



In this issue ...

PQ III Results Noteworthy for the Wrong Reasons. The official line and the USPS' numbers tell different stories. *Page 1.*

USPS Requests PRC to Authorize Growth Incentives. Stimulating growth is good, but so would be moderating rates. *Page 3.*

Industry Group Challenges Economics of the PMG's Plan. Challenging the official truths. *Page 4.*

OIG Posting Illustrates "Crime Doesn't Pay." Postal employees are no exception to the rule. *Page 4.*

Mixed Messages from the USPS About Cost Reductions. The USPS won't shed facilities or employees but still save money. *Page 5.*

More Details Emerging About Planned Facilities. The list of planned facilities is filling in. *Page 6.*

PQ III/FY 2023 USPS Service Performance: Still Not as Publicized. Sorry USPS, your numbers belie your publicity. *Page 7.*

USPS FINAL RULE: Intelligent Mail Package Barcode Compliance Quality. *Page 9.*

All the Official Staff. *Federal Register* notices, *Postal Bulletin* articles, *DMM Advisory* and *Industry Alert* postings. *Page 10.*

Calendar. Upcoming meetings, events, etc. *Page 13.*

PQ III Results Noteworthy for the Wrong Reasons

After the Board of Governors met on August 8, the Postal Service released its *Form 10-Q*, reporting the results for the third quarter of fiscal 2023 (April-June). Continuing the trend of the year's first two quarters, PQ III volume and revenue fell while Postal Service leadership tried to divert attention by citing "progress" in implementing the Postmaster General's 10-Year Plan.

Revenue and volume

Despite price increases totaling over 10.7% since the end of June 2022, operating revenue continued to decline: down nearly 0.90% for PQ III and 0.75% for FY 2023 to date.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
<i>(in millions)</i>				
Revenue:				
Operating revenue	\$ 18,573	\$ 18,741	\$ 59,374	\$ 59,820
Other revenue	52	40	160	67
Total revenue	18,625	18,781	59,534	59,887
Operating expenses:				
Compensation and benefits	12,849	12,469	39,828	38,544
Retirement benefits	2,454	1,924	7,381	5,745
Workers' compensation	(7)	(1,021)	1,419	(1,146)
Transportation	2,299	2,450	7,741	7,651
Other operating expenses	2,905	2,878	8,795	8,492
Total operating expenses	20,500	18,700	65,164	59,286
(Loss) income from operations before the impact of Postal Service reform legislation	(1,875)	81	(5,630)	601
Impact of Postal Service reform legislation	—	59,625	—	56,975
(Loss) income from operations	(1,875)	59,706	(5,630)	57,576
Interest and investment income	247	42	680	62
Interest expense	(108)	(40)	(294)	(116)
Net (loss) income	\$ (1,736)	\$ 59,708	\$ (5,244)	\$ 57,522

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022 ¹	2023	2022 ¹
<i>(in millions)</i>				
Operating Revenue:				
First-Class Mail ²	\$ 5,801	\$ 5,580	\$ 18,622	\$ 18,275
Marketing Mail ³	3,440	3,773	11,379	11,978
Shipping and Packages ⁴	7,517	7,520	23,979	23,941
International	357	389	1,221	1,342
Periodicals	231	245	694	725
Other ⁵	1,227	1,234	3,479	3,559
Total operating revenue	\$ 18,573	\$ 18,741	\$ 59,374	\$ 59,820
Volume:				
First-Class Mail ²	10,855	11,533	35,398	37,712
Marketing Mail ³	13,542	16,126	45,560	50,773
Shipping and Packages ⁴	1,700	1,741	5,318	5,520
International	69	80	257	280
Periodicals	767	909	2,305	2,633
Other ⁵	72	81	318	335
Total volume	27,005	30,470	89,156	97,253

The \$1.736 billion net loss for PQ III brought the total loss for the fiscal year to \$5.244 billion, not the results expected by the PMG's Plan.

Volume loss also continued for the quarter as ratepayers with the ability to move out of the mail exercised that option. The USPS stated that the loss of First-Class Mail volume was caused by "the on-going migration from mail to electronic communication and transaction alternatives," never acknowledging that climbing postage costs may be accelerating the trend.

The volume loss of high-contribution First-Class Mail was modest compared to the plunge in Marketing Mail; long the largest class of mail by volume, Marketing Mail shrank by 2.5 billion pieces compared to PQ III the previous year. Though it may not yield the greatest revenue per piece, Marketing Mail nonetheless provides the volume – pieces per stop – that strongly supports six-day delivery.

Meanwhile, competitive product volume has stagnated, despite predictions of growth in the PMG's Plan, and so is failing to provide the revenue needed to offset the loss of Market-Dominant mail.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
<i>(in millions)</i>				
Shipping and Packages Revenue:				
Priority Mail Services ¹	\$ 2,876	\$ 3,081	\$ 9,503	\$ 10,194
Parcel Services ²	2,679	2,336	8,101	7,130
First-Class Package Services ³	1,764	1,917	5,711	5,979
Package Services	198	186	664	638
Total Shipping and Packages revenue	\$ 7,517	\$ 7,520	\$ 23,979	\$ 23,941
Shipping and Packages Volume:				
Priority Mail Services ¹	270	289	861	958
Parcel Services ²	921	874	2,796	2,697
First-Class Package Services ³	415	479	1,335	1,504
Package Services	94	99	326	361
Total Shipping and Packages volume	1,700	1,741	5,318	5,520

¹ Includes Priority Mail, Priority Mail Express and USPS Retail Ground.
² Includes Parcel Select, Parcel Return, and Marketing Mail Parcels.
³ Includes First-Class Package Services - Retail and First-Class Package Services - Commercial.

Decrease vs SPLY	PQ I	PQ II	PQ III	FY 23 YTD
First-Class Mail	+1.48%	-8.09%	-5.88%	-6.14%
Marketing Mail	-2.37%	-11.04%	-16.02%	-10.27%
Periodicals	-13.04%	-8.33%	-15.62%	-12.46%
Shipping & Packages	+2.35%	-5.02%	-2.35%	-3.66%

Expenses

In stark contrast to the downward trend in revenue, the trend in expenses continued upward. Compensation and benefits costs grew by 3.05% and, though transportation expense moderated, the bottom line was hurt by an adverse shift in the workers compensation liability, resulting in a 9.63% net increase in expenses.

For the year to date, total operating expenses are up 9.91%.

Commenting on the increase in compensation costs, the USPS stated it was “primarily due to contractual wage increases, which include the inflationary impacts on related COLA.” In other words, the problem is of its own making.

Under current Deputy PMG and Chief HR Officer Doug Tulino, who’s part of the leadership team bemoaning cost increases, the Postal Service has repeatedly failed to control cost escalation by continuing decades-old patterns of wage growth and, most problematically, the periodic cost-of-living increases that are unique to USPS labor agreements.

Coupled with the PMG’s commitment to increasing the comparatively more expensive career workforce, and his reluctance to irritate the labor unions by reducing complement, it’s difficult to understand how the agency will achieve cost reductions on the scale anticipated by the PMG’s Plan.

Explanations or excuses

Though the *Form 10-Q* is a formal, legally-required statement of the Postal Service’s circumstances, it still offers a platform where its authors can present information in the most favorable way.

As would be expected under the DeJoy administration’s practice of making his Plan the center of everything, the USPS invoked the Plan twelve times in the document, often to emphasize actions consistent with it rather than evaluate the results of those actions. Following The Plan, apparently, is more important than whether it’s working.

For example, the USPS stated that, consistent with The Plan, “We continue to convert employees from pre-career to career status ... to create a stable and empowered workforce with the opportunity for career development and growth for all employees.”

As likely intended, this creates the impression with readers that this is a positive and prudent practice, but fails to note that plunging mail volume would argue for fewer workers, or at least a more flexible complement.

In another example of positive spin the USPS stated that, again consistent with The Plan’s provision

“to optimize our transportation networks, our changes in service standards have further facilitated the shift of package volume from air to highway transportation when more economical but allowing for improved reliability and service performance.”

While the mention of packages reflects DeJoy’s interest in competing for package business, the impact of service standard changes primarily impacted First-Class Mail. Moreover, despite the agency’s self-satisfaction about “service performance,” service is not as stellar or reliable as its publicists would have people believe; quarterly figures (reported beginning on page 7) bear that out.

Of course, the regular caveat about liquidity was again repeated, and reflected the position taken by the PMG in his Plan that the real problem is a defective business model:

“... we continue to face systemic imbalances that make our current operating model unsustainable. As of June 30, 2023, our liquidity remains insufficient to pay all obligations, to make capital investments necessary for continuity of operations, and to prepare for unexpected contingencies in the medium or long-term.”

In his prepared remarks at the governors meeting, the PMG sought to maintain the image that all is going well:

“Our leadership team continues to push forward to implement the strategies defined in the Delivering for America Plan that will transform the Postal Service into a vibrant and self-sustaining organization, delivering postal services to the American people for many years to come.”

His successive comments sought to reinforce the picture of positive progress and headlong achievement on which he wants the governors and the public to focus, and relegated any reference to revenue and volume to brief and carefully-worded paragraphs at the end:

“As for our financials, we have made significant efforts to reduce our cost of performance with substantial reductions in workhours and transportation costs and year over year stability in our package revenue.

“However, these efforts have been overcome by a universal curtailment of advertising expenditures, significant inflation costs and the continued existence of an improper CSRS allocation, which we assumed would have been eliminated at this time in our original DFA projections. These conditions have added an estimated 6 billion dollars of unplanned cost in 2023 alone and will be in our operating cost base well into the future.

“We are working diligently across the organization to address these unforeseen conditions and will make the required adjustments necessary to bring our financial trajectory closer to our original goals. This will require the projected lower inflation rates to be experienced, continued but more aggressive cost reductions to our operations, increased market dominant and package revenue, exceptional management execution, the usual great support from our employees and ... cooperation from our stakeholders.”

The wording is interesting. Package revenue is not growing as expected, but instead of admitting it’s flat, the PMG said it was stable. Instead of even remotely acknowledging that rate hikes might be a factor, he attributed the loss of Marketing Mail to an overall drop in advertising spend. And while glossing over a perhaps unwarranted assumption in his Plan, he referred to the remaining CSRS cost simply as “unplanned.” It’s somewhat surprising that a 10-Year Plan as purportedly solid as his should have to deal with “unforeseen conditions” in only its third year.

Most puzzling is how DeJoy continues to expect more revenue from Market-Dominant products by simply maximizing price increases twice per year. As is becoming obvious in the Postal Service’s own figures, any benefit of price increases is increasingly being offset by volume loss. While pieces remaining in the mail each might be yielding more revenue, the decrease in volume is pushing total revenue downward faster. Even if we were to accept DeJoy’s attribution of decreased Marketing Mail volume to lower spending by advertisers, it would seem logical to accordingly not further discourage investing in direct mail by hiking postage higher.

Meanwhile, for a group of allegedly sharp and independent business people, the governors have remained blindly submissive to DeJoy, regardless of reality, lulled into cooperation by the party line spoon-fed them by USPS management, and fully indifferent to any outside facts or perspectives

USPS Requests PRC to Authorize Growth Incentives

The irony may not be lost on anyone.

Even as the Postmaster General remains stubbornly committed to volume-killing semi-annual price increases, the Postal Service has asked the Postal Regulatory Commission to approve a proposed “growth incentive” for both First-Class Mail and Marketing Mail.

Filed August 11 as Docket R2023-3 (*First-Class Mail Growth Incentive and Marketing Mail Growth Incentive*), the proposal borrows from prior volume-based incentives and would reward mail owners who produce more mail in 2024 than in 2023.

The specifics

As the USPS stated in its filing:

“Promotions and incentives build stronger relationships between the Postal Service and the mailing industry and encourage mailers to continue to use the mail to engage with their customers, expand their customer base, and increase customer loyalty. At the same time, promotions and incentives have the potential to improve the Postal Service’s overall financial position. Given this, and given declining volume trends, the Postal Service is proposing two incentives to grow mail volume, one for First-Class Mail (the “First-Class Mail Growth Incentive”) and one for USPS Marketing Mail (the “Marketing Mail Growth Incentive”).

“The two incentives are substantially identical. A mailer is eligible for the First-Class Mail Growth Incentive when its combined volume of qualifying pieces in the incentive period, calendar year 2024, exceed the incentive threshold. Qualifying pieces are pieces mailed as First-Class Mail Presort Letters, First-Class Mail Presort Cards, or First-Class Mail Presort Flats.

“Similarly, a mailer is eligible for the Marketing Mail Growth Incentive when its combined volume of qualifying pieces in calendar year 2024 exceed the incentive threshold. Qualifying pieces are pieces mailed as Marketing Mail Letters and High Density/Saturation Letters, Marketing Mail Flats and High Density/Saturation Flats & Parcels, Marketing Mail Carrier Route, or Marketing Mail Parcels.

“Under both incentives, for every qualifying piece mailed in calendar year 2024 after the first million pieces, mailers receive a credit equal to 30 percent of the average per-piece price paid for mailing all qualifying pieces, unless the volume of qualifying pieces the mailer sent in the preceding fiscal year exceeded 1,000,000 pieces. In that case, credits accrue only after the mailer surpasses its fiscal year 2023 volume of qualifying pieces.

“For example, for either incentive, if a mailer sent 900,000 qualifying pieces in fiscal year 2023, the mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 1,000,001. But if a mailer sent 2 million qualifying pieces in fiscal 2023, then this mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 2,000,001.

“The use of calendar year 2024 for the incentive period and fiscal year 2023 for the comparison period is intentional. Doing so allows the Postal Service time to complete the administrative setup of the incentives before the incentive period begins.

“Calculating the credits earned is somewhat complex. There is more than one qualifying product for each incentive, and within any given product, pieces of different weights, sortation levels, and dropship locations have different prices.

“Accordingly, for each incentive, the credits earned are equal to the average actual per-piece price paid for all qualifying volume, after other incentives and promotions, i.e., the total actual price

paid for all qualifying pieces (not including any special services that might be added to and paid for with these pieces), divided by the total volume of qualifying pieces. This average is then applied to the total volume of pieces eligible for credits.

“For example, assume a mailer sends 5 million qualifying pieces in calendar year 2024 and sent 4.5 million qualifying pieces in fiscal year 2023. Table 1 shows how those 5 million pieces were distributed across three products and the prices the hypothetical mailer paid. The example uses generic product names because it illustrates both incentives.

Table 1: Example Credit Calculation, Qualifying Pieces and Prices Paid

Product	# Qualifying Pcs	\$ Per-piece	Total \$ Paid
1	500,000	0.193	96,500
2	3,000,000	0.30	900,000
3	1,500,000	1.465	2,197,500
TOTAL	5,000,000		3,194,000

“Given that the mailer paid \$3,194,000 for 5 million qualifying pieces, the average per-piece price is $\$3,194,000 / 5,000,000 = \0.639 .

“The mailer’s fiscal year 2023 qualifying volume was 4.5 million pieces, so it earns credits only on the last 500,000 pieces of the 5 million it mailed.

“Thirty percent of the average, per-piece price paid of \$0.639 for 500,000 qualifying pieces equals a credit of: $500,000 * 0.639 * 0.30 = \$95,850$.

“Distributed across the total mailing of 5 million pieces that generated \$3.2 million, the actual, per-piece credit is a much lower 3%.

“Credits will be issued in July and October 2024 and in January or February 2025. Once issued, a mailer may use credits any time before the end of calendar year 2025.

“Finally, credits from the First-Class Mail Growth Incentive can only be used for future mailings of qualifying First-Class Mail pieces. Credits from the Marketing Mail Growth Incentive can only be used for future mailings of qualifying Marketing Mail pieces.”

For the USPS

The USPS estimated the “financial effects” of the proposal.

Table 2: Combined Marketing Mail and First-Class Mail Growth Incentive Financial Estimates (in millions)

	Low Estimate	High Estimate
Incremental Volume (pieces)	2,676	4,460
Incremental Revenue (\$)	\$ 804	\$ 1,340
Credit (\$)	\$ 241	\$ 402
Incremental Contribution (\$)	\$ 108	\$ 180

“Broken out by incentive, the Postal Service estimates that approximately 17 percent of Marketing Mail volume will earn credits during the incentive period. ... The Postal Service performed a similar financial analysis for the First-Class Mail Growth Incentive and estimates that approximately 9 percent of First-Class Mail volume will earn credits. ...”

If approved, the “intended effective dates of both incentives is January 1, 2024, and the promotion – the incentive period – runs through December 31, 2024.”

While it’s good that the USPS is trying to encourage growth, the PMG is also promising rate increases in January and July of 2024 and beyond. Giving vitamins to someone you’re also starving would be similar, and equally contradictory.

Industry Group Challenges Economics of the PMG's Plan

In a recently publicized May 17 letter to the chairman and ranking member of the House Subcommittee on Government Operations and the Federal Workforce, former Congressman Dennis Yoder, now Executive Director of Keep Us Posted, questioned the economic assumptions of the Postmaster General's 10-Year Plan.

Citing an economic analysis of The Plan "prepared by NDP Analytics and commissioned by the Greeting Card Association," Yoder offered several key takeaways:

"1. The USPS's base year estimates in the DFA are inaccurate.

The USPS underestimated total mail volume by nearly 13 billion pieces for the base year of the plan, throwing off the entire USPS projection for both volume and revenue.

"2. Market-dominant mail fueled USPS revenue gains in FY2021-22 without excessive rate increases, contributing to better financial performance than projected under the DFA. In FY2021-22, higher-than projected volume contributed to higher revenue for market-dominant products (\$8.1 billion over two years). This revenue improvement led to better financial outcomes for the USPS during this period.

"3. After back-to-back rate increases under the DFA, USPS mail volume is starting to decline at a faster rate in FY2023, compromising revenue and overall financial stability. Year-to-date, market-dominant mail volume, and revenue have started to decrease at a faster rate than in prior years and are underperforming expectations.

"4. Competitive products are not growing as expected under the DFA. Year-to-date, USPS's competitive product volume and revenue growth rates are below the levels predicted in the DFA. Despite its underperformance, the USPS is reducing rates

for competitive products while raising rates for market-dominant mail and investing \$40 billion in capital improvements which largely focus on package growth.

"5. Efficiencies expected under the DFA have not been realized. USPS costs have overrun the plan's projections. Recent data suggests that the DFA's efforts to cut costs have not materialized. While inflation has increased costs, USPS labor productivity has declined, indicating that the USPS has not improved its operational efficiency.

"6. Economic conditions have changed since the development of the DFA. The economic assumptions, especially for inflation, used to create the DFA projections are outdated."

In conclusion, Yoder stated

"Taken together, these findings present enormous challenges for the long-term financial stability of the USPS. They indicate that changes are needed while the benefits of the Postal Service Reform Act can still be fully realized. We respectfully ask the subcommittee to consider an additional hearing on the health of the USPS customer base in light of the likely failure of the plan to achieve a break-even outcome in FY2023."

As interesting as the facts of Yoder's letter may be, and as much as his expressed concerns about mail volume and the financial status of the USPS may be, it's unlikely that the Postmaster General's political allies in the House will do anything to impede his headlong pursuit of what his Plan proposes – especially semi-annual price increases.

Short of Congressional intervention, only the USPS governors can influence the PMG's actions and policies, but their somnolent acquiescence to his wishes is unlikely to change anytime soon.

OIG Posting Illustrates "Crime Doesn't Pay"

An August 9 posting on the USPS Office of Inspector General's blog reminds readers that not only do illegal actions by postal employees get prosecuted, but that even clever criminals ultimately give themselves away.

"She used to be very vocal about tight finances and the hardships it brought. What's not to understand? But, little by little, her coworkers at the Bellflower, CA, Post Office began noticing changes in her behavior: First, frequent salon visits for hair and nails. Then came new, sometimes expensive clothes. Soon, extravagant deliveries arrived at her P.O. Box, which she hardly minded flaunting. And last, the new car. Was the Postal Service window clerk hiding a booming side gig? Did she suddenly come into some money or was there something amiss?"

"Her supervisor, the lead clerk, kept an ear to the ground and took special care when going over her paperwork. **Noticing an anomaly**, the lead clerk confronted her about it, but she dodged the questions. Soon after, the window clerk went missing in action. But the investigation into her had already begun.

"The Postal Service's Pacific Area Finance Department had flagged money order transaction issues whose roads led to the Bellflower Post Office and, more specifically, to this window clerk. After referring the matter to the USPS OIG, our special agents began investigating what turned out to be a **sophisticated embezzlement scheme**: between March 2016 and March 2017, the employee had processed 138 fraudulent money order transactions, directly pocketing more than \$111,000 from the Postal Service.

"When special agents interviewed the employee, she denied all accusations, but the evidence against her told a different story: her name was on the fraudulent money orders, she had written variations of family members' names and addresses on the refund documentation, and a lengthy paper trail of USPS documents outlined her schemes. Agents developed evidence of her processing money orders with no customers in sight and OIG investigators found \$69,000 in cash deposits to her bank account stemming from the money orders. The window clerk resigned while under investigation in December 2018.

"In January 2022, the now-former employee was indicted, arrested, and charged with wire fraud and theft, including criminal forfeiture. Four months later, she was convicted and found guilty of all charges. This January, she was sentenced to six months' imprisonment, followed by six months of home confinement and 24 months' probation. The court also ordered her to pay more than \$111,000 in restitution to the Postal Service.

"Those who stand to gain by defrauding the Postal Service will be caught. Sudden changes in behavior that unexplainably tell a rags-to-riches story may point to something being amiss. If you suspect a postal employee or contractor of misconduct, please report it to our Hotline."

Though separate agencies each with a distinct mission, the USPS Office of Inspector General and the US Postal Inspection Service have long records of prosecuting criminals who've sought to defraud the USPS and ratepayers.

Mixed Messages from the USPS About Cost Reductions

Anyone familiar with the Postmaster General's 10-Year Plan knows that part of the strategy to balance the agency's books includes not only price increases but cost reductions from improved efficiency in USPS operations. Many readers, particularly noting the changes now under way in the Postal Service's processing, transportation, and delivery networks, conclude that some of the forecasted efficiency and savings will be derived from fewer facilities and a smaller workforce.

Yet reading comments from various postal sources provides a confusing, and somewhat contradictory, picture of whether such an outcome is really to be expected.

Post offices

Another example of where there won't be any cuts was offered in an article in New York's *Altamont Enterprise*. The report was following-up on "an unverified rumor that a regional post office executive was visiting [local] post offices to gather information to help with consolidation." Responding to the newspaper, a postal spokesperson stated that "sites are being evaluated for the creation of the centers, but that these centers will not result in the closure of any offices."

"As we move forward with this initiative, customers will see no changes to their local post office retail operations. No post offices will be closed and PO Box service will not be changed. ... There will be no employee lay-offs as part of this effort."

In other words, as the USPS establishes thousands of new sort-and-delivery centers (S&DCs) to consolidate and, allegedly, make more efficient its delivery operations, and as there's the likelihood that the centers will increase drive-time and related costs, in turn requiring more carriers, the USPS is offering no indication that facility costs will be reduced or, for that matter, that vacated space will enable relocation to smaller facilities or use for revenue generation.

Congress

Government Executive reported that Rep. Bill Huizenga (MI 4th) "recently questioned the consolidation plan's impact on his district, saying it lacked transparency and would have negative impacts on mailers." His letter stated that

"This one-size-fits-all proposal originating from your 'Delivering for America' plan is likely to negatively impact the constituents I represent with a decline in the quality of service."

Earlier, the article noted, Rep. Pat Ryan (NY 8th) "said Postmaster General Louis DeJoy was 'sadly mistaken' if he thought he could 'mess with post offices'" in his district.

"Mail carriers from my district are also particularly concerned about the delays to service, added hours in commute time, and the destabilizing effects this plan will have. Our community knows that the journey can be long and there are additional risks posed by driving mail trucks on the highway or long distances in the snow."

A Postal Service spokesperson had previously told *Government Executive* that "The goal of this [S&DC] initiative is to make significant improvements to the delivery network to better serve the American public and our business customers more efficiently and effectively."

The potential for cost reductions or other savings was not mentioned.

Elsewhere

Meanwhile, another article in *Government Executive* reported that the PMG "vowed to double down on and accelerate his proposed reforms." Among those would be "significantly reducing work hours by closing some facilities and removing other inefficiencies."

Already, the article noted, the USPS is shuttering "annexes and contract facilities around the country that management has labeled as 'inefficient.'"

According to a report by *Save the Post Office*, the USPS has informed labor groups than planned consolidations of operations at the Eugene (OR) and Medford (OR) facilities into the planned Portland (OR) RPDC would enable the elimination of one management position and 53 craft positions, contributing to projected savings of \$7.1-to-\$12 million.

Similar consolidations of some operations from the Macon (GA) and Augusta (GA) facilities into the new Atlanta RPDC were projected to enable the elimination of nine management positions and 37 craft positions, helping generate cost savings of \$4.7-to-\$7.8 million.

In trying to reconcile these data with other projections, the article observed that

"Another possibility is simply that the Postal Service has overestimated the cost savings. That's been an issue with previous cost-reduction initiatives, including the Network Rationalization plan on plant consolidations in 2012"

On the other side of the ledger, *Multichannel Merchant* reported that the Postal Service is planning to insource long-haul transportation now handled by contractors, noting that some contractors that move mail from plants to delivery units have already been told their contracts are terminated.

"A US Postal Service plan to insource all line hauling of mail and parcels between hubs and local delivery units, which had been handled by contractors, will be completely phased in by 2025, according to a source with knowledge of meetings with USPS officials. ... [C]ontractors are being notified that their services are no longer required and will be handled instead by USPS employees and assets. The services included transport of mail and parcels from area hubs to local post offices for morning delivery, then picking up outbound mail in the afternoon for injection into the system."

A postal spokesperson was quoted as stating that as part of the PMG's Plan "The Postal Service continues to move forward with its ... plan, which includes optimizing the postal network. One aspect of optimization includes finding the best way to transport products from site to site. Some contract carrier companies we have contracted with will be affected."

That the PMG has been clever with the postal labor unions has been apparent, assuring them that they won't lose members because of facility closures, converting temporary workers to career (and dues-paying) status, and – now – replacing cost-efficient contracted transportation with fixed-cost career postal drivers.

The inconsistency and lack of transparency in the network changes and other related activities raise questions about how costs are supposed to be reduced, but perhaps the PMG prefers we just shouldn't ask.

More Details Emerging About Planned Facilities

An August 8 posting on the *Save the Post Office* website detailed the locations of 56 existing or planned regional processing and distribution centers (RPDCs) and 151 subordinate local processing centers (LPCs). As with other previous

lists, the latest is derived from presentations to labor groups and not on official information provided directly by the Postal Service. As such, the specifics of the list can change based on further evaluation of the network.

RPDC Region	Type	Facility Name	Type	RPDC Region	Type	Facility Name	Type	RPDC Region	Type	Facility Name	Type
Amarillo	RPDC	Amarillo	PDC/PDF	Grand Rapids	RPDC	Grand Rapids	PDC/PDF	Pittsburgh	RPDC	Pittsburgh	NDC/ASF
	LPC	Lubbock	PDC/PDF		LPC	Eau Claire	PDC/PDF		LPC	Duncansville	PDC/PDF
	LPC	Midland	PDC/PDF		LPC	Lansing	PDC/PDF		LPC	Johnstown	PDC/PDF
Atlanta	RPDC	Atlanta	New RPDC		LPC	Traverse City	PDC/PDF		LPC	Pittsburgh	PDC/PDF
	LPC	Atlanta	PDC/PDF		LPC	South Bend	PDC/PDF		LPC	S Charleston	PDC/PDF
	LPC	Augusta	PDC/PDF	Green Bay	RPDC	Green Bay	PDC/PDF	Portland	RPDC	Portland	PDC/PDF
	LPC	Macon	PDC/PDF		LPC	Iron Mountain	PDC/PDF		LPC	Eugene	PDC/PDF
	LPC	North Metro	PDC/PDF	Greensboro	RPDC	Greensboro NDC	NDC/ASF		LPC	Medford	PDC/PDF
Baton Rouge	RPDC	Baton Rouge	PDC/PDF		LPC	Fayetteville	PDC/PDF		LPC	Portland	PDC/PDF
	LPC	Jackson	PDC/PDF		LPC	Greensboro	PDC/PDF	Richmond	RPDC	Richmond	PDC/PDF
	LPC	Lafayette	MPO		LPC	Raleigh	PDC/PDF		LPC	Norfolk	PDC/PDF
	LPC	New Orleans	PDC/PDF		LPC	Roanoke	PDC/PDF		LPC	Rocky Mount	PDC/PDF
Bell Gardens	RPDC	Bell Gardens	NDC/ASF	Harrisburg	RPDC	Harrisburg	PDC/PDF	Rochester	RPDC	Buffalo	NDC/ASF
	LPC	San Bernardino	PDC/PDF		LPC	Harrisburg	PDC/PDF		LPC	Rochester	PDC/PDF
	LPC	Santa Ana	PDC/PDF		LPC	Scranton	PDC/PDF		LPC	Syracuse	PDC/PDF
	LPC				LPC	Bethlehem	PDC/PDF	Royal Palm	RPDC	Royal Palm	LDC
Bethpage	RPDC	Bethpage	LDC	Indianapolis	RPDC	Indianapolis	New RPDC		LPC	Fresno	PDC/PDF
Billings	RPDC	Billings	PDC/PDF		LPC	Fort Wayne	PDC/PDF		LPC	Miami	PDC/PDF
	LPC	Casper	PDC/PDF		LPC	Indianapolis	PDC/PDF	Sacramento	RPDC	Sacramento	PDC/PDF
	LPC	Great Falls	PDC/PDF		LPC	Jacksonville	NDC/ASF		LPC	Redding	PDC/PDF
	LPC	Rapid City	PDC/PDF	Jacksonville	RPDC	Jacksonville	NDC/ASF		LPC	Reno	PDC/PDF
Boise	RPDC	Boise	PDC/PDF		LPC	Gainesville	PDC/PDF	Saint Louis	RPDC	Saint Louis	PDC/PDF
	LPC	Boise	PDC/PDF		LPC	Jacksonville	PDC/PDF		LPC	Cape Girardeau	PDC/PDF
	LPC	Pocatello	Annex		LPC	Tallahassee	PDC/PDF		LPC	Columbia	PDC/PDF
Boston	RPDC	Boston	PDC/PDF	Jersey City	RPDC	Jersey City	NDC/ASF		LPC	Saint Louis	PDC/PDF
	LPC	Brockton	PDC/PDF		LPC	Jersey City	NDC/ASF		LPC	Springfield	PDC/PDF
	LPC	Manchester	PDC/PDF		LPC	Kearny	LDC	Salt Lake City	RPDC	Salt Lake City	PDC/PDF
	LPC	Providence	PDC/PDF		LPC	New York	PDC/PDF		LPC	Provo	PDC/PDF
Charlotte	RPDC	Charlotte	New RPDC		LPC	Teterboro	PDC/PDF		LPC	Salt Lake City	PDC/PDF
Charlotte	RPDC	Mid Carolina			LPC	White Plains	PDC/PDF	San Antonio	RPDC	San Antonio	PDC/PDF
	LPC	Charlotte	PDC/PDF	Kansas City	RPDC	Kansas City NDC	NDC/ASF		LPC	Austin	PDC/PDF
	LPC	Greenville	PDC/PDF		LPC	Kansas City	PDC/PDF		LPC	Corpus Christi	PDC/PDF
	LPC	Johnson City	PDC/PDF		LPC	Springfield	PDC/PDF		LPC	McAllen	PDC/PDF
Chicago North	RPDC	Palatine	PDC/PDF		LPC	Wichita	PDC/PDF	San Diego	RPDC	San Diego	PDC/PDF
	LPC	Carol Stream	PDC/PDF	Las Vegas	RPDC	Las Vegas	PDC/PDF		LPC	Moreno Valley	Annex
Chicago South	RPDC	Chicago NDC	NDC/ASF		LPC	Las Vegas	PDC/PDF	San Francisco	RPDC	San Francisco	PDC/PDF
	LPC	South Suburban	PDC/PDF	Los Angeles	RPDC	Los Angeles	PDC/PDF		LPC	Eureka	PDC/PDF
	LPC	Cardiss Collins	PDC/PDF	Louisville	RPDC	Louisville	PDC/PDF		LPC	Oakland	PDC/PDF
	LPC	Champaign	PDC/PDF		LPC	Evansville	PDC/PDF		LPC	Petaluma/N Bay	PDC/PDF
	LPC	Gary	PDC/PDF		LPC	Knoxville	PDC/PDF		LPC	San Francisco	PDC/PDF
Cincinnati	RPDC	Cincinnati	NDC/ASF		LPC	Lexington	PDC/PDF		LPC	San Jose	PDC/PDF
	LPC	Cincinnati	PDC/PDF	Memphis	RPDC	Memphis NDC	NDC/ASF	Santa Clarita	RPDC	Santa Clarita	PDC/PDF
	LPC	Columbus	MPO		LPC	Little Rock	PDC/PDF		LPC	Bakersfield	PDC/PDF
	LPC	Dayton	PDC/PDF		LPC	Memphis	PDC/PDF		LPC	Pasadena	Annex
Cleveland	RPDC	Cleveland	PDC/PDF	Milwaukee	RPDC	Milwaukee	PDC/PDF		LPC	Santa Barbara	PDC/PDF
	LPC	Akron	PDC/PDF		LPC	Madison	PDC/PDF	Scarborough	RPDC	Scarborough	PDC/PDF
	LPC	Cleveland	PDC/PDF		LPC	Milwaukee	PDC/PDF		LPC	Eastern Maine	PDC/PDF
	LPC	Youngstown	PDC/PDF	Minn/St Paul	LPC	Minn/St Paul	NDC/ASF	Seattle	RPDC	Seattle	PDC/PDF
Columbia	RPDC	Columbia	PDC/PDF		LPC	Minn/St Paul	PDC/PDF		LPC	Seattle	PDC/PDF
	LPC	N Charleston	PDC/PDF		LPC	Duluth	PDC/PDF		LPC	Tacoma	PDC/PDF
Dallas	RPDC	Dallas NDC	NDC/ASF		LPC	Mankato	PDC/PDF		LPC	Yakima	PDC/PDF
	LPC	Abilene	PDC/PDF		LPC	Saint Paul	PDC/PDF	Seminole	RPDC	Seminole	LDC
	LPC	Coppell/N Texas	PDC/PDF	Nashville	RPDC	Nashville	PDC/PDF		LPC	Mid Florida	PDC/PDF
	LPC	Dallas	PDC/PDF		LPC	Nashville	PDC/PDF		LPC	Orlando	PDC/PDF
	LPC	Fort Worth	PDC/PDF	North Houston	RPDC	Houston	PDC/PDF		LPC	West Palm Beach	PDC/PDF
	LPC	Shreveport	PDC/PDF		LPC	Beaumont	PDC/PDF	Spokane	RPDC	Spokane	PDC/PDF
Denver	RPDC	Denver NDC	NDC/ASF		LPC	South Houston	PDC/PDF		LPC	Missoula	PDC/PDF
	LPC	Cheyenne	PDC/PDF	Oklahoma City	RPDC	Oklahoma City	PDC/PDF		LPC	Wenatchee	PDC/PDF
	LPC	Co Springs	PDC/PDF		LPC	Fayetteville	PDC/PDF	Springfield	RPDC	Springfield	LDC
	LPC	Denver	PDC/PDF		LPC	Tulsa	PDC/PDF		LPC	Albany	LDC
	LPC	Grand Junction	PDC/PDF	Philadelphia	RPDC	Philadelphia NDC	NDC/ASF		LPC	Essex Jct/Burlington	PDC/PDF
	LPC	North Platte	PDC/PDF		LPC	Bellmawr/S Jersey	PDC/PDF		LPC	Hartford	PDC/PDF
Des Moines	RPDC	Des Moines NDC	NDC/ASF		LPC	New Castle	PDC/PDF		LPC	Shrewsbury	PDC/PDF
	LPC	Cedar Rapids	PDC/PDF		LPC	Philadelphia	PDC/PDF		LPC	White River Jct	PDC/PDF
	LPC	Des Moines	PDC/PDF	Phoenix	RPDC	Phoenix	PDC/PDF	Tampa	RPDC	Tampa	PDC/PDF
	LPC	Milan	PDC/PDF		LPC	Tucson	PDC/PDF		LPC	Fort Myers	PDC/PDF
	LPC	Waterloo	PDC/PDF		LPC				LPC	Sarasota	PDC/PDF
Detroit	RPDC	Detroit	PDC/PDF		LPC				LPC	Tampa	PDC/PDF
	LPC	Allen Park	NDC/ASF					Washington	RPDC	Washington	NDC/ASF
	LPC	Pontiac	PDC/PDF								
	LPC	Toledo	PDC/PDF								

PQ III/FY 2023 USPS Service Performance: Still Not as Publicized

As commercial mail producers and their clients are aware, the Postal Service lowered service standards for First-Class Mail and some Periodicals effective October 1, 2021. It announced its FY 2023 performance targets in a November 29, 2022, letter to the Postal Regulatory Commission.

For FY 2023, the Postal Service also revised the geographic units used in its reports, basing performance data on the four areas and 50 districts established in 2020 rather than the preceding seven areas and 67 districts. Doing so may be convenient for the USPS, but it further homogenizes data and blurs performance variability among facilities.

Claims

The first chart, below, shows how national level service has trended over the past eleven quarters, often reflecting typical seasonal variation. These aggregated figures are similar to those used by the USPS in their weekly press releases touting ever-improved service because they're based on homogenized, national level class averages that combine the results for all categories and presort levels. For anyone who looks more closely, the real, more granular data often don't support what the PR spin would have ratepayers believe.

Moreover, only automation mail "in measurement" is reflected in all USPS service scores and, for Marketing Mail, only destination-entered mail is measured, clearly skewing what would be the true Marketing Mail scores if the less efficient origin-entered mail were also in the mix.

Variation

Compared to PQ IV/FY 22, the PQ III/FY 23 national level scores were mixed for First-Class Mail, but better for

Marketing Mail and Periodicals. Districts in the west again generally performed better while those in the east generally did worse; the WestPac Area had all of the eight best quarterly average scores for First-Class Mail and Marketing Mail.

Most districts fell short of one or more targets for First-Class Mail: 19 districts for overnight, 20 for two-day, 8 for 3-day, 13 for 4-day, and 32 for 5-day service. Only nine districts met all the targets. For Marketing Mail, no district missed the service target for letters, and nine missed for carrier route mail, but flats remained a problem, with all but twelve districts falling short of the service target.

Scores for Periodicals are not reported below the area level but the area and national service scores achieved the target for the quarter.

The second chart, below, shows the percentage of districts in each area that achieved the service target for the corresponding First-Class Mail or Marketing Mail. Aside from Marketing mail letters (which, in this case, are exclusively destination-entered), the scores show a significant number of districts are falling short of meeting service targets. Again, these data suggest that the weekly numbers claimed by the USPS publicists are derived from carefully selected averages that tell the story the Postal Service wants mailers to believe.

The more granular data in the chart on the next page summarizes district and area scores for Presorted First-Class Mail letters/cards (overnight and 2-, 3-, 4-, and 5-day) and overall Marketing Mail (letters, flats, and carrier route). Even more granular data is available from the PRC; the full set of USPS service reports is on the commission's website under the August 9 daily listing.

Summary of National-Level Service Performance – FY 2021-2023																		
Targets	Presorted First-Class Mail Letters/Postcards										Marketing Mail				Periodicals			
FY 21	93.99% overnight, 89.20% 2-day, 84.11% 3-to-5-day										86.82%				86.62%			
FY 22	94.75% overnight, 93.00% 2-day, and 90.5% 3-, 4-, & 5-day										91.84%				82.67%			
FY 23	95.00% overnight, 93.52% 2-day, and 92.20% 3-, 4-, & 5-day										93.64%				85.75%			
	Quarter					Year-to-Date					Quarter		Year-to-Date			Qtrr	Yr/Dt	
	Over-night	2-Day	3-day	4-day	5-day	Over-night	2-Day	3-day	4-day	5-day	Over-all Ltrs	Over-all Flts	Over-all CR	Over-all Ltrs	Over-all Flts	Over-all CR	Com-bined	Com-bined
PQ I/21	91.6	85.0		78.3		91.6	85.0		78.3		85.9	69.1	81.9	85.9	69.1	81.9	69.5	69.5
PQ II/21	93.1	85.1		74.0		92.4	85.1		76.2		86.9	66.9	82.0	86.3	68.0	82.0	70.9	70.1
PQ III/21	95.5	92.4		86.2		93.4	87.4		79.4		92.2	76.9	89.6	87.4	69.5	82.8	78.2	72.7
PQ IV/21	94.8	92.5		87.2		93.7	88.5		81.0		94.2	82.7	92.4	89.5	72.5	85.1	82.2	75.0
PQ I/22	95.0	92.4	87.2	91.8	96.5	95.0	92.4	87.2	91.8	96.5	93.1	81.4	91.3	93.1	81.4	91.3	80.3	80.3
PQ II/22	94.3	92.3	86.0	86.8	94.2	94.7	92.3	86.6	89.3	95.3	93.0	81.7	93.0	93.1	81.5	91.8	81.1	80.7
PQ III/22	95.6	94.7	93.0	94.5	97.3	95.0	93.1	88.6	91.0	96.0	95.8	86.5	95.1	94.0	83.0	92.7	86.4	82.4
PQ IV/22	95.5	94.5	93.3	94.3	95.9	95.1	93.4	89.7	91.8	95.9	95.8	88.1	95.1	94.4	84.3	93.3	86.6	83.3
PQ I/23	94.4	93.1	91.2	92.2	93.4	94.4	93.1	91.2	92.2	93.4	95.0	85.5	93.6	95.0	85.5	93.6	84.4	84.4
PQ II/23	94.9	93.9	92.0	91.6	91.1	94.6	93.5	91.6	91.9	92.2	95.9	88.1	94.3	95.4	86.6	93.9	86.3	85.2
PQ III/23	95.3	94.4	93.4	94.0	91.3	94.8	93.8	92.2	92.6	91.9	97.0	91.3	95.6	95.9	88.0	94.3	88.7	86.5
PQ IV/23																		

District Target Achievement % by Area Between 04/01/2023 and 06/30/2023 (PQ III/FY 2023)																		
Area	Presorted First-Class Letters/Postcards										Marketing Mail							
	Quarter					Year to Date					Letters (Overall)		Flats (Overall)		Car Rte (Overall)			
	O'night	2-Day	3-Day	4-Day	5-Day	O'night	2-Day	3-Day	4-Day	5-Day	Qtr	Yr to Dt	Qtr	Yr to Dt	Qtr	Yr to Dt	Qtr	Yr to Dt
Atlantic	58.3	58.3	91.7	100.0	8.3	41.7	33.3	83.3	91.7	25.0	100.0	100.0	16.7	0.0	100.0	50.0		
Central	50.0	50.0	75.0	75.0	66.7	41.7	41.7	41.7	25.0	66.7	100.0	100.0	16.7	0.0	75.0	50.0		
Southern	69.2	46.1	66.7	69.2	61.5	53.8	53.8	30.8	53.8	53.8	100.0	100.0	7.7	0.0	76.9	61.5		
WestPac	76.9	92.3	100.0	53.8	53.8	76.9	92.3	92.3	46.1	69.2	100.0	100.0	53.8	23.1	76.9	69.2		
Nation	62.0	62.5	83.3	74.0	42.0	54.0	54.2	56.3	54.0	56.0	100.0	100.0	24.0	6.0	82.0	60.0		

USPS Service Performance – % On-Time for Mail in Measurement Between 04/01/2023 and 06/30/2023 (PQ III/FY 2023)

Area/District *	Presorted First-Class Letters/Postcards **										Marketing Mail **					
	Quarter					Year to Date					Letters (Overall)		Flats (Overall)		Car Rte (Overall)	
	O'night	2-Day	3-Day	4-Day	5-Day	O'night	2-Day	3-Day	4-Day	5-Day	Quarter	Yr to Dt	Quarter	Yr to Dt	Quarter	Yr to Dt
Atlantic ↓ MKT YTD	95.7	94.1	93.5	94.6	90.0	95.4	93.5	92.6	93.3	91.7	97.3	95.8	91.3	86.5	95.8	93.6
Connecticut	97.5	91.9	94.3	93.3	89.2	97.1	90.6	94.3	92.9	92.9	97.0	95.8	90.7	82.8	95.6	91.5
DE-PA 2	94.5	94.3	93.7	94.9	90.3	93.7	93.6	92.8	93.6	90.4	97.6	95.8	89.8	84.8	95.3	93.3
MA-RI	94.5	94.9	93.3	94.0	89.6	94.8	94.5	92.0	92.1	91.1	96.8	94.7	91.6	84.4	95.1	90.4
Maryland	90.7	91.5	90.3	93.5	87.3	92.5	90.8	90.1	92.9	90.0	96.9	94.5	91.9	86.1	96.0	93.8
ME-NH-VT	95.6	94.2	94.0	94.4	89.7	94.9	92.7	92.1	92.7	92.1	97.1	94.7	91.7	82.9	94.0	89.2
New Jersey	95.3	94.3	93.9	94.8	92.4	95.2	93.5	92.9	93.6	93.3	97.4	96.1	90.9	87.7	96.7	95.4
New York 1	89.4	91.2	93.1	94.4	88.4	88.7	90.4	92.3	93.3	89.6	96.0	95.3	90.3	87.9	93.9	93.7
New York 2	92.5	93.0	94.1	94.7	89.6	92.4	93.2	93.6	93.5	89.9	97.0	96.0	89.0	85.6	95.5	94.9
New York 3	96.3	95.2	94.3	94.2	88.1	95.4	94.7	92.8	91.8	90.1	97.6	96.0	93.9	89.7	96.9	95.5
North Carolina	97.0	96.0	93.5	94.9	91.4	96.9	95.2	92.9	94.1	92.8	98.2	97.2	91.9	87.1	95.6	93.9
Pennsylvania 1	96.9	96.0	94.2	95.6	90.2	95.7	94.9	93.1	94.4	91.5	98.3	97.2	94.4	90.4	97.2	95.3
Virginia	93.5	92.4	92.4	94.3	85.4	93.8	92.7	91.9	93.7	89.2	96.9	94.7	90.2	85.3	94.6	91.9
Central ↓ MKT Q3	94.6	93.4	93.0	94.6	93.8	94.3	92.9	91.9	93.2	92.0	96.8	95.7	89.7	87.1	95.4	94.4
IA-NE-SD	95.0	94.4	94.3	96.5	93.3	94.1	94.7	93.3	95.5	92.5	96.4	95.7	94.6	93.3	97.8	97.2
Illinois 1	91.5	93.0	92.0	93.6	95.3	91.8	92.5	90.3	91.5	92.0	97.0	95.8	86.8	83.2	92.4	91.4
Illinois 2	95.1	93.8	93.0	90.2	92.7	94.6	93.3	91.5	88.2	88.6	96.2	94.9	87.5	84.6	93.0	92.5
Indiana	92.9	90.5	93.9	95.2	96.3	95.2	92.2	93.9	94.9	94.6	97.1	96.3	89.3	84.7	94.9	93.0
KS-MO	93.0	92.8	90.3	89.8	90.9	92.7	90.9	89.1	88.4	87.5	95.3	94.9	87.7	83.0	94.7	92.8
KY-WV	96.2	93.4	93.0	92.9	90.8	95.7	92.6	92.1	92.3	92.0	97.6	96.6	91.9	89.1	97.1	96.4
Michigan 1	96.0	96.2	92.3	92.8	93.7	95.9	95.5	91.3	90.8	94.0	97.6	96.7	90.6	89.3	96.7	96.6
Michigan 2	96.6	96.0	94.0	93.1	94.6	96.0	95.5	93.2	90.4	92.3	97.9	97.3	94.1	92.1	97.9	98.3
MN-ND	94.7	93.9	89.9	92.2	91.1	93.4	92.4	88.4	90.3	88.6	95.8	94.4	88.5	85.1	92.8	91.5
Ohio 1	95.7	95.1	93.4	92.5	92.7	95.2	94.2	92.5	90.8	93.4	97.1	95.8	91.9	91.1	97.2	97.2
Ohio 2	94.6	91.6	93.8	92.6	90.9	93.3	88.9	91.7	89.8	90.1	97.2	95.4	89.1	86.6	95.3	92.7
Wisconsin	94.9	93.3	91.6	91.9	94.9	94.1	92.5	90.8	90.2	92.5	97.0	95.9	88.0	86.1	95.9	96.0
Southern ↓ FCM Q3 ↓ FCM YTD	95.3	93.7	92.7	93.8	90.9	94.6	93.3	90.9	92.5	92.1	96.5	95.3	90.8	87.3	94.9	93.9
AL-MS	96.2	94.0	91.4	92.7	91.1	95.9	94.2	89.4	92.5	92.6	96.1	95.1	87.7	84.8	94.7	93.2
AR-OK	96.6	92.5	91.8	88.4	93.0	96.1	91.9	89.3	88.7	89.9	96.3	95.7	90.1	87.7	96.0	96.1
Florida 1	95.2	92.9	92.1	93.3	90.0	95.8	93.3	91.5	93.1	91.9	96.0	94.6	91.0	88.4	93.9	94.4
Florida 2	96.5	95.4	95.0	95.8	90.5	95.9	94.2	93.7	94.4	93.1	97.6	96.7	92.4	89.6	96.3	95.7
Florida 3	94.7	90.3	93.9	93.7	85.7	93.9	91.9	92.9	93.0	90.8	95.7	95.3	88.9	85.4	91.5	91.4
Georgia	93.7	92.3	92.8	94.1	90.8	93.6	93.1	91.6	93.0	91.4	94.9	93.9	86.8	82.7	91.5	90.8
Louisiana	96.5	96.4	93.3	90.6	90.0	96.2	95.9	91.0	90.4	92.3	97.6	96.8	92.5	89.8	97.1	96.7
Puerto Rico ↓ FCM Q3 ↓ MKT YTD	95.9	97.6	N/A	91.2	93.7	95.6	97.2	N/A	90.1	93.3	97.5	95.9	92.4	84.3	87.7	77.5
South Carolina	95.6	94.7	90.1	94.2	88.4	95.1	93.8	89.0	92.0	86.6	96.7	95.2	91.4	88.9	94.7	94.2
Tennessee	95.9	91.3	91.3	88.2	90.3	94.5	93.6	89.2	87.9	91.9	96.5	94.5	90.6	86.3	95.3	94.8
Texas 1	92.8	93.3	93.3	94.5	95.4	92.0	91.6	91.8	93.3	95.2	96.2	94.4	91.8	89.4	95.9	95.3
Texas 2 ↓ FCM YTD	95.9	N/A	94.1	94.8	96.5	94.2	N/A	90.0	91.4	94.8	97.5	96.2	92.9	85.2	94.9	91.0
Texas 3	94.7	91.4	93.0	92.5	92.9	92.6	89.5	92.0	90.8	92.5	97.0	95.8	94.1	90.8	97.1	96.6
Westpac ↑ FCM Q3/YTD ↑ MKT Q3/YTD	95.9	96.7	95.4	92.6	91.3	95.3	96.2	94.5	90.9	91.9	97.7	96.9	94.0	91.7	96.3	95.5
Alaska	98.0	97.5	N/A	92.6	94.4	98.1	96.7	N/A	92.0	92.7	97.6	97.9	92.6	90.5	92.0	92.7
AZ-NM	96.9	97.2	93.5	91.6	92.0	96.1	96.6	92.9	90.9	92.6	96.9	96.1	93.1	91.1	97.5	97.4
California 1 ↑ MKT Q3 ↑ MKT YTD	97.6	96.3	96.7	96.3	92.8	97.4	94.9	96.1	93.9	92.6	98.7	98.0	96.1	94.5	98.1	97.6
California 2	96.5	95.8	96.2	91.3	89.2	95.9	94.7	95.2	87.9	91.0	98.3	97.5	93.9	92.3	95.1	94.0
California 3	96.8	97.4	97.7	96.0	93.9	96.2	97.0	96.7	95.1	94.8	98.5	98.0	95.6	93.9	97.8	97.7
California 4 ↑ FCM Q3 ↑ FCM YTD	97.9	97.0	97.5	96.5	93.3	98.3	97.1	97.1	96.1	95.0	98.7	97.9	96.3	94.1	96.3	96.3
California 5	93.9	97.2	96.1	93.3	92.6	93.3	97.0	95.8	93.7	93.8	97.5	96.4	92.4	89.9	94.7	92.1
California 6	96.4	97.0	96.5	95.7	91.5	97.0	96.7	95.9	95.2	94.4	98.3	97.9	94.6	91.2	97.2	95.8
CO-WY	94.9	84.8	93.0	91.9	92.9	93.9	87.0	90.3	88.7	90.0	96.5	95.3	90.8	85.7	93.2	91.5
Hawaii ↓ MKT Q3	96.7	N/A	98.7	92.0	91.5	97.2	N/A	96.5	91.9	92.7	97.9	97.2	88.6	92.1	79.1	89.9
ID-MT-OR	96.0	97.3	93.6	90.9	90.8	95.1	96.2	93.1	88.9	89.5	97.3	96.6	93.5	91.8	96.1	95.6
NV-UT	95.5	96.6	94.6	90.2	91.8	95.1	96.3	93.5	87.6	92.2	97.1	96.3	94.2	91.3	97.6	96.6
Washington	94.8	95.6	94.0	91.9	90.0	94.0	95.0	94.0	89.5	87.1	97.6	96.7	94.6	93.2	96.6	96.2
Nation	95.3	94.4	93.4	94.0	91.3	94.8	93.8	92.2	92.6	91.9	97.0	95.9	91.3	88.0	95.6	94.3

Presorted First-Class: 95.00% overnight, 93.52% 2-day, and 92.0% 3-, 4-, & 5-day <<<< FY 2023 Targets >>>> Marketing Mail: 93.64%

* = ↑ Best combined PQ or YTD score ↓ Worst combined PQ or YTD score for Presorted First-Class Letter/Postcards or Overall Marketing Mail Letters/Flats/Carrier Route

** = HIGHEST AREA CATEGORY SCORE HIGHEST DISTRICT CATEGORY SCORE □ = Below Service Target LOWEST AREA CATEGORY SCORE LOWEST DISTRICT CATEGORY SCORE

USPS FINAL RULE: Intelligent Mail Package Barcode Compliance Quality

POSTAL SERVICE

39 CFR Part 111

Intelligent Mail Package Barcode Compliance Quality

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is amending Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM) to add an additional Intelligent Mail package barcode (IMpb) validation under the “Barcode Quality” compliance category.

DATES: Effective October 1, 2023.

FOR FURTHER INFORMATION CONTACT: Steven Jarboe at (202) 268-7690, Devin Qualls at (202) 268-3287, or Garry Rodriguez at (202) 268-7281.

SUPPLEMENTARY INFORMATION: On June 28, 2023, the Postal Service published a notice of proposed rulemaking (88 FR 41871-41872) to add an additional IMpb validation. In response to the proposed rule, the Postal Service did not receive any formal comments.

The Postal Service is adding a third validation under the “Barcode Quality” compliance category that will require that an IMpb must include a valid, unique 3-digit STC that accurately represents the mail class, product, and service combination on the physical label affixed to the package. Additionally, the IMpb on the package must also correspond with electronic package level details and Extra Services Code(s) contained within the Shipping Services File (SSF). Any variance in the data presented in the electronic submission of a parcel or a variance with the physical aspect of the label affixed to a parcel presented for mailing will be subject to the IMpb noncompliance fee if a mailer falls below the 98 percent threshold.

We believe this revision will ensure IMpb quality enabling the Postal Service to provide customers with a more efficient mailing experience. The Postal Service adopts the described changes to *Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)*, incorporated by reference in the *Code of Federal Regulations*.

We will publish an appropriate amendment to 39 CFR part 111 to reflect these changes.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR part 111 is amended as follows:

PART 111 – [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401-404, 414, 416, 3001-3018, 3201-3220, 3401-3406, 3621, 3622, 3626, 3629, 3631-3633, 3641, 3681-3685, and 5001.
2. Revise the Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM) as follows:

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

200 Commercial Letters, Flats, and Parcels

204 Barcode Standards

2.0 Standards for Package and Extra Service Barcodes

2.1 Intelligent Mail Package Barcode

2.1.8 Compliance Quality Thresholds

Exhibit 2.1.8 – IMpb Compliance Quality Thresholds

Compliance	Compliance categories	Compliance codes	Validations thresholds
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Barcode Quality ***

[Revise the text in the “Barcode Quality” compliance category under the “Validation” column by adding a third validation to read as follows:]

The IMpb must include a valid, unique 3-digit Service Type Code that accurately represents the mail class, product, and service combination on the physical label affixed to the package and the electronic package level details and Extra Services Code(s) in the Shipping Services File.

Sarah Sullivan, Attorney, Ethics & Legal Compliance.

All the Official Stuff

Federal Register

Postal Service

NOTICES

August 3: Product Change: Priority Mail and USPS Ground Advantage Negotiated Service Agreement, 51360.

August 10: Product Change [6]: Priority Mail Express, Priority Mail, and Ground Advantage Negotiated Service Agreement [2], 54355, 54356; Priority Mail and USPS Ground Advantage Negotiated Service Agreement [4], 54355, 54356, 54356, 54356.

August 11: International Product Change: Priority Mail Express International, Priority Mail International, First-Class Package International Service & Commercial ePacket Agreement, 54671-54672.

PROPOSED RULES

[None].

FINAL RULES

August 8: Supplemental Standards of Ethical Conduct for Employees of the United States Postal Service, 53351-53357.

August 10: Intelligent Mail Package Barcode Compliance Quality, 54239-54240.

Postal Regulatory Commission

NOTICES

August 1: New Postal Products, 50189-50190.

August 2: New Postal Products, 50920.

August 7: New Postal Products, 52223-52224.

August 8: New Postal Products [2], 53546-53547, 53547.

August 10: New Postal Products, 54355.

August 11: New Postal Products, 54671.

August 14: New Postal Products, 55083-55084.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

August 3: International Service Suspension Notice – effective August 4, 2023 [Sudan].

August 10: International Service Resumption Notice – effective August 11, 2023 [Timor-Leste].

Postal Bulletin (PB 22630, August 10)

- Effective **September 1**, Labeling Lists L007, L012, L051, and L606 are revised to reflect changes in mail processing operations.

Mailers are expected to label according to these revised lists for mailings inducted on or after the September 1, 2023, effective date through the October 31, 2023, expiration date.

- Effective **November 6**, DMM 113, 115, 213, 215, and 703 are to reflect the Postal Service's discontinued use of Priority Mail Express Label 11-B, *Priority Mail Express Post Office to Addressee*. On July 3, 2023, the Postal Service announced that effective July 9, 2023, it will discontinue Priority Mail Express Label 11-B. ... The Postal Service continues to offer Priority Mail Express Label 11-M, *Priority Mail Express Post Office to Addressee*, at manual Post Offices and Label 11-HFPU, *Priority Mail Express Hold For Pickup*, at all Post Offices. Information on how to access alternative shipping methods is available at usps.com/business/postage-options.htm. Questions may be sent to ShippingServices@usps.gov. In addition, the Postal Service will update the applicable Quick Service Guides (QSGs) to reflect this revision. Although the Postal Service will not publish these revisions in the DMM until November 6, 2023, the standards are effective immediately.
- Effective **August 10**, IMM 136.4 is revised to align with section 47 in Publication 52, *Hazardous, Restricted, and Perishable Mail*, noting that Electronic Nicotine Delivery Systems (ENDS) are prohibited in international mail. ... Although effective August 10, 2023, the Postal Service will incorporate these revisions into the next edition of the online IMM, which is available via Postal Explorer at pe.usps.com.
- Effective **August 10**, the IMM Individual Country Listing for Ecuador is revised to add an observation to include certain addressee contact information for items mailed to Ecuador. ... Although effective August 10, 2023, the Postal Service will incorporate these revisions into the next edition of the online IMM, which is available via Postal Explorer at pe.usps.com.
- Effective **August 10**, the IMM Individual Country Listing for Norway is revised to note the new name of the designated postal operator of Norway. ... Although effective August 10, 2023, the Postal Service will incorporate these revisions into the next edition of the online IMM, which is available via Postal Explorer at pe.usps.com.

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

USPS Industry Alerts

July 31, 2023

Mail Spoken Here – July 2023 Edition – IE&O Newsletter

Please enjoy the latest edition of Mail Spoken Here attached. Our USPS Industry Engagement & Outreach newsletter contains informative and important articles on the following topics: Mail Milestone - Museum Marks 30 Years in City Post Office Building; Honoring Accomplishments - PCC Leadership Awards Announced; Priority Mail Express Refunds; Customers First - Strako Discusses Shipping at Conference; 2024 Promotions PRC Approval and Calendar; VP Announcements - Hoyt Retires, Lawson Appointed; Modernizing USPS - Mehra Talks Tech at Industry Event; USPS Ground Advantage - New Shipping Offering now Available; No Mercury in the Mail - USPS Offers Reminder about Parcels; New Stamps - Release Date, Location Updates (Civil Rights Leader - USPS Honors John Lewis; Cardinal Takes Wing - USPS Issues Stamped Envelope); Going the Distance - Skateboarder, new Stamps Feted in NY; Mailers Technical Advisory Committee (MTAC); Upcoming Events; A Quick Glance Forward; *Federal Register* Notices; Negotiated Service Agreements; The Latest *Postal Bulletins*; Thank you all very much!

August 2, 2023

INTERNATIONAL SERVICE SUSPENSION NOTICE – Effective August 4, 2023

The Postal Service will temporarily suspend international mail acceptance to destinations where the foreign postal operator has indicated that they are unable to process or deliver international mail or services originating from the United States. Customers are asked to refrain from mailing items addressed to the following country, until further notice: **Sudan**. This service disruption affects Priority Mail Express International (PMEI), Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), International Priority Airmail (IPA), and M-Bag items. Unless otherwise noted, service suspensions to a particular country do not affect delivery of

military and diplomatic mail. For already deposited items, other than Global Express Guarantee (GXG), Postal Service International Service Center (ISC) employees will endorse the items as "Mail Service Suspended — Return to Sender" and then place them in the mail stream for return. According to DMM 604.9.2.3, customers are entitled to a full refund of their postage costs when service to the country of destination is suspended. The detailed procedures to obtain refunds for Retail Postage, eVS, PC Postage, and BMEU entered mail can be found through the following link: <https://postalpro.usps.com/international-refunds>. The Postal Service is closely monitoring the situation and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

August 8, 2023

PostalOne Name Change Issue Resolved

The name change issue in PostalOne has been resolved so that USPS employees can change the names of companies internally through PostalOne. Companies will need to wait until August 27, 2023, to make their own changes to their company name in the Business Customer Gateway.

August 9, 2023

COVID-19 Continuity of Operations Update – International Service Resumption Notice

Effective Friday, August 11, 2023, the Postal Service will resume acceptance of mail destined to the following: **Timor-Leste**. This service resumption affects the following mail classes: Priority Mail International (PMI), First-Class Mail International (FCMI), First-Class Package International Service (FCPIS), International Priority Airmail (IPA), International Surface Air Lift (ISAL), and M-Bag items. The Postal Service is closely monitoring service impacts related to the COVID-19 pandemic and will continue to update customers until the situation returns to normal. Please visit our International Service Alerts page for the most up to date information: https://about.usps.com/newsroom/service-alerts/international/?utm_source=residential&utm_medium=link&utm_campaign=res_to_intl.

August 11, 2023

Business Customer Gateway eDoc Training Series – Periodicals – Statement of Ownership (SOO) Postal Wizard (PW) Entry

The Postal Service is hosting bi-weekly webinars on utilizing the Business Customer Gateway (BCG) for electronic documentation (eDoc) and postage statement submission. A new topic will be added for the months of August and September: Periodicals – Statement of Ownership (PS 3526) entry in Postal Wizard (PW). The October 1st deadline for Periodicals mailers to submit their Statement of Ownership is approaching, so the Postal Service will be hosting a webinar to guide mailers on the entry through Postal Wizard. After this training, the topics will continue to alternate between using the Business Customer Gateway (BCG) / Postal Wizard (PW) and Intelligent Mail for Small Business Tool (IMsb Tool) applications. Upcoming webinars: August 15, Periodicals – Statement of Ownership (SOO) Postal Wizard (PW) Entry; August 29, Intelligent Mail for Small Business (IMsb) Tool; September 12, Periodicals – Statement of Ownership (SOO) Postal Wizard (PW) Entry; September 26, Business Customer Gateway (BCG) / Postal Wizard (PW). Join us for the next session – Periodicals – Statement of Ownership (SOO) Postal Wizard (PW) Entry on Tuesday, August 15, 2023, at 1:00 PM EST.. Meeting URL: <https://usps.zoomgov.com/j/1603767418?pwd=TTFONWNVMXQ2UW1wcUVCCeT5WFILZz09> Meeting ID: 160 376 7418 Password: 996767. If requested, enter your name and email address. Enter meeting password: 996767. Join Audio by the options below: Call using Internet Audio; Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts. Note: Meeting links and presentations are also posted on PostalPro and can be found at Mailing Services | PostalPro (usps.com).

August 11, 2023

Marketing Mail and First-Class Mail Growth Incentives

The Postal Service has filed with the Postal Regulatory Commission two year-long growth incentives which will encourage mail owners to increase qualifying First-Class Mail and Marketing Mail volumes in Calendar Year 2024 (CY 2024). Each Mail Growth Incentive will offer postage credits equivalent to 30% of the amount by which qualifying CY 2024 volumes exceed the greater of (a) corresponding FY 2023 volumes, and (b) one million pieces in CY 2024. Mail owners with fewer than one million pieces in FY 2023 but exceeding one million pieces in CY 2024 will have their incremental volume start at one million pieces, not their FY 2023 volume. The First-Class Mail and Marketing Mail Growth Incentives will run throughout CY 2024 and will provide mail owners with the opportunity to receive credits for growth in qualifying mail volumes beyond baseline volumes. The Marketing Mail Growth Incentive will be offered for Marketing Mail letters, flats, and parcels. The First-Class Mail Growth Incentive will be offered for commercial First-Class Mail letters and flats (i.e., excluding First-Class Mail Parcels and single-piece First-Class Mail). Among the requirements to be eligible to claim the postage credits in each of these incentives, a mail owner must (A) register for the incentive via steps to be announced, (B) mail at least one million qualifying pieces in CY 2024, and (C) mail more qualifying pieces in CY 2024 than they mailed in FY 2023. Mail owners can participate in either or both Mail Growth Incentives, but the incentives cannot be combined for the purposes of reaching the million-piece minimums or for any other purpose. USPS intends to begin registration in November 2023 if approved. Registration for each Mail Growth Incentive is expected to occur through a registration portal, which will be made available through the Business Customer Gateway (BCG). As part of registration, USPS will establish a mail owner baseline volume from FY 2023. The mailer must record their agreement with this baseline volume and other conditions for participating in the incentive plan in order to receive postage credits. Postage credits will be issued to qualified mail owners after six months, nine months, and twelve months from the start of CY 2024 and will be able to be used on future mailings until December 31, 2025. Information on the requirements to participate in the First-Class Mail and Marketing Mail Growth Incentives will be posted on PostalPro.

August 11, 2023

FAST Appointments at Destination Delivery Units (DDUs)

Effective, September 11, 2023, customers can make FAST appointments at Destination Delivery Units (DDUs). This does not include S&DCs. Customers will have two options when making appointments at DDUs: Currently Customers must make an appointment by contacting the DDU at least 24 hours in advance; New! Customers will be able to make an appointment at the DDUs through FAST. The FAST Help Desk can be reached via email or by phone at FAST@usps.gov or 877-569-6614 (Option 3) and will support the new process.

Calendar

To register for any Mailers Hub webinar, go to MailersHubWebinars.com

August 22 – *Mailers Hub Webinar*: Protecting Intellectual Property
 September 12 – *Mailers Hub Webinar*: Automating Paperwork
 September 18-22 – National PCC Week

October 17-18 – MTAC Meeting, USPS Headquarters
 October 24 – *Mailers Hub Webinar*: The October Price Filing
 November 14 – *Mailers Hub Webinar*: Economic Outlook for 2024



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

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