POSTAL POINTS

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PRC Issues Lukewarm Evaluation of USPS Performance

In a report issued July 7, the Postal Regulatory Commission provided its evaluation of Postal Service performance in fiscal 2013 (October 2012 through September 2013) and its performance plans for fiscal 2014. Given that the latter period is already more than three-fourths over, and despite the vacancy of two of the commission's five seats, critics still may conclude that its report is somewhat less than timely and, as a result, of diminished value to the USPS in executing its fiscal 2014 plan.

Major findings

The PRC highlighted its major conclusions in an executive summary, including:

Service Performance: Overall, the Postal Service partially met the Service performance goal because it met some, but not all, service performance indicator targets. For presort First-Class Mail, all performance indicator targets were met. Single-Piece First-Class Mail performance results were mixed. While the Postal Service measures service performance for all market dominant products, in FY 2013 only service performance for First-Class Mail was included as performance indicators for the Service performance goal. The Postal Service added a new Standard Mail composite target in its FY 2014 Plan. The Commission finds it encouraging that the Postal Service is now measuring and setting performance targets for other market dominant products.

Customer Experience: The Postal Service did not meet its Customer Experience performance goal in FY 2013. It had set a target of 82.5 and achieved an overall customer experience score of 78.4. The Customer Experience goal is measured by national surveys of residential and small/medium business customers. While the Postal Service also surveys large business customers, that survey data are not used in assessing performance towards achieving the Customer Experience goal. To ensure that the satisfaction of all Postal Service customers is being addressed, the Postal Service should include a customer experience performance indicator and target measure for large business customer experiences. In addition, a significant percentage of large business survey respondents do not meet the Postal Service's definition of "large business." The Postal Service should explore this issue to ensure that the survey results reflect the customer experience of the targeted respondents.

Financial Results: The Postal Service partially met its Financial Results performance goal. The FY 2013 Deliveries Per Hour (DPH) result, which the Postal Service uses to measure productivity, did not meet the target. However, the operating loss was less than forecasted. As in previous reviews of Postal Service Annual Performance Reports and Plans, the Commission finds that the Total Factor Productivity (TFP) index may be a better measure of productivity than DPH because it includes major workload components, such as collecting, processing, transporting, and sequencing of mail for delivery that DPH does not.

Workplace Environment: The Postal Service partially met the Workplace Environment performance goal. In FY 2013, its Occupational Safety and Health Administration's (OSHA) Illness and Injury (I&I) Rate of 5.61 met the performance target, but not the Voice of the Employee (VOE) survey target. The VOE survey score remained constant at 64.7 throughout FY 2011, FY 2012, and FY 2013, which demonstrates that the Postal Service is neither improving nor declining in this area. ...

Digging deeper

The balance of the report provided greater detail, and several statistical tables, to support its overall conclusions. For example, regarding service, the PRC added:

"Overall, the Postal Service partially met the Service performance goal because it met some, but not all, targets for the service performance indicators. ... Comparisons between FY 2012 and FY 2013 service performance must be viewed in light of service standard changes associated with the Mail Processing Network Rationalization initiative. This initiative changed service standards by shifting much of the volume of mail previously subject to the overnight service standard to either the 2-day or 3-5-day service standard. In FY 2013, service performance results were mixed. For presort First-Class Mail, all performance indicator targets were met. Single-Piece First-Class Mail performance results were mixed.

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Short Subjects

CBO rates reform measure.

The Congressional Budget Office has released its estimate of the budget impact of HR 2748, the postal reform bill introduced last year by Rep. Darrell Issa (CA 49th). Among other provisions, the bill would reduce USPS expenses by eliminating Saturday mail delivery of letters and flats, reduce benefits to postal workers and retirees, end door delivery of mail in many situations, and change the prefunding formula for future retiree health costs.

According to the CBO, those measures would save the USPS $23.6 billion over the next ten years. (Ten years is the budget "horizon" used in calculating the effect of legislation.) The CBO's estimate assumes that customers would accept higher rates and reduced services in the future. CBO claims the bill would also shift $6.6 billion in costs to taxpayers, increasing the federal budget deficit, but still leaving the proposal with a positive budget "score."

Though neither part of the basic federal budget nor receiving taxpayer dollars, the Postal Service's revenues and expenditures still are included in the unified federal budget – which makes little sense to anyone outside government circles. As a result, that which helps the agency by lowering its expenses (e.g., by trimming prefunding payments to the US Treasury) or increasing its revenues (e.g., by refunding overpayments to employee retirement funds) "scores" against the unified budget and is opposed by conservative politicians and other budget hawks. Conversely, withholding the refund of overpayments, or continuing infeasible annual prefunding contributions, "scores" well for the unified budget, and so are endorsed by the budgets' protectors.

Such logic only works in the political rationale of Congress. [TOP]

The calculated price cap for
Market Dominant Products
is
1.535%
as of
6/17/2014
using the PRC's formula for a price increase on a 12-month interval.
(39 CFR 3010.12, 3010.21, and 3010.26)

The cap will be revised following release of the June CPI-U data on
7/22/2014.

Note: The calculated CPI cap may not be the same as the Postal Service's actual pricing authority in some situations.

Performance Goals by Performance Indicator Results and Targets

Performance Goals	Performance Indicator	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2013 Target	2014 Target
Service (% on-time)	Single-Piece First-Class Mail Overnight	96.2%	96.4%	96.2%	96.5%	96.1%	96.7%	96.8%
	Single-Piece First-Class Mail 2-day	93.7%	93.7%	93.3%	94.8%	95.3%	95.1%	96.5%
	Single-Piece First-Class Mail 3-5-day	92.2%	92.4%	91.9%	92.3%	91.6%	95.0%	95.25%
	Presort First-Class Mail Overnight	N/A	N/A	N/A	96.8%	97.2%	96.7%	96.8%
	Presort First-Class Mail 2-day	N/A	N/A	N/A	95.7%	97.0%	95.1%	96.5%
	Presort First-Class Mail 3-5-day	N/A	N/A	N/A	95.1%	95.1%	95.0%	95.25%
	First-Class Composite	N/A	N/A	N/A	N/A	N/A	N/A	96.0%
	Standard Composite	N/A	N/A	N/A	N/A	N/A	N/A	91.0%
Customer Experience*	CEM Score-Consolidated Residential & Small/Medium Business Customers, Multiple Survey Questions	N/A	N/A	N/A	79.0**	78.4	82.5	82.5
Financial Results	Operating Income (Loss) ($ billions)	N/A	N/A	(2.7)	(2.4)	(1.0)	(2.0)	1.1
	Deliveries per Hour	N/A	N/A	39.9	41.0	41.6	42.7	43.3
Workplace Environment	OSHA Illness and Injury Rate	5.71	5.76	6.03	5.78	5.61	5.72	5.55
	Voice of the Employee Survey	64.0	62.3	64.7	64.7	64.7	64.9	65.1

Source: FY 2013 Annual Report to Congress at 39 (footnotes omitted).

*The Postal Service's original table contains the percentage of customers who are Mostly or Very Satisfied with the Postal Service's overall performance. Postal Service Response to CHIR No. 10, question 3(c). For FY 2010, FY 2011, and FY 2012, 86.4%, 87.2%, and 88.4%, respectively, of residential customers and 81.8%, 83.0%, and 84.1%, respectively, of small/medium business customers were Mostly or Very Satisfied. No performance targets were set. These percentages are not comparable to the consolidated CEM score shown in the body of Table 2.

**United States Postal Service 2012 Annual Report to Congress at 39 (FY 2012 Annual Report to Congress).
N/A—not applicable. No target set or new performance measure.

"The service performance indicator result of 95.3 percent for Single-Piece First-Class Mail 2-day exceeded the FY 2013 target of 95.1 percent. However, the FY 2013 service performance score for Single-Piece First-Class Mail Overnight (96.1) was slightly below the FY 2013 target (96.7). The FY 2013 Single-Piece First-Class Mail 3-5-day service performance score (91.6) was lower than the FY 2013 target (95.0) by almost 3.5 percentage points. FY 2014 targets are also higher than FY 2013 targets.

"The Postal Service did not provide the plans and schedules for achieving service performance targets for FY 2014 as part of its FY 2014 Plan. However, [it later explained] that it will apply Lean Mail Processing principles to improve efficiency, reduce cycle time, and eliminate waste. In addition, it states that the Chief Operating Officer also conducts a monthly Area service review with Area executives that include all service products.

"In the FY 2012 ACD, the Commission recommended that the Postal Service include other market dominant products as Service performance indicators to facilitate comparisons in Annual Performance Reports and Plans. The FY 2013 Report and FY 2014 Plan contain five new performance indicators that support the Service performance goal and related strategic initiatives. The Postal Service introduced three presort First-Class Mail performance indicators along with their FY 2013 measurements and FY 2013 targets. It also proposed both a Standard Composite and a First-Class Composite performance indicator for the Service performance goal, but did not measure service for these performance indicators in FY 2013. The Commission finds it encouraging that the Postal Service is now measuring performance and setting targets for other market dominant products."

- ***Customer Experience:*** "The Postal Service did not meet its Customer Experience performance goal in FY 2013. ... To measure customer satisfaction with market dominant products, the Postal Service surveys large business customers and reports the survey results in its ACR to the Commission. ... However, scores from the large business customers' survey are not used to measure the Postal Service's performance for the Customer Experience goal. ... Some large business CEM survey contacts differ from residential and small/medium business CEM survey contacts. ... All but the plant management contact point for large businesses show a decrease in satisfaction in absolute percentage value. The decrease is based on the unweighted large business customer survey responses. ..." ➔

- ***Financial Performance:*** "The Postal Service partially met this performance goal. ... The FY 2013 DPH of 41.6 did not meet the target of 42.7; however, the operating loss was less than forecasted. The Commission agrees that the Postal Service has progressed in meeting the Financial Results performance goal in that the net operating loss of $1 billion was less than the projected loss in FY 2013 due to the higher than projected mail volume. Nevertheless, in FY 2013, the Postal Service reported its seventh consecutive year of financial loss, amassing a total net deficit of $46.2 billion since FY 2007. The growing net deficit has eroded Postal Service liquidity, resulting in the maximum use of available debt, and put the Postal Service in a situation where its net liabilities exceed its net assets. These factors impede the Postal Service's progress towards achieving the Financial Results performance goal. ... Total workhours continue to decrease despite annual increases in the number of delivery points. The FY 2013 *Annual Report to Congress* states that almost half of Postal Service personnel costs are directly attributable to delivery. ... The Postal Service describes the growth in city delivery workhours as beneficial overall because newly hired 30,433 city carrier assistants resulted in lowering the overall cost of city delivery by $120 million. ... The Postal Service reports that '[t]he growth rate of new delivery points has slowed in recent years, compared to pre-recession levels, due to lower housing starts.' Despite an increase of 773,882 new delivery points in FY 2013, the Postal Service reduced the total number of routes by 1,847 (from 226,999 to 225,152). The FY 2013 *Annual Report to Congress* states that to improve delivery efficiency, the Postal Service converted 43,333 business and 36,302 residential deliveries to centralized deliveries."

Workhours by Function

	FY 2013	*2012*	*2011*	*% Change*	
Workhours by Function	(Workhours in thousands)			2013/2012	2012/2011
City Delivery	393,986	389,219	399,010	1.2%	(2.5%)
Mail Processing	203,802	210,170	215,221	(3.0%)	(2.3%)
Rural Delivery	176,697	177,715	177,384	(0.6%)	0.2%
Customer Service Operations	138,477	144,309	150,203	(4.0%)	(3.9%)
Postmasters	56,028	58,429	59,484	(4.1%)	(1.8%)
Other*	140,841	142,309	147,535	(1.0%)	(3.5%)
Total Workhours	1,109,831	1,122,151	1,148,837	(1.1%)	(2.3%)

* Including Vehicle Services, Plant Maintenance, Operational Support, and Administration.

Source: FY 2013 Form 10-K Report at 30.

So?

No offense to the PRC, but the report really doesn't shed new light. The variances between what the USPS stated in its goals and what it actually did are fairly obvious and, aside from the commission's perspective, the reasons for those differences should be well-known to the Postal Service. As a result, other than simply fulfilling statutory obligations, pointing them out, especially less than three months from the end of the plan year, likely offers little real actionable value. Moreover, the report raises questions that, though not posed directly, still might warrant examination; for example:

- Has the ongoing network consolidation process been implemented as smoothly as the Postal Service planned and, more importantly, without major adverse impact on service? Given the complexity of that process, and the many variables that can affect the success of individual consolidations, it would not be surprising if glitches arose or if unforeseen service impacts occurred. Regardless, it might be helpful if the PRC asked the Postal Service both to acknowledge such challenges and issue explicit, cogent plans to overcome them. Mail users might be more understanding of the difficulties to be expected in the consolidation process if, instead of vague reassurances, they were made confident by specific, measurable plans for remedial action as needed.
- How does customer (dis)satisfaction, especially among the largest mail users who provide the lion's share of USPS revenue, relate to the complexity of current USPS programs (and requirements) related to Full Service IMB, seamless acceptance, and similar programs? While few in the industry argue the long-term merits of these programs, friction, confusion, and challenges continue at the field level, especially when technical problems and questions emerge as the programs are implemented in "live" mailing situations. Commercial mailing service companies don't doubt the sincerity of HQ managers and staff in seeking relatively painless implementation of the programs as much as they doubt the ability of field personnel to grasp the programs' complexities sufficiently to be of service in resolving problems.
- Controlling workhours, and keeping them proportional to volume and workload, may be important to financial performance as part of prudent management. However, why did the PRC's report not highlight that, aside from the need for operational efficiency in its own right, the current emphasis on cost reduction, especially in unpopular ways, might not be as intense if Congress would do its job and rid the agency of pointless obligations? Although it could be argued that legislators are as unmoved by the PRC as they are by the USPS – or anyone else not representing votes or contributions, at least citing their ineptitude in helping the Postal Service would document that the agency's financial straits are not simply the result of management choices or bad luck. [TOP]

Proudly perpetuating postal costs.

Executing its constitutional duty to originate spending proposals, the House has again produced the appropriations bill necessary to fund government operations over the next fiscal year. Each such measure in recent years has included a rider that, in so many words, prohibits the Postal Service from reducing delivery days. This year, some in Congress sought to drop that attachment but, not surprisingly, the influence of the postal carriers' unions again persuaded friendly politicians to keep it in. Equally unsurprising is how some of the unions' cronies quickly patted themselves on the back for once again blocking moves to reduce USPS operating expenses. An example of this is a press release by Rep. Jose Serrano (NY 16th), representing southern Westchester County:

> "Today, Congressman José E. Serrano succeeded in restoring language to an annual appropriations bill requiring the United States Postal Service to maintain six day delivery. The bipartisan amendment, which Congressman Serrano sponsored with Congressman Tom Latham (R-IA), passed and was added to the fiscal year 2015 Financial Services and General Government appropriations bill.
>
> "'This is an important victory for the millions of Americans who depend upon six day delivery to receive vital services in a timely manner. ... The six day delivery requirement has been in appropriations legislation since 1983, and removing it now would have allowed the USPS to make life more difficult for these many small businesses and individuals.
>
> "'Eliminating Saturday mail delivery would be penny wise and pound foolish. There is no indication that getting rid of 6 day delivery will somehow allow the Postal Service to return to sustainability. In fact, previous estimates indicate that getting rid of six day delivery would actually result in a loss of revenue that outweighs projected savings.
>
> "'That is why Congressman Latham and I introduced this amendment. I thank my colleagues on both sides of the aisle for supporting it.'
>
> "The amendment passed by voice vote. The bill now moves to the full House of Representatives for their consideration."

Apparently the unions' allies in Congress believe the over $2 billion that the USPS could save annually by trimming letter and flat delivery to five days is less important than keeping their patrons in organized labor happy. After all, re-election is what it's all about for politicians. [TOP]

USPS Announces Resumption of Network Rationalization Effort in 2015

In an *Industry Advisory* distributed June 30, the Postal Service announced it will resume the network rationalization process that it started in 2011, following a hiatus since the fall of 2013. The announcement included a link to a list of the facilities that are planned to be consolidated in 2015 once the process resumes. The text of the announcement and the list of facilities appear below.

Dear Valued Customer,

The United States Postal Service is planning to resume the rationalization of our network of mail processing facilities which began in 2012. To provide adequate time for planning and preparation, the Postal Service is providing this six-month advance notice of consolidations, for up to 82 facilities, which will begin early January 2015 and be completed by the fall mailing season.

The Postal Service will provide detailed information about its network rationalization planning in the coming weeks. As with prior network rationalization efforts, the Postal Service will work closely with customers to mitigate potential issues associated with transportation and logistical requirements.

In 2012 and 2013, the Postal Service consolidated 141 mail processing facilities. This rationalization was highly successful, resulted in negligible service impact, generating annualized cost savings of $865 million and required no employee layoffs. The Postal Service expects the completion of this phase of network rationalization will generate an additional $750 million in annual savings.

Why are we taking this step now?

Over the past three years, the Postal Service recorded financial losses of $26 billion. The Postal Service receives no tax-payer funds to pay for operating costs and derives all of its revenues from the sale of our products and services, and continues to face significant financial challenges associated with the decline of First-Class Mail volume and revenue, wage and benefit inflation, increasing operating costs, as well as legislative mandates and significant debt pressures. Moreover, the uncertainty regarding legislative reform and review of postal rates in the courts continues to delay needed capital investments to acquire package sorting equipment and replace an aging mail delivery fleet.

We believe strongly that this phase of network rationalization will establish the low-cost, technology-centric delivery platform necessary to serve the mailing and shipping industry for decades to come. We look forward to discussing our specific plans for our network in the coming weeks.

The list of facilities to be consolidated after January of 2015 is available at http://usps.com/ourfuturenetwork.

Future Network Rationalization Planned AMP Consolidations						**Previous USPS Info**
Continuation of Phase I consolidations dependent on completion of North Houston facility expansion						
Consolidation Facility	**City**	**State**	**Gaining Facility(ies)**	**City**	**State**	
Beaumont P&DF	Beaumont	TX	North Houston P&DC	Houston	TX	Orig mail consol 10/2011
Houston	Houston	TX	North Houston P&DC	Houston	TX	Orig mail consol 5/2013
Planned Phase 2 Consolidations						
Consolidation Facility	**City**	**State**	**Gaining Facility(ies)**	**City**	**State**	
Abilene CSMPC	Abilene	TX	Austin P&DC Midland P&DF	Austin Midland	TX TX	
Akron P&DC	Akron	OH	Cleveland P&DC	Cleveland	OH	Orig mail consol 7/2013
Asheville P&DF	Asheville	NC	Greenville P&DC	Greenville	SC	Orig mail consol 7/2013
Athens GA P&DF	Athens	GA	North Metro P&DC	Duluth	GA	**Consol complete 2/2013**
Augusta P&DF	Augusta	GA	Columbia P&DC Macon P&DC	West Columbia Macon	SC GA	
Bemidji CSMPC	Bemidji	MN	Minneapolis P&DC	Minneapolis	MN	
Bend CSMPC	Bend	OR	Portland P&DC	Portland	OR	Orig mail consol 4/2013
Campton CSMPC	Campton	KY	Louisville P&DC	Louisville	KY	
Cape Girardeau P&DF	Cape Girardeau	MO	Saint Louis P&DC	Saint Louis	MO	Orig mail consol 7/2013
Central Mass P&DC	Shrewsbury	MA	Boston P&DC (ltrs only) Middlesex Essex P&DC (flts only)	Boston North Reading	MA MA	
Chattanooga P&DC	Chattanooga	TN	Nashville P&DC Atlanta P&DC	Nashville Atlanta	TN GA	
Colorado Springs P&DC	Colorado Springs	CO	Denver P&DC	Denver	CO	**Consol complete 6/2013**
Corpus Christi P&DC	Corpus Christi	TX	San Antonio P&DC	San Antonio	TX	
Dakota Central P&DF	Huron	SD	Sioux Falls P&DC	Sioux Falls	SD	
Dayton P&DC	Dayton	OH	Columbus P&DC	Columbus	OH	Orig mail consol 1/2013
Duluth P&DF	Duluth	MN	Saint Paul P&DC	Saint Paul	MN	
Eau Claire P&DF	Eau Claire	WI	Saint Paul P&DC	Saint Paul	MN	Orig mail consol 9/2013
Elko CSMPC	Elko	NV	Salt Lake City P&DC	Salt Lake City	UT	
Erie P&DF	Erie	PA	Pittsburgh P&DC Rochester P&DC	Pittsburgh Rochester	PA NY	
Eugene P&DF	Springfield	OR	Portland P&DC	Portland	OR	
Eureka CSMPC	Eureka	CA	Medford CSMPC	Medford	OR	
Fayetteville NC Annex	Fayetteville	NC	Fayetteville P&DC	Fayetteville	NC	
Fayetteville P&DC	Fayetteville	NC	Charlotte P&DC Raleigh P&DC	Charlotte Raleigh	NC NC	
Florence P&DF	Florence	SC	Columbia P&DC	Columbia	SC	**Consol complete 2/2013**
Fox Valley P&DC	Fox Valley	IL	So Suburban P&DC	Bedford Park	IL	Orig mail consol 1/2011
Gainesville P&DC	Gainesville	FL	Jacksonville P&DC	Jacksonville	FL	**Consol complete 2/2013**
Gary P&DC	Gary	IN	So Suburban P&DC	Bedford Park	IL	Orig mail consol 3/2013
Grand Island P&DF	Grand Island	NE	Omaha NE P&DC	Omaha	NE	Orig mail consol 6/2013
Grenada CSMPC	Grenada	MS	Jackson P&DC	Jackson	MS	**Consol complete 6/2013**
Gulfport P&DF	Gulfport	MS	Mobile P&DC	Mobile	AL	

Consolidation Facility	City	State	Gaining Facility(ies)	City	State	Previous USPS Info
Hattiesburg CSMPC	Hattiesburg	MS	Mobile P&DC	Mobile	AL	Orig mail consol 6/2013
Huntsville P&DF	Huntsville	AL	Birmingham P&DC	Birmingham	AL	**Consol complete 6/2013**
Industry P&DC	City Of Industry	CA	Santa Ana P&DC (letters) Anaheim P&DC (flats)	Santa Ana Anaheim	CA CA	
Iron Mountain P&DF	Kingsford	MI	Green Bay P&DC	Green Bay	WI	
Jet Cove Annex	Memphis	TN	Memphis TN P&DC	Memphis	TN	Previously disapproved
Kalamazoo P&DC	Kalamazoo	MI	Grand Rapids P&DC	Grand Rapids	MI	Orig mail consol 9/2010
Kokomo IN P&DF	Kokomo	IN	Indianapolis P&DC	Indianapolis	IN	
La Crosse P&DF	La Crosse	WI	Saint Paul P&DC	Saint Paul	MN	**Consol complete 6/2013**
Lafayette IN P&DF	Lafayette	IN	Indianapolis P&DC	Indianapolis	IN	Orig mail consol 6/2011
Lancaster P&DF	Lancaster	PA	Harrisburg P&DC	Harrisburg	PA	**Consol complete 7/2013**
Lansing P&DC	Lansing	MI	Michigan Metroplex Grand Rapids P&DC	Pontiac Grand Rapids	MI MI	Orig mail consol 2/2013
Lexington P&DC	Lexington	KY	Louisville P&DC Knoxville TN P&DC	Louisville Knoxville	KY TN	**Consol complete 7/2013**
Madison P&DF	Madison	WI	Milwaukee P&DC	Milwaukee	WI	
Manasota P&DC	Sarasota	FL	Fort Myers P&DC Tampa P&DC	Fort Myers Tampa	FL FL	**Consol complete 3/2010**
Mankato P&DF	Mankato	MN	Minneapolis P&DC	Minneapolis	MN	Orig mail consol 6/2013
Middlesex Essex P&DC	North Reading	MA	Boston MA P&DC	Boston	MA	Orig mail consol 10/2013
Mid-Florida P&DC	Mid Florida	FL	Orlando P&DC	Orlando	FL	Dest mail consol 6/2013
Mid-Hudson P&DC	Newburgh	NY	Albany P&DC	Albany	NY	**Consol complete 10/2013**
Minot CSMPC	Minot	ND	Bismarck P&DF	Bismarck	ND	
Muncie P&DF	Muncie	IN	Indianapolis P&DC	Indianapolis	IN	Orig mail consol 6/2011
New Orleans P&DC	New Orleans	LA	Baton Rouge P&DC	Baton Rouge	LA	
Norfolk NE P&DF	Norfolk	NE	Omaha NE P&DC	Omaha	NE	Orig mail consol 6/2013
Norfolk P&DC	Norfolk	VA	Richmond P&DC	Sandston	VA	Orig mail consol 8/2013
North Bay P&DC	Petaluma	CA	Oakland P&DC	Oakland	CA	Orig mail consol 8/2012
Northwest Boston P&DF	Waltham	MA	Boston P&DC (ltrs only) Middlesex Essex P&DC (flts only)	Boston North Reading	MA MA	Orig mail consol 1/2006 Dest mail consol 9/2013
Paducah P&DF	Paducah	KY	Evansville P&DF	Evansville	IN	
Pendleton CSMPC	Pendleton	OR	Portland P&DC	Portland	OR	Orig mail consol 4/2013
Pocatello ID CSMPC	Pocatello	ID	Salt Lake City P&DC	Salt Lake City	UT	
Provo CSMPC	Provo	UT	Salt Lake City P&DC Grand Junction CSMPC Las Vegas P&DC	Salt Lake City Grand Junction Las Vegas	UT CO NV	
Queens P&DC	Flushing	NY	Brooklyn P&DC	Brooklyn	NY	Orig mail consol 12/2009
Redding CSMPC	Redding	CA	West Sacramento P&DC	West Sacramento	CA	
Roanoke P&DC	Roanoke	VA	Greensboro P&DC	Greensboro	NC	
Rock Springs CSMPC	Rock Springs	WY	Salt Lake City P&DC	Salt Lake City	UT	
Rocky Mount P&DF	Rocky Mount	NC	Raleigh P&DC	Raleigh	NC	
Saint Cloud P&DF	Waite Park	MN	Minneapolis P&DC	Minneapolis	MN	Orig mail consol 9/2013
Salina KS P&DF	Salina	KS	Wichita P&DC	Wichita	KS	Orig mail consol 7/2013
Scranton PA P&DF	Scranton	PA	Lehigh Valley PA P&DC	Lehigh Valley	PA	**Consol complete 4/2013**
Seattle WA East DDC	Redmond	WA	Seattle P&DC	Seattle	WA	**“No processing” 3/2014**
South Bend P&DC	South Bend	IN	Fort Wayne P&DC	Fort Wayne	IN	
Southern Connecticut P&DC	Wallingford	CT	Hartford CT P&DC Springfield NDC	Hartford Springfield	CT MA	**Consol complete 9/2013**
Southern Maryland P&DC	Capital Heights	MD	Suburban P&DC	Gaithersburg	MD	Orig mail consol 7/2013
Springfield MO P&DF	Springfield	MO	Kansas City P&DC	Kansas City	MO	
Stamford P&DC	Stamford	CT	Westchester NY P&DC	White Plains	NY	**Consol complete 9/2013**
Tacoma P&DC	Tacoma	WA	Seattle P&DC	Seattle	WA	
Toledo P&DF	Toledo	OH	MI Metroplex P&DC Detroit P&DC Columbus P&DC	Pontiac Detroit Columbus	MI MI OH	
Tucson P&DC	Tucson	AZ	Phoenix P&DC	Phoenix	AZ	**Consol complete 9/2013**
Tulsa P&DC	Tulsa	OK	Oklahoma City P&DC	Oklahoma City	OK	
Wausau P&DF	Rothschild	WI	Green Bay P&DC	Green Bay	WI	Orig mail consol 7/2013
Wenatchee CSMPC	Wenatchee	WA	Spokane P&DC	Spokane	WA	
Youngstown P&DF	Youngstown	OH	Cleveland P&DC	Cleveland	OH	**Consol complete 10/2013**

To employees

In concurrent messages to employees by video and later posted on the Postal Service’s daily *Link*, the Postmaster General added that

> “The Postal Service has recorded substantial losses over the last three years and continues to see steep declines in First-Class Mail volume and revenue. As a result, we find ourselves with excess capacity in the network and few alternatives to reduce costs. Our operating costs are continuing to increase, and our debt and other liabilities threaten our financial viability. ...
>
> “USPS also is grappling with legislative mandates, ongoing uncertainty over legislative reform, and a court review of recent price changes, which have delayed much-needed investments in new equipment and vehicles.”

The Postal Service’s internal message also noted that

> “In 2012 and 2013, USPS consolidated 141 mail processing facilities, generating annualized cost savings of approximately $865 million. The consolidations required no employee layoffs. For employees who may be impacted by upcoming consolidations, the Postal Service remains committed to finding reassignment opportunities in other locations [and] to keeping employees informed.” ➔

Just don't do it

Of course, the revival of the network rationalization process, which, by definition, intends to reduce complement as well as infrastructure, was immediately assailed by the American Postal Workers Union. In an overwrought *News Article*, titled "Postmaster General Declares War on Service," the union pledged to "launch [a] vigorous campaign against plant closures [and] consolidations."

> "The APWU today denounced plans by the Postal Service to resume the closure and consolidation of up to 82 mail processing plants beginning in January 2015.
>
> "'This is a direct assault on service to the people of the country, on postal workers and on the Postal Service's own network,' said union President Mark Dimondstein. The closure of the plants will require the USPS to degrade service standards and delay mail. 'We need a Postmaster General who will champion the Postal Service. Instead, PMG Donahoe is on a rampage to destroy it,' he said. ... The APWU president vowed to work with other postal unions and the public 'to muster a fight-back similar to our campaign to *Stop Staples* and the recent campaign to protect six-day mail delivery.' ...
>
> "'These plants are suffering from last year's hit,' said Executive Vice President Debby Szeredy. 'Now the delays in mail delivery will become even longer, damaging service to individuals, small businesses, and mailers. Package deliveries, bills and bill payments, election materials, absentee ballots, wedding invitations and letters to family and friends will be adversely affected by this move,' she said. ... The Postal Service claims the plant closures will generate $750 million in annual savings. 'Yet he is ignoring a report by the USPS Office of Inspector General that says the Postal Service could generate $9 *billion* by offering basic financial services without any cuts to traditional postal service. ... Something is wrong with this mentality. ... Donahoe claims that there have been steep declines in First-Class Mail,' Szeredy pointed out, 'yet he fails to tell the public that the USPS has already given away 60 percent of first-class mail processing to Pitney Bowes and other pre-mail sort houses.'
>
> "'The APWU headquarters will release a major battle plan to stop the consolidations and the attack on service because the future of the USPS depends on it,' the union vice president said. 'We will make this fight a nationwide campaign and ask all Americans to stand up and fight back. Get ready for the crusade. We cannot sit back and let the PMG destroy our Postal Service,' she said."

As in the past, the union's hysterical rhetoric again seeks to equate service to the public with its own interests, and to argue that its crusade is to preserve such service – without mentioning that preserving union jobs would also result.

Given the decline of First-Class Mail volume and the lack of outcry over the continuing phase-out of overnight service, it's questionable how much public ire the union will find available for its cause. Of course, regardless of public opinion, the APWU and its labor brethren can always rest assured that their political cronies in Congress will dutifully wail and gnash their teeth in the defense of union interests.

Meanwhile, Sen. Tom Carper (DE) used the announcement to again note Congress' failure to act of postal reform legislation, emphasizing how his proposal would delay the 82 closings despite the Postal Service's dire financial situation.

> "Fortunately, there's another way to address the crippling financial challenges facing the Postal Service. Bipartisan legislation approved by my committee earlier this year would generate significant savings by addressing longstanding health care and pension issues that have drained the Postal Service of billions of dollars over the years. It would also free the Postal Service to compete more aggressively in some key areas and allow it to raise additional revenue over time. While we wait for these reforms to bear fruit, our bill would also keep these 82 plants open for at least two years."

Checking the plan

Looking at the list issued by the Postal Service – aside from assessing its logistic impact – unfortunately reveals a chronic problem facing mail producers: what exactly is the status of the postal network's many facilities?

For decades, as mail volume grew, and in recent years as that trend has increasingly gone the other way, the Postal Service has continuously evaluated its network of facilities, such as under the "area mail processing" concept or the "evolutionary network design" process. Understandably, the resulting list of processing facilities and annexes has been somewhat fluid, and more so as closures and consolidations have been more aggressively pursued since 2010.

This ongoing reorganization – an admittedly complex process that can only be implemented in steps – hasn't always been as transparent to the mailing community as even the Postal Service may believe. In various forms, the exact number and names of facilities being closed or consolidated, and the timing of those actions, has varied. Lists provided to the unions, to the Postal Regulatory Commission, or in Congressional testimony, haven't always aligned. Similarly, the agency has maintained two different websites, one for its area mail processing studies and another for the rationalization process, that didn't always agree. Consequently, as might have been expected, the latest list of targeted facilities is inconsistent with that the Postal Service has itself reported in the past.

(In the preceding chart, the "Previous USPS Info" column shows how some facilities' status was stated by the USPS in earlier reports. Accordingly, the remaining activity for the 28 annotated "Orig mail consol [date]" or two marked "Dest mail consol [date]" presumably will be the transfer or whatever destinating or originating mail processing that remains. However, it's unclear what remains to be done for 17 facilities (annotated "Consol complete[date]") that the agency had already been reported as consolidated or closed.)

One of the final steps to whatever consolidation activity occurs is the publication of labeling lists and other logistic information for use by mail preparers and their carriers. Here, too, past experience has shown that what may be reported (or not) in one source regarding a particular facility is contradicted (or omitted) in others. It's difficult enough to reconcile inconsistent reports about facility status, but it's another to have mail being directed to the wrong place for entry – wasting both customer and postal resources.

In view of this, observers and commercial mail preparers might ask that the Postal Service pay closer attention to providing accurate, consistent reports of facility status as this latest round of consolidations in implemented.

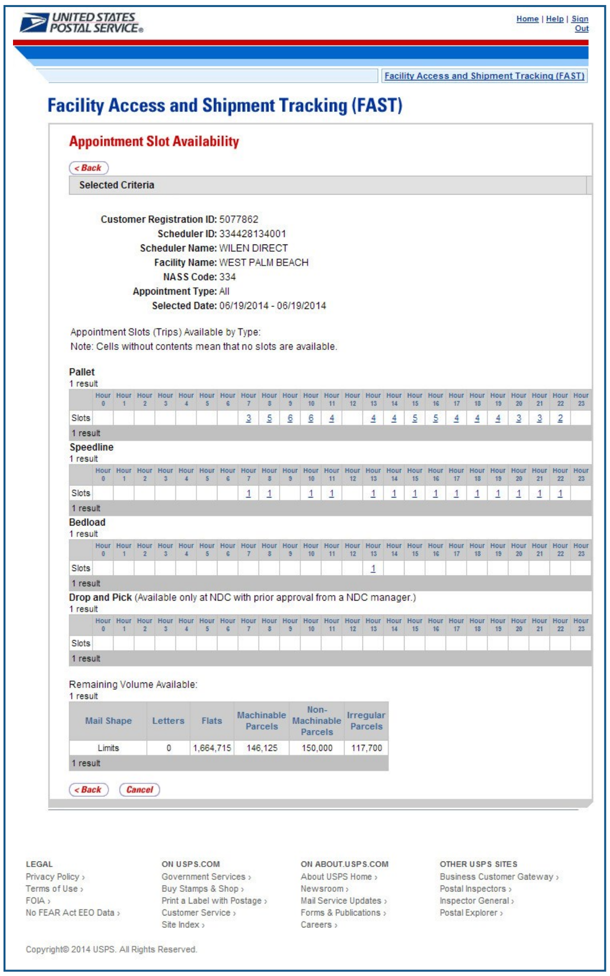
Beyond that, the resumption of network rationalization requires a consistent response to the Postal Service from ratepayers and the businesses who work for them: finish the job. The economic necessity of downsizing the postal infrastructure is unavoidable, both to align it with anticipated volume and to keep operating costs (which translate into rates) in check. It's equally critical, of course, to execute the rationalization process in a way that maintains service – as the USPS has promised – so that mail users continue to see its value and invest their dollars in its use. Despite the unions' myopia, helping the USPS survive is good policy for both the agency's customers and its employees. **[TOP]**

Planning Ahead: Mailer Experiences and Mailer Advice

Today's mailing service provider faces ever-increasing complexity, both in the sophistication of mail production and the requirements of the Postal Service. The pitfalls that can await a commercial mailer are, accordingly, many and potentially challenging – which makes sharing, and learning from, the experiences and advice of colleagues all the more important. Below are some insights and experiences which, hopefully, will enable other association members to avoid problems.

1. Dealing with Load Leveling

Waiting until the last minute to schedule a FAST appointment can cause problems for a mailer and impact its customers' business. As readers may recall, trying to make itself more efficient, the USPS (against the advice of the Postal Regulatory Commission and many in the industry) decided to introduce "Load Leveling" to solve its early week delivery volume problem. This plan extended the service standard for SCF-entered Standard Mail letters by an additional delivery day – meaning Friday drop shipments of Standard Mail letters at an SCF might not be delivered until Tuesday, and Saturday drop shipments might not be delivered until Wednesday. (Before load leveling, Friday and Saturday SCF drop shipments of Standard Mail letters would have a delivery standard of Monday and Tuesday, respectively.)


UNITED STATES POSTAL SERVICE

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Facility Access and Shipment Tracking (FAST)

Facility Access and Shipment Tracking (FAST)

Appointment Slot Availability

< Back

Selected Criteria

Customer Registration ID: 5077862
Scheduler ID: 334428134001
Scheduler Name: WILEN DIRECT
Facility Name: WEST PALM BEACH
NASS Code: 334
Appointment Type: All
Selected Date: 06/19/2014 - 06/19/2014

Appointment Slots (Trips) Available by Type:
Note: Cells without contents mean that no slots are available.

Pallet
1 result

	Hour 0	Hour 1	Hour 2	Hour 3	Hour 4	Hour 5	Hour 6	Hour 7	Hour 8	Hour 9	Hour 10	Hour 11	Hour 12	Hour 13	Hour 14	Hour 15	Hour 16	Hour 17	Hour 18	Hour 19	Hour 20	Hour 21	Hour 22	Hour 23
Slots								3	5	6	6	4		4	4	5	5	4	4	4	3	3	2	

1 result

Speedline
1 result

	Hour 0	Hour 1	Hour 2	Hour 3	Hour 4	Hour 5	Hour 6	Hour 7	Hour 8	Hour 9	Hour 10	Hour 11	Hour 12	Hour 13	Hour 14	Hour 15	Hour 16	Hour 17	Hour 18	Hour 19	Hour 20	Hour 21	Hour 22	Hour 23
Slots								1	1		1	1		1	1	1	1	1	1	1	1	1	1	

1 result

Bedload
1 result

	Hour 0	Hour 1	Hour 2	Hour 3	Hour 4	Hour 5	Hour 6	Hour 7	Hour 8	Hour 9	Hour 10	Hour 11	Hour 12	Hour 13	Hour 14	Hour 15	Hour 16	Hour 17	Hour 18	Hour 19	Hour 20	Hour 21	Hour 22	Hour 23
Slots														1										

1 result

Drop and Pick (Available only at NDC with prior approval from a NDC manager.)
1 result

	Hour 0	Hour 1	Hour 2	Hour 3	Hour 4	Hour 5	Hour 6	Hour 7	Hour 8	Hour 9	Hour 10	Hour 11	Hour 12	Hour 13	Hour 14	Hour 15	Hour 16	Hour 17	Hour 18	Hour 19	Hour 20	Hour 21	Hour 22	Hour 23
Slots																								

1 result

Remaining Volume Available:
1 result

Mail Shape	Letters	Flats	Machinable Parcels	Non-Machinable Parcels	Irregular Parcels
Limits	0	1,664,715	146,125	150,000	117,700

1 result

< Back Cancel

LEGAL: Privacy Policy › Terms of Use › FOIA › No FEAR Act EEO Data ›
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ON ABOUT.USPS.COM: About USPS Home › Newsroom › Mail Service Updates › Forms & Publications › Careers ›
OTHER USPS SITES: Business Customer Gateway › Postal Inspectors › Inspector General › Postal Explorer ›

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In practice, to prioritize the mail in processing plants, the USPS stages it on the workroom floor or in a tray management system that has a limited capacity. What does this mean to mailers? In the example provided – from the West Palm Beach (FL) facility – there were 62 open appointments for pallet delivery on a Friday. That was good, unless the drop shipment was Standard Mail letters. (Note that on the bottom, under "Volume," there are "0" left for letter mail, meaning a mailer cannot get an appointment until Saturday, which means the related mail may not be delivered until as late as the following Wednesday.)

~~Would UPS or FedEx say bring your packages back another day?~~ Lesson to be learned: don't wait until the day before to make SCF drop shipment appointments, and work with customers to plan a production and logistics timeline that enables earlier FAST appointments.

As a "PS" to this, a Networks Specialist at USPS Headquarters told one member "we have not changed any letter volumes constraints with the load leveling constraints," and that HQ doesn't believe there is a national issue. "If there is any time that a customer is unable to make an appointment due to no slot or volume availability, they can open a ticket with the FAST help desk," the specialist added, noting that once that's done, "the area and HQ FAST coordinators will intercede with the site to see if they can accommodate the volume or slot availability that the customer needs to make their appointment."

2. Thresholds~~I guess the person responding did not think there was an issue with 61 open appointments and yet no letter content, would be allowed!~~

As the Postal Service moves itself and most commercial mailing activity into the worlds of Full Service IMB and Seamless Acceptance, part of the its plan is to evaluate many mail characteristics in-process (rather than at acceptance) and, in turn, to grade mail producers' quality performance. This could be problematic for those producers – who've invested in presort software, post-presort software, NCOA$^{\text{Link}}$, piece tracking, and other technology – especially if, after all that investment, mail production glitches are detected by the USPS. The agency's examination will include both the mail as it's processing on its sorting equipment and the related electronic documentation (e.g., mail.dat files). It will check whether the presort files were updated, whether the right piece was put in the right tray and the right tray on the right skid, and much more.

The results will be aggregated and evaluated on a monthly basis, and each element that's examined has a threshold – the maximum tolerance of error that the USPS will accept. If errors in excess of the threshold were detected, the mail preparer will receive a bill on the tenth of the following month. The preparer will have about a week to evaluate the report from the USPS and to dispute it, if appropriate, by filing an appeal with the local Business Mailers Support staffer.

But where do the thresholds come from? Each has a different basis, but some, ~~The USPS uses very scientific measurements to develop the thresholds.~~ like the COA threshold, seem questionable. In this case, over the past four months, during MTAC Workgroup meetings, a COA threshold of .05%, .5%, or 1% was discussed, but a 0.8% threshold was implemented; why 0.8%%? Reportedly, the USPS team working on seamless acceptance compared the revenue from penalties for COA errors now being detected on MERLIN to the revenue that would be developed from penalties for errors in a pool of Full Service mailings that used COA STIDs. In an effort to keep the penalty revenues equal, various thresholds were tested, ultimately yielding the 0.8% figure. Aside from whether this was a reasonable process, and whether equalizing penalty revenue should have been the criterion, other questions arise. For example, MERLIN uses a sample from a mailing, while Full Service and seamless look at all pieces (a~~were~~ "census"); can the results of a ➔

sampling be meaningfully compared to the results of a census? MERLIN uses a COA data base that is internal to the USPS, whereas mailers use NCOA[Link]. ~~Is it appropriate to set a threshold by matching a dollar amount?~~ Was it correct to exclude from the Full Service mailing pool pieces on which the sender didn't ask for address correction, even though they would be measured for Move Update in the future?~~As stated above, the USPS used a very scientific method to reach this threshold level.~~

Then there's the issue of "undocumented mail." For example, that can occur ~~If~~if a mailer's product is being processed on sorting equipment and a USPS employee picks up another, unrelated, tray of mail that has bad barcodes or incorrect information that cannot be read. Even though not part of the mailer's product, the pieces in the added tray become "undocumented mail" – counted against the mailer's threshold for such mail – because they were processed (incorrectly) as part of it. This gets compounded if the foreign mailpieces violate other criteria, such as Move Update. The upshot is that the mailer cannot prove the resulting error – that the pieces weren't part of its product – so the mailer would need to rely on the appeal process if those pieces caused the mailer to be in violation of an applicable threshold.

(One member company adds a worst case scenario: if a mailer's product gets "lost in the system" and isn't processed until day 46 (i.e., more than 45 days after the original mailing and related documentation were submitted to the USPS), all of the mailpieces would be considered "undocumented mail.")

2014 Labeling List and Mail Direction File Schedule

	AIS Files, Publish City State Files*** (date available on EPF)	Publish Date of Labeling List, Zone Matrix and Drop Ship Product, Files**	City/State, Label List, Delivery Stats, Drop Ship Product, and Zone Matrix Begin Usage Date	City/State, Delivery Stats, Label List, Drop Ship Product, and Zone Matrix Mandatory Usage Date	City/State, Delivery Stats, Label List, Drop Ship Product, and Zone Matrix Expiration****	Accept 8125 of Old Address	Release Cycle Types*
1	11/11/2013	12/15/2013	1/1/2014	2/1/2014	4/30/2014	5/30/2014	ALL
2	12/16/2013	1/15/2014**	1/26/2014				FSS Labeling List/Drop Ship
3	2/10/2014	3/15/2014	4/1/2104	5/1/2014	7/31/2014	8/30/2014	ALL
4	5/12/2014	6/1/2014	7/1/2014	8/1/2014	9/30/2014	10/30/2014	Major
5	7/14/2014	8/1/2014	9/1/2014	10/1/2014	10/31/2014	11/30/2014	Minor
6	8/11/2014	9/1/2014	10/1/2014	11/1/2014	11/30/2014	12/30/2014	Major
7	9/15/2014	10/1/2014	11/1/2014	12/1/2014	12/31/2014	1/30/2015	Minor
8	10/13/2014	11/1/2014	12/1/2014	1/1/2015	1/31/2015	3/2/2015	Minor

*Major = major changes to labeling lists (3-digits, 5-digits (schemes), Minor=tweaks to existing 5-digits (schemes)
** A special release of the zone chart matrix and drop ship product file will be available on January 2 and January 15 (respectively) to align with the January 26 price change.
*** Intended usage to align with pre-sort directories
****Current through October 2014, expiration is based on current postal validations occurring. After October 2014, the expiration will be based off of mai induction.

3. Drop at the right place

Where to drop ship today may not be where to drop ship tomorrow, so attention is needed to using the correct USPS information.

The release schedule for the Mail Direction Files and labeling lists is changing in September. Mailing service providers will have thirty days to transition into the file, and thirty days to transition out of the file. Commercial mail producers need to keep in mind that, for drop shipment of Standard Mail, the last day of usage for a file is the induction date for the mail, not the date of its verification.

4. Two cautionary tales

It's entirely likely that there's no commercial mail preparer – printer, letter shop, presorter – that has never learned the consequences of running afoul of the Postal Service's mailing standards, but few may have faced such penalties as two mail users whose experience was reported in a June 30 posting by *Dead Tree Edition* entitled "Subtle Violations of Postal Regulations Can Cost Mailers Millions," excerpted below:

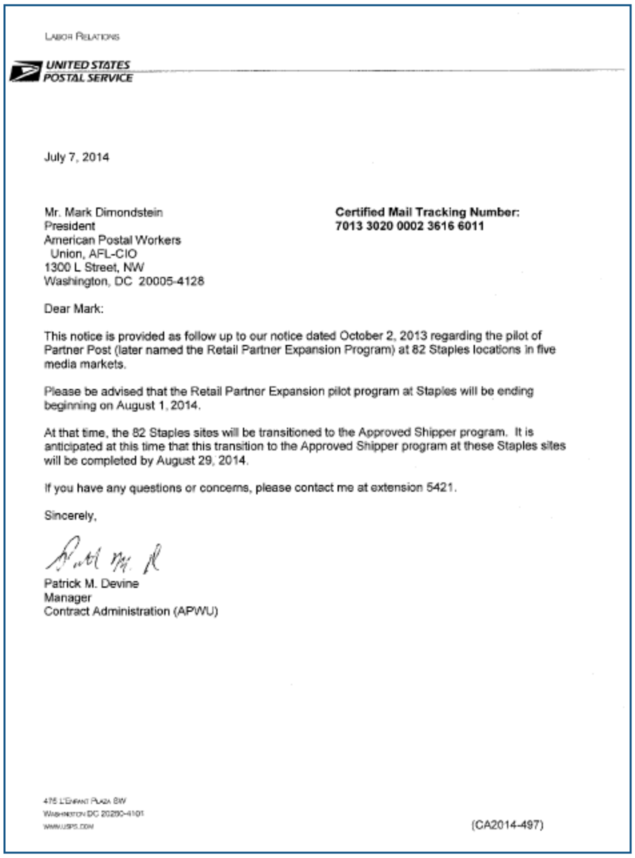
> "The US Postal Service assessed Southern California Edison $7.6 million in penalties for not keeping its address lists up to date, and Sears $1.1 million for allegedly violating the rules governing how folded self-mailers should be sealed, according to ... appeals of the USPS decisions [filed by the companies] on June 18 with the US District Court in Washington. ...
>
> "SCE was dinged because of a 'suspiciously high increase' in the amount of undeliverable and return-to-sender First Class Mail it sent between 2006 and 2008. The big utility acknowledges two minor errors in its address-correction procedures – regarding missing suite or apartment numbers and the handling of fractional-number street addresses (such as 29 ½ Elm Street) – but contends those did not cause an appreciable increase in bad addresses. 'A more plausible explanation is the upsurge of unemployment, bankruptcies, foreclosures and mortgage defaults that occurred in SCE's service area during that period,' the appeal states. USPS also objected to SCE manually overriding the Postal Service's address-correction database – even though those overrides were based on customer communications indicating that the USPS data were out of date, the company contends. The Postal Service ordered SCE to refund to the Postal Service the entire $7.6 million in discounts that SCE earned for its mail preparation work on the 82 million pieces of presorted First-Class Mail that SCE mailed between May 14, 2007 and November 26, 2008.
>
> "Sears, like SCE, notes that its postal penalties exceed by many times the Postal Service's estimated costs resulting from the alleged violations. (Generally speaking, the penalty for violating mailing standards is indeed the loss of discounts on the entire mailing and not based on USPS's actual costs or on the portion of the mailing that was problematic.) Sears ran into trouble with the USPS over the placement and type of seals on 6.3 million folded Standard Class self-mailers it sent for two 2009 promotions. Such mailers are sometimes called 'fletters' because they have the dimensions of flat (e.g. catalog) mail but are folded and sealed so they can go through USPS's letter-sorting equipment and mail at the lower letter rates. Sears contends the mailings met postal regulations or were specifically approved by postal officials because they were designed not to jam letter-sorting machinery. But USPS ended up determining that the pieces needed an additional adhesive tab and that some were improperly sealed with glue instead of tabs. 'The Postal Service, after extensive empirical testing and analysis of alternative seal designs, soon afterwards adopted rule changes that explicitly authorized the same design features soon after the mailings occurred,' the Sears lawsuit contends.
>
> "Discussions and arguments over fletter mail were frequent a few years ago, partly because mailers and postal employees struggled to understand the regulations. That was complicated by frequent tweaks to the rules when USPS discovered that some mail pieces that met the standards were still gumming up the works."

Of course, having read these observations, comments, and experiences, commercial mailing producers are now the horses who've been led to water, so to speak. Drink well. [And thanks to Tom Glassman, Wilen Direct, for his contributions to this article; he’s had his share of water already.] **[TOP]**

USPS Modifies its Relationship with Staples

With a typical lack of public announcement, the Postal Service has decided to modify its business relationship with Staples, the office products chain. Last October, also without public announcement, the USPS and the chain had entered into an agreement under the "Retail Partner Expansion Program" to open contract postal units in 82 Staples stores; additional units in other stores could follow (see the November 25, 2013, issue of *Postal Points*).

Since then, the American Postal Workers Union, representing retail clerks at post offices, among other employees, has fiercely opposed the pact, often alleging that the "low-paid" Staples staff wasn't as qualified to serve postal customers as unionized postal employees. The APWU also has engaged in picketing at Staples stores, and garnered support from other unions to protest the company's deal with the USPS.



LABOR RELATIONS

UNITED STATES POSTAL SERVICE

July 7, 2014

Mr. Mark Dimondstein
President
American Postal Workers
Union, AFL-CIO
1300 L Street, NW
Washington, DC 20005-4128

Certified Mail Tracking Number:
7013 3020 0002 3616 6011

Dear Mark:

This notice is provided as follow up to our notice dated October 2, 2013 regarding the pilot of Partner Post (later named the Retail Partner Expansion Program) at 82 Staples locations in five media markets.

Please be advised that the Retail Partner Expansion pilot program at Staples will be ending beginning on August 1, 2014.

At that time, the 82 Staples sites will be transitioned to the Approved Shipper program. It is anticipated at this time that this transition to the Approved Shipper program at these Staples sites will be completed by August 29, 2014.

If you have any questions or concerns, please contact me at extension 5421.

Sincerely,

Patrick M. Devine
Manager
Contract Administration (APWU)

475 L'Enfant Plaza SW
Washington DC 20260-4101
WWW.USPS.COM

(CA2014-497)

In a July 7 letter, the Postal Service informed the union that the Staples pilot program was ending August 1 and that the pilot sites would be "transitioned" to the Approved Shipper program later in the month.

Though the original pilot contemplated potentially expanding the USPS presence to other Staples stores, nothing was said in that regard in the letter to the union.

Of course, this retreat by the USPS still didn't satisfy the APWU. In a July 9 *Web News Article*, the union's president continued to rant about the situation, calling the Postal Service's statement "a ruse," and adding that the name change doesn't address "the fundamental concerns of postal workers and postal customers."

Beyond that, and clearly seeking to inflame his membership further, the APWU president stated

> "The USPS letter to the APWU makes it clear: The Postmaster General intends to continue to privatize postal retail operations, replace living-wage Postal Service jobs with low-wage Staples jobs, and compromise the safety and security of the mail. ... The people of this country have a right to postal services provided by highly-trained, uniformed USPS employees who are sworn to safeguard the mail. ... This attempt at trickery shows that the 'Don't Buy Staples' movement is having an effect. ... We intend to keep up the pressure until Staples gets out of the mail business. ... The US Mail Is Not for Sale!"

Was that a blink?

Despite the APWU's self-serving puffery, the Postal Service's decision to change its Staples relationship appears – on its face and absent any other explanation from the USPS – to be at least in part a reaction, either by the agency or Staples, to the union's obsessive pressure.

If the Postal Service has, in fact, caved to pressure, it's a regrettable concession by USPS leadership, and the latest example of how commitments to new directions are quickly abandoned in the face of opposition. Though seeking new channels for retail service, the agency seems to be walking away from the Staples relationship just as it had with previous arrangements with Hallmark, Sears, and others once the unions pitch a fit. In turn, its validates the union's overblown self-importance and self-appointed role as defender of service to the public, in turn showing that, like a spoiled child, it can always get its way if it makes enough noise. **[TOP]**

Issa squabbles over six-day delivery.

In a letter to Rep. Pete Sessions (TX 32nd), chairman of the House Rules Committee, Rep. Darrell Issa (CA 49th), chairman of the House Committee on Oversight and Government Reform, complained that the House Appropriations Committee improperly included in a recent appropriations bill a matter related to the Postal Service that should have been referred to his committee.

In his letter, Issa stated that the provision mandating "that six-day delivery and rural delivery of mail shall continue at not less than the 1983 level" was "within the jurisdiction of" his committee. He added that the six-day delivery provision "imposes a $2 billion per year unfunded mandate" on the USPS, one that "it cannot afford." Striking the provision, not included in the original bill but added by committee amendment, would result in "unified budget savings" and help "avert a taxpayer-funded bailout" of the agency. Issa noted that another provision of the appropriations bill, reauthorizing a semi-postal stamp, was also under his committee's purview. In conclusion, Issa asserted that both provisions "violate House Rule XXI, clause 2, the prohibition on legislation in a general appropriation bill" and that no exception should be made to allow their inclusion.

Issa copied the House leadership on his letter, hoping they will add their support to his request. Unfortunately, for Issa, as well as for others, like the Postal Service, who want to remove impediments to moving to five-day delivery of letters and flats, the rider mandating six-day delivery had been included for years without challenge. When he became chairman of his committee, however, Issa sought its exclusion from the appropriations bill, but without success. Whether his luck improves (or his support by House leadership increases) remains to be seen.

Regardless, given the bi-partisan unpopularity of five-day delivery among some legislators, especially those from rural areas (claiming it would hurt rural customers more) and those with union affections (because of the loss of carrier jobs), it's unlikely that legislation allowing it would be passed by the House, let alone by the Senate. **[TOP]**

Next CASS Cycle postponed.

In a July 8 *Industry Alert*, the Postal Service announced the "suspension" of CASS Cycle O, planned for August 2015.

> **CASS/MASS ANNOUNCEMENT**
>
> July 8, 2014
>
> **Suspension of CASS Cycle O**
>
> The United States Postal Service (USPS) has made the decision to suspend CASS Cycle O originally scheduled for implementation in August 2015.
>
> After reviewing input from impacted stakeholders including mailers, software developers and service providers the consensus was that the benefits of continuing to pursue CASS Cycle O were not demonstrated. Given the limited benefits from CASS Cycle O implementation, and the recognition that there are other higher priority items requiring mailing industry stakeholder attention, continuing with CASS Cycle O efforts is not warranted.
>
> The USPS encourages CASS product vendors to evaluate the proposed changes originally scheduled for mandatory inclusion in CASS Cycle O for implementation as appropriate. The decision to include any of the proposed changes is entirely optional.
>
> The USPS will provide materials to accommodate testing but recertification of the CASS product will not be required unless the changes introduced impact the results expected from CASS Cycle N requirements. Software or hardware manufacturers that may bring a new CASS address hygiene product to market will be required to certify their product(s) based on CASS Cycle N standards.

Union 1, USPS 0, again.

Postal ratepayers have again been given reason to wonder about the Postal Service's labor relations team, at least if their poor record in union disputes is any guide.

In the latest costly defeat for the agency, to settle a long-running feud over custodial staffing, it has agreed to convert 3,157 non-career "postal support employees" to full- or part-time career status. Lauded by the APWU, that represents maintenance employees, the resolution reflects the inability of the USPS to overcome union challenges to modification of its internal procedural handbooks. Though this case didn't go to arbitration, other such disputes often have ended in arbiter decisions favoring the union. **[TOP]**

USPS Announces Changes to Some Priority Mail Prices

In an unexpected July 1 announcement, the Postal Service filed notice with the Postal Regulatory Commission that it would be changing some of its Priority Mail prices effective September 7 (barring any statutory compliance objections by the PRC). The changes impact only the retail prices for flat-rate items (for which rates increase slightly) and the Commercial Base and Commercial Plus rates for some regional rate boxes (for which rates decrease).

A statement by the agency's governors accompanied the filing:

> June 18. 2014
>
> STATEMENT OF EXPLANATION AND JUSTIFICATION
>
> Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish price changes for the Postal Service's shipping services (competitive products), specifically for Priority Mail. The changes are described generally below, with a detailed description of the changes in the attachment. The attachment includes the draft Mail Classification Schedule sections with changes in classification language in legislative format, and new prices displayed in the price charts.
>
> The existing structure of Priority Mail Retail, Commercial Base, and Commercial Plus price categories is maintained. Prices in the ground zones (Zones 1-4) and heavier weights (6-20 pounds} will be adjusted to enhance Priority Mail's strategic position in the market. Retail prices will have an average prices increase of 1.7 percent. Commercial Base prices will have an average price decrease of 0.9 percent, while Commercial Plus prices will have an average price decrease of 2.3 percent. Price decreases will be targeted to attract ground volume in the six- to twenty-pound weight cells.
>
> As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 USC § 3633(a)(2)) and should result in competitive products as a whole complying with 39 USC § 3633(a)(3), which, as implemented by 39 CFR § 3015.7(c), requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 USC § 3633(a)(1)). We therefore find that the new prices and classification changes are in accordance with 39 US C §§ 3632-3633 and 39 CFR § 3015.2.
>
> ORDER
>
> The changes in prices set forth herein shall be effective at 12:01 AM on September 7, 2014. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 USC § 3632(b)(2). We also direct management to file with the Postal Regulatory Commission appropriate notice of these changes.
>
> By The Governors

A concurrent press release and *Industry Alert* added that

> "The proposed changes ... are intended to offer more competitive pricing and build on Priority Mail's popularity with customers. ... Both Commercial Base and Commercial Plus prices will be reduced on average, with most of the decreases concentrated in the ground zones weighing between 7-16 pounds. ... Pricing at post offices and other retail outlets will have a modest increase of 1.7% on average."

Prices

The list of price changes was relatively short but clearly targeted:

- Prices for retail regular, legal, and padded flat rate envelopes would rise from $5.60, $5.75, and $5.95, respectively, to $5.75, $5.90, and $6.10, respectively. For retail small, medium, and large flat rate boxes delivered to a domestic and APO/FPO/DPO addresses, prices would rise from $5.80, $12.35, and $17.45, respectively, to $5.95, $12.65, and $17.90, respectively, except that the price for retail large flat rate boxes to APO/FPO/DPO addresses would change from $15.45 to 15.90.
- Prices for Retail Regional Rate Box C (top loading, 15x12x15 inches, up to 25 pounds) would *decrease* from $16.00, $20.64, $24.37, and $33.78 for Zones Local/1/2, 3, 4, and 5, respectively, to $10.60, $11.45, $11.49, and $20.53, respectively.
- Commercial Base and Commercial Plus prices for flat rate items would not change, but prices for Regional Rate Box C would *decrease* from $15.25, $19.89, $23.62, and $33.03 for Zones Local/1/2, 3, 4, and 5, respectively, to $9.85, $10.70, $10.74, and $19.78, respectively.

Those were the only changes announced, so other retail and commercial rates and fees remain as announced last year and implemented January 26 (see the December 16, 2013, issue of *Postal Points*).

The PRC docketed the filing as CP2014-55 and asked for comments by July 17.

About the only bright spot for the USPS has been its competitive products, for which revenue and volume have been rising nicely for some time. Accordingly, it's only logical that the agency should try to further boost that performance, especially in Priority Mail, which it bills as its "flagship" competitive product. Nonetheless, it's a rare but welcome occasion anytime the Postal Service announces it's *lowering* any of its prices. **[TOP]**

USPS Issues DMM Changes Relevant to IMB Mailers

In the June 26 *Postal Bulletin*, the Postal Service announced two changes to its mailing standards that are relevant to mailing service providers who produce mail bearing intelligent mail barcodes. Those notices are shown below in their entirety.

DMM Revision: eDoc Volume Criteria for Single-Piece First-Class Mail

Effective June 26, 2014, the Postal Service is revising *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) 604.5.1 to permit less than the current minimum volume for permit imprint mailings when mailers submit electronic postage statements and piece-level barcode information for single-piece First-Class Mail. To accommodate mailers presenting the majority of their First-Class Mail using electronic documentation (eDoc), the Postal Service will permit mailings of fewer than 200 pieces for single-piece First-Class Mail letters when mailers submit electronic documentation, including piece-level barcode information, for these mailings as authorized by Business Mailers Support. Although this update will not be in the DMM until July 28, 2014, these standards are effective immediately.

* * * * *

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

* * * * *

600 Basic Standards for All Mailing Services

* * * * *

604 Postage Payment Methods

* * * * *

5.0 Permit Imprint (Indicia)

* * * * *

5.1 General Standards

* * * * *

5.1.2 Minimum Volume

Permit imprint mailings must contain at least 200 pieces or 50 pounds of mail, except:

* * * * *

[Revise the text of 5.1.2d to read as follows:]

d. Single-piece price mailings submitted either, under the terms of an approved manifest mailing system agreement with a minimum volume reduction provision, or when using electronic documentation, including piece-level barcode information, for First-Class Mail letters as authorized by Business Mailer's Support (see 608.8 for address).

* * * * *

We will incorporate these revisions into the July update of the DMM, which is available via Postal Explorer at *http://pe.usps.com*. *— Product Classification, Pricing, 6-26-14*

DMM Revision: Clarification of Permit Fee Waiver in Participation Requirements for Full-Service Pieces

Effective July 28, 2014, the Postal Service will revise *Mailing Standards of the United States Postal Service,* Domestic Mail Manual (DMM) 705.23.3c to clarify the permit fee waiver in participation requirements for Full-Service pieces. One of the benefits of participating in the Full-Service Intelligent Mail Barcode (IMb) program is the waiver of the annual permit fee. Currently, the permit fee must be paid immediately if the mailer submits a single mailing with less than 90 percent Full-Service pieces. This revision changes the method for evaluating whether a mailer remains eligible for the fee waiver. The 90 percent threshold will be tracked cumulatively over the period of 12 months immediately pre-ceding the presentation of each mailing, rather than at the postage statement level. If the permit continues to hold at least a 90 percent Full-Service ratio, the annual fee will continue to be waived. If the permit no longer holds at least a 90 percent Full-Service ratio, the annual fee will be required immediately. This cumulative annual Full-Service percent ratio is determined by dividing the total number of Full-Service pieces by the total number of pieces mailed, during the preceding 12-month period.

* * * * *

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

* * * * *

700 Special Standards

* * * * *

705 Advanced Preparation and Special Postage Payment Systems

* * * * *

23.0 Full-Service Automation Option

* * * * *

23.3 Eligibility for Waiver of Annual Fees and Waiver of Deposit of Permit Imprint Mail Restrictions

Mailers who present only full-service automation mailings (First-Class Mail cards, letters, and flats, Standard Mail letters and flats, or Bound Printed Matter flats) that contain 90 percent or more pieces eligible for full-service automation prices are eligible for the following exceptions to standards:

* * * * *

[Revise the text of 23.3c to read as follows:]

c. If any mailing (of the classes and shapes of mail in 23.3) presented under a mailing permit causes the permit holder's cumulative twelve-month Full-Service ratio (i.e. the percentage of all the permit holder's Full-Service eligible pieces that were actually mailed as Full-Service items over the previous twelve months) to fall below a 90 percent threshold: ***

* * * * *

We will incorporate these revisions into the next online update of the DMM, which is available via Postal Explorer at *http://pe.usps.com*. *— Product Classification, Pricing, 6-26-14*

These two revisions are significant relaxations of the previous standards, and should support achievement of USPS objectives to increase the volume of IMB mail. **[TOP]**

POSt plan completion deferred.

In an July 1 article in its daily *Link*, the Postal Service disclosed that the POSt [Post Office Structure] Plan has been revised to now complete implementation in early January 2015, rather than in late 2014, as originally scheduled.

The plan was adopted in 2012 as a politically palatable alternative to closing thousands of small, often rural, post offices that are hugely unprofitable. Since then, according to the USPS, 9,166 post offices have had their retail operating hours adjusted based on customer use. Rather than being open eight hours per day, 3,009 offices are now open six hours a day, 4,900 offices are now four-hour-a-day offices, and 1,257 offices are now open two hours daily. As part of the plan, the "postmaster" position was eliminated in the impacted offices, with oversight being assigned to the postmaster of a larger, full-time post office nearby. As a result, 4,567 such offices were upgraded as were their postmasters to reflect their broader duties.

The Postal Service continues to offer a one-time incentive payment up to $10,000 to the remaining impacted postmasters if they are eligible for and opt to resign or take voluntary early retirement.

Finally!

According to a posting on its website, the Senate Committee on Homeland Security and Governmental Affairs has scheduled a hearing today (July 14) to consider the nominations of James C. Miller III, Stephen Crawford, David Bennett, and Victoria Reggie Kennedy to be USPS governors.

As noted in the previous issue of *Postal Points*, the Postal Service's Board of Governors, which includes nine presidentially-appointed members, plus the Postmaster General and deputy, is currently operating with five vacancies. The four whose nominations are about to be considered have been awaiting confirmation for months. Miller was nominated for reappointment in March 2012, while Crawford was nominated the following June. Bennett was nominated in April 2013 and Kennedy, widow of the late Senator, was nominated earlier this year.

Of course, even if the nominees are reported favorably out of committee, there's no guarantee that any Senator won't raise an objection from the floor to block a vote. **[TOP]**

Chronic Expenses Drive May Results Well into the Red

The financial burdens haunting the Postal Service conspired yet again in May, turning a modest loss into one over eleven times greater. The agency reported an operating loss of $70 million on operating revenue of $5.514 billion, but the seemingly unending monthly set-aside for the Congressionally-required prefunding of future retiree health care and a substantial workers' compensation adjustment caused that to balloon to a net loss of $803 million. So far for the fiscal year, which has four months left to report, the USPS still has an operating surplus of $1.283 billion, though those same factors have transformed that, too, into a net loss of $3.469 billion.

Volume

Old volume patters returned in May. First-Class Mail volume (5.25 billion pieces) was down 3.9% from the same period last year; Standard Mail volume (6.54 billion pieces) was lower as well, by 0.1%. Periodicals volume (547 million pieces) was down 2.0%, while Package Services volume (43 million pieces) was off 0.6%. For the year to date, First-Class Mail volume (43.60 billion pieces) was down 3.8% from SPLY while Standard Mail volume (54.64 billion pieces) was down 1.1%. Periodicals volume (4.15 billion pieces) was off 4.4% from SPLY YTD and Package Services (376 million pieces) was 0.7% lower YTD than at the end of May 2013.

Overall, Mailing Services (market dominant products) volume (12.37 billion pieces) was 3.8% over plan but 1.8% below SPLY. Shipping & Package Services (competitive products) volume (317 million pieces) was 2.1% under plan but up 5.6% from SPLY. International mail volume (68 million pieces), was 1.1% under plan and 8.3% below SPLY. Total USPS volume in May (12.75 billion pieces) was 3.6% over plan but 1.7% lower than SPLY. For the year to date, Mailing Service volume (102.77 billion pieces) was 1.3% ahead of plan but 2.4% lower than SPLY; Shipping & Package Services volume (2.75 billion pieces) was 1.2% below plan but 8.4% ahead of SPLY YTD. International mail volume (611 million pieces) was 2.9% over plan but 4.6% below SPLY YTD. Total volume (106.13 billion pieces) was 1.3% better than plan but 2.2% under SPLY YTD.

Revenue and expense

As noted previously, revenue figures usually were relatively better than volume because of the nearly 6% rate increase implemented in late January. For the month, revenue from First-Class Mail ($2.37 billion) was only 0.5% higher than May 2013, but revenue from Standard Mail ($1.43 billion) was up 3.6%. Periodicals revenue ($146 million) also was up, by 1.0%, but Package Services revenue ($63 million) was down by 1.9% from SPLY. For the year-to-date, First-Class Mail revenue ($19.28 billion) was 0.4% below SPLY, while Standard Mail revenue ($11.78 billion) was 2.3% higher. Periodicals revenue (nearly $1.1 billion) was down 2.7% from SPLY, and Package Services revenue ($546 million) was 0.3% lower.

Market dominant mail revenue for the month ($4.16 billion) was up 1.7% from SPLY, and competitive products revenue ($1.12 billion) was 2.5% above SPLY, but international mail revenue ($241 million) fell 3.2% below SPLY. For the year-to-date, revenue from market dominant mail ($34.01 billion) was up 0.7% from SPLY, but competitive products revenue ($9.99 billion) was 9.4% higher; international mail revenue ($2.06 billion) was down 1.5% compared to SPLY YTD. Total USPS revenue in May ($5.51 billion) was 0.5% better than plan and 3.0% over SPLY; total YTD revenue ($46.04 billion) beat plan by 0.1% and was 2.7% higher than SPLY YTD.

Unfortunately, stubborn high costs hurt; total compensation and benefit costs were $4.95 billion, 7.7% over plan and 28.8% higher than SPLY; YTD, total compensation and benefit costs ($38.56 billion) were 3.4% over plan and 1.5% over SPLY. Total expenses ($6.32 billion) were 5.1% over plan and 22.6% over SPLY; total expenses YTD ($49.53 billion) were 2.7% above plan and 1.7% higher than SPLY YTD. Workhours again exceeded plan, both for the month and for the YTD, but with most categories lower than SPLY. Total workhours were 2.2% over plan for the month but 0.5% lower than SPLY; YTD, total workhours were 2.0% over plan but 0.4% under SPLY.

At the end of May 2014, the USPS had 615,832 employees (486,200 career, 129,632 non-career), up again from the previous month (614,218: 482,731 career, 131,487 non-career). At the end of May 2013, there were 617,434 employees (495,540 career, 121,894 non-career), so this May's level represented only a 0.26% year-over-year decline in complement, but growth in career workers mostly offset any decline in non-career employees. ➔

Federal Register Stuff

www.gpoaccess.gov/fr/browse.html

Postal Service

- ***NOTICES***

July 2: Transfer of Inbound Surface Parcel Post (at UPU Rates) to Competitive Product List, 37783-37784.

July 3: Product Change – Priority Mail Negotiated Service Agreement, 38079.

July 7: Addition of "Gift Cards" Price Category to the Competitive Product List, 38335-38336.

July 9: Change in Rates and Classes of General Applicability for Competitive Products, 38965-38971; Product Change – First-Class Package Service Negotiated Service Agreement, 38971; Product Change – Priority Mail Negotiated Service Agreement, 38971-38972; Transfer of Additional Post Office Box Locations to Competitive Fee Groups, 38972-38999.

- ***PROPOSED RULES***

[None]

- ***FINAL RULES***

[None]

Postal Regulatory Commission

- ***NOTICES***

June 24: New Price Category, 35819-35820.

June 26: Amendment to Postal Product [2], 36338-36339, 36339.

July 3: Postal Product Changes, 38077-38079.

July 7: New Postal Product, 38335.

July 9: Postal Rate Change, 38964-38965.

July 11: New Postal Product [2], 40148, 40168-40169; Amendment to Postal Product, 40169.

- ***PROPOSED RULES***

July 2: Periodic Reporting, 37702-37704.

- ***FINAL RULES***

[None]

DMM Advisory Stuff

pe.usps.gov/DMMAdvisory.asp

June 30: Rationalization of our Network of Mail Processing Facilities.

July 2: Update – Rationalization of our Network of Mail Processing Facilities.

July 8: Notice of CASS Cycle O Suspension. **[TOP]**

USPS Preliminary Information (Unaudited) – May 2014 [1]

OPERATING DATA OVERVIEW	Current Period					Year-to-Date				
Revenue, Volume, and Workhours (Millions) [2]	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Operating Revenue										
Mail and Services Revenue	$5,500	$5,475	$5,346	0.5%	2.9%	$45,951	$45,934	$44,776	0.0%	2.6%
Government Appropriations	$14	$10	$9	36.5%	64.4%	$92	$76	$59	21.1%	56.1%
Total Operating Revenue	$5,514	$5,485	$5,355	0.5%	3.0%	$46,043	$46,010	$44,835	0.1%	2.7%
Operating Expenses										
Personnel Compensation and Benefits	$4,077	$4,010	$4,088	1.7%	-0.3%	$33,003	$32,607	$33,655	1.2%	-1.9%
Workers' Compensation Cash [3]	$154	$114	$108	35.0%	42.8%	$911	$895	$857	1.8%	6.4%
Transportation	$530	$537	$530	-1.3%	0.1%	$4,448	$4,547	$4,571	-2.2%	-2.7%
Supplies and Services	$209	$234	$198	-10.9%	5.5%	$1,708	$1,636	$1,533	4.4%	11.4%
Other Expenses [1]	$614	$628	$565	-2.2%	8.6%	$4,690	$4,597	$4,486	2.0%	4.5%
Total Controllable Operating Expenses	$5,584	$5,523	$5,489	1.1%	1.7%	$44,760	$44,282	$45,102	1.1%	-0.8%
Controllable Operating Income/Loss	**-$70**	-$38	-$134			**$1,283**	$1,728	-$267		
Retirement Health Benefit Fund	$475	$475	$467	0.0%	1.8%	$3,800	$3,800	$3,733	0.0%	1.8%
Workers' Compensation Adjustment [4]	$245	$-	-$817	NM	-130.0%	$845	$-	-$270	NM	-413.0%
Net Operating Income/Loss	-$790	-$513	$216			-$3,362	-$2,072	-$3730		
Interest Income	$2	$2	$2	6.9%	3.8%	$16	$15	$16	5.5%	-0.2%
Interest Expense	$15	$17	$16	-9.2%	-6.3%	$123	$129	$128	-4.2%	-3.8%
Net Income/Loss	**-$803**	-$528	-$202			**-$3,469**	-$2,186	-$3,842		
Other Operating Statistics										
Total Mail (excludes all International)	12,366	11,913	12,599	3.8%	-1.8%	102,768	101,434	105,292	1.0%	-2.4%
Total Shipping & Package Services	317	324	300	-2.1%	5.6%	2,747	2,780	2,534	-1.2%	8.4%
Total International	68	69	74	-1.1%	-8.3%	611	594	641	2.9%	-4.6%
Total Mail, Shipping & Package Svcs.	12,751	12,306	12,973	3.6%	-1.7%	106,126	104,808	108,467	1.3%	-2.2%
Total Workhours	93	91	93	2.2%	-0.5%	746	731	748	2.0%	-0.4%
Total Career Employees						**486,200**		495,540		
Total Non-Career Employees						**129,632**		121,894		

[3] – *This amount includes estimated cash outlays including administrative fee, to be paid in October 2014.*
[4] – *This represents non-cash adjustments; the impact of discount and inflation rate changes and the actuarial revaluation of existing cases.*

MAIL VOLUME and REVENUE	Current period			Year-to-Date		
Pieces and Dollars (Thousands) [2]	**Actual**	**SPLY**	**% SPLY Var**	**Actual**	**SPLY**	**% SPLY Var**
First Class (excl. all parcels and Int'l.)						
Volume [5]	5,245,328	5,460,757	-3.9%	43,600,297	45,315,194	-3.8%
Revenue	$2,371,186	$2,359,044	0.5%	$19,279,300	$19,355,553	-0.4%
Periodicals						
Volume [5]	546,694	557,720	-2.0%	4,146,034	4,338,170	-4.4%
Revenue	$146,060	$144,673	1.0%	$1,098,726	$1,128,817	-2.7%
Standard Mail (excl. all parcels and Int'l.)						
Volume [5]	6,539,375	6,547,565	-0.1%	54,637,144	55,238,097	-1.1%
Revenue	$1,433,329	$1,382,964	3.6%	$11,771,663	$11,510,146	2.3%
Package Svcs. (ex. Std. Post and Comm'l. PP)						
Volume [5]	43,121	43,380	-0.6%	375,629	372,885	0.7%
Revenue	$63,329	$64,523	-1.9%	$545,544	$547,069	-0.3%
Total Mail (ex. all Int'l.)						
Volume [5]	12,365,978	12,598,510	-1.8%	102,767,906	105,292,121	-2.4%
Revenue	$4,158,766	$4,089,742	1.7%	$34,007,086	$33,767,418	0.7%
Total Shipping & Package Services						
Volume [5]	317,092	300,170	5.6%	2,746,505	2,534,001	8.4%
Revenue [6]	$1,116,282	$1,088,981	2.5%	$9,992,746	$9,134,208	9.4%
Total International						
Volume [5]	67,903	74,036	-8.3%	611,374	640,834	-4.6%
Revenue	$240,955	$248,821	-3.2%	$2,059,081	$2,089,604	-1.5%
Total Mail, Shipping & Package Svcs.						
Volume [5]	**12,750,973**	12,972,716	**-1.7%**	**106,125,785**	108,466,956	**-2.2%**
Revenue [7]	**$5,516,003**	$5,427,544	**1.6%**	**$46,058,913**	$44,991,230	**2.4%**

[5] – *The sampling portion of the RPW system is designed to be valid on a quarterly and annual basis.* [6] – *Includes Total Shipping & Package Services and Other Competitive from the RVC report.* [7] – *Includes investment and interest income. The differences between SPLY and YTD SPLY revenues above and the preceding chart are due to additional statistical data available at each quarter-end.*

EXPENSES OVERVIEW	Current Period					Year-to-Date				
Dollars (Millions) [2]	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Total Personnel Comp. & Benefits	$4,951	$4,599	$3,847	7.7%	28.8%	$38,559	$37,303	$37,975	3.4%	1.5%
Total Non-Personnel Expenses	$1,353	$1,399	$1,292	-3.3%	4.6%	$10,846	$10,779	$10,590	0.6%	2.4%
Total Expenses (incl. interest)	**$6,319**	$6,015	$5,155	**5.1%**	**22.6%**	**$49,528**	$48,211	$48,693	**2.7%**	**1.7%**

WORKHOURS	Current Period					Year-to-Date				
Workhours (Thousands) [2]	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
City Delivery	33,564	32,936	33,374	1.9%	0.6%	267,245	261,142	264,182	2.3%	1.2%
Mail Processing	16,137	15,757	16,558	2.4%	-2.5%	136,881	133,158	139,493	2.8%	-1.9%
Customer Services & Retail	11,300	11,043	11,432	2.3%	-1.2%	92,461	90,851	94,345	1.8%	-2.0%
Rural Delivery	15,419	15,040	15,079	2.5%	2.3%	119,320	117,174	117,574	1.8%	1.5%
Other, incl. Plant & Vehicle Maint. Ops. Support, PMs, and Admin.	16,249	15,890	16,738	2.3%	-2.9%	129,642	128,704	132,672	0.7%	-2.3%
Total Workhours	**92,669**	90,666	93,181	**2.2%**	**-0.5%**	**745,549**	731,029	748,266	**2.0%**	**-0.4%**

[1] – *May 2014 had one less weekday and one more Saturday compared to May 2013.*
[2] – *Numbers may not add due to rounding. Percentages calculated using unrounded numbers.* **[TOP]**

Calendar

Owner's Conference
Palmer House Hilton
Chicago, IL
September 25-27, 2014

Executive Leadership Summit
Wynn Resort
Las Vegas, NV
January 19–21, 2015
(Joint Event with efi Connect
January 20–23, 2015)

Chapter Meetings
(Register at AMSP.org)

Pacific Chapter:
Rancho Dominguez, CA, *July 15*

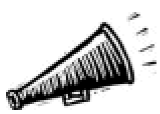
Great Lakes Chapter:
Detroit, MI, *August 5*
Naperville, IL, *August 6*

USPS Calendar

Mailers Technical Advisory Committee (MTAC)
(At USPS Headquarters)
August 19-21, 2014
November 18-20, 2014

National Postal Forum
Anaheim CA
May 17-20, 2015 **[TOP]**

This Week in Postal



Members are invited to listen to the latest edition of this podcast about postal issues, produced by Postcom and AMSP.

Just click on the link above or go to **http://thisweekinpostal.info/**.

postal|bulletin Stuff

http://about.usps.com/postal-bulletin

In the June 26 issue (PB# 22392):

- The Postal Service gave notice that the January 25, 2015, effective date for eliminating mailers' option to use Business Reply Mail to pay postage for parcel-shaped items, previously published on December 18, 2013, in a final rule in the *Federal Register*, is hereby deferred until further notice. This deferral specifically applies to the requirements in the amendment to DMM 505.1.4.1; all other requirements that were published in the *Federal Register* will be implemented as specified.
- Effective **June 26**, DMM 604.5.1 is revised to permit less than the current minimum volume for permit imprint mailings when mailers submit electronic postage statements and piece-level barcode information for single-piece First- Class Mail. Although this update will not be in the DMM until July 28, 2014, these standards are effective immediately.
- Effective **July 28**, DMM 604.9 is revised to update the hourly charges and related postage threshold used in assessing certain types of postage refunds and to provide the allowable time periods for requesting refunds for extra service fees.
- Effective **July 28**, DMM 705.23.3c is revised to clarify the permit fee waiver in participation requirements for Full-Service pieces. Currently, the permit fee must be paid immediately if the mailer submits a single mailing with less than 90% Full-Service pieces. This revision changes the method for evaluating whether a mailer remains eligible for the fee waiver. The 90% threshold will be tracked cumulatively over the period of 12 months immediately preceding the presentation of each mailing, rather than at the postage statement level.
- Effective **July 28**, various sections of the DMM will be revised to correct references to the Centralized Account Processing System inadvertently listed as Centralized Account Payment System; to eliminate any confusion with other systems such as the Centralized Payment System for Periodicals Mail; and to update PUB 95, *Quick Service Guide.*
- Effective **June 16**, the Postal Service resumed accepting shipments to the Crimea and Sevastopol in Ukraine using its Global Express Guaranteed service. Service to these areas using other USPS international shipping options is still temporarily suspended.
- Effective **June 26**, Publication 431, *Post Office Box Service and Caller Service Fee Groups,* was revised to include the changes noted.

In the July 10 issue (PB# 22393):

- Effective **July 10**, Publication 223, *Directives and Forms Catalog,* is revised to include current information for the items noted in the article.
- Effective **July 10**, Publication 431, *Post Office Box Service and Caller Service Fee Groups,* is revised to include the changes noted. **[TOP]**

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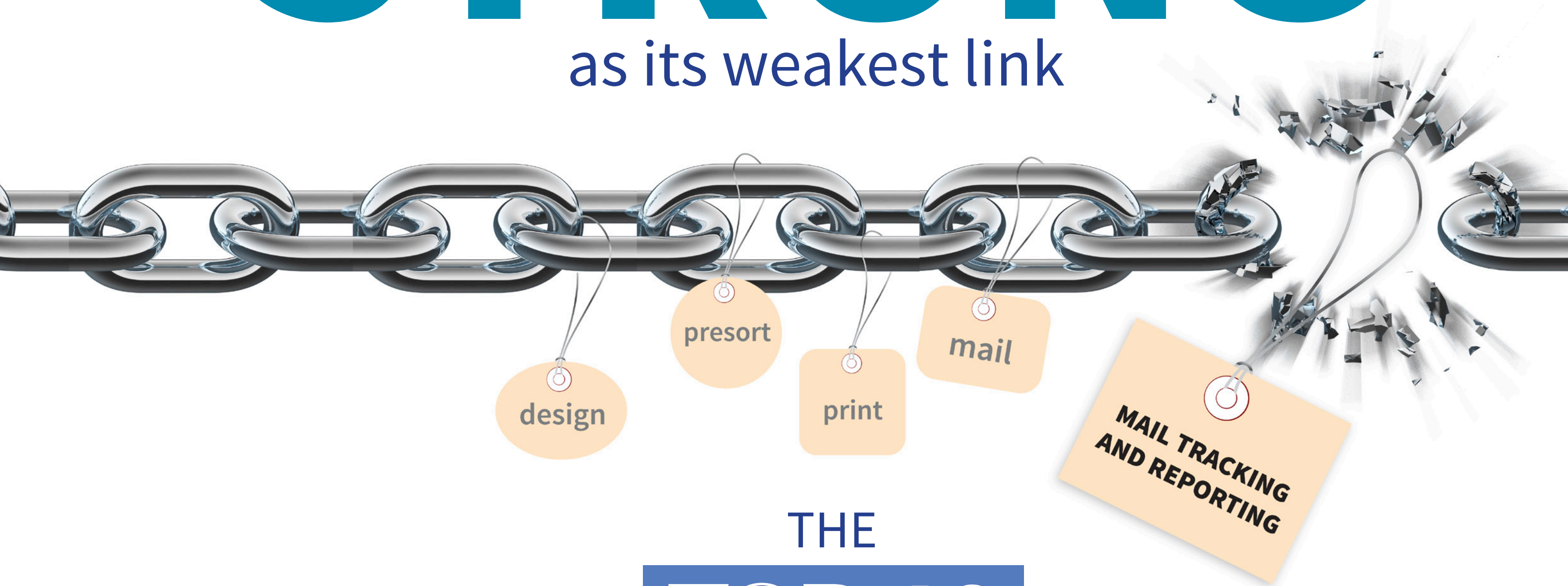
YOUR MAILING BUSINESS IS ONLY AS STRONG as its weakest link



THE TOP 10 REASONS TO TRACK & REPORT YOUR MAIL

10 **Maintain and improve customer relationships**
Provide your customer with information on all pieces mailed and accurate delivery reports

9 **Avoid date or delivery related disasters**
Identify and resolve issues if mail is delayed

8 **Accurately calculate the ROI and effectiveness of your mail campaign**
How many pieces got delivered vs. actual responses

SEE THE REST OF THE LIST!

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