Mailers Hub

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News

December 30, 2024

In this issue …

USPS Proposes Elimination of BPM, Higher Weight for Marketing Mail

In filings with the Postal Regulatory Commission on December 20, the Postal Service proposed to eliminate Bound Printed Matter as a classification of market-dominant mail and, separately, to increase the weight limit for Marketing Mail, ostensibly to accommodate most of what is currently sent as BPM.

BPM

In the Bound Printed Matter filing, docketed as MC2025-948, the USPS stated

> "This request is an effort by the Postal Service to simplify, streamline, and rationalize some of our market-dominant products and their pricing. This request would remove both the Bound Printed Matter Flats (BPM Flats) and Bound Printed Matter Parcels (BPM Parcels) products from the market-dominant product list. With their removal, the Package Services class will contain only two products, Alaska Bypass and Media/Library Mail.
>
> "The Postal Service also filed today a notice changing the weight limit for Marketing Mail, raising the maximum weight for the Marketing Mail Flats product to 20 oz., for all other flat-shaped pieces within Marketing Mail to 24 oz., and for the Marketing Mail Parcels product to 15 pounds. … The maximum weight for all Marketing Mail letter-shaped pieces will remain at 15.999 oz., i.e. letter-shaped pieces in Marketing Mail must still weigh less than 16 oz.
>
> "The increase in maximum weights in Marketing Mail is necessary for it to accommodate pieces currently sent as BPM Flats and BPM Parcels after those products are removed. …
>
> "Of course, appropriate prices, price categories, and requirements for the new, heavier weight Marketing Mail pieces do not yet exist, and so the Postal Service asks that these companion filings be made effective only upon the Commission's approval of new and expanded Marketing Mail prices in a future rate case, which the Postal Service plans for implementation no earlier than July 2025. …"

In its filing, the Postal Service stated that just over half of current BPM volume consists of "catalogs, directories, and other advertising or promotional material" that "would meet the content restrictions for Marketing Mail, but for the one-pound weight limit." Accordingly, it added,

> "… if the Postal Service were to increase the maximum weight of Marketing Mail to accommodate the catalog, advertising, and other promotional material currently sent as Bound Printed Matter, as it proposes to do, the BPM products would become duplicative. Removing them, and their associated prices and price structure, would simplify and streamline the overall structure of prices and products … ."

Presumably, the rest of BPM volume consisting of books would be mailable as Media/Library Mail or under one of the competitive product package categories. The USPS noted that it "would retain pricing flexibility within both Marketing Mail and Media/Library Mail to accommodate any market needs that might arise for those products with the removal of Bound Printed Matter … ."

Marketing Mail

In its BPM filing, the Postal Service stated how it planned to amend the rate structure for Marketing Mail to accommodate items now sent as BPM:

> "For pieces now sent as BPM Flats and BPM Parcels to be sent as Marketing Mail and Media Mail, it will, as discussed, be necessary to make changes to the Marketing Mail weight limit. However, there are differences between the available price categories for BPM Flats and BPM Parcels and the available price categories for Marketing Mail.
>
> "To accommodate all BPM pieces containing catalogs, advertising, and other promotional material within Marketing Mail, the Postal Service intends to make appropriate changes to the Marketing Mail pricing structure in a future rate case, the Commission's approval of which will, as requested above, make effective the changes to the market-dominant product list the Postal Service proposes here and the changes to Marketing Mail weight limitations it proposes in companion Docket No. MC2025-958.
>
> "Specifically, and to simply matters as much as possible, the Postal Service intends to create in Marketing Mail those price categories and structures that currently exist for BPM Parcels and BPM Flats but do not now exist in Marketing Mail.
>
> "For BPM Flats, this means the addition only of a price category for nonpresorted, single-piece flats. … Marketing Mail already has price categories for Carrier Route Flats at all dropship levels, and

it has price categories for presorted flats at all presort levels and dropship levels. ... There is a second, parallel table for nonprofit prices. … To accommodate the nonpresorted, single-piece BPM Flats in Marketing Mail, the Postal Service would add a 'Nonpresorted Flats' price category with no volume minimum.

"Creating the necessary price categories and structures within Marketing Mail for BPM Parcels is somewhat more involved. There is less overlap between the current prices categories and structures than there is between Marketing Mail and BPM Flats. Indeed, none of these current price categories for BPM Parcels currently exist in Marketing Mail Parcels.

"The Postal Service would, therefore, create these price categories within Marketing Mail Parcels … and it would create … the same price tables that now exist for BPM Parcels for both commercial and nonprofit pieces. This new group of prices the Postal Service intends to call *Heavy Printed Matter*, and it would apply to parcels formerly sent as BPM Parcels and flats heavier than 20 oz. (or 24 oz., as permitted by regulation), which will be sent as parcels. …

"In addition to these prices, the Postal Service also intends to create appropriate size requirements for Heavy Printed Matter parcels. The appropriate size requirements – a maximum of 108 combined length and girth – currently apply only to nonprofit machinable parcels and irregular parcels. The Postal Service would apply these requirement to Heavy Printed Matter parcels as well."

The separate filing to amend the weight and size standards for Marketing Mail was docketed as MC2025-958. Both filings are available from the PRC website under the December 20 daily listing.

Observations

Some users of Bound Printed Matter may oppose the proposal because of its potential impact on their mailing practices and costs, and those parties likely will make their objections known during the course of the PRC's review of the filings. In turn, this may cause conflicting opinions for mailer associations and affect their positions on the proposals.

From the standpoint of simplifying the Postal Service's product offerings, however, folding BPM into Marketing Mail makes sense. The idea had circulated during the "reclassification" efforts in the 1990s but was never pursued.

Importing the current BPM rate structure as-is into Marketing Mail is another matter. Given the hundreds of price cells already in Marketing Mail, adding BPM might be an opportunity to do simplification there as well. Of course, for those in USPS HQ responsible for assembling the next price filing, expected in early April for mid-July implementation, their plate may be full enough already.

Privatization – *Analysis*

As American politics veers again next year, one of the favored ideas that will re-emerge – as part of the broad push for "government efficiency" – will be the privatization of government services, replacing what the federal government does with the same or reduced services supplied by private sector companies.

The USPS

Likely to be on the list of potential privatization candidates would be the Postal Service. As a ubiquitous public sector employer of over 600,000 mostly unionized employees, it represents a juicy target for both conservative thinkers and private sector firms that could step into the agency's space.

However, the first question is whether the USPS, as an entirety, could be privatized. Most people would say no, given the diversity and scope of the agency's functions. For example, at the December 10 hearing of the House Committee on Oversight and Accountability, committee chair Rep James Comer (KY 1st) stated

"… when we talk about efficiency, especially members on this side of the aisle, we think of privatization. … The problem with that is nobody wants to deliver the mail to every house in America six days a week and to operate all those retail postal facilities. There's no private company in the world that wants that."

However, Comer noted, there were *some* private companies that could perform *some* functions.

If the package business is an example, that space is already populated by well-run, profitable, private sector companies operating an integrated end-to-end network. Postmaster General Louis DeJoy is trying hard to wedge the Postal Service into the package business, some say to the detriment of hard-copy mail. Regardless of his efforts, it's reasonable to consider that work to be largely privatized already – if being open to private sector competition is the key indicator.

That leaves traditional mail – letters and flats – on the table; moving that type of material is both operationally different than moving boxes and the *de facto*, if not statutory, bailiwick of the American post for 250 years. That activity and its associated functions likely are what is envisioned when talk turns to privatizing the Postal Service. Even then, however, it's not one homogeneous entity with inseparable components; rather, there are arguably five distinct parts: retail, processing, transportation, delivery, and services.

Retail

This public-facing element of a postal service is the essential point of access for non-commercial customers. As has been well documented in the appeals filed with the Postal Regulatory Commission when the USPS has sought to close a post office, communities, especially in rural areas, see having a postal retail outlet – whether a "real" post office (i.e., operated by Postal Service), or a contractor-operated facility – as a definition of identity and a critical connector to the world.

Aside from what's sold, there's nothing unique about the functions and staffing requirements of a postal retail facility, either, compared to any other store. (Any co-located delivery functions will be discussed below.) What *is* distinctive is that the majority of post offices aren't profitable; the infrastructure, operating, and personnel costs outweigh the revenue taken in across the counter.

Therefore, operating all 31,000-plus post offices isn't a commercially viable or attractive proposition. Privatization, if pursued, would self-limit to only those locations that would be profitable, with the rest retained by the government as a "public good" or essential public service. Offering additional services, whether government services or commercial products and services, might increase the viability of marginally profitable operations, but most would remain in the red.

Regardless, no politician hoping to ever get re-elected would support a measure that would negatively impact voters served by thousands of unprofitable, usually rural post offices.

Delivery

At the other end of the postal continuum is delivery to addressees, and this has "how" and "when" elements. Generally, the "how" is either the mail is brought to the addressee, e.g., by city or rural carrier, or the addressee picks it up, such as from a post office box or through general delivery or caller service (there's the link to retail).

Most people would argue that delivery requires not simply the ability to walk or drive from one point to another and match the mail to the address (though doing only that seems to be a challenge for some delivery novices). Rather, being entrusted with what the mail can contain requires a level of responsibility and accountability, as well as the commitment to ensure the mail actually is delivered to the right place.

Though, in theory, a private company could assemble a cadre of minimum wage workers to drop material in mailboxes, the delivery of mail is a core function of a postal service, at least in the view of most Americans, so privatization of delivery may not be what advocates should see as an initial venture.

Separately is the "when" and, for those seeking to improve "efficiency," that may be where more immediate opportunity lies. The requirement for *six-day* delivery was always an expectation of the Postal Service; it wasn't explicitly stated in the universal service obligation and only reflected in annual Congressional appropriation resolutions.

As the volume of mail has dwindled in recent years and the diversion of messages to electronic media has mushroomed, all while the number of delivery points has grown, the public perception that six-day mail delivery is essential has changed, and many surveys have found people would accept a lesser frequency. Unfortunately, the 2022 *Postal Service Reform Act* codified the six-day delivery requirement, so any change would require Congressional action – and overcoming the opposition of the carriers' unions.

Transportation

The privatization of transportation has already happened; moving mail between post offices and processing facilities has long been dominated by private sector transportation companies. Whether operating by road, rail, or air, contractors have demonstrated they can reliably and efficiently get the mail where it needs to go. Moreover, contractors can be held to performance standards prescribed by the Postal Service and paid based on competitive bidding.

Unfortunately, Postmaster General Louis DeJoy has begun to reverse that age-old arrangement, and is insourcing short-haul trucking to postal vehicle service drivers who are part of the American Postal Workers Union.

Contract drivers can be part-time or split-shift; career USPS employees have a fixed eight-hour schedule. Although the USPS won't reveal whether insourcing will reduce costs (many believe it won't), it will allow the USPS to find jobs for career workers – who, by contract, can't be laid off – if they become excess because of processing network realignments.

Processing

The mail processing network may be the area where the greatest opportunity exists for private companies.

First, private sector firms already exist that process mail: presort mailers and consolidators have the same equipment as postal facilities, work from the same distribution schemes, follow comparable dispatch schedules, and employ workers with tasks and skills similar to those of USPS employees.

Second, the cost of staffing a private mail processing operation would be lower. Wages and benefits aside, the complement of a private operation can be flexed by the hour, day, or other interval based on workload; other than a decreasing pool of temporary "pre-career" workers, postal staffing is inflexible.

Third, a private mail processing network does not require the construction of new facilities. Private companies like presort mailers and consolidators already have facilities, and contracted operation of existing postal facilities, run in compliance with USPS requirements, could be implemented incrementally based on the acquisition and training of workers.

Services

Most services provided by the USPS relate to the exceptional handling of mail under specific conditions, including accountable items and forwarded and returned mail. Being closely tied to retail and/or delivery, those would be left with the operator(s) of those functions, as would other services like mail tracking and address list maintenance.

Given concerns about privacy, access to the national address database would remain in USPS hands, though private parties would continue to be licensed to access the Postal Service's data and offer address list services.

Security would remain with the well-qualified US Postal Inspection Service and the USPS Office of Inspector General.

Adding it up

The foregoing analysis suggests a model in which the retail and delivery functions – the "First Mile" and "Last Mile" – might best remain as government functions while the "Middle Mile" could easily be outsourced to private companies.

Of course, the overarching question is whether that possibility is good public policy – which, in turn, is dependent on who is setting that policy and from which side of the political spectrum they draw their opinions about what can, should, or shouldn't be offered by the government vs private sector.

Though America has had a postal system operated by the federal government as a public good since 1775, there's no guarantee that a not-so-distant future shift in political thinking can't undo that for the benefit of private interests. Service to postal customers, already being subordinated by the PMG in the pursuit of an elusive self-sustaining Postal Service, likely would be pushed farther out of focus.

In turn, that begs another question: given the overall decline of hard-copy mail, and the decreasing use of postal retail and delivery channels, is there *any* long-term prospect of profit sufficient to draw the attention from private operators? As argued above, retail has only limited opportunity (a "maybe") and delivery and services have less (a "no").

However, the private sector has already established itself in transportation, and has the capability to easily expand into mail processing so, for those functions, the answer seems to be "yes." But check back next year.

Overseas

People on both sides of the privatization debate often refer to the situation in other countries – many of which have already tackled the issue and arrived at a wide variety of outcomes – then try to apply what another post did (or didn't) to the US.

(Elsewhere, what Americans would call "privatization" is called "liberalization" of the postal sector, usually because the government does not always completely privatize the country's post.)

The US, Canada, and Australia are the only developed countries without competition in the postal sector, while many less developed countries have already liberalized their posts.

The trend started in the European Union, where the market has been fully liberalized since 2013. In some countries, the government owns a share; in others, the shares are sold on the stock exchange.

Because there can be multiple postal operators, the one who provides government-sanctioned universal service is referred to as the "designated operator," the term used by the Universal Postal Union. (Sweden has no designated operator because none of the delivery companies would agree to the government's terms, yet mail delivery continues uninterrupted.)

Whether there is or isn't real competition varies greatly. Japan's law is so restrictive that competitors don't exist, but competition in the EU is real. Moreover, the competition is not always nationwide. Alternatives are more common in denser areas – cities and their environs. (What we call *suburbs* are not called that in all English-speaking countries; in some countries, sections of cities are called *suburbs*.)

What type and level of competition is allowed, and how it is permitted, varies greatly as well. One of the big issues is "downstream access." Generally that means access by competitors to PO boxes, cluster boxes, and addressees' mailboxes for delivery, and access to the address database, although it can be more complicated than that. Those that used to be the government postal operators have fought downstream access and generally lost.

Regulation also varies by country, although most of the developed countries have instituted regulatory control over all companies in the delivery sector – largely similar to how the US regulates telecommunication companies.

In any case, looking at other countries' posts, there are many models of successful and less successful ways to open the postal sector. None of them have privatized the postal service as a monopoly, although Japan comes close. Some of the designated operators have been or have become profitable. Post Nord in the Scandinavian countries, Swiss Post, and Deutsche Post do well. Some have been the source of controversy for financial mismanagement (Japan Post again) or mismanagement of how the government divested the postal service (the UK), although there are other countries with those problems.

Collectively, what the other posts show is a broad-brush alternative way to liberalize – privatize – the Postal Service, if that idea gains traction here.

Instead of segmenting the USPS, as discussed earlier, it could be rechartered within a liberalized, regulated sector, with a simplified structure of prices, rules, and service offerings.

Private sector competition would be allowed in the sector as well, and there would need to a "designated operator" of a national post. However, the services essential to the universal service obligation (if defined as universal delivery and retail access) likely would have to be retained (and funded) by the government.

Alternatively, the national service itself could opened to the private sector, with the "designated operator" chosen by competitive bid every few years. (In any case, for privacy reasons, the national address database would be retained as a separate government resource, with access by licensed service providers, as is done now.)

No matter what would be done, there would still need to be some form of USPIS or OIG to watch over the "sanctity of the mail" and keep the entrepreneurial types mostly honest.

Nothing soon

Regardless of which form of privatization – or liberalization – might emerge as the shiny object for proponents, the easier part might be drafting a proposal.

As has been seen in virtually every significant change to government operations – changes that involve legislative action – developing a consensus around a workable outcome would be the real challenge. Looking back at the major postal legislation in the US – in 1970, 2006, and 2022, for example – the legislative process is driven by competing interests, with the outcome decided not on its merits, but who had the greatest influence and how the horse-trading of provisions worked out. And, again referring back to the same examples, whatever might be done the first time likely would require amendment after amendment.

Therefore, even if political zealots focus on the USPS next year, don't throw away your Forever stamps. Major changes to the Postal Service may take a long time – if ever – to be agreed upon, and longer still to be implemented.

Thanks to Merry Law, Mailers Hub's expert consultant on international mail, for contributing to this article.
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OIG Audit Finds Substantial Impact from LTO

One of the more controversial changes being implemented by Postmaster General Louis DeJoy as part of his 10-Year Plan is the elimination of afternoon collection trips from outlying post offices to processing centers.

The “Local Transportation Optimization” initiative (most recently rebranded as “Regional Transportation Optimization”) was introduced in October 2023 in the service area of the Richmond (VA) regional processing and distribution center, the nation’s first RPDC. Advocated by the PMG as a means to minimize empty trucks, run fewer trips, and reduce transportation costs, opponents cite the impact on service, especially in the usually rural areas that LTO impacts.

To provide an objective assessment, a review was conducted by the Postal Service’s Office of Inspector General, and detailed in an audit report, *Network Changes: Local Transportation*, released December 18. As described by the OIG:

> “The initiative is designed to reduce the number of transportation trips to and from select post offices from two or three trips per day to one trip per day. The Postal Service will no longer transport originating mail to the processing facilities the same day it is collected at the “LTO optimized” offices. Instead, the mail will remain at the affected offices until the next day for morning pickup, delaying mail being introduced into sorting operations at the processing facilities.”

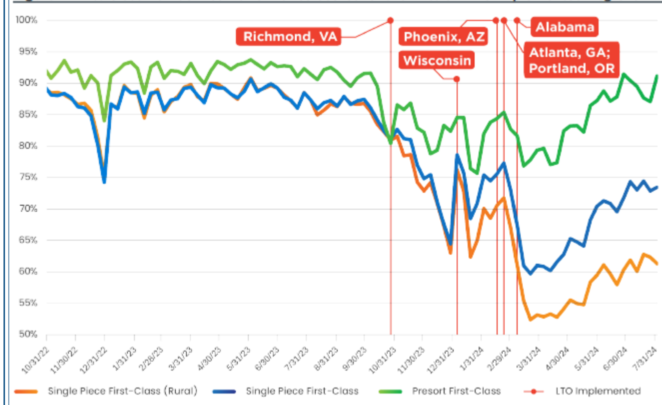
The OIG added that, as of June 2024, LTO was in place in these areas:

Location	Date Implemented
Richmond (VA)	October 28, 2023
Wisconsin	January 8, 2024
Phoenix (AZ)	February 20, 2024
Atlanta (GA)	February 24, 2024
Portland (OR)	February 24, 2024
Alabama	March 11, 2024
Mid-Hudson (NY)	May 6, 2024
Santa Clarita (CA)	June 3, 2024
Columbus (OH)	June 24, 2024
Boise (ID)	July 15, 2024
Tulsa (OK)	July 29, 2024
Santa Barbara (CA)	July 29, 2024
New Orleans (LA)	August 12, 2024
Palatine (IL)	August 26, 2024
San Bernardino (CA)	August 26, 2024

Findings and recommendations

- **“Finding #1: Service to Customers**. Delaying the transportation of mail at the LTO impacted offices resulted in an overall decrease in service to the American public served by these facilities. We analyzed the service performance data of the originating First-Class Mail for the first six LTO regions with 1,542 optimized offices implemented through March 2024. While service performance can be impacted by many variables, a decrease in service performance for both Single Piece and Presort First-Class Mail followed the LTO implementation. Additionally, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail. As of July 2024, Presort First-Class Mail service performance nearly returned to pre LTO levels, while Single Piece First Class Mail service performance had not recovered (see Figure 2). Most presort mail is inducted directly at the processing plants instead of the local offices, and therefore, the impact to service performance for presort mail was minimal.

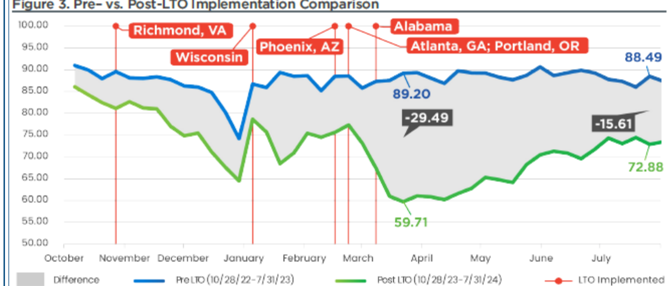
Figure 2. First-Class Mail Service Performance Scores for the First Six LTO Implemented Regions



Source: OIG analysis of service performance data provided by the Postal Service.

“Figure 3 compares Single Piece First-Class Mail for service performance pre– and post-LTO implementation. Pre-implementation (or same period last year) shows the service performance was consistent throughout. However, post-implementation shows the service performance experienced a significant decline to the lowest point of a 29.49-point reduction in service. As of July 2024, Single Piece First-Class Mail service performance remained at 15.61 points below pre-LTO implementation levels, reflecting the impacts of the LTO initiative on service.

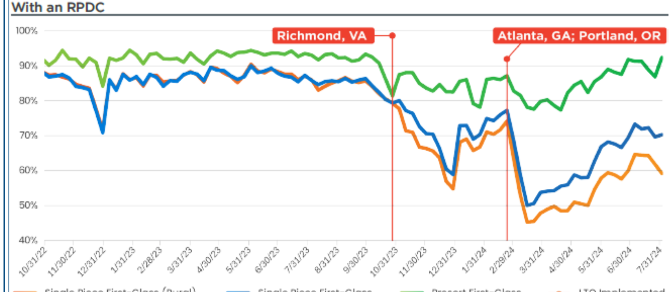
Figure 3. Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

“A prior OIG report that reviewed LTO impacts in Richmond, VA, indicated that by implementing the LTO initiative simultaneously with the first RPDC, the OIG and Postal Service were not able to identify the specific service and cost impacts. To determine whether there was a greater service performance impact for those locations associated with an RPDC, we compared service performance for LTO-impacted facilities associated with an RPDC and without an RPDC. The comparison showed that service performance scores were not significantly different for the two situations (see Figure 4 and Figure 5 [next page]).

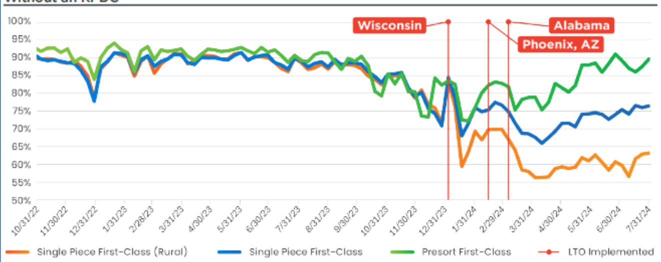
Figure 4. First-Class Mail Service Performance Scores for Three of the LTO Implemented Regions With an RPDC



Source: OIG analysis of service performance data provided by the Postal Service.

“We also found the Postal Service had not adequately informed the public that, of the 4,455 total offices in the LTO implemented

Figure 5. First-Class Mail Service Performance Scores for Three of the LTO Implemented Regions Without an RPDC



Source: OIG analysis of service performance data provided by the Postal Service.

regions, 2,456 (or 55%) were optimized as of August 2024 (see Table 5).

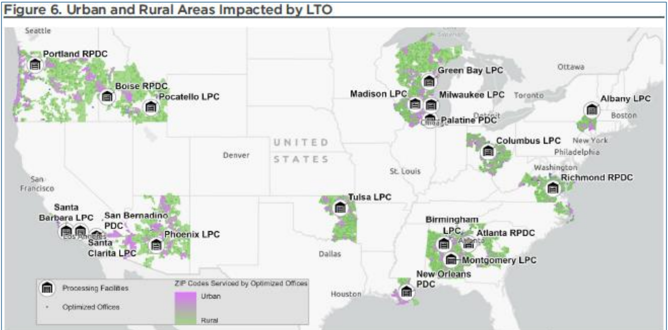
Table 5. Optimized, Exempted, and Non-Optimized Offices

LTO Region	LTO Optimized Date	Optimized Offices	Exempted Offices	Not Optimized Offices	Total Offices	Percent (%) Optimized Offices
Alabama	3/11/24	264	10	174	448	59
Atlanta, GA	2/24/24	228	15	315	558	41
Boise, ID	7/15/24	110	6	58	174	63
Columbus, OH	6/24/24	262	22	139	423	62
Mid-Hudson, NY	5/6/24	180	16	21	217	83
New Orleans, LA	8/12/24	56	4	57	117	48
Palatine, IL	8/26/24	68	3	73	144	47
Phoenix, AZ	2/20/24	119	6	83	208	57
Portland, OR	2/24/24	226	11	191	428	53
Richmond, VA	10/28/23	316	10	177	503	63
San Bernardino, CA	8/26/24	32	32	83	147	22
Santa Barbara, CA	7/29/24	21	19	30	70	30
Santa Clarita, CA	6/3/24	1	2	68	71	1
Tulsa, OK	7/29/24	184	3	79	266	69
Wisconsin	1/8/24	389	16	276	681	57
Total		2,456	175	1,824	4,455	55%

Source: OIG analysis of the Postal Service LTO optimization data.

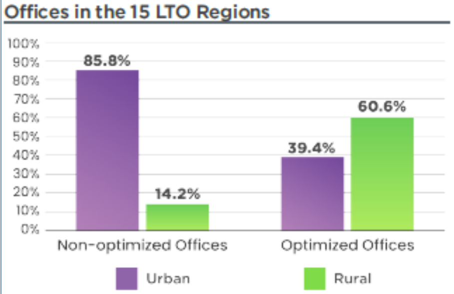
"The LTO implementation affected 4.5 million households and businesses (see Figure 6), and 60.6% of the total population affected by optimized offices was considered rural (see Figure 7 and Appendix D for additional information on the methodology).

Figure 6. Urban and Rural Areas Impacted by LTO



Source: OIG analysis of the Postal Service LTO optimization data.

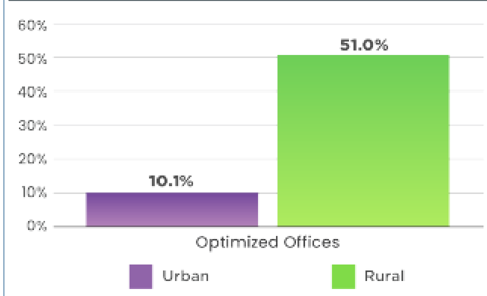
Figure 7. Percent of Urban and Rural Population Impacted by Optimized and Non-Optimized Offices in the 15 LTO Regions



Source: OIG analysis of the Postal Service LTO optimization, service ZIP Codes, and 2020 census data.

"To determine whether the rural population was disproportionately impacted compared to the urban population, we analyzed the percent of each population impacted in the 15 LTO regions compared to the total of each population type in those regions. Based on our analysis, the disparate impact to the rural population was about five times more than the urban population (see Figure 8, and Appendix D for additional information on the methodology).

Figure 8. Percent of Urban vs. Rural Population Impacted by LTO in the 15 Regions



Source: OIG analysis of the Postal Service LTO optimization, service ZIP Codes, and 2020 census data.

"Postal Service local personnel and management stated that customers were not informed about the LTO changes and its impact on mail delivery originating from their area. The Postal Service internal document dated October 25, 2023, only updated the call center automated message, which stated, 'Due to transportation changes at our facility, all mail and packages dropped today will be sent on the first dispatch tomorrow morning. We do not expect any impact to customer service from this change, as our transportation remains aligned to meet our published mailing and shipping product service standards.' The automated message did not state whether the changes were temporary or permanent, and the Postal Service did not conduct any additional customer outreach. …

"… As a result of LTO, customers experienced delays in their mail delivery, and customer complaints increased at 14 of the 20 impacted offices. In some cases, local Postal Service personnel at optimized offices redirected customers to a nearby non-optimized post office to ensure on-time delivery of their mail. …"

The OIG offered one recommendation:

"… conduct outreach to affected customers notifying them of the changes to optimized offices and impacts to service."

The OIG noted that "Management disagreed with finding 1 but agreed with recommendation 1."

- "**Finding #2: Mail Security.** We judgmentally selected 26 LTO optimized offices to conduct observations and interview local Postal Service personnel between September 3, 2024, and September 5, 2024. We found the Postal Service implemented consistent safeguards to protect the security of the mail held overnight [and] personnel secured the mail overnight for the morning pickup, as communicated internally by management on October 25, 2023. …

  "The optimized offices we visited stated that they received training or information ahead of implementation, and expectations for the new processes were communicated to local personnel. As a result, customers serviced by the 20 optimized offices we visited can be assured that the mail is safe and secure while waiting for the next day pickup. Because of this, we are not making a recommendation for the mail security in optimized offices."
- "**Finding #3: Expected Cost Savings.** The Postal Service cannot effectively calculate, record, and track costs and savings related to the LTO initiative. Specifically, we found that management did not establish a process to accurately track optimized and non-optimized offices to determine the cost savings. During our audit, we requested a list of LTO optimized and non-optimized offices.

  "While management provided multiple lists during our audit, we identified discrepancies with these lists, including offices listed as both optimized and non-optimized. … We received updated lists of LTO optimized and non-optimized offices on September 16 and 23, 2024, and we continued to identify inaccuracies in the information provided.

"Further, we initially asked on August 13, 2024, for the cost savings information. On August 22, 2024, management stated that the Finance group had not yet validated the data, even though the first LTO implementation was initiated almost 10 months prior in the Richmond, VA, region October 28, 2023. Management also stated it did not perform a cost savings analysis. Management subsequently provided the summary level transportation expenditures for the 15 LTO regions September 26, 2024.

"A primary goal of the Delivering for America plan is to cut transportation costs. The Postal Service revised the estimated savings from $1 billion to $651 million but could only provide OIG with estimated transportation expenditures for the optimized offices. … Based on the information provided, we noted the Postal Service's overall transportation expenditures increased by $7.13 million for the 15 LTO implemented regions. Based on the information provided, we noted the Postal Service's overall transportation expenditures increased by $7.13 million for the 15 LTO implemented regions.

Table 6. LTO Region Specific Transportation Expenditure Comparison

Description	LTO Region	Pre LTO-Expenditure - SPLY ($Million)	Post LTO - Expenditure ($Million)	Increase or Decrease ($Million)
LTO	Alabama	$11.67	$12.21	$0.54
LTO	Mid-Hudson	0.69	1.27	0.58
LTO	New Orleans	1.40	1.00	(0.40)
LTO	Palatine	2.40	2.60	0.20
LTO	Phoenix	26.10	28.00	1.90
LTO	San Bernardino	2.00	2.00	0.00
LTO	Santa Barbara	2.42	1.96	(0.46)
LTO	Tulsa	1.30	1.50	0.20
LTO	Wisconsin	30.80	30.20	(0.60)
LTO Subtotal		$78.78	$80.74	$1.96
LTO/LRO	Columbus	10.70	11.00	0.30
LTO/LRO	Santa Clarita	8.80	4.60	(4.20)
LTO/LRO Subtotal		$19.50	$15.60	$(3.90)
LTO/RPDC	Atlanta	50.60	61.60	11.00
LTO/RPDC	Boise	1.01	1.38	0.37
LTO/RPDC	Portland	22.70	20.60	(2.10)
LTO/RPDC	Richmond	43.30	43.10	(0.20)
LTO/RPDC Subtotal		$117.61	$126.68	$9.07
Grand Total		$215.89	$223.02	$7.13

Source: OIG analysis of the transportation expenditures provided by the Postal Service September 26, 2024.

"Management stated that while the initial expenditures had increased, the additional expenses may be a result of multiple initiatives for six of 15 regions where Local Route Optimization (LRO) and RPDC implementations accompanied the LTO initiative. … Management also stated that the Atlanta RPDC experienced implementation issues, and it had to use unplanned and costly emergency transportation contracts and hire additional personnel that added to the overall expenditures. It further stated that these costs will stabilize once the implementation matures and generates transportation savings. …

"Additionally, management stated they developed a new model for transportation optimization and estimating cost savings and have been using the model since September 2024. The focus of the model is to perform a comparison of a baseline to the planned optimized transportation including weekly and annual miles, trip stops, driver hours, layover hours and trip cost. However, management informed us that they do not calculate or track the actual cost savings for LTO implementation."

The OIG offered one recommendation:

"… develop and maintain detailed documentation outlining the cost savings resulting from the Local Transportation Optimization implementation for each region and include a comparison to planned savings."

The OIG added that "Management agreed with finding 3 and recommendation 2."

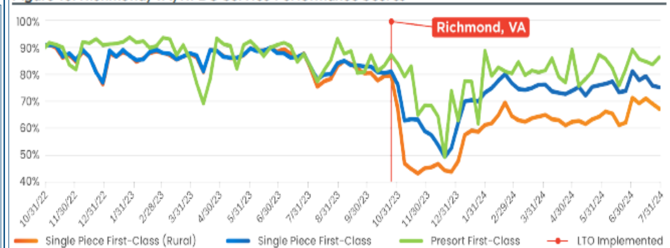
Appendix C

In Appendix C, the OIG graphed the "Impact on Processing Facilities Service Performance Scores for LTO Regions Through March 2024":

"Richmond, VA. The Postal Service's first LTO effort was in the Richmond, VA, surrounding area. The Richmond, VA, RPDC opened in July 2023, and there was a small drop in performance for First-Class Mail in August and September. However, service performance for both Single Piece and Presort First-Class Mail dropped substantially after LTO implementation starting on October 28, 2023, with 316 optimized offices. The period from November and December was also during the peak season with the new RPDC structure. The service performance scores have since recovered, but they generally remain below where service was before LTO implementation.

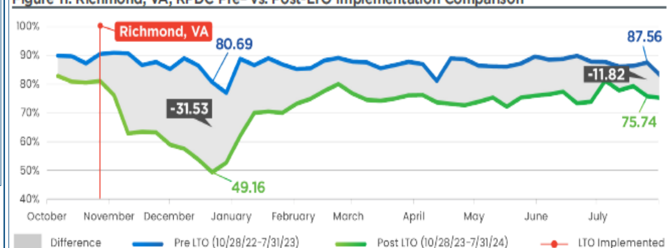
"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (see Figure 10). The Single Piece First-Class Mail service performance score for the Richmond, VA, RPDC declined by 31.53 points to the lowest point of 49.16% in December 2023, when compared to the same period last year (SPLY) (Fig. 11).

Figure 10. Richmond, VA, RPDC Service Performance Scores



Source: OIG analysis of service performance data provided by the Postal Service.

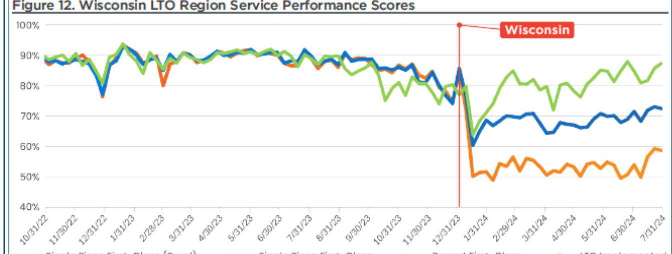
Figure 11. Richmond, VA, RPDC Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

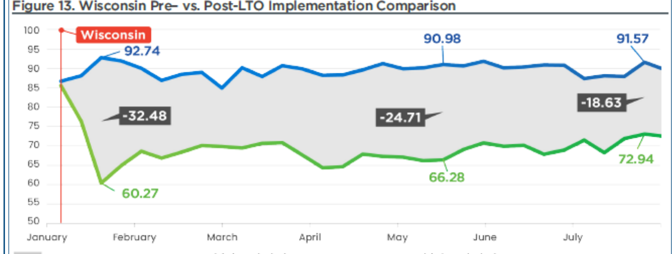
"Wisconsin. The Postal Service implemented LTO in the Wisconsin area on January 8, 2024, with 389 optimized offices around the Green Bay, Madison, and Milwaukee processing facilities. We noted a decrease in service performance for both Single Piece and Presort First-Class Mail following LTO implementation.

Figure 12. Wisconsin LTO Region Service Performance Scores



Source: OIG analysis of service performance data provided by the Postal Service.

Figure 13. Wisconsin Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

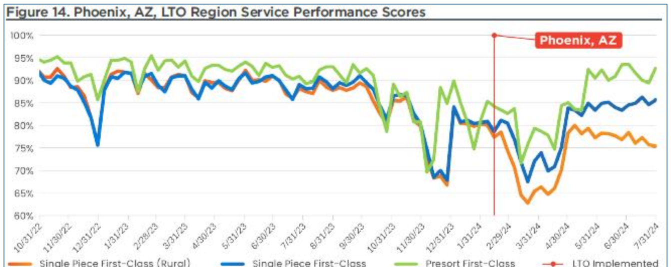
"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (Figure 12). In January 2024, the Single Piece First-Class Mail service performance score for the Wisconsin area declined by 32.48 points to the lowest point of 60.27%, when compared to SPLY (Figure 13).

"A winter storm in Wisconsin during the two weeks starting January 9, 2024, possibly accounts for the 60.27% score that week. However, service performance scores for Single Piece First-Class Mail have yet to recover to pre-implementation scores.

"**Phoenix, AZ.** The Postal Service implemented LTO in Phoenix, AZ, on February 20, 2024, with 119 optimized offices. We noted a decrease in service performance for both Single Piece and Presort First-Class Mail following LTO implementation.

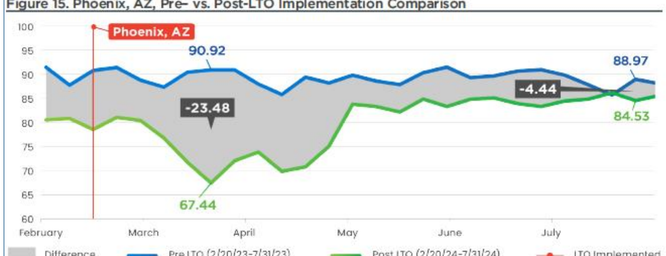
"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (see Figure 14). In March 2024, the Single Piece First-Class Mail service performance score for Phoenix, AZ, declined by 23.48 points to the lowest point of 67.44%, when compared to SPLY (see Figure 15).

Figure 14. Phoenix, AZ, LTO Region Service Performance Scores



Source: OIG analysis of service performance data provided by the Postal Service.

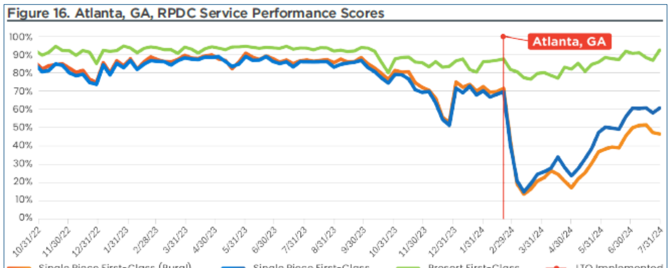
Figure 15. Phoenix, AZ, Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

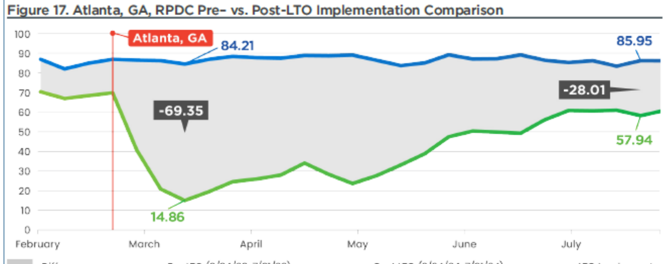
"**Atlanta, GA**. The Postal Service implemented LTO in Atlanta, GA, on February 24, 2024, the same as the 'go live' date for the

Figure 16. Atlanta, GA, RPDC Service Performance Scores



Source: OIG analysis of service performance data provided by the Postal Service.

Figure 17. Atlanta, GA, RPDC Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

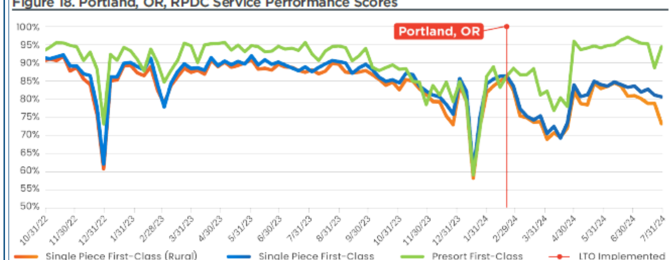
Atlanta, GA, RPDC, with 228 optimized offices. We noted a decrease in service performance for both Single Piece and Presort First-Class Mail following LTO implementation.

"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (see Figure 16). In March 2024, the Single Piece First-Class Mail service performance score for Atlanta, GA, declined by 69.35 points to the lowest point of 14.86%, when compared to SPLY (see Figure 17).

"**Portland, OR.** The Postal Service implemented LTO in Portland, OR, on February 24, 2024, with 226 optimized offices. The Portland, OR, RPDC also went 'live' on the same date that LTO was implemented. We noted a decrease in service performance for both Single Piece and Presort First-Class Mail following LTO implementation.

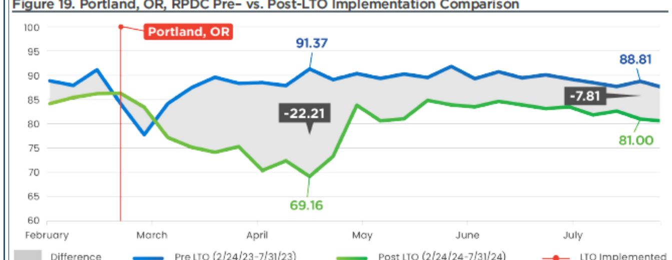
"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (see Figure 18). In April 2024, the Single Piece First-Class Mail service performance score for the Portland, OR, RPDC declined by 22.21 points to the lowest point of 69.16%, when compared to SPLY (See Figure 19).

Figure 18. Portland, OR, RPDC Service Performance Scores



Source: OIG analysis of service performance data provided by the Postal Service.

Figure 19. Portland, OR, RPDC Pre- vs. Post-LTO Implementation Comparison



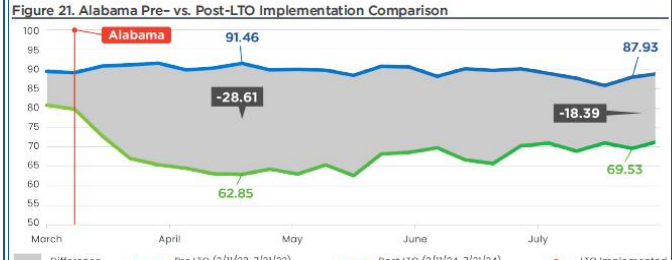
Source: OIG analysis of service performance data provided by the Postal Service.

"**Alabama.** The Postal Service implemented LTO in Alabama on March 11, 2024, with 264 optimized offices around the

Figure 20. Alabama LTO Region Service Performance Scores

Source: OIG analysis of service performance data provided by the Postal Service.

Figure 21. Alabama Pre- vs. Post-LTO Implementation Comparison



Source: OIG analysis of service performance data provided by the Postal Service.

Birmingham and Montgomery processing facilities. We noted a decrease in service performance for both Single Piece and Presort First-Class Mail following LTO implementation.

"Additionally, with the LTO implementation, the rural population experienced a greater decline in service performance for Single Piece First-Class Mail (See Figure 20). In April 2024, the Single Piece First-Class Mail service performance score for the Alabama LTO region declined by 28.61 points to the lowest point of 62.85%, when compared to SPLY (See Figure 21)."

Appendix D: Urban and Rural Population

"To determine the urban-rural populations for optimized and non-optimized offices for the 15 LTO regions, we used the delivery point ZIP Codes from the Address Management System. We also obtained the urban-rural populations by ZIP Code using the 2020 census data. We analyzed the delivery point ZIP Codes for the optimized and non-optimized offices and used census data to determine the percentage impact on urban-rural populations. We determined that out of the total 9.2 million population serviced by the LTO optimized offices, about 5.6 million (or 60.6%) were rural, and 3.6 million (or 39.4%) were urban that were impacted by the LTO implementation (see Table 8).

Table 8. Urban and Rural Populations Impacted by Optimized and Non-Optimized Offices

Optimization Level	Population Urban	Population Rural	Total	Percent Urban	Percent Rural
Non-Optimized Offices	32,488,929	5,363,046	37,851,975	85.8	14.2
Optimized Offices	3,630,605	5,578,956	9,209,561	39.4	60.6
Total	**36,119,534**	**10,942,002**	**47,061,536**	**76.7**	**23.3**

Source: OIG analysis of the Postal Service LTO optimization, service ZIP Codes, and 2020 census data.

"Additionally, we analyzed the percent of each population impacted in the 15 LTO regions compared to the total of each population type (urban-rural) in those regions. We used the disparate impact methodology for our analysis to determine the impact for the rural population. Our analysis shows that about 5.6 million (or 51.0%) of the 10.9 million rural population was impacted by LTO implementation. However, only about 3.6 million (or 10.1%) of the 36.1 million urban population was impacted by LTO implementation."

Observations

For both those who support the PMG's initiatives in pursuit of USPS self-sufficiency and those who find his goal at odds with the Postal Service's essential and primary function to provide *service*, the OIG's report, and the bare data that's shown in the charts above, illustrates just how severely his initiative has impacted service, especially in rural areas.

Though DeJoy highhandedly dismisses this as a "price that has to be paid" to enable cost savings, the growing imbalances – between cutting cost and preserving service, and between the consequences for urban and rural customers – argue for a review of whether the initiative's claimed benefits are worth the harm it's causing. That DeJoy has remained stubbornly committed to LTO further reflects his dismissiveness toward "resistance": anyone in Congress, the industry, or the public who doesn't embrace his strategy.

Moreover, while the PMG's acolytes continue to shill the virtues of LTO – or RTO – and minimize the impact of decreased service the program imposes, they haven't even bothered to ensure that the allegedly critical financial benefits are being realized. As the OIG noted, the USPS failed to "establish a process to accurately track optimized and non-optimized offices to determine the cost savings," as if simply predicting savings would be all that was needed.

Meanwhile, a related Postal Service request for yet another round of service standard reductions is in process at the Postal Regulatory Commission. As the PMG has stated, "there's an overwhelming propensity for us to move forward" with implementing those changes.

Taken together, the LTO and reduced service standards gut the notion of postal *service*, and call out to Congress to do what Sen Josh Hawley said he would do: kill The Plan.

USPS Connect Local Mail Approved as Permanent Product

In an order issued December 20, the Postal Regulatory Commission approved making USPS Connect Local Mail a permanent product offering.

A long struggle

As the commission described it,

"USPS Connect Local Mail is a derivative of First-Class Mail that functions as an alternative to long-distance, end-to-end mailing for use by business mailers who wish to send mail locally with regular frequency."

The PRC originally authorized a market test of USPS Connect Local Mail on January 4, 2022 (Docket MT2022-1); the test was later extended to run through January 9, 2025. The Postal Service had twice previously filed to make USPS Local Mail a permanent product but both were denied as premature. Nonetheless, in its October 3 request, the Postal Service claimed that the market test had "proven successful."

Though the product has generated business, calling it "successful" may be a stretch and, so far, it's far from breaking even. Reports required of the Postal Service over the eleven quarters of the market test (January 2022 through September 2024) showed total volume of 31,356 pieces, and total revenue of $92,500.20, but $64,965.16 in attributable costs and "start-up" costs of $626,184.00.

About 94% of the product's total attributable and start-up costs occurred over the test's first year but, even so, since then (over the ensuing seven quarters), its revenue has covered only 40% of its total costs – not exactly "successful."

In its order, the commission stated other concerns:

- "the Postal Service had only provided very limited information on the product's financial performance,"
- "the data that were presented suggested tenuous financial stability for the product,"
- "the Postal Service's plan to aggregate much of the carrier base into new sort and delivery centers introduces further uncertainty, as that plan will redefine which facilities are available for customer drop-off," and
- "the Postal Service had not experimented with the price point of USPS Connect Local Mail and therefore did not know whether a different price would increase revenues."

Though the USPS had sought to ally these concerns, the PRC stated that it "remains concerned that the USPS Connect Local Mail product will prove a success."

Nevertheless, the commission concluded that the filing complied with statutory requirements and, therefore, granted the Postal Service's Request, conditioned on two reporting requirements.

OIG Faults Oversight of Parcel Select Shipments

Decades ago, to reduce costs, the Postal Service began relying less on people than automated systems to perform revenue protection, the basic task of monitoring mailings and the mailstream to ensure that the correct postage is paid and that items meet the applicable mailing standards.

An illustration of a situation in which revenue protection did not occur is *Postal Service Oversight of Parcel Select*, an audit report released by the USPS Office of Inspector General on December 19. As stated, the OIG's objective was

> "… to evaluate the Postal Service's oversight of contractual and policy requirements and revenue collection for Parcel Select. We interviewed staff, conducted site visits, and analyzed 9 billion Parcel Select packages shipped from October 2021 to July 2024."

Background

As the OIG explained,

> "Parcel Select is the largest Postal Service package offering by volume, with more than 3 billion packages shipped in fiscal year (FY) 2023, generating more than $10 billion in revenue. Parcel Select is the Postal Service's lowest-priced package product, and it caters to consolidators and large shippers. To use the product, shippers must aggregate, presort, and palletize packages then drop them off in bulk at postal facilities – a process known as dropshipping. Shippers must drop the pallets at specific postal plants or post offices close to the delivery point. The Postal Service delivers the packages the "last mile" to the recipient at the final destination … .
>
> "Parcel Select policies establish a range of location-based pricing categories, dependent upon where the shipper will drop the package. …
>
> "… The maximum allowable weight is 70 pounds. Packages also must not exceed dimensions of 130 inches (length plus 'girth'). Any package exceeding the maximum weight or size is considered nonmailable, and the Postal Service should hold the package for customer pickup for up to 14 days instead of delivering it. Overweight and oversized packages are subject to a $100 fee unless they are picked up at the same facility where they were entered or initially dropped.
>
> "The vast majority of Parcel Select revenue comes from the largest shippers, which have custom contracts or NSAs for special pricing and terms of service with the Postal Service. Parcel Select NSAs are complex, with dozens of provisions that vary by shipper. Large NSAs generally include volume-based pricing, allowing shippers to qualify for a lower pricing 'tier' based on their shipping volume during a previous quarter or year. Each NSA is unique, and shippers may negotiate special provisions, such as waiving some of the standard fees for larger packages. …"

Findings and recommendations

- "**Finding #1: Postal Service Evaluated Contract Commitments**. … We found that the Postal Service conducted quarterly reviews and audits to assess volume commitments and other provisions for its four largest Parcel Select agreements. … The Postal Service also completed quarterly internal audits, led by the Revenue Evaluation team, that checked whether each customer's volume-based rates were correctly applied in the Postal Service's systems. …"

The OIG made no recommendations, and noted that "management agrees with the finding."

- "**Finding #2: Failure to Detect Incorrect Dropshipment Location**. The Postal Service failed to identify an estimated 45.4 million Parcel Select packages that were manifested to a specific DDU, but dropshipped at a different DDU or a plant during our scope period. … Those unidentified mis-shipped packages did not qualify for Parcel Select pricing and should have received postage adjustments. This occurred because the Postal Service lacked adequate controls to enforce its location-based dropshipment requirements.

  "DDUs lacked an automated process to identify packages that were dropped at the wrong location to then apply mis-shipped scans. … As a result, the Postal Service did not collect the additional postage owed for unidentified mis-ships and it added more manual processing time to the already heavy workloads of DDU clerks. …

  "While the Postal Service verified that pallets were dropped correctly at plants, there were no mechanisms in place to identify individual DDU packages that were dropped at plants in error. … As a result, the Postal Service failed to collect the additional postage owed for packages manifested at the DDU rate but dropped at plants. …

  "The Postal Service programmed its system-generated acceptance scans in PTR in a way that does not reliably indicate where the Postal Service physically took custody of a package. … The Postal Service did not design an automatic process to identify mis-shipped packages and flag them for eVS postage adjustments. As a result, the Postal Service did not collect all the postage it was owed for mis-shipped packages. …"

The OIG issued five recommendations:

- "… program Destination Delivery Unit scanners to automatically identify mis-shipped packages dropped at the facility in error.
- "… program the package tracking software to automatically apply mis-shipped scans to packages drop-shipped at plants but manifested at a rate associated with a different type of facility.
- "… communicate procedures to identify containers of mis-shipped packages at plants until equipment or systems can identify these packages.
- "… develop a reliable software-based indicator that identifies where and when the Postal Service first took custody of a package.
- "… design and implement the USPS SHIP system to analyze package data that identifies Parcel Select packages dropped at the wrong location and flags them for additional postage due."

The OIG added that "

> "Management agreed with recommendations 1, 3, 4, and 5 but disagreed with recommendation 2 and with portions of the monetary impact. Regarding the finding, management subsequently clarified in separate correspondence that it generally agreed with the finding."

- "**Finding #3: Postal Service Delivered Packages That Exceeded Weight and Dimension Limits**. The Postal Service's system indicates that it delivered 80,781 Parcel Select packages dropped at DDUs that shippers manifested as overweight or oversized during our scope period. … Deliveries of nonmailable packages occurred because Postal Service policies regarding overweight and oversized packages were not enforced.

  "... Although management provided instructions to collect fees for nonmailable packages, the process is infrequent and requires judgment that is prone to human error. Further, management and staff at these units also made delivering all packages one of their highest priorities, and without an automated process, they incorrectly delivered items without collecting fees.

"Additionally, the Postal Service did not provide specific instructions for identifying, measuring, and further handling of these packages. Staff generally relied on visual inspection to determine whether packages exceeded the mailable limits … ."The OIG offered three recommendations:

- "… enforce the nonmailable package fee collection policy by implementing an automated fee collection system for nonmailable packages dropped at Destination Delivery Units, or implementing an alternative solution.
- "… issue clear instructions to delivery units regarding how to identify and handle packages over mailable limits.
- "… evaluate whether the $100 overweight/oversized fee policy is sufficient to deter shippers from dropping nonmailable packages."

The OIG further reported that

"Management agreed with recommendations 6, 7, and 8, and with portions of the monetary impact. Regarding the finding, although management initially raised concerns with our data reporting and monetary impact forecasting, it subsequently clarified that it agreed with the finding."

Observations

The Postal Service should be embarrassed – and motivated to act correctively – that the OIG can repeatedly find situations in which procedures aren't followed, or the required actions aren't taken, because of a lack of training or managerial oversight.

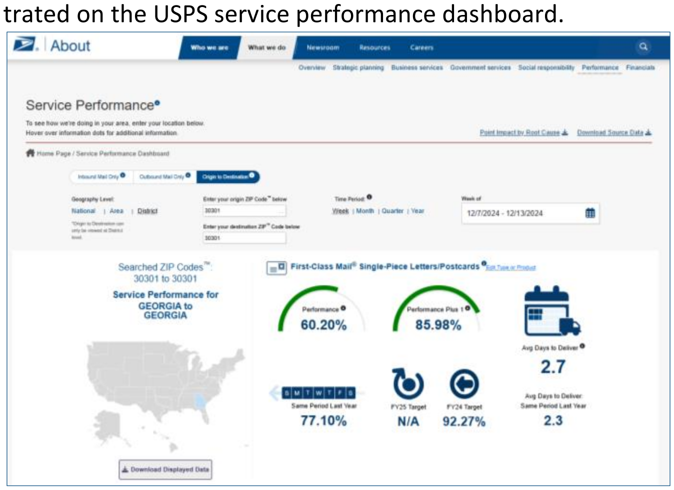
In this report, the amount of revenue that the USPS failed to collect was redacted but, if the size of the obscuring block is an indication, it was in three-figures of "millions," which wasn't redacted.

If the Postal Service's belief is still that humanly-performed revenue collection isn't cost-effective, ratepayers making up the lost revenue might differ. Had the USPS invested even a few million in revenue protection training, personnel, and management, it might have prevented losing a lot more.

Georgia Struggles Continue

Though it's been ten months since it opened, the Atlanta Regional Processing and Distribution Center continues to draw attention because of the poor service performance continuing to plague the Georgia District.

Though service scores have risen from the 30% range earlier this year, some still remain well below both last year and the national targets established by the Postal Service, as illustrated on the USPS service performance dashboard.



The example above is for a piece of single-piece First-Class Mail – such as a bill payment – moving between two addresses in ZIP Code 30301, an area of only a few blocks in the heart of downtown Atlanta. According to the USPS data, it would take 2.7 days, on average, for the item to be delivered, representing an on-time service score of barely 60%.

Service for Presort First-Class Mail is better, and better still – in the 90%+ range – for Marketing Mail, but those two types of mail need less handling by the USPS. Regardless, the mail sent by individual customers is what's generating complaints about poor service – and getting the attention of lawmakers, and was evident in the heated exchanges between Postmaster General Louis DeJoy and Georgia legislators during Senate and House hearings earlier this month.

USPS service remains a frequent topic on local TV news as well, as evidenced by a December 19 segment on Atlanta's *WXIA*. According to the report, "sources inside the facility point to ongoing problems with space," a problem identified in the past, including in an audit report issued last August by the USPS Office of Inspector General.

The reporter also found "long lines of trucks" awaiting their turn to unload – another problem identified previously – with one driver saying it took eight hours for his shipment to be unloaded at the facility.

A USPS spokesperson responded that mail is "being processed timely." However, all "pre-career" workers were mandated to work Christmas eve, Christmas day, New Year's eve, and New Year's day, suggesting there may be a backlog to clear. In that regard, a postal representative said the agency was simply "flexing" its workforce. Whether there are enough flexible-schedule employees is another matter.

PRC Issues Order on USPS Flats Plan

They say there are only two certainties in life: death and taxes. For the Postal Service, there seems to be a third: inefficiency in processing flats.

The chronic misery for both the USPS and the companies that produce and mail flats is the unending search for the ever-elusive solution – the best ways to presort, package, containerize, and process the mailpieces – all in an effort to yield full cost coverage at affordable rates.

On December 27, the Postal Regulatory Commission issued an order on the latest Postal Service plan for flats processing.

Recent history

Frustration over the inefficiency of flats processing led to a provision in the 2022 *Postal Service Reform Act* that required the PRC, in conjunction with the USPS Office of Inspector General, to conduct a study evaluating USPS flats processing and issue a report containing the findings no later that a year after the law's enactment. That report was submitted to Congress and the Postmaster General on April 6, 2023. As explained by the PRC in its order, the law further required the Postal Service

> "… to develop and implement a plan to remedy each inefficiency identified in the Commission's flats study or provide an explanation why remedying such inefficiency is not practicable. Prior to implementing the plan, the Postal Service must provide the public with an opportunity to comment on the plan and the Commission must approve the plan. On August 16, 2023, the Postal Service published a draft plan and sought public comments on the plan. On October 6, 2023, the Postal Service submitted its Flats Plan to the Commission for approval. …"

Following its review of the plan

> "The Commission found that, as submitted, the Flats Plan presented a high-level proposal that lacked both important details and analytical support needed to evaluate the plan and determine whether it sufficiently and effectively addresses the inefficiencies identified by the Commission in the Flats Operations Study Report. The Commission stated that it intended to seek additional information from the Postal Service to enable evaluation of the Flats Plan prior to issuing its approval. …"

The order

Most of the 163-page order was devoted to a review of the elements of the final USPS plan, the commission's analysis of them, and an evaluation of what the Postal Service proposed to ameliorate the six "pinch points" the PRC had identified regarding flats processing: "(1) bundle processing; (2) automated processing; (3) manual sorting; (4) allied operations; (5) transportation; and (6) last mile/delivery."

After reviewing the USPS actions regarding bundle breakage and bundle processing, the PRC stated

> "… the Postal Service has explained that there are currently no ongoing plans for technological improvements to MPE used to process bundles. Instead, the Postal Service focuses its efforts on harmonizing mail preparation standards with the capabilities of bundle processing machines."

Regarding USPS steps to reduce flats processing costs,

> "… the FY 2023 increase in flats unit attributable costs has been the highest in 8 years. This demonstrates that despite the Postal Service's claims that FSS would lead to reductions in cost, the unit attributable costs of flats products continue to increase, and at an even greater pace than between FY 2015 and FY 2022. The Commission concludes that considering the observed increase in transportation unit cost for flats and their unit attributable cost, it is unlikely that the cost savings reported by the Postal Service are or will be fully realized. Additionally, as the Commission analysis shows, the reported savings have not been able to reverse the trend of increasing flats unit attributable costs. …

Flats Products Mail Processing Unit Cost % Change, FY 2022–FY 2023[97]

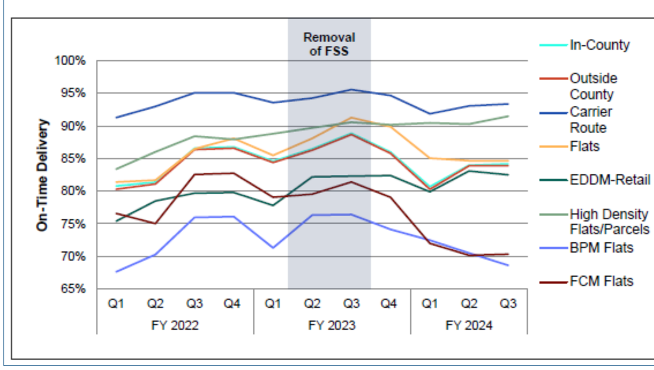
	Product	FY 2022	FY 2023	% Change
Compensatory	First-Class Mail Flats	0.738	0.806	9.1%
	USPS Marketing Mail High Density and Saturation Flats and Parcels	0.015	0.019	29.5%
	Every Door Direct Mail—Retail	0.003	0.002	-28.3%
	Bound Printed Matter Flats	0.335	0.412	23.0%
Non-Compensatory	USPS Marketing Mail Carrier Route	0.091	0.084	-7.2%
	USPS Marketing Mail Flats	0.400	0.454	13.4%
	In-County Periodicals	0.047	0.044	-6.4%
	Outside County Periodicals	0.208	0.234	12.6%
	All Flats	**0.143**	**0.150**	**5.2%**

> "The Postal Service claims that after the full decommissioning of FSS and consolidating sort plans, the AFSM productivity would improve. ... Additionally, as part of the processing network changes in the DFA plan, the Postal Service intends to mitigate productivity declines by consolidating flats processing at fewer facilities to ensure that each AFSM handles larger volumes of mail.
>
> "The Commission analysis shows that while the number of AFSM machines has slightly declined, the volume processed by AFSM has declined at a faster pace. ... Therefore, the volume redirected from FSS decommissioning did not result in a corresponding increase in AFSM volumes. ..."

The commission's findings regarding service were no better.

> "… The Commission finds that the expected improvements to service performance have not materialized to the degree the Postal Service believes, and that other operational issues, such as bundle breakage and manual sorting delays, are likely to have con tributed to the service performance results. …"

Flats Products Quarterly Service Performance Trends, Q1 FY 2022–Q3 FY 2024[104]



Looking at flats' financial performance also offered no good news:

"The USPS Marketing Mail Flats and both Periodicals products have not covered their attributable costs since before FY 2008, and in FY 2023, the cost coverage for each of these products was below 65.0 percent."

Flats Cost Coverage, FY 2022 - FY 2023[185]

	Product	FY 2022 Cost Coverage	FY 2023 Cost Coverage	Change[186]
Compensatory	First-Class Mail Flats	108.8%	113.5%	4.7%
Compensatory	USPS Marketing Mail High Density and Saturation Flats and Parcels	132.5%	122.7%	-9.8%
Compensatory	USPS Marketing Mail Every Door Direct Mail—Retail	263.9%	214.8%	-49.1%
Compensatory	Package Services Bound Printed Matter Flats	124.7%	114.0%	-10.8%
Non-Compensatory	USPS Marketing Mail Carrier Route	99.4%	98.7%	-0.7%
Non-Compensatory	USPS Marketing Mail Flats	66.7%	64.5%	-2.1%
Non-Compensatory	In-County Periodicals	49.1%	57.4%	8.3%
Non-Compensatory	Outside County Periodicals	61.9%	60.3%	-1.7%

"To improve cost coverage for non-compensatory classes and products, the Commission adopted 39 CFR § 3030.221 in Docket No. RM2017-3, which requires the Postal Service to increase rates for non-compensatory products within compensatory classes of mail 'by a minimum of 2 percentage points above the percentage increase for that class.'

"The Postal Service implemented rate changes under the new rulemaking system for the first time on August 29, 2021. Since then, there have been five more rate changes.

"… Periodicals, the only non-compensatory class, has had the highest total (cumulative) rate increase of 47.8% since the implementation of the new ratemaking system. Package Services had a 42.4% total rate increase, and the First-Class Mail and the USPS Marketing Mail classes each had approximately a 37.2% total rate increase. … The total rate increase for compensatory flats products was between 16.1 and 52.5%, and for non-compensatory products it was between 47.0 and 59.4%. …

Rate Increases for Flats Products, New Ratemaking, FY 2021–FY 2024[195]

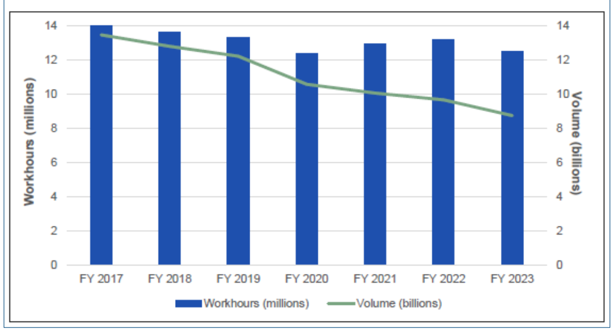
	Product	Product-Level Rate Increase						
	Docket No.	R2021-2	R2022-1	R2023-1	R2023-2	R2024-1	R2024-2	
	Effective Date	08/29/21	07/10/22	01/22/23	07/09/23	01/21/24	07/14/24	Total
Compensatory	First-Class Mail Flats	10.318%	9.204%	6.214%	6.930%	1.440%	9.684%	52.238%
Compensatory	USPS Marketing Mail High Density and Saturation Flats and Parcels	5.454%	4.769%	4.687%	3.047%	2.144%	7.903%	31.361%
Compensatory	USPS Marketing Mail Every Door Direct Mail—Retail	4.167%	-6.500%	1.070%	4.762%	2.525%	9.852%	16.146%
Compensatory	Package Services Bound Printed Matter Flats	7.453%	4.166%	2.528%	3.537%	0.095%	5.696%	25.705%
Non-Compensatory	USPS Marketing Mail Carrier Route	8.866%	8.657%	6.209%	7.388%	3.963%	9.918%	54.176%
Non-Compensatory	USPS Marketing Mail Flats	8.819%	8.543%	6.251%	7.381%	3.966%	11.708%	56.512%
Non-Compensatory	In-County Periodicals	7.326%	7.750%	7.614%	8.811%	7.320%	9.701%	59.425%
Non-Compensatory	Outside County Periodicals	8.845%	8.582%	3.231%	8.080%	1.594%	9.758%	47.038%

"The decreases in unit contribution for three of the four non-compensatory products shows that, despite the above-class average rate increases, the financial performance of these flats products continues to decline due to uncontrolled unit cost increases. The Commission concludes that while the recent rate increases are providing some relief, preventing an even greater decline in unit contribution, the rising unit costs outweigh these benefits. Therefore, improving flats unit costs is a critical factor to the improvement of flats financial performance."

The order also noted the disconnect between workhours and decreased volume:

"… despite constant volume declines, workhours increased in FY 2021 and FY 2022. In FY 2023 workhours decreased by 5.1 percent, but still remains slightly above the FY 2020 level. Total volume processed on AFSMs in FY 2023 is, however, approximately 1.8 billion pieces, or 17.3 percent, below the FY 2020 level. This means that, despite a decrease in workhours in FY 2023, the Postal Service requires more workhours to process fewer flats pieces compared to FY 2020. Therefore, it continues to be clear that the main problem with labor productivity is that workhours do not keep pace with declines in volume. …"

Annual Workhours and Volume, Total AFSM, FY 2017–FY 2023[215]



Findings

"The Commission finds that the Flats Plan successfully addresses only a number of inefficiencies identified in the Flats Operations Study Report, including:

- Bundle breakage issues related to bundle integrity, bundle sorting equipment, sacks, co-mail/non-identical mailpiece bundles, the recording of bundle irregularities, and the lack of effective communication of bundle breakage data with mailers.
- Productivity issues and increasing mail processing costs associated with FSS processing.
- Allied operations issues related to the preparation of broken, loose, and reject bundles for individual flats processing and difficulties projecting workload.
- Transportation and delivery issues related to insufficient drive times for PVS and HCR, and inefficient flats processing at DDUs.

"The Commission also finds that the Flats Plan does not address or only partially addresses several other inefficiencies identified in the Flats Operations Study Report, including:

- Bundle Breakage issues related to mailers using materials which are not permitted, the tracking of bundles that do not receive scans on bundle sorters, and missing bundles in the bundle breakage dataset.
- Decreases in AFSM productivity.
- Inaccurate measurement of manual flats sorting due to unreliable volume and workhour data.
- Data quality issues related to inaccuracies in productivity values and the misallocation of workhours on automated machines.
- The inability to track the impact of flats initiatives on flats costs.

"Nonetheless, the Commission finds that the Flats Plan, as submitted and clarified by the Postal Service, conforms to the relevant statutory requirements insofar as it addresses several, of the identified inefficiencies. Accordingly, the Commission approves the Flats Plan, in part, and requires the Postal Service submit a supplemental plan to address inefficiencies not addressed or partially addressed by the current Flats Plan. The Commission requests the Postal Service submit its supplemental flats plan not later than 180 days after issuing this Order."

Whether the USPS revisions will resolve the first report's shortcomings remains to be seen.

Guaranteed Maybe

Consumers may be confused by what the Postal Service says about the delivery service they should expect.

As shown on the USPS Website, Priority Mail Express "provides next-day to 2-day delivery service," Priority Mail offers "delivery in 1-3 business days," and USPS Ground Advantage advertises "expected delivery in 2-5 business days."

At the recent House committee hearing, PMG Louis DeJoy claimed that "50% of the mail … will be delivered a day in advance, … 85% on time, and 95% within a day" of standards.

And, also on the USPS website, the agency's "2024 Holiday Shipping Dates for Contiguous US" list "recommended send-by dates for expected delivery before December 25" that suggest service may further be less than advertised.

For example, the site recommended that First-Class and USPS Ground Advantage items be mailed by December 18, Priority Mail by December 19, and Priority Mail Express by December 21.

Allowing more time might be prudent, but adding days to published delivery expectations doesn't reflect confidence on the part of the USPS, or reassure customers that it can perform as advertised – especially given that the PMG claims only "85% on-time" service.

Beyond that, according to the agency,

> "As it has done for years, the Postal Service will implement a no-refund policy for Priority Mail Express packages shipped from Sunday, Dec. 22, through Wednesday, Dec. 25, under the following two conditions:
>
> • The one-day shipment was mailed between Dec. 22 and Dec. 25 and was delivered, and
>
> • Delivery was attempted or achieved within two business days of the mailing date.
>
> "The policy is a response to the increased package volume and winter weather conditions that can affect the organization's standard 1-2-day service commitment during these four days and is similar to that of competitors.
>
> "The adjusted refund policy will appear at the bottom of customers' Priority Mail Express receipts."

Therefore, the apparent sum of all these statements is that any delivery date is an estimate – could be more, could be less – and the odds are 85%, give or take, except when the weather's bad or the USPS is busy. Guaranteed … maybe.

November Financials: Mixed Results

Despite lower monthly volume compared to a year earlier, November 2024 benefitted from the last of the election mailings, the start of the holiday mailing season, and the use of fewer workhours.

Compared to November 2023, market-dominant mail volume was down 4.7% while competitive product volume – more important to the PMG's Plan – was 4.6% lower.

Total revenue was 3.0% below plan and only 0.3% more than November 2023, while total operating expenses were 3.1% over plan yet 5.5% lower that last November, resulting in a net loss of $664 million for the month. Thanks to a surplus in October, this yielded net income of $37 million for the year to date, $1.054 billion better than at the end of November 2023.

Volume and revenue

Total volume for the month was lower that the previous November, despite pre-election mailings:

First-Class Mail: 3.463 bln pcs, -4.9%; 7.308 bln pcs, -1.7% YTD
Marketing Mail: 5.190 bln pcs, -4.1%; 12.410 bln pcs, +9.7% YTD
Periodicals: 216.2 mln pcs, -11.1%; 0.459 bln pcs, -5.7% YTD
Total Mkt Dom: 9.033 bln pcs, -4.7%; 20.398 bln pcs, +4.7% YTD
Total Competitive: 570.7 mln pcs, -4.6%; 1.148 bln pcs, -0.8% YTD
Total USPS: 9.626 bln pcs, -4.7%; 21.589 bln pcs, +4.4% YTD

Despite price increases on market-dominant mail totaling over 7.75% since November 2023, year-to-date market-dominant mail revenue was only 1.3% higher.

USPS operating revenue for the month was $6.894 billion:

First-Class Mail: $2.087 bln, +2.8%; $4.438 bln, +6.4% YTD
Marketing Mail: $1.474 bln, +1.9%; $3.450 bln, +13.7% YTD
Periodicals: $0.077 bln, -3.3%; $0.163 bln, +2.9% YTD
Total Mkt Dominant: $3.934 bln, +1.3%; $8.690 bln, +8.2% YTD
Total Competitive: $2.837 bln, -2.0%; $5.634 bln, +1.5% YTD
Total USPS: $6.894 bln, -0.2%; $14.565 bln, +5.3% YTD

Expenses and workhours

Total "controllable" compensation and benefit costs in November were $5.192 billion, 1.5% over plan and 2.9% higher than November 2023; total expenses were $7.662 billion, 3.1% over plan but 5.4% lower than a year earlier.

As transportation is reduced to enable lower service standards, the related costs ($679 million for the month, $1.360 billion for the year) were well below both plan and November 2023. Moreover, workers' compensation expense eased by $522 million compared to last November.

Workhour usage was 1.6% under plan and 1.3% lower than November 2023, while total workhours for the year-to-date were 0.6% over plan and 1.5% over SPLY YTD. The total workforce was smaller, but with *more* career employees.

Month's end complement: 643,662 employees (535,288 career, 108,374 non-career) **-0.67%** compared to November 2023 (648,000 employees: 526,597 career, 121,403 non-career), but **1.65% more** *career* workers.

All the numbers are on the next page.

USPS Preliminary Information (Unaudited) – November 2024 [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 [5]**	**% Plan Var**	**% SPLY Var**
Revenue										
Operating Revenue	$6,894	$7,141	$6,910	-3.5%	-0.2%	$14,564	$14,564	$13,827	0.0%	5.3%
Other Revenue	$37	$1	$1	NMF	NMF	$38	$1	$1	NMF	NMF
Total Revenue	$6,931	$7,142	$6,011	-3.0%	0.3%	$14,602	$14,565	$13,828	0.0%	5.6%
Operating Expenses										
Personnel Compensation and Benefits	$5,944	$5,596	$6,287	6.2%	-5.5%	$11,293	$11,317	$11,418	-0.2%	-1.1%
Transportation	$679	$695	$773	-2.3%	-12.2%	$1,360	$1,406	$1,556	-3.2%	-12.6%
Supplies and Services	$284	$300	$290	-5.3%	-2.1%	$520	$600	$545	-13.3%	-4.6%
Other Expenses	$707	$791	$707	-10.6%	0.0%	$1,435	$1,539	$1,401	-6.8%	2.4%
Total Operating Expenses	$7,614	$7,382	$8,057	3.1%	-5.5%	$14,608	$14,862	$14,920	-1.7%	-2.1%
Net Operating Income/Loss	-$683	-$240	-$1,146			-$6	-$297	-$1,092		
Interest Income	$67	$63	$79	5.6%	-15.2%	$143	$137	$164	4.4%	-12.8%
Interest Expense	$48	$50	$43	-4.9%	11.6%	$99	$103	$89	-3.4%	11.8%
Net Income/Loss	-$664	-$227	-$1,110			$37	-$263	-$1,017		
Mail Volume										
Total Market Dominant Products [3]	9,033	9,033	9,476	0.0%	-4.7%	20,398	20,035	19,477	1.8%	4.7%
Total Competitive Products [3]	571	583	598	-2.1%	-4.5%	1,148	1,111	1,157	3.3%	-0.8%
Total International Products	22	19	21	14.4%	4.8%	43	40	44	7.5%	-2.3%
Total Mail Volume	9,626	9,635	10,095	-0.1%	-4.6%	21,589	21,186	20,678	1.9%	4.4%
Total Workhours	93	95	95	-2.1%	-2.1%	195	193	192	1.0%	1.6%
Total Career Employees	**535,288**		526,597		**1.7%**					
Total Non-Career Employees	**108,374**		121,403		**-10.7%**					

MAIL VOLUME and REVENUE [1,2]	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	3,462,999	3,641,001	-4.9%	7,307,593	7,436,565	-1.7%
Revenue	$2,087,131	$2,030,098	2.8%	$4,438,316	$4,170,568	6.4%
Periodicals						
Volume	216,241	243,151	-11.1%	458,581	486,301	-5.7%
Revenue	$76,778	$79,418	-3.3%	$163,406	$158,837	2.9%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	5,190,367	5,414,840	-4.1%	12,409,777	11,314,739	9.7%
Revenue	$1,474,456	$1,446,900	1.9%	$3,450,128	$3,033,958	13.7%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	31,539	35,479	-11.1%	70,366	74,251	-5.2%
Revenue	$70,743	$76,776	-7.9%	$152,063	$156,055	-2.6%
All other Market Dominant Mail						
Volume	131,661	142,002	-7.3%	151,946	165,538	-8.2%
Revenue	$224,880	$251,076	-10.4%	$485,700	$508,810	-4.5%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	9,032,807	9,476,473	-4.7%	20,398,264	19,477,395	4.7%
Revenue	$3,933.988	$3,884,268	1.3%	$8,689,612	$8,028,228	8.2%
Shipping and Package Services						
Volume	570,721	598,396	-4.6%	1,147,544	1,157,295	-0.8%
Revenue	$2,720,570	$2,775,215	-2.0%	$5,404,608	$5,309,206	1.8%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$116,259	$120,590	-3.6%	$229,588	$239,776	-4.2%
Total Competitive Products *(ex. all Int'l.)*						
Volume	570,721	598,396	-4.6%	1,147,544	1,157,295	-0.8%
Revenue	$2,836,829	$2,895,805	-2.0%	$5,634,196	$5,548,982	1.5%
Total International [4]						
Volume	22,056	21,447	2.8%	43,051	44,062	-2.3%
Revenue	$123,494	$130,400	-5.3%	$240,753	$249,708	-3.6%
Total						
Volume	**9,635,584**	10,096,315	**-4.7%**	**21,588,858**	20,678,752	**4.4%**
Revenue	**$6,894,311**	$6,910,473	**-0.2%**	**$14,564,562**	$13,826,917	**5.3%**

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	$5,192	$5,113	$5,046	1.5%	2.9%	$10,633	$10,350	$10,064	2.7%	5.7%
FERS Unfunded Liabilities Amortization [6]	$200	$200	$192	0.0%	4.2%	$400	$400	$383	0.0%	4.4%
CSRS Unfunded Liabilities Amortization [6]	$292	$283	$267	3.2%	9.4%	$567	$567	$533	0.0%	6.4%
Workers' Compensation [7]	$260	$ --	-$782	NMF	-66.8%	-$307	$ --	$438	NMF	-170.1
Total Pers. Comp. & Benefits	$5,944	$5,596	$6,287	6.2%	-5.5%	$11,293	$11,317	$11,418	-0.2%	-1.1%
Total Non-Personnel Expenses	$1,670	$1,786	$1,770	-6.5%	-5.6%	$3,315	$3,545	$3,502	-6.5%	-5.3%
Total Expenses (incl. interest)	**$7,662**	$7,432	$8,100	**3.1%**	**-5.4%**	**$14,707**	$14,965	$15,009	**-1.7%**	**-2.0%**

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	34,051	34,172	34,920	-0.4%	-2.5%	71,653	70,682	70,754	1.4%	1.3%
Mail Processing	16,363	16,994	16,954	-3.7%	-3.5%	33,140	32,922	33,339	0.7%	-0.6%
Customer Services & Retail	11,187	11,437	11,779	-2.2%	-5.0%	23,319	23,268	23,786	0.2%	-2.0%
Rural Delivery	18,324	18,544	17,376	-1.2%	5.5%	37,891	38,152	35,821	-0.7%	5.8%
Other	13,542	13,803	13,711	-1.9%	-1.2%	28,588	28,424	27,936	0.6%	2.3%
Total Workhours	**93,467**	94,950	94,740	**-1.6%**	**-1.3%**	**194,591**	193,448	191,636	**0.6%**	**1.5%**

[1]/November 2024 had the same number of delivery days and 1.5 fewer retail days compared to November 2023. YTD has one more delivery day and 0.5 fewer retail days compared to the same period last year (SPLY). [2]/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. [3]/Excludes all International. [4]/Includes Current Period Market Dominant Volume of 10,222 and Revenue of $16,116; SPLY Market Dominant Volume of 8,568 (+19.3%) and Revenue of $11,399 (+41.4%). Also includes Current Period Competitive Volume of 11,834 and Revenue of $107,378; SPLY Competitive Volume of 12,879 (-8.1%) and Revenue of $119,001 (-9.8%). [5]/ 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 2025 and October 2025. [6]/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.

All the Official Stuff

Federal Register

Postal Service

NOTICES

December 17: Product Change [100]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [78], 102177, 102177, 102177, 102177, 102178, 102178, 102178, 102178, 102178, 102179, 102179, 102179, 102179, 102180, 102180, 102180, 102180, 102180, 102180, 102181, 102181, 102181, 102181, 102181, 102182, 102182, 102182, 102182, 102182, 102183, 102183, 102183, 102183, 102184, 102184, 102184, 102184, 102185, 102185, 102185, 102185, 102185, 102186, 102186, 102186, 102187, 102187, 102187, 102187, 102187, 102187, 102188, 102188, 102188, 102188, 102188, 102189, 102189, 102190, 102190, 102190, 102191, 102191, 102191, 102191, 102191, 102192, 102192, 102193, 102193, 102193, 102193, 102193, 102194, 102194, 102194, 102195, 102195; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [21], 102177, 102179, 102183, 102183, 102184, 102186, 102186, 102189, 102189, 102189, 102190, 102190, 102190, 102192, 102192, 102192, 102193, 102194, 102194, 102195, 102195; USPS Ground Advantage Negotiated Service Agreement, 102195.

December 18: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 102973; Product Change [93]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [81], 102960, 102960, 102961, 102961, 102961, 102962, 102962, 102962, 102962, 102962, 102963, 102963, 102963, 102963, 102963, 102963, 102964, 102964, 102964, 102964, 102964, 102965, 102965, 102965, 102965, 102966, 102966, 102966, 102966, 102966, 102967, 102967, 102967, 102967, 102967, 102968, 102968, 102968, 102969, 102969, 102969, 102969, 102970, 102970, 102970, 102970, 102970, 102970, 102971, 102971, 102971, 102971, 102971, 102972, 102972, 102972, 102972, 102972, 102973, 102973, 102974, 102974, 102974, 102974, 102975, 102975, 102975, 102975, 102976, 102976, 102976, 102976, 102976, 102977, 102977, 102977, 102977, 102977, 102977, 102978, 102978; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [12], 102961, 102961, 102965, 102967, 102968, 102968, 102969, 102973, 102973, 102974, 102974, 102975.

December 19: Product Change [90]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [75], 103883, 103883, 103884, 103884, 103884, 103884, 103884, 103884, 103885, 103885, 103885, 103885, 103886, 103886, 103886, 103886, 103887, 103887, 103887, 103887, 103887, 103888, 103888, 103888, 103888, 103889, 103889, 103889, 103889, 103890, 103890, 103890, 103891, 103891, 103891, 103891, 103891, 103892, 103892, 103892, 103892, 103892, 103893, 103893, 103893, 103893, 103894, 103894, 103894, 103894, 103895, 103895, 103895, 103895, 103895, 103896, 103896, 103896, 103896, 103896, 103897, 103897, 103898, 103898, 103898, 103898, 103898, 103899, 103899, 103899, 103899, 103899, 103900, 103900, 103900; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [15], 103883, 103885, 103886, 103888, 103888, 103889, 103890, 103890, 103892, 103893, 103894, 103896, 103897, 103897, 103897.

December 26: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 105108; Product Change [2]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement, 105108; Priority Mail and USPS Ground Advantage Negotiated Service Agreement, 105109.

December 27: Product Change [33]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [25], 105639, 105639, 105640, 105640, 105640, 105640, 105641, 105641, 105641, 105641, 105641, 105642, 105642, 105642, 105643, 105643, 105643, 105643, 105644, 105644, 105644, 105645, 105645, 105645, 105645; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [8], 105639, 105640, 105641, 105642, 105642, 105643, 105644, 105644.

December 30: Product Change [61]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [53], 106618, 106618, 106619, 106619, 106619, 106619, 106620, 106620, 106620, 106620, 106620, 106621, 106621, 106622, 106622, 106622, 106622, 106622, 106623, 106623, 106623, 106623, 106623, 106623, 106624, 106624, 106624, 106624, 106624, 106625, 106625, 106625, 106625, 106626, 106626, 106626, 106626, 106627, 106627, 106627, 106627, 106627, 106627, 106628, 106628, 106628, 106628, 106629, 106629, 106629, 106629, 106629, 106630; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [8], 106619, 106619, 106621, 106621, 106621, 106625, 106626, 106628.

PROPOSED RULES

[None.]

FINAL RULES

[None.]

Postal Regulatory Commission

NOTICES

December 17: New Postal Products [2], 102172-102174, 102174-102176.

December 18: New Postal Products, 102958-102960.

December 20: Inbound Parcel Post (at UPU Rates), 10246; New Postal Products [2], 104244-104246, 10249.

December 23: New Postal Products, 104575-104578.

December 26: New Postal Products, 105106-105108.

December 30: New Postal Products, 106615-106618.

PROPOSED RULES

[None.]

FINAL RULES

[None.]

DMM Advisory

December 16: Monthly Labeling List Changes.

December 19: First-Class Package International Service (FCPIS) Customs Form Barcode Change.

December 19: Changes to Airmail M-bag, International Priority Airmail (IPA) M-bag and International Surface Air Lift (ISAL) M-bag.

December 26: International Service Suspension Notice – effective December 27, 2024 [Vanuatu].

December 26: Changes to International Return Receipt Availability – effective January 1, 2025.

Postal Bulletin (PB 22665, December 26)

- Effective **January 19**, DMM 602.10 is revised to reflect the Postal Service discontinuing the use of dual-shipping labels. Effective January 1, 2025, Postal Service Post Offices must not accept items bearing dual-shipping labels and may return such items to the sender. Mailers seeking an extension must submit a request to the attention of Nicole T. Wilson at *delivery.confirmation@usps.gov*. Although this revision will be published in the January 19, 2025, DMM edition, this standard is effective January 1, 2025.

- Effective **December 26**, the IMM Individual Country Listing for Aruba is revised to request that the mailer provide certain addressee contact information on the customs form and to provide certain relevant documentation when mailing items to Aruba.
- Effective **December 26**, the IMM Individual Country Listing for Turkiye is revised to add an observation requesting that the mailer display certain addressee contact information when mailing an item containing goods to the Republic of Turkiye.
- Effective **December 26**, IMM 221.2 is revised to reflect that Priority Mail Express International with Money-Back Guarantee Service is no longer available for Priority Mail Express International items destined to the United Kingdom of Great Britain and Northern Ireland. The Postal Service will also revise the IMM Individual Country Listing for the United Kingdom of Great Britain and Northern Ireland to reflect this change.

Postal Bulletin announcements of revisions to the DMM, IMM, or other publications often contain two dates: when a revised document is effective, and when a revised standard is effective.
The effective date of a revised standard is typically earlier than when it will appear in a revised publication.

USPS Industry Alerts

December 17, 2024

Register Now for NPF 2025 While Discount Opportunities Still Available

There are only three weeks left before “Early bird” registration closes for the 2025 National Postal Forum (NPF). Don’t delay and register today for the premier trade show and conference for shipping, mailing and supply chain professionals. Join us at the Gaylord Opryland Convention Center, in Nashville, TN, April 27-30, to explore cutting-edge innovations, connect with top experts, and expand your professional network. NPF is the only place where you will hear from the Postmaster General (PMG) and his executive leadership team on the dynamic changes taking place with the Delivering for America plan, including the modernization of the postal network, improved service across all mail and shipping categories, and the transformation taking place to ensure long-term financial sustainability. NPF will feature a PMG Keynote Address, Leadership Insight sessions, over 100 workshops, a state-of-the-art exhibit hall, program certifications, networking events, and much more. Don’t miss out on this opportunity to be a part of the conversation and gain actionable insights to integrate into your operations. Early bird registration is open through January 3, 2025, and offers discounts to attendees. For details on how to register for the Forum please visit NPF 2025.

December 19, 2024

Organization Realignment – Strategic Accounts & Service Initiatives

One of the core tenets of the Delivering for America (DFA) plan has been to increase revenue by aligning sales strategies with the new capabilities provided by the transformed network. Over the last twelve months a thorough diagnostic of sales strategies has been conducted. New account management strategies are being implemented and the sales workforce is being realigned. As the Postal Service continues to enhance its sales strategies, a new position is being created, Vice President of Strategic Accounts and Service Initiatives. Juan Nadal will serve in this leadership role as a direct report to the Postmaster General, effective immediately. In this role, Juan will continue to focus on growing market share and revenue across all commercial sectors and enhance the oversight and management of Postal Service initiatives with its partners. Juan will also oversee account management professionals who are responsible for identifying revenue opportunities, closing shipping and commerce sales, and implementing initiatives with larger key and enterprise account customers. Reporting to Juan Nadal as the Vice President of Strategic Accounts & Service Initiatives, will be: Director, Enterprise Accounts – Michael McInturf; Director, New Business Acquisition – Jay Smith; Director, Retail & Healthcare Accounts – Mark Worrall; Director, Shipping Business Alliance – Vacant; Director, Shipping & Commerce Strategy – Steven Jarboe; Director, Customer Solutions & Integration – Jeff Mitchell; Director, Business Solutions Network Modeling – Stefanie Cherry; Director, Shipping & Commerce Product Management – Catherine Knox.

December 19, 2024

Executive Retirement – Tom Blum, Vice President of Labor Relations

Effective December 31, Tom Blum, Vice President of Labor Relations, will retire from the Postal Service, after 46 years of exemplary federal service. Tom began his career with the Postal Service in 1982 as a Mail Handler in Philadelphia, PA and has held a variety of assignments in Labor Relations and Labor Law, including more than 16 years as the managing counsel for the Southern Area Law Office, as well as numerous other positions where he gained experience in all facets of Labor Relations. In addition to his postal career, Tom also served his country in the United States Air Force. Tom was appointed to the Vice President of Labor Relationships in January 2023, and he served in this role for ten months prior to his appointment. In this role, he was responsible for Labor Relations activities to ensure employee strategies are aligned with the Delivering for America plan. He was responsible for the implementation of policies, programs and standards governing labor-management relations, bargaining and non-bargaining compensation and benefits, and workplace environment and employee assistance programs. Tom also led contract negotiations and the pay constitution process with our employee organizations. Over the last two years, Tom has played an integral role in leading the workforce repositioning efforts in support of Network Transformation. Tom’s expertise and engagement with Operations leadership and our employee organizations led to the successful repositioning of our employees as we activated the first Regional Processing and Distribution Centers, Local Processing Centers, and Sorting and Delivery Centers.

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December 20, 2024

Reminder – January Price Change 2025 – Commercial System Releases – January 5, 2025

On Sunday, January 5, 2025, the United States Postal Service has scheduled software updates in support of Price Change 2025 (effective January 19, 2025). System Changes: List of system changes can be found on PostalPro using link : January 2025 Planned Changes | PostalPro (usps.com). Reminder: New Mail.dat Client is Mandatory. PostalOne System Release 61.0.0.0 includes a new REQUIRED Mail.dat client. After implementation activities conclude, users should download Mail.dat client 61.0.0.0_PROD from the Business Customer Gateway (BCG) using the following path: Mailing Services → Electronic Data Exchange [Go to Service] → Mail.dat download (Windows 32-bit, Windows 64-bit or Solaris). The effective date for the Price Change release is January 19, 2025. We apologize for any inconvenience. All Business Service Administrators (BSAs) should alert their impacted stakeholders. During normal business hours M-F (7:00 AM CT – 7:00 PM CT), direct any inquiries or concerns to the Mailing and Shipping Solutions Center (MSSC) via eMail MSSC@usps.gov or telephone (877) 672-0007.

December 20, 2024

USPS Advances Product Strategy Aligned with the Delivering for America Plan

Today, the Postal Service filed a mail classification proposal with the Postal Regulatory Commission (PRC) to eliminate Bound Printed Matter (BPM) Flats and Parcels and to expand Marketing Mail flats and parcels product categories, to take effect no earlier than July 2025. These product adjustments were recently approved by the Board of Governors. Under the proposed product design, customers currently mailing advertising and promotional materials using BPM are expected to transition to Marketing Mail flats and parcels. To accommodate the transition and minimize impacts to customers, the Postal Service has proposed to expand the Marketing Mail weight limitations and rate categories. For non-advertising or non-promotional (i.e. fulfillment) materials, customers may transition to using products such as Media Mail, USPS Ground Advantage, USPS Connect Local, Parcel Select, Priority Mail, or Priority Mail Express. USPS sales representatives will be available to answer any specific shipper customer questions as shippers prepare for the transition. The Postal Service's decision to reevaluate, simplify, and streamline its product offerings is a crucial step towards long-term operational excellence and financial stability, which are key components of the Delivering for America 10-year plan to provide our customers and the American people with the excellent service they expect and deserve. The PRC will review the changes before they are scheduled to take effect. This proposal does not include proposed prices, only proposed rate table structures. Final proposed prices will be filed on a later date. The complete Postal Service filing, can be found on the PRC website under the Daily Listings section at prc.gov/dockets/daily. The filing can be located under Docket No. MC2025-948.

December 20, 2024

First-Class Package International Service (FCPIS) Customs Form Barcode Change

Customers are being advised of an upcoming change to First-Class Package International Service (FCPIS) designed to improve international tracking of their shipments. This change is the result of the Universal Postal Union's (UPU) mandatory tracking regulation going into effect on January 1, 2025. The USPS currently specifies the use of barcodes on PS Form 2976, Customs Declaration CN 22 – *Sender's Declaration*. Barcodes beginning with the letter "L" (i.e. LA123456789US) are used for items addressed to the FCPIS Electronic USPS Delivery Confirmation International Service (E-USPS DELCON INTL) countries which provide tracking data, and barcodes beginning with the letter "U" (i.e. UA123456789US) are used for items addressed to all other countries. Effective January 1, 2025, "U" series barcodes are being phased out for FCPIS in accordance with the UPU's mandatory tracking regulation. All countries are being tasked with providing tracking data for every "L" series barcode item they receive. The USPS is therefore asking customers to print only "L" series barcodes for FCPIS items as of the effective date, regardless of country, and to completely discontinue printing FCPIS "U" series barcodes. Customers who do this should begin to receive tracking data for additional countries. FCPIS items bearing "U" series barcodes entered after January 1, 2025, will continue to be dispatched to international destinations and will not be returned to sender. Nevertheless, customers are strongly encouraged to switch all FCPIS items to "L" series barcodes to realize the tracking benefit. Customers may contact their USPS Sales Representative if they have questions or require assistance. Items sent via International Priority Airmail (IPA) and International Surface Air Lift (ISAL) are not impacted by the FCPIS change and must still bear a "U" series barcode on PS Form 2976, Customs Declaration CN 22 – *Sender's Declaration*.

December 20, 2024

Changes to Airmail M-bag, International Priority Airmail (IPA) M-bag and International Surface Air Lift (ISAL) M-bag

Customers are being advised of upcoming changes to Airmail M-bag, International Priority Airmail (IPA) M-bag and International Surface Air Lift (ISAL) M-bag services resulting from revisions to Universal Postal Union (UPU) regulations which will become effective in 2025. M-bags are defined as direct sacks of printed matter sent to a single foreign addressee at a single address. The revised UPU regulations will allow countries to stop accepting M-bags from other countries as of January 2025 and the USPS will discontinue M-bag service to the countries which choose to do so. Thus far, the following countries have announced their decision to stop accepting M-bags. Airmail M-bag, IPA M-bag and ISAL M-bag services will be discontinued to these countries effective January 1, 2025 (Note: ISAL is not available to all countries. See International Mail Manual (IMM) 293 for the ISAL country list.) Austria; Belgium; Bhutan; Canada; Croatia; Czechia; Denmark; Finland; France; French Polynesia; Georgia; Germany; Gibraltar; Hungary; Japan; Lesotho; Libya; Liechtenstein; Malta; Mauritius; Myanmar; Nicaragua; Russian Federation; Slovenia; Suriname; Sweden; Vietnam; Thailand; Vanuatu. A number of other countries are expected to announce their decision to stop accepting M-bags in the coming months. Updates will be posted on the M-bag FAQ page on usps.com at the following link: What is M-bag Service? Information will also be provided via the *Postal Bulletin* and incorporated in the International Mail Manual (IMM) accordingly at a later date. In addition to the discontinuance of Airmail M-bag, IPA M-bag and ISAL M-bag services to some countries, certain articles other than printed matter which are currently admissible in Airmail M-bag, IPA M-bag and ISAL M-bag services under specific conditions as referenced in IMM 261.22 will not be admissible in these services to any countries, effective January 1, 2025. These certain other articles are limited to discs, tapes, and cassettes; commercial samples shipped by manufacturers and distributors; or other non-dutiable commercial articles or informational materials that are not subject to resale.

December 24, 2024

Executive Retirement - Linda Crawford, Area Vice President of Retail and Delivery Operations

Effective December 31, Linda Crawford, Area Vice President of Retail and Delivery Operations, Southern Area, will retire from the Postal Service, after 37 years of exemplary service. Linda began her career with the United States Postal Service in 1987 as a City Carrier in Riverside, CA. Her distinguished career in management began as a front-line supervisor. Over the years, Linda has assumed larger leadership roles in the retail and delivery organization including several executive assignments: District Manager of California 4, Area Manager of Delivery Program Support, and Executive Postmaster of San Diego and Sacramento, California. In addition to her postal career, Linda also served her country as a proud member of the U.S. Army. In October of 2023, Linda was appointed to the role of Vice President of Retail & Delivery Operations for the Southern Area, after a six-month detail in the position. As Vice President, she was responsible for overseeing retail and delivery operations in 13 Districts comprised of 11 states, as well as Puerto Rico and the US Virgin Islands, and a workforce of over 124,000 employees. The Southern Area services 49.3 million delivery points from more than 7,000 Post Offices, encompasses 750,000 square miles, and produces roughly $3.2 billion total revenue annually. Most recently, Linda's leadership was essential as she navigated her team through two consecutive hurricane events in the Southern area, ensuring the safety of her team and continuity of delivery operations to the affected communities. This follows her support for the recovery of other weather disruptions in Puerto Rico and the US Virgin Islands, where she met with congressional members to reiterate the Postal Service's commitment to restoring service and trust with their constituents and our customers. Linda's passion for collaboration, operational effectiveness, growing leaders and employee development is the leadership legacy she leaves with the organization. Her stellar contributions helped to equip high performing teams to execute the Delivering for America plan and to deliver to the communities we serve.

December 24, 2024

International Service Suspension Notice – Effective December 27, 2024

Effective December 27, 2024, the Postal Service will suspend international mail acceptance to Vanuatu until further notice due to unavailable transportation. Customers are asked to refrain from mailing items addressed to the following country, until further notice: Vanuatu. This service disruption affects Priority Mail Express International (PMEI), Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), International Priority Airmail (IPA), and M-Bag items. Unless otherwise noted, service suspensions to a particular country do not affect delivery of military and diplomatic mail. For already deposited items, Postal Service International Service Center (ISC) employees will endorse the items as "Mail Service Suspended – Return to Sender" and then place them in the mail stream for return. According to DMM 604.9.2.3, customers are entitled to a full refund of their postage costs when service to the country of destination is suspended. The Postal Service is closely monitoring the situation and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information:
https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

Calendar

To register for any Mailers Hub webinar, go to MailersHub.com/events

Starting January 9, 2025, Mailers Hub webinars will be at 1pm on *Thursdays*, rather than Tuesdays, to minimize conflicts with other events.

January 9 – ***Mailers Hub* Webinar** – Extended Producer Responsibility Laws
January 14-15 – MTAC Meeting, USPS Headquarters
January 30 – ***Mailers Hub* Webinar**
February 20 – ***Mailers Hub* Webinar**
March 11-12 – MTAC Meeting, USPS Headquarters
March 13 – ***Mailers Hub* Webinar**
March 27-30 – MFSA Conference, Grapevine (TX)
April 3 – ***Mailers Hub* Webinar**
April 24 – ***Mailers Hub* Webinar**
April 27-30 – National Postal Forum, Nashville (TN)
May 15 – ***Mailers Hub* Webinar**
June 5 – ***Mailers Hub* Webinar**
June 8-12 – IPMA Conference, Spokane (WA)
June 26 – ***Mailers Hub* Webinar**
July 17 – ***Mailers Hub* Webinar**
July 22-23 – MTAC Meeting, USPS Headquarters
August 7 – ***Mailers Hub* Webinar**
August 28 – ***Mailers Hub* Webinar**
September 18 – ***Mailers Hub* Webinar**
October 7-8 – MTAC Meeting, USPS Headquarters
October 9 – ***Mailers Hub* Webinar**
October 22-24 – Printing United, Orlando (FL)
October 30 – ***Mailers Hub* Webinar**
November 20 – ***Mailers Hub* Webinar**
December 11 – ***Mailers Hub* Webinar**

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 Swetnam-Burland; Stacy O. Stitham; Jamie Szal. They can also be reached by phone at (207) 786-3566.

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