Mailers Hub News

The information source for commercial mailers

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In this issue …

OIG Examines the Postal Service's Embargoes and Redirects

The 2020 peak mailing season likely didn't go as the Postal Service or its customers had expected, to say the least.

Whatever preparations the agency had made for the usual seasonal volume were severely disrupted as the global pandemic impacted employee and transportation availability, and as package volume surged in response to orders from quarantined shoppers. USPS processing facilities strained to move volume and maintain service but, as the Postal Service and commercial mailers learned, those efforts were unsuccessful in some locations, necessitating exceptional measures to redirect or completely halt the inflow of mail.

Post mortem

The Postal Service's Office of Inspector General has twice examined how the USPS responded to the 2020 peak season's challenges. In its first review, *Excessive Wait Times to Accept Commercial Mail Shipments at the Cleveland Processing & Distribution Center*, released last March, the OIG found that

> "… delayed mail processing operations and limited employee availability resulted in facility capacity issues, which further resulted in inefficiencies and delays in processing drop shipments at the Cleveland P&DC. The Postal Service implemented mitigating operations by limiting incoming mail drop shipments through temporary redirects to the Pittsburgh P&DC. However, Cleveland P&DC management did not communicate the need for a redirect to Postal Service Headquarters timely and, once management implemented the temporary redirect, it was not recorded accurately in the FAST system. Furthermore, Surface Visibility data did not reflect reported drop shipment delay conditions; therefore, media and mailer concerns about excessive wait times could not be substantiated."

The inadequate responses and poor communications by some local plant managers in several locations typically resulted in USPS HQ briefers having little or inaccurate information to share with industry representatives – who often had better reports that did the postal staffers.

In its second, broader review, *Embargoes and Redirections at US Postal Service Processing Facilities*, released August 13, the OIG reported on

> "… temporary embargoes of up to 17 days for certain mail types at nine mail processing facilities: the Birmingham, AL Annex; West Valley, AZ processing and distribution center (P&DC); Baltimore, MD P&DC; Detroit, MI network distribution center (NDC); New Jersey (City), NJ NDC; Northwest Rochester, NY NDC; Cleveland, OH P&DC; Springdale, OH Annex; and Philadelphia, PA NDC."

As the OIG noted:

> "Package volume at these nine facilities increased by a range of 7 to 54 percent during the FY 2021 peak mailing season, which was more than the Postal Service anticipated or had the capacity to process. Facilities that accepted more packages than they could process experienced crowded conditions on the workroom floors which became so congested that employees could not move mail between the processing equipment and loading docks. …
>
> "We reviewed mail processing, employee availability, mail volume, and productivity data from October 1, 2019, through February 28, 2021, at each of the nine processing facilities that imposed embargoes. We conducted in-person observations at the Baltimore, MD P&DC, and performed virtual visits of the remaining eight facilities."

Findings

The OIG listed several significant findings in its report:

- "The decision to embargo or redirect mail only came after facility conditions became so congested that mail could not be processed efficiently. … Division management was not proactive in making the decision to impose the embargoes or redirections. Although they had regular discussions with facility management regarding

congested facility conditions, division management was slow to impose embargoes or redirections at the affected facilities.

"Additionally, once an embargo was imposed, division management did not clearly communicate their embargo decision to local facility management. ... Facility and division management stated they had not experienced congested conditions of this nature in previous peak mailing seasons and did not have a standard process for implementing embargoes or redirections.

- "Management was inconsistent in communicating to the affected processing facilities that embargoes or redirections had been imposed and did not announce the embargoes or redirections in enough time to allow mailers to make other transportation arrangements. ... We found mailers were notified of the embargoes or redirections for all nine processing facilities on the same day the embargoes or redirections were to take effect. Once embargoes or redirections were imposed, mailers were still able to schedule appointments to drop mail at the affected facilities because appointments in the FAST system could not be updated to prevent appointments for embargoed mail types ... .

  "Therefore, mailers continued dispatching trucks to processing facilities that could not accommodate their mail, resulting in wait times of up to 23 hours, congested conditions in the processing facilities' truck yards, and delayed processing of the embargoed mail. In addition, mailers reported that their customers blamed them for delays when the Postal Service required them to redirect mail to another facility. As a result of ineffective and untimely communications, mailers stated they lost customers and the Postal Service risked losing the trust of and damaging their business relationship with mailers.

- "The Postal Service did not acquire enough additional facility capacity prior to peak mailing season to receive, stage, and process the additional mail volume. ... Headquarters management stated when possible, they tried to ease congested conditions by moving packages to other facilities for processing, but trailers and drivers were not always available.

  "During the FY 2021 peak season, actual capacity was insufficient for the number of packages the Postal Service received at some locations, and package volume overflowed into staging areas and aisles. ... The level of congestion impaired all nine of the facilities' ability to effectively process the mail and they reached a point where employees could not move mail to the processing machines, resulting in delayed mail.

  "Congested conditions at Postal Service processing facilities led management to direct that packages be processed and dispatched before other mail that arrived sooner. This practice helped clear space on workroom floors to process the backlogged mail volume; however, mail was not processed in first-in-first-out (FIFO) order to meet service standards.

  "Further, processing management acknowledged they delayed marketing mail processing for several days to focus on reducing the backlogged package volume. This led to significant delays in peak season mailings, which included mailers' time-sensitive mail such as catalogs and holiday promotional materials.

- "... Although consistent with the national average during FY 2020 peak season, employee availability at the nine embargoed or redirected sites was lower than the national average. While the COVID-19 pandemic had a major impact on the Postal Service's employee availability, insufficient internal controls over unscheduled employee absences that existed before the pandemic worsened the problem."

Recommendations

The OIG recommended that Postal Service management:

- "Develop, document, and implement standard operating procedures to improve communications about major disruptions in service across the division and processing facility levels of management.
- "Develop a plan to promptly communicate information about major service disruptions to mailers so they can adjust their operations as needed.
- "Develop a plan to identify facilities at risk of having their volume exceed processing and staging capacity and alleviate those conditions before they affect mail processing during peak season.
- "Develop a plan to verify that mail is processed in FIFO order during high volume periods to ensure that it will meet its service standards.
- "Strengthen internal controls over employee absences to ensure adequate employee availability during peak season."

The OIG noted that USPS management

> "... partially agreed with recommendations 1 and 2, agreed with recommendations 3 and 5, and disagreed with recommendation 4. Subsequent to the Postal Service submitting its official comments, management stated that they agreed with our findings."

Observations

Heading into the upcoming peak season, the Postal Service has been publicizing that it's better prepared than it was last year, emphasizing its acquisition of additional space, installation of additional processing equipment, and recruitment of additional seasonal workers.

However, at the same time, the agency is lowering its service standards, revising its transportation network to move more mail by truck, reactivating its facility consolidation program, and facing a shift in mail mix as package volume ebbs.

Separately, and beyond the control of the USPS or anyone else, the pandemic is far from over and resurgences of the virus – and its impact on complement – cannot be prevented. At the same time, the shortage of trucks, and especially drivers, has not abated, posing a challenge to an agency relying on surface transportation more than ever.

More critically, it's less clear how the human factor will be different. The Postmaster General's reorganization of the Postal Service's management structure continues to ripple through; plant and division managers may be in different jobs but they're still the same people. Similarly, the employee complement at facilities is largely the same, albeit with the addition of temporary seasonal help, and there's no reason to expect a change in worker performance; it's the craft employees that do the work.

Regardless, for better or worse, we'll know soon enough how the agency's peak season goes this year.

Court Denies Stay of USPS Price Implementation

Days before higher prices were to take effect, the US Court of Appeals for the DC Circuit denied a request for a stay of their implementation. In a terse one-line order issued August 24, the court ruled:

"Upon consideration of petitioners' joint motion for stay, opposition thereto, and the reply, it is ORDERED that the motion be denied."

The stay was sought by the same parties that had filed an appeal of the Postal Regulatory Commission's November 30, 2020, decision that gave the Postal Service three new forms of rate authority. Those were used by the USPS, in addition to what was available under the CPI cap, in its May filing, the results of which took effect yesterday.

According to one of the parties in the appeal (and the request for a stay), the denial of a stay should not be seen as a hint at the court's eventual decision on that appeal; when that ruling will occur is speculative.

If the court eventually upholds the PRC's November order nothing changes but, if it grants the petitioners' appeal, it likely would mean that the commission's order and final rule would be vacated, including the three new forms of rate authority, and remanded to the PRC for further rulemaking.

Meanwhile, the prices approved on those rate authorities would need to be rolled-back until a new filing is made and revised rates are approved. However, refunds of the additional postage collected in the interim are unlikely.

Information Accuracy Remains Critical for International Mailings

This article was provided by Merry Law, Mailers Hub's expert consultant on international mail. Merry may be reached at MLaw@WorldVu.com.

The USPS reintroduced Export Compliance data checks on July 1st. On the same date, the 27 countries of the European Union (EU) began enforcement of Value Added Tax (VAT) payment requirements on imports. Both of these events require mail owners and mail processors to provide specific items of information precisely and accurately, and both have been problematic.

Data

USPS Export Compliance is based Advanced Electronic Data (AED) submitted by mailers for packages and goods via a Shipping Services File (SSF). The USPS checks this data to make sure the requirements set by the USPS and by Customs and Border Protection (CBP) are met. These include confirmation that certain fields are completed and checks for compliance with safety for transport on both passenger and non-passenger craft and US export controls.

The Basic requirements and links to other resources can be found in the July 16, 2020, *Postal Bulletin* (PB 22550, available at https://about.usps.com/postal-bulletin/2020/pb22550/html/info_003.htm). Information from paper customs forms submitted at post office retail counters that is then entered by the USPS clerk is subject to some checks. All mailed items must, of course, conform to applicable US laws and regulations.

That same AED information is sent to the receiving countries using standard postal data transfer protocols, called ITMATT. Each receiving country decides if the goods being sent do not violate their import regulations.

The EU

The AED is used for security checks, customs duties, and import control, and, in the EU, for VAT payment processing. While the general customs and VAT regulations are aligned in all EU countries, there are differences between them in exemptions and special rates.

VAT can be prepaid by the recipient of the goods and the merchant-mailer can pay these directly to the tax authorities by registering for Import One Stop Shop (IOSS). Registration in one EU country covers the entire EU.

For those who register for IOSS, the IOSS number must be in the AED from the USPS: the Importers Reference Type field should contain the number 2 and the Importers Reference field should contain a 12-character IOSS designation. (The USPS document, reprinted on the pages below, has complete details.)

Some of the EU countries are requiring that the IOSS information also appear in the customs form attached to each item, in addition to being transmitted in the AED.

Making it all work

The Harmonized Tariff Schedule (HS) code, defined by the World Customs Organization (WCO), describing goods, along with a written description, is necessary in some countries as well. (The HS codes can be found at https://hts.usitc.gov/current.) A regular 5-year revision to the HS codes will be implemented on January 1, 2022.

Ideally, all of this fits together smoothly and all the information is provided but, as previously mentioned, implementation has *not* been smooth. The initial problem with correct transmittal and receipt of the IOSS number was resolved in early August. The USPS is working to resolve a problem with uploaded SSF information not making it through their system in a timely manner.

Packages were returned to some mailers because data was not available at the proper processing stage, but the USPS will not return any mail because of this as they work to resolve the timely transmission problem. A larger than expected number of mail items are requiring manual inspection because of imprecise or vague descriptions or the possibility they contain restricted items, causing backups at USPS ISCs.

What Mailers Can Do

Mailers can make sure they provide precise descriptions, including HS codes, and ensure they do not include items that are potentially restricted.

For US regulations, see Treasury Department listings at *https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information* and Commerce Department resources at *https://www.trade.gov/us-export-controls* for more information. The International Mail Manual (IMM) has basic details of restricted and prohibited item in other countries under the Individual Country Listings.

USPS® IOSS Implementation Instructions

What is the Import One-Stop Shop (IOSS)?

On July 1, 2021, the value added tax (VAT) exemption for the importation of goods not exceeding 22 euros (EUR) was removed. As a result, all goods imported to the European Union (EU) are subject to VAT.[1]

The **Import One-Stop Shop (IOSS)** was created as an optional program to facilitate and simplify the declaration and payment of VAT for goods sold from a distance by sellers from either the EU or from a non-EU country or territory. The IOSS allows suppliers and electronic interfaces selling imported goods to buyers in the EU to collect, declare and pay the VAT to the tax authorities, instead of making the buyer pay the VAT the moment the goods are imported into the EU as it was previously the case (for products over 22 EUR).[1]

[1] https://ec.europa.eu/taxation_customs/business/vat/vat-e-commerce/ioss_en

What does this mean for me as a USPS® customer?

Senders using the IOSS program to pay for VAT should provide the **IOSS VAT Identification Number** (described in further detail below) for each mail item sent to the EU in the electronic data (Shipping Services File) sent to the USPS®. It is highly recommended that electronic data be provisioned at least two (2) hours in advance of mail induction, to ensure export compliance processing.

What does the IOSS VAT Identification Number look like?

The IOSS VAT Identification Number contains a total of twelve (12) alphanumeric characters in the following format of **IMxxxyyyyyyz** where:

- **xxx** is the 3-digit ISO numeric code of the Member State of identification
- **yyyyyy** is the 6-digit number assigned by the Member State, and
- **z** is a check digit

It is important to note the following:

- The **Member State of identification (xxx)** is identified using a three (3) digit ISO numeric code (provided below)
- The three (3) digit ISO numeric code is followed by seven (7) other numerical digits: the six (6) digit number assigned by the Member State **(yyyyyy)** and the check digit **(z)**.
- Based on the above, the **total length** of the **IOS VAT Identification Number** is strictly limited to twelve **(12) digits (characters): IM + ten (10) numerical digits**

ISO 3166-1 Country Codes[2]				Finland	246	Ireland	372	Malta	470	Slovakia	703
Austria	040	Cyprus	196	France	250	Italy	380	Netherland	528	Slovenia	705
Belgium	056	Czechia	203	Germany	276	Latvia	428	Poland	616	Spain	724
Bulgaria	100	Denmark	208	Greece	300	Lithuania	440	Portugal	620	Sweden	752
Croatia	191	Estonia	233	Hungary	348	Luxembourg	442	Romania	642	N. Ireland	900

[2] Three (3) digit ISO numeric codes per ISO 3166-1 for EU Member States and Northern Ireland.

What do I need to as a USPS® customer?

The USPS® understands some customers might currently be providing the IOSS VAT Identification Number in the "Sender Customs Reference Number" field in the Shipping Services File (SSF).

Moving forward, in order to improve both data quality and accuracy, we request customers using the "Sender Customs Reference Number" leverage the "Importers Reference" fields ("Importers Reference Type" & "Importers Reference") in its place. **Customers currently leveraging the "Sender Customs Reference Number" may continue to do so until they can make the required system changes.**

Instructions: Per the request above, senders should provide the IOSS VAT Identification Number in the "**Importers Reference**" fields.

- The "**Importers Reference Type**" field (SSF v1.7, record position #1029 – 1029 | SSF v2.0, record position #25) should be populated with '2,' indicating that you will be providing a VAT number.
  - → Note: This field allows for a max of one (1) alphanumeric character. Options to populate this field are: '1' = Tax Code, '2' = VAT no., '3' = Importer Code, or ' ' = Space
- The "**Importers Reference**" field (SSF v1.7, record position #1030 – 1069 | SSF v2.0, record position #26) should be populated with the IOSS VAT Identification Number.
  - → Note: This field allows for a max of forty (40) alphanumeric characters

What does USPS® do with this information?

When customers provide USPS® with the requested information (IOSS VAT Identification Number) in the SSF (via version 1.7 or 2.0), we will then ensure the data is mapped and transmitted to the corresponding ITMATT field.

The USPS® understands some customers might currently be providing the IOSS number in the "Sender Customs Reference Number" field instead of the "Importers Reference" field as specified above. Until all customers have fully migrated to solely using the "Importers Reference" field, the following rules will apply:

- If information (IOSS VAT Identification Number) is provided in the "**Importers Reference**," we will accept & transmit the data via the corresponding ITMATT field
- If information is provided in the "**Sender Customs Reference Number**," we will temporarily accept, map, & transmit the data via the corresponding ITMATT field, and
- If information is provided in **both** fields ("**Importers Reference**" & "**Sender Customs Reference Number**"), the data provided in the "Importers Reference" will take precedence: we will accept both, yet solely transmit the information (data) provided in the "Importers Reference" field

Additional Information

For additional information on upcoming changes to EU VAT regulations for e-commerce, please see the following links:

- VAT for e-commerce FAQs
- Import One-Stop Shop (IOSS) FAQs
- IOSS FAQs for Online Sellers
- IOSS FAQs for Electronic Interfaces

OIG Paper Evaluates Need for Adaptation by the USPS

In a white paper released August 4, the Postal Service's Office of Inspector General studied *How Institutions Change*, and compared the USPS to other entities that did, or didn't, adapt as their business environments evolved: Amtrak, Blockbuster, and brick-and-mortar retailers.

Looking at mail and the Postal Service, the OIG observed:

> "There are two primary disruptive trends that are driving change in the mailing industry: the decline in letter volume and the growth of ecommerce. A consistent decrease in mail volume and increases in processing and delivery costs have resulted in significant financial losses for the Postal Service. ... The downward trend is a serious threat to the Postal Service because First-Class Mail is its most profitable product. Further, while mail volume declined, the number of delivery points and processing costs have grown annually, increasing the cost per delivery for each piece of mail. ...

> "While letter mail volume decreased in recent years, ecommerce growth during the same period resulted in an overall increase in package volume. The rise in package volume has not been enough to offset the loss of profit from declines in letter mail because packages are expensive to process and have a smaller profit margin. The Postal Service's package volume flattened in 2019, due primarily to greater competition from private carriers and more insourcing (delivery of their own packages) by shippers that previously had used the Postal Service. In 2020, the agency experienced a pandemic-related rise in package volume, but this was below the overall parcel market growth rate. ..."

Amtrak

> "Amtrak and the Postal Service are similar in a several ways, including challenges in being a self-funding organization while meeting legal obligations to provide service across the country, constraints in implementing operational changes, and changing expectations of their customers. ...
>
> "Any significant changes to Amtrak's national network, such as cutting service on money-losing, long-distance routes, require Congressional approval. Members of Congress, however, have historically resisted any service cuts in their districts. ... For both Amtrak and the Postal Service, forging consensus on major changes to its network and operations can be difficult to achieve.
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> "Since the company's inception, it has been difficult for Amtrak to adapt its network and service to meet Americans' transportation demands. ... Similarly, the Postal Service has seen the increasing preference for digital communication affect how business and residential customers use the mail. The Postal Service also shares with Amtrak the challenge of meeting Americans' expectations for performance and convenience."

The OIG noted that, in 2017, Amtrak was under new leadership that "set new goals, emphasized cost cutting and more strategic investment decisions, and presented a new vision to Congress." Among its cost reduction efforts, Amtrak renegotiated labor agreements and reduced its use of contracted services. It also focused on building its core and most profitable business (Northeast Corridor service) rather than less profitable routes. Comparing Amtrak's record to the USPS, the OIG noted that

> "Forming a clear strategy not only proved important for achieving goals internally, but also helped Amtrak communicate a consistent message to Congress and other stakeholders. ... For the Postal Service, prioritizing transparency and strong evidence is key to building consensus around its strategic objectives and addressing stakeholders' potential concerns. There is value in publicly engaging in difficult conversations, with the goal of finding room for cooperation and compromise. ..."

Blockbuster (and Netflix)

The lesson from Blockbuster is a failure to adapt to change:

> "Beginning in the mid-1990s, technological trends disrupted the home video rental industry and reshaped the way consumers access video entertainment at home. ... By 2010, however, retail video rental was in steep decline, and Blockbuster went bankrupt and was delisted from the New York Stock Exchange as it surpassed $900 million in debt. Netflix, which provided customers with new, Internet-based options for accessing video entertainment, had become the number one renter of prerecorded media. ...
>
> "The next step in technological disruption was on-demand video streaming. By the mid-2000s, broadband service was becoming more prevalent in American homes. ... Netflix adapted its business model to provide customers with streaming video, which soon replaced physical DVD rental as the primary way Americans access video entertainment on demand.
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> "... Like the Postal Service, Blockbuster had thousands of physical locations across the country and faced the challenge of determining how to maximize the value of its brick-and-mortar retail assets. Netflix achieved success through continuous adaptation, while Blockbuster waited too long to respond to disruption and remained tied to an unsustainable business model. ...
>
> "As it lost market share to Netflix and other competitors, Blockbuster belatedly tried to match its competitor's innovations [but later reversed course] and scaled back investment in its online offerings. The home video rental case study suggests that the Postal Service should focus on building its capacity for rapid innovation and address consumer discontent before it becomes a strategic problem.
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> "For the Postal Service, this case study suggests a need to stay on the cutting edge of shipping and delivery technology and to anticipate changes in customer needs and behavior. ... A process and culture of fast innovation is essential for organizations to stay ahead of the curve. ... A greater focus on incorporating customer feedback from the outset when conceiving new solutions can speed up the innovation process, increase the chances that new initiatives succeed, and develop a stronger culture of experimentation.

Brick-and-mortar

> "The retail industry, like the Postal Service, relies on an extensive physical footprint but must respond to the changing way in which consumers expect to use these retail spaces. ... Similarly, the Postal Service maintains a nationwide network of 31,000 retail post offices that are experiencing declining customer use. Post office transactions decreased by one-third between 2004 and 2020, and 42 percent of post offices do not generate enough revenue to cover their costs. The Postal Service must provide services and products to all areas of the US, and post offices that operate at a deficit are explicitly protected from closure. ...

"The Postal Service's extensive retail network is often seen as a primary strength of the agency, enabling accessibility to every American. However, maximizing the value of this network, especially given retail purchase declines over the past 15 years, will be critical to the Postal Service's continued success. ...

"There are multiple opportunities for the Postal Service to improve the in-store experience at post offices. First, the Postal Service has an opportunity to enhance the services it already provides. ... Second, there are opportunities for the Postal Service to make additional services available at post offices. ... Successful brick-and-mortar retailers embraced the blending of digital and physical retail. The experiences of these retailers suggest that there is room for the Postal Service to create an improved omni-channel experience for customers.

"The Postal Service maintains a retail presence in just about every community in the US, something not shared by any parcel carrier, retailer, or other government agency. ..."

Constraints

Appropriately, the OIG noted several external constraints on the Postal Service's ability to change its business model.

"The Postal Service cannot make decisions about these issues on its own, but can work with stakeholders and policymakers – including Congress, the Postal Regulatory Commission, and mailers – toward building a consensus on a sustainable path forward.

"Currently, US law does not contain a comprehensive and clear definition of the [Universal Service Obligation], leaving many of its aspects open to interpretation. ... A more specific USO would give the agency guidance on what changes it can implement to improve its financial stability while fulfilling its public service mission. ...

"The Postal Service would benefit from a political consensus about how it should balance the expectation to solely support itself with the revenue from its operations against the need to provide effective, reliable service to everyone, including delivering mail and parcels in unprofitable areas. If the Postal Service is required to continue to cover the cost of the USO with postal revenue, this will require changes to its operational model, pricing policy, and network structure. ... Reaching political consensus on whether the Postal Service should act more like a business or a public service would provide the Postal Service strategic direction as it plans for the future. ... "

In conclusion, the OIG stated:

"The Postal Service is experiencing volume declines in its core mail products. Package volume has been increasing, though future volume is uncertain and difficult to predict. The agency is also challenged by questions about its role in American society, how it should balance service and cost coverage, and the significant financial burdens it faces. ...

"The Postal Service faces difficult strategic decisions about how to best ensure its relevance and viability in the future. A broad agreement among stakeholders about the role of the Postal Service in American society will bring the clarity and support needed to increase the chances of the Postal Service to succeed in this endeavor."

Not surprisingly, the Postal Service's response was used as another opportunity to promote the Postmaster General's 10-year Plan as the be-all solution to the agency's challenges.

Of course, not mentioned were those items cited in the OIG's case studies but not in The Plan: defining the universal service obligation, rationalizing how expected services are to be underwritten as postage income declines, reducing labor costs by reworking labor agreements, and becoming more effective in gaining political support for legislative change. Engaging the customers who pay the bills would be good, too, but it appears so far that the PMG has decided he already knows all he needs to know about them.

July Financial Results: Lower Expenses, But Lower Revenue

July's monthly volume was better than the same period last year, but revenue was down, reflecting the retreat of last year's package-heavy mail mix. Factoring in a $400 million workers' compensation liability and higher transportation costs, the bottom line showed a net loss of $1.178 billion. For the year-to-date, the Postal Service has a net loss of $3.929 billion – not good, but less than half of the net loss at the end of July 2020 – thanks to a nearly $3.5 billion favorable swing in the workers' comp liability.

Volume and revenue

Total market-dominant mail volume was 4.0% higher than at the same point in 2020, with Marketing Mail 14.1% better. Meanwhile, after last year's surge, competitive products volume again slid lower, down 19.6% to SPLY. Total USPS volume was 10.134 billion pieces, just 2.3% more than last July:

- First-Class Mail: 3.995 bln pcs, -3.5%; 42.94 bln pcs, -3.9% YTD.
- Marketing Mail: 5.253 bln pcs, +11.2%; 54.99 bln pcs, +3.4% YTD.
- Periodicals: 267.3 mln pcs, -4.3%; 3.09 bln pcs, -9.0% YTD.
- Total Mkt Dom: 9.579 bln pcs, +4.0%; 101.71 bln pcs, -0.4% YTD.
- Total Competitive: 526.3 mln pcs, -19.6%; 5.966 bln pcs, +7.7% YTD.
- Total USPS: 10.134 bln pcs, +2.3%; 108.026 bln pcs, -0.3% YTD.

Class revenue largely aligned with volume; in all, compared to SPLY, revenue from the market-dominant classes was 4.0% higher while revenue from the competitive products was down 11.8%, yielding total monthly USPS revenue ($5.936 billion) that was 3.6% lower than July 2020:

- First-Class Mail: $1.81 bln, -3.1%; $19.626 bln, -2.8% YTD.
- Marketing Mail: $1.165 bln, +14.1%; $12.05 bln, +3.6% YTD.
- Periodicals: $68.6 mln, -2.2%; $784.7 mln, -9.5% YTD.
- Total Mkt Dominant: $3.350 bln, +4.0%; $35.395 bln, +0.1% YTD.
- Total Competitive: $2.42 bln, -11.8%; $27.476 bln +16.5% YTD.
- Total USPS: $5.936 bln, -3.6%; $64.806 bln +6.3% YTD.

Expenses and workhours

Expenses again outpaced revenue. Total "controllable" compensation and benefit costs ($4.76 billion) were 2.3% over plan for July but 1.8% lower than SPLY (and 3.0% over both plan and SPLY for the year-to-date); non-personnel expenses ($1.54 billion) were 0.2% higher than SPLY. Total expenses for the month ($7.12 billion) were 8.9% over plan but 1.1% lower than SPLY. Workhour usage for most craft employees was over plan for the month but lower than SPLY. Meanwhile, complement grew compared to last July:

- Month's end complement: 640,614 employees (506,473 career, 134,141 non-career), was down 0.18% from last July (641,780 employees: 497,233 career, 144,547 non-career), but **1.86% more** *career* workers than a year ago.

Compared to the depths of the pandemic, market dominant volume is starting to recover, but the flood of parcel volume – whose revenue kept USPS finances afloat last year – is ebbing. How these trends behave over the fall mailing season will decide the wisdom of the agency's committing to parcel volume that may not materialize. *More on the next page.*

USPS Preliminary Information (Unaudited) – July 2021 [1]

OPERATING DATA OVERVIEW [1,2]	Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Revenue										
Operating Revenue	$5,936	$5,258	$6,160	12.9%	-3.6%	$64,806	$59,869	$60,991	8.2%	6.3%
Other Revenue	$1	$--	$2	NMF	-50.0%	$28	$5	$8	NMF	NMF
Total Revenue	$5,937	$5,258	$6,162	12.9%	-3.7%	$64,834	$59,874	$60,999	8.3%	6.3%
Operating Expenses										
Personnel Compensation and Benefits	$5,567	$4,994	$5,648	11.5%	-1.4%	$52,189	$51,553	$53,704	1.2%	-2.8%
Transportation	$773	$663	$731	16.6%	5.7%	$8,082	$7,378	$7,317	9.5%	10.5%
Supplies and Services	$197	$289	$228	-31.8%	-13.6%	$2,444	$2,414	$2,554	1.2%	-4.3%
Other Expenses	$568	$572	$576	-0.7%	-1.4%	$5,941	$5,876	$5,829	1.1%	1.9%
Total Operating Expenses	$7,105	$6,518	$7,183	9.0%	-1.1%	$68,656	$67,221	$69,404	2.1%	-1.1%
Net Operating Income/Loss	**-$1,168**	-$1,260	-$1,021			**-$3,822**	-$7,347	-$8,405		
Interest Income	$3	$3	$3	0.0%	0.0%	$23	$27	$86	-14.8%	-73.3%
Interest Expense	$13	$16	$14	-18.8%	-7.1%	$130	$136	$186	-4.4%	-30.1%
Net Income/Loss	**-$1,178**	-$1,273	-$1,032			**-$3,929**	-$7,456	-$8,505		
Mail Volume										
Total Market Dominant Products [3]	9,579	8,094	9,210	18.3%	4.0%	101,708	91,041	102,128	11.7%	-0.4%
Total Competitive Products [3]	526	475	655	10.7%	-19.7%	5,966	5,675	5,541	5.1%	7.7%
Total International Products	29	43	42	-33.1%	-31.0%	352	435	657	-19.1%	-46.4%
Total Mail Volume	10,134	8,612	9,907	17.7%	2.3%	108,026	97,151	108,326	11.2%	-0.3%
Total Workhours	96	93	98	3.2%	-2.0%	997	968	980	3.0%	1.7%
Total Career Employees	**506,473**		497,233		**1.9%**					
Total Non-Career Employees	**134,141**		144,547		**-7.2%**					

MAIL VOLUME and REVENUE [1,2,4]	Current period			Year-to-Date		
Pieces and Dollars (Thousands)	**Actual**	**SPLY**	**% SPLY Var**	**Actual**	**SPLY**	**% SPLY Var**
First Class (excl. all parcels and Int'l.)						
Volume	3,995,158	4,140,795	-3.5%	42,940,408	44,678,255	-3.9%
Revenue	$1,808,587	$1,867,304	-3.1%	$19,625,532	$20,198,575	-2.8%
Periodicals						
Volume	267,282	279,174	-4.3%	3,086,049	3,389,943	-9.0%
Revenue	$68,601	$70,169	-2.2%	$784,729	$867,117	-9.5%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	5,253,221	4,723,469	11.2%	54,992,540	53,194,402	3.4%
Revenue	$1,165,261	$1,021,627	14.1%	$12,049,722	$11,636,476	3.6%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	40,895	44,235	-7.6%	435,369	481,004	-9.5%
Revenue	$65,222	$69,900	-6.7%	$694,908	$691,116	0.5%
All other Market Dominant Mail						
Volume	22,354	22,495	-0.6%	253,575	384,302	-34.0%
Revenue	$242,757	$191,155	27.0%	$2,240,371	$1,982,850	13.0%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	9,578,910	9,210,168	4.0%	101,707,941	102,127,906	-0.4%
Revenue	$3,350,428	$3,220,155	4.0%	$35,395,262	$35,376,134	0.1%
Shipping and Package Services						
Volume	526,318	655,006	-19.6%	5,965,911	5,540,748	7.7%
Revenue	$2,309,984	$2,643,781	-12.6%	$26,457,091	$22,714,150	16.5%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$109,305	$99,686	9.6%	$1,018,458	$869,465	17.1%
Total Competitive Products *(ex. all Int'l.)*						
Volume	526,318	655,006	-19.6%	5,965,911	5,540,748	7.7%
Revenue	$2,419,289	$2,743,467	-11.8%	$27,475,549	$23,583,615	16.5%
Total International [5]						
Volume	28,716	42,320	-32.1%	351,798	657,106	-46.5%
Revenue	$166,682	$196,617	-15.2%	$1,934,891	$2,031,179	-4.7%
Total						
Volume [4]	**10,133,944**	9,907,494	**2.3%**	**108,025,650**	108,325,760	**-0.3%**
Revenue	**$5,936,399**	$6,160,239	**-3.6%**	**$64,805,702**	$60,990,928	**6.3%**

EXPENSES OVERVIEW [1,2]	Current Period					Year-to-Date				
Dollars (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Controllable Pers. Comp. & Benefits [6,7]	$4,762	$4,656	$4,850	2.3%	-1.8%	$49,612	$48,170	$48,156	3.0%	3.0%
RHB Unfunded Liabilities Amortization [8]	$76	$75	$68	1.3%	11.8%	$756	$750	$675	0.8%	12.0%
FERS Unfunded Liabilities Amortization [8]	$112	$112	$107	0.0%	4.7%	$1,119	$1,119	$1,071	0.0%	4.5%
CSRS Unfunded Liabilities Amortization [8]	$151	$151	$150	0.0%	0.7%	$1,514	$1,514	$1,499	0.0%	1.0%
Workers' Compensation [9]	$441	$ --	$486	NMF	-9.3%	-$1,065	$ --	$2,428	NMF	-143.9%
Total Pers. Comp. & Benefits	$5,567	$4,994	$5,648	11.5%	-1.4%	$52,189	$51,553	$53,704	1.2%	-2.8%
Total Non-Personnel Expenses	$1,538	$1,524	$1,535	0.9%	0.2%	$16,467	$15,668	$15,700	5.1%	4.9%
Total Expenses (incl. interest)	**$7,118**	$6,534	$7,197	**8.9%**	**-1.1%**	**$68,786**	$67,357	$69,590	**2.1%**	**-1.2%**

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	35,182	33,897	35,761	3.8%	-1.6%	362,135	353,051	359,862	2.6%	0.6%
Mail Processing	16,184	13,755	15,827	17.7%	2.3%	175,455	156,895	162,706	11.8%	7.8%
Customer Services & Retail	12,509	12,568	13,488	-0.5%	-7.3%	132,532	130,776	133,401	1.3%	-0.7%
Rural Delivery	18,600	18,262	18,470	1.9%	0.7%	186,683	181,225	180,901	3.0%	3.2%
Other	13,546	14,251	14,373	-4.9%	-5.8%	139,882	146,043	143,579	-4.2%	-2.6%
Total Workhours	**96,021**	92,733	97,919	**3.5%**	**-1.9%**	**996,687**	967,990	980,449	**3.0%**	**1.7%**

[1]/July 2021 had the same number of delivery and 1.5 less retail days compared to July 2020. YTD has one less delivery and 2.5 less retail days compared to SPLY. [2]/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. [3]/Excludes all International. [4]/The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. [5]/Includes Current Period Market Dominant Volume of 12,994 and Revenue of $17,653; SPLY Market Dominant Volume of 12,361 (+5.1%) and Revenue of $14,539 (+21.4%). Also includes Current Period Competitive Volume of 15,722 and Revenue of $149,029; SPLY Competitive Volume of 29,959 (-47.5%) and Revenue of $182,078 (-18.2%). [6]/This amount includes cash outlays including administrative fees. [7]/This represents the accrual for normal RHB costs for current employees, based on the beginning of the fiscal year estimates. [8]/This represents the estimated OPM amortization expense related to the FERS and CSRS; the actual invoices will be received between August 2021 and October 2021. For PSRHBF, this represents the prorated amortization expense of the PSRHBF based on the invoice received from OPM in July 2021. [9]/This represents non-cash adjustments: the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater.

Miscellany

Documents required

As reported by the Center for Responsibility and Ethics in Washington, a federal judge has directed the Postal Service to provide documents "about potential conflicts of interest by Postmaster General Louis DeJoy." According to the article

> "Following the USPS's failure to turn over documents relating to DeJoy's potential conflicts of interest in response to a Freedom of Information Act request, CREW sued the agency. US District Judge John D. Bates granted CREW summary judgment in full and 'order[ed] USPS to produce the recusal documents as well as any non-exempt portions of the certificate of divestiture documents in a timely manner.' The judge cited a 'strong public interest' in information relating to DeJoy's potential conflicts, which have been the focus of intense scrutiny by Congress and the press."

Thus far, despite repeated instances in which ethics questions have been raised about the PMG's past and current dealings, investigations have not turned up anything significant enough to cause him serious problems.

Transitioning

An August 16 article in *The Loadstar* reported that the Postal Service has blamed its "outdated network" to explain why its shipping and package revenue "fell off a cliff" during the second quarter.

> "This led postmaster general Louis DeJoy to suggest the service had entered a 'transitional phase.'
>
> "He explained: 'We are transitioning from an outdated network and operational posture, ill-equipped to handle the effects of the pandemic on the mix of mail and packages we process. We expect this volume shift to continue into the foreseeable future. [But] as we establish our new network design and deploy our operating initiatives, we will operate with much greater efficiency and precision, become financially self-sustaining and delivering greater value.'
>
> "However, the dark specter of the private sector appears to top the concerns for USPS; ... it noted the 'aggressive' pricing of competitors. In its earnings statement, it said: 'Competition in the overall market increased as certain major customers returned to diverting their volumes from our network and aggressively pricing products and services to fill their networks and grow package density.'
>
> "And, having seen some 300 million packages find a new route to recipients, the USPS admitted it did not expect package volumes to return to pre-pandemic levels. Instead, it said, the 'the nation was increasingly relying on the safety and convenience' of e-commerce.
>
> "And this also poses problems for the other major carriers in the US, notably UPS and FedEx, which both recorded waning post-pandemic volumes. ..."

Taking what the article reports at face value, it reads as if the PMG is ignoring that "this volume shift" [from letter/flat mail to packages] isn't continuing as he expects; the latest monthly data (see page 8) again shows ebbing package volume. Moreover, while rosily expecting package volume growth on one hand, on the other the USPS is acknowledging the changing behavior of shippers and the stiff competition from competitors. Unfortunately for the PMG and his Plan, the marketplace isn't behaving as expected.

More space

According to *Crain's Cleveland Business*, the USPS has leased "the bulk of" a former Chevrolet transmission factory in Parma (OH). The 400,000 square feet of space will serve as an annex to the Cleveland P&DC – which had severe congestion and processing delays during last year's peak mailing season. The Parma facility is one of about 45 new annexes the Postal Service is acquiring to provide space to process anticipated holiday and package volume.

More competition

As the holiday season approaches, Walmart has announced that it's launching a delivery service for other merchants. As reported by *Reuters*, "Walmart GoLocal" sends workers from the company's Spark delivery network to merchants' stores to pick up items and deliver them to shoppers. According to the article, Walmart says the service is "competitively priced." Over the past year Walmart has doubled Spark's coverage to more than 500 cities.

More hype

The Postal Service is continuing its weekly press releases purporting "steady service performance improvements across all categories," but the facts still don't support such sweeping claims. Expanding a chart presented in *Mailers Hub News* earlier this month, the numbers aren't as impressive as the USPS wants readers to believe.

Date	First-Class Mail		Marketing Mail		Periodicals		Comparison
June 3	--	87.60	--	90.60	--	--	May vs PQ II
June 10	+2.35	89.95	+0.07	90.67	--	80.70	wk of 5/22
June 17	-2.35	87.60	-0.27	90.40	-1.90	78.80	PQ II/FY 21
June 24	-0.10	87.50	+0.40	90.80	+0.30	79.10	PQ II/FY 21
July 1	--	87.50	+0.10	90.90	+0.10	79.20	PQ II/FY 21
July 8	--	87.50	+0.10	91.00	--	79.20	PQ II/FY 21
July 15	+3.10	90.60	+0.60	91.60	+5.50	84.70	PQ III/FY 21
July 22	-1.30	89.30	+0.40	92.00	-1.70	83.00	PQ III/FY 21
July 29	--	89.30	+0.40	92.40	-0.20	82.80	PQ III/FY 21
Aug 5	-0.30	89.00	+0.20	92.60	-0.10	82.70	PQ III/FY 21
Aug 12	-0.10	88.90	--	92.60	+0.20	82.90	PQ III/FY 21
Aug 19	-0.10	88.80	--	92.60	-0.50	82.40	PQ III/FY 21
Aug 26	--	88.80	+0.10	92.70	-0.30	82.10	PQ III/FY 21

As noted previously, in each case the reported scores are aggregated across the whole nation and an entire class of mail, effectively concealing any poor service situations by homogenizing them with better service scores. Comparing them to PQ III scores, reported earlier this month, is further challenged by the lack of specifics about how the weekly numbers are developed or correspond to the quarterly data.

Regardless, claiming improvement over the abysmal service levels earlier this year isn't saying a lot, nor is it persuasive to spin the carefully calculated weekly scores as proof that service is more broadly anywhere near current goals.

Rather, the Postal Service's weekly self-congratulations may be more effective at creating the *appearance* of better service than reflecting the reality of how service really is. Of course, once lower standards are implemented in October, the scores will leap (and likely will be touted accordingly by the USPS) even if the actual service experienced by customers is no better.

All the Official Stuff

Federal Register

Postal Service

NOTICES

August 17: Privacy Act of 1974; System of Records, 46027-46028.

August 18: Privacy Act of 1974; System of Records, 46281-46287; Change in Rates and Classes of General Applicability for Competitive Products, 46360-46497.

August 24: International Product Change: Priority Mail Express International, Priority Mail International, First-Class Package International Service, and Commercial ePacket Agreement, 47339.

August 25: Product Change [6]: Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select Service Negotiated Service Agreement, 47527; Priority Mail Negotiated Service Agreement [4], 47526, 47526, 47526, 47526-47527; First-Class Package Service Negotiated Service Agreement, 47526.

August 26: Notice of Availability of Draft Environmental Impact Statement for Purchase of Next Generation Delivery Vehicles, 47662.

PROPOSED RULES

[None].

FINAL RULES

[None].

Postal Regulatory Commission

NOTICES

August 17: Competitive Price Adjustment, 46025-46026; Inbound EMS 2, 46026-46027.

August 18: New Postal Products, 46280-46281.

August 19: New Postal Products, 46889-46890.

August 24: New Postal Products, 47338-47339.

August 30: New Postal Products, 48454-48455.

PROPOSED RULES

August 13: Periodic Reporting, 44676-44677.

FINAL RULES

[None].

DMM Advisory

August 16: Monthly Labeling List Changes.

August 16: UPDATE 190: International Mail Service Updates Related to COVID-19.

August 18: International Service Suspension Notice, Effective August 20, 2021.

August 19: UPDATE 191: International Mail Service Updates Related to COVID-19.

August 20: CAPS to EPS – Cutoff Dates for Migration.

August 24: UPDATE 192: International Mail Service Updates Related to COVID-19.

August 25: UPDATE 193: International Mail Service Updates Related to COVID-19.

August 27: UPDATE 194: International Mail Service Updates Related to COVID-19.

Postal Bulletin (PB 22579, August 26)

- Effective **October 4**, IMM Exhibits 292.532 and 293.532 are revised to reflect a change in the drop shipment location for International Priority Airmail (IPA) and International Surface Air Lift (ISAL) mailings from the San Francisco International Service Center to the San Francisco Processing and Distribution Center. This change will not affect any other IPA or ISAL requirements.
- Effective **August 26**, Publication 52, *Hazardous, Restricted, and Perishable Mail*, section 453.37, is revised to update the hemp mailer laboratory test result records retention period and add a provision that hemp and hemp-based products, including Cannabidiol (CBD), are prohibited in mailings to international locations. This revision will align Postal Service policy with the US Department of Agriculture's Domestic Hemp Production Program.

USPS Industry Alerts

August 18, 2021

COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Suspension Notice

[See the August 18 listing for COVID-19-Related International Mail Service Disruptions in the Special Section.]

August 19, 2021

USPS Reports Steady Service Performance Improvements Across All Mail Categories

The US Postal Service reported data for fourth-quarter service delivery performance through the first two weeks of August that showed ongoing improvements from the third quarter ended June 30 across all First-Class, Marketing and Periodical mail categories. Fourth-quarter service performance for July 1 through August 12 included: **First-Class Mail**: Delivered 88.8% of First-Class Mail on time against the USPS service standard, an improvement of 1.3 percentage points from the third quarter; **Marketing Mail**: Delivered 92.6% of Marketing Mail on time against the USPS service standard, an improvement of 1.6 percentage points from the third quarter; **Periodicals**: Delivered 82.4% of Periodicals on time against the USPS service standard, an improvement of 3.1 percentage points from the third quarter.

The Postal Service's recent service delivery improvements have been, in part, the result of a strategic shift to more ground deliveries, decreasing the agency's reliance on the limited cargo capacities of third-party air carriers, and improved network efficiencies. Delivering for America, the Postal Service's 10-year plan for financial sustainability and service excellence, seeks to meet or exceed its goal of 95% on-time service performance for all mail and shipping product delivery based on standards as all elements of the plan are implemented. The Postal Service is preparing for the higher delivery demands of the 2021 holiday peak season through increased hiring of delivery and plant personnel, the leasing of millions of additional square feet of sortation facilities, and the installation of new processing equipment to accommodate higher volumes and customers' evolving mail and package delivery needs. Since April, the Postal Service has installed 46 of 112 new package sorting machines, reflecting the Delivering for America plan's $40 billion of infrastructure investments over ten years. This past week, machine installations occurred in Cincinnati (OH), Shreveport (LA), Spokane (WA), and Toledo (OH). Other recent installations occurred in Anchorage (AK), Eagan (MN), Philadelphia (PA), Traverse City (MI), Huntsville (AL), Houston (TX), Mid-Carolina (NC), Memphis (TN), Denver (CO), Seattle (WA), St. Louis (MO), and Teterboro (NJ). Installations are continuing across the country as the Postal Service plans to have new equipment running at 112 facilities by the 2021 peak holiday season. Additionally, the Postal Service is making a concerted effort nationwide to hire new employees ahead of the 2021 peak holiday season. Service performance is defined by the Postal Service from the acceptance of a mail piece into our system through delivery, measured against published service standards.

August 20 & 27, 2021

CAPS to EPS – Cutoff Dates for Migration

The Centralized Account Processing System (CAPS) will retire October 2021. All customers with CAPS accounts need to migrate to Enterprise Payment System (EPS) as soon as possible to prevent loss of the ability to mail within the Postal Service. Please do not wait for the deadline If customers have not migrated to EPS based on the product schedule below, beginning August 15, the Postal Service will inactivate all permits associated to the CAPS accounts. Customers may lose the ability to mail within the Postal Service. Dates for deactivation of permits: **August 15**: Inactivation will be focused on permits associated to CAPS accounts using the following products: Priority Mail; First-Class Mail, Letters, Cards, Flats, and Package Service; USPS Marketing Mail, Letters, Flats, and Parcels; Parcel Select; Media Mail; Library Mail; Bound Printed Matter; Periodicals; ACS and AEC; International Products; BRM/QBRM; iCAPS; Premium Forwarding Service Commercial (PFSC); Premium Forwarding Service Local (PFSL); Commercial Package Intercept (CPI). **August 22**: Inactivation will be focused on permits associated to CAPS accounts using the following products: Click N Ship Business Pro (CNSBPro); DFAS/SAM. **August 29**: – Inactivation be will focused on permits associated to CAPS accounts using the following products: eVS; Parcel Return Service (PRS); Third-Party Billing (TPB).

Customers with inactivated permits must contact the Mailing and Shipping Solutions Center (MSSC) and request to reactivate the permit and provide a plan to migrate to EPS before September 30. Customers who contact the MSSC Helpdesk will have their permits reactivated for use until they migrate to EPS or CAPS retirement date of September 30. After September 30 customers will be required to have an EPS account before any permits will be re-activated. Contact the MSSC at 1-877-672-0007 or email MSSC@usps.gov. If you have a Parcel Return Service (PRS) or waiting for the EPS showstoppers to be implemented on August 15th you can still create an EPS in 6 easy steps: 1. Sign up for a Business Customer Gateway account at: https://gateway.usps.com; 2. Request to participate in EPS; 3. Create an EPA; 4. Manage user roles; 5. Select payment method and update banking information; 6. Activate a payment method. Steps to self-migrate to EPS can be found at https://postalpro.usps.com/EPS/MigrationFactSheet. Eligible Products and Permits currently supported for an immediate migration to EPS:

Eligible Products				Eligible Permits
Priority Mail First-Class Mail letters, cards, flats First-Class Package Service USPS Marketing Mail letters, flats, and parcels Parcel Select Bound Printed Matter	Media Mail Library Mail Periodicals ACS and AEC BRM/QBRM DFAS/SAM* eVS/CNSBPro iCAPS*	International Products USPS Returns PC Postage/Endicia* Third-Party Billing (TPB) Parcel Return Service (PRS) Premium Forwarding Service Commercial (PFSC) Premium Forwarding Service Local (PFSC)	Commercial Package Intercept (CPI) Pitney Bowes customers using only the products above	Permit Imprint (PI) Postage Due (PD) Business Reply (BR) Periodical (PE) Pending Periodical (PP)
** USPS Returns, PC Postage/Endicia, DFAS/SAM, and iCAPS, will require assistance from USPS to migrate to EPS. Please reach out to the MSSC about the migration of these products immediately.*				

If you currently have an Express Mail Corporate Accounts (EMCA) utilizing CAPS then you will need to migrate to National Customer Management System (NCMS) payment method to fund your account. Please reach out to the MSSC about the migration. (https://postalpro.usps.com/sfs). The Postal Service will host Bi-weekly Webinars on the CAPS to EPS Migration. Join us for the Enterprise Payment System (EPS) Informational Webinar Sessions. Next session is Tuesday, August 31, 2021 at 2:00 PM EST. Bi-Weekly CAPS to EPS Migration Webinar on Tuesday @ 2 PM EST: Meeting URL: https://usps.zoomgov.com/j/1603050541?pwd=d0NmL1pDdmRORUlEYktkTnRkZUZkQT09. If requested, enter your name and email address. Meeting ID: 160 305 0541; Password: 755467. Join Audio by the options below: Call using Internet Audio. Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts. If you have any questions or need support opening an EPS account, please reach out to one of the options below: Mailing & Shipping Solutions Center (MSSC) at 1-877-672-0007 or email MSSC@usps.gov. Business hours for the MSSC are Monday-Friday from 7:00am - 7:00pm CT.

August 20, 2021

Seamless Acceptance/Full-Service Automated Verification Reminder

The Postal Service host Bi-weekly Webinars on Seamless Acceptance/Full-Service Automated Verification. Join us for the next Seamless Acceptance/Full-Service Automated Verification Informational Webinar Sessions on Tuesday, August 24, 2021, at 2:00 PM EST.

Meeting URL: https://usps.zoomgov.com/j/1619791245?pwd=eHFESTFOcXh3TjVIN2xranBNY0FCQT09; Meeting ID: 161 979 1245; Password: 170294. If requested, enter your name and email address; Enter meeting password: 170294. Join Audio by the options below: Call using Internet Audio; Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts.

Full-Service and Seamless Acceptance automates the verification process, streamlining entry verifications. The Seamless Acceptance and Full-Service Automated Verifications are listed below: Note: At this time, the USPS will not Auto-Finalize or assess the Undocumented Metric for Full-Service Mailers. However, Full-Service mailers should continue to establish quality processes in order to reduce their undocumented. The Full-Service Automated Verification errors will report to the Seamless / Automated Verifications tab of the scorecard. Also, mailers must be enrolled in full Seamless to be eligible for the Seamless Incentive.

	Non-Full-Service Mailings BMEU or DMU	Full-Service Mailings at BMEU (Automated Verification)	Seamless Acceptance BMEU or DMU
Traditional Verifications	Performed	**NOT** performed	**NOT** performed
Automated Verifications	**NOT** Performed	Performed	Performed
Assessible Metrics	• Move Update • eInduction (if applicable)	• Full-Service • Move Update • eInduction (if applicable) • Seamless (except Undocumented)	• Full-Service • Move Update • eInduction (if applicable) • Seamless (includes Undocumented)
Monthly Postage Assessments	All metrics listed above (Move Update, eInduction)	Automated Verifications may result in additional postage for all metrics listed above except Undocumented	Seamless Acceptance verifications may result in additional postage (All metrics listed above)
Auto-Finalization	Does **NOT** occur	Does **NOT** occur	Occurs

Improve Your Quality Processes: Review data from research with internal teams; Pinpoint gap areas that need improvement; Implement improvement plan and document

Be Proactive: Monitor Mail Scorecard results DAILY; Research issues even if they are below threshold; Document and improve processes identified during research

For Additional Resources on Seamless, please follow the links below to PostalPro: Seamless; Seamless Acceptance Fact Sheet; Full-Service Automated Verification Fact Sheet. If you have any questions, please reach out by one of the options below: Mailing & Shipping Solutions Center (MSSC) at 1-877-672-0007; Email MSSC@usps.gov; Business hours for the MSSC are Monday-Friday from 7:00 AM - 7:00 PM Central Time. Local Business Mail Entry Units (BMEU); To locate your local BMEU follow this URL: https://postalpro.usps.com/ppro-tools/business-mail-entry.

August 22, 2021

Southern Area – Mail Processing Suspension – Puerto Rico District – San Juan, PR P&DC – Safety Issue

EFFECTIVE: Immediately – All Inbound and Outbound Mail Processing Operations for letter mail have been suspended indefinitely for the San Juan PR P&DC, 585 Ave FD Roosevelt, San Juan, PR 00936.

Mail Processing Operations for Inbound Letter Mail from Continental US, Alaska and Hawaii and Outbound Letter Mail for all destinations domestic and international have been moved to the Memphis TN P&DC, 555 S BB King Blvd, Memphis, TN 38101.

Please redirect letter drop shipments originating from the Continental US, Alaska and Hawaii to the New York (Morgan) P&DC, 341 9th Ave, New York, NY 10199

Drop shipments originating in Puerto Rico and destinating to Puerto Rico should continue to be dropped at the San Juan, PR P&DC.

Intra Collection (Local) Letter Mail will remain at the San Juan P&DC for manual processing.

BMEU Operations: BMEU operations will remain at the San Juan P&DC. Mail accepted at the San Juan P&DC BMEU will be dispatched to the Memphis NDC for sort and returned to San Juan for transportation and delivery. Hours of Operation: Mon-Fri 10:00 AM to 6:00 PM.

Retail Operations: Retail and PO Box Service will remain at the San Juan Main Office located in the same building as the San Juan P&DC.

Main Office Retail Hours: Mon-Fri. 7:00 AM to 7:00PM, Sat. 8:00 AM to 4:00 PM

Caparra Detached PO Box Hours: Mon-Sat. 6:00 AM to 5:30PM

SUMMARY POINTS:

Change in Postal Facility Operations due to: Safety Issue

Plant Affected by Safety Issue: San Juan, PR P&DC

In-bound and Out-bound Letter Mail Processing moved to: Memphis, TN P&DC

Drop Shipments: Letter drop shipments originating from Continental US, AK and HI should be redirected to the New York (Morgan) P&DC.

Retail Operations, PO Box Service and BMEU Operations connected to the Plant: Not Affected

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August 23, 2021

New AS 805 Information Security Policy and Cybersecurity Resources

The US Postal Service is replacing its current information security policy with a new cybersecurity policy aligned to the International Organization for Standardization (ISO) 27001 framework. This approach provides a flexible strategy that incorporates modern risk management process standards. As a result, USPS will replace Handbook AS-805, "Information Security Policy," with a single policy document and 13 handbooks written around security control categories. USPS Corporate Information Security Office is managing the replacement effort in collaboration with stakeholders across the enterprise, who are contributing their knowledge and expertise to create the policy and compose the handbooks. You can learn more about the USPS security protocols and standards by visiting the USPS CISO site on Postal Pro at: https://postalpro.usps.com/ciso or at this direct link to the AS805: https://about.usps.com/handbooks/as805/welcome.htm.

In addition, with the recent rise in ransomware incidents and the need to strengthen cybersecurity in general, the Postal Service, in collaboration with industry subject matter experts, has developed a Security Advisory Council (SAC) as one of its subgroups under the Mailers Technical Advisory Committee. This subgroup works with USPS to develop security and privacy best practices that can be shared with the business mailing community to help better protect their enterprises and their customers. The SAC is providing two recent developments that provide resources to help educate public and private organizations on best cybersecurity practices:

Stop Ransomware The Cybersecurity & Infrastructure Security Agency (CISA) published a new US government interagency resource to help educate public and private organizations about the threats and response to Ransomware attacks. Stop Ransomware examines the threat of ransomware, mitigate risk, and in the event of an attack, know what steps to take next. The Stop Ransomware site offers ransomware protection, detection, and response guidance, including ransomware alerts, reports, and resources from CISA, the FBI, and other federal partners. Check out this great information at the https://StopRansomware.gov.

DTAC Publishes Cybersecurity Links The Delivery Technology Advocacy Council launched a website with a cybersecurity education links page. This new page features links to government and industry resources to help cybersecurity professionals stay apprised of the latest cybersecurity developments. Check out the more than 20 resources here: https://dtac.memberclicks.net/cyber-security.

August 24, 2021

Headquarters: Processing & Maintenance Operations Mail Move File posted on PostalPro

Effective August 23, 2021: The Mail Move File has been posted to the PostalPro website. https://postalpro.usps.com/ This file provides data specific to moving mail processing operations to other facilities. This mail movement is a Postal Service strategy that is part of the current Ten-Year plan that allows for more efficient and timely delivery of mail and packages. The Mail Move File is located on PostalPro within the Operations drop down link under Important Resources. The view-only file will be uploaded weekly and incorporate any changes to the timeline moving forward. For questions please contact Dennis.M.Malone@usps.gov.

August 25, 2021

Business Customer Gateway Pop-Up Message

In the near-future, Business Customer Gateway users will see a pop-up, after logging into the site, reminding them to update their password and review their contact information. The user may select "My information is current" and they will not see the message again for six months; selecting "I would like to change or review my password/contact information," will bring the user to the screen to update their information. Practicing good password hygiene is one of the most essential security measures to deter online intruders. Most people choose passwords based on how easy-to-remember they are, rather than considering security. When updating your password use a strong password or passphrase that is complex, combines upper and lowercase letters, has at least one number (0-9), and it can contain special characters but is limited to: – ().&@?',/"+!). It is also important that your contact information is current so you can be reached regarding important USPS related information.

August 12, 2021

USPS Fourth-Quarter Service Performance Improvements Include Highest Performance Level in Marketing Mail Service in 5 Years

The US Postal Service reported updated fiscal fourth-quarter service delivery performance that showed continued improvements versus the third quarter ended June 30 across all First-Class, Marketing and Periodical mail categories. Quarter-to-date service performance

data for July 1 through August 20 included: **First-Class Mail:** Delivered 88.8% of First-Class Mail on time against the USPS service performance standard, an improvement of 1.3 percentage points from the third quarter; **Marketing Mail:** Delivered 92.7% of Marketing Mail on time against the USPS service performance standard, an improvement of 1.7 percentage points from the third quarter; **Periodicals:** Delivered 82.1% of Periodicals on time against the USPS service standard, an improvement of 2.9 percentage points from the third quarter. Additionally, for the week of August 14-20, the Postal Service achieved its highest level of service performance recorded for the Marketing Mail category in five years, matching a previous high (93.9%) recorded in August 2016.

Since pandemic lows, the Postal Service's demand for and delivery of Marketing Mail has experienced a recovery. In the third quarter, revenue for Marketing Mail rose approximately by $1.0 billion, or 42.2%, on volume growth of approximately 4.3 billion pieces, or 38.6%, versus a year ago. Marketing Mail, which has historically been a resilient marketing channel, has reestablished its value with many US businesses as the economy has continued to recover from last year's pandemic-triggered downturn and customers have realized benefits from investments in data and technology. "Service performance is steadily improving – particularly for Marketing Mail, a leading indicator of our performance – and a growing number of our customers are experiencing the benefits," said CEO and Postmaster General Louis DeJoy. "Still, we continue to work tirelessly to improve and upgrade our network, invest in and hire more people, and increase the reliability of our service to the American public, as we stay focused on achieving financial sustainability and service excellence."

Also contributing to recent service delivery improvements have been a strategic shift to more ground deliveries and less reliance on the limited cargo capacities of third-party air carriers. *Delivering for America,* the Postal Service's 10-year plan for financial sustainability and service excellence, seeks to meet or exceed its goal of 95% on-time service performance for all mail and shipping product delivery standards as all elements of the plan are implemented. Service performance is defined by the Postal Service from the acceptance of a mail piece into our system through delivery, measured against published service standards.

The Postal Service also is preparing for the higher delivery demands of the 2021 holiday peak season through increased hiring, the addition of millions of square feet of sortation facilities, and the installation of new processing equipment to accommodate higher volumes and increased customer demand for package deliveries. Since April, the Postal Service has installed 48 of 112 new package sorting machines, reflecting $40 billion of planned infrastructure investments over the Delivering for America plan's ten years. This past week, machine installations occurred in Birmingham (AL) and Tucson (AZ). Other recent installations occurred in Anchorage (AK), Cincinnati (OH), Denver (CO), Eagan (MN), Huntsville (AL), Houston (TX), Memphis (TN), Mid-Carolina (NC), Philadelphia (PA), Seattle (WA), Shreveport (LA), Spokane (WA), St. Louis (MO), Teterboro (NJ), Toledo (OH), Traverse City (MI).

August 26, 2021

USPS Price Change to Take Effect August 29, 2021

The Postal Service will implement the new market-dominant prices as planned, on Sunday, Aug. 29. 2021. The new pricing will enable us to grow revenue to help achieve financial sustainability to fulfill our universal service mission, as outlined in our Delivering for America plan. The proposed price changes will raise overall Market Dominant product and service prices by approximately 6.9%. First-Class Mail prices will increase by 6.8% to offset declining revenue due to First-Class Mail volume declines. In the past 10 years, mail volume has declined by 46 billion pieces, or 28%, and is continuing to decline. Over the same period, First-Class Mail volume has dropped 32%, and single piece First-Class Mail volume — including letters bearing postage stamps — has declined 47%.

"For the past 14 years, the Postal Service has had limited pricing authority to respond to changing market realities," said Postmaster General and CEO Louis DeJoy. "As part of our 10-year plan to achieve financial sustainability and service excellence, the Postal Service and the Board of Governors are committed to judiciously implementing a rational pricing approach that helps enable us to remain viable and competitive and offer reliable postal services that are among the most affordable in the world."

August 27, 2021

July 2021 Mailer Scorecard Assessments Paid with EPS Account

On August 15, PostalOne Mailing Services deployed a change request to implement a process change for internal reporting. The process change created an issue where payment of the Mailer Scorecard Assessment from a permit linked to an Enterprise Payment Account (EPA) gets hung up in pending payment status in PostalOne. The issue is targeted to be fixed on September 19, which will allow the assessments and the transaction processing to return to normal. Until the fix is implemented, USPS will schedule and run manual Data Repairs (DRs) each weekend, to finalize the payments stuck in pending status. Mailers should contact their local Business Mail Entry unit if they have any questions or concerns.

Calendar

To register for any webinar, go to MailersHubWebinars.com

September 20-22 – NPF Virtual Forum
September 20-24 – National PCC Week
September 21 – ***Mailers Hub Webinar***
October 19 – ***Mailers Hub Webinar***
November 2-3 – MTAC Meeting, USPS Headquarters
November 7-10 – INg Meeting
November 16 – ***Mailers Hub Webinar***
December 21 – ***Mailers Hub Webinar***
January 18 – ***Mailers Hub Webinar***
February 15 – ***Mailers Hub Webinar***
March 15 – ***Mailers Hub Webinar***
April 19 – ***Mailers Hub Webinar***
May 17 – ***Mailers Hub Webinar***
June 21 – ***Mailers Hub Webinar***
July 19 – ***Mailers Hub Webinar***
August 16 – ***Mailers Hub Webinar***
September 20 – ***Mailers Hub Webinar***
October 18 – ***Mailers Hub Webinar***
November 15 – ***Mailers Hub Webinar***
December 20 – ***Mailers Hub Webinar***

BRANN & ISAACSON
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The services of Brann & Isaacson are now available to provide legal advice to subscribers. The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters. As part of their subscription, Mailers Hub subscribers get an annual consultation (up to one hour) from Brann & Isaacson, and a reduced rate for additional legal assistance. The points of contact at Brann & Isaacson are: Martin I. Eisenstein, meisenstein@brannlaw.com; David Swetnam-Burland, dsb@brannlaw.com; Stacy O. Stitham, sstitham@brannlaw.com; Jamie Szal, jszal@brannlaw.com. They can also be reached by phone at (207) 786-3566.

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

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

August 16, 2021, *DMM Advisory*: UPDATE 190: International Mail Service Updates Related to COVID-19

On August 16, 2021, the Department of Posts, the designated operator of **Sri Lanka**, provided notification that, due to the rapid spread of COVID-19, the Government of Sri Lanka has again imposed island-wide strict travel restrictions until further notice. All mail items sent to Sri Lanka will be processed and delivered in compliance with restrictions and safety guidelines imposed by the government in order to prevent the further spread of the pandemic. The office of exchange and all other mail sorting centers are operating on a limited number of days with a reduced workforce. The processing and delivery of all inbound mail and the transportation of outbound mail will be heavily impacted by the current situation. Therefore, the Department of Posts is unable to guarantee compliance with the agreed delivery standards for all mail categories.

August 18, 2021, *DMM Advisory*: International Service Suspension Notice – effective August 20, 2021
[Also issued as August 18, 2021, Industry Alert: COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Suspension Notice]

The Postal Service will temporarily suspend international mail acceptance for certain destinations due to service impacts related to the COVID-19 pandemic. Effective August 20, 2021, the Postal Service will suspend international mail acceptance to destinations where *transportation is unavailable* due to widespread cancellations and restrictions into the area. Customers are asked to refrain from mailing items addressed to the following countries, until further notice: **Afghanistan**; **Liberia**.

These service disruptions affect the following mail classes: Priority Mail Express International (PMEI), Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), International Priority Airmail (IPA), International Surface Air Lift (ISAL), and M-Bag items. The Postal Service is closely monitoring service impacts related to the COVID-19 pandemic and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

August 19, 2021, *DMM Advisory*: UPDATE 191: International Mail Service Updates Related to COVID-19

On August 19, 2021, the Postal Service received notifications from various postal operators regarding changes in international mail services due to the novel coronavirus (COVID-19). The following countries have provided updates to certain mail services:

Jamaica *UPDATE*: Jamaica Post has advised that the Government of Jamaica has extended the national curfew until August 31, 2021. Revised working shifts/hours will continue to apply across the entire postal network, affecting sorting operations and mail delivery. Consequently, the force majeure previously announced continues to apply, with an impact on quality of service for all types of mail, including inbound and outbound letter-post, parcel-post and EMS items.

Macao *UPDATE*: Macao Post has advised that delivery services have resumed as of August 18, 2021.

New Zealand *UPDATE*: New Zealand Post has advised that as of August 17, 2021, the Government of New Zealand has raised the COVID-19 alert level to 4 (the highest level) due to community cases of the COVID-19 Delta variant. The alert level will be reviewed after three days for all areas except Auckland and Coromandel Peninsula, which is likely to remain at level 4 for an initial period of seven days. New Zealand Post remains in operation however, implementation of this alert level will affect New Zealand Post's operational performance. Implemented process changes will significantly affect processing and delivery capacity as well as service performance.

August 24, 2021, *DMM Advisory*: UPDATE 192: International Mail Service Updates Related to COVID-19

On August 24, 2021, VNPost, the designated operator of **Vietnam**, provided notification that the Vietnam Government has announced a strict lockdown on Ho Chi Minh City and Da Nang City until further notice. During this period, the delivery of inbound items will be expected to be delayed especially for the lockdown areas (Ho Chi Minh City and Da Nang City).

August 25, 2021, *DMM Advisory*: UPDATE 193: International Mail Service Updates Related to COVID-19

On August 25, 2021, the Postal Service received notifications from various postal operators regarding changes in international mail services due to the novel coronavirus (COVID-19). The following countries have provided updates to certain mail services:

Australia *UPDATE*: Australia Post has advised that, for reasons relating to COVID-19, the Sydney office of exchange will be closed up to 48 hours for deep cleaning to ensure the safety of our staff and others. This closure will have a direct impact on the processing, delivery and handover of all inbound mail items received in Sydney during this period. Australia Post's offices of exchange in Brisbane and Melbourne will continue to process mail items during this time.

Sri Lanka *UPDATE*: The Department of Posts has advised that the Government of Sri Lanka has announced a national lockdown from August 21-30, 2021. All mail items sent to Sri Lanka will be processed and delivered in compliance with restrictions and safety guidelines imposed by the government in order to prevent the further spread of the pandemic. The processing and delivery of all inbound mail and the transportation of outbound mail will be heavily impacted by the current situation. As a result, the Department of Posts is unable to guarantee compliance with the agreed delivery standards for all mail categories.

Vanuatu *UPDATE*: Vanuatu Post has advised that the Vanuatu Government has extended the state of emergency declared in response to the COVID-19 pandemic until December 31, 2021. Vanuatu Post is able to accept international inbound mail and can export outbound mail. However, postal service quality for international inbound and outbound services and service delivery standards (including delivery times and other quality parameters) cannot be guaranteed until further notice.

August 27, 2021, *DMM Advisory*: UPDATE 194: International Mail Service Updates Related to COVID-19

On August 27, 2021, OPT PF – FARE RATA, the designated operator of **French Polynesia**, provided notification that a lockdown has been declared as of August 23, 2021, for a period of two weeks, in response to the rapid spread of the Delta variant. As a result, the processing and delivery of all incoming mail will be severely disrupted. Consequently, the retention periods for letter-post, parcel-post and Express Mail Service (EMS) items will be extended and, if necessary, OPT PF – FARE RATA will propose alternative solutions with regard to delivery.
