126,970**		132,113		**-3.9%**					

MAIL VOLUME and REVENUE [1,2,4]	Current period			Year-to-Date		
Pieces and Dollars (Thousands)	**Actual**	**SPLY**	**% SPLY Var**	**Actual**	**SPLY**	**% SPLY Var**
First Class (excl. all parcels and Int'l.)						
Volume	3,848,830	3,960,188	-2.8%	37,708,115	38,940,121	-3.2%
Revenue	$1,860,032	$1,799,835	3.3%	$18,318,597	$17,815,839	2.8%
Periodicals						
Volume	304,342	312,198	-2.5%	2,633,070	2,818,768	-6.6%
Revenue	$83,044	$78,304	6.1%	$728,509	$716,148	1.7%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	4,982,290	5,200,819	-4.2%	50,795,530	49,739,319	2.1%
Revenue	$1,168,017	$1,151,081	1.5%	$12,023,313	$10,884,494	10.5%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	38,381	37,415	2.6%	361,223	394,049	-8.3%
Revenue	$64,598	$61,935	4.3%	$638,556	$629,680	1.4%
All other Market Dominant Mail						
Volume	32,180	21,814	47.5%	220,484	231,182	-4.6%
Revenue	$341,261	$257,326	32.6%	$2,339,373	$2,027,942	15.4%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	9,206,023	9,532,434	-3.4%	91,718,422	92,123,439	-0.4%
Revenue	$3,516,952	$3,348,481	5.0%	$34,048,348	$32,074,103	6.2%
Shipping and Package Services						
Volume	554,107	562,758	-1.5%	5,090,572	5,448,194	-6.6%
Revenue	$2,416,547	$2,443,785	-1.1%	$23,409,100	$24,141,822	-3.0%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$128,371	$125,289	2.5%	$1,014,991	$920,513	10.3%
Total Competitive Products *(ex. all Int'l.)*						
Volume	554,107	562,758	-1.5%	5,090,572	5,448,194	-6.6%
Revenue	$2,544,918	$2,569,074	-0.9%	$24,424,091	$25,062,335	-2.5%
Total International [5]						
Volume	26,407	27,099	-2.6%	279,799	328,041	-14.7%
Revenue	$132,535	$154,434	-14.2%	$1,347,308	$1,732,865	-22.2%
Total						
Volume [4]	**9,786,537**	10,122,291	**-3.3%**	**97,088,793**	97,899,674	**-0.8%**
Revenue	**$6,194,405**	$6,071,989	**2.0%**	**$59,819,747**	$58,869,303	**1.6%**

EXPENSES OVERVIEW [1,2]	Current Period					Year-to-Date				
Dollars (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Controllable Pers. Comp. & Benefits* [6,7]	$4,655	$5,029	$4,920	-7.4%	-5.4%	$42,843	$45,583	$44,852	-6.0%	-4.5%
*RHB Unfunded Liabilities Amortization [8]	--	$83	$80	-100.0%	-100.0%	-$56,975	$750	$680	NMF	NMF
FERS Unfunded Liabilities Amortization [8]	$117	$117	$112	0.0%	4.5%	$1,051	$1,051	$1,007	0.0%	4.4%
CSRS Unfunded Liabilities Amortization [8]	$155	$155	$151	0.0%	2.6%	$1,393	$1,393	$1,363	0.0%	2.2%
Workers' Compensation [9]	-$612	$ --	$366	NMF	NMF	-$2,144	$ --	-$1,507	NMF	42.3%
Total Pers. Comp. & Benefits	$4,315	$5,384	$5,856	-19.9%	-26.3%	-$13,832	$48,777	$46,622	-128.4%	-129.7%
Total Non-Personnel Expenses	$1,813	$1,655	$1,673	9.5%	8.4%	$16,143	$15,525	$14,930	4.0%	8.1%
Total Expenses (incl. interest)	**$6,142**	$7,050	$7,541	**-12.9%**	**-18.6%**	**$2,427**	$64,413	$61,669	**-96.2%**	**-96.1%**

WORKHOURS [1,2,3]	Current Period					Year-to-Date				
Workhours (Thousands)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
City Delivery	34,404	34,045	35,632	1.1%	-3.4%	322,245	321,460	326,852	0.2%	-1.4%
Mail Processing	16,529	15,244	15,938	8.4%	3.7%	165,426	155,959	159,240	6.1%	3.9%
Customer Services & Retail	11,940	12,005	12,761	-0.5%	-6.4%	114,413	115,217	120,013	-0.7%	-4.7%
Rural Delivery	17,609	17,891	18,238	-1.6%	-3.4%	168,196	165,842	168,041	1.4%	0.1%
Other	13,235	15,709	13,942	-15.7%	-5.1%	121,683	128,034	126,294	-5.0%	-3.7%
Total Workhours	**93,717**	94,894	96,511	**-1.2%**	**-2.9%**	**891,963**	886,512	900,440	**0.6%**	**-0.9%**

** Includes one-time impact of the PSRA, which repealed the requirement that the USPS annually prepay future retiree health benefits and canceled all past due prefunding payments, resulting in a reversal of $57.0 billion for health benefits that had been accrued but unpaid between September 2012 and September 2021. [1]/June 2022 had one less delivery day and the same number of retail days compared to June 2021. YTD has the same number of delivery days and 1.5 more retail days compared to SPLY. [2]/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. [3]/Excludes all International. [4]/The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. [5]/Includes Current Period Market Dominant Volume of 13,375 and Revenue of $18,906; SPLY Market Dominant Volume of 9,917 (+38.5%) and Revenue of $11,296 (+67.4%). Also includes Current Period Competitive Volume of 12,672 and Revenue of $113,629; SPLY Competitive Volume of 17,182 (-26.2%) and Revenue of $143,138 (-20.6%). [6]/This amount includes cash outlays including administrative fees. [7]/This represents the accrual for normal RHB costs for current employees, based on the beginning of the fiscal year estimates. [8]/This represents the estimated OPM amortization expense related to the FERS and CSRS; the actual invoices will be received between June 2022 and October 2022. For PSRHBF, this represents the estimated Retiree Health Benefits amortization expenses of the unfunded liabilities. The actual invoice will be received between June 2022 and October 2022.. [9]/This represents non-cash adjustments: the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater.*

PQ III/FY 2022 USPS Service Performance: Seasonal 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 filed August 9 with the Postal Regulatory Commission are based on these revised targets.

The latest scores show the typical seasonal improvement as well as the benefit of lower volume, better weather, and more workers. As a result, the scores for First-Class Mail, Marketing Mail, and Periodicals were better than the previous quarter and the scores in late FY 2021 under the previous service standards.

Variation

Legacy areas 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.

Most legacy districts met or exceeded targets for First-Class Mail: 44 districts for overnight, 55 for two-day, 61 for 3-day, 66 for 4-day, and all 67 for 5-day service.

For Marketing Mail, all legacy districts met the service target for letters, and all but one hit the target for carrier route mail. However, flats remained a problem, with 35 legacy districts falling short of the service target.

Scores for Periodicals are not reported below the area level but hit service targets for the quarter.

Claims

The USPS issues weekly press releases touting ever-improving service, based on homogenized, national level class averages, but the real, more granular numbers paint a different picture than the PR spin would have ratepayers believe.

Moreover, not all mail – only automation mail "in measurement" – is reflected in service scores, meaning service for excluded mail is likely slower. For Marketing Mail, there's also a significant service gap favoring destination- versus origin-entered mail. Nationally, the aggregate difference is 11.20 percentage points, but the difference at the district level varies from 5 points (Bay Valley) to 28.5 points (Atlanta).

The Postal Service's revision to the service standards 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 isn't necessarily improved.

The chart on the next page is an overview of quarterly and year-to-date legacy 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 PRC website at https://www.prc.gov/dockets/document/122438.

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
PQ III/22	95.6	94.7	93.0	94.5	97.3	95.0	93.1	88.6	91.0	96.0	95.8	86.5	**95.1**	**94.0**	**83.0**	**92.7**	86.4	82.4

USPS Service Performance – % On-Time for *Mail in Measurement* Between 04/01/2022 and 06/30/2021 (PQ III/FY 2022)

	Presort First-Class Letters/Postcards **										Marketing Mail **					
	Quarter					Year to Date					Letters (Overall)		Flats (Overall)		Car Rte (Overall)	
***Area*/District ***	**Ovrnight**	**2-Day**	**3-Day**	**4-Day**	**5-Day**	**Ovrnight**	**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	***94.6***	***93.8***	***91.6***	***93.7***	***97.3***	***93.8***	***91.3***	***85.2***	***88.4***	***95.9***	***94.7***	***92.2***	***82.5***	***77.8***	***93.2***	***89.0***
Atlanta ↓MKT YTD	94.1	93.8	90.5	92.8	95.6	93.3	90.5	82.1	88.2	94.2	92.1	89.4	77.5	69.2	91.8	82.7
Baltimore	92.9	92.0	89.0	91.9	96.6	92.3	89.1	81.4	86.5	93.6	93.4	91.4	81.7	76.9	94.5	90.6
Capital	81.9	92.1	90.3	92.3	96.0	81.6	88.6	84.3	86.8	93.9	94.0	91.6	80.8	74.6	90.1	83.9
Greater So. Carolina	96.0	94.4	90.3	94.4	97.4	95.1	91.8	83.3	89.1	95.0	95.5	93.5	88.4	85.7	94.7	94.1
Greensboro	95.2	96.6	93.1	94.7	98.0	95.3	95.3	88.5	89.9	96.6	96.8	94.6	86.8	84.5	95.3	92.2
Mid-Carolinas	96.9	93.9	93.5	96.5	98.0	95.8	91.9	88.6	91.5	97.2	97.3	95.5	85.5	82.3	94.2	91.6
Northern Virginia	94.3	91.1	91.9	94.1	97.5	94.1	91.1	87.0	89.0	96.6	95.3	93.7	84.9	82.1	95.3	94.2
Richmond	92.7	90.7	90.3	91.9	96.4	91.9	87.8	83.7	84.7	93.3	93.5	89.6	78.4	70.9	89.4	83.4
Eastern	***95.4***	***94.4***	***92.1***	***94.6***	***96.8***	***94.8***	***92.3***	***87.4***	***90.4***	***95.2***	***96.0***	***94.2***	***86.6***	***82.7***	***95.7***	***93.4***
Appalachian	96.4	93.9	93.2	95.3	97.4	95.7	90.6	88.9	90.1	95.2	96.8	95.4	89.5	88.2	96.6	96.1
Central Pennsylvania	95.8	94.2	91.0	94.2	97.1	94.4	90.9	85.2	90.0	95.7	95.0	92.5	84.8	78.2	94.2	90.4
Ohio Valley	95.6	94.8	93.3	95.5	95.9	95.4	94.5	88.8	91.7	95.2	97.1	96.3	87.8	85.9	97.0	96.6
Kentuckiana	95.7	95.2	93.1	94.1	95.0	95.1	94.4	89.4	90.3	94.9	97.2	96.1	90.7	89.5	96.6	96.6
Northern Ohio	95.1	93.8	90.9	94.0	95.8	94.1	92.7	87.7	90.9	95.1	95.8	95.5	87.7	84.4	95.5	93.5
Philadelphia Metro	91.8	93.1	92.4	95.2	96.7	91.2	90.1	87.3	90.5	94.2	94.8	91.8	82.0	72.9	93.2	85.7
South Jersey	97.0	94.7	90.5	95.1	98.0	96.4	92.0	84.8	90.7	96.8	95.8	92.5	85.4	79.9	96.0	92.8
Tennessee	93.5	95.1	91.9	93.3	97.1	94.2	95.2	86.1	87.3	94.0	93.8	90.8	79.6	74.7	95.2	93.4
Western New York	97.3	97.2	93.2	93.7	98.0	96.7	96.1	87.7	91.1	96.6	97.3	96.3	90.2	88.5	97.4	96.4
Western Pennsylvania ↑ MKT YTD	95.5	93.8	92.8	95.7	98.1	95.5	91.6	87.9	91.3	95.7	97.8	97.0	92.4	91.2	97.5	97.2
Great Lakes	***95.6***	***94.5***	***92.1***	***93.8***	***97.3***	***94.5***	***93.0***	***87.1***	***90.1***	***96.5***	***96.3***	***94.8***	***84.9***	***82.6***	***94.7***	***93.2***
Central Illinois	95.8	94.5	90.8	92.3	97.2	94.5	93.1	86.3	88.6	96.0	95.5	93.9	83.2	82.1	91.2	91.4
Chicago	92.7	91.8	90.4	93.5	96.1	89.0	88.3	84.6	88.5	93.6	95.5	92.2	77.2	71.7	88.0	82.6
Detroit	95.7	96.3	90.4	93.8	97.4	95.0	95.7	85.2	90.6	97.5	97.3	96.1	88.4	86.3	96.8	95.5
Gateway	94.2	93.8	91.2	93.9	97.2	92.2	92.3	83.4	89.5	95.5	95.8	94.2	81.3	80.6	93.7	92.4
Greater Indiana	95.9	95.1	94.8	95.8	96.8	94.8	93.9	91.4	94.0	95.8	96.3	94.6	87.1	81.2	95.1	90.5
Greater Michigan	96.3	96.5	94.3	93.3	97.8	96.2	95.8	91.2	89.0	96.7	97.4	96.4	91.3	89.4	98.0	97.2
Lakeland	95.6	94.1	91.7	93.2	97.8	95.0	92.9	86.4	88.8	96.2	96.4	95.1	84.9	82.6	97.1	96.0
Northeast ↓MKT YTD	***95.9***	***93.6***	***92.8***	***93.2***	***98.0***	***95.0***	***91.2***	***87.9***	***89.1***	***96.8***	***94.8***	***91.8***	***84.1***	***77.9***	***93.8***	***89.1***
Albany	95.5	95.2	94.3	91.4	98.0	94.3	92.8	90.4	87.1	96.1	95.8	92.1	89.2	83.3	95.0	92.1
Caribbean ↓MKT PQ	96.1	97.6	N/A	92.2	95.9	95.5	97.8	52.6	86.1	93.3	94.8	92.7	78.7	75.4	86.8	85.1
Connecticut Valley	97.0	93.9	92.5	92.2	97.1	96.3	90.9	88.2	87.9	96.3	94.1	92.2	81.8	71.8	92.5	81.0
Greater Boston	96.0	95.9	94.0	93.3	97.6	94.9	93.1	88.2	88.7	94.3	95.1	91.2	86.5	78.0	93.9	87.0
Long Island	93.5	91.9	90.8	93.1	98.2	93.1	90.5	84.4	87.9	97.2	94.7	92.2	81.2	80.7	95.3	93.8
New York	87.5	88.8	90.5	93.0	96.2	89.2	86.8	85.3	89.3	95.7	94.1	92.3	84.3	81.2	94.6	92.1
Northern New England	95.6	93.5	92.1	93.0	95.9	94.9	90.3	88.1	89.6	94.1	95.1	91.0	83.3	74.4	93.0	87.5
Northern New Jersey	95.0	94.0	93.1	95.4	98.7	93.1	91.1	87.2	92.1	97.8	94.8	91.1	82.6	78.0	91.9	90.1
Triboro	92.9	92.7	93.0	94.4	97.2	91.5	91.0	88.1	90.5	96.5	95.2	92.5	84.9	80.1	94.1	91.3
Westchester	93.1	91.6	93.6	93.5	97.7	93.1	90.3	88.2	89.6	96.1	95.0	93.1	84.6	79.4	94.7	91.8
Pacific ↑FCM PQ/YTD ↑MKT PQ/YTD	***95.9***	***96.7***	***96.5***	***95.8***	***97.4***	***96.0***	***96.6***	***95.8***	***93.5***	***96.1***	***96.7***	***96.0***	***89.7***	***88.1***	***95.4***	***95.2***
Bay-Valley	97.4	96.3	96.5	96.9	98.2	96.8	96.3	94.8	94.7	97.3	97.6	96.4	91.3	89.8	94.9	95.4
Honolulu	97.5	N/A	99.3	93.0	94.2	97.5	N/A	70.7	89.4	92.0	96.5	95.3	92.5	80.7	90.0	88.5
Los Angeles	93.4	96.9	96.2	96.0	97.4	93.7	96.9	95.8	94.8	96.4	94.1	95.0	87.1	87.8	89.7	92.0
Sacramento	95.9	96.1	96.0	95.1	97.4	96.2	96.1	95.4	91.9	96.0	96.9	95.6	91.5	89.6	97.5	96.4
San Diego	97.3	96.8	96.8	95.2	97.3	97.3	96.6	95.6	93.4	96.1	97.1	96.4	85.8	84.2	95.9	94.5
San Francisco	97.4	96.0	96.6	96.1	97.9	96.7	95.6	94.7	92.5	96.6	97.4	96.1	92.9	90.8	97.9	97.4
Santa Ana ↑ FCM PQ ↑ FCM YTD	98.2	97.0	97.5	96.8	97.6	98.2	97.0	96.8	94.7	96.3	96.8	96.0	91.0	89.6	96.1	95.5
Sierra Coastal	96.9	97.1	97.6	97.1	97.5	96.9	97.2	96.9	95.0	96.5	97.7	96.9	91.1	88.9	97.3	96.8
Southern	***95.7***	***95.1***	***93.4***	***94.3***	***96.8***	***94.5***	***92.6***	***88.8***	***90.9***	***95.1***	***95.6***	***94.0***	***86.9***	***83.4***	***95.3***	***93.1***
Alabama	94.2	94.7	91.0	93.6	97.7	95.0	91.1	83.3	87.0	96.4	94.7	93.5	81.9	76.4	96.1	91.5
Arkansas	96.0	93.4	92.1	93.7	97.4	94.6	87.7	86.1	89.9	94.8	94.1	92.1	79.9	75.7	96.8	96.1
Dallas	93.8	94.6	93.6	94.7	97.0	92.6	91.6	89.8	91.9	93.4	95.4	93.7	88.6	84.9	94.1	92.9
Fort Worth	93.1	95.5	94.4	95.2	94.8	92.2	91.5	91.4	92.4	94.8	96.6	94.6	92.2	88.4	97.6	96.1
Gulf Atlantic	96.7	94.6	92.1	93.5	96.2	96.3	93.1	86.2	89.2	94.4	94.6	91.9	84.3	81.7	95.3	93.3
Houston ↓FCM YTD	96.5	N/A	94.5	94.1	96.6	93.2	54.6	89.2	89.7	94.9	96.8	95.5	89.8	86.9	95.4	93.3
Louisiana	96.2	96.5	93.2	93.4	97.8	95.9	95.9	90.0	88.9	96.1	94.4	93.4	82.9	80.0	96.3	94.6
Mississippi	96.5	96.9	94.0	93.4	97.6	94.9	94.7	86.6	87.1	94.9	93.0	91.1	78.0	73.2	94.5	91.4
Oklahoma	96.6	94.1	93.9	95.8	95.7	96.4	93.5	90.2	92.3	86.4	97.0	95.5	88.6	87.4	96.9	96.4
Rio Grande	94.8	92.3	94.5	92.5	93.8	92.7	88.4	91.8	90.1	93.2	96.2	94.9	89.4	86.7	95.3	94.6
South Florida	95.2	93.4	93.5	94.0	96.4	93.5	92.7	90.1	90.8	94.2	95.2	93.1	84.6	76.6	92.1	84.5
Suncoast	95.9	96.3	94.3	95.6	97.7	96.6	95.6	91.2	93.6	97.1	96.3	95.1	87.9	85.5	95.8	94.9
Western	***95.7***	***96.1***	***94.2***	***95.3***	***97.2***	***95.6***	***95.3***	***91.2***	***92.1***	***95.7***	***95.9***	***94.2***	***88.7***	***86.2***	***96.4***	***95.1***
Alaska	98.7	96.8	N/A	95.1	94.8	98.6	96.8	88.3	91.2	92.0	96.3	96.0	91.6	88.8	95.8	92.9
Arizona	96.5	97.1	93.6	95.3	97.3	96.8	97.0	92.4	93.6	96.8	95.9	94.5	89.1	86.4	97.5	96.6
Central Plains	94.0	95.4	96.2	97.8	97.2	94.1	93.2	94.3	95.7	94.2	95.0	93.7	90.1	87.4	97.5	96.4
Colo/Wyoming	94.3	94.8	92.0	94.2	97.0	93.7	87.8	87.4	90.9	94.2	95.8	92.9	84.3	80.1	92.8	90.6
Dakotas	96.1	98.1	92.3	93.7	97.4	96.7	97.6	88.8	88.1	92.9	94.7	93.3	87.8	86.6	95.7	95.4
Hawkeye	94.3	96.1	92.2	91.2	97.0	95.1	94.7	88.0	86.8	94.2	96.8	95.5	92.2	90.3	98.2	97.7
Mid-America	95.8	92.9	92.6	89.1	96.5	94.9	91.6	88.2	84.6	91.9	94.5	92.3	81.0	78.2	93.6	90.8
Nevada-Sierra ↓FCM PQ	97.5	58.4	96.9	95.9	97.7	97.5	72.3	96.0	92.9	96.8	96.6	96.1	91.1	89.3	97.7	97.3
Northland	95.7	96.0	92.0	94.1	97.9	95.2	94.7	88.8	88.9	97.3	95.4	93.6	86.5	84.4	95.8	93.8
Portland ↑ MKT PQ	97.0	98.1	96.2	95.6	97.6	97.1	98.1	94.4	93.2	96.2	96.9	95.5	94.0	91.1	97.9	96.7
Salt Lake City	96.3	96.8	94.7	93.1	96.9	96.0	96.9	91.3	88.2	94.4	95.7	93.4	85.4	84.6	96.5	96.8
Seattle	95.5	95.8	94.9	92.4	97.0	95.4	95.5	91.9	90.2	95.3	96.9	94.6	93.7	90.6	97.8	97.0
Nation	***95.6***	***94.7***	***93.0***	***94.5***	***97.3***	***95.0***	***93.1***	***88.6***	***91.0***	***96.0***	***95.8***	***94.0***	***86.5***	***83.0***	***95.1***	***92.7***

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 5 pts below Svc Std** ***LOWEST AREA CATEGORY SCORE*** **LOWEST DISTRICT CATEGORY SCORE**

Miscellany

Testing with the DMV

As reported by *eCommerce Bytes*, the USPS has extended a pilot program to rent space in post office lobbies for California Department of Motor Vehicles self-service kiosks. The pilot, begun last fall, will now run through October 2022.

The kiosks are in participating facilities in San Francisco, Sacramento, Rancho Cordova, Paradise, Oakland, and Los Angeles. Customers can use the kiosks to perform DMV transactions including renewing a vehicle registration and requesting a replacement registration card or sticker. The USPS has reported that over 4,900 transactions had been completed on the kiosks.

Though the test will generate retail traffic, it's unclear how much revenue that will yield for the USPS.

Where the money goes

Among the generous benefits to which the Postal Service continues to agree in its labor contracts is a cost-of-living-allowance for unionized craft employees. As inflation pushes prices, the COLAs translate that into semi-annual raises. The latest, as announced August 11 by the clerks' and mail-handlers' unions, will put $1.18 per hour, or $2,455 annually, into members' paychecks; the city carriers' union announced its COLA payments the next day. The clerks' union reminded members that they'd received a COLA of $0.63/hour, or $1,310 annually, only last February.

COLAs were adopted in union agreements decades ago when the Postal Service's situation was more financially prosperous. However, despite giving lip service to cost control efforts, the agency has continued to agree to the benefit, adding to the burden placed on ratepayers.

Settling over smokes

According to an August 1 report by New York City's *WNBC*, the Postal Service has reached a settlement with the City of New York and the states of California, Connecticut, Illinois and Pennsylvania over the shipment of cigarettes into those jurisdictions from international senders. The plaintiffs in the suit, originally filed in 2019, alleged that the USPS wasn't doing enough to enforce the Prevent All Cigarette Trafficking law of 2010, particularly against international mailings of cigarettes. The suit claimed that tens of thousands of packages sent from other countries made it through the postal system, and that when packages were found, the agency would return them to senders instead of destroying them.

The report added that, as part of the settlement, the Postal Service agreed to take steps to make sure it was complying with the PACT act, including enhancing how it carried out screenings to find contraband packages, as well as developing training for employees.

Unwelcome inspections

An August 11 article by *Bloomberg News* reports that inspectors from the Occupational Safety and Health Administration are being turned away when trying to perform inspections of some postal facilities. The article noted that

> "As recently as Aug. 9, OSHA was turning to district judges to approve inspection warrants following Postal Service officials' refusal to allow inspections at facilities. In the past six weeks, the Occupational Safety and Health Administration has obtained 13 search warrants for Postal Service facilities, according to data requested by Bloomberg Law. Court records and OSHA data show the warrants cover facilities in several states including California, Kansas, Missouri, Nebraska, and New Mexico."

The article added that

> "The Postal Service and OSHA have been at odds over worker safety. OSHA conducted 233 inspections of Postal Service facilities in 2021 and issued citations in 65 of the cases. In one of the latest cases, a Postal Service attorney rejected an inspection at a Nebraska facility because it would 'disrupt operations.' OSHA specifically included the Postal Service among the industries targeted for inspections in its heat emphasis program because postal workers are frequently outdoors and need protection from heat stress."

A postal spokesperson was quoted as saying

> "'The Postal Service can and does exercise the right to deny entry when OSHA is unable to explain and identify a reasonable basis for entry into its facilities,' adding that the Postal Service 'has never refused to allow OSHA to enter one of our facilities where OSHA has properly obtained a warrant.'"

Easier returns

An article in the Postal Service's August 3 *Link* described another test the agency is conducting to simplify using its services to return items to retailers. Now being tested at a single facility in Lorton (VA), south of DC, the Rapid Dropoff Station concept is designed to help customers expedite Label Broker and prepaid mail acceptance transactions.

Label Broker service enables customers who need to return a retail purchase, but don't have access to a printer, to print a shipping label at a participating post office. Under the pilot, customers needing to print labels or drop off prepaid packages go to the kiosk to print as many labels or label acceptance scans as needed. Customers can also receive acceptance scans for prepaid packages. When finished, the customer can deposit the item being returned at the designated package drop-off receptacle.

No business

According to a Postal service report filed August 9 with the Postal Regulatory Commission, the ongoing market test of taking paychecks and business checks to buy gift cards has had no recent business.

Though officially still under way at postal facilities in Falls Church (VA), Washington, Baltimore, and The Bronx, the test had no activity – no sales, no revenues – during PQ III (April-June 2022). Nonetheless, the USPS stated that "No determinations for future plans have been made since the previous update submitted on May 10, 2022."

The report was buried on page 11 of *Fourth Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2021 Annual Compliance Determination*, not exactly front-page coverage.

All the Official Stuff

Federal Register

Postal Service

NOTICES

August 4: Product Change [4]: Priority Mail Express Negotiated Service Agreement, 47795; Priority Mail Express and Priority Mail Negotiated Service Agreement, 47796; Priority Mail Express, Priority Mail, First-Class package Service, and Parcel Select Negotiated Service Agreement, 47796; First-Class Package Service Negotiated Service Agreement, 47796.

August 10: Product Change [2]: Priority Mail Negotiated Service Agreement [2], 48701-48702, 48702.

PROPOSED RULES

[None].

FINAL RULES

[None].

Postal Regulatory Commission

NOTICES

August 3: New Postal Products, 47474-47475.

August 8: New Postal Products, 48211-48212.

August 11: New Postal Products, 49619-49620.

PROPOSED RULES

August 8: Periodic Reporting, 48127-48128.

August 15: Application for Waiver of Workshare Discount, 50027-50028.

FINAL RULES

[None].

DMM Advisory

August 1: UPDATE 248: International Mail Service Updates Related to COVID-19.

August 3: UPDATE 249: International Mail Service Updates Related to COVID-19.

August 10: US Postal Service Announces Proposed Temporary Rate Adjustments for 2022 Peak Holiday Season.

Postal Bulletin (PB 22604, August 11)

- Effective **September 1**, Labeling Lists L007, L012, L014, and L606 are revised to reflect changes in mail processing operations. Mailers are expected to label according to these revised lists for mailings inducted on or after the September 1, 2022, effective date through the October 31, 2022, expiration date.
- Effective **August 11**, the IMM Individual Country Listing for Italy is revised to delete the prohibition for footwear.
- Effective **October 1**, IMM Exhibit 371.2 and the corresponding International Country Listings are revised to reflect that the cashing of international postal money orders between the Postal Service and the following countries will be discontinued as of October 1, 2022: Anguilla; Antigua and Barbuda; Bahamas; Barbados; British Virgin Islands; Dominica; Grenada; Jamaica; Montserrat; Saint Kitts and Nevis; Saint Lucia; and Saint Vincent and the Grenadines. ...
- The January-July 2022 semi-annual *Postal Bulletin* index is included in this issue.

USPS Industry Alerts

August 1, 2022

Informed Delivery Enhancements

Effective August 1, 2022, the Postal Service is adding returns and outbound packages to the Informed Delivery Daily Digest email. The new Outbound section on the Daily Digest will include packages being delivered by USPS when they are within three business days of the expected delivery date. This value-added enhancement will provide customers the convenience of monitoring their return and outbound packages via Informed Delivery, just as they do with incoming packages today. The Informed Delivery feature by USPS lets customers digitally preview their mail and manage their packages scheduled to arrive soon. Informed Delivery allows customers to view greyscale images of the exterior, address side of letter-sized mailpieces and track and manage packages in one convenient location. There is no action needed from the customer as Informed Delivery will automatically identify the return and outbound packages within the USPS network and will display them on the Daily Digest, email notification. Benefits: Ability to automatically view return and outbound packages via Informed Delivery Daily Digest Email; Customer convenience; Enhanced visibility.

August 5, 2022

Scheduled System Releases – Sunday, September 18, 2022

On Sunday September 18, 2022, the United States Postal Service will deploy system update that is critical to its infrastructure. PostalOne System Release scheduled for September 18, 2022 does REQUIRE New Mail.dat client. Please reference September 2022 release documentation attached and posted to PostalPro @ https://postalpro.usps.gov/september-2022-release-notes. All Business Service Administrators (BSAs) should alert their impacted stakeholders. During normal business hours, please direct any inquiries or concerns to the Mailing and Shipping Solutions Center (MSSC) via eMail [MSSC@usps.gov] or telephone [(877) 672-0007].

August 10, 2022

US Postal Service Announces Proposed Temporary Rate Adjustments for 2022 Peak Holiday Season

The United States Postal Service filed notice today with the Postal Regulatory Commission (PRC) regarding a temporary price adjustment for key package products for the 2022 peak holiday season. This temporary rate adjustment is similar to ones in past years that help cover extra handling costs to ensure a successful peak season. The planned peak-season pricing, which was approved by the Governors of the Postal Service on Aug. 9, would affect prices on the following commercial and retail domestic competitive parcels: Priority Mail Express (PME), Priority Mail (PM), First-Class Package Service (FCPS), Parcel Select and USPS Retail Ground. International products would be unaffected. Pending favorable review by the PRC, the temporary rates would go into effect at 12 a.m. Central on Oct. 2, and remain in place until 12 a.m. Central Jan. 22, 2023. This seasonal adjustment will bring prices for the Postal Service's commercial and retail customers in line with competitive practices. No structural changes are planned as part of this limited pricing initiative. ... A full list of commercial and retail pricing can be found on the Postal Service's Postal Explorer website at https://pe.usps.com/text/dmm300/Notice123.htm. The PRC will review the proposed prices before they are scheduled to take effect Oct. 2. Complete USPS price filings, with prices for all products, can be found on the PRC website's Daily Listings section at prc.gov/dockets/daily. Price change tables are also available on the Postal Service's Postal Explorer website at pe.usps.com/PriceChange/Index. [See the related article on p. 3.]

August 11, 2022

Changes to DMM Section 602, Addressing

Effective October 1, 2022, the Postal Service will update the addressing standards in Section 602 of the Domestic Mail Manual (DMM). For further information, please see the *Federal Register* Notice published on July 7, 2021, and *Postal Bulletin* 22603 which was published on July 28, 2022. USPS will not require software vendors to release updated software with changes to the PS Form 3553 until August 1, 2023. Mailers will be required to adhere to the changes outlined in the *Federal Register* Notice effective October 1, 2022. Any questions can be sent to CASSMAN.NCSC@USPS.GOV.

August 12, 2022

Request to Remove Parcel Return Service from the Competitive Product List

The US Postal Service is seeking approval from the Postal Regulatory Commission (PRC) to remove Parcel Return Service from the competitive product list. Although the product will be removed from the competitive product list and Notice 123, the Postal Service intends to continue to offer Parcel Return Service via negotiated service agreements (NSAs). If favorably reviewed by the PRC, the Postal Service intends to implement the change on Jan. 22, 2023. The elimination of Parcel Return Service from the competitive product list will simplify and streamline the Postal Service's product offerings, and minimize customer confusion. The service that we provide to the very small number of existing customers that currently utilize the published product can be continued through an NSA.

August 12, 2022

Notice of Pre-Filing Conference for Proposed Change to Critical Entry Times for Periodicals

The US Postal Service has notified the Postal Regulatory Commission (PRC) that it intends to hold a pre-filing conference in connection with proposed changes to the Critical Entry Times (CETs) for Periodicals. The virtual pre-filing conference is scheduled for Aug. 25, 2022, from 12:30 to 1:30 pm. ET. Representatives of the Postal Service will be available to discuss the proposal and the public will have the opportunity to provide feedback. Based on the feedback, the Postal Service may modify or refine its proposal before it is filed with the PRC. Information and instructions regarding how to participate in the conference may be found at: https://about.usps.com/what/strategic-plans/delivering-for-america/#conference. The deadline for registration is Aug. 22, 2022 at 11:59 p.m. ET.

Currently there are multiple CETs for Periodicals, based on how the mail is prepared. Having to accommodate multiple arrival times for Periodicals volume constrains the Postal Service's ability to effectively allocate staff and utilize available processing equipment and transportation. It also results in inconsistent and unreliable service, as the later CETs make it challenging for the Postal Service to meet the current Periodicals service standards. By creating a consistent 8:00 a.m. CET for Periodicals volume that must undergo processing operations, the Postal Service will significantly increase operational effectiveness, while improving service reliability for all Periodicals customers. The current CET of 5:00 p.m. for Periodicals that do not require processing at the origin plant will remain unchanged. ...

August 12, 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 on Business Customer Gateway and Postal Wizard held on Tuesday, August 16, 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; Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts.

Calendar

To register for any Mailers Hub webinar, go to MailersHubWebinars.com

August 16 – Southern Area AIM Meeting

August 17-19 – America's Print Show, Columbus (OH)

August 23 – ***Mailers Hub Webinar:*** Mitigating the Great Resignation

August 30 – Central Area AIM Meeting

September 20 – ***Mailers Hub Webinar:*** Top Trends Affecting International Mailing

September 22 – Chicago PCC Meeting

October 11 – ***Mailers Hub Webinar***

October 20 – Atlantic Area AIM Meeting

October 25-26 – MTAC Meeting, USPS Headquarters

November 15 – ***Mailers Hub Webinar***

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.

August 1, 2022, *DMM Advisory*: UPDATE 248: International Mail Service Updates Related to COVID-19

On August 1, 2022, the Postal Service received notifications from various postal operators regarding changes in international mail services due to the novel coronavirus (COVID-19).

Australia *UPDATE*: Australia Post has advised that as of August 1, 2022, the processing and delivery of inbound and outbound postal items has resumed as normal.

Macao *UPDATE*: Macao Post has advised that deliveries of EMS items has resumed; however, written proof of delivery for inbound EMS items to personal addressees is suspended until further notice. Outbound services for EMS items and all postal services have also returned to normal.

Thailand *UPDATE*: Thailand Post has advised that the Thai Government has extended the nationwide state of emergency with regard to the COVID-19 pandemic until September 30, 2022.

Viet Nam *UPDATE*: VNPost has advised that the COVID-19 situation in Viet Nam has improved sufficiently to allow the operations of VNPost to return to normal. The delivery of all inbound letter-post, parcel-post and EMS items will be carried out in strict compliance with the declared standards.

The DMM Advisory will continue to provide updates as they are received. For a full list of international service disruptions, please visit https://about.usps.com/newsroom/service-alerts/international/welcome.htm.

August 3, 2022, *DMM Advisory*: UPDATE 249: International Mail Service Updates Related to COVID-19

On August 3, 2022, Macao Post, the designated operator of **Macao**, provided notification that the state of immediate prevention ended on August 2, 2022. All postal services, including the provision of written proof of delivery for EMS items to personal addressees are back to normal. The DMM Advisory will continue to provide updates as they are received. For a full list of international service disruptions, please visit https://about.usps.com/newsroom/service-alerts/international/welcome.htm.
