Mailers Hub News

The information source for commercial mailers

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USPS Rejects PRC Advice, Proceeds with Service Changes

In perhaps the least surprising announcement since the last rate case, on February 26 the Postal Service stated it would proceed with implementing the network and service standard changes it revealed last October 4 in a filing with the Postal Regulatory Commission.

That 55-page filing, seeking an advisory opinion from the PRC, explained how the USPS is reorganizing its processing network, eliminating afternoon collections at most post offices, and redefining service standard calculations. Using language invoking the themes often used by Postmaster General Louis DeJoy, the USPS spun its proposal as enabling service and financial goals – even though many might argue that "high quality service" would not result – and that challenges to "financial sustainability" go well beyond whatever savings may result from the proposal. (See the October 7, 2004, issue of *Mailers Hub News* for more details.)

Comments and testimony were received from the Postal Service and other stakeholders during the course of the commission's proceeding, culminating in issuance of the PRC's advisory opinion on January 31 (see the February 10 issue of *Mailers Hub News*). In its In a 301-page document, *Operational and Service Standard Changes Related to the Delivering for America Plan, 2024*, the PRC was not ambiguous in its unanimous opinion. As stated in the executive summary:

> "The Commission finds that the Postal Service's proposal relies on defective modeling, overly optimistic financial and cost saving projections, and unclear timeframes for rollout of the changes. In addition, the Commission finds that the proposal fails to fully consider the significant, negative impact of these changes on rural communities across the country.

For reasons only the USPS could formulate, the agency apparently expected a more supportive opinion of its plans, as reflected in its indignant response, released February 20:

> "In sum, the Commission's AO epitomizes the bureaucratic status-quo perspective that has led the Postal Service to financial and operational crisis … … Taking this 'head in the sand' path would, however, lead to the Postal Service's continued financial and operational deterioration and eventual ruin, and therefore does not constitute an appropriate balancing of the statutory policies. …"

Repetition

The Postal Service's announcement that it would implement its planned changes – issued as a press release, *Federal Register* notice, *Industry Alert*, and *DMM Advisory* – reiterated its perspectives on the planned changes and the PRC's opinion. (The complete text of the *Federal Register* notice containing the final rule amending service standards is at the end of this issue.)

Generally, as explained previously, the USPS asserts its service standard changes are needed to align with ongoing changes to its transportation and processing network intended that promote "efficiency" and help stabilize its finances. More accurately, as the USPS does *not* explain, the service standard revisions are intended to allow the network changes to be implemented *without having an adverse impact* on service performance scores.

Primarily, because the Postal Service in ending afternoon collection runs to post offices more than fifty miles from a major processing facility, its new service calculation rules simply disregard the one-day delay for mail deposited at those post offices after the morning transportation run.

In addition, it assumes "zero" days from the destinating local processing center to the delivery unit and the addressee. With such self-serving business rules, the USPS can define "timely service" to be much different than what the sender and recipient of a mailpiece might experience.

In its *Federal Register* notice, the Postal Service again displayed the dismissive confidence that its changes need no alteration, rejecting the PRC's advice ("the Postal Service does not agree with the PRC's recommendation") and four times refusing to make any amendments to the final rule based on comments received ("the Postal Service has determined that they do not necessitate any revisions to the Proposed Rule").

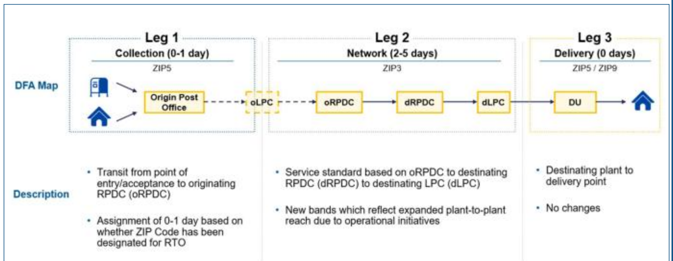
Moreover, that the upcoming network changes actually will yield greater "efficiency" and significant cost reductions – which, to the annoyance of the USPS, the PRC doubted – remains for the Postal Service to prove.

The process

As explained in the final rule, implementation of the network and service standard changes begins April 1.

> "… The Postal Service will implement the final rule in two phases, with phase 1 going into effect on April 1, 2025, and phase 2 going into effect on July 1, 2025. As described further below, during phase 1, the Postal Service will enable the implementation of RTO by adding one service expectation day to certain volume in Leg 1 (i.e., from collection to originating processing facility) for items originating in ZIP Codes covered by RTO. …"

In other words, afternoon collection runs to post offices that are more than fifty miles from the origin processing center will end as of March 31. The resulting one-day delay experienced by the impacted mail will be excluded from service measurement by the USPS simply by not counting it; "Day 1" would be when the mail is finally collected, not when it was tendered to the Postal Service.



The next phase of implementation is three months later:

> "… On July 1, during phase 2, the Postal Service will implement the proposed rule in its entirety and will therefore among other changes accelerate the movement of mail in Leg 2 (i.e., from originating processing facility to destinating processing facility) by expanding the drive times for each of the travel bands that establish the delivery expectation days for First-Class Mail by four hours. …"

However, the Postal Service conditioned implementation on the readiness of its network, which is expected to complete in the April 1 to July 1 period:

> "… Phase 2 is dependent upon certain efficiencies gained as a result of RTO and requires significant changes across the Postal Service's processing, logistics, and delivery networks. By delaying the service standard changes related to Leg 2 for a brief period of 90 days, the Postal Service will be able to facilitate effective operational execution and change management by gradually implementing these changes, reducing the immediate impact on frontline employees and decreasing the level of change that is implemented at one time. …"

To allay concerns over service degradation, the USPS will need to demonstrate that its new network and operational schemes actually provide service improvements:

> "… In addition, during the 90-day period between phase 1 and phase 2, the Postal Service will gather data on real-world operational conditions and constraints arising from RTO and use this data to adjust operational planning regarding Leg 2 operations to the extent warranted, and therefore help ensure that the Postal Service is well positioned to implement the Leg 2 service standard changes. To be clear, the phased approach is to facilitate more effective implementation of the changes. The rule, as originally proposed and as repeated below, will be implemented in full on July 1. …"

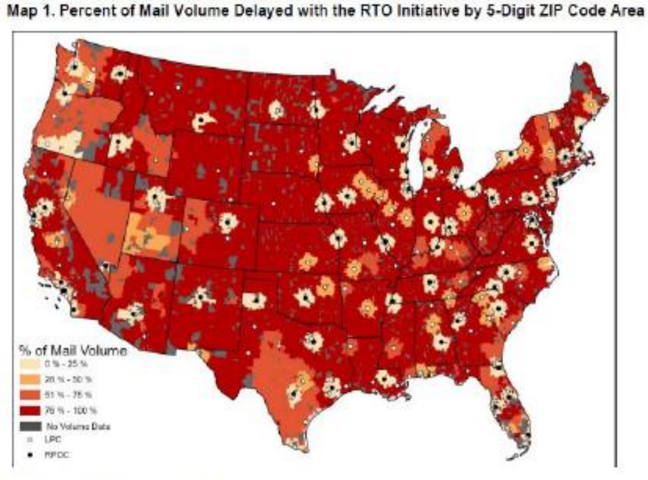
Results

The Postal Service has put itself in a potentially problematic position. Although it chose the period of the year when mail volume is lower, it still needs to get facility renovations and equipment installations completed, transportation schedules and operations in place, and staffing levels adjusted. As has been found to be the case in the past when major facility activations have occurred, preparations – including training and communication with operations managers – has not always been given the attention needed to minimize glitches. (Arguably, the new Atlanta RPDC still isn't performing as expected despite being in operation for a year.)

As the PRC noted in its advisory opinion, the Postal Service basically tells ratepayers "trust us" that everything will work as advertised, but the agency will be evaluated not on what it claims but on actual, demonstrable results.

In earlier phases of RTO implementation, however, the USPS Office of Inspector General noted that there was insufficient data collection to ascertain whether claimed savings actually were occurring. The Postal Service has made lofty estimates of how much it will save from RTO and the upcoming network and transportation changes, so it will need to do more that claim savings over the remainder of the fiscal year to demonstrate that it's living up to its promises.

Map 1. Percent of Mail Volume Delayed with the RTO Initiative by 5-Digit ZIP Code Area



Source: APWU Brief at 7.

The more important result – and the hardest claim to support – will be regarding service. Though the Postal Service can manipulate how it counts days to optimize the measurement of its performance, the real indicator will be in the experience of ratepayers, especially those whose mail originates from places impacted by RTO.

Citizens in the majority of the country who are losing afternoon collections may not care whether the USPS wants to include the day delay in how *it* measures service, but they *will* care if mail service takes even longer than now.

If those ratepayers become sufficiently frustrated with *experienced* service, the Postal Service's self-serving puffery in its many writings won't matter. The hundreds of millions of Americans *not* within the mailing industry or the USPS don't care about Louis DeJoy or his Plan, only that they get timely service for the mail they send and expect. Lacking that, they – as voters and constituents – will complain to their representatives, which will not bode well for the USPS.

For better or worse, we'll see some results soon enough.

Postal Legislation Now in Congress

As we learned in school, legislators can file a bill proposing legislation but it takes affirmative votes by both houses of Congress, and the president's signature, before it becomes law. Thousands of bills are filed annually, but only a small percentage are enacted. Given the political chasm now dividing both the Senate and the House of Representatives, and the highly partisan lens through which most bills are viewed, the odds of enactment may be even slimmer.

Typically, of the scores of bills related to the Postal Service, most relate to naming post offices in honor of prominent local citizens or to securing a new ZIP Code to burnish a locality's identity. Even as the 119th Congress is less than three months into its first session, several postal-related bills have been introduced, including 21 to name a post office or assign a ZIP Code. Other postal-related bills now under consideration include:

Bill No.	Bill Title	Filing Date	Sponsor (Cosponsors)	Latest Action
H.Res. 70	Expressing the sense of the House of Representatives that Congress should take all appropriate measures to ensure that the USPS remains an independent establishment of the Federal Government and is not subject to privatization	1/28/2025	Lynch, Stephen F. [MA 8th] (150)	Referred: House Comm. on Oversight and Government Reform
HR 170	USPS Subpoena Authority Act	1/03/2025	Malliotakis, Nicole [NY 11th] (0)	Referred: House Comm. on Oversight and Government Reform
HR 287	Mobile Post Office Relief Act	1/09/2025	LaLota, Nick [NY 11th] (0)	Referred: House Comm. on Oversight and Government Reform
HR 431	Pony Up Act	1/15/2025	Graves, Sam [MO 6th] (10)	Referred: House Comm. on Oversight and Government Reform
HR 758	Mail Traffic Deaths Reporting Act of 2025	1/28/2025	Connolly, Gerald E. [VA 11th] (3)	Passed House 3/3/2025 Referred: Senate Comm. on Homeland Security and Governmental Affairs
HR 765	Mandating Advisable and Informed Locations and Solutions Act (MAILS Act)	1/28/2025	Fulcher, Russ [ID 1st] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1065	Protect Our Letter Carriers Act of 2025	2/06/2025	Fitzpatrick, Brian K. [PA 1st] (37)	Referred: House Comm. on Oversight and Government Reform
HR 1249	To require the USPS to post notices of changes that will affect nationwide postal services	2/12/2025	Hageman, Harriet M. [WY At Large] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1310	To limit the closure or consolidation of any USPS processing and distribution center in States	2/13/2025	Hageman, Harriet M. [WY At Large] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1473	To require the USPS to apply certain requirements when closing a processing, shipping, delivery, or other facility supporting a post office	2/21/2025	Hageman, Harriet M. [WY At Large] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1559	To extend the right of appeal to the Merit Systems Protection Board to certain employees of the USPS	2/25/2025	Connolly, Gerald E. [VA 11th] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1560	To amend title 39, United States Code, to modify procedures for negotiating pay and benefits of supervisory and other managerial personnel of the USPS	2/25/2025	Connolly, Gerald E. [VA 11th] (1)	Referred: House Comm. on Oversight and Government Reform
HR 1760	To require the Comptroller General of the United States to submit reports to Congress on theft of mail and USPS property and other civil or criminal violations relating to the Postal Service	2/27/2025	Weber, Randy K. Sr. [TX 14th] (0)	Referred: House Comm. on Oversight and Government Reform
S 155	Mandating Advisable and Informed Locations and Solutions Act (MAILS Act)	1/21/2025	Crapo, Mike [ID] (0)	Referred: Senate Comm. on Homeland Security and Governmental Affairs
S 463	A bill to facilitate the implementation of security measures undertaken by the USPS	2/06/2025	Gillibrand, Kirsten E. [NY] (1)	Referred: Senate Comm. on Homeland Security and Governmental Affairs
S 569	A bill to limit the closure or consolidation of any USPS processing and distribution center in States	2/13/2025	Lummis, Cynthia M. [WY] (3)	Referred: Senate Comm. on Homeland Security and Governmental Affairs
S 661	A bill to require the USPS to apply certain requirements when closing a processing, shipping, delivery, or other facility supporting a post office	2/20/2025	Rounds, Mike [SD] (4)	Referred: Senate Comm. on Homeland Security and Governmental Affairs

OIG Examines Vehicle Disposal

Having one of the nation's largest non-military fleets, how the Postal Service manages the replacement and disposal of outdated vehicles can have major financial impact. This was the focus of a recent audit by the USPS Office of Inspector General, reported in *Fleet Modernization: Disposal of Long-Life Vehicles*, issued February 26. The OIG's objective

"… was to (1) assess the Postal Service's controls over the disposal process of LLVs and (2) evaluate its disposal plans as it replaces its delivery fleet. For this audit, we statistically sampled 112 LLV disposals and reviewed supporting documentation for completeness, timeliness, and revenue capture."

Background

As the OIG stated:

"The Postal Service's fleet of delivery and collection vehicles … comprises over 250,000 vehicles of varying classes, including 110,000 right-hand-drive LLVs – accounting for approximately 44 percent of the Postal Service's vehicle fleet. The LLVs in their current condition are outdated, expensive to maintain, lack certain modern safety and operational features such as airbags, and have all exceeded the projected 24-year life span – LLVs were produced between 1987 and 1994.

"To modernize its aging fleet … the Postal Service is investing $9.6 billion to modernize and electrify its delivery fleet. The Postal Service plans to acquire 106,480 new delivery vehicles between fiscal years (FYs) 2023 and 2028, which includes a mix of different engine types, driver-side configurations, suppliers, and production methods. Accordingly, the investment in new vehicles will necessitate the disposal of many existing LLVs, which may generate additional revenues. The Postal Service approximates recycling up to 105,573 vehicles between FYs 2025 and 2029, which includes 95,320 LLVs.

Figure 1. Postal Service Vehicle Recycling Projection, FY 2024-2031

Fiscal Year	FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL
Minivans	39	76	75	73	108	371
Metris	404	94	581	665	747	2,491
ProMasters	227	260	292	324	355	1,458
2-Tons	269	225	186	149	116	945
Cargo Van	9	10	11	12	13	55
Tractor	7	8	9	10	11	45
Spotter	1	1	1	1	1	5
Trailer	100	0	0	0	0	100
Service Vehicles	18	20	23	25	27	113
Administrative Vehicles	34	37	42	46	50	209
LLV	9,897	21,258	21,874	25,119	17,172	95,320
Flex-Fuel Vehicles	746	806	855	894	922	4,223
Next Generation Delivery Vehicles	0	6	31	88	113	238
Total						**105,573**

Source: U.S. Postal Service Request for Proposals, Solicitation 4BW-24-A-0002.

"While Headquarters Fleet Management is responsible for directing, evaluating, and monitoring the disposal of vehicles, the disposal process is often initiated at a vehicle maintenance facility (VMF). Specifically, to be eligible for disposal, a vehicle must be replaced, be uneconomical to repair, or no longer needed. If the manager of the VMF determines that a vehicle fits one or more of the criteria for disposal, they or a designee will complete a PS Form 4587, *Request to Repair, Replace, or Dispose of Postal Service- Owned Vehicle*. …

"Once authorized for disposal, the VMF manager has 60 days to store and dispose of the vehicle. First, the manager identifies a local salvage yard to dispose of the vehicle and prepares the vehicle for scrap. This includes the removal of any mail, mail-related equipment, Postal Service decals, markings, and license plates, and cannibalization of high-dollar or high-needed parts from the vehicle before the vehicle is transported to the salvage yard. The VMF manager will then complete a disposal agreement with the salvage yard for the purpose of permanent vehicle destruction, who will scrap the vehicle and may pay the VMF for any revenues and proceeds with a check, based on market value and tonnage."

Finding and recommendations

- **Finding: Ineffective Controls Related to Disposals.** While the Postal Service has some internal controls in place governing the LLV disposal process, we found they were not always effective to ensure that VMFs followed established disposal processes and had sufficient revenue recognition and reconciliation practices. There were 11,257 LLV disposals that occurred from October 1, 2023, through April 30, 2024 … . We selected a statistical sample of 112 LLV disposals and reviewed supporting documentation provided by Headquarters Fleet Management, VMF management, and the Eagan Accounting Service Center for completeness, timeliness, and existence of revenues.

  "Our analysis of 112 LLV disposals determined that the Postal Service did not:

  - Have required physical or electronic management approvals and signatures on the PS Form 4587 prior to disposal for 7 LLVs (6 percent).
  - Have required vehicle disposal agreements, which is to be completed by the VMF manager, for 25 disposals (22 percent).
  - Cannibalize and dispose 21 vehicles (19 percent) within the 60-day requirement. For example, one VMF took over 150 days and another VMF took over 280 days to dispose of the LLVs because they remained at the VMF for cannibalization.
  - Remove or cover decals and markings for 31 LLVs (28 percent) as required.

  "In addition, we found that management was not able to provide supporting documents to confirm that LLVs were physically disposed of for 11 LLVs (10 percent). For example, at one VMF, the scrap yard towed the vehicles from the VMF to the scrap yard; however, management was not able to provide documentation to confirm that the scrap yard did in fact destroy the vehicles. These conditions occurred due to a lack of management oversight of the vehicle disposal process. …"

The OIG recommended that USPS management:

- "… provide periodic refresher training and create accountability mechanisms to help ensure staff are processing vehicle disposals, and managers are providing related oversight, in accordance with policy.
- "… establish policies to require supporting evidence to verify vehicle destruction and removal of Postal Service decals and markings.
- "… prioritize and evaluate internal and contracted vehicle disposal process to identify process improvements and update controls. In addition, update Handbook PO-701, *Fleet Management*, to reflect any changes to controls in the vehicle disposal process."

The OIG added that

"Management agreed with all three recommendations and stated in subsequent correspondence that it agreed with our finding but disagreed with our monetary and other impacts."

OIG Examines Retail Operations

An audit report by the USPS Office of Inspector General (*Retail and Customer Service Operations Efficiency*, released February 11) detailed findings about the "Function 4" activities of local post offices. As the OIG explained:

> "Our objective was to assess the efficiency of Retail and Customer Service Operations nationwide. We assessed related policies and processes, observed operations at 12 units nationwide, analyzed performance data, and interviewed management and staff."

Background

The OIG added:

> "The US Postal Service operates over 31,000 post offices and retail units throughout the country. Postal Service staff (mainly clerks) at these facilities perform retail and customer service operations including conducting sales at the counter; helping customers in the lobby; measuring mail for manual processing; scanning packages upon arrival; sorting mail and packages; or distributing mail to Post Office Boxes (PO Boxes) or for carriers to deliver. The Postal Service assigns these activities (and related workhours and associated labor costs) to the 'function 4' category – Retail and Customer Service Operations. …

LDC	LDC Category[a]	FY 2023 Workhours	Percent of Total Workhours
41	Unit Distribution – Automated/Mechanized	795,643	0.55%
42	Business Return Service	2,057,402	1.42%
43	Unit Distribution – Manual	42,630,543	29.42%
44	PO Box Distribution	6,261,786	4.32%
45	Window Service	36,528,175	25.21%
46	Unassigned	1,000	<0.01%
47	Administrative and Clerical – Larger Offices	28,508,465	19.67%
48	Administrative and Clerical – Customer Services	25,198,519	17.39%
49	Computerized Forwarding	974,994	0.67%
94	Operations Customer Service Training Hours	1,945,816	1.34%
Total		144,902,343	100.00%

Source: U.S. Postal Service Office of Inspector General (OIG) analysis of Postal Service data from eFlash.

> "Employees who execute function 4 operations processed or distributed over 12 billion pieces of mail and handled over 665 million customer visits in fiscal year (FY) 2023. These operations accounted for almost 145 million workhours and $6.9 billion in costs in FY 2023 … .

> "The Postal Service's primary process for measuring and assessing function 4 operational efficiency in larger units is through the Customer Service Variance (CSV) model (over 11,000 units are measured in CSV, and they account for over 75 percent of all function 4 workhours). The CSV model compares 'earned' workhours against actual workhours to determine 'percent achieved' performance … . The Postal Service's target for CSV percent achieved is 95 percent. For smaller-sized units, the Postal Service tracks operational efficiency in a somewhat comparable method to CSV through the Small Office Variance (SOV) metric. …"

CSV Calculation

CSV Function 4 Efficiency Calculation

$$\frac{\text{Earned Workhours}}{\text{Actual Workhours}} \times 100 = \text{Percent Achieved}$$

CSV Function 4 Efficiency – Example

$$\frac{\text{55,000 Earned Workhours}}{\text{56,000 Actual Workhours}} \times 100 = \text{98.2\% Achieved}$$

Postal Service Target: 95% Achieved

Source: OIG analysis of Postal Service data.

Findings and recommendations

- **"Finding #1: Function 4 Program Data Quality.** Based on our national data review and 12 site visits throughout the country, we found reliability issues with some function 4 data underpinning key program efficiency metrics. Our review of national workhour and scan data between October 2022 and March 2024 showed multiple instances of misaligned volume and workhour data, such as volumes processed with no workhours or workhours incurred with no corresponding volume … .

  "These misalignments indicate employees were not properly recording their workhours (e.g., performing 'clockrings') to the correct LDC in accordance with Postal Service policy. …"

In turn, the OIG recommended that USPS management

- "… enhance system controls to notify management of workhours and scanning operation irregularities in a consistent, timely manner.
- "… create accountability mechanisms to help ensure staff are conducting clockrings and measuring mail, and managers are providing related oversight, in accordance with policy."

The OIG reported that USPS management "generally agreed with the finding and recommendations but disagreed with the monetary impact."

- **"Finding #2: Function 4 Review Enhancement Opportunities.** We also found limitations related to the management of its targeted, function 4 operational reviews. First, the Postal Service's national system for recording these reviews, WEMS, does not contain data on key elements – such as who conducted the review, the results, and the impact and status of corrective actions – or retain historical data. These system shortfalls limit visibility into the short- and long-term performance of these reviews, including how they are helping drive efficient function 4 operations. Second, the related policy framework is outdated, which may cause confusion among staff and hinder optimal site selection and the overall impact of function 4 reviews. …

  "The effectiveness of the Postal Service's function 4 reviews could be further enhanced by updates or clarifications to its related policy framework. First, the current policy – last revised in 2011 – lists key management roles and responsibilities for positions that no longer exist in the Postal Service management structure. … Second, while the Postal Service's policy allows for managerial discretion in terms of determining level two and three reviews, there are opportunities to improve the selection criteria to better identify candidate offices and drive optimal use of limited function 4 review resources. …"

The OIG recommended that USPS management

- "… enhance system capabilities for collecting, retaining, analyzing, certifying, reviewing, and reporting data from function 4 operational reviews.
- "… update the function 4 review policies to reflect the current management structure.
- "… evaluate and update policies for initiating the function 4 reviews, including selection criteria, factoring in major operational enhancements, and local management input."

The OIG noted that USPS management "disagreed with aspects of the finding but agreed with the recommendations."

Given the importance of Function 4 operations, it's unfortunate that the OIG – without particular effort – could again find easily avoidable deficiencies in fundamental processes.

Significant Mail Volume Remains Excluded from Measurement

In a February 3 filing with the Postal Regulatory Commission, the Postal Service reported the volume of mail "in measurement" during PQ I/FY 2025 (October-December). Potentially measurable volume was about 25.691 billion pieces, but only 18.117 billion (70.52%) actually were "in measurement;" some categories saw less mail in measurement than in PQ I of FY 2024. No data was shown for full-rate First-Class Mail, and data for all classes was incomplete; the USPS excludes some mail from measurement for one of fifteen reasons. Regardless, the result is that, at best, claimed performance scores are misleading and likely not representative of the real service performance experienced by ratepayers.

PQ IV/FY 2024	Service Std or Entry Type	FY24 Q4 vs SPLY	Total # of Pcs (RPW-ODIS) (a)	# of Pcs Eligible for FS IMB (b)	# of FS IMB Pcs Incl in Measurement (c)	% of FS IMB Pcs in Measurement (c/b)	# of FS IMB Pcs Excl from Meas'mnt (d)	% of FS IMB Pcs Not in Meas'mnt (d/b)	# of Pcs in Measurement (e)	# of Pcs **Not** in Measurement (a-e)	% of Pcs in Measurement (e/a)	% of Pcs **Not** In Measurement ((a-e)/a))
First-Class Mail		**FY25Q1**	8,353,648,663	7,963,828,844	5,467,014,274	70.74%	2,261,464,472	29.26%	5,467,014,274	**2,886,634,389**	65.44%	**34.56%**
		SPLY	8,566,010,047	8,188,699,174	5,591,482,173	70.76%	2,310,900,993	29.24%	5,591,482,173	2,974,527,874	65.28%	34.72%
Presort Letters/ Postcards	Combined Service Stds	**FY25Q1**	8,233,283,485	7,845,865,054	5,393,184,392	70.79%	2,225,335,386	29.21%	5,393,184,392	**2,840,099,093**	65.50%	**34.50%**
		SPLY	8,445,167,423	8,071,790,127	5,522,795,673	70.85%	2,272,750,621	29.15%	5,522,795,673	2,922,371,750	65.40%	34.60%
	Overnight	**FY25Q1**	727,797,404	Unable to Collect	455,512,122	Unable to Collect	Unable to Collect	Unable to Collect	455,512,122	272,285,282	62.59%	37.41%
		SPLY	820,822,152	Unable to Collect	447,427,103	Unable to Collect	Unable to Collect	Unable to Collect	447,427,103	373,395,049	54.51%	45.49%
	Two-Day	**FY25Q1**	822,970,981	Unable to Collect	576,040,196	Unable to Collect	Unable to Collect	Unable to Collect	576,040,196	246,930,785	70.00%	30.00%
		SPLY	836,887,395	Unable to Collect	598,420,845	Unable to Collect	Unable to Collect	Unable to Collect	598,420,845	238,466,550	71.51%	28.49%
	Three-Day	**FY25Q1**	3,264,966,317	Unable to Collect	2,170,068,009	Unable to Collect	Unable to Collect	Unable to Collect	2,170,068,009	1,094,898,308	66.47%	33.53%
		SPLY	3,383,631,864	Unable to Collect	2,170,989,642	Unable to Collect	Unable to Collect	Unable to Collect	2,170,989,642	1,212,642,222	64.16%	35.84%
	Four-Day	**FY25Q1**	2,476,237,545	Unable to Collect	1,466,770,862	Unable to Collect	Unable to Collect	Unable to Collect	1,466,770,862	1,009,466,683	59.23%	40.77%
		SPLY	2,450,848,799	Unable to Collect	1,683,853,749	Unable to Collect	Unable to Collect	Unable to Collect	1,683,853,749	766,995,050	68.70%	31.30%
	Five-Day	**FY25Q1**	941,311,237	Unable to Collect	724,793,203	Unable to Collect	Unable to Collect	Unable to Collect	724,793,203	216,518,034	77.00%	23.00%
		SPLY	952,977,212	Unable to Collect	622,104,334	Unable to Collect	Unable to Collect	Unable to Collect	622,104,334	330,872,878	65.28%	34.72%
Presort Flats	Combined Service Stds	**FY25Q1**	120,365,178	117,963,790	73,829,882	67.14%	36,129,086	32.86%	73,829,882	**46,535,296**	61.34%	**38.66%**
		SPLY	120,842,624	116,909,047	68,686,500	64.29%	38,150,372	35.71%	68,686,500	52,156,124	56.84%	43.16%
	Overnight	**FY25Q1**	7,102,240	Unable to Collect	4,274,777	Unable to Collect	Unable to Collect	Unable to Collect	4,274,777	2,827,463	60.19%	39.81%
		SPLY	7,805,493	Unable to Collect	4,139,928	Unable to Collect	Unable to Collect	Unable to Collect	4,139,928	3,665,565	53.04%	46.96%
	Two-Day	**FY25Q1**	13,543,761	Unable to Collect	6,449,224	Unable to Collect	Unable to Collect	Unable to Collect	6,449,224	7,094,537	47.62%	52.38%
		SPLY	13,371,307	Unable to Collect	7,437,439	Unable to Collect	Unable to Collect	Unable to Collect	7,437,439	5,933,868	55.62%	44.38%
	Three-Day	**FY25Q1**	48,605,184	Unable to Collect	32,420,134	Unable to Collect	Unable to Collect	Unable to Collect	32,420,134	16,185,050	66.70%	33.30%
		SPLY	48,553,422	Unable to Collect	28,547,868	Unable to Collect	Unable to Collect	Unable to Collect	28,547,868	20,005,554	58.80%	41.20%
	Four-Day	**FY25Q1**	34,190,808	Unable to Collect	20,861,038	Unable to Collect	Unable to Collect	Unable to Collect	20,861,038	13,329,770	61.01%	38.99%
		SPLY	33,476,717	Unable to Collect	19,180,688	Unable to Collect	Unable to Collect	Unable to Collect	19,180,688	14,296,029	57.30%	42.70%
	Five-Day	**FY25Q1**	16,923,186	Unable to Collect	9,824,709	Unable to Collect	Unable to Collect	Unable to Collect	9,824,709	7,098,477	58.05%	41.95%
		SPLY	17,635,685	Unable to Collect	9,380,577	Unable to Collect	Unable to Collect	Unable to Collect	9,380,577	8,255,108	53.19%	46.81%
Marketing Mail		**FY25Q1**	16,628,361,404	14,789,204,882	11,688,602,784	80.35%	2,858,527,994	19.65%	12,311,091,741	**4,317,269,663**	74.04%	**25.96%**
		SPLY	15,521,710,309	13,342,899,220	10,631,611,949	81.06%	2,484,861,126	18.94%	11,238,211,820	4,283,498,489	72.40%	27.60%
High Density & Saturation Ltrs	Combined Entry Types	**FY25Q1**	1,804,605,749	1,930,561,597	1,410,604,499	74.43%	484,541,702	25.57%	1,410,604,499	**394,001,250**	78.17%	**21.83%**
		SPLY	1,287,170,344	1,393,624,892	1,024,922,987	75.85%	326,324,414	24.15%	1,024,922,987	262,247,357	79.63%	20.37%
	Destination Entry 2-Day	**FY25Q1**	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
		SPLY	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
	Dest Entry 3-to-5-Day	**FY25Q1**	1,647,768,063	Unable to Collect	1,259,560,816	Unable to Collect	Unable to Collect	Unable to Collect	1,259,560,816	388,207,247	76.44%	23.56%
		SPLY	1,147,000,221	Unable to Collect	905,195,785	Unable to Collect	Unable to Collect	Unable to Collect	905,195,785	241,804,436	78.92%	21.08%
	Dest Entry 5-Day &Above	**FY25Q1**	70,138,064	Unable to Collect	57,325,577	Unable to Collect	Unable to Collect	Unable to Collect	57,325,577	12,812,487	81.73%	18.27%
		SPLY	61,012,842	Unable to Collect	48,539,059	Unable to Collect	Unable to Collect	Unable to Collect	48,539,059	12,473,783	79.56%	20.44%
	End-to-End 3-to-5-Day	**FY25Q1**	Unable to Collect	Unable to Collect	57,485,711	Unable to Collect	Unable to Collect	Unable to Collect	57,485,711	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	42,068,827	Unable to Collect	Unable to Collect	Unable to Collect	42,068,827	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 6-to-10-Day	**FY25Q1**	Unable to Collect	Unable to Collect	33,518,732	Unable to Collect	Unable to Collect	Unable to Collect	33,518,732	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	28,176,328	Unable to Collect	Unable to Collect	Unable to Collect	28,176,328	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 11-Day & Above	**FY25Q1**	Unable to Collect	Unable to Collect	2,713,663	Unable to Collect	Unable to Collect	Unable to Collect	2,713,663	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	942,988	Unable to Collect	Unable to Collect	Unable to Collect	942,988	Unable to Collect	Unable to Collect	Unable to Collect
High Density & Sat Flats/Parcels	Combined Entry Types	**FY25Q1**	2,264,336,256	631,429,410	443,075,683	73.33%	161,124,764	26.67%	984,743,540	**1,279,592,716**	43.49%	**56.51%**
		SPLY	2,155,227,527	404,678,016	281,165,104	74.16%	97,967,893	25.84%	804,125,671	1,351,101,856	37.31%	62.69%
	Destination Entry 2-Day	**FY25Q1**	1,022,402,751	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	541,667,857	480,734,894	52.98%	47.02%
		SPLY	1,104,173,071	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	522,960,567	581,212,504	47.36%	52.64%
	Dest Entry 3-to-5-Day	**FY25Q1**	1,176,420,247	Unable to Collect	395,612,486	Unable to Collect	Unable to Collect	Unable to Collect	395,612,486	780,807,761	33.63%	66.37%
		SPLY	990,890,414	Unable to Collect	260,543,777	Unable to Collect	Unable to Collect	Unable to Collect	260,543,777	730,346,637	26.29%	73.71%
	Dest Entry 5-Day & Above	**FY25Q1**	32,316,253	Unable to Collect	13,012,496	Unable to Collect	Unable to Collect	Unable to Collect	13,012,496	19,303,757	40.27%	59.73%
		SPLY	22,776,893	Unable to Collect	10,622,393	Unable to Collect	Unable to Collect	Unable to Collect	10,622,393	12,154,500	46.64%	53.36%
	End-to-End 3-to-5-Day	**FY25Q1**	Unable to Collect	Unable to Collect	32,745,474	Unable to Collect	Unable to Collect	Unable to Collect	32,745,474	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	8,017,768	Unable to Collect	Unable to Collect	Unable to Collect	8,017,768	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 6-to-10-Day	**FY25Q1**	Unable to Collect	Unable to Collect	1,498,492	Unable to Collect	Unable to Collect	Unable to Collect	1,498,492	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	1,826,188	Unable to Collect	Unable to Collect	Unable to Collect	1,826,188	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 11-Day & Above	**FY25Q1**	Unable to Collect	Unable to Collect	206,735	Unable to Collect	Unable to Collect	Unable to Collect	206,735	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	154,978	Unable to Collect	Unable to Collect	Unable to Collect	154,978	Unable to Collect	Unable to Collect	Unable to Collect
Carrier Route (Flats & Letters)	Combined Entry Types	**FY25Q1**	1,119,831,376	1,121,766,392	844,726,844	75.92%	267,981,341	24.08%	844,726,844	**275,104,532**	75.43%	**24.57%**
		SPLY	1,052,844,818	1,040,805,642	817,840,660	79.20%	214,765,670	20.80%	817,840,660	235,004,158	77.68%	22.32%
	Destination Entry 2-Day	**FY25Q1**	9,406,599	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	9,406,599	0.00%	100.00%
		SPLY	9,303,204	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	9,303,204	0.00%	100.00%
	Dest Entry 3-to-5-Day	**FY25Q1**	1,003,914,807	Unable to Collect	736,473,504	Unable to Collect	Unable to Collect	Unable to Collect	736,473,504	267,441,303	73.36%	26.64%
		SPLY	944,257,239	Unable to Collect	728,819,337	Unable to Collect	Unable to Collect	Unable to Collect	728,819,337	215,437,902	77.18%	22.82%
	Dest Entry 5-Day & Above	**FY25Q1**	75,035,271	Unable to Collect	70,569,290	Unable to Collect	Unable to Collect	Unable to Collect	70,569,290	4,465,981	94.05%	5.95%
		SPLY	72,063,500	Unable to Collect	69,713,226	Unable to Collect	Unable to Collect	Unable to Collect	69,713,226	2,350,274	96.74%	3.26%
	End-to-End 3-to-5-Day	**FY25Q1**	Unable to Collect	Unable to Collect	28,052,496	Unable to Collect	Unable to Collect	Unable to Collect	28,052,496	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	11,119,828	Unable to Collect	Unable to Collect	Unable to Collect	11,119,828	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 6-to-10-Day	**FY25Q1**	Unable to Collect	Unable to Collect	7,984,834	Unable to Collect	Unable to Collect	Unable to Collect	7,984,834	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	6,483,891	Unable to Collect	Unable to Collect	Unable to Collect	6,483,891	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 11-Day & Above	**FY25Q1**	Unable to Collect	Unable to Collect	1,646,720	Unable to Collect	Unable to Collect	Unable to Collect	1,646,720	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	1,704,378	Unable to Collect	Unable to Collect	Unable to Collect	1,704,378	Unable to Collect	Unable to Collect	Unable to Collect

PQ II/FY 2023	Service Std or Entry Type	vs SPLY	Total # of Pcs (RPW-ODIS) (a)	# of Pcs Eligible for FS IMB (b)	# of FS IMB Pcs Incl in Meas-urement (c)	% of FS IMB Pcs in Measure-ment (c/b)	# of FS IMB Pcs Excl from Meas'mnt (d)	% of FS IMB Pcs Not in Meas'mnt (d/b)	# of Pcs in Measurement (e)	# of Pcs Not in Measurement (a-e)	% of Pcs in Measurement (e/a)	% of Pcs Not In Measurement ((a-e)/a))
Letters	Combined Entry Types	**FY25Q1**	10,776,725,855	10,589,473,424	8,612,601,543	82.45%	1,832,924,085	17.55%	8,612,601,543	**2,164,124,312**	79.92%	**20.08%**
		SPLY	10,305,179,726	9,948,012,487	8,102,953,286	82.48%	1,721,554,897	17.52%	8,102,953,286	2,202,226,440	78.63%	21.37%
	Destination Entry 2-Day	**FY25Q1**	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
		SPLY	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
	Dest Entry 3-to-5-Day	**FY25Q1**	7,983,069,818	Unable to Collect	6,454,461,348	Unable to Collect	Unable to Collect	Unable to Collect	6,454,461,348	1,528,608,470	80.85%	19.15%
		SPLY	7,574,128,897	Unable to Collect	6,036,222,656	Unable to Collect	Unable to Collect	Unable to Collect	6,036,222,656	1,537,906,241	79.70%	20.30%
	Dest Entry 5-Day & Above	**FY25Q1**	1,067,392,491	Unable to Collect	957,835,309	Unable to Collect	Unable to Collect	Unable to Collect	957,835,309	109,557,182	89.74%	10.26%
		SPLY	1,043,533,073	Unable to Collect	936,359,707	Unable to Collect	Unable to Collect	Unable to Collect	936,359,707	107,173,366	89.73%	10.27%
	End-to-End 3-to-5-Day	**FY25Q1**	Unable to Collect	Unable to Collect	387,597,510	Unable to Collect	Unable to Collect	Unable to Collect	387,597,510	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	374,111,789	Unable to Collect	Unable to Collect	Unable to Collect	374,111,789	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 6-to-10-Day	**FY25Q1**	Unable to Collect	Unable to Collect	783,769,495	Unable to Collect	Unable to Collect	Unable to Collect	783,769,495	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	731,775,390	Unable to Collect	Unable to Collect	Unable to Collect	731,775,390	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 11-Day & Above	**FY25Q1**	Unable to Collect	Unable to Collect	28,937,881	Unable to Collect	Unable to Collect	Unable to Collect	28,937,881	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	24,483,744	Unable to Collect	Unable to Collect	Unable to Collect	24,483,744	Unable to Collect	Unable to Collect	Unable to Collect
Flats	Combined Entry Types	**FY25Q1**	526,855,419	515,974,059	377,594,215	77.13%	111,956,102	22.87%	377,594,215	**149,261,204**	71.67%	**28.33%**
		SPLY	582,518,485	555,778,183	404,729,912	76.51%	124,248,252	23.49%	404,729,912	177,788,573	69.48%	30.52%
	Destination Entry 2-Day	**FY25Q1**	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
		SPLY	0	Unable to Collect	0	Unable to Collect	Unable to Collect	Unable to Collect	0	0	Unable to Collect	Unable to Collect
	Dest Entry 3-to-5-Day	**FY25Q1**	274,315,422	Unable to Collect	197,481,818	Unable to Collect	Unable to Collect	Unable to Collect	197,481,818	76,833,604	71.99%	28.01%
		SPLY	292,074,795	Unable to Collect	211,585,337	Unable to Collect	Unable to Collect	Unable to Collect	211,585,337	80,489,458	72.44%	27.56%
	Dest Entry 5-Day & Above	**FY25Q1**	78,586,210	Unable to Collect	77,404,879	Unable to Collect	Unable to Collect	Unable to Collect	77,404,879	1,181,331	98.50%	1.50%
		SPLY	84,365,795	Unable to Collect	81,574,017	Unable to Collect	Unable to Collect	Unable to Collect	81,574,017	2,791,778	96.69%	3.31%
	End-to-End 3-to-5-Day	**FY25Q1**	Unable to Collect	Unable to Collect	26,678,193	Unable to Collect	Unable to Collect	Unable to Collect	26,678,193	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	26,562,598	Unable to Collect	Unable to Collect	Unable to Collect	26,562,598	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 6-to-10-Day	**FY25Q1**	Unable to Collect	Unable to Collect	74,001,106	Unable to Collect	Unable to Collect	Unable to Collect	74,001,106	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	83,048,207	Unable to Collect	Unable to Collect	Unable to Collect	83,048,207	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End 11-Day & Above	**FY25Q1**	Unable to Collect	Unable to Collect	2,028,219	Unable to Collect	Unable to Collect	Unable to Collect	2,028,219	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	1,959,753	Unable to Collect	Unable to Collect	Unable to Collect	1,959,753	Unable to Collect	Unable to Collect	Unable to Collect
EDDM	Two-Day	**FY25Q1**	136,006,749	0	0	Unable to Collect	0	Unable to Collect	80,821,100	**55,185,649**	59.42%	**40.58%**
		SPLY	138,769,409	0	0	Unable to Collect	0	Unable to Collect	83,639,304	55,130,105	60.27%	39.73%
Periodicals		**FY25Q1**	680,672,542	628,967,383	334,322,754	66.68%	167,060,740	33.32%	334,322,754	**346,349,788**	49.12%	**50.88%**
		SPLY	731,261,032	675,813,890	363,709,756	65.79%	189,148,647	34.21%	363,709,756	367,551,276	49.74%	50.26%
In-County	Combined Entry Types	**FY25Q1**	121,327,305	115,322,767	6,881,609	Unable to Collect	Unable to Collect	Unable to Collect	6,881,609	**114,445,696**	5.67%	**94.33%**
		SPLY	119,379,654	111,740,304	7,161,423	Unable to Collect	Unable to Collect	Unable to Collect	7,161,423	112,218,231	6.00%	94.00%
	Dest Entry	**FY25Q1**	Unable to Collect	Unable to Collect	2,681,512	Unable to Collect	Unable to Collect	Unable to Collect	2,681,512	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	3,114,197	Unable to Collect	Unable to Collect	Unable to Collect	3,114,197	Unable to Collect	Unable to Collect	Unable to Collect
	End-to-End	**FY25Q1**	Unable to Collect	Unable to Collect	4,200,097	Unable to Collect	Unable to Collect	Unable to Collect	4,200,097	Unable to Collect	Unable to Collect	Unable to Collect
		SPLY	Unable to Collect	Unable to Collect	4,047,226	Unable to Collect	Unable to Collect	Unable to Collect	4,047,226	Unable to Collect	Unable to Collect	Unable to Collect
Outside County	Combined Entry Types	**FY25Q1**	559,345,237	513,644,616	327,441,145	Unable to Collect	Unable to Collect	Unable to Collect	327,441,145	**231,904,092**	58.54%	**41.46%**
		SPLY	611,881,378	564,073,586	356,548,333	Unable to Collect	Unable to Collect	Unable to Collect	356,548,333	255,333,045	58.27%	41.73%
	Dest Entry	**FY25Q1**	421,501,224	Unable to Collect	268,649,958	Unable to Collect	Unable to Collect	Unable to Collect	268,649,958	152,851,266	63.74%	36.26%
		SPLY	460,947,803	Unable to Collect	291,661,655	Unable to Collect	Unable to Collect	Unable to Collect	291,661,655	169,286,148	63.27%	36.73%
	End-to-End	**FY25Q1**	137,844,013	Unable to Collect	58,791,187	Unable to Collect	Unable to Collect	Unable to Collect	58,791,187	79,052,826	42.65%	57.35%
		SPLY	150,933,575	Unable to Collect	64,886,678	Unable to Collect	Unable to Collect	Unable to Collect	64,886,678	86,046,897	42.99%	57.01%
Package Services		**FY25Q1**	27,861,271	27,367,351	4,263,009	28.96%	10,456,239	71.04%	4,263,009	**23,598,262**	15.30%	**84.70%**
		SPLY	30,262,497	29,640,686	4,530,996	28.65%	11,282,538	71.35%	4,530,996	25,731,501	14.97%	85.03%
BPM Flats	Combined Entry Types	**FY25Q1**	27,861,271	27,367,351	4,263,009	28.96%	10,456,239	71.04%	4,263,009	**23,598,262**	15.30%	**84.70%**
		SPLY	30,262,497	29,640,686	4,530,996	28.65%	11,282,538	71.35%	4,530,996	25,731,501	14.97%	85.03%
	Dest Entry	**FY25Q1**	24,784,212	Unable to Collect	3,690,766	Unable to Collect	Unable to Collect	Unable to Collect	3,690,766	21,093,446	14.89%	85.11%
		SPLY	27,343,292	Unable to Collect	4,160,339	Unable to Collect	Unable to Collect	Unable to Collect	4,160,339	23,182,953	15.22%	84.78%
	End-to-End	**FY25Q1**	3,077,059	Unable to Collect	572,243	Unable to Collect	Unable to Collect	Unable to Collect	572,243	2,504,816	18.60%	81.40%
		SPLY	2,919,205	Unable to Collect	370,657	Unable to Collect	Unable to Collect	Unable to Collect	370,657	2,548,548	12.70%	87.30%

GAO Repeats USPS Risk

On February 25, the Government Accountability Office released its updated "High Risk List" of "38 areas of government operations with serious vulnerabilities to fraud, waste, abuse, and mismanagement, or in need of transformation."

On the list – as it has been since 2009 – is the Postal Service, specifically its "financial viability." The GAO added:

> "Executive branch agencies need to address thousands of open GAO recommendations to bring about lasting solutions to the 38 high-risk areas. In some cases, legislation is necessary. As such, continued congressional oversight is essential to save costs and improve program management. Congress should also consider requiring interagency groups formed to address high-risk challenges use GAO's leading practices for collaboration."

The GAO was pleased that the USPS has a plan (Postmaster General Louis DeJoy's 10-Year Plan) to which agency leadership is committed, but still found Congressional action was needed:

> "There are four open matters to Congress for this high-risk area:
>
> - Reassessing and determining the level of universal postal service the nation requires.
> - Determining the extent to which USPS should be financially self-sustaining and what change to law would be appropriate to enable USPS to meet this goal.
> - Determining the most appropriate institutional structure for USPS.
> - Passing legislation to put postal retiree health benefits on a more sustainable financial footing."

Most people would agree that the Postal Service's USO mandate imposes costs that current mail revenue cannot sustain, even with DeJoy's frequent price hikes, but there's no appetite among legislators to tackle politically dangerous matters, like reducing six-day delivery or eliminating retail facilities. Similarly, Congress has shied away from resolving the overpayment/underpayment debate for USPS retirement funds or how such funds could be more lucratively invested.

USPS Files Annual Report on CY 2024 Mail Growth Incentive

On March 3, the Postal Service filed its final report with the Postal Regulatory containing data required by the commission when it approved the calendar year 2024 Mail Growth Incentive on September 27, 2023. (The earlier quarterly reports were submitted on May 15, August 29, and November 27, 2024.)

Below are the USPS responses to the PRC's stipulation in its 2023 order that:

"By May 15, 2024, and 60 days after the close of each quarter thereafter, the Postal Service shall provide the following:

1. For each expected participating First-Class Mail and USPS Marketing Mail mailer and in the aggregate, the qualifying volume and revenue, broken down by product and further broken out into commercial/nonprofit categories (when applicable);

   [*The USPS response for each quarter was "filed under seal."*]

2. The number of participating First-Class Mail and USPS Marketing Mail mailers that have qualified for credits and the amount of total credits issued based on the actual price paid for qualifying volume (this requirement is applicable for reporting occurring after July 2024 when credits will first be issued);

Q1: n/a
Q2: 1. Marketing Mail: 74 registrations (66 unique mailers) qualified for $31,369,772.75 in credits. 2. First-Class Mail: 22 registrations (22 unique mailers) qualified for $18,243,972.24 in credits. No credits were issued before July 1. …
Q3: 1. Marketing Mail: 204 registrations (190 unique mailers) qualified for $123,935,283.55 in postage credits. There were $8,379,708 in Marketing Mail postage credits issued through September 30, 2024. 2. First-Class Mail: 52 registrations (47 unique mailers) qualified for $38,051,593.56 in postage credits. There were $3,548,788 in First-Class Mail postage credits issued through September 30, 2024. …
Q4: For Marketing Mail: 425 registrations (383 unique mailers) qualified for $384,558,044.85 in postage credits. There were $345,965,753.17 in Marketing Mail postage credits issued through February 27, 2025. Although the Postal Service stated … that "we expect that all end-of-year credits will be paid no later than February 2025," we continue to work with some registrants past this date to ensure as many earned postage credits as possible are claimed. For First-Class Mail: 126 registrations (103 unique mailers) qualified for $154,936,873.31 in postage credits. There were $136,011,355.37 in First-Class Mail postage credits issued through February 27, 2025. Again, though the Postal Service stated … that "we expect that all end-of-year credits will be paid no later than February 2025," we continue to work with registrants past this date to ensure as many earned postage credits as possible are claimed. …

In the last three quarters, the USPS added a note about a "change in terminology." In the first quarterly report, "the Postal Service identified 'mailers' but, subsequently, it identified "'registrations' for the incentives because mailers may have multiple registrations, by region, for example."

In the Q4 report, the USPS noted that, although it previously stated that "we expect that all end-of-year credits will be paid no later than February 2025," it was still working with registrants "past this date to ensure as many earned postage credits as possible are claimed."

3. The number of participating First-Class Mail and USPS Marketing Mail mailers projected to qualify for credits next quarter and by the end of CY 2024;

Q1: The Postal Service projects that 54 mailers will qualify for postage credits by the beginning of the next quarter, July 1, 2024. These are mailers who have mailed more than 500,000 pieces and whose actual volume exceeded 50 percent of their baseline volume by the end of Q2 FY 2024. The Postal Service projects that there are 219 mailers that will exceed their baselines by the end of CY 2024. These are the mailers who have mailed more than 250,000 pieces and whose volume exceeded 25 percent of their baseline volume by the end of Q2 FY 2024.
Q2: The Postal Service projects that 233 registrations will qualify for postage credits by the beginning of the next quarter, October 1, 2024; 180 are Marketing Mail registrations (164 unique mailers), and 53 are First-Class Mail registrations (50 unique mailers). These are mailers who are projected to exceed 1,000,000 pieces or their baseline volumes by the end of Q3 FY 2024. The Postal Service projects that there are 504 registrations that will exceed either 1,000,000 pieces or their baselines by the end of CY 2024; 373 of these are Marketing Mail registrations (342 unique mailers), and 131 are FirstClass Mail registrations (123 unique mailers).
Q3: The Postal Service projects that 523 registrations will qualify for postage credits by the beginning of the next quarter, January 1, 2025; 396 are Marketing Mail registrations (364 unique mailers), and 127 are First-Class Mail registrations (121 unique mailers). These are mailers who are projected to exceed 1,000,000 pieces or their baseline volumes (whichever is higher) and will likely qualify for postage credits by the end of Q4 FY 2024.
Q4: N/A – The 2024 Mail Growth Incentives ended on December 31, 2024. The number of mailers for CY 2024 is reported above.

4. Any credit adjustments made during the quarter … ;

Q1: none
Q2: none.
Q3: none.
Q4: The Postal Service made program-wide postage credit adjustments to all registrations at the end of CY 2024 Q4 to ensure every registration's actual earned postage credit was calculated accurately based on final volume and average actual price paid. The final earned postage credits are filed under seal. .

5. Estimates of the Postal Service's administrative costs for the quarter and for the administration of the incentives to date, including costs related to data tracking and collection as well as labor hours required to manage the program and calculate credits and credit adjustments;

Q1: The Postal Service currently estimates quarterly costs of $30,000 and to date costs of $70,000 for data tracking. We estimate quarterly costs of $120,000 and costs to-date of $280,000 in labor hours to manage the program. We estimate $0 to calculate credits and credit adjustment. The total administrative cost estimate for the quarter is $150,000 and to-date is $350,000. ...
Q2: The Postal Service currently estimates quarterly costs of $30,000 and to date costs of $100,000 for data tracking. We estimate quarterly costs of $120,000 and costs to-date of $400,000 in labor hours to manage the program. We estimate $1,000 to calculate credits and credit adjustment. The total administrative cost estimate for the quarter is $150,000 and to-date is $401,000. …
Q3: The Postal Service currently estimates quarterly costs of $30,000 and to date costs of $130,000 for data tracking. We estimate quarterly costs of $120,000 and costs to-date of $520,000 in labor hours to manage the program. We estimate $1,000 to

calculate postage credits and credit adjustment. The total administrative cost estimate for the quarter is $151,000 and to-date is $651,000. …

Q4: The Postal Service currently estimates quarterly costs of $30,000 and to date costs of $160,000 for data tracking. We estimate quarterly costs of $120,000 and costs to-date of $640,000 in labor hours to manage the program. We estimate $1,000 to calculate postage credits and credit adjustment. The total administrative cost estimate for the quarter is $151,000 and to-date is $802,000. … The administrative costs also reflect that this was the first year of the Mail Growth Incentives, and experience may reduce administrative costs in future years, e.g. shorter audit time to ensure the accuracy of credits issued, more accurate customer entry of information with mail submissions, automation of some validation functions currently done by USPS manually, etc.

In each quarterly report, the Postal Service noted that its costs were based on these assumptions:

• For data tracking and collection: two full-time employees (2,000 hours per 12 months) worked an average of 30 percent of their time at $100 / hour over a period of one quarter (three months) or to-date (16 months September 2023-December 2024).

• For managing the incentive program: eight full-time employees spent an average of 30 percent of their time at $100 / hour over the same periods (year to-date).

In the last three quarter, the USPS added:

• For Credit Calculation, one full-time employee spent 10 hours at $100 / hour calculating postage credits.

In the final report, the PRC also required "additional annual reporting":

1. For each participating First-Class Mail and USPS Marketing Mail mailer and in the aggregate, the actual credits earned and distributed, including any adjustments, and supporting calculations; [the USPS response was "Filed under seal."]
2. The actual administrative costs of the program as of the date of the report and estimates of the costs to administer the claiming of incentive credits through CY 2025;

Based upon the assumptions detailed in response to quarterly question 5, above, the Postal Service currently estimates the total administrative cost to-date is $802,000. Also as mentioned, this was the first year of the Mail Growth Incentives, and experience may reduce administrative costs in future years, e.g. shorter audit time to ensure the accuracy of credits issued, more accurate customer entry of information with mail submissions, automation of some validation functions currently done by USPS manually, etc.

3. For credits that were used in CY 2024, the amount of credits applied to each qualifying product, and further broken out into commercial/nonprofit categories (when applicable).

This data is not available. The Growth Incentive program tracks only total pieces and postage to assess the average price paid per piece for calculating earned credits, not the use of credits.

The Postal Service generally has been pleased with ratepayers' interest in the incentive program and continued the offering in calendar 2025. Though subject to the governors' approval in a forthcoming price filing, the incentive (or a similar proposal) is likely in 2026 as well.

The unfortunate consequences of the incentive are that it's more available to higher-volume mailers (i.e., mail owners) than to those whose annual volume is below the qualifying threshold and that, under the ratesetting rules, the value of credits used by qualifying mailers is recouped by the USPS in later price increases applied to the entire class of mail.

January Financials: Back to Reality

After enjoying the volume and revenue boosts of the long election/holiday season, January 2025 was the classic post-holiday return to normalcy. Despite broadly lower workhours and a relatively modest swing in the workers compensation liability, rising costs and decreased revenue yielded a $655 million net loss for the month.

Volume and revenue

Compared to January 2024, market-dominant mail volume was down 6.2% while competitive product volume – more important to the PMG's 10-Year Plan – fell 7.9%. In the absence of election and holiday mail, total volume for the month was 6.3% lower that the previous January:

First-Class Mail: 4.122 bln pcs, -6.0%; 15.557 bln pcs, -4.5% YTD
Marketing Mail: 4.121 bln pcs, -6.4%; 20.753 bln pcs, +4.1% YTD
Periodicals: 203.5 mln pcs, -9.0%; 0.884 bln pcs, -7.2% YTD
Total Mkt Dom: 8.510 bln pcs, -6.2%; 37.543 bln pcs, +0.0% YTD
Total Competitive: 510.7 mln pcs, -8.1%; 2.413 bln pcs, -2.1% YTD
Total USPS: 9.045 bln pcs, -6.3%; 40.060 bln pcs, -0.2% YTD

Total revenue was 4.8% below plan and 0.5% less than January 2024, offsetting positive income during the preceding months to yielded a net loss of $511 million for the year to date, still over $1.8 billion better than at the end of last January – but the best months are in the rearview mirror.

Despite price increases on market-dominant mail totaling over 7.75% since January 2024, year-to-date market-dominant mail revenue was only 4.0% higher – heading into the leaner months ahead.

USPS operating revenue for the month was $6.859 billion:

First-Class Mail: $2.514 bln, +2.4%; $9.520 bln, +3.7% YTD
Marketing Mail: $1.172 bln, -1.6%; $5.774 bln, +8.0% YTD
Periodicals: $0.071 bln, -3.4%; $0.312 bln, +0.3% YTD
Total Mkt Dominant: $4.045 bln, -0.5%; $16.744 bln, +4.0% YTD
Total Competitive: $2.697 bln, +0.0%; $12.113 bln, +2.2% YTD
Total USPS: $6.859 bln, -0.5%; $29.358 bln, +3.0% YTD

Expenses and workhours

Total "controllable" compensation and benefit costs in December were $5.286 billion, 0.6% under plan but 2.1% higher than January 2024; total expenses were $7.583 billion, 0.4% under plan but 4.3% higher than a year earlier.

As transportation is reduced to enable lower service standards, the related costs ($677 million for the month, $2.875 billion for the YTD) were well below both plan and January 2024. However, workers' compensation expense worsened by $219 million compared to last January.

Workhour usage was 2.8% under plan and 4.4% lower than January 2024, while total workhours for the year-to-date were 0.3% below plan and 0.5% under SPLY YTD. The total workforce was smaller, but with *more* career employees.

Month's end complement: 637,065 employees (535,656 career, 101,409 non-career) **-0.94%** compared to January 2024 (643,113 employees: 529,705 career, 113,408 non-career), but **1.12% more** *career* workers.

All the numbers are on the next page.

USPS Preliminary Information (Unaudited) – January 2025 [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	$6,859	$7,207	$6,891	-4.8%	-0.5%	$29,358	$29,972	$28,505	-2.0%	3.0%
Other Revenue	--	$1	--	-100%	NMF	$39	$2	$4	NMF	NMF
Total Revenue	$6.859	$7,207	$6,891	-4.8%	-0.5%	$29,397	$29,974	$28,509	-0.0%	3.1%
Operating Expenses										
Personnel Compensation and Benefits	$5,813	$5,800	$5,453	0.2%	6.6%	$23,014	$23,551	$23,673	-2.3%	-2.8%
Transportation	$677	$725	$774	-6.6%	-12.5%	$2,875	$3,051	$3,298	-5.8%	-12.8%
Supplies and Services	$272	$277	$273	-1.8%	-0.4%	$1,107	$1,194	$1,147	-7.3%	-3.5%
Other Expenses	$773	$760	$726	1.7%	6.5%	$2,999	$3,070	$2,914	-2.3%	2.9%
Total Operating Expenses	$7,535	$7,562	$7,226	-0.4%	4.3%	$29,995	$30,866	$31,032	-2.8%	-3.3%
Net Operating Income/Loss	**-$676**	-$355	-$335			**-$598**	-$892	-$2,523		
Interest Income	$70	$56	$79	25.2%	-11.9%	$283	$255	$328	11.0%	-13.9%
Interest Expense	$48	$49	$45	-2.0%	7.8%	$195	$203	$178	-4.5%	10.9%
Net Income/Loss	**-$655**	-$349	-$301			**-$511**	-$840	-$2,373		
Mail Volume										
Total Market Dominant Products [3]	8,510	8,577	9,069	-0.8%	-6.2%	37,543	37,509	37,539	0.1%	0.0%
Total Competitive Products [3]	511	586	555	-12.8%	-7.9%	2,413	2,430	2,466	-0.7%	-2.1%
Total International Products	24	25	26	-5.1%	-7.7%	103	108	118	-4.3%	-12.4%
Total Mail Volume	9,045	9,188	9,650	-1.6%	-6.3%	40,060	40,047	40,123	0.0%	-0.2%
Total Workhours	105	105	106	0.0%	-0.9%	300	298	297	0.7%	1.0%
Total Career Employees	**535,656**		529,705		**1.1%**					
Total Non-Career Employees	**101,409**		113,408		**-10.6%**					

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	4,121,918	4,384,496	-6.0%	15,557,134	16,283,031	-4.5%
Revenue	$2,514,475	$2,456,077	2.4%	$9,519,822	$9,176,575	3.7%
Periodicals						
Volume	203,534	223,752	-9.0%	884,207	953,204	-7.2%
Revenue	$70,806	$73,261	-3.4%	$312,426	$311,513	0.3%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	4,121,066	4,401,422	-6.4%	20,752,873	19,941,932	4.1%
Revenue	$1,172,406	$1,191,165	-1.6%	$5,774,328	$5,345,903	8.0%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	42,029	40,673	3.3%	150,133	157,598	-4.7%
Revenue	$90,165	$85,946	4.9%	$328,249	$332,161	-1.2%
All other Market Dominant Mail						
Volume	21,217	18,193	16.6%	199,090	203,267	-2.1%
Revenue	$197,936	$259,476	-23.7%	$809,238	$928,090	-12.8%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	8,509,763	9,068,535	-6.2%	37,543,436	37,539,033	0.0%
Revenue	$4,045,428	$4,065,924	-0.5%	$16,744,063	$16,094,242	4.0%
Shipping and Package Services						
Volume	510,678	555,405	-8.1%	2,413,372	2,466,089	-2.1%
Revenue	$2,573,871	$2,572,872	0.0%	$11,673,647	$11,389,864	2.5%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$122,894	$122,954	-0.0%	$439,771	$462,247	-4.9%
Total Competitive Products *(ex. all Int'l.)*						
Volume	510,678	555,405	-8.1%	2,413,372	2,466,089	-2.1%
Revenue	$2,696,764	$2,695,826	0.0%	$12,113,417	$11,852,111	2.2%
Total International [4]						
Volume	24,213	26,344	-8.1%	102,955	118,194	-12.9%
Revenue	$116,365	$129,392	-10.1%	$500,181	$558,691	-10.5%
Total						
Volume	**9,044,654**	9,650,285	**-6.3%**	**40,059,763**	40,123,316	**-0.2%**
Revenue	**$6,858,557**	$6,891,141	**-0.5%**	**$29,357,661**	$28,505,044	**3.0%**

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	$5,286	$5,317	$5,179	-0.6%	2.1%	$21,661	$21,618	$20,855	0.2%	3.9%
FERS Unfunded Liabilities Amortization [6]	$200	$200	$192	0.0%	4.2%	$800	$800	$767	0.0%	4.3%
CSRS Unfunded Liabilities Amortization [6]	$283	$283	$267	0.0%	6.0%	$1,133	$1,133	$1,067	0.0%	6.2%
Workers' Compensation [7]	$44	$ --	-$185	NMF	123.8%	-$580	$ --	$984	NMF	-158.9%
Total Pers. Comp. & Benefits	$5,813	$5,800	$5,453	0.2%	6.6%	$23,014	$23,551	$23,673	-2.3%	-2.8%
Total Non-Personnel Expenses	$1,722	$1,762	$1,773	-2.3%	-2.9%	$6,981	$7,315	$7,359	-4.6%	-5.1%
Total Expenses (incl. interest)	**$7,583**	$7,611	$7,271	**-0.4%**	**4.3%**	**$30,190**	$31,069	$31,210	**-2.8%**	**-3.3%**

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	33,363	34,511	35,598	-3.3%	-6.3%	142,385	142,701	144,120	-0.2%	-1.2%
Mail Processing	15,941	16,043	16,480	-0.6%	-3.3%	68,228	67,985	69,362	0.4%	-1.6%
Customer Services & Retail	11,112	11,290	11,994	-1.6%	-7.4%	47,558	47,450	48,991	0.2%	-2.9%
Rural Delivery	17,938	18,581	18,366	-3.5%	-2.3%	76,457	76,983	75,075	-0.7%	1.8%
Other	14,132	14,768	14,344	-4.3%	-1.5%	57,502	58,059	56,444	-1.0%	1.9%
Total Workhours	**92,486**	95,193	96,782	**-2.8%**	**-4.4%**	**392,130**	393,178	393,992	**-0.3%**	**-0.5%**

[1]/January 2025 had one fewer of delivery day and one fewer retail day compared to January 2024. YTD has the same delivery days and 0.75 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 11,232 and Revenue of $17,134; SPLY Market Dominant Volume of 13,515 (-16.9%) and Revenue of $20,051 (-14.5%). Also includes Current Period Competitive Volume of 12,981 and Revenue of $99,231; SPLY Competitive Volume of 12,829 (+1.2%) and Revenue of $109,341 (-9.2%). [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

February 27: Product Change [7]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement [2], 10837, 10837-10838; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [5], 10838, 10838, 10838, 10838, 10838.

February 28: Sunshine Act Meetings, 10958.

March 4: Product Change [4]: Priority Mail Express, Priority Mail, and USPS Ground Advantage Negotiated Service Agreement, 11193; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [3], 11193, 11193, 11194.

March 5: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 11334.

March 7: Product Change: Fulfillment Standardized Distinct Product and Non-Published Rates, 11558.

PROPOSED RULES

[None].

FINAL RULES

February 28: Service Standards for Market-Dominant Mail Products, 10857-10872.

Postal Regulatory Commission

NOTICES

February 26: New Postal Products, 10732-10733.

February 27: Competitive Postal Products; Notice of Technical Conference, 10835-10836; New Postal Products, 10836-10837.

February 28: New Postal Products, 10957-10958.

March 4: New Postal Products, 11192-11193.

March 5: New Postal Products, 11333-11334.

March 7: Complaint, 11557-11558.

March 10: New Postal Products, 11633-11634; Service Performance Measurement Systems for Market Dominant Products, 11634.

PROPOSED RULES

March 10: Streamlined Option Rulemaking-Fulfillment-Non-Published Rates Negotiated Service Agreements, 11594-11595.

FINAL RULES

February 26: Market Dominant Postal Products, 10689-10691.

DMM Advisory

February 26: US Postal Service Announces Refined Service Standards and Cost Reductions.

Postal Bulletin (PB 22671, March 6)

- Effective **April 7**, DMM 601.6.1 is revised to clarify requirements for using USPS-produced packaging for shipping mailable hazardous materials. … Although the Postal Service will not publish these revisions in the DMM until April 7, 2025, the standards are effective immediately.
- Effective **January 19**, Notice 123, *Price List,* was revised to reflect price changes to certain international Competitive Services as established by the Governors of the United States Postal Service. The new prices are based on Postal Regulatory Commission (PRC) Order No. 8635, issued on January 16, 2025. In that order, the PRC found that the price adjustments included in the USPS notice may go into effect on January 19, 2025.
- Effective **March 6**, the IMM Individual Country Listing for Malta is revised to request that the mailer provide the addressee's mobile phone number and email address, if available, on the customs declaration form on all items containing goods mailed to Malta; and write or print the addressee's contact phone number, if available, on the address labels attached to the items.
- Effective **March 6**, the IMM Individual Country Listing for Montenegro is revised to add two new observations – one about customs duty changes, and one about information to be shown on the customs declaration form when mailing items containing goods to Montenegro.
- Effective **March 6**, the IMM is revised to reflect the country group assignments for St. Pierre and Miquelon, and the Foreign Office of Exchange Code for International Priority Airmail destined for St. Pierre and Miquelon.

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

February 26, 2025

Postal Service Prepares for Mardi Gras Festivities

Major mailers and shippers should expect delays in the New Orleans area due to the annual Mardi Gras festivities. There will be no impact to drop shipment locations but as necessary, the new Houston Regional Processing and Delivery Center (RPDC) will support the processing of impacted volumes. We expect normal operations to resume during the week immediately following Mardi Gras.

February 26, 2025

US Postal Service Announces Refined Service Standards and Cost Reductions

The United States Postal Service today announced refined service standards for certain market-dominant services. This includes service standard adjustments for First-Class Mail, Periodicals, Marketing Mail, and Package Services (Bound Printed Matter, Media Mail, and Library Mail). The changes will maintain service at existing levels for most volume and upgrade standards for more market-dominant volume than is downgraded. The changes will enhance service reliability nationwide while maintaining the existing five-day service standard day range for First-Class Mail, whereas the day ranges for end-to-end Marketing Mail, Periodicals and Package Services will be shortened. Similar changes will be made with respect to the Postal Service's competitive products. As a result of these refined service standards, the Postal Service projects at least $36 billion in savings over 10 years from transportation, mail processing, and real estate cost reductions. As part of the ongoing "Delivering for America" plan, the Postal Service has to date lowered $1.8 billion in annual transportation costs by eliminating redundant networks and rationalizing the use of air and surface options, and reduced 45 million workhours, or $2.3 billion annually, by improving plant productivity, and eliminating unnecessary facilities. In addition, the Postal Service has increased revenue by $3.5 billion annually while transitioning its product offerings in the face of significant declines in mail volume. "The Postal Service has been historically burdened by service standard regulations and onerous business rules that have not been appropriately adjusted to account for volume and mail mix changes, forcing costly and ineffective operations," said Postmaster General Louis DeJoy. "For decades - and most specifically during the last three years - Congress has actively resisted operational solutions and meaningful change. By implementing the new standards and the operational initiatives to which they are aligned, we will be better able to achieve the goals of our modernization plans and create a high-performing, financially sustainable organization, which is necessary to achieve the statutory policies and objectives established for the Postal Service by law." The relative impact on service standards, leaving more than 80 percent of market dominant volume unchanged, demonstrates the Postal Service's efforts to maintain high quality service and mitigate any customer impacts to the extent possible while also implementing operational changes necessary to improve postal operations and achieve the critical – and significant – cost savings that are necessary for financial sustainability as required by law. Implementation will be in two phases to facilitate effective operational execution: the first phase will begin on April 1 and the second on July 1. The Postal Service will share information at its retail locations and with commercial customers to ensure mailers are aware of the changes. USPS will have multiple, user-friendly tools available so customers understand how long it should take for mail they are sending to reach its destination. There are no impacts to services at retail locations as retail access will not change. For more information, see our FAQ document.

February 26, 2025

2025 National Postal Forum – Workshop Matrix Is Available Online

The workshop matrix serves as a roadmap to guide you in planning your educational experience at the National Postal Forum (NPF). This comprehensive tool outlines all educational workshops and Leadership Insight sessions (available soon) in a clear, four-day grid. You have five workshop tracks to choose from (color-coded for easy reference): Data, Technology, and Visibility for Tomorrow's Competitive Advantage (Blue); Driving Mail Growth with Cutting-edge Innovations (Orange); Operational Excellence from Mail Setup to Delivery (Purple); Professional Growth through Strategic Leadership (Red); Shipping Solutions for a Greater Advantage (Green). Time and again, attendees tell us that education is the top reason they come to the forum, and this matrix is your guide to gaining valuable insights that will expand your knowledge and drive meaningful impact for your organization. The NPF app will be coming soon, but in the meantime, take advantage of the Workshop Matrix to plan your educational activities. The Workshop Matrix above is also available on NPF's website: NPF 2025 Workshop Matrix. In collaboration with the Postal Service, NPF is offering a professional certification through select workshops. The NPF Certification Program allows attendees to choose from a selection of workshops aligned with attendee's professional goals, providing an opportunity to earn the special certificate, a Credly badge (a digital certification to display on your business social media sites). The courses that qualify for the certification are: The Direct Mail Marketing Course; Mail Center Manager Course. With the abundance of educational opportunities at NPF, the Workshop Matrix and certification courses are your guide to tailoring your experience and gaining the insights you need to deliver results for yourself and your company. If you haven't registered for the forum, you have until **April 4, 2025**. To register, click this link: NPF. We look forward to seeing you soon at NPF.

February 27, 2025

Postal Service Addressing Service Delays in Louisville, Kentucky

The Postal Service has been working around the clock to address recent service delays in the Greater Louisville, Kentucky area. We apologize for any inconvenience you may have experienced. The region has made significant strides in service recovery. We appreciate your patience as we achieve the level of service you expect and deserve. Customers are encouraged to visit our Service Alerts page at Service alerts - Newsroom - About.usps.com for up-to-date information on service impacts.

February 27, 2025

International Service Suspension Notice

Effective February 28, 2025: The Postal Service will suspend international mail acceptance to Turkmenistan until further notice due to unavailable transportation. Customers are asked to refrain from mailing items addressed to the following countries, until further notice: **Turkmenistan**. 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.

February 28, 2025

Mail Spoken Here – February Edition – Industry Engagement & Outreach Newsletter

Please enjoy the latest edition of Mail Spoken Here attached. The newsletter contains informative and important articles on the following topics: Tenure plan of PMG DeJoy announced: Louis DeJoy informed the USPS Board of Governors to start identifying his successor; USPS announces refined service standards and cost reduction, projects $36 billion in savings over 10 years; Colin named chief performance officer: Dr. Joshua Colin took on the role to oversee operational excellence across key functions; Key Personnel Announcements in the Chief Retail and Delivery Group: Key leaders like Elvin Mercado assumed permanent roles effective February 22, 2025; Stamps for business mailers have a perfect view, feature two iconic American landscapes: American Vistas stamps were released on February 21 for business mailers; Click-N-Ship Application Upgrade: Customers fully transitioned to the Enhanced Click-N-Ship application by February 27, 2025; Service Standards Update 5-Digit By 5-Digit ZIP Code: Service standard changes improved delivery reliability at a 5-digit ZIP Code level; New Priority Next Day will Reach up to 150 Miles from Origin at Incredible Rates: Priority Next Day service launched March 1, 2025, for overnight delivery within 150 miles; 2025 National Postal Forum – Workshop Matrix Is Available Online: The workshop matrix became available to plan educational experiences at the forum.

March 5, 2025

Save the Date – Central Area Areas Inspiring Mail (AIM)

Tuesday, June 3. Harper College, Wojcik Conference Center, 1200 W Algonquin Rd, Palatine IL 60067. Contact Sheila.A.Clay@usps.gov.

March 5, 2025

2025 National Postal Forum – Testimonials from Industry Leaders

The National Postal Forum (NPF) is the industry's premier event – but don't just take our word for it. Hear from professionals at BCC Software, Poshmark, and Lob as they share their experiences, highlighting the unmatched business insights and networking opportunities NPF provides. At NPF, education takes center stage. Stay informed with the latest updates from the Postal Service, choose from over 100 expert-led workshops, and gain valuable insights to accelerate your business. Whether it's the Keynote General Session with Postmaster General Louis DeJoy for four action-packed days of learning, NPF is the ultimate destination to advance your career and expand your professional network. Don't miss this opportunity to see why industry professionals consider NPF a must-attend event. Watch the testimonial video to hear firsthand experiences from past attendees, learn about the invaluable networking and educational opportunities, and get inspired to join us at NPF. Click here to watch now. Registration is still open for NPF. Go to NPF.org and register today. Take advantage of online registration savings available now through April 4, 2025. NPF takes place April 27-30, in Nashville, Tennessee. We look forward to seeing you soon.

March 5, 2024

Possible Delays – South Suburban (Chicago, Illinois suburbs) Area

The Postal Service experienced a total facility power outage at their South Suburban Processing facility in Bedford Park, Illinois last night. Power has been restored as of this morning, but customers may experience delays due to the inability to process mail and packages during the outage. Originating First-Class Mail and Destinating Mail for 3-digit ZIP Codes 604 and 605 may be impacted and destinating packages for 3-digit ZIP Code 604 may be impacted. The facility is now fully functional and accepting drop shipments but elevated wait times may occur. We remain committed to restoring normal operations as quickly and safely as possible. We apologize for any inconvenience you may have experienced as we work to restore the level of service you expect and deserve. Customers are encouraged to visit our Service Alerts page at Service alerts - Newsroom - About.usps.com for up-to-date information on service impacts.

March 5, 2024

New Mailing Process for Cremated Remains

The Postal Service will implement an enhanced process for shipping Cremated Remains. Currently, customers can ship Cremated Remains using **either** customer supplied packaging, applying Label 139 to all sides of the box, **or** the USPS Priority Mail Express Cremated Remains box. Effective March 1, 2025, to increase visibility and security of cremated remains shipments through the postal network, customers will now be **required** to use the USPS Priority Mail Express Cremated Remains box (BOX-CRE) for **all** cremated remains shipments. The Cremated Remains Box Kits are available for public order through The Postal Store on USPS.com and comes in two varieties: Kit 1: Cremated Remains PME box and PME Tape; Kit 2: Cremated Remains PME box, PME tape, bubble cushioning, self-sealing plastic bag, Publication 139. Customers shipping Cremated Remains (human and animal ashes in any form), both Domestic and International, must use Priority Mail Express (PME) or Priority Mail Express International (PMEI) service only. Cremated Remains packages mailed via the Priority Mail Express service are limited to only four extra service options: Signature Required; Signature Waived; Return Receipt; Additional Insurance. For more information on the process for shipping Cremated Remains, please refer to Publication 139, *How to Package and Ship Cremated Remains*. This document provides step-by-step instructions as well as any restrictions associated with shipping Cremated Remains packages. Publication 139 is available at the retail counter of all local post offices or accessed via https://about.usps.com/publications/pub139.pdf.

March 6, 2024

Possible Delays – Seattle WA Processing and Distribution Center

The Postal Service experienced an incident at the Seattle, Washington Processing and Distribution Center: 10700 27th Ave S., Seattle, Washington, 98168. The facility is still accepting mail and packages for processing. Customers may experience mail and package delays in the short-term as we work on restoring normal operations as quickly and safely as possible.   We apologize for any inconvenience you may experience. Customers are encouraged to visit our Service Alerts page at Service alerts - Newsroom - About.usps.com for up-to-date information on service impacts.

March 6, 2025

Atlantic Area – Areas Inspiring Mail (AIM) Meeting

Thursday, March 20, 2025, 9:30am-1:30pm. The Canopy by Hilton, Washington (DC). Register at *https://forms.office.com/g/9M8j5uz5B1*. Question? email the Atlantic Area AIM mailbox at: *tmkmf0@usps.gov* for all event inquiries.

March 7, 2025

WestPac AIM Meeting – Areas Inspiring Mail

Tuesday, March 25, 2025, 11am-1pm. Register for the online AIM event at the following link: https://WestPacAIM2025.eventbrite.com.

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.

March 11-12 – MTAC Meeting, USPS Headquarters
March 13 – ***Mailers Hub* Webinar –** Using Informed Delivery Data
March 27-30 – MFSA Conference, Grapevine (TX)
April 10 – ***Mailers Hub* Webinar**
April 24 – ***Mailers Hub* Webinar –** The April Price Filing
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)
July 12-16 – NACUMS Conference, Louisville (KY)
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**

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POSTAL REGULATORY COMMISSION FINAL RULE – Market Dominant Postal Products

POSTAL REGULATORY COMMISSION

39 CFR Part 3030

[Docket No. RM2020-5; Order No. 8708]

RIN 3211-AA27

Market Dominant Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Commission is adopting amendments to its rules concerning rate incentives for Market Dominant products.

DATES: Effective: March 28, 2025.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Background
II. Basis for Final Rules
III. Final Rules

I. Background

In its general Market Dominant rate adjustment filings, the Postal Service routinely proposes to offer rate incentives in the form of promotions that reduce rates by providing discounts, rebates, or credits to participating mailers of certain types of mailpieces. Typically, such promotions are offered for several months during a particular calendar year for certain mailpieces in the First-Class Mail and USPS Marketing Mail classes. If the Commission approves, then the promotion may be offered again, with or without modifications, in the next calendar year.

Each rate incentive offered by the Postal Service is either a rate of general applicability or a rate not of general applicability. A rate incentive of general applicability may be eligible for inclusion in the percentage change in rates calculation (provided that it satisfies all the applicable criteria under the Commission's rules), which will allow for the Postal Service to generate price cap authority for the applicable class of mail. By contrast, a rate incentive not of general applicability has been ineligible for inclusion in the percentage change in rates calculation, unless mail volumes sent under it are included as though they paid the appropriate rates of general applicability.

The Commission previously adopted regulations concerning rate incentives for Market Dominant products.[1] However, in connection with an appeal, the Commission stated that it would reconsider Order No. 5510 and that it "does not intend to enforce Order No. 5510 during the reconsideration period."[2] In Order No. 6325, the Commission proposed modifying its rules and sought comments on its proposal.[3] Subsequently, the Commission sought supplemental comments.[4] Having considered the comments that it received, the Commission proposed further changes to its rules in Order No. 7559.[5]

II. Basis for Rule Change

The Commission modifies its rules by revising the criteria that a rate incentive must satisfy to be included in the percentage change in rates calculation; revises the definition of "rate of general applicability;" and revises filing and reporting requirements.

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[1] Docket No. RM2020-5, Order Adopting Final Rules Regarding Rate Incentives for Market Dominant Products, May 15, 2020 (Order No. 5510).

[2] Docket No. RM2020-5, Notice of Intent to Reconsider, August 26, 2020, at 2 (Order No. 5655); see U.S. Postal Serv. v. Postal Reg. Comm'n, Joint Motion for Voluntary Dismissal and Vacatur, No. 20-1208 (D.C. Cir. Sept. 11, 2020).

[3] Docket No. RM2020-5, Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, November 14, 2022 (Order No. 6325).

[4] Docket No. RM2020-5, Supplemental Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, November 17, 2023 (Order No. 6801).

[5] Docket No. RM2020-5, Second Supplemental Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, September 20, 2024 (Order No. 7559).

POSTAL REGULATORY COMMISSION FINAL RULE – Market Dominant Postal Products

First, the Commission creates a mechanism allowing certain rate incentives that are not rates of general applicability to be included in the percentage change in rates calculation. Second, the Commission removes the not-enforced requirement that a rate incentive must be made available to all mailers equally on the same terms and conditions to be included in the percentage change in rates calculation. Third, the Commission revises the definition of "rate of general applicability" in Sec. 3030.101. This revision clarifies a potential ambiguity. The Commission also revises the definition of "rate of general applicability" as initially proposed in Order No. 6325 to clarify that to qualify as a rate of general applicability, a rate incentive cannot have eligibility criteria based on historical mail volumes or prior participation in a rate incentive or promotion. Fourth, the Commission revises filing requirements to ensure that the Postal Service provides sufficient information at the outset of a Market Dominant rate adjustment proceeding. Fifth, the Commission adds a provision authorizing it to require the submission of information to ensure that rate incentives included in the percentage change in rates calculation comply with applicable requirements.

The mechanism allowing certain rate incentives that are not rates of general applicability to be included in the percentage change in rates calculation allows a rate incentive for which a mailer's eligibility depends on the mailer's increasing its volumes of a product (or multiple products) to be included in the percentage change in rates calculation. The Commission creates this mechanism to encourage the Postal Service to develop and offer such rate incentives, with the goal of combatting volume decline.

The Commission also removes the not-enforced requirement that a rate incentive must be made available to all mailers equally on the same terms and conditions to be included in the percentage change in rates calculation. The Commission removes this requirement because fairness concerns can be addressed through other means and because this requirement has the potential to cause confusion.

The Commission revises the definition of "rate of general applicability" in Sec. 3030.101 by adding the word "only" to the sentence addressing rates benefiting a single mailer so that the sentence reads as follows: "A rate is not a rate of general applicability if it benefits only a single mailer." This change removes a potential ambiguity in the sentence and ensures that the sentence reflects the Commission's intent in adding the sentence to the definition.

The Commission also adopts the changes to the definition of "rate of general applicability" that it proposed in Order No. 6325. See Order No. 6325 at 26-34. These changes to the definition of "rate of general applicability" in Sec. 3030.101 clarify what rate incentives may qualify for inclusion in the percentage change in rates calculation as rates of general applicability. Under the Commission's existing rules "[a] rate is not a rate of general applicability if eligibility for the rate is dependent on factors other than the characteristics of the mail to which the rate applies[.]" 39 CFR 3030.101(j). As initially proposed in Order No. 6325, the changes add an additional sentence to clarify that a rate incentive is not a rate of general applicability if eligibility for the rate is dependent wholly or partially on the volume of mail sent by a mailer in a past year or years or on the participation by a mailer in a rate incentive or promotion in a past year or years.

The Commission modifies its rules for the technical documentation required to support proposed rate incentives. These changes implement changes conforming to the Commission's changes to its rules for including rate incentives in the percentage change in rates calculation. Thus, under the revision, the Commission's rules require a statement describing the purpose of the rate incentive. Similarly, and to conform with the change to the definition of "rate of general applicability," under the revision, the rule requires a statement affirming that a rate incentive proposed to be included in the percentage change in rate calculation will not benefit only a single mailer.

In addition, the Commission requires each request to include a rate incentive in the percentage change in rates calculation to include an estimate of the effect of the rate incentive on mailers in the affected class that do not participate in the rate incentive, as well as all information and calculations relied upon to develop such estimate. The Commission makes this change for transparency. This change ensures that the public is provided notice of the estimated effect of the proposed rate incentive on non-participating mailers in the affected class. The Commission requires the information and calculations relied upon to develop the estimate to ensure that it understands the basis for the estimate and to provide transparency to the public and affected stakeholders.

The Commission also adds a provision authorizing it to require the submission of information to ensure that rate incentives included in the percentage change in rates calculation comply with applicable requirements. In the Commission's experience, reporting requirements are important to ensure that the Commission understands how rate incentives operate in practice. The Commission codifies its authority to impose such reporting requirements.

POSTAL REGULATORY COMMISSION FINAL RULE – Market Dominant Postal Products

III. Final Rules

List of Subjects in 39 CFR Part 3030

Administrative practice and procedure, Fees, Postal Service.

For the reasons stated in the preamble, the Commission amends 39 CFR part 3030 as follows:

PART 3030 – REGULATION OF RATES FOR MARKET DOMINANT PRODUCTS

1. The authority citation for part 3030 continues to read as follows:

Authority: 39 USC 503; 3622.

2. Amend Sec. 3030.101 by:

a. Redesignating paragraphs (j) through (l) as paragraphs (k) through (m);

b. Adding paragraph (j); and

c. Revising newly redesignated paragraph (k).

The addition and revisions read as follows:

Sec. 3030.101 Definitions.

* * * * *

(j) Rate incentive comparison period is a period of time in the fiscal year or calendar year immediately before a rate incentive that is not a rate of general applicability is offered. A rate incentive comparison period must be not less than 3 months in length and not more than 12 months in length. Except for a rate incentive that is not a rate of general applicability that has a term of 1 calendar year, the rate incentive comparison period is the same period of months and days in the fiscal year or calendar year immediately before the rate incentive is offered as the term of the rate incentive. For any rate incentive that is not a rate of general applicability that has a term of 1 calendar year, the rate incentive comparison period shall be either: the calendar year that is most recently ended before the rate incentive is offered; or the fiscal year that is most recently ended before the rate incentive is offered.

(k) Rate of general applicability means a rate applicable to all mail meeting standards established by the *Mail Classification Schedule*, the *Domestic Mail Manual*, and the *International Mail Manual*. A rate is not a rate of general applicability if eligibility for the rate is dependent on factors other than the characteristics of the mail to which the rate applies. A rate incentive is not a rate of general applicability if eligibility for the rate is wholly or partially dependent on the volume of mail sent by a mailer in a past year or years or on the participation by a mailer in a rate incentive or promotion in a past year or years. A rate is not a rate of general applicability if it benefits only a single mailer. A rate that is only available upon the written agreement of both the Postal Service and a mailer, a group of mailers, or a foreign postal operator is not a rate of general applicability.

* * * * *

3. Amend Sec. 3030.123 by revising paragraph (j) to read as follows:

Sec. 3030.123, Supporting technical documentation.

* * * * *

(j) Whenever the Postal Service includes a rate incentive with its planned rate adjustment, it must include with its filing:

   (1) Whether the rate incentive is being treated under Sec. 3030.128(f)(2) or under Sec. 3030.128(f)(1) and (g);

   (2) If the Postal Service seeks to include the rate incentive in the calculation of the percentage change in rates under Sec. 3030.128(f)(2):

      (i) The terms and conditions of the rate incentive;

      (ii) The factors that determine eligibility for the rate incentive;

      (iii) A statement that affirms that the rate incentive will not benefit only a single mailer;

      (iv) A statement that affirms that the rate incentive is not only available upon the written agreement of both the Postal Service and a mailer, or group of mailers, or a foreign postal operator;

      (v) A statement describing the purpose of the rate incentive; and

      (vi) An estimate of the effect of the rate incentive on mailers in the affected class that do not participate in the rate incentive and all information and calculations relied upon to develop such estimate.

* * * * *

POSTAL REGULATORY COMMISSION FINAL RULE – Market Dominant Postal Products

4. Amend Sec. 3030.128 by:

a. Revising paragraph (f)(2);

b. Adding new paragraph (f)(3); and

c. Revising paragraph (g)(1).

The addition and revisions read as follows:

Sec. 3030.128, Calculation of percentage change in rates.

* * * * *

(f) * * *

(2) A rate incentive may be included in a percentage change in rates calculation if it meets the following criteria:

(i) The rate incentive is in the form of a discount or can be easily translated into a discount;

(ii) Sufficient billing determinants are available for the rate incentive to be included in the percentage change in rate calculation for the class, which may be adjusted based on known mail characteristics or historical volume data (as opposed to forecasts of mailer behavior); and

(iii) The rate incentive is either:

(A) A rate of general applicability; or

(B) A rate not of general applicability that satisfies the following requirements:

(1) The rate incentive is not only available upon the written agreement of both the Postal Service and a mailer, or group of mailers, or a foreign postal operator;

(2) The rate incentive is applicable to all mail meeting standards established by the Mail Classification Schedule, the Domestic Mail Manual, and the International Mail Manual;

(3) The rate incentive does not benefit only a single mailer;

(4) The rate incentive is designed to increase volume; and

(5) A mailer's eligibility for the rate incentive depends on the mailer's sending, in a specified period of time, a volume of mail of specified products that exceeds a specified threshold volume of mail, provided that such threshold volume of mail is not less than the volume of the specified products that the mailer sent in the rate incentive comparison period.

(3) The Commission may require submission of such information as it deems necessary to ensure that rate incentives included in the percentage change in rates calculation comply with the requirements of this section.

(g)* * *

(1) Mail volumes sent at rates under a negotiated service agreement or a rate incentive that is not a rate of general applicability are to be included in the calculation of the percentage change in rates under this section as though they paid the appropriate rates of general applicability, except as provided in paragraph (f)(2) of this section. Where it is impractical to identify the rates of general applicability (e.g., because unique rate categories are created for a mailer), the volumes associated with the mail sent under the terms of the negotiated service agreement or the rate incentive that is not a rate of general applicability shall be excluded from the calculation of the percentage change in rates.

* * * * *

By the Commission.

Erica A. Barker, Secretary.

USPS FINAL RULE – Service Standards for Market-Dominant Mail Products

POSTAL SERVICE

39 CFR Part 121

Service Standards for Market-Dominant Mail Products

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The United States Postal Service is revising the service standards for certain market-dominant services, specifically First-Class Mail, Periodicals, USPS Marketing Mail, and Package Services. The new service standards, which will be implemented in two phases, align with operational initiatives that the Postal Service plans to implement on a nationwide basis to fundamentally transform its processing and transportation networks to achieve greater operational precision and efficiency, significantly reduce costs, and enhance service pursuant to the *Delivering for America* strategic plan. The changes will maintain service at existing levels for most volume, will upgrade standards for more market-dominant volume than is downgraded, and will improve service reliability.

DATES: Effective April 1, 2025, except for instruction 4 (revising part 121), which is effective July 1, 2025.

FOR FURTHER INFORMATION CONTACT: Martha Johnson, Senior Public Relations Representative, at martha.s.johnson@usps.gov or (202) 268-2000.

SUPPLEMENTARY INFORMATION:

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A. Service Standards Generally

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C. Periodicals, USPS Marketing Mail, and Package Services

I. Introduction

By adopting this final rule, the Postal Service is amending 39 CFR Part 121 to revise the current service standards for certain market-dominant products. The Postal Service is restructuring the service standards for domestic First-Class Mail, such that the service standards will retain the current day range of 1-5 days (as well as the current 0-1 days for USPS Connect Local), while being calculated, with certain exceptions, as the sum of delivery days accruing across three successive operational legs reflecting end-to-end service from an originating 5-digit ZIP Code to a destinating 5-digit ZIP Code. The rule also partially adjusts the service standards for end-to-end Periodicals, USPS Marketing Mail, and Package Services so that they will be primarily based on the standards for First-Class Mail, consistent with the Postal Service's implementation of a more integrated network, thus continuing efforts to eliminate the Postal Service's legacy network that, due to its poor design, has multiple, redundant network flows.

These revisions achieve the objectives set forth in 39 USC 3691(b), taking into account the factors of 39 USC 3691(c). Overall, they further the Postal Service's obligations under 39 USC 101 and other provisions of Title 39 of the US Code to provide universal postal services in a prompt, reliable, and efficient manner. The Postal Service is required by law to provide universal postal services in a financially self-sufficient manner, through an integrated network for the delivery of mail and packages at least six days a week. Currently, the Postal Service is not financially self-sufficient and lacks a network that is conducive to the logical, efficient, cost-effective, and reliable movement of mail and packages in an integrated manner from origin to destination in the modern postal environment, taking into account the current and projected volume, revenue, costs, and product mix. The Postal Service network has not been appropriately adjusted to account for volume, revenue, costs, and mail mix changes, including the substantial decline in Single-Piece First-Class Mail volume and increase in package volume, leading to significant inefficiencies.

The new service standards align with operational initiatives that the Postal Service plans to implement on a nationwide basis to fundamentally transform its processing and transportation networks to achieve greater operational precision and efficiency, significantly reduce costs, and enhance service pursuant to the Postal Service's *Delivering for America* strategic plan (DFA Plan). These initiatives will comprehensively transform the Postal Service's operations to address problems that exist today and create a network that enables the integrated movement of mail and packages in a precise and cost-effective manner consistent with best business practice far into the future. They should also lead to substantial cost savings (conservatively estimated at between $3.6 to $3.7 billion annually), which is critical given the Postal Service's current poor financial condition, which can be addressed only through comprehensive changes to reduce costs and increase efficiency (in conjunction with the other elements of the DFA Plan).

USPS FINAL RULE – Service Standards for Market-Dominant Mail Products

To illustrate, the current service standards require the Postal Service to conduct separate trips to drop off destinating volume from the processing network to collection/delivery facilities in the morning for delivery that day, and then pick-up originating volume from the collection/delivery facilities to the processing network in the afternoon, or alternatively pay Highway Contract Route contractors to layover for multiple hours between the outbound and return legs of their routes. Many of these trips transport low amounts of volume to and from collection/delivery facilities that are far from the Postal Service's processing facilities. The Postal Service's Regional Transportation Optimization (RTO) initiative will eliminate some of the costs and inefficiencies associated with these excess trips by allowing certain mail and packages to be picked up the next day from the Post Office on the same trip that also dropped off mail at that Post Office for delivery that day. The Postal Service will designate 5-digit ZIP Codes for RTO when a retail/collection facility servicing that 5-digit ZIP Code is more than 50 miles from the originating Regional Processing and Distribution Center or Campus (RPDC), though exceptions may apply based on operational or business considerations. Under the new service standards, which are needed to implement RTO, most mail and packages would either receive the same service standard or an accelerated standard so that it is delivered faster than today, while some mail and packages would have a service expectation that is one day longer than the current expectation but still within the current day-ranges. Further details of the changes appear below.

By implementing the new standards and the operational initiatives to which they are aligned, the Postal Service will be better able to achieve the goals of the DFA Plan to create a high-performing, financially sustainable organization, which is necessary for the Postal Service to achieve the statutory policies and objectives adopted by Congress.

The Postal Service will implement the final rule in two phases, with phase 1 going into effect on April 1, 2025, and phase 2 going into effect on July 1, 2025. As described further below, during phase 1, the Postal Service will enable the implementation of RTO by adding one service expectation day to certain volume in Leg 1 (i.e., from collection to originating processing facility) for items originating in ZIP Codes covered by RTO. On July 1, during phase 2, the Postal Service will implement the proposed rule in its entirety and will therefore among other changes accelerate the movement of mail in Leg 2 (i.e., from originating processing facility to destinating processing facility) by expanding the drive times for each of the travel bands that establish the delivery expectation days for First-Class Mail by four hours. Phase 2 is dependent upon certain efficiencies gained as a result of RTO and requires significant changes across the Postal Service's processing, logistics, and delivery networks. By delaying the service standard changes related to Leg 2 for a brief period of 90 days, the Postal Service will be able to facilitate effective operational execution and change management by gradually implementing these changes, reducing the immediate impact on front-line employees and decreasing the level of change that is implemented at one time. In addition, during the 90-day period between phase 1 and phase 2, the Postal Service will gather data on real-world operational conditions and constraints arising from RTO and use this data to adjust operational planning regarding Leg 2 operations to the extent warranted, and therefore help ensure that the Postal Service is well positioned to implement the Leg 2 service standard changes. To be clear, the phased approach is to facilitate more effective implementation of the changes. The rule, as originally proposed and as repeated below, will be implemented in full on July 1.

On October 4, 2024, the Postal Service requested from the Postal Regulatory Commission (PRC or Commission) an advisory opinion on the service standard changes, including those described herein, for market-dominant and competitive products, together with a comprehensive strategy of network modernization, in accordance with 39 USC 3661(b). The PRC then initiated Docket No. N2024-1, in which the PRC's Presiding Officer, its appointed Public Representative, and a number of intervenors actively participated, including issuing extensive discovery requests. The PRC also conducted a formal hearing with testimony on the record. The Postal Service's proffered evidence demonstrates significant benefits to implementing these operational initiatives and corresponding service standards consistent with the policies enumerated in Title 39 of the United States Code: the same or accelerated standards for a majority of market-dominant volume within the current day ranges; user-friendly service standards formulated at the 5-digit Zip Code level; significant cost savings from productivity enhancements, consolidated local transportation trips, streamlined transportation between facilities within the redesigned network, an air network reoriented around RPDCs, lease terminations, and facility closures, all of which are critically important to achieving long-term financial sustainability; and ultimately, more reliable, predictable, sustainable, and consistent service. The proceeding culminated in an advisory opinion issued by the PRC on January 31, 2024.

The PRC's advisory opinion acknowledges the necessity of change, agreeing that the Postal Service must improve its financial standing, modernize its operations, and ensure the continuing provision of universal service. Of the specific changes proposed by the Postal Service, and whether they are consistent with the policies of the Title 39 of the United States Code, the PRC declines to make a definitive statement. Yet the PRC is highly critical of the Postal Service's plans, faulting the Postal Service's network modeling and operational preparedness to implement the changes, minimizing the projected cost savings as being "meager" and hence not material to achieving financial sustainability, and voicing concern over impacts to rural customers, among other criticisms. The PRC therefore suggests that the Postal Service reconsider whether to implement this proposal. In lieu of a fair and comprehensive assessment, however, the PRC's advisory opinion presents a one-sided narrative that mischaracterizes the Postal Service's proposal, ignores the benefits it can be reasonably expected to yield, baselessly magnifies its alleged downsides, downplays the necessity of financial self-help, and makes unrealistic demands that would, if heeded, impede urgently needed progress.

The Postal Service has responded in depth to the PRC's opinion and recommendations at https://about.usps.com/newsroom/nationalreleases/2025/0220-usps-responds-to-prc-advisory-opinion-on-service-standardchanges.htm. There, the Postal Service disputes the PRC's overall assessment of the proposed changes and rebuts the faulty reasoning, factual misapprehensions and tendentious arguments informing that assessment. The Postal Service also provides a response to each of the PRC's recommendations. This Notice cannot replicate, and is not intended to replace, that more substantive response. It is, however, appropriate to address at a high level of generality three topics emphasized by the PRC: the Postal Service's cost savings projections, the Postal Service's network modelling efforts, and the impacts of the Postal Service's plans on rural communities.

The Postal Service conservatively estimates yearly savings of approximately $4 billion. As noted, the PRC dismisses this sum as a "meager" reduction in overall expenses. Such criticisms betray a thorough-going lack of concern for the Postal Service's financial viability under the current business model. No entity in the private or public sector would disregard (much less forego) annual cost savings totaling in the billions. To avert service deterioration and insolvency, the Postal Service must become financially self-sustaining; to become financially self-sustaining, it must reduce costs within the constraints of its service mission – and this proposal will reduce costs by addressing clear deficiencies in the Postal Service's current network while also ensuring that all customers continue to receive prompt and reliable service.

Despite the urgent need for meaningful change, the PRC would perpetuate the status quo by recommending that before self-help initiatives are implemented, the Postal Service embark on a dilatory, burdensome, seemingly open-ended chain of *ex ante* "modelling" exercises that would add no discernible value. The Postal Service's plans are, in fact, based on robust deliberation and analysis, and are supported by industry-standard models, software, and analytical protocols. They also acknowledge certain basic realities: the Postal Service runs a highly complex organization, works within a vast embedded infrastructure, and must serve the American public even as it transforms its processing and transportation networks. The Postal Service has accordingly proposed a framework for network modernization, based on well-designed operating strategies and principles, which will be implemented through a systematic, iterative, region-by-region implementation approach that enables the Postal Service to address what is necessary to most efficiently transport and process mail and packages within each region, while also ensuring that the network as a whole is structured in a standardized, effective, and integrated manner. Though the PRC criticizes the Postal Service for its alleged overreliance on "business judgment," the need for pragmatic decision-making – informed by fact-gathering and operational expertise – will inevitably arise over the course of any complex endeavor, not excluding this one. As the Postal Service proceeds to implement its plans, responsiveness to on-the-ground feedback will be beneficial; rigid adherence to all-encompassing "models" that ignore complex and shifting realities will not.

The changes that are the subject of this rulemaking retain or accelerate service standards for most market-dominant volume – a fact that garners little recognition from the PRC. Instead, the PRC accuses the Postal Service of not sufficiently considering the revised standards' impact on rural ZIP Codes. This is baseless: the Postal Service considered rural impacts in depth when designing this proposal and has thoroughly explained why it believes the balance that has been struck regarding the statutory policies is appropriate, given the operational benefits and overall impact on service. In this regard, the Postal Service considered the fact that (1) the changes would add one day within the existing service standard day ranges to the First-Class Mail service standards for mail originating in areas far from the processing network (with some very minor exceptions), which encompasses both rural and non-rural areas; (2) the current day ranges for First-Class Mail would stay the same, and be shortened for other end-to-end mail products, (3) the changes would benefit the speed of service within Leg 2 overall (and hence would improve the delivery of mail to rural communities), and (4) the changes would improve service reliability overall. The PRC sidesteps the steep and irreversible declines in Single Piece First-Class Mail use – declines to which the proposed RTO initiative and accompanying "Leg 1" service standard changes respond. Nor does the PRC acknowledge a key fact about First-Class Mail as a whole (i.e., including Presort First-Class Mail): namely, that customers receive on average far more mail than they send. In this regard, the revised standards provide inbound network benefits, with the same or upgraded service over an expanded area, for the critical goods and services that most customers, including rural customers, receive. The PRC also fails to recognize that local turnaround service from RPDCs and some LPCs will provide 2–3-day service standards for mail destined within the same service area. Ultimately, the Postal Service gave serious consideration to rural impacts, and with the service standard changes described below, has appropriately balanced its competing obligations under Title 39 of the United States Code.

Despite the flaws in the PRC's analysis, the Postal Service agrees with many of the PRC's recommendations, many of which are already part of the planned implementation process or would otherwise occur in the course of business. Many of these recommendations concern building out the implementation plan and are generally consistent with the thorough planning, transparent customer communication, robust mitigation efforts, and swift execution adjustments that are at the core of the Postal Service's implementation strategy. The Postal Service will balance planning with continuous evaluation of performance during implementation and will improve processes and make broader adjustments as appropriate. Based on reasonable business judgement and experience, the Postal Service believes this is the best, and fastest, way to ensure successful implementation not only of the service standard change, but of the plan generally.

The PRC also made several recommendations that were inextricably linked to its flawed analysis with which, as noted above, the Postal Service disagrees. To the extent that a recommendation is based on the PRC's flawed understanding of the Postal Service's proposal or the false premise that the Postal Service lacked highly rigorous methods or models when developing its proposal, the Postal Service disagrees. Finally, the Postal Service has thoroughly considered its obligations under title 39, including 39 USC 101(a) and (e), and has appropriately balanced the various statutory considerations and requirements, and therefore the Postal Service does not agree with the PRC's recommendation to reconsider those matters.

II. Comments

On November 15, 2024, the Postal Service published proposed revisions to market-dominant service standards in the *Federal Register* and sought public comment (Proposed Rule). Service Standards for Market-Dominant Mail Products, 89 FR 90241 (Nov. 15, 2024). The comment period for the Proposed Rule closed on December 31, 2024. Although exempt from the document and comment requirements of the Administrative Procedure Act (5 USC 553(b), (c)) regarding rulemaking by 39 USC 410(a), nonetheless the Postal Service

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requested comments on all aspects of the Proposed Rule. In particular, the Postal Service solicited comments on the effects that the Proposed Rule could have on senders and recipients of the affected market-dominant mail classes, as well as comments on the nature and extent of costs or savings they might experience as a result of the changes described in this document, and on any additional possible costs or benefits they foresaw, such as increased reliability and predictability. The Postal Service encouraged the provision of any empirical data supporting any cost-benefit analysis. The Postal Service further requested mail users' views regarding the application of the policies and requirements of Title 39 of the US Code, particularly sections 101, 403, 404, and 3691, to the Proposed Rule.

The Postal Service received approximately 17,500 comments in response to the Proposed Rule. The vast majority (nearly all) of the comments received were form letters, which raised concerns that the proposed changes would slow down the delivery of critical items, such as bills, checks, and medicines.

The Postal Service received only a few dozen comments that were not form letters, including a submission from a congressperson and a few comments from advocacy groups. Several such comments expressed concerns that the changes would harm rural communities, vulnerable populations, and small businesses. Others objected to the use of cost-savings as a consideration when establishing service standards, and/or questioned whether the Postal Service's projected efficiencies and cost-savings are reliable. A number of residents of Wyoming and other states objected to the closure, perceived downgrading, and/or consolidation of processing facilities, as well as the processing of intrastate mail, including election mail, in other states.

Several comments included complaints and opinions regarding matters unrelated to the proposed market-dominant service standard changes. Such topics include, but are not limited to, the privatization of the Postal Service, the tenure of the Postmaster General, past price increases, electric vehicles, and new business opportunities. The Postal Service is not responding to comments that fall outside the scope of this rulemaking. Separately, a number of individuals raised concerns that the changes would delay the delivery of medicines, merchandise, and other goods that are typically sent using competitive package services, including Priority Mail and USPS Ground Advantage. The impact on competitive products was addressed in the advisory opinion case described above, but is not addressed in this rulemaking, which impacts market-dominant products only.

One comment submitted was a copy of a statement of position that had been filed in the PRC advisory opinion proceeding, re-submitted to the Postal Service as comments for this rulemaking. The Postal Service likewise incorporates by reference its Initial Brief and Reply Brief as filed publicly in the PRC proceeding. Initial Brief of the United States Postal Service, PRC Docket No. N2024-1 (December 18, 2024), *https://prc.arkcase.com/portal/filings/134330;* Reply Brief of the United States Postal Service, PRC Docket No. N2024-1 (December 26, 2021), *https://prc.arkcase.com/portal/filings/134602.*

The comments received and the Postal Service's responses thereto are addressed in greater detail below. With respect to individuals who doubted whether their comments would be read, the Postal Service indeed reviewed and considered each comment received.

III. Response to Comments

A. Service Impacts

Most of the commenters noted that they are opposed to the revised service standards because they assert that the changes would significantly slow down the delivery of critical items, such as bills, checks, letters, medicines, election mail, business supplies, and other time-sensitive deliveries. Many of these individuals stated that their mail is already slower and less reliable, and they worried that the changes would further slow down delivery. A few individuals objected to the Proposed Rule based on a false understanding of the changes involved. For example, one person worried the changes would extend mail times "by 1 day for every 50 miles from the new mail processing center," when in actuality the Proposed Rule adds one day at most to impacted mail (a very small amount of volume – approximately 1% of Single-Piece First Class Mail – would have two days added). As an additional example, one person thought Priority Mail would become a 7-9-day service. Neither the Proposed Rule nor the Postal Service's broader DFA Plan will convert Priority Mail to a 7-9-day service.

Several commenters feared that slower delivery speeds could cause people to lose trust in the Postal Service and/or turn to private carriers instead.

In addition to general concerns about delivery speed, many comments noted that timely postal services are particularly important to rural communities, who may be unable to easily access public services due to their remote location. For example, one advocacy group objected to the plan because of the service standard impacts of the proposal on Single-Piece First-Class Mail volume in rural areas. Similarly, some commenters noted that elderly and disabled populations may be particularly harmed by service delays, as such communities tend to rely heavily on postal services due to accessibility constraints. A few small business owners indicated that they use the Postal Service to obtain critical supplies, parts, and information, and/or to deliver goods to their customers. One such individual noted that his business often mails orders at the end of the day and so the elimination of afternoon pickup, could cause his shipments to be delayed, making it harder to compete with businesses that can offer faster delivery.

Apart from concerns regarding the service standard changes, several people raised concerns regarding performance issues. Many people shared anecdotal stories of prior deliveries that were delayed, implying that the proposed changes will exacerbate performance failures. One customer, for example, claimed to have incurred overdue fees due to payments being delayed. Another individual questioned whether the Postal Service's decision to lower its performance targets for FY25 means that the Postal Service "is anticipating worsening service in the coming year once it resumes the rollout of these changes." This commenter further noted that certain locations where the Postal Service implemented its RPDC and Local Transportation Optimization (LTO) initiatives, including Richmond and

Atlanta, experienced a decline in service performance, suggesting that similar declines could occur when the Postal Service rolls out further RPDCs and RTO.

In addition to focusing on the proposed rulemaking, a few individuals claimed that the elimination of Sundays and holidays as transit days for measurement for mail and packages that enter the Postal Service's network on a Saturday or the day before a holiday would further delay mail deliveries.

As an initial matter, these comments overstate the impact of the service standard changes on customers. In order to understand the impact, it is important to examine what is changing and how the changes will affect the various items customers send and receive. Under the Proposed Rule, one service expectation day will be added to certain volume in Leg 1 (i.e., from collection to originating processing facility) for items originating in ZIP Codes covered by RTO. However, RTO will remove the dependency between collections and transportation, thereby allowing the Postal Service to correct the significant deficiencies that currently exist in its local and regional transportation networks and enabling improved volume arrival profiles at processing facilities. As a result, the Postal Service will be able to accelerate the movement of mail in Leg 2 (i.e., from originating processing facility to destinating processing facility) by expanding the drive times for each of the travel bands that establish the delivery expectation days for First-Class Mail by four hours.

The overall impact of these changes is that most market-dominant volume, including First-Class Mail, will have the same or better service standard than it does under the current standards and service overall will be more consistent and reliable. While certain Single Piece First-Class Mail items that are mailed by customers in a ZIP Code subject to RTO may have a service expectation that is one day longer than it is today, all First-Class Mail items will still fall within the existing 1-5-day service standard range (excluding USPS Connect Local, which has a 0-1-day standard). Further, Single Piece First-Class Mail items originating and destinating within the same RPDC service area or the same Local Processing Center (LPC) service area for qualifying LPCs (turnaround volume) will have a 2-3-day service standard. Items sent using Presort First-Class Mail and destination entry rates will not be impacted by RTO and should enjoy faster service in Leg 2. End-to-end Periodical pieces originating and destinating within the contiguous 48 states will have a 3-6-day service standard, which is overall faster than the current 3-9-day standard. End-to-end USPS Marketing Mail and Package Services originating and destinating within the contiguous 48 states will have a 4-7-day service standard instead of the current 3-10-day standard for USPS Marketing Mail and a 2-8-day standard for Package Services.

For further context, the volume of mail collected through the Postal Service's retail facilities (including mail collected on carrier routes and entered at Post Offices) has declined substantially in recent decades: for instance, in FY 1997 there were 57 billion pieces of Single-Piece First-Class Mail, which by FY 2023 had declined by 80 percent to 12 billion pieces. Single-Piece First-Class Mail is also just one product among many. For example, in the fourth quarter of FY2024, Single-Piece First-Class Mail represented 26 percent of overall all First-Class Mail and 12 percent of all Market Dominant volume. However, the current service standards only take Leg 2 operations into account, and therefore have not been adjusted to reflect Leg 1 operations even though the volume of Single-Piece First-Class Mail being handled in Leg 1 has declined precipitously. This means that the Postal Service is running a large number of transportation trips in Leg 1 with largely empty trucks, adding limited value to service while also producing excess costs and carbon emissions, in order to meet the current service standards.

Since letters, mail-in ballots, payments, and other letter-sized items that customers send are typically sent using Single Piece First-Class Mail, most of these items will have a service standard that is the same or faster than the current standard, though some will have standard that is slightly longer, but all still within the current day ranges. Government checks and communications, utility bills, ballots, and other letter-sized items that customers receive are often sent using Presort First-Class Mail, which will not be impacted by RTO and may experience accelerated service in Leg 2 once phase 2 is implemented. Medicines, merchandise, and other goods are typically sent using competitive package services, and therefore, generally fall outside the scope of this rulemaking (though most packages will also receive the same or accelerated service under the new standards). In addition, since most customers receive more mail than they send and the majority of mail volume originates in locations that will not be subject to RTO, most customers will see the same or faster speeds, with improved service overall, regardless of where they live. Finally, service reliability will improve for all volume, as the Postal Service's transformed network will enable more precise operations.

To be sure, these changes reflect a tradeoff with certain mail experiencing a slightly longer delivery time. However, as described elsewhere, given the steady and irreversible decline of Single Piece First-Class Mail, these changes are reasonable and appropriately tailored to achieve significant cost savings and improve operational efficiency and precision, which is critical if the Postal Service is to achieve its statutory obligation to be financially self-sufficient, all while maintaining service within the current service standard day ranges for most items. Indeed, a few commenters agreed with the Postal Service's decision to eliminate certain low-volume truck runs, and/or suggested that the Postal Service struck the right balance in expanding certain delivery standards by one day in order to avoid these inefficient trips.

Further, comments regarding concerns about service performance, including concerns that the changes will exacerbate past failures, overlook that the service standard changes and related operational initiatives will result in service standards being more precise and reliable. The Postal Service's current First-Class Mail standards are predicated solely on plant-to-plant driving distances, meaning they are based on 3-digit to 3-digit ZIP Code pairs. The new standards are based on more precise 5-digit to 5-digit ZIP Code pairs, which more accurately and logically reflect the three operational legs applicable to the movement of mail and packages: collection to origin processing (Leg 1), origin processing to destination processing (Leg 2), and destination processing to delivery (Leg 3). This move will provide customers with more detailed and logical information about the service they can expect. In addition, performance failures are often largely due to the fact that the Postal Service's legacy network is ill-designed to meet current market realities. The service standard changes and related operational initiatives are designed to create an efficient, reliable, and precise network, with achievable service standards that are appropriately aligned to that network. In other words, these changes are structured to address, not exacerbate, past performance issues.

The concern that the Postal Service's performance targets for FY25 reflect that the Postal Service is anticipating worsening service once RTO is implemented, ignores that the targets are *higher* than FY2024 performance, so the targets say nothing of the sort. The targets reflect operational reality and the magnitude of the transformational task ahead of the Postal Service; they reflect the transitions which will unfold during the coming year, but in no way do they belie the improvements the Postal Service expects the modernized network to achieve over the long term. The Postal Service seeks to build a cost-effective network in which its long-term service excellence goal can be achieved in a financially and operationally sustainable manner, in contrast to prioritizing higher short-term performance at the expense of building a cost-effective network. What the Postal Service learned from improved service performance in FY 2022, and again in FY 2023 where service performance for several products reached 95 percent, was that achieving such a level of service performance within the existing network could only come at an unacceptable cost that the Postal Service is simply no longer able to bear, given its legal obligation to be financially self-sufficient.

The Postal Service acknowledges that the implementation of some of the DFA Plan initiatives has led to temporary service performance issues in certain areas, due to issues with initial execution. The results initially seen in Atlanta and Richmond were unacceptable, and recovery in those initial regions took too long. Richmond was the first RPDC region, and Atlanta was a particularly complex activation that involved a brand-new facility and the consolidation of a large number of separate facilities. These issues were temporary, and the Postal Service has seen significant service improvements in those regions. In addition, other regions, such as Portland, did not experience a significant decrease in service performance when its RPDC was implemented. Finally, the Postal Service has and will continue to leverage the experience from these early implementations to subsequent RPDCs.

Moreover, with respect to service performance at the LTO pilot locations, the Postal Service utilized the pilots to assess the operational and service implications of the initiative and to determine how it might be modified or enhanced to achieve its strategic goals of providing high-quality, reliable, and efficient service in a financially sustainable manner. The Postal Service determined that it is not possible to effectively optimize transportation and to be financially sustainable within the constraints of the current service standards. This is why the Postal Service is revising the standards to explicitly accommodate the fact that mail and packages entered the prior day would be picked-up on the next day's transportation route for certain ZIP Codes, to enable transportation optimization while also providing customers with precise and reliable service expectations.

In addition to the service standard changes, the Postal Service is also proposing to exclude Sundays and holidays as transit days for measurement for mail and packages that enter the Postal Service's network on Saturday or the day before a holiday. Certain commenters shared concerns that this change would further delay the delivery of mail and packages. In reality, this change affects only a small amount of mail volume. By removing this constraint, as most of the Postal Service's competitors and other foreign postal operators have done, the Postal Service will be able to achieve additional operational efficiencies and costs savings with minimal impact on volume, including building density, creating higher throughputs, and staffing with more flexibility.

Currently, because Sundays and holidays count as transit days, the Postal Service is forced to process volume that was entered at delivery or retail on Saturdays (or immediately before holidays) for immediate dispatch into the network on Sunday mornings (or on holiday mornings). Excluding Sundays and holidays as transit days for measurement for mail and packages entered on Saturday or the day before a holiday will further establish more precise and achievable service expectations. This ensures consistent service standards across all Post Offices and product categories and would avoid complications with implementing different measurement standards for different locations and would provide predictable service levels nationwide.

Finally, the Postal Service notes that the abovementioned comments focus almost exclusively on delivery speed. In their view, even the modest (one day) increase in service standards for a small minority of volume, within the current day ranges, is unreasonable and disqualifying. However, when establishing service standards, the Postal Service must balance competing policies, with delivery speed serving as just one consideration. As described further below, the new service standards and related operational initiatives appropriately balance competing priorities, as they will revitalize and modernize the Postal Service's network and significantly reduce costs, promote financial sustainability, provide the same or enhanced service standards for most volume, and deliver greater service reliability overall. These changes will help to ensure that the Postal Service is able to provide universal postal services into the future. There is little value to customers in prioritizing speed at any cost in the short term if that means that the Postal Service is unable to adjust to changing market dynamics, falls further into financial insolvency, and becomes unable to provide universal postal services in years to come. Accordingly, having considered the abovementioned comments, the Postal Service has determined that they do not necessitate any revisions to the Proposed Rule.

B. Disparate Impact on Rural Communities and Network Consolidations

A few commenters claimed that the service standard changes as designed will impact rural customers more than urban customers, and that this impact is inappropriate. For example, one commenter stated, "Given that most post offices outside the 50-mile boundary are in rural communities, these areas will disproportionately see their service downgraded." She also claimed that not one community within Wyoming, South Dakota, or Vermont falls within a 50-mile radius of an RPDC, and therefore, these entire states would be subject to RTO without any upside. Similarly, many individuals shared concerns regarding the closure, perceived downgrading, and/or consolidation of processing facilities, particularly in rural areas, including in the state of Wyoming. They argued that it is inefficient and time consuming to send mail, particularly intrastate mail, out of state for processing.

Neither RTO nor the revised service standards single out rural areas; they are instead predicated on a uniform rule that applies equally across urban and rural areas and that affects more urban volume than rural volume overall. Rural and urban areas alike will receive a mix of service standard upgrades and downgrades. Further, even customers who may experience a service downgrade for mail they are sending will benefit from the increased efficiencies that will be gained, particularly for mail they are receiving. As noted above, the majority of mail and package volume, including mail and package volume destined to rural communities, originates in ZIP Codes that are within 50 miles of an RPDC. This volume will not be impacted by RTO and can be processed more quickly, as it will no longer need to wait for volume arriving from outlying areas.

These claims also ignore the efforts the Postal Service has taken to mitigate the already limited impact the changes will have on rural communities. The service standard changes preserve regular and effective access to postal services in all communities, including those in rural areas or where Post Offices are not self-sustaining. As noted above, the changes maintain the existing service standard day ranges for First-Class Mail, meaning no such mail will have a standard of more than 5 days, and service within these ranges will be more predictable and reliable. The changes also include a 2-3-day local turnaround service within a region and within certain local areas. Due to the financial and efficiency gains from the operational and service standard changes, and in recognition of specific concerns raised by stakeholders that value local turnaround service, the Postal Service initially identified 16 LPCs that would maintain some originating processing operations and is announcing additional LPCs that would likewise maintain some originating processing, including local cancellation, to facilitate more local turnaround mail. The Postal Service has recently announced additional LPCs that will include these originating operations and intends to identify additional qualifying LPCs as appropriate based on an assessment of operational considerations. This means that more ZIP Codes will fall within the service areas for 2-3-day local turnaround. For example, while Vermont, South Dakota, and Wyoming may not have an RPDC located in the state, they will now each have at least one LPC with 2–3-day local turnaround service for Single Piece First-Class Mail originating and destinating in the local area, and Single Piece First-Class Mail that originates in Vermont, South Dakota or Wyoming and destinates within the same RPDC service area will have a 3-day standard. Furthermore, significant percentages of Presort First-Class Mail (including critical mail like bills and government communications), First-Class Mail overall, and other market-dominant products will be upgraded for both rural and urban ZIP Codes once the final rule is fully effective. Neither access to, nor the list of services provided at, Post Office locations is changing.

With respect to individuals who expressed concerns that facility closures and consolidations would result in local mail being processed in another state, the reality is that a majority of the mail collected locally does and will travel across the Postal Service's wider transportation and processing network over significant distances to reach their final destinations. A very high percentage of mail (often 80 to 90 percent) that originates in a specific city or county is destined for other parts of the state, country, or world. In other words, almost all mail that is sent in any local area across the country is bound for another local area, and almost all mail being delivered in any local area did not originate in that local area. Mail and packages destined for outside the local area will receive better service and be more cost effectively distributed, by aggregating them with mail and packages from other areas going to the same places that will likewise utilize the wider postal network and be transported significant distances from where the mail originated. So, making its first processing stop further away serves to hasten its travel, not slow it. While this might seem counterintuitive, it is very consistent with logistics and mail processing reality and practice. One must only look at analogous express package carriers who operate out of a single or a handful of US hubs to find evidence of this common practice for speed and efficiency.

The Postal Service's legacy network consists of hundreds of facilities that were established without any overarching design or rationale – they were deployed ad hoc, as needed, and they do not reflect any systematic placement of where certain functions should take place for the greatest network efficiency. Right now, the geographic location of any given processing or sortation operation is not necessarily the best place for it. This has led to excess truck trips, half-empty trucks, redundant functionality and equipment, and a large amount of deferred maintenance, among a host of other illogical and unsustainable inefficiencies. The Postal Service's DFA Plan involves determining the most logical, cost-efficient location for a given operation and implementing infrastructure changes and facility investments accordingly, all while leveraging a vast embedded infrastructure to the greatest extent possible. These changes will position the affected facilities for the most efficient flow of mail and packages and thus for success and relevance in the current and future marketplace. The facilities are not being "downgraded," because there is no inherent value in how many different operations a facility performs. A facility's value comes from its utility to the overall system, and the changes and investments under the DFA Plan actually ensure that these facilities have value by adjusting their roles toward what is needed as part of a more optimal and financially sustainable network.

As the Proposed Rule carefully balances the need to increase operational efficiencies and reduce costs, while also continuing to provide timely and reliable postal services to all communities, and also includes measures designed to mitigate the effect on impacted communities, the Postal Service has determined that changes are not needed to address comments regarding the impact on rural communities or facility closures/consolidations prior to implementing the final rule. Though, while it does not necessitate a change to the rule, the Postal Service does note that more LPCs will provide local turnaround service than originally planned, as described in more detail above. As described above, this means that more ZIP Codes will fall within the service areas for 2-3-day local turnaround.

C. Financial Considerations

A few of the commenters raised cost-related concerns, including a concern that costs are not a legitimate consideration when setting service standards. For example, one commenter claimed that prioritizing financial self-sufficiency over delivery speed is inconsistent with the statutory framework Congress created. Others questioned whether the Postal Service's projected efficiencies and cost-savings are reliable and/or whether they outweigh potential harms. A few commenters suggested that the Postal Service should, in lieu of the changes, pursue other business ventures, such as offering banking services or further incentivizing Presort and Destination Entry volume, as a means to reduce costs and increase revenues.

As noted in the Postal Service's Reply Brief, financial sustainability is a legal requirement and a practical necessity. A central purpose of postal policy since the creation of the Postal Service in 1970 is the provision of universal services in a financially self-sufficient manner. The pre-1971 Post Office Department was dependent on Congressional appropriations to cover its operating deficits; by contrast, Congress sought in the *Postal Reorganization Act* to free the Postal Service from political interference, enable the achievement of its universal service mission in a more business-like manner, and eventually to become self-sufficient. Neither in the *Postal Accountability and Enhancement Act* nor, subsequently, in the *Postal Service Reform Act* did Congress waver in its commitment to this fundamental policy. A few commenters appeared to be confused about the Postal Service's status and objected to the proposed changes on the mistaken understanding that the Postal Service is taxpayer funded. Other commenters simply ignored this fundamental aspect of the statutory scheme. For example, one commenter claimed that, because Title 39 "does not direct the Commission to consider the Postal Service's ability to achieve financial self-sufficiency when evaluating a change to service standards," the Commission "should not defer to the Postal Service's claimed discretion to balance the directives of the statute against its perceived financial needs." This claim is clearly inconsistent with the statutory scheme, whose plain text directs the Postal Service to establish an effective and economical postal system whose costs are covered through postage rates and fees, not annual appropriations. 39 U.S.C. §§ 101, 403, 404 (b), 3622(b)(5), 3661(a), 3691. Service standards are important drivers of the structure of the Postal Service network and hence the costs that the Postal Service incurs, and it would be impossible to achieve these statutory obligations if the Postal Service set service standards without regard for costs, particularly in an environment of yearly sustained losses and steadily dwindling cash. In fact, the statute explicitly directs the Postal Service to do so in section 3691(b)(1)(C), which recognizes the need to balance service considerations against "reasonable rates and best business practices," a balancing that necessarily requires effective cost management and adaptations of the postal network to changing market dynamics. *See also* 39 USC 3691(c)(4) and (6)-(8). This language recognizes that the Postal Service has three choices under the statute to cover its costs as circumstances change: raise revenue, cut costs (through improved efficiency or reduced cost of performance), or both. If the Postal Service does not ensure that service standards align with an efficient network, its only alternative under the statutory scheme would be to cover those excess costs through higher rates, but market-dominant products are statutorily limited by a price cap.

For as long as the Postal Service is required by law to self-fund, it is incumbent that the Postal Service consider costs while designing service standards, formulating operational strategies, and identifying opportunities for improved efficiency. This is not to say that the Postal Service considered cost alone in structuring the service standard changes: rather the proposed changes are designed to balance the multiple competing objectives enshrined in Title 39, including the need to provide regular and effective levels of service.

While some comments question the reliability of the Postal Service's projected efficiencies and cost-savings, the Postal Service's models and decision-making processes are robust. The strategies being employed are not revolutionary, but instead simply involve the deployment of modern approaches that any commercial logistics provider should use. The Postal Service's operational planning and implementation processes to execute on those strategies are thorough and systematic, and enable the Postal Service to appropriately design and execute on meaningful change in the real world of postal operations. During the advisory opinion proceeding, hundreds of pages of testimony and evidence were entered into the record and these materials support that projected annual cost savings under the Postal Service's proposal is approximately $3.6 to $3.7 billion. Further, in light of the magnitude of the Postal Service's financial problems, the projected cost savings outweigh the costs associated with a modest increase in service standards for a minority of volume, and appropriately balance statutory policies that require the Postal Service to achieve financial sustainability, create an integrated network, and foster reliability in its service. If the Postal Service is to sustain itself and continue to meet the American public's delivery needs, transportation must be more efficiently and effectively routed, and costs must be more efficiently and effectively managed than they are today.

While certain commenters proposed ways to increase revenue or reduce costs in lieu of the proposed changes, such as by offering banking services or incentivizing "drop entry and workshare activity," these proposals largely dismiss the problems the DFA Plan is designed to address, offer in its place no clear operational or financial benefits, and in some cases seem designed to serve the special interests of the commenter. These suggestions implicate pricing and product issues that lie outside of the scope of this proceeding, and in any event provide no reason why the Postal Service should not pursue a plan to eliminate billions of dollars of costs while improving efficiency and reliability throughout all stages of its network and operations.

For the reasons stated above, the Postal Service does not believe any edits must be made to the Proposed Rule to address the above-mentioned cost-related concerns.

D. Election Mail

A few commenters expressed concerns about the impact that the service standard changes and network consolidations would have on election mail, specifically ballots. These commenters expressed concerns that ballots sent through the mail would no longer be delivered on time, resulting in the disenfranchisement of voters. Two of these same commenters also expressed concerns about ballots moving between states during mail processing, with one commenter arguing that ballots "should never leave the state for any reason" and another offering an example of voters in southern Utah whose ballots were sent to Nevada for processing and postmarking, which were postmarked after the state's deadline and were not counted.

USPS FINAL RULE – Service Standards for Market-Dominant Mail Products

The Postal Service remains committed to the expeditious processing and delivery of the nation's election mail, particularly ballots. The Postal Service has a proven track record of timely delivering the nation's election mail. For example, during the 2024 general election, it took on average one day for the Postal Service to deliver ballots from voters to election officials.[1] The Postal Service provides a secure, efficient and effective way for citizens to participate when policymakers decide to use mail as part of their elections and it will continue to do so following the service standard and operational changes.

However, it is important to remember that voters are responsible for understanding their local jurisdiction's rules and requirements. If they are eligible to vote by mail and choose to do so, they should plan ahead to give themselves enough time to receive and then complete and return their ballot by their state's deadlines.

Moreover, ballots routinely leave state boundaries. Election officials send ballots via mail to voters living out of state so they can vote absentee, including to military personnel and citizens living abroad. Many election jurisdictions also rely on mail service providers in different states to prepare and mail ballots. Restricting mail processing for ballots within state limits would effectively eliminate these longstanding practices and would lead to absurd results.

In the case of voters in southern Utah raised by one commenter, certain ballots were not counted because they had a postmark date after the state's deadline. As the article cited within the comments explains, a number of those ballots were put into collection boxes too late to make the postmark deadline. In other words, this was not the result of postal operations. The voters did not mail their ballots in a timely fashion to satisfy their state's requirements.

For those reasons, the Postal Service does not believe that the comments warrant any changes to the final rule.

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[1] https://about.usps.com/newsroom/national-releases/2024/1202-usps-releases-2024-postelection-analysis-report.htm

IV. Explanation of Final Rule

A. Service Standards Generally

Before describing how the service standards are revised, it is important to understand how service standards are structured in Postal Service regulations. Service standards contain two components: (1) a delivery day range within which mail in a given product is expected to be delivered; and (2) business rules that determine, within a product's applicable day range, the specific number of delivery days after acceptance of a mail piece by which a customer can expect that piece to be delivered, based on the ZIP Code prefixes associated with the piece's point of entry into the mail stream and its delivery address. As noted above, effective July 1, 2025, the Postal Service is restructuring the service standards for domestic First-Class Mail, with certain exceptions, as the sum of delivery days accruing across three successive operational legs reflecting end-to-end service from an originating 5-digit ZIP Code to a destinating 5-digit ZIP Code. Leg 1 begins with collection and ends with acceptance at the applicable originating processing facility. Leg 2 begins with acceptance at the originating processing facility and ends with acceptance at the applicable destinating processing facility. Leg 3 begins with acceptance at the destinating processing facility and ends with delivery.

With respect to Leg 1, the Postal Service intends to redesign regional transportation (routes between processing facilities, Post Offices, and delivery units) through the RTO initiative to address the significant inefficiencies that exist in local and regional transportation networks and to ensure service reliability and cost efficiency. With respect to Leg 2, the Postal Service intends to systematically redesign and invest in its outmoded processing facilities to create a network of RPDCs and LPCs, which deploy standardized and logically sequenced operating plans and schedules for the movement of mail and packages, more sortation equipment, optimized transportation routes, and improved operating tactics to increase throughput, gain productivity, and increase asset utilization across the country.

The Postal Service is revising service standards for end-to-end market-dominant products to align with these operational initiatives; these standards will be more operationally precise and specific for customers, enable the Postal Service to maintain or upgrade service standards for a majority of volume, and enhance the ability to reliably achieve standards. In particular, the Postal Service plans to reimagine how service standards are established by breaking that service into segments so that customers have clear, understandable, and logical information about the service provided to them from a 5-digit to 5-digit ZIP Code perspective.

For First-Class Mail, the existing day ranges will be preserved, meaning all mail will continue to be delivered within the existing day range of 1-5 days (as well as the current range of 0-1 days for USPS Connect Local). For some end-to-end products within the contiguous 48 states (Periodicals, USPS Marketing Mail, and Package Services), the maximums for those day ranges will be shortened. (Unless specified otherwise, references in this document to the "contiguous states" or the "contiguous 48 states" include the District of Columbia.) No destination entry product standards will be changed, except to reflect the new RPDC/LPC network. Overall, most mail and packages in the contiguous 48 states will either receive the same service standard or an accelerated standard so that they are delivered faster than today, while some mail and packages under the new standards will have a service expectation that is longer than the current expectation but still within the current day-ranges.

Specifically, current First-Class Mail standards are predicated solely on plant-to-plant (3-digit ZIP Code to 3-digit ZIP Code) driving distances. The rule will transition to 5-digit to 5-digit ZIP Code service standards that maintain the existing delivery day ranges while, for inter-RPDC volume, accurately and logically reflecting the three operational legs applicable to the movement of mail and packages: collection to origin processing facility (Leg 1), origin processing facility to destination processing facility (Leg 2), and destination processing facility to delivery (Leg 3). Distinct rules will apply to intra-RPDC volume (that is, First-Class Mail volume that originates and destinates in the same RDPC region), as well as certain intra-LPC volume.

USPS FINAL RULE – Service Standards for Market-Dominant Mail Products

Because the current standards are predicated on plant-to-plant driving distances, they do not consider the regional and local transportation operations necessary to transport mail and packages from where they are collected to the processing network: that is, within a particular 3-digit ZIP Code, a mailpiece that originates at a Post Office that is 300 miles from the processing facility in which the mailpiece is dispatched to the network has the same standard as a mailpiece that originates 20 miles from that processing facility (if they are going to the same destination 3-digit ZIP Code). To meet the constraints imposed by this current approach to service standards, the Postal Service must structure its transportation network to ensure that all originating mail gets to the processing network on the day it is collected from customers, no matter how far away from the processing network it is entered. This leads to significant inefficiencies in regional transportation practices, because the Postal Service must conduct separate trips to drop-off destinating volume from the processing network to collection/delivery facilities in the morning (AM drop-off) and pick-up originating volume from the collection/delivery facilities to the processing network in the afternoon (PM collections), or alternatively pay Highway Contract Route (HCR) contractors to layover for multiple hours between the AM and PM legs of their routes.

While this practice of separating drop-off and pick-up activities may have made sense in a different era where the volume of Single Piece First-Class Mail was much greater, it engenders costs and inefficiencies impossible to justify in today's environment. Overall, the current practice results in inefficient transportation – characterized by excessive trips, poor utilization of truck capacity, and excess carbon emissions. In addition, the current practice reduces the efficiency and reliability of Leg 2 operations (processing and network transportation), because the need to wait for the volume from outlying collection/delivery facilities to arrive at the processing plant on the PM transportation creates a volume arrival profile which reduces efficiencies, requires the scheduled dispatch to the network to be later, and increases the likelihood either for the scheduled dispatch to leave late in order to wait for all of the mail and packages to arrive at the plant and be processed, or for mail and packages to not make the scheduled dispatch at all because it does not make it to the plant on time to be processed on that day given the compressed processing window. This impacts not only the efficiency and velocity of originating operations but can also have substantial negative downstream effects that reduce service performance for all volume.

With respect to Leg 1, the Postal Service is implementing RTO, for mail originating in the contiguous states, to correct for these inefficiencies. Pursuant to RTO, the Postal Service will have the ability to structure transportation routes that go to facilities that are farther from the processing network so that trucks would pick up originating volume on the same routes that are also used to drop off destinating volume. The RTO initiative rationalizes the regional transportation network by eliminating routes and increasing truck utilization and thereby reduces transportation costs and the amount of carbon emissions. It also improves the efficiency and velocity of the processing network by producing volume arrival profiles that are spread more evenly throughout the day, enabling a more effective use of network resources and allowing the Postal Service to dispatch volume that is entered closer to processing plants (which is a majority of volume) earlier than is the case today. The Postal Service will designate 5-digit ZIP Codes for RTO when a retail/collection facility servicing that 5-digit ZIP Code is more than 50 miles from the RPDC campus. Exceptions to this 50-mile rule may be implemented under certain circumstances based on operational or business considerations.

The standards will more logically and accurately reflect operations within Leg 1 and enable the implementation of the RTO initiative, thereby giving the Postal Service the ability to optimize its regional and local transportation. Specifically, and as part of the shift from the 3-digit to 3-digit ZIP Code standards to a more refined service calculation based on 5-digit ZIP Codes, the service standards will explicitly accommodate the fact that mail and packages entered the prior day will under RTO be picked up on the next day's transportation route for certain ZIP Codes. Effective April 1, 2025, certain mailpieces entered in ZIP Codes subject to RTO will therefore have one day assigned for Leg 1 in the service standards; zero days will apply in Leg 1 to pieces originating in other 5- digit ZIP Codes not subject to RTO. Implementing this change is the only way to correct for the significant deficiencies of the current network, while also ensuring that the standards set forth achievable, reliable, and understandable service expectations for customers.

With respect to Leg 2, the standards being implemented as part of phase 2 reflect the increased efficiency, velocity, and reach of the processing and network transportation due to the operational benefits of the RPDC/LPC redesign and RTO. As noted above, the network of RPDCs and LPCs will deploy standardized and logically sequenced operating plans and schedules, more sortation equipment, optimized transportation routes, and improved operating tactics to increase throughput, gain productivity, and increase asset utilization across the country. In addition, RTO enables more efficient and accelerated originating processing operations, therefore allowing volumes to enter the network earlier. As a result of these benefits, the Postal Service will expand by four hours each of the existing service standard bands within Leg 2 for First-Class Mail so that such mail can travel farther to plants that are a greater distance from the originating plant within the Leg 2 bands.

Finally, while the Postal Service is recognizing Leg 3 in the First-Class Mail standards, no additional days are being added for this leg, which is the same as the current standards.

These adjustments to the service standards once fully implemented will lead to a net positive impact for First-Class Mail from a service standard perspective, and generally faster service for end-to-end USPS Marketing Mail, Periodicals, and Package Services. The service standards reflect the fact that the operational changes will enable volume to be accelerated through Leg 2, due to the benefits of the new network design and RTO; as a result, the Leg 2 bands for First-Class Mail will be expanded by four hours compared to the current standards. All volume will benefit from greater service reliability. Some mail (constituting a minority of volume) destined to the contiguous states will experience a service standard that is longer than the current service standard (although within the current day ranges), primarily because the Postal Service will assign one day within Leg 1 for all volume originating in a 5-digit ZIP Code that is subject to the RTO, as described below. In addition, as a result of the overall changes, a small volume of mail to and/or from locations outside the contiguous states will experience a service standard that is longer than the current service standards, while other volume outside the contiguous states will experience a service standard that is shorter than the current service standards. The relative upgrades and downgrades demonstrate the Postal Service's efforts to maintain high quality service and mitigate any customer impacts to the extent possible, while also implementing operational changes necessary to achieve the critical – and significant – cost savings that are necessary for financial sustainability.

The service standards are a critical aspect of the DFA Plan's overall goals to create a financially sustainable and reliable Postal Service capable of achieving the universal service mission for all customers for years to come. In this regard, and considering the Postal Service's statutory obligations, the changes will enable the Postal Service to achieve a better balance of cost-effectiveness and reliability, by enabling the Postal Service to undertake critically necessary operational initiatives and more realistically aligning the service standards with operational capabilities. The final rule will result in much more precise and efficient network operations that better match current and projected mail mix and volumes, and the Postal Service anticipates that the changes will result in significant cost savings, in addition to enhancing service reliability and predictability. This keeps costs at reasonable levels and helps to ensure affordable rates. Overall, the operational changes and associated service standards will revitalize and rationalize the postal network in a way that enables the Postal Service to be a modern and high-performing organization.

Pursuant to 39 USC 3661(b), on October 4, 2024, the Postal Service requested an advisory opinion from the Postal Regulatory Commission relating to these revisions to 39 CFR Part 121; the Commission considered the request in Docket No. N2024-1. Further explanation and justification of the operational initiatives and the service standards, and how they are consistent with 39 USC 3691 and other provisions of law, can be found in the materials that the Postal Service has filed in that docket.

The Postal Service's market-dominant service standards are contained in 39 CFR Part 121. The specific revisions to 39 CFR Part 121 appear at the end of this document. The following is a summary of the revisions.

B. First-Class Mail

Under the rule, the process for collections will not change, nor will access to Postal Service retail services. Instead, RTO will eliminate the interdependency between the time mail is collected from customers and network transportation schedules and plant processing schedules; eliminating this interdependency between local retail and collection operations, and network logistics and processing operations, is critically important to enabling the Postal Service to create a precise, efficient, and cost-effective network, as discussed in more detail above. ZIP Codes will be designated for RTO when a retail/collection facility servicing that 5-digit ZIP Code is more than 50 miles from the RPDC (though exceptions may apply). In situations where the RPDC is a campus, the 50-mile rule will be based on the location of the specific facility that performs cancellation operations. The rule generally will add no day for Leg 1 for ZIP Codes within 50 miles from the RPDC campus and will add one day to the service standard for ZIP Codes that are more than 50 miles from the originating RPDC. This will allow for more efficient and flexible transportation schedules and improve the arrival profile for mail processing operations, enabling the Postal Service to more timely dispatch the volume that is collected closer to the RPDC to the Leg 2 transportation network.

This logic will generally apply to all end-to-end volume across market-dominant products. Because Leg 1 is the portion of operations from collection to the originating plant, this rule will not apply to any products entered at an RPDC, Presort First-Class Mail, or any destination-entered volume. For operational efficiency, the Postal Service is considering how to adjust when and where Presort First-Class Mail volume may be entered to ensure that it is not subject to RTO. This may result in specification of locations where Presort First-Class Mail can be entered, or changing the critical entry time (CET) for Presort First-Class Mail to ensure there is sufficient time for volume to enter the network. The CET is the latest time on a particular day that a mail piece can be entered into the postal network and still have its service standard calculated based on that day (this day is termed "day-zero"); all of the service standards are contingent upon proper acceptance before the applicable CET.

RTO will provide flexibility in regional transportation scheduling, as the standards will accommodate the fact that mail and packages could under RTO be picked up the next day from the Post Office on the same trip that also dropped off mail at that Post Office for delivery that day. Explicitly accounting for this operational practice in the service standards enables the Postal Service to achieve the benefits of RTO, while also providing customers with more precise and reliable service expectations. Additionally, by no longer requiring all mail to wait for the volumes collected from the furthest away Post Offices, the Postal Service will be able to accelerate the mail that is within the 50-mile radius of an RPDC through mail processing, allowing for it to be dispatched to the network earlier, thus enabling the expansion of the Leg 2 service standard bands. As such, the addition of a day for Leg 1 will not necessarily equate to the addition of a day for the service standard overall for a given mailpiece. Rather, the service standard for a particular mailpiece will depend on the specific origin and destination and the cumulative number of days that are applicable across the operational segments (with no First-Class Mail having a service standard that exceeds five days).

Under the rule for First-Class Mail, there are several fundamental changes to the calculation of service standards at Leg 2 to align with the end-state RPDC network. First, the measured transit path will be updated. The current network path used for measurement is Origin Processing and Distribution Center or Facility (OPDC/F) to Area Distribution Center (ADC) to Sectional Center Facility (SCF). The rule will instead measure the distance between the Originating RPDC and the Destination RPDC and then the distance between the Destination RPDC to the Destination LPC.

Second, because of the improved arrival profiles facilitated by RTO and the improved efficiencies in the RPDC network, under the rule, each of the existing service standard bands will expand by four hours for First-Class Mail effective as of July 1, 2025. For example, under the current standards, First- Class Mail traveling three hours or less receives a 2-day standard. Under the changes, First-Class Mail traveling up to seven hours (i.e., the current three hours, plus four more hours) will receive a 2-day standard. The bands applicable to the assignment of 3-day and 4-day standards within Leg 2 will also expand by four hours each.

Finally, even for pairs of originating and destinating 5-digit ZIP Codes where the application of the Leg 1 and Leg 2 rules noted above would otherwise result in a 6-day standard, the standard will nonetheless be capped at five days for such pairs.

This segment-by-segment approach applies to inter-RDPC volume (i.e., volume that is moving across the network). Specific rules will apply to mail and packages originating and destinating within the same RPDC region (intra-RDPC volume). Specifically, the service standards will expand the geographic scope of such "turnaround" volume, which is volume originating and destinating within a facility's service area. Currently, certain intra-SCF volume receives a 2-day standard. Under the rule, certain intra-LPC and all intra-RPDC First-Class Mail volume will be subject to a new turnaround rule, which will provide for a 2- or 3-day standard, depending on the location of the originating mail volume. Specifically, processing facilities that cancel Single-Piece First-Class Mail on automated equipment will have a 2-day standard for turnaround Single-Piece First-Class Mail originating from 5-digit ZIP Codes within 50 miles of the cancellation location. By contrast, if certain originating volume is from a 5-digit ZIP Code beyond 50 miles of the cancellation location, the turnaround standard for Single-Piece First-Class Mail will be three days. The decision on which LPCs will maintain cancellation operations for Single-Piece First-Class Mail, and thus process local turnaround mail without transporting it to an RPDC, will be based on operational factors, such as distance from the RPDC to the LPC, and the volume of turnaround mail processed at the LPC. In situations in which the LPC retains cancellation operations, the 50-mile rule noted above will be based on the distance from the LPC. In other situations, the RPDC will have cancellation operations, meaning the 50-mile rule will be based on the distance from the RPDC.

Currently, a 1-day service standard is applied to intra-SCF domestic Presort First-Class Mail pieces properly accepted at the SCF before the day-zero CET. To account for the redesigned network, a 1-day service standard will instead apply to eligible intra-LPC Presort First-Class Mail pieces properly accepted at the LPC before the day-zero CET. On the other hand, for eligible Presort First-Class Mail within the contiguous 48 states that is not eligible for the intra-LPC 1-day standard, but that nevertheless originates and destinates within the same RPDC, a 2-day service standard will apply.

RTO will not apply to originating locations outside of the contiguous 48 states; also, the service standards for domestic First-Class Mail originating and/or destinating in such locations will not necessarily depend on the segment-by-segment network path. As a result, service standards for domestic First-Class Mail originating and/or destinating in such locations will generally not change; an exception, for example, will be application of RTO to domestic Single-Piece First-Class Mail that (1) originates in the contiguous 48 states, (2) is collected in and dispatched from a 5-digit ZIP Code that is over 50 miles in driving distance from the originating RPDC, and (3) destinates in the city of Anchorage, Alaska (5-digit ZIP Codes 99501 through 99539), the 968 3-digit ZIP Code area in Hawaii, or the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico. Nevertheless, notwithstanding application of RTO generally for domestic First-Class Mail that meets these conditions, a maximum 5-day service standard will be applied.

A same-day service standard will continue to apply to USPS Connect Local Mail pieces accepted at participating Destination Delivery Units (DDUs) before the applicable day-zero CET; for USPS Connect Local Mail, Sorting & Delivery Centers are also considered DDUs. A 1-day service standard will continue to apply to all other pieces accepted as USPS Connect Local Mail, including pieces accepted via carrier pick-up.

The rule will also have certain effects on standards for international mail. As a result of the application of 5-digit to 5-digit ZIP Code pairs, the service standard for outbound Single-Piece First-Class Mail International pieces properly accepted before the day-zero CET will be equivalent to the service standard for domestic First-Class Mail pieces originating from the same 5-digit ZIP Code area and destined to the 5-digit ZIP Code area in which the designated International Service Center is located. Similarly, the service standard for Inbound Letter Post pieces properly accepted before the day-zero CET will be equivalent to the service standard for domestic First-Class Mail pieces destined to the same 5-digit ZIP Code area and originating from the 5-digit ZIP Code area in which the applicable International Service Center is located. Because Inbound Parcel Post (at Universal Postal Union (UPU) rates) includes Inbound Surface Parcel Post (at UPU rates), and because that product is now competitively classified, the rule will remove it from these market-dominant service standards.

C. Periodicals, USPS Marketing Mail, and Package Services

Service standards for end-to-end Periodicals and USPS Marketing Mail originating and destinating in the contiguous 48 states will generally flow from the Single-Piece First-Class Mail standards using the same measured travel path (disregarding standards for USPS Connect Local Mail and for intra-LPC "turnaround" service). For Periodicals, the general rule in relation to First-Class Mail will remain the same – i.e., a 3-6-day range will be applied to Periodicals, with the standard generally equaling the sum of the applicable First-Class Mail service standard (disregarding standards for USPS Connect Local Mail and for intra-LPC "turnaround" service) plus one day. For USPS Marketing Mail, the rule will add two days to the applicable First-Class Mail service standard (disregarding standards for USPS Connect Local Mail and for intra-LPC "turnaround" service). This means that the outer-bound for USPS Marketing Mail in the contiguous states will be seven days, rather than ten days under the current standards. For end-to-end Package Services within the contiguous 48 states, the rule will add two days to the First-Class Mail standards, after 5-9 hours of Leg 2 driving time is added to the applicable First-Class Mail service band; overall, this will reduce the outer-bound of the service standards for Package Services in the contiguous states to seven days, rather than the current eight days.

With respect to Destination Entry Periodicals, Destination Entry USPS Marketing Mail, and Destination Entry Package Services, the service standards generally will not change, except to reflect the new network. That is, to correspond with the operational network and infrastructure changes that the Postal Service is implementing, the LPCs will replace the ADCs and the SCFs in the service standards. Likewise, the RPDCs will replace the Network Distribution Centers (NDCs) in the service standards. These changes will allow some Destination Entry Periodicals to receive an accelerated service standard, in part because it will no longer matter in this respect whether Destination ADCs (DADCs) and Destination SCFs (DSCFs) are co-located, given that they are both being replaced by Destination LPCs (DLPCs).

Under the rule, for Destination Entry Periodicals originating and/or destinating in locations outside of the contiguous 48 states, service standards will largely remain unchanged, aside from facility nomenclature updates reflecting the network redesign, with certain exceptions. A small volume of mail to and/or from locations outside the contiguous states will experience a service standard that is longer than the current service standards, while some other volume outside the contiguous states will experience a service standard that is shorter than the current service standards. Currently, for example, a 3-day service standard is applied to Periodicals pieces that qualify for a DSCF rate and are properly accepted before the day-zero CET at the designated DSCF, if they are entered at the DSCF in Puerto Rico and destined to the US Virgin Islands, or destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999; on the other hand, currently a 4-day service standard is applied to Periodicals pieces that qualify for a DADC rate and are properly accepted before the day-zero CET at the designated DADC, if they are entered at the DADC in Puerto Rico and destined to the US Virgin Islands, or if they are destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5- ZIP Codes 99540 through 99599), 996, 997, 998, and 999. Since LPCs will replace ADCs, and since DLPC service standards will largely track those currently applied to DSCF volume, for such mail, the shorter of the two service standards (i.e., 3-day) will apply to Periodicals pieces that qualify for a DLPC rate and are properly accepted before the day-zero CET at the designated DLPC, if they are entered at the DLPC in Puerto Rico and destined to the US Virgin Islands, or destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

Furthermore, a 3-day service standard is currently applied to Periodicals pieces that qualify for a DSCF rate and are properly accepted before the day-zero CET at the designated DSCF, if they are entered at the DSCF in Hawaii and are destined to American Samoa; on the other hand, currently a 4-day standard applies to Periodicals pieces that qualify for a DADC rate, are properly accepted before the day-zero CET at the designated DADC, and are destined to American Samoa. For reasons of operational feasibility, under the rule, a 4-day service standard will be applied to Periodicals pieces that qualify for a DLPC rate and are properly accepted before the day-zero CET at the designated DLPC, if they are destined to American Samoa.

Finally, as the service standards themselves have been simplified, the tables depicting day-ranges for non-contiguous states and territories at the end of Part 121 (Tables 2 and 4) likewise have been streamlined. Table 2 reflects the general standards for end-to-end day-ranges for the non-contiguous states and territories, including exceptions for some intermodal transportation. Table 4 reflects the general standards for destination entry day-ranges for the noncontiguous states and territories, including consolidated day-ranges resulting from LPCs and RPDCs superseding SCFs, ADCs, and NDCs.

List of Subjects in 39 CFR Part 121

Administrative practice and procedure, Postal Service.

Accordingly, for the reasons stated, the Postal Service adopts the following revisions to 39 CFR part 121:

PART 121 – SERVICE STANDARDS FOR MARKET-DOMINANT MAIL

PRODUCTS

1. The authority citation for part 121 continues to read as follows:

Authority: 39 U.S.C. 101, 401, 403, 404, 1001, 3691.

2. Amend § 121.1 by adding paragraph (i) to read as follows:

§ 121.1 First-Class Mail.
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(i) Notwithstanding paragraphs (a) through (h) of this section, and unless an exception applies due to operational or business considerations, with respect to First-Class Mail that originates in the contiguous 48 states and falls within one of the service standards set forth in paragraphs (c)(1), (c)(2), (d), (e)(1), or (e)(2) of this section, as well as for Outbound Single-Piece First-Class Mail International pieces that originate in the contiguous 48 states and pursuant to paragraph (g) of this section are based on one of the service standards set forth in paragraphs (c)(1), (c)(2), (d), (e)(1), or (e)(2) of this section:
    (1) One service expectation day is added to the applicable service standard for pieces (excluding eligible Presort First-Class Mail pieces) originating in a 5- digit ZIP Code when a facility from which mail is dispatched for the originating 5- digit ZIP Code is over 50 miles in driving distance from the originating Regional Processing and Distribution Center or Campus (RPDC); and
    (2) Zero service expectation days are added to the applicable service standard for pieces originating in a 5-digit ZIP Code when no facility from which mail is dispatched for the originating 5-digit ZIP Code is over 50 miles in driving distance from the originating RPDC, and including eligible Presort First-Class Mail.

3. Amend § 121.2 by revising paragraph (a)(1) to read as follows:

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§ 121.2 Periodicals.

(a) ***

(1) a 3- to 6-day service standard is applied to Periodicals pieces properly accepted before the day-zero Critical Entry Time (CET) and merged with First-Class Mail pieces for surface transportation (as per the *Domestic Mail Manual* (DMM)), with the standard specifically equaling the sum of 1 day plus the applicable First-Class Mail service standard as calculated consistent with § 121.1(i).

*****

4. Effective July 1, 2025, revise part 121 to read as follows:

Part 121 Service Standards for Market-Dominant Mail Products

§ 121.0 Market-Dominant Product Service Standards.

§ 121.1 First-Class Mail.

§ 121.2 Periodicals.

§ 121.3 USPS Marketing Mail.

§ 121.4 Package Services.

Appendix A to Part 121 – Tables Depicting Service Standard Day Ranges

Part 121 Service Standards for Market-Dominant Mail Products

§ 121.0 Market-Dominant Product Service Standards.

Service standards in this part are contingent upon proper acceptance before the applicable day-zero Critical Entry Time (CET). Applying the service standards appearing in this part, effective service standards for combinations of 5-digit originating ZIP Codes and 5-digit destinating ZIP Codes can be found in a lookup table at www.usps.com.

§ 121.1 First-Class Mail.

(a) *Service Standards Based on Delivery Legs Within the Contiguous 48 States.* Except as specified in paragraph (b) of this section, service standards for domestic First-Class Mail, whose origin and destination are within the contiguous 48 states, are calculated as the sum of service expectation days between 5-digit ZIP Code pairs, accruing across three successive legs as follows:

(1) *Leg 1*. Unless an exception applies due to operational or business considerations, for this leg:

(i) One service expectation day is added to First-Class Mail (excluding eligible Presort First-Class Mail) originating in a 5-digit ZIP Code when a facility from which mail is dispatched for the originating 5-digit ZIP Code is over 50 miles in driving distance from the originating Regional Processing and Distribution Center or Campus (RPDC); and

(ii) Zero service expectation days are added for all other First-Class Mail, including Single-Piece First-Class Mail when no facility from which mail is dispatched for the originating 5-digit ZIP Code is over 50 miles in driving distance from the originating RPDC, and including eligible Presort First-Class Mail.

(2) *Leg 2.*

(i) Two service expectation days are added to First–Class Mail if the combined drive time between the originating RPDC, the destinating RPDC, and the destinating Local Processing Center (LPC) is 7 hours or less;

(ii) Three service expectation days are added to First–Class Mail if the combined drive time between the originating RPDC, the destinating RPDC, and the destinating LPC is more than 7 hours and not more than 24 hours;

(iii) Four service expectation days are added to First–Class Mail pieces if the combined drive time between the originating RPDC, the destinating RPDC, and the destinating LPC is more than 24 hours and not more than 45 hours; and

(iv) Five service expectation days are added to all remaining First–Class Mail pieces, except that four days are added to any such First-Class Mail for which a day is added under Leg 1.

(3) *Leg 3.* No service expectation days are added in Leg 3.

(b) *Exceptions to Service Standards Based on Delivery Legs Within the Contiguous 48 States*.

(1) A same-day service standard applies to USPS Connect Local Mail pieces accepted at participating Destination Delivery Units, and a one-day service standard applies to all other pieces accepted as USPS Connect Local Mail.

(2) A one-day service standard applies to eligible intra-LPC Presort First-Class Mail pieces accepted at the LPC.

(3) For First-Class Mail that is not USPS Connect Local Mail, with respect to "turnaround" service for pieces originating and destinating within the same RPDC service area or within the same LPC service area for certain qualifying LPCs (designated by the Postal Service based on operational considerations such as an LPC's distance from its servicing RPDC and volume processed at the LPC):

(i) A two-day service standard applies to:

(A) Eligible Presort First-Class Mail that is not eligible for a one-day service standard under paragraph (b)(2) of this section and that originates and destinates in the same RPDC service area; and

(B) Single-Piece First-Class Mail originating in a 5-digit ZIP Code when no facility from which mail is dispatched for the originating 5-digit ZIP Code is over 50 miles in driving distance of the originating RPDC or qualifying LPC and destinates within the same RPDC's or qualifying LPC's service area.

(ii) A three-day service standard applies to Single-Piece First-Class Mail originating in a 5-digit ZIP Code when a facility from which mail is dispatched for the originating 5-digit ZIP Code is over 50 miles in driving distance of the originating RPDC or qualifying LPC and destinates within the same RPDC's or qualifying LPC's service area.

(c) *Service Standards for Domestic First-Class Mail Originating and/or Destinating in Locations Outside of the Contiguous 48 States.*

(1) A same-day service standard applies to USPS Connect Local Mail pieces accepted at participating Destination Delivery Units.

(2) Except as provided in paragraph (c)(3) of this section, a one-day service standard applies to:

(i) Eligible intra-LPC Presort First-Class Mail pieces accepted at the LPC, whose origin and destination are outside the contiguous 48 states; and

(ii) All other pieces accepted as USPS Connect Local Mail.

(3) A two-day service standard applies to:

(i) Eligible Presort First-Class Mail that originates in Puerto Rico and destinates in the U.S. Virgin Islands, or vice versa;

(ii) Eligible intra-LPC Presort First-Class Mail with an origin or destination that is in American Samoa or one of the following 3–digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5–digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999; and

(iii) Other intra-LPC First-Class Mail pieces whose origin and destination are outside the contiguous 48 states, including any other intra-LPC Presort pieces that are not eligible for a one-day service standard.

(4) A four-day service standard applies to First-Class Mail pieces if the same day, one-day, or two-day service standards do not apply and:

(i) The origin is in the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico, and the destination is in the contiguous 48 states;

(ii) The origin is in Hawaii, and the destination is in Guam, or vice versa;

(iii) The origin is in Hawaii, and the destination is in American Samoa, or vice versa;

(iv) Both the origin and destination are within Alaska; or

(v) Such mail originates in a 5-digit ZIP Code where no facility from which mail is dispatched for that 5-digit ZIP Code is over 50 miles of driving distance from its originating RPDC, and the origin is in the contiguous 48 states and the destination is in the city of Anchorage, Alaska (5-digit ZIP Codes 99501 through 99539), the 968 3-digit ZIP Code area in Hawaii, or the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico.

(5) A five-day service standard applies to all remaining domestic First-Class Mail pieces originating and/or destinating outside the contiguous 48 states.

(d) *Service Standards for International First-Class Mail.*

(1) The service standard for Outbound Single-Piece First-Class Mail International pieces is equivalent to the service standard for domestic Single-Piece First-Class Mail pieces originating from the same 5-digit ZIP Code area and destined to the 5-digit ZIP Code area in which the designated International Service Center, or its functional equivalent, is located.

(2) The service standard for Inbound Letter Post pieces from the first USPS scan is equivalent to the service standard for domestic Single-Piece First-Class Mail pieces destined to the same 5-digit ZIP Code area and originating from the 5-digit ZIP Code area in which the applicable International Service Center, or its functional equivalent, is located.

§ 121.2 Periodicals.

(a) *End-to-End.*

(1) Except as provided in paragraph (a)(2) of this section, a 3- to 6-day service standard applies to end-to-end Periodicals pieces, with the standard generally equaling the sum of one day plus the applicable Single-Piece First-Class Mail (FCM) service standard (disregarding standards for USPS Connect Local FCM and for intra-Local Processing Center "turnaround" service).

(2) For certain end-to-end Periodicals pieces originating and/or destinating outside the contiguous 48 states, a 10- to 27-day service standard applies, with the standard generally equaling the sum of 3 to 6 days plus the number of additional days (from 7 to 21) for which certain intermodal (e.g., highway, boat, air-taxi) transportation is utilized.

(b) *Destination Entry—*

(1) *Destination Delivery Unit (DDU) Entered Mail.* A 1-day (overnight) service standard applies to Periodicals pieces that qualify for a DDU rate.

(2) *Destination Local Processing Center (DLPC) Entered Mail.*

(i) A 1-day (overnight) service standard applies to Periodicals pieces that qualify for a DLPC (or analogous legacy) rate, except for mail entered in Puerto Rico and destined to the US Virgin Islands, mail destined to American Samoa, and mail destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999;

(ii) A 3-day service standard applies to Periodicals pieces that qualify for a DLPC (or analogous legacy) rate, if they are entered in Puerto Rico and destined to the US Virgin Islands, or if they are destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(iii) A 4-day service standard applies to Periodicals pieces that qualify for a DLPC (or analogous legacy) rate if they are destined to American Samoa.

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(3) *Destination Regional Processing and Distribution Center or Campus (DRPDC) Entered Mail.*
   (i) A 2-day service standard applies to Periodicals pieces that qualify for a DRPDC (or analogous legacy) rate, are entered in the contiguous 48 states, and are destined within the contiguous 48 states; and
   (ii) An 8- to 10-day service standard applies to Periodicals pieces that qualify for a DRPDC (or analogous legacy) rate, are entered in the contiguous 48 states, and are destined outside the contiguous 48 states, with the specific standard being based on the number of days required for transportation outside the contiguous 48 states.

§ 121.3 USPS Marketing Mail.

(a) *End-to-End.*
   (1) Except as provided in paragraph (a)(2) of this section, a 4- to 7-day service standard applies to end-to-end USPS Marketing Mail pieces, with the standard generally equaling the sum of 2 days plus the applicable Single-Piece First-Class Mail (FCM) service standard (disregarding standards for USPS Connect® Local FCM and for intra-Local Processing Center (LPC) "turnaround" service).
   (2) For certain end-to-end USPS Marketing Mail pieces originating and/or destinating outside the contiguous 48 states, an 11- to 28-day service standard applies, with the standard generally equaling the sum of 4 to 7 days plus the number of additional days (from 7 to 21) for which certain intermodal (e.g., highway, boat, air-taxi) transportation is utilized.

(b) *Destination Entry.*
   (1) USPS Marketing Mail pieces that qualify for a Destination Delivery Unit (DDU) rate have a 2-day service standard.
   (2) USPS Marketing Mail pieces that qualify for a Destination Local Processing Center (DLPC) (or analogous legacy) rate have a 3-day service standard when accepted on Sunday through Thursday and a 4-day service standard when accepted on Friday or Saturday, except for mail dropped at the LPC in the territory of Puerto Rico and destined to the territory of the US Virgin Islands, or mail destined to American Samoa.
   (3) USPS Marketing Mail pieces that qualify for a DLPC (or analogous legacy) rate and that are entered in the territory of Puerto Rico and destined to the territory of the US Virgin Islands, or that are destined to American Samoa, have a 4-day service standard when accepted on Sunday through Thursday and a 5- day service standard when accepted on Friday or Saturday.
   (4) USPS Marketing Mail pieces that qualify for a Destination Regional Processing and Distribution Center or Campus (DRPDC) (or analogous legacy) rate have a 5-day service standard, if both the origin and the destination are in the contiguous 48 states.
   (5) USPS Marketing Mail pieces that qualify for a DRPDC (or analogous legacy) rate, and that are entered in the contiguous 48 states for delivery to addresses in the states of Alaska or Hawaii or the territories of Guam, American Samoa, Puerto Rico, or the US Virgin Islands, have a service standard of 12-14 days, depending on the 3-digit origin-destination ZIP Code pair. For each such pair, the applicable day within the range is based on the number of days required for transportation outside the contiguous 48 states.

§ 121.4 Package Services.

(a) *End-to-End.*
   (1) Except as provided in paragraph (a)(2) of this section, a 4- to 7-day service standard applies to end-to-end Package Services pieces, with the standard generally equaling the sum of 2 days plus the applicable Single-Piece First-Class Mail (FCM) service standard (disregarding standards for USPS Connect Local FCM and for intra-Local Processing Center "turnaround" service) after adding 5-9 hours to the applicable driving time bands of Leg 2 for FCM, as applied to specific 5-digit origin-destination pairs in the table cited in section 121.0.
   (2) For certain end-to-end Package Services pieces originating and/or destinating outside the contiguous 48 states, an 11- to 29-day service standard applies, with the standard generally equaling the sum of 4 to 7 days plus the number of additional days (from 7 to 22) for which certain intermodal (e.g., highway, boat, air-taxi) transportation is utilized.

(b) *Destination Entry.*
   (1) Package Services mail that qualifies for a Destination Delivery Unit (DDU) rate has a 1-day (overnight) service standard.
   (2) Package Services mail that qualifies for a Destination Local Processing Center (DLPC) (or analogous legacy) rate has a 2-day service standard, except for mail that is destined to either American Samoa or the US Virgin Islands.
   (3) Package Services mail that qualifies for a DLPC rate, and that is destined to either American Samoa or the US Virgin Islands, has a 3-day service standard.
   (4) Package Services mail that qualifies for a Destination Regional Processing and Distribution Center or Campus (DRPDC) (or analogous legacy) rate, and that originates and destinates in the contiguous 48 states, has a 3-day service standard.
   (5) Package Services mail that qualifies for a DRPDC (or analogous legacy) rate, and that is entered in the contiguous 48 states for delivery to addresses in the states of Alaska or Hawaii, or the territories of Guam, American Samoa, Puerto Rico, or the US Virgin Islands, has a service standard of either 11 or 12 days, depending on the 3-digit ZIP Code origin-destination pair. For each such pair, the applicable day within the range is based on the number of days required for transportation outside the contiguous 48 states.

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Appendix A to Part 121 – Tables Depicting Service Standard Day Ranges

The following tables reflect the service standard day ranges resulting from the application of the business rules applicable to the market-dominant mail products referenced in §§ 121.0 through 121.4 (for purposes of part 121, references to the contiguous states or the contiguous 48 states also include the District of Columbia):

Table 1. End-to-end service standard day ranges for mail originating and destinating within the contiguous 48 states and the District of Columbia.

TABLE 1 – END-TO-END SERVICE WITHIN CONTIGUOUS STATES

Mail class	End-to-end range (days)
First-Class Mail	0-5
Periodicals	3-6
USPS Marketing Mail	4-7
Package Services	4-7

Table 2. End-to-end service standard day ranges for mail originating and/or destinating in non-contiguous states and territories.

TABLE 2 – END-TO-END SERVICE TO AND/OR FROM NON-CONTIGUOUS STATES AND TERRITORIES

	End-to-end range (days)	
Mail class	Intra-state/territory	Inter-state/territory
First-Class Mail	0-5	2-5
Periodicals	3-6	3-27
USPS Marketing Mail	4-7	4-28
Package Services	*4-7	4-29
	*Excluding bypass mail.	

Table 3. Destination-entry service standard day ranges for mail to the contiguous 48 states and the District of Columbia.

TABLE 3 – DESTINATION ENTRY SERVICE TO CONTIGUOUS STATES

	CONTIGUOUS STATES		
	Destination entry (at appropriate facility) range (days)		
Mail class	*DDU	*DLPC	*DRPDC
Periodicals	1	1	2
USPS Marketing Mail	2	3-4	5
Package Services	1	2	3

* *DDU = Destination Delivery Unit; DLPC = Destination Local Processing Center; DRPDC = Destination Regional Processing and Distribution Center or Campus.*

Table 4. Destination entry service standard day ranges for mail to noncontiguous states and territories.

TABLE 4 – DESTINATION ENTRY SERVICE TO NON-CONTIGUOUS STATES AND TERRITORIES

	Destination entry (at appropriate facility)						
	*DDU	*DLPC range (days)			*DRPDC range (days)		
Mail class	range (days)	Alaska	**Hawaii, Guam, NMI, & AS	**PR & USVI	Alaska	Hawaii, Guam, NMI, & AS	PR & USVI
Periodicals	1	1-3	1-4	1-3	10-11	10	8-10
USPS Marketing Mail	2	3-4	3-5	3-5	14	13	12
Package Services	1	2	2-3	2-3	12	11	11

* *DDU = Destination Delivery Unit; DLPC = Destination Local Processing Center; DRPDC = Destination Regional Processing and Distribution Center or Campus.*

** *AS = American Samoa; NMI = Northern Mariana Islands; PR = Puerto Rico; USVI = United States Virgin Islands.*

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