



## In this issue ...

**CPI Inching Higher as April Filing Nears.** The number gets bigger. *Page 1.*

**Ignoring the Signs – Analysis.** Raising prices twice a year is great so long as you ignore volume. *Page 2.*

**Save the Post Office Connects USPS Initiatives.** Connecting the dots produces an interesting picture. *Page 3.*

**USPS Publishes Preview of Structural Elements of July Price Change.** An advance look, but not the prices. *Page 5.*

**January Financials: Decreasing Volume Trend Continues.** Losing a lot of volume to gain a little bit of revenue. *Pages 6-7.*

**Miscellany.** OIG Focus On graphics (“The Importance of the Postal Service in Rural Areas,” “The Value of Mail”); Contract negotiations; PRC revising NSA rules; Audit report deferred. *Page 8.*

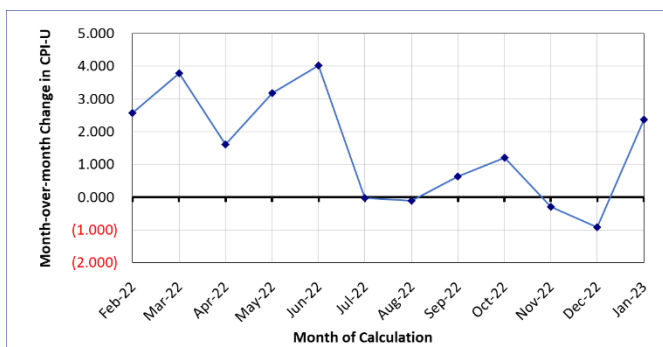
**All the Official Stuff.** Federal Register notices, Postal Bulletin articles, DMM Advisory and Industry Alert postings. *Page 10.*

**Calendar.** Upcoming events and webinars. *Page 12.*

**USPS PROPOSED RULE:** Counterfeit Postage. *Page 14.*

## CPI Inching Higher as April Filing Nears

The monthly Consumer Price Index released February 14 by the Bureau of Labor Statistics showed a significant and unwelcome upward jump. After decreasing in four of the six preceding months, January’s CPI moved upward nearly 2.4 points, largely erasing the earlier declines.



### Looking ahead

Given the anticipated April filing for yet another semi-annual price increase, expected to be effective July 9, the February CPI figure will determine whether the Postal Service’s CPI-linked rate authority builds on the January surge or retreats to a more modest level. Over the past five months, the agency’s annualized rate authority has barely changed, but another jump in February would solidify a gain.

CPI Month	CPI Change from prev	Annualized authority	6-mo authority	6-mo auth change
Sep 2022	+0.637 pts	7.917%	0.656%	+0.656 pts
Oct 2022	+1.204 pts	8.039%	1.280%	+0.624 pts
Nov 2022	-0.301 pts	8.058%	1.857%	+0.577 pts
Dec 2022	-0.914 pts	8.003%	2.381%	+0.524 pts
Jan 2023	+2.373 pts	7.908%	2.907%	+0.526 pts

As regular readers of *Mailers Hub News* have learned, the calculation of the Postal Service’s rate authority uses three different formulae: for an increase filed twelve months after a previous filing, or for an increase filed at a longer or shorter interval. Given PMG Louis DeJoy’s penchant for semi-annual increases, the formula for the shorter interval applies.

The next CPI release from the BLS will be March 14 (the February results) and will provide the last figure needed for the Postal Service’s filing; the current trend would suggest a six-month rate authority of around 3.5%. In order to meet the planned July 9 effective date, the filing would need to be made by no later than April 10, Easter Monday, assuming all the necessary calculations are complete (see below).

### Adders

Of course, the Postal Service’s CPI-based authority in the expected April filing also will include the additional authorities granted by the Postal Regulatory Commission in November 2020: “density,” related to the loss of volume per delivery stop; “retirement,” tied to the Postal Service’s obligation to prefund retiree costs; and “non-compensatory,” intended to allow over-CPI increases for classes and categories not covering their costs.

Last December 30, the Postal Service filed calculations with the PRC stating that, for 2023, the “density” adder would be 1.026% and the “retirement” adder would be 1.036%; the “non-compensatory” rate authority is a fixed 2%. Both the “density” and “retirement” adders need to be confirmed by the PRC. However, how the costs driving the “retirement” adder are calculated is the subject of a dispute between the USPS and a coalition of mailer groups on which the PRC has yet to rule, but that decision could zero-out the adder if the mailers’ position is upheld by the commission. That ruling is expected by the end of March as it would be a factor in the PRC’s *Annual Compliance Determination* – and, in turn, the Postal Service’s calculations for the April filing.

The USPS also has “banked” authority unused in the October 2022 filing, and that also would be available to use in April. All of this provides an *estimate* of what we might see:

Class	CPI (est)	Density	Retirement	Non-comp	Bank	Total (est)
First-Class	3.5%	1.026%	1.036%		0.001%	5.563%
Marketing	3.5%	1.026%	1.036%		0.003%	5.565%
Periodicals	3.5%	1.026%	1.036%	2.0%	0.744%	8.306%
Pkg Svcs	3.5%	1.026%	1.036%	2.0%	0.003%	7.565%
Spec Svcs	3.5%	1.026%	1.036%		0.064%	5.626%

**Mailers Hub subscribers get a discount on NPF registration ... see page 13.**

## Ignoring the Signs – Analysis

There are many human qualities that can be seen two ways, depending on whether the observer believes them to be positive or negative.

For example, someone who perseveres is praised by supporters as determined, courageous, and steadfast, but criticized concurrently by skeptics as dogmatic, obstinate, or stubborn. Persons who show self-confidence in the face of challenges are praised as tenacious, bold, and assured, while others may find such behavior to be intransigent, brash, or reckless.

Those terms and more have been used to describe Louis DeJoy's style as Postmaster General. However, whether a supporter or opponent of DeJoy, all observers have to agree that he can't tolerate criticism, and angrily brushes aside anyone who dares question or disagree. While making the changes he's undertaken at the agency may require DeJoy's focus and fortitude, those qualities may not serve him well when they morph into myopia and a disregard for caution.

### *Shooting too fast at the wrong target*

That the USPS was in financial trouble when he arrived isn't debatable, nor was the need to take action to avoid an eventual financial collapse. Whether how DeJoy has chosen to tackle the situation is the wisest approach is another matter.

Perhaps advised by senior executives who'd long harbored their own unfulfilled views, DeJoy decided that postal finances had to be turned around – quickly – and that the key was increased revenue from higher postage rates. Commercial mailers, he was persuaded, had for years failed to pay enough to cover the costs for the service they demanded.

However, there were some critical flaws in such a perspective that his inner circle chose to omit. First, Congress had long treated the Postal Service as a captive cash cow and in 2006 had saddled it with an infeasible obligation to fund 75 years' of future retiree health costs in only a decade. That was not a burden recommended or imposed by mailers. Second, DeJoy's predecessors (and his current deputy) had time and again agreed to generous contract terms with the postal labor unions, acting even recently as if the USPS was still enjoying the lucrative 1980s – when mail just "happened." Mailers had no voice or vote in those agreements, either. Finally, decades of ineffective management had allowed the operating networks to become inefficient and expensive. Ratepayers wanted service, true, but were not involved in designing or operating the networks required to provide it. Most inarguably to his credit is the one action which probably he alone could have made happen: passage of the *Postal Reform Act of 2022* which eliminated at least \$57 billion in unpaid past and future prefunding obligations.

He's also undertaken a wholesale revision of the Postal Service's transportation, processing, and delivery networks in order to make them more efficient and less costly. Though few debate the need for and value of such an effort, the initial steps are causing a level of concern that the process is being rolled out faster than thoughtful planning and analysis would require.

Nonetheless, with the idea now engraved in his thinking that ratepayers had to pay more, DeJoy set out to maximize the pace at which the red ink would be eliminated.

What is becoming clearer, however, is that DeJoy's obsessive demand for semi-annual rate increases is resulting in accelerated loss of mail volume, well ahead of what might be the normal attrition and diversion to electronic media. Concurrently, actual volume has yet to support his conviction that the package business is the key to the Postal Service's future.

### *The numbers don't lie*

Month	Market Dominant: % change from SPLY						Competitive:	
	First-Class Mail		Marketing		Periodicals		% change/SPLY	
	Vol	Rev	Vol	Rev	Vol	Rev	Vol	Rev
Sep 2021	-2.9	+4.3	-8.5	+2.6	-12.4	-7.4	-8.5	-4.6
Oct 2021	-8.2	-2.0	-17.5	-5.0	-7.0	+2.3	-14.6	-6.9
Nov 2021	+1.5	+8.4	+11.1	+21.3	-5.1	+6.0	-0.3	+0.1
Dec 2021	-4.2	+1.9	+2.4	+10.5	+11.7	+18.5	-14.2	-12.5
Jan 2022	-1.5	+5.2	+9.5	+17.4	-23.2	-13.5	-3.6	+1.9
Feb 2022	+3.0	+8.3	+11.8	+19.4	+4.0	+13.5	+0.1	+6.0
Mar 2022	-3.1	+1.6	+4.6	+11.4	-17.9	-9.4	-9.6	-5.3
Apr 2022	-6.0	-0.2	+2.2	+7.9	-0.9	+5.4	-8.5	-3.6
May 2022	-6.5	-0.4	+13.0	+19.1	-6.4	-0.4	-2.7	+1.3
Jun 2022	-2.8	+3.3	-4.2	+1.5	-2.5	+6.1	-1.5	-0.9
Jul 2022	-5.0	+5.6	-5.9	+3.7	-18.2	-9.0	+2.2	+3.2
Aug 2022	-1.2	+10.4	-5.5	+5.3	-18.7	-2.2	+1.0	+5.0
Sep 2022	-6.2	-0.8	+7.8	+11.9	+6.5	+17.1	-1.9	-5.8
<b>FY 2022</b>	<b>-3.4</b>	<b>+3.3</b>	<b>+1.3</b>	<b>+9.6</b>	<b>-7.6</b>	<b>+1.8</b>	<b>-5.0</b>	<b>-1.8</b>
Oct 2022	-2.3	+4.5	+6.4	+7.4	-17.2	-12.1	+0.6	+5.0
Nov 2022	-5.5	+0.1	-8.1	-5.8	-9.6	-2.5	-9.9	-2.6
Dec 2022	-5.4	+0.1	-15.3	-11.5	-12.0	-7.5	+1.3	-5.7
<b>PQ 1/FY23</b>	<b>-4.5</b>	<b>+1.5</b>	<b>-4.7</b>	<b>-2.4</b>	<b>-13.0</b>	<b>-7.5</b>	<b>-2.7</b>	<b>+2.7</b>
Jan 2023	-7.5	-0.3	-10.1	-4.2	-5.8	+2.6	-5.0	+0.4

Three price increases have been imposed in less than sixteen months (August 29, 2021, 6.8%; July 10, 2022, 6.5%; and January 22, 2023, 4.2%) with another of about 5.6% planned for July 9, 2023 – a total of 23.1%, or 31.1% for Periodicals and other "underwater" products, in less than two years.

In the 72-weeks from early October 2021 through early February 2023, mail volume has been lower, compared to the same period the previous year, over 69% of the time; in the past year, that number has risen to 75%. The picture for packages is even less encouraging. Based on USPS data, from early April 2020 through early April 2021, package volume grew every week, compared to the same period the previous year. However, for over 82% of the weeks in the following weeks through February 2023, year-over-year package volume has fallen.

Meanwhile, postal leadership has been dismissive of commercial mail producers and their representatives who warn that ratepayers can and will seek alternatives to the mail if the obsession for more revenue continues, as recent months are starting to indicate.

Mail volume loss to electronic media has been ongoing for decades, but transactional mailers are increasingly encouraging customers to "go paperless" to reduce postage costs. Advertising mailers, setting budgets for late 2022 and early 2023 mailings, have reduced volume to offset higher postage prices. After benefitting from government COVID test kit mailings, competitive products are far from showing the volume growth the PMG expects.

To commercial mailers – who know the business of mail – these data are signs that constant price increases are threatening USPS volume and revenue; unfortunately, Louis DeJoy is too determined – or obstinate – to notice.

## Interesting Analysis: *Save the Post Office* Connects USPS Initiatives

A February 16 posting on the *Save the Post Office* website not only reviewed ongoing Postal Service initiatives – network realignment, new delivery facilities, and product changes – but connected the dots in an interesting analysis. The posting is reproduced below, with permission from the author; the highlights are ours.

### The Postal Service unwinds the NDC network and merges the mail streams

As part of its 10-year plan to streamline the network, the Postal Service is in the process of “unwinding” its 21 Network Distribution Centers, which handle Marketing Mail, Periodicals and some ground packages.

One of the goals of this NDC Unwind is to merge the mail and packages handled by the NDCs into the First Class Mail stream. While that may improve the efficiency of mail processing, it blurs the differences between postal classes and products and the speed of delivery one expects from each.

The 21 NDCs are all located in properties that are owned by the Postal Service, most of them since they were originally created in 1975, when they were called Bulk Mail Centers. The BMCs processed Parcel Post, Bound Printed Matter, Media Mail, Standard Mail and Periodicals. In 2009, the Postal Service transformed the BMC network and turned the facilities into Network Distribution Centers.

### The 207 Report

News of the “NDC unwind” appeared last month on the website of the National Association of Postal Supervisors in a summary of a meeting in October with representatives of the Postal Service: “The NDC unwind initiative,” reads the summary, “is to explore changes in processing at the NDC, such as eliminating originating processing of marketing/periodicals and retail ground processing while continuing to provide excellent service. Every NDC will need an individual plan. The plan is to modify and possibly eliminate the NDC to NDC network.”

More details about the “unwind” appeared last week in a report submitted by the Postal Service in response to a requirement of Section 207 of the Postal Reform Act. ... The 207 report describes changes afoot at the NDCs in Atlanta and Chicago.

“The Atlanta NDC,” says the report, “is being completely overhauled and developed as a future location for other operations when the packages and mail processed in this location are moved to a new building in Palmetto, GA.” (That’s the new mega-plant the Postmaster General visited with the *Washington Post* last fall.) It goes on to say the Atlanta NDC is being fully renovated with “improved lighting, upgraded facilities and bathrooms” and the removal of obsolete equipment, “which will free workroom floor space to support the reconfiguration of the Atlanta area.”

The report doesn’t get into it, but these “other operations” and “reconfiguration” include turning the Atlanta NDC into one of the new Sorting & Delivery Centers, as we learned from a USPS presentation from July 29, 2022, which shows seven S&DCs in the Atlanta metro area, including the NDC.

The 207 report also describes changes at the Chicago NDC, which will be transformed into one of two Regional Processing and Distribution Centers (RPDC) in the Chicago metro area. These RPDCs are the multi-functional mega-plants that have

been previously reported. Most if not all of them will not only process the mail but also function as Sorting & Delivery Centers.

In addition to the two in Chicago, three RPDCs are being built in Indianapolis, Charlotte and Atlanta. According to the 207 report, “These are all leased buildings. Currently, the projects are at the early stages of construction (Atlanta), buildout design (Charlotte), and construction (Indianapolis). Atlanta and Charlotte will start processing in 2023 while Indianapolis will be operational in 2024.”

As for the remaining 19 NDCs, the 207 report says the Postal Service is evaluating what to do with them: “The other 19 NDCs are the focus of design studies to evaluate how best to use the buildings and equipment as part of the RPDC network.” The Postal Service owns all 21 of the NDC properties, so rather than closing any of them down completely, the Postal Service may turn the biggest NDCs into RPDCs while repurposing the others as S&DCs.

The 207 report, it should also be noted, confirms what’s been suspected all along – the new Sorting & Delivery Centers will eventually lead to post office closings.

The report says that through changes in the Chicago metro area, including the repurposing of the NDC, the Postal Service will “realize substantial savings due to the non-renewal of leases.” The same goes for Atlanta, where, by combining smaller operations into the new Palmetto RPDC (also a S&DC), “we expect to reduce lease costs.” And ditto for Charlotte, where thanks to its new RPDC/S&DC, the Postal Service expects “to see savings through the elimination of leased facilities.”

These leased facilities may include a processing plant or two, but the context makes it clear that the Postal Service is referring to leases on post offices. When it comes time to renew the lease, many of the post offices that that lose their carrier operations to an S&DC will be closed. It’s part of the plan. But since the Postal Service has been claiming that these post offices will remain as is, it didn’t want to spell that out in the report, which barely even mentions post offices.

### The NDC Unwind

The “NDC unwind” was also the subject of a USPS presentation shared in a recent daily huddle at one of the NDCs.

According to the presentation, the objectives of the plan are to “eliminate origin processing at NDCs, eliminate the NDC-to-NDC network, and merge Marketing, Periodicals and package services into the First Class mail stream.”

Under the current system, the presentation explains, the largest mailers truck their Marketing Mail directly to an NDC, while smaller mailers usually drop theirs at one of several Processing & Delivery Centers in their area – which are usually closer since there are hundreds of them as opposed to 21 NDCs. (According to the 207 report, “In FY 2022 Q3 and Q4 there were 989 customers who inducted commercial mail directly at NDCs and 5,010 customers who inducted commercial mail directly at

P&DCs.”) The mail is trucked from the P&DC to the NDC, and then, if necessary, to another NDC, then to other P&DCs, and then to delivery units at post offices.

The new system will streamline the process. The Marketing Mail, Periodicals and ground packages will go to a P&DC and be merged with First Class Mail and routed via the existing First Class network. Retail Ground and Parcel Select Ground Packages will be processed with First Class Packages. The mail will be trucked directly to delivery units at S&DCs and post offices, bypassing the NDC network.

Eventually the trips between P&DCs and NDCs and between NDCs and NDCs (inter NDC) will be minimized or eliminated. The NDC transformation is expected to result in workload reductions at the NDCs, with P&DCs absorbing much of the work.

The implementation is taking place in three phases: (1) Retail Ground & Parcel Select packages move to the First Class Mail network; (2) Marketing Mail, Periodicals & Bound Printed Material decentralize to FCM routing; (3) the remaining Market Dominant Package Services merge to FCM. A timeline in the presentation shows much of the implementation got started last summer, while the remainder is scheduled for the first half of 2023, one NDC after another.

#### Service Standards and Product Classifications

The merging of the mail streams helps explain the changes to service standards and product classifications that have been going on since 2021 and that are still underway.

In October 2021, the Postal Service relaxed service standards on First Class Mail and Periodicals (PRC Docket N2021-1), which allowed it to decrease its use of air transportation from 21 percent of First Class Mail to 12 percent.

In May 2022 it did the same with First Class Package Services (PRC Docket N2021-2).

In June 2022, the Postal Service upgraded (i.e., accelerated) service standards for Retail Ground and Parcel Select to align with the standards for First-Class Package Services (PRC Docket N2022-1).

In October 2022, the Postal Service was granted approval by the PRC to streamline its competitive ground package services. Retail Ground and Parcel Select Ground were discontinued as distinct products and subsumed into First Class Package Services, which had previously included only small packages but will now include packages up to 70 pounds.

Last week, the Postal Service announced its intention to rename First Class Package Services as Ground Advantage. Service standards for all ground parcels will align with the First Class service standards.

As some mail speeds up while other slows down, the various mail streams for First Class mail (except for the percent that still uses air transportation), Marketing Mail, Periodicals, and Ground Advantage parcels will essentially merge into one stream.

#### Merging the Mail Streams

The full implications of this transformation of the postal network remain to be seen, but streamlining the processing and delivery network and integrating the mail streams will homogenize the mail, diminishing the differences between the way in which various classes and products are processed and delivering everything at approximately the same speed.

Back in 2000, First Class Mail averaged about 1.9 days to deliver, while standard mail averaged 4.4 days. The difference in class meant something. Now, not so much.

According to reports recently submitted to the PRC for its annual compliance review, the average delivery times for First Class Mail and Marketing Mail are becoming almost indistinguishable.

As recently as 2015, average delivery time for First Class Mail was still less than 2 days. During FY 2021, the average days to deliver for First Class Mail had increased to about 2.6 days while Marketing Mail averaged about 3.1 days. During FY 2022, First Class averaged 2.55 days and Marketing Mail averaged 2.7 days.

As more First Class Mail eventually shifts to ground transportation (taking advantage of the new, slower service standards), its average delivery time may slow down more, while the more streamlined treatment of Marketing Mail may speed up its delivery time. The differences between First Class and Marketing Mail could become even less recognizable.

In a similar way, ground packages, which used to take several days, will speed up --- next-day delivery is one of the selling points of the new USPS Connect brand and the new S&DC system – which will make the differences between Ground Advantage and Priority less noticeable as well.

#### Where it's all going

The Postal Service has been implementing the Delivering for America plan and its transformation of the postal system in a piecemeal way: modifying service standards on one class, then another; changing product classifications on one product, then another; moving equipment from one plant to another; repurposing one processing center into Sorting & Delivery Center, then another; and relocating carriers from post offices, one by one.

The Postal Service has thus evaded a holistic review of what the 10-year plan will do.

In 2021, the attorneys general of nineteen states filed a complaint with the Postal Regulatory Commission arguing that it should do an advisory opinion on the whole plan, not its individual components, but the Commission dismissed the complaint.

Implementation of the DFA will thus continue with no comprehensive, external analysis of what it will all mean in the end – that is, aside from the inevitable: reducing the workforce by tens of thousands, closing post offices, cutting retail hours, selling historic properties, and transforming the Postal Service into a business rather than a public service. And that cannot end well.

— Steve Hutkins



## USPS Publishes Preview of Structural Elements of July Price Change

On February 17, the Postal Service published an overview of the structural changes being considered for inclusion in the anticipated April price filing (that would be effective July 9); no prices were included. As provided in the document:

### Market Dominant Changes

**USPS Marketing Mail Parcels Clarification.** The USPS is considering clarifying the classification structure for USPS Marketing Mail Parcels. Currently, there is some ambiguity regarding when Marketing Mail may be used for parcel fulfillment. Resulting updates will be published as part of updates to the *Domestic Mail Manual (DMM)*, *Mail Classification Schedule (MCS)*, *Postage Statements*, *Notice 123*, and the *Quick Service Guides (QSG)*.

**Marriage Mail 2 oz incentive.** The USPS is considering providing mailers a rate incentive for Marriage Mail pieces 2 oz. and under. Transactions that receive the incentive will be documented as part of the Postage Statement and as separate reports in PostalOne. The incentive would be provided for mailings that meet the following criteria:

1. Minimum of 4 advertisers per mail piece.
  2. Marketing Mail Letter or Flat mailing at Saturation Rates.
  3. Mail piece weighing 2 oz or less.
  4. Minimum mailing frequency of 10 mailings per year (rolling 12 months).
  5. Marriage Mail is identified as the mail type on Postage Statements.
- The incentive will be applied at the time of mailing; mailers who fail any of these requirements will no longer be eligible to claim the 2 oz incentive and their price will revert to the 4 oz price.

**Sectional Center Facility (SCF) Pallet Discount for Marketing Mail Letter-shaped pieces.** The USPS is considering a per-piece discount for qualifying letters placed on an SCF Marketing Mail pallet. Eliminating tray handlings and sortation in facilities upstream from the destination SCF will enable USPS to cross-dock SCF pallets and minimize mail processing costs, time and resources involved in opening, sorting, and containerizing mixed pallets to multiple destination SCFs.

**Marketing Mail Flat-Shaped – New Pricing Structure.** The current Pricing Structure for Marketing Mail flat-shaped pieces uses a two-tier pricing approach. For pieces below the breakpoint, only a per-piece price is charged. For pieces above the breakpoint a per-piece and per-pound rate are charged. Under this proposal, every piece at a given presort level regardless of weight will pay a uniform piece price. Pieces above the breakpoint will also pay a per-pound price. All drop-ship discounts will be piece-based under the new structure and pound price will not vary by entry point (e.g., DNDC, DSCF, DDU).

**Matching Nomenclature, Classification Standards, and other Publications to Network Redesign.** The USPS is considering making the classification and nomenclature changes related to USPS network updates. The following nomenclature updates will be made available in documentation including *Domestic Mail Manual (DMM)*, *Mail Classification Schedule (MCS)*, *Postage Statements*, *Notice 123*, *Labeling Lists* and the *Quick Service Guides (QSG)*. Customer Identification Numbers (CINs), *Notice 123* and *Postage Statements* will be updated with the below hybrid facility name changes: Facility name changes:

- NDC = NDC/RPDC
- SCF = SCF/LPC
- ASF = ASF/RPDC
- ADC = TBD (ADC could align to SCF/LPC or NDC/RPDC)
- DDU = DDU/SDC

**Informed Delivery Promotions Enhancements.** The USPS is considering updating the Informed Delivery promotion eligibility criteria and Informed Delivery marketing campaign to include USPS Marketing Mail Carrier Route Saturation Flats. The Informed Delivery

promotion will include eligible USPS Marketing Mail Carrier Route Saturation mailpieces. The discount would be provided for mailings that meet the following criteria:

- The mailpiece volume of Saturation mailpieces in the mailing is at least 80% of the total mailpiece volume.
- Mailpieces are palletized with a Carrier Route sorted pallet container level.
- Mail is entered at a Destination Delivery Unit.
- The physical container must have a container label with IMcb (21 Digit 99M barcode). The same barcode must also be part of the eDocs data tied with the container.
- The containers must be identified for processing with the eln-duction program.
- The MID of the Mail Owner must be provided as part of the eDoc.
- Mailers must use eDocs (Mail.dat / Mail.XML) to receive this rate discount and must provide additional information for Saturation mailings that includes:
  - o The Piece Detail barcode data with the ZIP 11 of the recipient to the USPS as part of the eDocs.
  - o The 99M barcode, Entry Facility ZIP Code, with in-home dates and date ranges.
  - o Optionally, include FAST planned induction date and appointment data when available, to improve processing/triggering time for the Informed Delivery digital email campaigns.
  - o Saturation Mail must be identified in the eDocs to receive this Saturation promotion.
- The discount will be applied at the time of mailing; mailers who fail any of the above requirements will not be eligible to claim the Saturation Mail Informed Delivery rate discount.

**Eliminating Low Use STC/ESC Combinations.** The USPS is considering eliminating low use Service Type Code / Extra Service Code (STC/ESC) combinations for Domestic packages (see Appendix A). The list of STC/ESC combinations is subject to change based on final approvals. Packages that continue to reflect the identified STCs will be included in the IMpb Compliance calculations and may be subject to IMpb Noncompliance charges.

### Competitive Changes

**USPS Ground Advantage.** The USPS is implementing classification changes that were previously approved to remove Retail Ground from the competitive product list, to eliminate the Parcel Select Ground rate category, and to expand First-Class Package Service (FCPS) to an up to 70-pound ground product.

In addition, USPS is seeking to rename FCPS as USPS Ground Advantage. As a part of this effort, the Postal Service will repurpose its existing First-Class Package Service, service type codes (STCs) to support USPS Ground Advantage parcels up to 15 oz, and to repurpose its existing Retail Ground STCs and supplement the STCs to support the 1 lb. – 70 lbs. segment of USPS Ground Advantage. USPS Ground Advantage will carry an estimated national service standard of 2-5 days including offshore estimated service delivery in 2-5 days. The under 1 lb. segment of USPS Ground Advantage will have an ounce-based structure with increments of 4 oz, 8 oz, 12 oz, and 15 oz. for all zones. The over 1 lb. segment will support weight increments of 1 lb. from 1 lb. – 70 lbs. for all zones. USPS Ground Advantage will continue to be sealed against inspection for **retail only**.

**Inclusion of \$100 Insurance for USPS Ground Advantage and extended product attributes.** The USPS is considering including \$100 insurance for USPS Ground Advantage (previously known as First-Class Package Service). This effort will maintain existing FCPS attributes (e.g., forwarding, return to sender (RTS) if undeliverable as addressed, unclaimed or refused, and package intercept functionality).

**USPS Ground Advantage Returns.** USPS Returns service allows authorized account holders to pay postage and fees on single-piece priced commercial Priority Mail Return, First-Class Package Return – Commercial, or Ground Return packages returned to the account holder by mailers via a return label produced by the account holder.

In line with the change of First-Class Package Service and Retail Ground Service merging to become USPS Ground Advantage, the USPS is considering rebranding First Class Package Returns and its Ground Returns products as USPS Ground Advantage Returns. Existing service type codes will be repurposed for USPS Ground Advantage Returns weight allowance 1 – 70 lbs. The under 1 lb segment of USPS Ground Advantage will have an ounce-based structure with increments of 4 oz, 8 oz, 12 oz, and 15 oz for all zones. The over 1 lb. segment will support weight increments of 1 lb from 1 lb – 70 lbs for all zones.

All USPS Ground Advantage Returns will include \$100 of insurance (with additional paid insurance available), and customers may file and receive payment on claims for lost, damage or missing items.

**Bake \$100 Insurance into USPS Ground Advantage Returns.** The USPS is considering including \$100 of baked-in insurance into USPS Ground Advantage Returns with values of \$100 or less and with the following characteristics:

- Use the same Service Type Code and Extra Services combination for insurance as today.
- USPS Ground Advantage Returns claims will be processed in the same manner as outbound returns are handled today for Priority Mail and other insured package products.

**Bake \$100 Insurance into Parcel Return Service (NSA - Internal only).** The USPS is considering including \$100 insurance into Parcel Return Service (PRS) parcels with values of \$100 or less and with the following characteristics:

- Use the same Service Type Code and Extra Services combination for insurance as today.
- PRS claims will be processed in the same manner as outbound returns are handled today for Retail Ground and Parcel Select via USPS.com.

*Note: PRS is available only for approved Negotiated Service Agreement (NSA) customers.*

**Expand Pallet Priority Mail Open and Distribute (PPMOD) Zones to 1 thru 8 (NSA - Internal only).** The USPS is considering expanding NSA PPMOD discounted pricing from the current zones 1-5 to Zones 1-8. Postage Statements will be updated to include Zones 6, 7, & 8

for PPMOD. This change will include the addition of a new PPMOD Service Type Code for zones 6-8, as these new Zones will use Ground transportation as compared to typical air transportation for Zones 1-5.

**Adding Priority Mail Express Returns to USPS Returns.** The USPS is considering adding USPS Priority Mail Express Returns under the USPS Returns platform. This will provide an avenue for customers using Priority Mail Express as a return option who are impacted by the elimination of the Priority Mail Express (PME) Label 11B, and it will provide an option for commercial customers who currently use PME labels for returns when USPS Corporate Accounts are eliminated.

**Parcel Select & Parcel Select Lightweight Price Restructuring.** As the USPS realigns its network, several Parcel Select (PS) and Parcel Select Lightweight (PSLW) rate categories will not be needed. The USPS is considering changing Parcel Select – Destination Entry and Parcel Select Lightweight published rate categories according to the following:

- Collapse Parcel Select DNDC Zone pricing to align with PSLW rate structure. The PSLW rate structure is based on Entry and Sort and does not include Zones.
- Eliminate PSLW “None” entry rates, including “None NDC” rates and “None Mixed NDC” rates.
- Eliminate PSLW DNDC SCF rates.
- Convert published 5-digit DSCF rate for PS & PSLW to NSA-only. Retain DSCF SCF published rates for PS & PSLW.
- Convert published 5-digit DNDC rate for PSLW to NSA-only. Add the capability for 5-digit DNDC rate for Parcel Select - Destination Entry for NSAs only.
- Add published DHub pricing for PSLW and Parcel Select – Destination Entry.
- Reduce price points allowed for PSLW to the 4 following options: 4 oz, 8 oz, 12 oz, 15 oz. PSLW will no longer support pricing for 15.999 oz.

**18.0 Nonmachinable Rates & Fees Updates for Parcel Select.** The USPS is considering changing the applicable fees for Parcel Select according to the following:

- Eliminate Nonmachinable/Machinable price table distinctions for Parcel Select -Destination Entry. Retain one price table up to 70 lbs for Parcel Select – Destination Entry regardless of machinability.
- Extend business rules of Nonstandard Length fees and the Nonstandard Volume fee to apply to all PS.

## January Financials: Decreasing Volume Trend Continues

January 2023 continued the pattern of weak volume and disappointing revenue, likely consequences of repeated sharp price increases on market-dominant products.

Volume for the four market-dominant classes was sharply lower again, with only two having small revenue increases. Competitive product volume was off 5.0% year-over-year. Transportation costs moderated, and the workers’ comp liability swung negatively by \$511 million. January had revenue of \$6.643 billion but ended with a net loss of \$1.026 billion.

### Volume and revenue

Total market-dominant mail volume for the month was down 8.7% from January 2022, with a 7.5% loss of First-Class Mail and an 10.1% decrease in Marketing Mail. Total USPS volume was 9.750 billion pieces, down 8.5% from last January, more than offsetting a slight improvement over 2021.

Though market-dominant revenue should be higher because of price increases totaling over 13.3%, revenue from the market-dominant classes, compared to SPLY, actually was up only 0.2% for the month, suggesting the sharp increases

finally are having the negative effect on mailing that top USPS executives still refuse to acknowledge.

Total USPS revenue for the month was \$6.642 billion, with its components mostly lower.

### Expenses and workhours

Total “controllable” compensation and benefit costs for January were \$4.918 billion, and total expenses were \$7.744 billion; both benefitted from the absence of a prefunding payment, thanks to last April’s legislation, but were impacted by an increase in the workers’ comp liability.

Workhour usage was 2.8% over plan for the month, despite less mail, and flat compared to last January. Total workhours for the year were 0.2% over plan and 1.9% below SPLY YTD.

Month’s end complement: 639,218 employees (517,422 career, 121,796 non-career) -3.1% compared to last January (659,808 employees: 508,442 career, 151,366 non-career), but **1.77% more** career workers than a year ago.

*All the numbers are on the next page.*

**USPS Preliminary Information (Unaudited) – January 2023 <sup>1</sup>**

OPERATING DATA OVERVIEW <sup>1,2</sup>		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		\$6,642	\$6,598	\$6,625	0.7%	0.3%	\$28,141	\$28,270	\$27,919	-0.5%	0.8%
Other Revenue		\$1	\$2	\$1	-50.0%	0.0%	\$58	\$56	\$11	3.6%	NMF
Total Revenue		\$6,643	\$6,600	\$6,626	0.7%	0.3%	\$28,199	\$28,326	\$27,930	-0.4%	1.0%
Operating Expenses											
Personnel Compensation and Benefits		\$5,845	\$5,173	\$5,025	13.0%	16.3%	\$22,693	\$21,694	\$22,324	4.6%	1.7%
Transportation		\$878	\$831	\$815	5.7%	7.7%	\$3,890	\$3,784	\$3,656	2.8%	6.4%
Supplies and Services		\$271	\$258	\$251	5.0%	8.0%	\$1,097	\$1,094	\$1,035	0.3%	6.0%
Other Expenses		\$720	\$731	\$643	-1.5%	12.0%	\$2,729	\$2,800	\$2,543	-2.5%	7.3%
Total Operating Expenses		\$7,714	\$6,993	\$6,734	10.3%	14.6%	\$30,409	\$29,372	\$29,558	3.5%	2.9%
Net Operating Income/Loss		-\$1,071	-\$393	-\$108			-\$2,210	-\$1,046	-\$1,628		
Interest Income		\$75	\$58	\$3	29.3%	NMF	\$281	\$206	\$13	36.4%	NMF
Interest Expense		\$30	\$29	\$13	3.4%	130.8%	\$126	\$105	\$51	20.0%	147.1%
Net Income/Loss		-\$1,026	-\$364	-\$118			-\$2,055	-\$945	-\$1,666		
Mail Volume											
Total Market Dominant Products <sup>3</sup>		9,190	9,158	10,067	0.3%	-8.7%	40,826	42,594	43,320	-4.2%	-5.8%
Total Competitive Products <sup>3</sup>		531	535	559	-0.7%	-5.0%	2,339	2,302	2,417	1.6%	-3.2%
Total International Products		29	29	28	0.1%	3.6%	133	139	143	-4.3%	-7.0%
Total Mail Volume		9,750	9,722	10,654	0.3%	-8.5%	43,298	45,035	45,880	-3.9%	-5.6%
Total Workhours		95	93	95	2.2%	0.0%	401	400	408	0.2%	-1.7%
Total Career Employees		517,422		508,442		1.3%					
Total Non-Career Employees		121,796		151,366		-19.5%					
MAIL VOLUME and REVENUE <sup>1,2</sup>		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		4,365,769		4,717,949	-7.5%	16,970,179		17,908,359	-5.2%		
Revenue		\$2,266,903		\$2,274,850	-0.3%	\$8,793,594		\$8,706,753	1.0%		
Periodicals											
Volume		250,131		265,472	-5.8%	1,050,313		1,185,331	-11.4%		
Revenue		\$73,297		\$71,461	2.6%	\$311,748		\$329,274	-5.3%		
Marketing Mail (excl. all parcels and Int'l.)											
Volume		4,511,083		5,019,909	-10.1%	22,443,523		23,833,748	-5.8%		
Revenue		\$1,144,113		\$1,193,907	-4.2%	\$5,518,596		\$5,676,171	-2.8%		
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)											
Volume		43,248		44,248	-2.3%	162,252		181,495	-10.6%		
Revenue		\$83,211		\$78,123	6.5%	\$317,187		\$308,804	2.7%		
All other Market Dominant Mail											
Volume		20,424		19,406	5.2%	199,367		211,053	-5.5%		
Revenue		\$287,313		\$217,624	32.0%	\$1,035,683		\$900,428	15.0%		
Total Market Dominant Products (ex. all Int'l.)											
Volume		9,190,655		10,066,984	-8.7%	40,825,634		43,319,986	-5.8%		
Revenue		\$3,854,837		\$3,835,965	0.5%	\$15,976,808		\$15,921,430	0.3%		
Shipping and Package Services											
Volume		530,703		558,728	-5.0%	2,338,973		2,417,395	-3.2%		
Revenue		\$2,516,441		\$2,504,943	0.5%	\$11,108,539		\$10,894,950	2.0%		
All other Competitive Products											
Volume		-		-	0.0%	-		-	0.0%		
Revenue		\$136,147		\$136,492	-0.3%	\$457,926		\$423,301	8.2%		
Total Competitive Products (ex. all Int'l.)											
Volume		530,703		558,728	-5.0%	2,338,973		2,417,395	-3.2%		
Revenue		\$2,652,588		\$2,641,435	0.4%	\$11,566,465		\$11,318,251	2.2%		
Total International <sup>4</sup>											
Volume		28,786		28,525	0.9%	133,392		142,404	-6.3%		
Revenue		\$134,309		\$148,067	-9.3%	\$597,332		\$679,225	-12.1%		
Total											
Volume		9,750,144		10,654,236	-8.5%	43,297,999		45,879,785	-5.6%		
Revenue		\$6,641,734		\$6,625,467	0.2%	\$28,140,605		\$27,918,906	0.8%		
EXPENSES OVERVIEW <sup>1,2</sup>		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		\$4,918	\$4,757	\$5,166	3.4%	-4.8%	\$20,552	\$20,028	\$21,113	2.6%	-2.7%
RHB Unfunded Liabilities Amortization <sup>5</sup>		\$0	\$0	\$83	NMF	-100.0%	\$0	\$0	\$333	NMF	-100.0%
FERS Unfunded Liabilities Amortization <sup>6</sup>		\$158	\$158	\$117	0.0%	35.0%	\$633	\$633	\$467	0.0%	35.5%
CSRS Unfunded Liabilities Amortization <sup>6</sup>		\$258	\$258	\$155	0.0%	66.5%	\$1,033	\$1,033	\$619	0.0%	66.9%
Workers' Compensation <sup>7</sup>		\$511	\$ --	-\$496	NMF	NMF	\$475	\$ --	-\$208	NMF	NMF
Total Pers. Comp. & Benefits		\$5,845	\$5,173	\$5,025	13.0%	16.3%	\$22,693	\$21,694	\$22,324	4.6%	1.7%
Total Non-Personnel Expenses		\$1,869	\$1,820	\$1,709	2.7%	9.4%	\$7,716	\$7,678	\$7,234	0.5%	6.7%
Total Expenses (incl. interest)		\$7,744	\$7,022	\$6,747	10.3%	14.8%	\$30,535	\$29,477	\$29,609	3.6%	3.1%
WORKHOURS <sup>1,2,3</sup>		Current Period					Year-to-Date				
Workhours (Thousands)		Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
City Delivery		34,352	33,463	34,634	2.7%	-0.8%	145,958	143,996	147,074	1.4%	-0.8%
Mail Processing		17,159	16,181	17,729	6.0%	-3.2%	73,706	74,757	78,849	-1.4%	-6.5%
Customer Services & Retail		12,105	11,730	12,283	3.2%	-1.4%	50,370	50,607	52,737	-0.5%	-4.5%
Rural Delivery		18,136	17,892	17,754	1.4%	2.2%	76,216	75,888	75,931	0.4%	0.4%
Other		13,606	13,473	12,957	1.0%	5.0%	54,456	54,542	53,820	-0.2%	1.2%
Total Workhours		95,358	92,739	95,357	2.8%	0.0%	400,706	399,790	408,411	0.2%	-1.9%

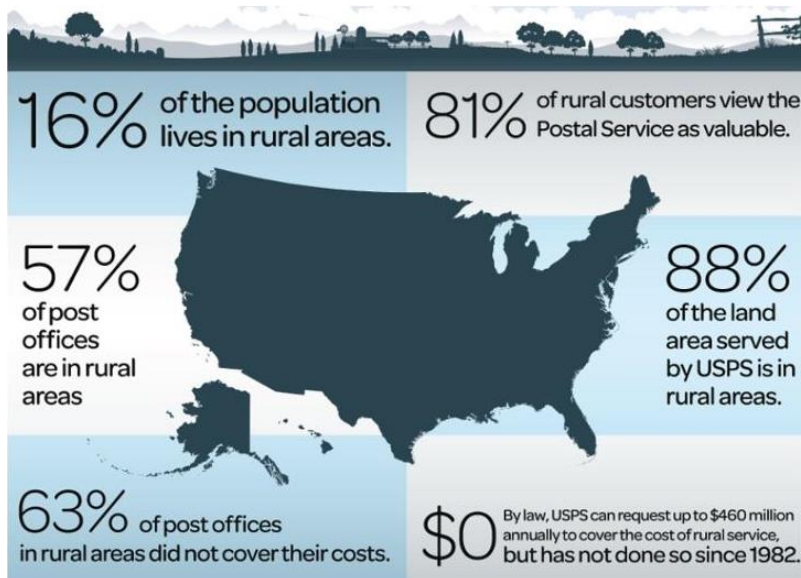
<sup>1</sup>January 2023 had the same number of delivery days and retail days compared to January 2022. YTD has the same number of delivery days and 0.75 less retail days compared to the same period last year (SPLY). <sup>2</sup>Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. <sup>3</sup>Excludes all International. <sup>4</sup>Includes Current Period Market Dominant Volume of 15,256 and Revenue of \$20,976; SPLY Market Dominant Volume of 13,470 (+13.3%) and Revenue of \$17,995 (+16.6%). Also includes Current Period Competitive Volume of 13,530 and Revenue of \$113,333; SPLY Competitive Volume of 15,055 (-10.1%) and Revenue of \$130,072 (-12.9%). <sup>5</sup>SPLY amount reflects amortization and normal cost expenses for payments that were expected to be due September 30, 2022. On April 6, 2022, the Postal Service Reform Act repealed the requirement that the Postal Service annually prepay future retiree health benefits, which eliminated these expected payments and canceled all past due prefunding payments. <sup>6</sup>This represents the US Office of Personnel Management (OPM) estimated amortization expense related to the Federal Employee Retirement System (FERS) and Civil Service Retirement System (CSRS). The actual invoices will be received between September 2023 and October 2023. <sup>7</sup>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.



## Miscellany

The USPS Office of Inspector General has recently issued two documents as part of a new series titled *Focus On* (<https://www.uspsoig.gov/our-work/focus-on>); both are reproduced below, though reformatted to fit the space available.

### The Importance of the Postal Service in Rural Areas



In response to the ongoing concern about postal services in rural areas, the OIG has published a series of reports on this topic. We found rural postal customers value and have a greater interest in using the mail compared to urban customers. The relative size of rural areas is important. Rural areas are geographically dispersed across the country and comprise 88 percent of the area served by the Postal Service. While people living in rural areas account for only 16 percent of the United States' population, 57 percent of post offices are in rural areas.

Historically, when USPS made changes to its network, Congress has worked to ensure the changes do not disadvantage rural areas. For example, in 1914, in response to rural delivery running an estimated \$40

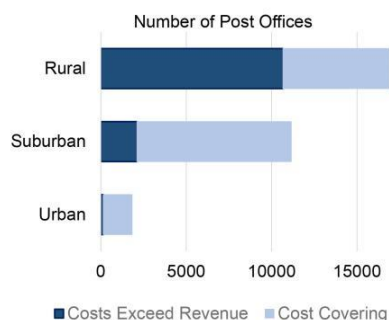
#### Rural Areas (Yellow) are Geographically Dispersed Across the Country



million deficit, the Post Office Department considered contracting out rural delivery to the lowest bidder. Congress put a stop to this initiative due to concerns over rural customers getting a different type of postal service than urban customers.

These same types of concerns exist today. As USPS makes changes to its networks to become financially sustainable in the face of declining mail volume, there is some concern that the change will have a disproportionate impact on rural areas. While people living in rural areas rely more on the Postal Service, these areas can be more costly to serve. For example, in a recent paper we found nearly two-thirds of post offices in rural areas cost more to run than the revenue they bring in. In contrast, only around 7 percent of urban post offices have costs that exceed their revenues.

#### Around Two-Thirds of Rural Post Offices Do Not Generate Sufficient Revenue to Cover Their Costs



Unlike a lot of other countries, the Postal Service has no legal requirements to maintain a certain number of post offices. However, the law protects postal services in rural areas by prohibiting the Postal Service from closing small post offices just because they operate at a deficit.

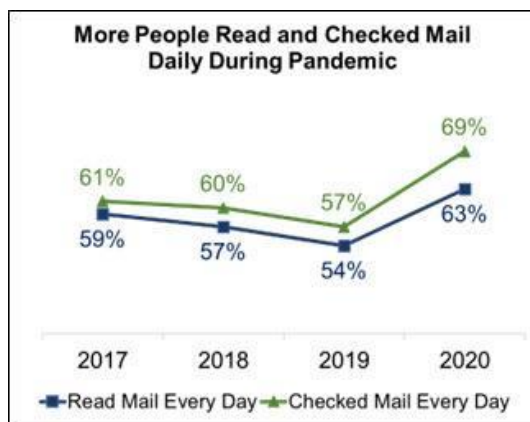
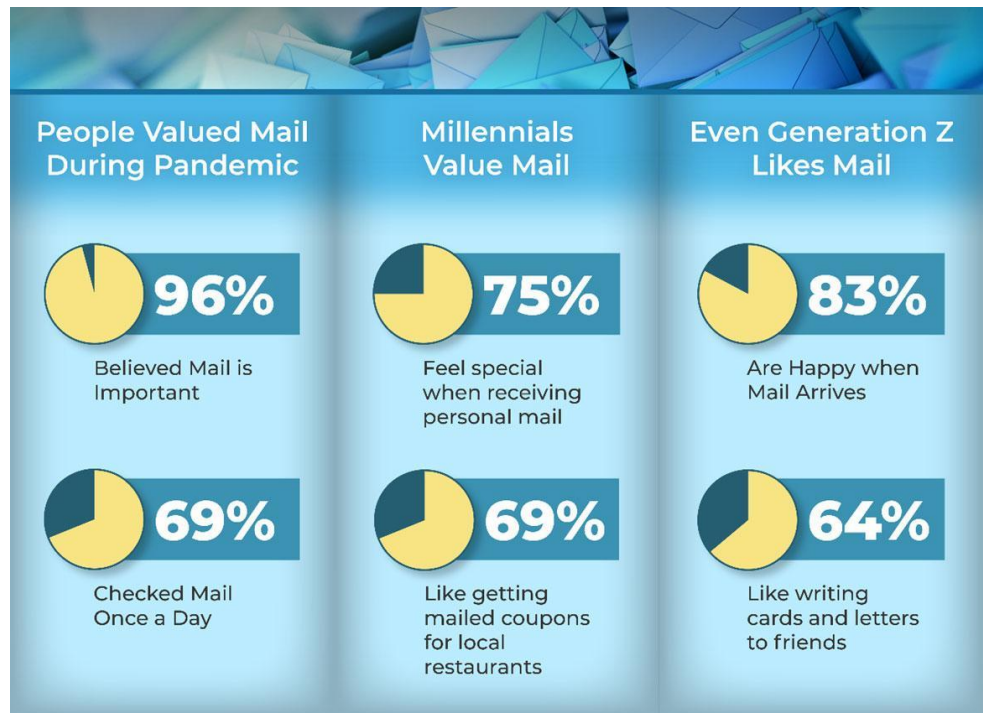
Posts in other countries have the same challenge of providing rural service while managing costs. In a recent paper, we looked at how six other countries have approached providing affordable rural service and found they employed a variety of tools to decrease costs and increase revenues associated post offices. These include retail subsidies, outsourcing retail outlets, and diversifying revenue. By law, the Postal Service is allowed to ask Congress for up to \$460 million annually to cover the cost of providing rural service. But it has not requested these funds since 1982.



## The Value of Mail

There is a lot of attention on how much the volume of traditional mail – letters and flats – has declined over time.

However, in fiscal year 2021, the Postal Service handled over 120 billion pieces of mail, generating around \$40 billion of revenue. Mail clearly still plays an important role in this country. The value of mail, and how people use it, has been a topic of several OIG reports. Our most recent one focused on people's perception of the mail and the Postal Service during the pandemic. We found most people still like sending and receiving mail and 96 percent believe mail is important. If anything, the pandemic increased the value of mail with people reading and checking their mail more frequently than in prior years.



and coupons. It turns out, hard-copy mail is an effective way to advertise across generations.

While people process digital advertisements more quickly, our research found hard copy advertisements have a lot of advantages – people spend more time with them, they tend to elicit a stronger emotional response, and they are easier to recall when making a purchasing decision. When followed-up with a second mailed hard copy advertisement, the combination is particularly effective at eliciting ad recognition, brand recall, and likability.

While we know some people are more dependent on mail – such as the elderly and those who are not willing or able to use internet alternatives – younger generations also appreciate mail. While Millennials prefer electronic communication, around three-fourths of them feel special when receiving personal mail from friends and relatives. And more than two thirds like receiving coupons for local restaurants.

Generation Z also feels special when receiving mail and recognizes mail as a way to convey emotional connection. Over half of Gen Z respondents enjoy receiving mailed advertisements, including catalogs



### Contract negotiations

On February 22, the National Association of Letter Carriers, representing city carriers, announced it had begun talks with the Postal Service on a new labor agreement. The current 2019-2023 contract expires May 20.

In published opening remarks, the union's president recited the challenges facing letter carriers and stated that "in this round of collective bargaining, letter carriers have the chance to be recognized, and rewarded, for being the backbone" of the Postal Service.

Beyond that, the union executive listed "simple" but predictable goals for the negotiations:

"First and foremost, we must address the staffing issue that is debilitating our craft. Nationwide, letter carriers are overworked, and post offices are understaffed. One obvious solution that we seek is **increased wages**. If the Postal Service wants to recruit and retain letter carriers, it starts with a competitive wage – plain and simple.

"The staffing crisis can also be addressed by **shifting to an all-career workforce** and abolishing the City Carrier Assistant position. The CCA position, in its current form, no longer serves the Postal Service or our craft. "Overwhelming turnover is seriously undermining service. While we have made positive strides in our recent agreements to convert certain installations across the country to the all-career model, NALC seeks to convert all CCAs to career positions and make the all-career model the standard nationwide.

"Lastly, we will insist on practical solutions to address the increasing crime against letter carriers. The safety of letter carriers is our number one priority. ... We cannot allow these crimes to persist."

No comment from the Postal Service was published, but if history is a guide, the agency's negotiators will accede to annual raises, periodic cost-of-living increases, and retaining the archaic no-layoff clause. Given the PMG's preference for an all-career workforce, the union's demands in that regard may be satisfied as well. As usual, ratepayers will not be represented in the talks, but will have to pay the resulting costs.

### PRC revising NSA rules

In a posting in the February 24 *Federal Register*, the Postal Regulatory Commission gave advance notice of a proposed rulemaking "on regulations pertaining to competitive negotiated service agreements." As the PRC explained,

"Streamlining and codifying the rules pertaining to Competitive NSAs will provide increased clarity concerning filing requirements and the review process. Codifying such procedures and standards also provides an opportunity to make improvements to the practices and precedents that have developed since Order No. 43 was issued in 2008, while maintaining the opportunities for pricing flexibility that NSAs afford the Postal Service. ... At the same time, there may be opportunities to streamline certain aspects of NSA review to reduce administrative burdens on the Postal Service and the Commission. Thus, the Commission intends to use the instant proceeding to consider, and to engage with stakeholders regarding, ways in which it could enhance its Competitive NSA approval practices for the benefit of stakeholders and the public generally."

The PRC asked for input on nine specific points; comments are due March 31.

### Audit report deferred

Last December, the USPS Office of Inspector General announced that it had started an audit of the Postal Service's "Development and Communication of Sorting and Delivery Centers." The release date for the results was originally planned to be June 28 but, as posted on the OIG's website, that date has been pushed out to July 28.

*Save the Post Office* noted that

"The description of the audit is the same except for the addition of one phrase: 'Our objective is to evaluate Postal Service's data models used to determine sites for conversion into S&DCs.' ... It's a good question, and worth a few more weeks to investigate. But by the time the audit is released, fifteen S&DCs will be up and running and over 65 post offices and 600 routes will have been converted."

## All the Official Stuff

### Federal Register

#### Postal Service

##### NOTICES

**February 16:** Change in Rates and Classes of General Applicability for Competitive Products, 10150.

**February 17:** Change in Rates and Classes of General Applicability for Competitive Products, 10390-10391.

**February 27:** International Product Change-Priority Mail Express International, Priority Mail International, First-Class Package International Service, and Commercial ePacket Agreement, 12427.

##### PROPOSED RULES

**February 16:** Counterfeit Postage, 19968-10069.

##### FINAL RULES

**February 14:** Removal of Priority Mail International Regional Rate Boxes – Non-Published Rates and Priority Mail International Regional Rate Boxes, 9398-9399.

#### Postal Regulatory Commission

##### NOTICES

**February 22:** Competitive Price Changes, 10942-10944.

**February 24:** New Postal Products, 11958.

### PROPOSED RULES

**February 21:** Periodic Reporting, 10493-10494.

### FINAL RULES

**February 16:** Reporting of Service Performance, 10037-10043.

### DMM Advisory

**February 23:** Monthly Labeling List Changes.

### Postal Bulletin (PB 22618, February 23)

- Effective **July 9**, DMM 505.4.0 is revised to clarify resources for information on Parcel Return Service (PRS). Effective January 22, 2023, in the article titled "DMM Revision: Domestic Competitive Products Pricing and Mailing Standards Changes" in *Postal Bulletin* 22615 (1-12-23, pages 6-12), the Postal Service revised standards for PRS to be a competitive product only available through a Negotiated Service Agreement. This revision will add PostalPro as a resource for information on PRS.
- Effective **February 23**, IMM 116.1 and 232.5 are revised to reflect the discontinuation of Priority Mail International Regional Rate Boxes – Non-Published Rates and Priority Mail International Regional Rate Boxes, which were available only to commercial customers with an agreement with the Postal Service specifically for Priority Mail International Regional Rate Boxes.

## **USPS Industry Alerts**

February 14, 2023

### **National Postal Forum Workshops Selected**

Each year at the National Postal Forum (NPF), USPS representatives and industry experts come together to present over 100 workshops which help industry professionals and business owners learn how to improve their mailing and shipping operations and increase profits. NPF offers an engaging educational program that showcases innovative uses of mailing and shipping. Attendees can choose from a variety of dynamic sessions that are arranged into education tracks based on professional interest. Look at what NPF has to offer and plan for a journey of innovation, collaboration, and delivery:

1. Data, Technology, and Visibility: A deep dive analysis on metrics, trends, and technological breakthroughs that have created a path for USPS to advance to the front of the line with its cutting-edge approach to retail, delivery, and more.
2. Leadership & Professional Development: Learn new skills for your personal improvement path to further develop yourself and your teams.
3. Mailing Solutions: Practical insights on how to improve direct mail campaigns including the importance of design, operational expertise, utilizing automation to optimize direct mail messaging to the post-purchase customer journey as well as best practices for developing high-value experiences.
4. Mailing / Shipping Prep and Entry: Maximize your ROI with USPS through industry leading best practices on preparation and entry including the latest updates on the Business Customer Gateway (BCG), Electronic Verification System (EVS), and the Intelligent Mail Small Business Tool (IMsb).
5. Shipping Solutions: Learn how to improve the customer experience, streamlining the international shipping process, implementing tracking and visibility solutions to anticipating new trends in the transportation sector.

Just a few of the workshops you can attend are:

- Informed Delivery Updates: New Developments in Informed Delivery – Come hear our updates on 2022 developments and our plans for 2023 including Package Campaigns, new and planned features, program metrics, and success stories from brands who've utilized Informed Delivery.
- Improving and Developing your Staff through Leadership and Mentoring – Learn from leaders at Harvard University & Mass General on how they have maximized staff performance, while identifying future leaders through training, development, and hands on coaching.
- Navigating the Cultural Data Shift with Mail Technology – New mail technology advances offer unique first-party touch-point data that can deliver valuable consumer and campaign insights. Find out how you can use first-party data to successfully reach, connect with, and convert customers.
- USPS Solutions: Solution Development Live Demo – Learn how USPS develops shipping solutions using your data and our network. Join the Solutions team to learn about the latest solutioning advance.
- Technology Solutions to Minimize Impacts to your Operation – As the USPS implements network redesign, existing historic facility planning data will become less relevant as the USPS rolls out network changes over the next 3-5 years.

A complete list of workshops will be available to Industry (Non-Postal), click here: [NPF Catalog](#). For Postal employees, click here: [NPF Catalog - USPS](#). To register, click this link: [NPF](#). If you need assistance with discount codes, please send an email to: [NPFFeedback@usps.gov](mailto:NPFFeedback@usps.gov).

---

February 17, 2023

### **Recording Now Available on PostalPro: USPS Implementation of Sack Elimination Featuring Dale Kennedy – NEW TIME**

The slides and recording are now available of the Sack Elimination webinar presented Thursday, February 16, 2023, at 1:00 PM Eastern Time. This information was presented by guest speaker Dale Kennedy, USPS Director of Product Classification. The meeting reached attendance capacity, but the slides and recording are available on PostalPro for all to access. Please use the links below to access the content: Sack Elimination Slides: <https://postalpro.usps.com/node/11824>; Sack Elimination Video: <https://postalpro.usps.com/node/11823>.

---

February 21, 2023

### **Seamless Acceptance Category 14 – Undocumented Assessable Errors – March 1, 2023 Implementation**

Reminder: The USPS delay in making Category 14 Undocumented an assessable error for Seamless Acceptance will expire on March 1, 2023. The USPS successfully deployed the Phase III enhancement to the Category 14 logic on October 30, 2022. This Undocumented Category was previously scheduled to become an assessable error beginning on January 1, 2023. The change to make Category 14 Undocumented errors assessable beginning on March 1, 2023, will allow mailers to review their undocumented error data reporting under the enhanced Phase III logic for the full reporting months of November, December, and January. It also allows a portion of February reporting before these errors would become assessable on March 1, 2023. Be sure to join us for one of the upcoming sessions on Seamless Undocumented Category 14:

- Tuesday, February 28, 1:00 PM (EST) Seamless Undocumented Category 14
- Tuesday, March 28, 1:00 PM (EST) Seamless Undocumented Category 14

Meeting URL: <https://usps.zoomgov.com/j/1603767418?pwd=TTFONWNVMXQ2UW1wcUVCCe5WFILZz09>

Meeting ID: 160 376 7418; Password: 996767. If requested, enter your name and email address; Enter meeting password: 996767.

- 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.

---

February 23, 2023

### **USPS Mailing Promotions Policies on Samples at the BMEU**

In 2023 Promotions released the Mailing Promotions Portal (MPP) which requires promotion participants to upload an electronic image of their mailing. The (MPP) portal stores service tickets and the images associated with it for at least 7 years. For all promotions, the need to provide a hard copy piece at the BMEU at time of mailing has been removed effective immediately. All the Promotions Guidebooks are being updated to reflect this change. All mailers are required to keep a sample of the hard copy mailpiece used in their campaign for 90 days after the end of the 2023 promotional period. The promotion office will conduct random audits. The mailer must provide sample along with approved Service Request within 15 business days of notification. If the mailer is unable to furnish proof, USPS has the right to reverse any discounts provided. For the Tactile, Sensory, and Interactive promotion, participants are still required to



send an actual sample to the promotions program office for pre-approval and a final version of the piece after mailing. If multiple versions are being mailed and the treatment remains the same, only one sample is required indicating the number of versions. If the treatment changes, then a new sample must be submitted to the program office. If you have any questions, go to "Ask a Question" on your Mailing Promotions Portal.

February 23, 2023

**Industry Training Sessions: Seamless Undocumented Category 14 Errors and Intelligent Mail for Small Business Tool**

The Postal Service is hosting bi-weekly webinars for the Industry on Seamless Undocumented Category 14 Errors and Intelligent Mail for Small Business Tool (IMsb Tool) application. Upcoming webinars: February 28, Seamless Undocumented Category 14; March 14, Intelligent Mail for Small Business Tool; March 28, Seamless Undocumented Category 14. Join us for the next session on Seamless Undocumented Category 14 on Tuesday, February 28, 2023, at 1:00 PM EST. Meeting URL:

<https://usps.zoomgov.com/j/1603767418?pwd=TTfONWNVMXQ2UW1wcUVCCeEt5WFllZz09>; Meeting ID: 160 376 7418; Password: 996767. If requested, enter your name and email address. Enter meeting password: 996767

Join Audio by using Internet Audio; Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts. Note: Meeting links and presentations are also posted on PostalPro and can be found at Mailing Services | PostalPro ([usps.com](https://usps.com)).

February 23, 2023

**Your 2023 NPF Exhibit Hall Experience Starts Here**

Innovation, Expertise, and Solutions. Be a part of the Mailing and Shipping Industry's Largest Exhibit Hall.

Celebrating 55 years, the NPF is the most comprehensive mailing and shipping conference nationwide. With this year's theme "Delivering for America – Vision. Strategy. Action" the Premier Turnkey Solutions Expo is the one-stop destination for attendees seeking to strengthen their services, find tools, technologies, and solutions to improve their mailing and shipping operations. Explore the mailing and shipping industry's most complete marketplace while attending the NPF. With over 100 exhibitors on display across 150,000 square feet, discover the latest in technologies, innovations, products, and services that help move the industry forward. Engage with USPS leadership in their extraordinary Sales Booth, discuss challenges and solutions in the USPS Consultation Center, and network with industry influencers throughout the NPF Exhibit Hall floor. It's all here, under one roof at NPF. To maximize your success, be sure to stop by and visit the following must see Exhibit Hall highlights:

- USPS Consultation Area (Booth #737) – access to postal subject matter experts who are available for consultation on topics related to mailing, shipping, marketing, and insight to various postal processes and procedures. Consultations are available by appointment or walk-in. Consultation topics cover Informed Visibility & Product Tracking, Address Management System, Enterprise Payment System, Mailer Scorecard, Mailing Shipping Solutions Center and more.
- Postal Customer Council (PCC) Advisory Committee (Booth #1236) – learn about the PCC program's mission to foster a close working relationship between the USPS and the mailing and shipping industry. Through collaboration, networking, and engagement, our goals are to share information about new and existing USPS business products, programs, services, and procedures. Stop by and learn about how you too can be a member of the elite nationwide PCC Community!
- Postmaster General's Mailers Technical Advisory Committee (Booth #1238) – a venue for the USPS to share technical information with mailers, and to receive their advice and recommendations on matters concerning mail-related products and services.

NPF Exhibit Hall Hours include: Monday, May 22, 9:30 AM – 4:00 PM EST; Tuesday, May 23, 9:30 AM – 5:30 PM EST; Tuesday, May 23, Exhibit Hall Reception 4:00 PM – 5:30 PM EST. For more information on planning your 2023 NPF Exhibit Hall experience click here:

<https://exhibits.npf.org/expo-information>. To register, click this link: NPF. For additional information, please send an email to: [NPFFeedback@usps.gov](mailto:NPFFeedback@usps.gov). **Mailers Hub subscribers get a discount on NPF registration ... see page 13.**

February 24, 2023 [as corrected]

**Recording Now Available on PostalPro: 2023 USPS Promotions & Incentives Featuring Margaret Pepe and Heather Lewis**

The slides and recording are now available of the Promotions & Incentives webinar presented Thursday, February 23, 2023, at 1:00 PM Eastern Time. Please use the links below to access the content from PostalPro:

- Promotions & Incentives Slides: <https://postalpro.usps.com/node/11856>
- Promotions & Incentives Video: <https://postalpro.usps.com/node/11855>

## Calendar

**To register for any Mailers Hub webinar, go to [MailersHubWebinars.com](https://mailershubwebinars.com)**

**March 7** – Joint Atlantic and Southern Areas AIM Meeting (Virtual)

**March 21** – **Mailers Hub Webinar: Mailpiece Design Refresher I**

**March 28-29** – MTAC Meeting, USPS Headquarters

**March 31-April 2** – MFSA Conference, Grapevine (TX)

**April 4** – Joint Central and WestPac Areas AIM Meeting (Virtual)

**April 18** – **Mailers Hub Webinar: The April Price Filing**

**May 16** – **Mailers Hub Webinar: International Mail Update**

**May 21-24** – National Postal Forum, Charlotte (NC)

**June 20** – **Mailers Hub Webinar: Mailpiece Design Refresher II**

**July 11** – **Mailers Hub Webinar: Network Redesign**

**July 18-19** – MTAC Meeting, USPS Headquarters

**August 15** – **Mailers Hub Webinar: Protecting Intellectual Property**

**September 12** – **Mailers Hub Webinar: Automating Paperwork**

**September 18-22** – National PCC Week

**October 17-18** – MTAC Meeting, USPS Headquarters

**October 24** – **Mailers Hub Webinar: The October Price Filing**

**November 14** – **Mailers Hub Webinar: Economic Outlook for 2024**

**BRANN & ISAACSON**  
ATTORNEYS AND COUNSELORS AT LAW

The services of Brann & Isaacson are now available to provide legal advice to subscribers. The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters. As part of their subscription, Mailers Hub subscribers get an annual consultation (up to one hour) from Brann & Isaacson, and a reduced rate for additional legal assistance.

The points of contact at Brann & Isaacson are: Martin I. Eisenstein; David Swetham-Burland; Stacy O. Stitham; Jamie Szal. They can also be reached by phone at (207) 786-3566.



Be sure to take advantage of the discount available to *Mailers Hub* subscribers. When registering for the NPF, click on "I have a different discount code" and enter **MH2023**

*Mailers Hub News*™ is produced by Mailers Hub LLC and provided to subscribers as part of their subscription. No part of *Mailers Hub News* may be reproduced or redistributed without the express consent of Mailers Hub LLC. For subscription or other information contact Mailers Hub LLC at [info@MailersHub.com](mailto:info@MailersHub.com). Copyright © 2016-2023 Mailers Hub LLC. All rights reserved.

## Thanks to Our Supporting Partners

 <p><b>BCC</b> <b>SOFTWARE</b> A BLUECREST COMPANY</p>	 <p><b>Canon</b> CANON SOLUTIONS AMERICA</p>		
 <p><b>LSC</b> <b>COMMUNICATIONS</b></p>	 <p><b>mailers</b> <b>HAVEN</b></p>		
 <p><b>accuzip</b></p>	 <p><b>hp</b></p>		
 <p><b>SNAILWORKS™</b> COORDINATED DIRECT MARKETING PLATFORM</p>	 <p><b>MCS</b> INDUSTRIAL INKJET TECHNOLOGY</p>	 <p><b>WindowBook</b> Automating Information</p>	 <p><b>WMP</b> WHITTIER MAILING PRODUCTS</p>

## Thanks to Our Partner Associations and APAN Affiliates

 GRAPHIC MEDIA ALLIANCE	 PRINT & GRAPHIC COMMUNICATIONS ASSOCIATION	 PGAMA Printing & Graphics Association MidAtlantic	 pica PROMOTING THE INDUSTRY Focused on Members Success
 piag Printing & Imaging Association of Georgia JOIN • PARTICIPATE • SUCCEED	 PiM PRINTING INDUSTRY midwest	 PINE PRINTING INDUSTRIES OF NEW ENGLAND	
 IPMA In-Plant Printing and Mailing Association®	 MFSA™ MAILING & FULFILLMENT SERVICES ASSOCIATION THEMFSA.ORG		

## USPS PROPOSED RULE: Counterfeit Postage

### POSTAL SERVICE

39 CFR Part 111

### Counterfeit Postage

**AGENCY:** Postal Service.

**ACTION:** Proposed rule.

**SUMMARY:** The Postal Service is proposing to amend *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) in various sections to clarify the handling of items found in the mail bearing counterfeit postage.

**DATES:** Submit comments on or before March 20, 2023.

**ADDRESSES:** Mail or deliver written comments to the manager, Product Classification, US Postal Service, 475 L'Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. If sending comments by email, include the name and address of the commenter and send to PCFedralRegister@usps.gov, with a subject line of "Counterfeit Postage." Faxed comments are not accepted.

#### Confidentiality

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

You may inspect and photocopy all written comments, by appointment only, at USPS Headquarters Library, 475 L'Enfant Plaza SW, 11<sup>th</sup> Floor North, Washington, DC 20260. These records are available for review on Monday through Friday, 9 am-4 pm, by calling 202-268-2906.

**FOR FURTHER INFORMATION CONTACT:** Jane Quenk at (202) 268-7098 or Garry Rodriguez at (202) 268-7281.

#### SUPPLEMENTARY INFORMATION:

##### Background

In recent years, the use of counterfeit postage has increased substantially, especially on packages. Use of counterfeit postage is a crime; it reflects an intentional effort to defraud the Postal Service; and it has resulted in a significant loss of revenue to the Postal Service. Typically, such mail does not have an accurate return address. The Postal Service proposes to amend current regulations to distinguish counterfeit postage from mail without any postage affixed and to address the use of counterfeit postage more effectively.

Mail deposited without any postage affixed is endorsed "Returned for Postage" and is returned to the sender without any attempt at delivery (DMM 604.8.2.1). Counterfeit postage differs from the absence of any postage, however, as the former is a criminal attempt to defraud the Postal Service, while the absence of any postage may reflect an inadvertent failure to affix postage. Also, mail with counterfeit postage often does not have an accurate return address, or it has a return address not related to the mailer. To address the problems posed by counterfeit mailings, the Postal Service is amending its regulations to provide public notice that mailings with counterfeit postage will be treated as abandoned; consequently, such mail may be opened and disposed of at the Postal Service's discretion.

##### Proposal

The Postal Service seeks to distinguish the handling of articles entered without postage under subsection 604.8.2 from those that contain counterfeit postage.

Therefore, the Postal Service is proposing to revise subsection 604.8.4 to provide that when all articles with counterfeit postage are found they will be considered abandoned and disposed of at the discretion of the Postal Service, rather than be returned to the sender as the affixing of counterfeit postage reflects a refusal to pay postage or an intentional effort to avoid paying postage.

The Postal Service is proposing to implement this change effective April 1, 2023.

We believe this proposed revision will provide customers with clarity on the handling of items bearing counterfeit postage.

Although exempt from the notice and comment requirements of the Administrative Procedure Act (5 USC 553(b), (c)) regarding proposed rulemaking by 39 USC 410(a), the Postal Service invites public comment on the following proposed revisions to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1. We will publish an appropriate amendment to 39 CFR part 111 to reflect these changes.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR part 111 is proposed to be amended as follows:

#### PART 111 – [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401-404, 414, 416, 3001-3018, 3201-3220, 3401-3406, 3621, 3622, 3626, 3629, 3631-3633, 3641, 3681-3685, and 5001.

2. Revise the *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:



## USPS PROPOSED RULE: Counterfeit Postage

### ***Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)***

\* \* \* \* \*

#### **500 Additional Mailing Services**

\* \* \* \* \*

#### **507 Mailer Services**

##### **1.0 Treatment of Mail**

##### **1.1 Nondelivery of Mail**

Mail can be undeliverable for these reasons:

\* \* \* \* \*

*[Renumber items b through g as c through h and add new item b to read as follows:]*

b. Counterfeit Postage (see 604.8.4).

\* \* \* \* \*

#### **604 Postage Payment Methods and Refunds**

##### **1.0 Stamps**

\* \* \* \* \*

##### **1.4 Imitations of Stamps**

*[Revise the text of 1.4 to read as follows:]*

Matter bearing imitations of postage stamps, in adhesive or printed form, or private seals or stickers resembling a postage stamp in form and design, is not acceptable for mailing (See 8.4.2 for handling items with counterfeit postage.).

\* \* \* \* \*

##### **4.0 Postage Meters and PC Postage Products (“Postage Evidencing Systems”)**

\* \* \* \* \*

##### **4.4 Postage Discrepancies**

###### **4.4.1 Definitions**

*[Revise the text of 4.4.1 by deleting the last sentence.]*

\* \* \* \* \*

##### **8.0 Insufficient or Omitted Postage**

\* \* \* \* \*

##### **8.2 Omitted Postage**

###### **8.2.1 Handling Mail With Omitted Postage**

*[Revise the first sentence of 8.2.1 to read as follows:]*

Except under 8.4 matter of any class, including that for which extra services are indicated, received at either the office of mailing or office of address without postage, is endorsed “Returned for Postage” and is returned to the sender without an attempt at delivery. \* \* \*

\* \* \* \* \*

*[Revise the heading and text of 8.4 to read as follows:]*

##### **8.4 Counterfeit Postage**

###### **8.4.1 Definition**

Counterfeit postage is any marking or indicia that has been made, printed, or otherwise created without authorization from the Postal Service that is printed or applied, or otherwise affixed, on an article placed in the mails that indicates or represents that valid postage has been paid to mail the article.

###### **8.4.2 Handling Items With Counterfeit Postage**

Items found in the mail bearing counterfeit postage will be considered abandoned and disposed of at the discretion of the Postal Service.

\* \* \* \* \*

Tram T. Pham,

Attorney, Ethics and Legal Compliance.