Mailers Hub News

The information source for commercial mailers

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A New Theory of Relativity – *Commentary*

If asked to explain the adjective "relative" (or the adverb "relatively"), many people might offer that it involves a comparison between two specifics, often set within an individual's frame of reference. For example, a 65° day would be warm to someone living in a cold climate, but chilly for another person accustomed to heat and humidity.

In a business sense, most people would say that something is *relatively* desirable or worthwhile based on how its characteristics compare to their criteria. For example, a $50,000 car would be affordable or extravagant depending on a person's budget and how the vehicle's features are valued.

Postal relativity

There's "relativity" in the commercial mail production world, too. The price for a roll of paper that a company would have thought outrageous three years ago might seem more acceptable nowadays; no matter that paper may be hard to find, clients still want their mail produced on time.

Similar "relativity" exists regarding postal costs; in that regard, the equation is simple: Is the cost of postage reasonable *relative to* the service the Postal Service provides? In other words, is the service worth the price? Answering that depends on who's making the evaluation, which is a significant factor in driving the use of the mail.

At a recent speech to the Tampa Postal Customer Council, Postmaster General Louis DeJoy stated that the USPS intends to provide good service at affordable prices. Though he admitted that *good service* and *affordable prices* are relative, listeners were left to wonder *to what* DeJoy's comparisons were made and – importantly – who was judging.

The customer

It's empirical that, for any enterprise, success depends on securing business from customers. Doing so translates into providing products or services that those customers consider worthwhile *relative to* the applicable prices and conditions.

The leaders of such enterprises must not simply produce products or render services that *they* think are good or valuable or worth the price they charge, but measure *good* or *valuable* based on what their customers determine. From all appearances, Louis DeJoy seems to have missed that point.

Last year, during the Postal Regulatory Commission proceeding related to changing the service standards for First-Class Mail and some Periodicals, the Postal Service argued that "electronic diversion, not increased delivery times, is primarily responsible for the decline in mail volume," and that "delivering mail when expected" was more important to customers than "fast" delivery time.

From the perspective of ratepayers, however, many of whom have a business need for prompt delivery, diversion could be a response to declining or slower service. While recipients may favor consistency, the senders of mail – the people who pay for it – want "fast" service, and will move to electronic messaging if they can't get it.

In such a situation, the service being provided to ratepayers is not good *relative to* the postage cost. Conversely, the ever-rising cost of postage might be *relatively* affordable if service was as good as the USPS wants ratepayers to believe, but is increasingly misaligned *relative to* the service they actually experience.

Listening

The message that the PMG isn't getting is simple: how he or the USPS judges its prices and service performance simply doesn't matter to ratepayers. It is *they*, not postal executives, who determine whether USPS service is worth the price of postage. By their decreasing use of the mail, their message to the PMG seems clear: his idea of *relatively good* service isn't theirs, nor do they share his opinion of *relatively affordable* prices.

Over his tenure, DeJoy has demonstrated a stubborn conceit that the perspective of stakeholders is of little value; his dismissiveness of input that doesn't confirm his views is well recognized by the commercial mailing community. While few outside L'Enfant Plaza have much interest in most aspects of how DeJoy is managing the USPS, most *do* have a direct interest in the prices the agency charges *relative to* the service it provides.

It is <u>ratepaying customers</u> who judge what's *good* service or *affordable* prices – <u>not</u> the PMG – and they chose to do business with the USPS – or not – accordingly. If DeJoy accepts no other industry perspectives, that's one that he should.

Senate Vote on "Postal Reform" Bill Delayed

After the House of Representatives approved HR 3076, the long-awaited *Postal Service Reform Act of 2022*, on February 8 by a roll call vote of 342-92, with clear bipartisan support, supporters expected it would be passed by the Senate in short order. The chamber's leadership put it on the body's calendar for a vote on February 14, but as the afternoon wore on the measure ran into a snag.

Pushing ahead

Due to a clerical error, the text of the bill passed by the House differed slightly from what was sent to the Senate, and Senate leadership hoped to correct this quickly by procedural measures taken early in the day. Majority leader Sen. Charles Schumer (NY) stated, in part:

> "Madam President, now on Senate business, on Postal, last week, as you know, the House passed, with overwhelming bipartisan support – I believe a majority from each party – the most important update to the US Postal Service in decades. "The Postal bill is the definition of legislation that should sail through the Congress. Both sides support it. It had diligent work by both Democrats and Republicans, with major input from both parties. Everyone knows we need it, and the American people so strongly support action to put our Postal Service on sustainable footing. ...
>
> "Later today, I am going to move to have the Senate approve a few technical fixes to the bill so we can move closer to final passage. The House made these fixes on their end through unanimous consent last week. Not a Democrat nor Republican in that whole body blocked it, and anyone could have. We want to do the same here in the Senate.
>
> "I hope my Republican colleagues will give consent to allow these necessary fixes to go through, just as it happened in the House. ... Bipartisan postal reform already has enough support to become law. I hope it happens quickly.
>
> "Let me just say this once again so people understand what is going on here. All we are asking for is to fix a small clerical error made by the House of Representatives when they sent their bill to the Senate. It has nothing to do with the substance of the bill. As I mentioned, this fix – this small, little, immaterial change that is technical – received unanimous consent, every Democrat and every Republican, in the House. So let's have the same outcome here in the Senate tonight. Let's move forward on this proposal."...

Pushing back

Though Schumer's message was clear, when the presiding officer asked if there was any objection to Schumer's request for unanimous consent to move the bill forward, Sen. Rick Scott (FL) rose, stating in part:

> "Madam President, reserving the right to object, let me first say that I care deeply about fixing the problems with the US Postal Service. ... So I absolutely support getting something done to reform the Postal Service and ensure it is more accountable to taxpayers and consumers. ...
>
> "Unfortunately, there are also pieces of this bill that set us back and block the opportunity for us to achieve our shared goal of responsibly reforming the Postal Service. What I am asking for here is not unreasonable. I simply want the Senate to have the opportunity to work on this, improve it, and deliver a bill that truly works.
>
> "The Committee on Homeland Security and Governmental Affairs has jurisdiction over the Postal Service. I am actually very proud to serve on this committee. Unfortunately, the committee has not held one hearing or member meeting on the bill, nor has the bill even been considered at a markup.
>
> "We aren't here considering just a simple resolution. This is a massive, multibillion-dollar bill that has huge impacts on Medicare recipients, and the Democratic majority skipped the committee process and rushed the bill to the floor.
>
> "Despite the rushed process throughout the bill, a few details need to be highlighted, and they are not pretty. First, as I said before, this bill does not fix the underlying issues with the Postal Service, nor does it make it profitable. I don't understand why the Postal Service loses money and cannot be profitable. I don't think many Americans understand why.
>
> "America is more than $30 trillion in debt. We can't afford to add more stress on our already enormous national debt with poor financial planning, which I think this bill absolutely does. In fact, this bill simply shifts risk to Medicare recipients by adding billions in new costs to Medicare. ...
>
> "According to the Congressional Budget Office, between just 2025 and 2031, this bill would increase costs to Medicare by more than $1.9 billion for Part B and $4.2 billion for Part D. ... And even that score is based on the limited number of future budget years that were covered in the CBO's review. We must have a long-term CBO score on this bill so that Congress can clearly review the future impacts to Medicare recipients. ...
>
> "The retiree health benefits for the Postal Service are partially unfunded. This bill provides no new funding for the retiree health benefits of postal workers. It doesn't solve the problem. ...
>
> "There is no looming deadline that would necessitate rushed action by the Senate. This bill perfectly captures everything that is wrong with the way Washington solves problems. Instead of taking the time to craft a sustainable, affordable, and accountable solution that serves the interests of taxpayers, Medicare recipients, consumers, and postal workers and achieves our policy goals, Congress rushes bills into law so that politicians can send out a press release saying they did something, even if that something actually makes the problem worse.
>
> "If any business operated like this, it would absolutely fail. We have to stop this insanity. Given the scope of the legislation, the potential negative impact to postal workers, taxpayers, consumers, Medicare recipients, and seniors, the Senate should carefully and thoughtfully consider this bill. We should take all appropriate steps to make sure that we get this right. The Senate has simply not been afforded the opportunity to do that; therefore, I object."

Scott's objection, and obstruction of the bill's progress, did not sit well with Schumer; he responded, stating in part:

> "Madam President, what we heard is why people really are frustrated and angered at the US Senate. This is a broad, bipartisan bill months and months in the making, with large amounts of discussion, has the support of the Democratic chair of the committee, the Republican chair of the committee, was voted in the House with a majority of Democrats and a majority of Republicans, and would finally fix the post office. ...
>
> "Finally, both parties come together in a bipartisan way in the House and Senate to pass this legislation, and the Senator from Florida is using a technical detail to hold us up.
>
> "It is the same bill that was on the floor Thursday, where we had agreement to move to vote on it tonight. But the House sent us a bill with a technical change. Five times in the past, this has happened; and each time, no Senator had the temerity to get up and block it on a technical issue. It just passed by UC, and we went and moved forward. ...
>
> "My colleague from Florida says he is defending postal workers. Ask the people who represent them. I dare say, it is the head of the letter carriers and the head of the postal workers and the

> head of the mail handlers who represent the postal workers more than the Senator from Florida; and they are overwhelmingly for the bill, as is the Postmaster – an appointee of President Trump.
>
> "So everyone tries to come together and get something done, and the arcane rules of the Senate allow one person to stand up – on a bill that has been out there and discussed repeatedly – at the last minute and raise objections. It is regrettable, and it is sad.
>
> "There is good news, though. Even though this will delay the bill, we will pass it. We will have to just go through this elaborate process – the old-fashioned and often discredited rules of the Senate that the Senator from Florida is employing – we will have to use them, but we will pass this bill because America needs it. ... Nobody should be standing in the way of this bill. It is a sad day that just one Member has."

Sorting it out

Scott's comments did not note that postal workers have been paying into Medicare for decades but haven't been allowed full access to all of Medicare's provisions.

At the same time, Schumer was incorrect in stating that "the Postmaster," meaning the Postmaster General, is an "appointee of President Trump." Though Louis DeJoy is a political ally of the former president, only the Governors of the Postal Service can appoint the PMG. Even if a president supplies a name to one or more of the governors, it's still they – and only they – who make the appointment.

As far as the process is concerned, Scott was correct that the bill did not go through the relevant committees of jurisdiction, but that omission was not a unique or unprecedented step taken for only the postal reform bill.

In a practical sense, had the bill been sent to the committee on which Scott sits, he likely would have used the hearing on the bill and later committee meetings to lobby for changes. Though his proposals might not have been adopted by the committee, weeks would have been spent going through the process. Given the Senate calendar, the existence of other important legislation needing its consideration, and the onset of the campaign season in a few months, delaying the advance of the postal reform measure could have seriously impaired its chances for passage during this session.

At present, with the technical issues having been resolved, the measure is back on the Senate calendar for consideration on February 28. We'll have to wait to see if it fares better then than it did two weeks earlier.

USPS Affirms its Gas-Powered NGDV Fleet

On February 23, 2021, after a lengthy process that began in 2015, the Postal Service finally awarded a ten-year IDIQ (indefinite delivery, indefinite quantity) contract for up to 165,000 Next Generation Delivery Vehicles to Oshkosh Defense. The contract's total value has been estimated as high as $11.3 billion, depending on how many NGDVs are built.

While no-one debates the pressing need to replace the Postal Service's fleet of long-life vehicles, some now 35 years old and in constant need of costly maintenance, the agency has been the target of increasing criticism over its decision that only 10% of the new trucks will be electrically-powered.

Going with gas

As reported in the previous issue of *Mailers Hub News*, much of the criticism focuses on the Postal Service's Environmental Impact Statement and how it justifies the use of conventional internal-combustion engines for 90% of the new fleet. Critics also point out that the agency's choice of powerplant is contrary to the president's direction to federal agencies to favor electric over conventionally-powered vehicles.

As if to underscore its resistance to changing course, the Postal Service issued a press release on February 24, 2022, affirming its impact statement, and reasserting its decision regarding only 10% electric vehicles. In highlighting the release's contents, the agency stated:

- "Through the Next Generation Delivery Vehicle (NGDV) program, US Postal Service commitment to the fiscally responsible roll-out of electric-powered vehicles for America's largest and oldest federal fleet remains ambitious and on schedule.
- "The NGDV program, which delivers its first 5,000 battery electric vehicles (BEV) beginning in 2023, provides significant environmental benefits through the introduction of safer and more environmentally friendly vehicles.
- "The flexibility in the NGDV program allows for an increase in the mix of BEVs should additional funding become available.
- "Postal Service carefully reviewed and incorporated feedback from the US Environmental Protection Agency (EPA) regarding the NGDV program's potential environmental impacts, detailed in the USPS 340-page Final Environmental Impact Statement (FEIS).
- "USPS concludes there is no legal or other basis to delay the NGDV program."

The release included the *de rigeur* mention of Postmaster General Louis DeJoy's 10-year Plan, and quotes DeJoy as stating

> "As we have reiterated throughout this process, our commitment to an electric fleet remains ambitious given the pressing vehicle and safety needs of our aging fleet as well as our fragile financial condition. As our financial position improves with the ongoing implementation of our 10-year plan ... we will continue to pursue the acquisition of additional BEV as additional funding – from either internal or congressional sources – becomes available."

The release also noted that

> "Over the past year, the Postal Service has made its teams available to policymakers in Congress, as they pursued efforts to secure funding to achieve a majority electric USPS delivery vehicle fleet over the next 10 years. Although congressional funding levels have varied, the Postal Service most recently discussed an ability to achieve 70 percent fleet electrification within a decade."

Not so subtle

Whether at a Congressional hearing in February 2021, in the cited press release, or elsewhere, the PMG has been transparent in his effort to leverage political interest in a more electric fleet to secure Congressional funding. Given that his Plan projects $160 billion in USPS losses over the decade, he's regularly used the agency's dire finances as an excuse for choosing the less costly fossil-fueled trucks.

Should pending "postal reform" legislation be enacted and remove billions of current and future liabilities from the Postal Service's books, DeJoy has shown no interest in relenting on semi-annual postage increases. However, whether he would find it politically expedient to direct some of the financial relief to increase the proportion of electric trucks is another matter.

USPS Expands "USPS Connect" Market Test, Services

Last November 10, the Postal Service filed a request with the Postal Regulatory Commission to conduct a market test of "USPS Connect Local Mail." That test was approved by the PRC on January 4, 2022, and implemented on January 9.

In its description of the product, the Postal Service stated

> "USPS Connect Local Mail would be a First-Class Mail product accepted at Destination Delivery Units (DDUs) or by carrier pickup in line-of travel (LOT). By requiring local induction, the Postal Service can offer same-day or next-day delivery to every address served by the delivery unit of a local Post Office. The Postal Service plans to deliver USPS Connect Local Mail six days per week (no Sunday delivery), with customers receiving same-day or next-day delivery based on whether they've entered their mail within the Critical Entry Time (i.e., 5 a.m.-7 a.m. for same-day delivery). The Postal Service also plans to offer tracking for USPS Connect Local Mail. Initial pricing for this service will be $2.95 for a Letter or Flat size mailpiece with a weight up to 13 ounces. ... Documents mailed using this service must be paper-based and may contain personal information. Customers will have the option to pay for USPS Connect Local Mail using Click-N-Ship or through a Postal Service application programming interface ('API'). ..."

The test began at locations in Texas but was expanded in late February to other post offices, and eventually will be available at other "select locations" nationwide by May 30.

In a February 22 press release publicizing the product, the USPS also announced other forms that will also be available:

- **"USPS Connect Regional** provides next-day regional entry and delivery of Parcel Select packages and Parcel Select Lightweight packages. Businesses should consult with USPS representatives to identify the entry points and options that work best for them. Most packages will be delivered the next day within a broad specified region.
- **"USPS Connect National** provides delivery solutions for businesses of all sizes. They can benefit from the Postal Service's new mail processing equipment and reconfigured network to receive reliable delivery of packages through First-Class Package Service, Parcel Select Ground and Retail Ground.
- **"USPS Connect Returns** is a service for businesses to offer their customers convenient returns, with free en-route pickup by their carrier or drop-off at a nearby Post Office location."

What's new or not

As would be expected, the release included a quote from Postmaster General Louis DeJoy and a reference to his 10-year Plan. In his comment, DeJoy stated, in part:

> "USPS Connect provides businesses of all sizes what they have been asking for – an affordable way to meet consumer demand for fast delivery [that] positions us to more fully leverage our network capacity to increase volume and revenue so we can continue to serve the American people with affordable, reliable mail and package delivery."

However, looking at the product's requirements raises some questions:

- In order to receive same-day delivery, an item has to be deposited at the destination delivery facility (DDU or local post office) "within the Critical Entry Time," i.e., 5am-7am. Complying with that requirement would mean the customer must access the facility during those hours, but how's that's feasible wasn't explained; most retail windows aren't open that early.
- It's unclear how the service given USPS Connect Local Mail items *not* qualifying for same-day service would differ from that given to any First-Class Mail item deposited at a USPS processing facility for overnight (next-day) delivery within its service area.
- Postage for most First-Class Mail items deposited to qualify for next- or same-day service would be less than the flat price being charged for USPS Connect Local Mail; there's no service guarantee for either.

The other three versions of USPS Connect mentioned in the press release are not part of the market test nor are they new USPS products or services. Rather, each is an existing competitive package product already available to customers that's being rebranded under the USPS Connect banner.

Moreover, customers already can avail themselves of lower than published prices for any of the existing products simply by establishing a negotiated service agreement with the Postal Service. Though each NSA requires review and approval by the PRC, the framework for NSAs is well-established and the PRC process is seldom problematic.

USPS CONNECT™ SOLUTIONS

1 **USPS Connect Local.** A new affordable next-day* mail and package delivery solution for businesses and organizations of all sizes to reach customers in their communities. Same-day and Sunday delivery options available in participating locations.

-**Includes USPS Connect Local Mail.** A new product for same-day* and next-day* delivery of legal and regular-sized documents up to 13 oz. at an affordable flat rate.

2 **USPS Connect Regional.** Affordable next-day* package delivery for businesses to quickly reach their customers within a specified geographic region.

3 **USPS Connect National.** Affordable nationwide package delivery solutions for businesses and organizations of all sizes. Options include full network services – Priority Mail Express®, Priority Mail®, First Class Package Service®, and Parcel Select Ground®.

4 **USPS Connect Returns.** Current USPS Returns options, enhanced by recent investments and improvements under the Delivering for America plan. Allows businesses to offer their customers convenient package returns and offers consumers free carrier pickup from their homes or ability to drop off at a local Post Office location.

WHEN AND WHERE WILL USPS CONNECT BE AVAILABLE?

USPS Connect Local. USPS Connect Local is already available in more than 800 Texas locations and will begin rolling out to additional locations across the country on Feb. 22 according to the schedule available on uspsconnect.com for a total of more than 3,400 locations by Sept.30. The USPS Connect Local Mail market test started in Texas in January of 2022 and will follow the state-by-state USPS Connect Local schedule for the rollout.

USPS Connect Regional. Available now by talking to a USPS Representative.

USPS Connect National and Returns. Available now to businesses and organizations of all sizes. For more information visit www.usps.com/business/business-shipping.htm.

HOW DO BUSINESSES SIGN UP?

USPS Connect Local. Businesses can complete a contact form at www.uspsconnect.com/local after which a USPS Representative will contact them.

USPS Connect National, Regional or Returns. Businesses will need to speak with a USPS Representative, or ask their local Post Office retail clerk, carrier or Postmaster/Station Branch manager to connect them with a USPS Representative.

**Stated delivery times are expected but not guaranteed and require entry at designated postal facilities nearest the final destination of mail and packages. Businesses should speak with a USPS Representative about requirements.*

The need for tailored terms of participation, as in an NSA, is reflected by the Postal Service's brief description in its press release, and even more brief description in its online "fact sheet" (https://about.usps.com/what/strategic-plans/delivering-for-america/assets/usps-connect-dfa-fact-sheet.pdf), as well as the statement that

> "Delivery times stated for USPS Connect offerings are expected, but not guaranteed, and require entry of packages at the designated facility nearest package destinations or authorized pickup. Businesses should speak with a USPS representative about requirements."

The Postal Service has had mixed success with competitive product NSAs. Over the period from January 2020 through December 2021, it's had more terminated by the customer (488) than approved by the PRC (334). Though the total volume and revenue represented isn't known, the imbalance isn't a good sign for the growth of USPS package business – something the PMG has made a feature of his Plan.

OIG Assesses Management of City Carrier Routes

Released February 17, a report by the USPS Office of Inspector General (*City Delivery Operations – Nationwide Route Management*) evaluated the agency's management of city carrier routes. As the OIG explained:

"City Delivery Operations consist of two components – office and street operations. A city letter carrier route is comprised of both assigned office duties, such as casing mail, as well as street duties, like collecting and delivering mail to customers. ...

"To maintain an 8-hour workday, delivery supervisors monitor efficiency and adjust for changes in workload. They use several methods including street observations, minor route adjustments, and mail count and route inspections. Supervisors record these results in the Delivery Operation Information System (DOIS), which allows them to manage routes and letter carrier assignments daily.

"Since FY 2015, the Postal Service experienced a significant change in the mail mix, resulting in a 16% decrease in First-Class Mail volume and a 62% increase in package volume. Even prior to the dramatic package growth due to the COVID-19 pandemic in FY 2020, package volume had increased steadily over the previous ten years, except in FY 2019 when volume flattened due to competition. As a result, city letter carriers delivered fewer letters and flats and more packages, which are often larger and take more time to deliver. With about 80% of a letter carrier's day spent on the street, supervisors must monitor and record any changes in the volume profile or other workload factors to ensure that each route can be accomplished in an 8-hour workday."

Findings

The OIG developed a series of findings after visiting twelve selected carrier units nationwide:

"The Postal Service did not always effectively manage city letter carrier routes. ...

"First, the OIG found that nationally, all 135,097 active, regular, city letter carrier routes had package base volumes recorded in DOIS that did not reflect the average volume on the routes. We found that city letter carriers delivered more package volume on 92% of the regular routes than the last package base volume recorded between FYs 2010 and 2020. Package volumes associated with 11 of the 12 selected delivery units were also significantly higher than the base package volume.

"Package base volumes varied from average volumes on routes due to operational, policy, and human resources issues. Specifically:

- As of March 28, 2021, 104,879 of the 135,268 (77%) city letter routes did not have the required annual street observation recorded in DOIS within one year of the last review. Street observations are recorded on Postal Service (PS) Form 3999, *Inspection of Letter Carrier Route*, which would indicate if routes had the proper adjustments to achieve and maintain a standard workday. ...
- In lieu of relying on annually required street observations, City Delivery Operations used varying factors and criteria to select routes for mail count and inspection. Similarly, 10 districts in our sample established their own route selection criteria that improperly excluded some delivery units' routes from receiving a mail count and route inspection.
- Policy restrictions to use five or six consecutive days of the route's mail volume do not reflect the changing mail mix.
- There are inconsistent base volume procedures for measuring letter and flat mail volume when adjusting routes during a mail count and route inspection.
- Finally, delivery supervisor positions had an 11% vacancy rate nationally and had high turnover for this position in our sample units. The Postal Service suspended hiring of first-line supervisors effective August 7, 2020, due to an organizational realignment. On August 17, 2021, management began accepting applications to hire first-line supervisors again. Therefore, we will not make a recommendation on this issue.

"Second, we found that of the 135,097 nationwide regular city letter carrier routes, 85,714 (63%) had route workhours that deviated from the standard 8-hour workday and were improperly recorded in DOIS. The route workhours for the 12 selected delivery units had inaccuracies as well. These improper recordings occurred because delivery management, although they receive notifications to review, certify, and resolve daily errors, did not correct over 11.6 million errors in the Time and Attendance Collection System in FY 2020.

"Finally, City Delivery Operations had not evaluated whether it should employ existing delivery performance technology that provides innovative opportunities to improve route and workload management, monitor carrier performance, and automate manual processes. ..."

Recommendations

The OIG recommended that the VP Delivery Operations:

- [1] "Develop a detailed action plan, including measurable targets, to resume conducting annual street observations to determine whether a minor route adjustment or a mail count and route inspection review is needed.
- [2] "Evaluate using alternative methodologies, rather than the five or six consecutive days of a routes' mail volume, to maintain the 8-hour workday and how to account for letter and flat mail base volume.
- [3] "Develop an oversight process to monitor and confirm delivery unit management resolve errors in the Time and Attendance Collection System timely to ensure route workhours are accurate.
- [4] "Evaluate the feasibility of replacing manual route evaluation activities with existing delivery systems, data, tools, and technology."

The OIG noted that

"Management disagreed with our findings and recommendations and disagreed with the data used to calculate the monetary impact. ...

"[Recommendation 1]: ... an action plan to resume street observations is unnecessary as they resumed route inspections in the fall of 2021.

"[Recommendation 2]: ... the recommendation was unnecessary, as the City Delivery and Workplace Improvement Task Force is currently exploring alternate methods. ...

"[Recommendation 3]: ... the DOIS Clock Ring Discrepancy Report is designed to show variations in the actual clock rings from the assignments made in DOIS. Not everything on the clock ring discrepancy report requires correction.

"[Recommendation 4]: ... the recommendation is unnecessary, as the City Delivery and Workplace Improvement Task Force is already exploring alternative methods of evaluating, adjusting, and maintaining city delivery routes via technology and other methods."

The OIG noted that it "considers management's comments unresponsive to the recommendations in the report," and added rebuttals to management's responses. The OIG further stated that "We view disagreement with the recommendations as unresolved and plan to pursue them through the formal resolution process."

Mailers Hub Joins in Comments Regarding Competitive Product Contribution

In a February 25 filing with the Postal Regulatory Commission, Mailers Hub joined with nine other industry groups (American Catalog Mailers Association, Association For Mail Electronic Enhancement, ANA—Association Of National Advertisers, Continuity Shippers Association, Envelope Manufacturers Association, International Mailers Advisory Group, Major Mailers Association, National Association Of Presort Mailers, and Printing United Alliance) to support a Package Shippers Association recommendation to eliminate the statutory "appropriate share" provision.

Appropriate share

The groups' joint comments were submitted regarding Docket RM2022-2, *Institutional Cost Contribution Requirement for Competitive Products*, opened by the PRC on November 18, 2021. That docket is effectively a continuation of earlier dockets that had periodically sought public comment on the "appropriate share" that the 2006 "postal reform" law requires competitive products to pay toward overall Postal Service institutional costs. The "appropriate share" was established to ensure both that competitive products adequately support overall USPS institutional costs and are not set so low as to harm competitors.

The PRC has the statutory authority to modify or eliminate the "appropriate share" provision. Initially set at 5.5% in 2007, the "appropriate share" has been reviewed by the commission in 2021 and 2017 and, most recently, was replaced by a variable percentage derived by a formula based on the agency's "absolute market power" and changes in its market share (revenue). The PRC noted that "the formula is designed to adjust the appropriate share upwards or downwards based on changes in the capacity of competitive products to contribute to institutional cost."

> The full formula, including both the Competitive Contribution Margin and the Competitive Growth Differential, is as follows:
>
> $$AS_{t+1} = AS_t * (1 + \%\Delta CCM_{t-1} + CGD_{t-1})$$
>
> $$If\ t = 0 = FY\ 2007,\ AS = 5.5\%$$
>
> Where,
>
> AS = Appropriate Share[150]
>
> CCM = Competitive Contribution Margin
>
> CGD = Competitive Growth Differential
>
> t = Fiscal Year
>
> Order No. 4963 at 25.

(The actual contribution of competitive products to USPS institutional costs has always been well above the minimum required. In FY 2021, the "appropriate share" was set at 9.1%, but the actual contribution was 39.2%.)

Opposition

In the comments submitted during the 2017 rulemaking, United Parcel Service argued that

> "... the appropriate share should be increased substantially based on the prevailing competitive conditions in the market, particularly growth in the Postal Service's market share and evidence of the Postal Service having a competitive advantage, and to reflect the unique and disproportionate costs that UPS alleges to be associated with competitive products."

Nonetheless, after a lengthy discussion of the comments it received and a protracted examination of various economic factors and related calculations, the PRC adopted its proposed formula in a 197-page order (No. 4963) issued January 9, 2019. In turn, UPS took the PRC to court.

In a decision issued on April 14, 2020, the US District Court of Appeals for the DC Circuit sided with UPS and remanded the matter back to the PRC. In its order, the court stated that

> "Two aspects of the Commission's Order require a remand. First, the Commission has not adequately explained how the statutory phrases 'direct and indirect postal costs attributable to [a particular competitive] product through reliably identified causal relationships' and 'costs ... uniquely or disproportionately associated with any competitive products' can coincide. It is far from clear that these phrases have the same meaning. ... Second, in focusing on costs attributed to competitive products ... the Commission failed to discharge its responsibility ... to 'consider ... the degree to which any costs are uniquely or disproportionately associated with any competitive products.' ...
>
> "The bottom line is that the Commission's Order is arbitrary and capricious because it is 'largely incomprehensible' with respect to the matters in issue. ... Therefore, we are constrained to remand the case for further consideration. ... Following reconsideration of this case, any Commission Order must be coherent and transparent, and it must satisfy the requirements of reasoned and reasonable decision-making. ... The present Order fails to meet these standards 'because it fails to articulate a comprehensible standard' ...."

The latest round

The PRC's 137-page November 2021 order (No. 6043) served both reissued its January 2019 order adopting a formula to calculate the "appropriate share" (with the necessary explanatory language added to satisfy the court's remand) and initiated the third five-year review of the requirement.

In their joint comments, the industry groups note that

> "The Commission's findings in Order No. 6043 demonstrate that a minimum contribution requirement is unnecessary to promote fair competition, prevent cross subsidization, or encourage the Postal Service to maximize contributions from competitive products. The Commission's findings further confirm that imposing a minimum contribution requirement would, if binding, only help private competitors at the expense of the Postal Service, mailers, shippers, and American consumers and businesses. ...
>
> "The Commission has made an affirmative finding every year since the [postal reform] Act's enactment to the effect that 'there is no evidence to suggest that competitive products are being illegally cross-subsidized by market-dominant products.' The Commission has also consistently held that the Postal Service has not engaged in anticompetitive pricing to seek an unfair advantage over its private competitors."

The commenters also noted that "the Commission has consistently held [that] the Postal Service is pricing competitive products to maximize profits," that "a profitable [USPS] package business helps defray the costs of preserving universal mail service," and that "a minimum contribution requirement is unnecessary and potentially distortive." Further, the group stated that "the Commission has correctly observed that "a required contribution level to institutional costs should theoretically be an unnecessary component of competitive product regulation."

While history has shown that the "appropriate share" minimum contribution may not be necessary to regulate USPS competitive product prices, the commission has been reluctant to take the leap and eliminate it. At the same time, as it has shown, UPS is ever attentive to using the regulatory and legal processes to disable postal competition however it can.

What the Studies Say

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

February brings reports and studies of trends for the previous year and predictions for the coming years in the postal sector, marketing, the economy, and consumer trends. This year has brought a bumper crop of data, opinions and predictions as everyone tries to figure out what's happening – and forecast what's coming.

This year's forecasts have been particularly challenging, given the unique situation created by the pandemic. Predicting the future is never reliably accurate. Not all the studies agree; some are more optimistic about the postal and ecommerce markets than others. Additionally, individual counties vary from each other and from global generalizations. With those caveats, here's a summary of what the studies say.

Cross-border ecommerce trends

All the reports show an increase in online shopping from 2019. eCommerce expanded significantly worldwide during the pandemic as retail stores were shuttered by shutdowns and restrictions with about 22% shopping online at least once a week and 79% at least once a month (IPC *Cross-Border E-Commerce Shopper Survey 2021.*) This increase was seen in both domestic and cross-border orders.

Very few countries did not participate significantly in this trend, but some growth in ecommerce was seen in all countries studied or responding to surveys.

There is general agreement that the pandemic accelerated already existing trends in this direction, particularly in the developed countries. Not surprisingly, higher levels of development and of mobile communications correlate with more ecommerce. Developing countries with higher levels of mobile communication penetration tended to have a greater increase in ecommerce during the pandemic.

As of late 2021, this increase in ecommerce seemed to be holding firm. According to *Statista*, the user penetration of 50.1% in 2021 is expected to increase to 62.4% by 2025 (Postal Innovation Platform's *Cross-Border Report 2021.*) Slight decreases are reported in RetailX's *Global 2021 Ecommerce Report*, but these may not be statistically significant.

However, consumers are looking more to domestic and regional merchants and marketplaces. Some of this could be caused by the extraordinary shipping delays during the pandemic and by particular governmental actions, primarily in 2021.

Developments constraining ecommerce

In late 2019, under threat of US withdrawal, the Universal Postal Union (UPU) changed the way countries compensated each other for small packages. Beginning in July 2020, this had the general effect of raising international postage on items weighing less than 4.4 pounds containing goods. This was in the midst of the early wave of the pandemic with many fewer airline flights, shutdowns of stores, and quarantines – and as ecommerce was replacing retail shopping as the way to procure clothing, groceries and other goods.

The US STOP Act came into effect in January 2020 with requirements for more Advance Electronic Data (AED) to curtail the import of illicit drugs in inbound packages to the US and the potential return of packages not meeting requirements set by Customs and Border Protection. The goal is laudable; the execution has been problematic.

Brexit became a reality on January 31, 2020, with a transition (or implementation) period lasting until January, 1, 2021. The immediate effect was more paperwork and confusion at UK and EU ports for goods moving between those areas. More regulations came into effect on January 1, 2021, at the end of the transition (or implementation) period. (US companies have established fulfillment and printing in the UK for regional delivery for many years.)

New EU regulations for AED (referred to there as EAD) also came into effect on March 15, 2020, requiring other countries to hold goods until approval is received from the destination country. This was followed in July 2020 by more stringent tax (VAT) requirements. The overall effect was more scrutiny of small packages and goods entering the EU countries, with more paperwork and higher costs for both mailers and consumers. From a press release from bpost, the Belgian postal service, as reported in the PIP report,

> "All posts charge an additional clearance fee to cover this extra work and the procedure will also delay deliveries. While 70% of consumers would understand the reasons for this additional charge and pay it, 30% of consumers do not pay. In nearly all these cases (97%), details about the contents are not stated on the parcel. Therefore, bpost would request more information from the sender or the addressee. In case no information is received the parcel is returned to the sender. The number of parcels for which bpost must follow this procedure has multiplied by 20 since the new rules were introduced."

The cumulative effect of these developments has been to increase costs and delivery times for cross-border orders. Inexpensive items moving across borders have decreased, particularly from China to the EU countries and to the US.

Expectations

Consumers are become savvier in managing their online purchasing. While not significantly decreasing these, they are ordering more from domestic or regional merchants and marketplaces. Most other trends are regional or country-specific. In particular, EU consumers pay more attention to environmentally-friendly packaging and delivery options, as the EU initiates more stringent regulations around "suspicious substances," recycling, and carbon production.

Seamless delivery is different for postal operators than for merchants and consumers, as discussed in the PIP report. Merchants and consumers look for a more robust set of services beyond tracking and reliable delivery, with payment gateways, delivery options, reliable delivery *times*, and easier returns.

The issues around return, from reusable packaging and a return label to ease of refund and return logistics, are important to consumers worldwide. Procedures and regulations affecting returns remain more difficult for cross-border ecommerce. An easy-to-use global solution for consumers returning goods internationally remains elusive.

Postal solutions

Currently, postal operators have access to three cross-border solutions: the UPU's International Postal System (IPS) and Custom Declaration System (CDS) and IPC's INTERCONNECT. These services and the use of INTERCONNECT (below) are an example of the disconnect between what postal operators define as seamless delivery and what merchants and consumers would like to see.

IPS is a suite of international mail management applications for processing and management of mail with Electronic Data Interchange (EDI) messaging capabilities and generation and verification of UPU accounting forms. This allows postal operators to track mail movement from origin to destination – and log their mail into the UPU remuneration system. CDS permits postal operators and customs authorities to EDI messages for customs declarations to be exchanged using global standards.

According to IPC, INTERCONNECT offers participating postal operators solutions in line with customer needs: end-to-end delivery times, track and trace, easy-to-use return solutions, delivery choice, and improved customer service processes on cross-border packages up to 4.4 pounds and tracked parcels from over 4.4 to 66 pounds. IPC offers operational support and EDI messaging uses its IT platform. About 30 postal operators use INTERCONNECT. (The UPU has 192 member countries.)

Private-sector companies provide additional solutions to those offered by the postal operators. Some of these work in conjunction with the postal sector and others are exclusive to private-sector delivery services.

Comments

While every country is different, cross-border ecommerce is here to stay globally, providing some unexpected opportunities and exceptional challenges. The postal operators continue to search for robust, worldwide solutions that meet the needs of ecommerce merchants and consumers. Private-sector logistics companies, like DHL, FedEx and UPS, offer more solutions but at a higher (and sometimes a *much* higher) price. The solutions offered by private-sector mailing service companies partnering with the postal operators seem to be the most promising at the moment.

Four studies were particularly useful in preparing this summary: "Cross-Border E-Commerce Shopper Survey 2021: Key Findings", International Post Corporation, January 2022; "Cross-Border Report 2021 for the Parcel and Postal Market", Postal Innovation Platform (PIP), Dr. Bernhard Bikovc, February 2022; "Postal Development Report 2021: Taking Stock of a New Reality", Mauro Boffa, Fernão De Borba and Lukasz Piotrowski, Universal Postal Union (UPU), October 2021; and "Global 2021 Ecommerce Report", RetailX, November 1, 2021. All are publicly available. If you would like copies, please contact me at MLaw@WorldVu.com.

January Financials: *Relatively* Better

Perhaps the most notable aspect of the Postal Service's January revenue and volume data is the absence of dramatic divergence from either plan or prior year figures. Market-dominant mail beat last January for both volume and revenue, the latter helped by last August's price increase. At the same time, competitive product volume fell again – but stayed above planned levels – which may have enabled slightly lower workhours and associated labor costs. Both the workers' comp liability and transportation costs moved relatively little. Overall, the agency lost a modest $118 million in January, $591 million less than planned, and $192 million less than January 2021. For FY 2022 to date, the net loss is $1.666 billion, $470 million less than planned, but $1.674 billion more than at the end of January 2021.

Volume and revenue

Total market-dominant mail volume for the month was up 1.5% from January 2021. First-Class mail was 1.5% lower, while Marketing Mail was 9.5% better, Periodicals plunged 23.3%, and all three remained lower for the year-to-date. Meanwhile, competitive products volume fell again, down 3.6% for the month and down 8.6% for the YTD. Total USPS volume was 10.63 billion pieces, up 2.4% from last January; YTD volume, 45.73 billion pieces, still was 2.7% lower.

- First-Class Mail: 4.692 bln pcs, -1.5%; 17.904 bln pcs, -3.2% YTD.
- Marketing Mail: 5.021 bln pcs, +9.5%; 23.834 bln pcs, -1.1% YTD.
- Periodicals: 265.5 mln pcs, -23.3%; 1.185 bln pcs, -8.1% YTD.
- Total Mkt Dom: 10.041 bln pcs, +2.9%; 43.205 bln pcs, -2.3% YTD.
- Total Competitive: 563.53 mln pcs, -3.6%; 2.380 bln pcs, -8.6% YTD.
- Total USPS: 10.635 bln pcs, +2.4%; 45.726 bln pcs, -2.7%.

As noted, revenue was helped by the price increase for market-dominant products implemented at the end of August, and volume last January was still in the pandemic doldrums.

Compared to SPLY, revenue from the market-dominant classes was up 8.0% for the month and 5.6% YTD, while revenue from the competitive products was up 1.9% for January but down 5.1% for the YTD, all compared to SPLY. Total USPS revenue for the month ($6.625 billion) was 4.6% higher than SPLY and up 0.3% for SPLY YTD:

- First-Class Mail: $2.264 bln, +5.2%; $8.728 bln, +3.2% YTD.
- Marketing Mail: $1.194 bln, +17.4%; $5.680 bln, +9.3% YTD.
- Periodicals: $78.1 mln, +2.0%; $309.7 mln, +3.6% YTD.
- Total Mkt Dominant: $3.817 bln, +8.04%; $15.900 bln, +5.6% YTD.
- Total Competitive: $2.653 bln, +1.9%; $11.321 bln, -5.1% YTD.
- Total USPS: $6.625 bln, +4.6%; 27.919 bln, +0.3% YTD.

Expenses and workhours

Total "controllable" compensation and benefit costs ($5.166 billion) were 1.8% over plan for January and 0.5% higher than SPLY. Total expenses for the month ($6.747 billion) were 6.5% below plan but 1.5% higher than SPLY.

Workhour usage was 0.1% under plan for the month and 4.6% lower than SPLY, though mail processing workhours were again over plan and higher than SPLY for YTD. Total workhours YTD are 0.8% below plan by 1.9% below SPLY.

- Month's end complement: 659,808 employees (508,442 career, 151,366 non-career) **+0.25%** compared to last January (658,144 employees: 492,328 career, 165,816 non-career), but **3.27% more** *career* workers than a year ago.

Compared to early-pandemic January 2020, USPS volume is up almost 2.0% (market dominant volume up 2.42%; competitive product volume down 4.09%). Meanwhile, workhours are down 4.60% but "controllable" compensation and benefits are 0.49% higher. Those figures again repeat the worrisome trends of more employees but decreases in lucrative package volume. *All the numbers are on the next page.*

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

OPERATING DATA OVERVIEW [1,2]	Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Revenue										
Operating Revenue	$6,625	$6,505	$6,336	1.8%	4.6%	$27,919	$27,794	$27,831	0.4%	0.3%
Other Revenue	$1	$1	--	0.0%	NMF	$11	$4	$3	175.0%	NMF
Total Revenue	$6,626	$6,506	$6,336	1.8%	4.6%	$27,930	$27,798	$27,834	0.5%	0.3%
Operating Expenses										
Personnel Compensation and Benefits	$5,025	$5,432	$5,006	-7.5%	0.4%	$22,324	$22,705	$20,998	-1.7%	6.3%
Transportation	$815	$863	$808	-5.6%	0.9%	$3,656	$3,539	$3,409	3.3%	7.2%
Supplies and Services	$251	$277	$233	-9.4%	7.7%	$1,035	$1,166	$1,043	-11.2%	-0.8%
Other Expenses	$643	$633	$588	1.6%	9.4%	$2,543	$2,481	$2,332	2.5%	9.0%
Total Operating Expenses	$6,734	$7,205	$6,635	-6.5%	1.5%	$29,558	$29,891	$27,782	-1.1%	6.4%
Net Operating Income/Loss	**-$108**	-$699	-$299			**-$1,628**	-$2,093	$52		
Interest Income	$3	$3	$3	0.0%	0.0%	$13	$10	$11	30.0%	18.2%
Interest Expense	$13	$13	$14	0.0%	-7.1%	$51	$53	$55	-3.8%	-7.3%
Net Income/Loss	**-$118**	-$709	-$310			**-$1,666**	-$2,136	$8		
Mail Volume										
Total Market Dominant Products [3]	10,041	9,891	9,762	1.5%	2.9%	43,205	41,796	44,203	3.4%	-2.3%
Total Competitive Products [3]	564	547	585	3.1%	-3.6%	2,380	2,397	2,605	-0.7%	-8.6%
Total International Products	30	33	41	-9.8%	-26.8%	141	148	167	-4.7%	-15.6%
Total Mail Volume	10,635	10,471	10,388	1.6%	2.4%	45,726	44,341	46,975	3.1%	-2.7%
Total Workhours	95	95	100	0.0%	-5.0%	408	412	416	-1.0%	-1.9%
Total Career Employees	**508,442**		492,328		**3.3%**					
Total Non-Career Employees	**151,366**		165,816		**-8.7%**					

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	4,692,103	4,761,264	-1.5%	17,903,659	18,502,471	-3.2%
Revenue	$2,263,911	$2,151,577	5.2%	$8,727,525	$8,455,990	3.2%
Periodicals						
Volume	265,472	346,232	-23.3%	1,185,331	1,289,808	-8.1%
Revenue	$71,730	$82,926	-13.5%	$330,505	$327,377	1.0%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	5,020,581	4,582,965	9.5%	23,834,366	24,109,131	-1.1%
Revenue	$1,194,361	$1,016,916	17.4%	$5,680,096	$5,197,011	9.3%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	44,215	49,200	-10.1%	181,493	190,833	-4.9%
Revenue	$78,055	$76,536	2.0%	$309,660	$298,898	3.6%
All other Market Dominant Mail						
Volume	18,559	22,543	-17.7%	99,700	111,119	-10.3%
Revenue	$209,255	$205,252	2.0%	$852,444	$776,251	9.8%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	10,040,930	9,762,204	2.9%	43,204,549	44,203,362	-2.3%
Revenue	$3,817,312	$3,533,207	8.0%	$15,900,230	$15,055,527	5.6%
Shipping and Package Services						
Volume	563,531	584,703	-3.6%	2,379,833	2,604,551	-8.6%
Revenue	$2,540,984	$2,531,727	0.4%	$10,934,188	$11,673,065	-6.3%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$111,698	$71,170	56.9%	$386,711	$254,355	52.0%
Total Competitive Products *(ex. all Int'l.)*						
Volume	563,531	584,703	-3.6%	2,379,833	2,604,551	-8.6%
Revenue	$2,652,682	$2,602,897	1.9%	$11,320,899	$11,927,420	-5.1%
Total International [5]						
Volume	30,268	40,716	-25.7%	141,270	167,165	-15.5%
Revenue	$155,473	$200,146	-22.3%	$697,777	$848,424	-17.8%
Total						
Volume [4]	**10,634,729**	10,387,623	**2.4%**	**45,725,652**	46,975,078	**-2.7%**
Revenue	**$6,625,467**	$6,336,250	**4.6%**	**$27,918,906**	$27,831,371	**0.3%**

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]	$5,166	$5,077	$5,141	1.8%	0.5%	$21,113	$21,286	$20,723	-0.8%	1.9%
RHB Unfunded Liabilities Amortization [8]	$83	$83	$75	0.0%	10.7%	$333	$333	$300	0.0%	11.0%
FERS Unfunded Liabilities Amortization [8]	$117	$117	$112	0.0%	4.5%	$467	$467	$448	0.0%	4.2%
CSRS Unfunded Liabilities Amortization [8]	$155	$155	$151	0.0%	2.6%	$619	$619	$606	0.0%	2.1%
Workers' Compensation [9]	-$496	$ --	-$473	NMF	4.9%	-$208	$ --	-$1,079	NMF	-80.7%
Total Pers. Comp. & Benefits	$5,025	$5,432	$5,006	-7.5%	0.4%	$22,324	$22,705	$20,998	-1.7%	6.3%
Total Non-Personnel Expenses	$1,709	$1,773	$1,629	-3.6%	4.9%	$7,234	$7,186	$6,784	0.7%	6.6%
Total Expenses (incl. interest)	**$6,747**	$7,218	$6,649	**-6.5%**	**1.5%**	**$29,609**	$29,944	$27,837	**-1.1%**	**6.4%**

WORKHOURS [1,2,3]	Current Period					Year-to-Date				
Workhours (Thousands)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
City Delivery	34,634	34,756	35,465	-0.4%	-2.3%	147,074	148,614	150,620	-1.0%	-2.4%
Mail Processing	17,729	16,733	19,068	6.0%	-7.0%	78,849	74,880	77,256	5.3%	2.1%
Customer Services & Retail	12,283	12,340	12,952	-0.5%	-5.2%	52,737	54,218	55,722	-2.7%	-5.4%
Rural Delivery	17,754	17,715	18,752	0.2%	-5.3%	75,931	75,773	76,558	0.2%	-0.8%
Other	12,957	13,895	13,719	-6.8%	-5.6%	53,820	58,092	56,281	-7.4%	-4.4%
Total Workhours	**95,357**	95,439	99,956	**-0.1%**	**-4.6%**	**408,411**	411,5778	416,437	**-0.8%**	**-1.9%**

1/January 2022 had the same number of delivery days and one more retail days compared to January 2021. YTD has the same number of delivery days and two more retail days compared to SPLY. 2/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. 3/Excludes all International. 4/The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. 5/Includes Current Period Market Dominant Volume of 14,134 and Revenue of $18,859; SPLY Market Dominant Volume of 20,341 (-30.5%) and Revenue of $28,631 (-34.1%). Also includes Current Period Competitive Volume of 16,134 and Revenue of $136,614; SPLY Competitive Volume of 20,375 (-20.8%) and Revenue of $171,515 (-20.3%). 6/This amount includes cash outlays including administrative fees. 7/This represents the accrual for normal RHB costs for current employees, based on the beginning of the fiscal year estimates. 8/This represents the estimated OPM amortization expense related to the FERS and CSRS; the actual invoices will be received between June 2022 and October 2022. For PSRHBF, this represents the estimated Retiree Health Benefits amortization expenses of the unfunded liabilities. The actual invoice will be received between June 2022 and October 2022.. 9/This represents non-cash adjustments: the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater.

All the Official Stuff

Federal Register

Postal Service

NOTICES

February 16: Privacy Act; Systems of Records, 8884-8886.

February 24: Product Change [2]: Priority Mail Express and Priority Mail Negotiated Service Agreement, 10394; Priority Mail and First-Class Package Service Negotiated Service Agreement, 10394.

PROPOSED RULES

[None].

FINAL RULES

[None].

Postal Regulatory Commission

NOTICES

February 16: Public Inquiry on Service Performance Dashboard, 8882-8884.

February 17: New Postal Products, 9092-9093.

February 18: New Postal Products, 9398.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

February 14: UPDATE 222: International Mail Service Updates Related to COVID-19.

February 16: UPDATE 223: International Mail Service Updates Related to COVID-19.

February 22: UPDATE 224: International Mail Service Updates Related to COVID-19.

Postal Bulletin (PB 22592, February 24)

- Effective **April 4**, DMM 113, 123, 133, 153, 213,223, 253, and 505, and the applicable Quick Service Guides, are revised to delete all references to the April 3, 2022, delayed implementation date for nonstandard fees, the dimension-noncompliance fee, and the requirement to provide dimensions for nonstandard mailpieces and dimensional weight mailpieces. ... Although the Postal Service will not publish these revisions in the DMM and QSG until April 4, 2022, the standards become effective April 3, 2022.
- Effective **April 4**, DMM 123.1.4.2, 223.1.6.2, and 703.2.1.2 are revised for clarity and to remove references to the Priority Mail Board Game Large Flat Rate Box.
- Effective **February 24**, the IMM Individual Country Listing for Egypt is revised to note additional prohibited items and revisions.
- Effective **February 24**, the IMM Individual Country Listing for Portugal is revised to note that the value-added tax (VAT) exemption is abolished.
- Effective **February 24**, IMM Exhibit 232.4b is revised to remove the entry for the Priority Mail International Board Game Large Flat Rate Box.
- Effective **February 24**, IMM 541.3 is revised to reflect revisions in US policy that prohibits exports of defense articles to specified countries.
- Effective **February 24**, the IMM Individual Country Listing for various countries is revised to clarify the text for the abolishment of the value-added tax (VAT) exemption based on discussions with the applicable European postal administrators. The Postal Service is also adding the European Union's official website regarding VAT rules to each entry. These ICL revisions apply to Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Finland; France; Greece; Hungary; Ireland; Italy; Lithuania; Luxembourg; Malta; Netherlands; Poland; Romania; Slovak Republic (Slovakia); Slovenia; Spain; and Sweden.
- Effective **February 24,** Publication 431, *Post Office Box Service and Caller Service Fee Groups*, is revised to include the changes noted.

USPS Industry Alerts

February 14, 2022

2022 National Postal Forum National Center for Employee Development Certification Courses

Back by Popular Demand! The United States Postal Service (USPS) Certification Program offers an exclusive opportunity for National Postal Forum (NPF) attendees to expand their professional skill and commitment to ongoing education through two comprehensive training courses, traditionally only offered through the National Center for Employee Development (NCED) Conference Center in Norman, Oklahoma. Now you can participate in the Executive Mail Center Manager (EMCM) or the Mail Design Professional (MDP) courses while onsite at the 2022 NPF. The EMCM course is designed to develop mail center management skills and the MDP course is centered around effective mail design and optimizing postage costs through automation. Upon completion and passing the final exam, successful participants will receive Official USPS Certification. NPF *Facing the Future Together* May 15-18, 2022 in Phoenix, Arizona.

February 18, 2022

Pending Periodicals – EPS Postage Issue

The United States Postal Service has identified an issue with the way Pending Periodicals (PP) are charged when using an Enterprise Payment System (EPS) account for payment. Specifically, EPS is under charging PP Mailers and in some cases refunding customers for funds USPS never collected. PP transactions consist of 2 elements; first is a charge for the Periodicals (PE) rate, second is a charge for difference in postage between the PE rate and the commercial rate (FCM/MKT) as appropriate. This second part is a "Reserve Fund" which is put aside until final disposition of the PP application. EPS does not recognize the second part of this transactions and does not collect the Reserve Fund from the customer. PostalOne tracks the Reserve Fund regardless of EPS status so it looks like reserve funds are accumulating even though USPS did not collect any money for this part of the transaction. This results in Mailers getting refunds of the reserve funds (which they never paid) when they are approved for PE rates. When PP is not approved USPS attempts to collect the reserve fund but because the mailer never paid for and USPS didn't collect the money results in USPS having to collect the funds directly from the customer. USPS will be contacting affected mailers with information on the next steps to proceed with funding your Pending Periodicals mailings. If additional information is needed please contact the MSSC Helpdesk at MSSC@usps.gov 1-877-672-0007.

February 22, 2022

Postal Service Expands Next-Day Delivery Options for Businesses with Rollout of USPS Connect

The US Postal Service today launched USPS Connect – a set of four delivery solutions that leverage ongoing network improvements, new equipment, new pricing and enhanced operational precision to meet evolving business needs. "USPS Connect provides businesses of all sizes what they have been asking for – an affordable way to meet consumer demand for fast delivery," said Louis DeJoy, Postmaster General and CEO. "A pivotal point in our Delivering for America plan, it positions us to more fully leverage our network capacity to increase volume and revenue so we can continue to serve the American people with affordable, reliable mail and package delivery." The USPS Connect program offers several options to help businesses of all sizes meet growing consumer demand for affordable, fast local, regional and national deliveries and returns:

- USPS Connect Local is a new way for local businesses to affordably and quickly reach local customers. It is rolling out in select locations starting today. USPS Connect Local offers affordable next-day service in all locations, with same-day delivery, Sunday delivery and pickup options in select locations. This offering also includes USPS Connect Local Mail, an affordable First-Class Mail option for documents up to 13 ounces. Businesses can enter USPS Connect Local packages and mail at the receiving dock of the designated postal facility or take advantage of free en-route pickup when their carrier delivers their mail. Free flat-rate bags, boxes and envelopes are available via Click-N-Ship.
- USPS Connect Regional provides next-day regional entry and delivery of Parcel Select packages and Parcel Select Lightweight packages. Businesses should consult with USPS representatives to identify the entry points and options that work best for them. Most packages will be delivered the next day within a broad specified region.
- USPS Connect National provides delivery solutions for businesses of all sizes. They can benefit from the Postal Service's new mail processing equipment and reconfigured network to receive reliable delivery of packages through First-Class Package Service, Parcel Select Ground and Retail Ground.
- USPS Connect Returns is a service for businesses to offer their customers convenient returns, with free en-route pickup by their carrier or drop-off at a nearby Post Office location.

"We've listened carefully to our business customers to develop this program," said Jakki Krage Strako, chief commerce and business solutions officer. "We're increasing next-day deliveries. We're also giving smaller businesses big-business rates and all businesses more user-friendly ways to interact with us." Businesses interested in learning more may visit uspsconnect.com, call 855-MYUSPSCONNECT (855-698-7772), email uspsconnect@usps.gov or visit usps.com/business/business-shipping.htm. Delivery times stated for USPS Connect offerings are expected, but not guaranteed, and require entry of packages at the designated facility nearest package destinations or authorized pickup. Businesses should speak with a USPS representative about requirements.

February 22, 2022

"Not Found" Containers Entering as eInduction

USPS began looking at why "Not Found" containers are occurring when attempting to be inducted under eInduction. There are several issues USPS is encountering in the cases of "Not Found" barcodes for containers attempting to be entered at USP induction locations. The common causes are:

- CRIDs are not activated for eInduction.
- eDoc submitters are not flagging all of their containers as eInduction in eDoc.
- Seamless Parallel and Automated Verification mailers are:
  - Non-eInduction mailers are not presenting PS Form 8125, Plant Verified Drop Shipment Clearance, forms that USPS acceptance personnel have round dated and signed at the time of induction.
  - Non-eInduction mailers are not presenting PS Form 8125 when mail is presented to BMEUs at the time of mail acceptance to be completed by USPS acceptance personnel.
  - Potentially bypassing the BMEUs during normal business hours and attempting to drop ship containers by making FAST appointments when:
    - The CRID is not activated for eInduction.
    - Containers are not flagged in the eDoc for eInduction.
    - Postage Statement is not finalized (but containers are flagged as eInduction) and attempting to drop ship containers without postage payment completed.
- eDoc contains all containers to be entered at the Origin USPS facility, but mailers attempt to drop eInduction containers at other USPS facilities not identified in the eDoc.
- Mailers drop ship containers before the 2-hour window has passed for postage finalization and data to flow to the SV devices.
- Mailers drop ship containers without proper funds in the accounts to pay for mailings to complete payment finalization.
- Mailers attempt to drop ship containers without ensuring eDoc has been uploaded to PostalOne! and payment finalization has been completed.

The "Not Found" containers require further investigation and may lead to delay of acceptance at the drop shipment location. To avoid delays or refusal of mail at US Postal Facilities, please ensure mailing information is accurate, complete and submitted to PostalOne prior to drop shipping containers as eInduction. For more information about eInduction please go to the Guide to eInduction on PostalPro at https://postalpro.usps.com/mailing/einduction.

February 23, 2022

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

[See the February 23 listing for COVID-19-Related International Mail Service Disruptions in the Special Section.]

February 24, 2022

2022 National Postal Forum USPS Opening General Session Keynote Speaker Postmaster General Louis DeJoy

Join Postmaster General Louis DeJoy and his Executive Leadership team in the journey to revitalize the Nation's mail system. Learn how the United States Postal Service is reimagining, reengineering, and redesigning the Postal Service to better serve customers and deliver a healthy, sustainable communications and delivery network for the future. In his keynote address, PMG DeJoy will share comprehensive strategies and key actions being taken to modernize the postal network, invest in infrastructure, improve operations, and create a platform for ongoing innovation tied directly to customer needs. To register, click this link: NPF. ***Facing the Future Together*** May 15-18, 2022 in Phoenix, Arizona.

Calendar

To register for any webinar, go to MailersHubWebinars.com

March 8 – Southern Area AIM Meeting
March 15 – ***Mailers Hub Webinar***
March 29 – Central Area AIM Meeting
April 5-6 – MTAC Meeting, USPS Headquarters
April 11-14 – INg Executive Networking Forum, Tucson (AZ)
April 14 – Atlantic Area AIM Meeting
April 19 – ***Mailers Hub Webinar***
May 15-18 – National Postal Forum, Phoenix (AZ)
May 24 – ***Mailers Hub Webinar***
June 21 – ***Mailers Hub Webinar***
July 19 – Atlantic Area AIM Meeting
July 26-27 – MTAC Meeting, USPS Headquarters
August 16 – Southern Area AIM Meeting
August 24 – Central Area AIM Meeting
October 20 – Atlantic Area AIM Meeting
October 25-26 – MTAC Meeting, USPS Headquarters

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

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

February 14, 2022, *DMM Advisory*: UPDATE 222: International Mail Service Updates Related to COVID-19

On February 14, 2022, the Postal Service received a notification from CTT Correios de Portugal, the designated operator of **Portugal**, advising that Portugal is experiencing a fifth wave of the COVID-19 pandemic resulting in a high rate of absenteeism. Consequently, the processing of outbound mail (letter-post, parcel-post and EMS items) is still subject to delays and CTT Correios de Portugal is still unable to guarantee compliance with the agreed standards, with an impact on quality of service for all types of mail, including inbound and outbound letter-post, parcel-post and EMS items.

February 16, 2022, *DMM Advisory*: UPDATE 223: International Mail Service Updates Related to COVID-19

On February 16, 2022, 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:

Barbados *UPDATE*: Barbados Postal Service has advised that the curfew has been lifted as of February 14, 2022, and postal services have therefore returned to normal.

Jamaica *UPDATE*: Jamaica Post has advised that the Government of Jamaica has extended the national curfew until February 25, 2022. 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.

February 22, 2022, *DMM Advisory*: UPDATE 224: International Mail Service Updates Related to COVID-19

On February 22, 2022, 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:

Latvia *UPDATE*: Latvijas Pasts has advised that due to a significant increase in the number of COVID-19 infections among its operational staff and temporary closure of several post offices, delays are to be expected in the processing and delivery of inbound and outbound postal items.

Switzerland *UPDATE*: Swiss Post has advised that the measures aimed at limiting the spread of COVID-19 have been lifted, and postal services have returned to normal.

Vanuatu *UPDATE*: Vanuatu Post has advised that the Vanuatu Government has lifted the state of emergency declared in response to the COVID-19 pandemic and postal operations have resumed as normal.

February 23, 2022, *DMM Advisory*: International Service Resumption Notice – effective February 25, 2022
[Also issued as February 23, 2022, Industry Alert: COVID-19 CONTINUITY OF OPERATIONS UPDATE – International Service Resumption Notice]

Effective Friday, February 25, 2022, the Postal Service will resume acceptance of the following service destined to **New Zealand**: Priority Mail International (PMI). This service resumption only affects the following mail class: Priority Mail International (PMI). The suspension of the following services to New Zealand, effective October 1, 2021, remains active until further notice: Airmail M-bags; International Priority Airmail (IPA) M-bags; International Surface Air Lift (ISAL) M-bags. 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.

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