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## Two Nominations Submitted to Fill Expiring Terms on USPS Board of Governors

On November 19, the White House announced that the president intends to nominate two persons to fill vacancies on the Postal Service's Board of Governors.

To replace Ron Bloom, the current Board chairman, whose holdover year expires on December 8, is Daniel Tangherlini. According to the White House announcement:

"Dan Tangherlini has served in leadership roles in the public, non-profit and private sectors. His interest is in bringing increased equity and efficiency to business, philanthropy, and government through the thoughtful application of technology, process and systems reform.

"His private sector work experience includes various roles in technology firms and providing consulting and facilitation support to businesses and nonprofits with an emphasis on finance and real estate. His government experience includes serving as the Administrator of the General Services Administration and Chief Financial Officer at the Department of the Treasury, as City Administrator and Deputy Mayor of Washington, DC under Mayor Fenty; as Interim General Manager of DC's Metro; the first Director of the DC Department of Transportation; the CFO of the DC Metropolitan Police Department; and various roles in the Federal Government at the US Department of Transportation and the US Office of Management and Budget.

"Tangherlini received a B.A. and M.A. in public policy studies from the University of Chicago, and an MBA from the Wharton School of Business at the University of Pennsylvania. Dan and his wife have two daughters."

Also nominated was Derek Kan to replace John Barger, whose term also expires on December 8. Regarding Kan, the White House announcement stated:

"Derek Kan is currently an executive at Deliverr, an ecommerce fulfillment startup. Prior to this role, Mr. Kan served as Deputy Director of the Office of Management and Budget in the Executive Office of the President and also served as the Under Secretary at the US Department of Transportation. Prior to his service, Mr. Kan was the General Manager for Lyft and a Director of the Amtrak Board, for which he was unanimously confirmed by the United States Senate.

"Earlier in his career, Mr. Kan was a policy advisor to the former Senate Majority Leader. Before his time on Capitol Hill, Mr. Kan served as a Presidential Management Fellow at the White House Office of Management and Budget. Mr. Kan received a

B.S. from the University of Southern California, an M.Sc. from the London School of Economics, and an M.B.A. from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar."

### Intrigue

The nominations close one bit of speculation but fuel more on another topic.

Both Bloom and Barger were nominated by the previous president to fill long-vacant seats on the Board. Bloom, whose term expired in December 2020, replaced Mickey Barnett, while Barger, whose term expires in December 2021, took a seat once held by Louis Giuliano.

Whether Bloom would be renominated had been in doubt. To some observers, his previous work for the National Association of Letter Carriers should have led accordingly to the White House acceding to his renomination, but that view was offset by his being selected by the previous president and his staunch support for Postmaster General Louis DeJoy, one of the previous president's political allies.

Despite the opposition of the newly installed members of the Board, Bloom was re-elected Board chairman at the panel's recent meeting even though the end of his holdover year (an additional year beyond the end of a term allowed for incumbents) was only a month away. Some took this as a signal by the majority of the Board (all chosen by the previous president) that they remained supportive of the PMG and would continue his policies.

Whether Barger would be replaced also was an open question; he still had his holdover year so there was no urgency.

The obvious question is whether and how these two nominees, if confirmed by the Senate, will impact the unwavering Board support Louis DeJoy has enjoyed up to this point. Aside from his political affiliations, the PMG's single-minded prosecution of his 10-year Plan – especially its aggressive price increases and degradation of First-Class Mail service – has amplified calls for his removal. Currently, with six governors in his corner, he's safe but, if his backers become the minority, that security could easily evaporate. What would happen in that case is even more speculative; stay tuned.

# USPS Ends Fiscal 2021 with Another Loss

As reported in its *Form 10-K*, filed with the Postal Regulatory Commission on November 10, the Postal Service ended fiscal 2021 (October 1, 2020-September 30, 2021) with a net loss of \$4.93 billion. That amount is 46% less than the agency's FY 2020 net loss but, after removing the effect of the wildly variable workers' compensation liability, the year-over-year improvement shrank to about 12.2%.

(in millions)	Year Ended September 30,		
	2021	2020	2019
<b>Revenue</b>			
Operating revenue	\$ 77,009	\$ 73,123	\$ 71,136
Other revenue	32	10	18
<b>Total revenue</b>	<b>77,041</b>	<b>73,133</b>	<b>71,154</b>
<b>Operating expenses</b>			
Compensation and benefits	50,085	48,730	47,519
Retirement benefits	7,376	6,964	6,197
Retiree health benefits	5,110	4,660	4,564
Workers' compensation	(580)	2,903	3,504
Transportation	9,652	8,814	8,184
Other operating expenses	10,201	10,116	9,911
<b>Total operating expenses</b>	<b>81,844</b>	<b>82,187</b>	<b>79,879</b>
<b>Loss from operations</b>	<b>(4,803)</b>	<b>(9,054)</b>	<b>(8,725)</b>
Interest and investment income	28	92	152
Interest expense	(155)	(214)	(240)
<b>Net loss</b>	<b>\$ (4,930)</b>	<b>\$ (9,176)</b>	<b>\$ (8,813)</b>

See accompanying notes to the financial statements.

(in millions)	2021	2020
<b>Operating revenue:</b>		
First-Class Mail <sup>1</sup>	\$ 23,281	\$ 23,781
Marketing Mail <sup>2</sup>	14,590	13,909
Shipping and Packages <sup>3</sup>	32,013	28,529
International	2,223	2,408
Periodicals	942	1,024
Other <sup>4</sup>	3,960	3,472
<b>Total operating revenue</b>	<b>\$ 77,009</b>	<b>\$ 73,123</b>
<b>Volume:</b>		
First-Class Mail <sup>1</sup>	50,695	52,628
Marketing Mail <sup>2</sup>	66,200	64,004
Shipping and Packages <sup>3</sup>	7,578	7,325
International	409	742
Periodicals	3,679	4,006
Other <sup>4</sup>	300	466
<b>Total volume</b>	<b>128,861</b>	<b>129,171</b>

Note: The totals for certain mail categories for the prior year have been reclassified to conform to classifications used in the current year. Non-operating revenue is no longer included in this schedule.

<sup>1</sup> Excludes First-Class Package Service - Retail and First-Class Package Service - Commercial.

<sup>2</sup> Excludes Marketing Mail Parcels.

<sup>3</sup> Includes Priority Mail, USPS Retail Ground, Parcel Select Mail, Parcel Return Service Mail, Marketing Mail Parcels, Package Service Mail, First-Class Package Service - Retail, First-Class Package Service - Commercial and Priority Mail Express.

<sup>4</sup> Revenue includes PO Box services, Certified Mail, Return Receipts, Insurance, Other Ancillary Services, Shipping and Mailing Supplies, Collect on Delivery, Registered Mail, Stamped Envelopes and Cards, money orders and other services.

<sup>5</sup> Volume includes Postal Service internal mail and free mail provided to certain congressionally mandated groups.

(in millions)	2021	2020
<b>Shipping and Packages revenue:</b>		
Priority Mail Services <sup>1</sup>	\$ 14,334	\$ 12,528
Parcel Services <sup>2</sup>	9,458	8,942
First-Class Package Services <sup>3</sup>	7,386	6,227
Package Services	835	832
<b>Total Shipping and Packages revenue</b>	<b>\$ 32,013</b>	<b>\$ 28,529</b>
<b>Shipping and Packages volume:</b>		
Priority Mail Services <sup>1</sup>	1,434	1,298
Parcel Services <sup>2</sup>	3,571	3,608
First-Class Package Services <sup>3</sup>	2,056	1,848
Package Services	517	571
<b>Total Shipping and Packages volume</b>	<b>7,578</b>	<b>7,325</b>

<sup>1</sup> Includes Priority Mail, a 1-3 business day delivery service; Priority Mail Express, an overnight delivery service available 365 days per year; and USPS Retail Ground, a retail-only competitive service priced identically and functionally equivalent to Priority Mail for Zones 1-4.

<sup>2</sup> Includes Parcel Select, Parcel Return and Marketing Mail Parcels.

<sup>3</sup> Includes First-Class Package Services - Retail and First-Class Package Services - Commercial.

The Postal Service stated that the pandemic "significantly transformed the mix of mail and packages processed through [its] network" and "further exacerbated" the "long-term trends away from traditional paper communication and correspondence." Nonetheless, despite their decreased volume and revenue, First-Class Mail and Marketing Mail still represented 49.2% of operating revenue and 90.7% of total volume in FY 2021. Meanwhile, because of the pandemic-

driven surge in e-commerce and, in turn, package shipping, USPS Shipping and Packages revenue was 41.6% of the FY 2021 total, well exceeding the revenue from First-Class Mail (30.2%) and Marketing Mail (18.9%), despite representing only 5.9% of total volume.

The USPS acknowledged that, even though packages may generate more revenue per piece, "the costs to process and deliver" packages are higher than for First-Class Mail.

Not surprisingly, expenses grew in FY 2021 as well, though "workers' compensation benefit expense decreased approximately \$3.5 billion" from FY 2020, offsetting increases elsewhere and improving the bottom line. Transportation was the second largest expense category, rising 9.5% over FY 2020 because of pandemic-related factors such as decreased air transportation availability and overall demand.

(in millions)	2021	2020
Highway	\$ 5,427	\$ 4,753
Air	3,613	3,461
International	563	555
Other	49	45
<b>Total transportation expense</b>	<b>\$ 9,652</b>	<b>\$ 8,814</b>

Still looming over the Postal Service are unpaid amortization payments for retiree pension and health care funds. The Postmaster General has committed to overcoming projected total debt by aggressively increasing prices, even though, as the USPS states in its report, "the Postal Service has not incurred any penalties or negative financial consequences as a result of not making these payments."

(in millions)	2021	2020	2019	2012 to 2018	Total
PSRHBf prefunding fixed amount	\$ —	\$ —	\$ —	\$ 33,900	\$ 33,900
PSRHBf unfunded benefits amortization	907	810	789	1,770	4,276
Normal cost of retiree health benefits	4,203	3,850	3,775	6,971	18,799
CSRS unfunded retirement benefits amortization	1,858	1,817	1,617	3,181	8,473
FERS unfunded retirement benefits amortization	1,401	1,343	1,060	2,370	6,174
<b>Total expenses accrued but unpaid</b>	<b>\$ 8,369</b>	<b>\$ 7,820</b>	<b>\$ 7,241</b>	<b>\$ 48,192</b>	<b>\$ 71,622</b>

Long seen by many as an unfair burden placed solely on the USPS, the agency observed in its report that its current level of retirement plan funding is much higher than that of the US government as a whole. Of course, Congress can exempt itself from funding responsibilities while imposing them on the USPS – likely so its cash can improve the fund balances.

(\$ in billions)	U.S. Government (including Postal Service)	Postal Service	Postal Service as a % of the U.S. Government
<b>CSRS:</b>			
Plan assets	\$ 216.3	\$ 150.1	69.4 %
Accumulated benefit obligations	1,039.8	182.7	17.6 %
Unfunded actuarial liability	\$ (823.5)	\$ (32.6)	
% Funded	20.8 %	82.2 %	
<b>FERS:</b>			
Plan assets	\$ 731.9	\$ 120.8	16.5 %
Accumulated benefit obligations	933.4	146.3	15.7 %
Unfunded actuarial liability	\$ (201.5)	\$ (25.5)	
% Funded	78.4 %	82.6 %	

Nearly seven pages of the document lists the "risk factors" – operational, marketplace, financial, regulatory, and others – to which the USPS believes it's exposed and that can or could endanger its business and operations. The agency also cited its lack of "sufficient liquidity" to make payments for "legacy retirement and [retiree health care] obligations that, barring legislative reform, will increase indefinitely." Though reform measures again have been proposed in Congress, the prospect remains dim that self-interested politicians will take meaningful steps to rework the Postal Service's charter and rationalize its financial obligations.

## Court Rejects Challenge to Additional Price Authorities

In a November 12 decision, the US District Court of Appeals for the DC Circuit denied petitions for review of the Postal Regulatory Commission's final rule amending the ratemaking process.

### A brief review

In 2006, the Postal Accountability and Enhancement Act replaced the cost-of-service ratemaking process with one that capped rates for market-dominant products using a formula based on the Consumer Price Index.

PAEA also directed that the PRC conduct a review ten years later to determine if the CPI-capped ratesetting process had worked to achieve a set of objectives outlined in the statute. That review was begun in December 2016 and resulted in the commission determining that, because the USPS was deeply in debt, the ratesetting process had not enabled it to be financially stable, as was intended. (The PRC's mandate didn't allow it to exclude or consider the feasibility of the \$55.1 billion prefunding mandate, also part of PAEA, or how, from the start, it necessitated revenue generation beyond what just a CPI-capped ratesetting process could yield.)

Issued November 30, 2020, the final rule concluded a protracted rulemaking subsequent to the commission's review of the ratesetting process. The final rule established three new forms of rate authority for the USPS: "density," tied to the loss of mail volume, "prefunding," to raise money to make payments, and "non-compensatory," to enable higher prices for products not covering costs.

### To court

On December 18, industry groups including the Association for Postal Commerce, the Alliance of Nonprofit Mailers, the National Postal Policy Council, MPA – The Association of Magazine Media, and the American Catalog Mailers Association, filed suit in the US Court of Appeals for the DC Circuit asking it to review the PRC's final rule.

Later, the Postal Service intervened in the suit, arguing conversely that the final rule didn't go far enough to enable the USPS to raise revenues.

Briefs were filed in the spring and summer of 2021, and oral arguments were presented on September 13, in the case by then docketed as No. 17-1276, *National Postal Policy Council, Petitioner v. Postal Regulatory Commission, Respondent*.

### Summary

As summarized by the court in its 25-page decision:

"First, the Mailers maintain that the Commission exceeded its statutory authority in allowing the Postal Service to raise rates in excess of inflation because [the law] unambiguously forecloses the Commission from altering the price cap. ... Even were the Act susceptible to multiple interpretations, the Mailers maintain that the new ratemaking system is 'irreconcilable with the Commission's prior understanding of the price cap' and is thus unreasonable. ... Finally, the Mailers maintain that the constitutional avoidance canon counsels against the Commission's interpretation because [the statute] is otherwise unconstitutionally standardless delegation of authority. ...

"The Mailers additionally maintain that the Commission's interpretation of the statute runs afoul of the nondelegation doctrine and should be rejected on constitutional avoidance grounds. ...

"The Mailers next contend that the Commission's ratemaking system is arbitrary and capricious because it fails to achieve statutory objectives. They also raise issues with the density-based rate adjustment specifically and contend that the Commission erred by not updating its analysis in response to the COVID-19 pandemic. ...

"The Mailers maintain that the Commission's ratemaking system is arbitrary and capricious because it will both 'upset the prior system's successes in achieving multiple objectives' and 'aggravate' its 'failure to achieve other objectives.' Citing the statutory objectives in § 3622(b), they contend the new system will weaken incentives to cut costs, harm rate predictability and stability, render rates unjust and unreasonable, reduce transparency, and exacerbate the existing system's failure to incentivize efficiency improvements. ...

"The Mailers challenge the density-based rate authority as arbitrary and capricious, because (1) it fails to account for per-unit revenue and therefore will 'grossly over-recover delivery costs,' and (2) it will accelerate, rather than remedy, the decline in mail density. The Mailers further maintain that the Commission failed to respond meaningfully to comments raising these objections. ...

"Lastly, the Mailers maintain that the Commission 'ignored evidence demonstrating that density and other new rate authorities are not necessary' because 'the pandemic has spurred massive volume increases in profitable packages, improving [the Postal Service's] financial condition overall.' ..."

As the court summarized the individual elements of the Mailers' arguments, it rejected each in turn and explained its reasons for doing so, before reviewing the arguments presented by the Postal Service.

"The Postal Service also contends that [the final rule] was arbitrary and capricious, but advances arguments diametrically opposed to those of the Mailers.

"The Postal Service first maintains that the Commission's new ratemaking system defies reasoned decision-making by 'not actually provid[ing] [it] with an opportunity to cover its costs' and so 'perpetuates the same faults that [the Commission] found in the legacy system.' ...

"In a related challenge, the Postal Service maintains that the Commission failed to provide a reasoned explanation for deciding not to implement a rate reset. In its view, the Commission's 'suggest[ion] that a rate reset is unnecessary' is contrary to the evidence, which shows that a rate reset is needed to return the Postal Service to financial solvency, as well as the Commission's own statements in [the final rule]. ... Further, the Postal Service maintains that the Commission inadequately explained its finding that a rate reset was contrary to some statutory objectives. ..."

As it did with the Mailers' arguments, the court rejected each of the Postal Service's, concluding its decision simply:

"Accordingly, the court denies the petitions for review."

Because the decision was rendered by a three-judge panel, a petitioner could seek further review *en banc*, i.e., by the full membership of the appellate court, but observers don't consider that to be likely given its cost and the slim chances that the full court would accept such a request, let alone overturn the initial decision.

As a result, the PRC's November 30 final rule and the Postal Service's new rate authorities have been affirmed – so the rates that took effect in August will remain unchanged.



## USPS Submits *Integrated Financial Plan* for FY 2022

Although the fiscal year had started seven weeks earlier, on November 18 the Postal Service filed its fiscal 2022 *Integrated Financial Plan*. The brief (ten-page) document outlined the agency's expectations for volume, revenue, and expenditures for the period from October 1, 2021, through September 30, 2022.

### Volume and revenue

Volume		
Billion pieces	FY2021 Actual	FY2022 Plan
First-Class Mail	50.7	49.0
Marketing Mail	66.2	63.9
Periodicals	3.7	3.5
Shipping and Packages	7.6	6.9
International	0.4	0.4
Other	0.3	0.3
<b>Total Volume</b>	<b>128.9</b>	<b>124.0</b>

The Postal Service expects further declines in market-dominant mail over the year. In its comments, the agency attributed the 3.4% loss of First-Class Mail to "the ongoing migration of

communications and transactions ... into electronic media." The 3.5% decline in Marketing Mail volume was similarly blamed on marketers' use of "technology to better target customers" and their increased "investment in digital advertising." Migration to "online media" was also cited to explain the 5.1% drop in Periodicals volume.

Ironically, despite its usually optimistic statements about packages playing a key role in its financial future, the Postal Service's plan sees a decline of 8.5% in its package business in FY 2022. Though "volumes for most categories" are expected to remain "elevated relative to pre-pandemic levels," they will be "lower than their peak in the summer of 2020."

Though the agency lists "increased competition," "revenue-generating prices increases," and "the insourcing strategies of some of our largest customers" as factors in the loss of package volume, it omits any reference to service declines or steep price increases as explanations for the "migration" of hard-copy mail.

Revenue		
In Billions	FY2021 Actual	FY2022 Plan
First-Class Mail	\$ 23.3	\$ 24.2
Marketing Mail	14.6	15.2
Periodicals	1.0	1.0
Shipping and Packages	32.0	30.6
International	2.2	2.2
Other	4.0	4.3
<b>Total Revenue</b>	<b>\$ 77.1</b>	<b>\$ 77.5</b>

Despite the forecasted decline in volume, the USPS foresees increased revenue, reflecting the Postmaster General's Plan to raise rates for market-dominant products twice

per year. Interestingly, the agency also foresees a 4.5% drop in package revenue, even though it admits that packages are "an increasingly important component of total revenue."

Though the *IFP* clearly acknowledges declines in the Postal Service's volume and revenue, the document makes no mention of any plans to mitigate (let alone recoup) and volume that may be lost.

### Workhours and expenses

The *IFP* "projects total work hours of 1,173 million, a reduction of 18 million (1.5%) compared to 2021, driven by initiatives to improve efficiency and by work hour and complement management efforts in response to lower volumes." In some ways, this is also ironic, given the agency's recent comments about the higher work content of package volume, its otherwise expected uptick in package business, and its record of failing to successfully manage down workhours as volume ebbs. Moreover, the USPS has recently converted about 40,000 non-career workers to career status, cementing the expenses those employees represent, contributing to the forecasted 2.6% increase in "controllable expenses."

Expenses			
(in billions)	FY2021 Actual	FY2021 Plan	FY2022 Plan
Salaries and Benefits	\$ 51.4	\$ 49.5	\$ 52.2
FERS Normal Cost	4.1	4.1	4.4
RHB Normal Cost (Controllable) <sup>1</sup>	3.9	3.9	4.3
Transportation	9.7	8.7	9.6
Depreciation	1.7	1.7	1.7
Supplies & Services	2.9	3.1	3.2
Rent / Utilities / Other	5.8	5.5	6.2
<b>Controllable Expenses<sup>2</sup></b>	<b>\$ 79.5</b>	<b>\$ 76.5</b>	<b>\$ 81.6</b>
RHB Normal Cost Actuarial Revaluation <sup>1</sup>	0.3	-	-
RHB Unfunded Liability Amortization	0.9	0.9	1.0
Workers' Comp. Fair Value and Other Non-Cash Adj.	(2.0)	-	-
FERS Unfunded Liabilities Amortization	1.4	1.4	1.4
CSRS Unfunded Liabilities Amortization	1.9	1.8	1.9
<b>Total Expenses</b>	<b>\$ 81.1</b>	<b>\$ 80.6</b>	<b>\$ 85.9</b>

<sup>1</sup> - RHB normal cost is the sum of RHB normal cost (controllable) and RHB normal cost actuarial revaluation.

<sup>2</sup> - Before RHB, FERS and CSRS unfunded liability amortization payments, RHB normal cost actuarial revaluation and non-cash adjustments to workers' compensation liabilities.

The agency also noted that, in 2021, its employees received the highest cost-of-living raises "they had received in years," but it made no mention of how it would try to reduce such unmanageable expenses by paring them from future labor agreements.

Separately, the Postal Service stated that its capital plan "calls for capital commitments of \$8.1 billion across four categories," facilities (\$1.1 billion), processing equipment (\$1.4 billion), vehicles (\$4.7 billion), and IT and postal support equipment (\$0.9 billion).

The agency noted that it ended FY 2021 "with unrestricted cash of \$23.9 billion, \$0.4 billion of restricted cash, and \$11.0 billion of debt," but added that those circumstances were due to its defaulting on \$71.6 billion in health care and retirement funding payments from 2012 through 2021, as well as funding received under the CARES Act.

The Postal Service admitted that actual FY 2021 results differed from the projections in the Postmaster General's 10-year Plan, noting that "mail volumes have proven more robust, and the surge in packages more sustained, than was previously forecast," while "personnel expenses are higher than forecast" in The Plan as well. Citing a projected loss of \$8.4 billion for FY 2022, \$6.4 billion more than in The Plan, the agency listed increases in volume, revenue, expenses, inflation, and mandated expenses as reasons. Though the Postal Service continues to tout The Plan as the template for its future success, the projections of the FY 2022 *IFP* suggest that future reality may not be as The Plan expects.

## USPS Files Notice of Higher Competitive Product Prices in 2022

On November 10, the Postal Service filed notice with the Postal Regulatory Commission that, pursuant to the authority of the Governors of the USPS, effective January 9, 2022, competitive product prices would be revised and changes in products and services would be implemented. Based on the USPS filing, rate changes include:

- **Priority Mail Express.** Overall, the price change represents a **3.1% increase**. The existing structure of zoned Retail, Commercial Base, and Commercial Plus price categories is maintained, with Commercial Base and Commercial Plus prices continuing to be set equal to each other. Retail prices will increase an average of 2.9%; Commercial Base and Commercial Plus prices will increase an average of 4.3%.
- **Priority Mail.** On average, prices will **increase by 3.1%**. The existing structure of Retail, Commercial Base, and Commercial Plus price categories is maintained, with Commercial Base and Commercial Plus prices continuing to be set equal to each other. Retail prices will increase an average of 4.5%; Commercial Base prices will increase 2.7% on average. Commercial Plus offers the same weight-rated and flat-rates prices as Commercial Base, but offers the additional rate categories of Cubic and Priority Mail Open & Distribute (PMOD). In 2022, Commercial Plus prices as a whole will receive a 1.2% increase.
- **Parcel Select.** On average, prices will **increase 5.5%**. Prices for destination-entered non-Lightweight Parcel Select will **decrease 11.1%** on average. For destination-entered parcels, the average price is a 6.1% increase for DDU, a **10.4% decrease** for DSCF, and a **23.1% decrease** for DNDC. New prices are being introduced for unsorted machinable DSCF destination entered parcels. Prices for Parcel Select Lightweight will increase by 7.4% on average, while Parcel Select Ground prices increase 12.1% on average.  
USPS Connect Local is being introduced “to give neighborhood businesses enhanced access to the postal network at the local level to deliver products same-day or next-day if served by their local delivery unit.” Sunday delivery will be available for an additional fee. Customers will need a valid customer agreement with the Postal Service on file to participate. The USPS noted that “for marketing purposes we will position the [DSCF- and DNDC destination-entered] offerings as ‘USPS Connect Regional’ to highlight the reach of our unparalleled network for local” and regional businesses.
- **Fees.** For Priority Mail Express, Priority Mail, and Parcel Select, dimensional weighting will continue but a **new \$1.50 fee** will be assessed on commercial parcels that are greater than one cubic foot or with a length greater than 22 inches, if the customer did not provide dimensions or provided inaccurate dimensions in the electronic manifest file. Also new is **a series of nonstandard fees** on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.
- **Parcel Return Service.** Prices will have an overall price **increase of 4.9%** on average. Prices for parcels retrieved at a return sectional center facility will increase by 4.9%, and prices for parcels picked up at a return delivery unit will increase 4.9%.
- **First-Class Package Service.** Overall, prices will **increase 7.6%** on average, with a 8.4% increase for FCPS-Retail and a 7.4% increase for FCPS-Commercial. New for 2022, a new series of nonstandard fees will be assessed on retail packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.

- **USPS Retail Ground.** Prices will **decrease 7.4%** overall on average, but the product is expected to continue to cover its costs in 2022. The price decrease is designed to address overpricing in certain zones and win more volume in 2022. New for 2022, prices for Zones 1-4 will be differentiated from Priority Mail, and customers shipping in those zones will no longer default to Priority Mail service. Also new for 2022, **a new series of nonstandard fees** will be assessed on packages that cause the Postal Service to incur manual handling costs when the dimensions of the package exceed sortation requirements.
- **Domestic Extra Services.**
  - **Premium Forwarding Service** prices will increase 5.1% on average. The retail counter enrollment fee will increase to \$23.90 while the online enrollment option will now be available for \$21.95. The weekly reshipment fee will increase to \$23.90. PFS Local will have an increase in the reshipment fee to \$23.90.
  - Prices for **Adult Signature** service will increase to \$8.50 for the basic service and \$8.75 for the person-specific service.
  - **Address Enhancement Service** price increases will vary depending on the particular rate element. The RDI API rates within Address Enhancement Services will be removed because the interface application is obsolete.
  - Competitive **Post Office Box** prices will be increasing 18.2% on average, within the existing price ranges.
  - **Package Intercept Service** will increase 4.6%, to \$15.95.
  - The **Pickup On Demand** fee will remain at \$25.00.
  - Premium Data Retention and Retrieval Service, also known as **USPS Tracking Plus**, will have a 51.5% price decrease and the list of products eligible for the service will expand.
- **International Products.**
  - Overall, **Global Express Guaranteed** prices will rise by 2.3%, and Priority Mail Express International will receive an overall 3.2% increase. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements.
  - The overall increase for **Priority Mail International** will be 3.7%. Commercial Plus prices will be equivalent to Commercial Base; however, deeper discounting may still be made available to customers through negotiated service agreements.
  - **International Priority Airmail** and **International Surface Air Lift** published prices will increase by 4.9% and 8.2%, respectively. **ISAL M-Bag** published prices will increase by 2.9% while **IPA M-Bags** published prices will remain unchanged.
  - The published prices for **Airmail M-Bags** will increase by 5.0%.
  - The overall increase for **First-Class Package International Service** prices will be 4.2%. Commercial Plus prices will be equivalent to Commercial Base though deeper discounts will be available to customers through negotiated service agreements.
  - Prices for several **international ancillary services** will be increased, with an overall increase of 5.0%. Some services will be increased above average to ensure cost coverage, including International Postal Money Orders and Money Transfer Service, which will increase by 15.8%.

The USPS included non-public documents to demonstrate that competitive products would be covering their costs, making at least the minimum 10% contribution to USPS institutional costs, and would not be cross-subsidized by market-dominant products. Barring any challenges or technical issues, the announced prices should take effect as scheduled.

## Market Tests: USPS Seeks to End One, Start Another

In separate November 10 filings with the Postal Regulatory Commission, the Postal Service requested to convert Plus One, now an experimental product, into a permanent offering, while seeking approval for a market test of USPS Connect Local Mail.

### Plus One

On August 13, 2019, the USPS had filed notice with the PRC that it would begin a market test of Plus One on October 1, 2019. As described in that filing, docketed as MT2019-1,

“Plus One is an addressed advertising card that may be mailed as an add-on piece with a USPS Marketing Mail Letters ‘marriage mail’ envelope containing multiple advertising pieces. ... Plus One mailings will be required to conform to the following requirements:

- The host piece to which the Plus One piece is added on must be mailed as a commercial automation USPS Marketing Mail Saturation marriage mail letter. A minimum of 90% of the mailing must be Saturation sorted, and the remainder may be High Density or High Density Plus.
- All mailings must be entered at the destinating Sectional Center Facility (DSCF).
- The Plus One add-on card must be part of the same mailing as the host piece, addressed to the same delivery points.
- The Plus One advertiser must also advertise or have advertised within marriage mailings.
- Only one Plus One card is allowed for each delivery point within the mailing.
- A full automation address with Intelligent Mail Barcode (IMb) must be included on both the host pieces and the Plus One add-on.
- The Plus One card may measure up to 6 inches by 9.5 inches, must be at least 0.009 inch thick, and must meet USPS Marketing Mail Letter design standards.”

The agency also noted Plus One’s differences from existing detached address labels:

- “Many DMLs and associated host flats mailpieces are entered at the DDU. There, each of the pieces is handled manually (or the DML is sent back to the SCF to be processed). But the Plus One card and host piece will both be required to be entered at the DSCF for automation processing.
- “The DML must be delivered to the addressee on the same day as the host piece, while Plus One removes this requirement (since the Plus One card is not an address label and mailers generally do not need same-day delivery). The Plus One add-on must be entered simultaneously with the host piece, but the Postal Service may choose to process them such that the add-on arrives on a different day than the host piece.
- “Plus One has differing size, thickness, and content preparation specifications than DMLs.”

The USPS tested four prices ranging from \$0.085 to \$0.10 in different parts of the nation.

Without explaining the reasons for its conclusion, the Postal Service stated that the test was “successful,” adding that

“Plus One will provide a permanent new direct mail offering to advertisers that will benefit the Postal Service and the mailing industry more broadly. The Postal Service anticipates increased volume and contribution through organic market growth for marriage mail Saturation Letter mailers and the additional Plus One mail piece.”

If approved by the PRC, Plus One would be an optional feature available to High Density and Saturation Marketing Mail letters at a cost of \$0.10 per piece.

### USPS Connect Local Mail

In its filing, docketed as MT2022-1, the USPS stated its intention to begin market testing of USPS Connect Local Mail on January 9, 2022. The proposed product was described in the filing:

“USPS Connect Local Mail is designed to address the needs of businesses that send important documents locally with regular frequency. ... The Postal Service believes that local document delivery could benefit from increased competition, and that economical local document delivery is a market that is currently underserved by USPS. The Postal Service therefore proposes USPS Connect Local Mail as an economical alternative for customers that mail close to their places of business. ...

“During the market test, USPS Connect Local Mail would be a First-Class Mail product accepted at Destination Delivery Units (DDUs) or by carrier pick-up in line-of-travel (LOT). By requiring local induction, the Postal Service can offer same-day or next-day delivery to every address served by the delivery unit of a local Post Office. The Postal Service plans to deliver USPS Connect Local Mail six days per week (no Sunday delivery), with customers receiving same-day or next-day delivery based on whether they’ve entered their mail within the Critical Entry Time (i.e., 5 a.m.-7 a.m. for same-day delivery). The Postal Service also plans to offer tracking for USPS Connect Local Mail. Initial pricing for this service will be \$2.95 for a Letter or Flat size mailpiece with a weight up to 13 ounces. Since this product bypasses end-to-end transportation costs, pricing for USPS Connect Local Mail will cover the attributable costs for each piece of USPS Connect Local Mail. Attributable costs for USPS Connect Local Mail is estimated at \$2.03 per piece. This estimate is based off the volume variable cost for Priority Mail flats, with some modifications to reflect the differences in mail processing, transportation, and packaging costs.

“USPS Connect Local Mail is targeted to customers that mail multiple documents per week, such as law firms, medical offices, and real estate firms. Documents mailed using this service must be paper-based and may contain personal information. Customers will have the option to pay for USPS Connect Local Mail using Click-N-Ship or through a Postal Service application programming interface (‘API’). ...”

Unlike the *package*-based USPS Connect Local, which is a competitive product, the *letter*-based USPS Connect Local Mail would be a market-dominant product “given the Postal Service’s monopoly over letter delivery.” The agency added that “at this time, the Postal Service is not structuring USPS Connect Local Mail to meet any of the exceptions or suspensions to the Private Express Statutes.”

Rather optimistically, the Postal Service added that

“... it is possible that the Postal Service may eventually need to seek a waiver of the annual statutory limitation of \$11,860,140. If the Postal Service should approach this annual limitation, it will furnish the appropriate notice to the Commission and submit an application for exemption from the cap ... in a timely manner.”

In subsequent orders, the PRC assigned a “public representative” to each filing and stated that public comments on the them would be accepted through December 7.



## OIG Examines “Critically Late Trips”

An audit report released November 8 by the Postal Service’s Office of Inspector General covered the issue of *Trips Operating More Than Four Hours Late*. As outlined by the OIG:

“Our objective was to assess the effectiveness of the US Postal Service’s management of Highway Contract Routes (HCR) and Postal Vehicle Service (PVS) trips operating more than four hours late. ...”

### Findings and recommendations

As the OIG reported:

“... We determined there were about 19 million late HCR trips for the period reviewed, including about 478,000 (about 2.5%) CLTs [critically late trips]. While the percentage of CLTs compared to all late trips is small, they can significantly impact service performance. The Postal Service’s management of these HCR CLTs could be more effective with increased oversight of HCR operations, AO [administrative official] irregularity duties, and day-to-day mail processing and dock operations. ...”

“The management instruction detailing the HCR corrective action process for late trip irregularities is vague about when AOs should pursue an HCR supplier for unsatisfactory service. Additionally, the management instruction does not address how often AOs should address irregularities, resulting in inconsistent management of late trips across the country.

“There is limited oversight of AOs to ensure they addressed all HCR late trip irregularities in STAF, including CLTs. ...”

“The Postal Service uses the same process for reviewing late trips and CLTs. Specifically, Postal Service management does not prioritize CLTs over less severe late trips, even though CLTs have a greater impact on the Postal Service’s reliability and on-time delivery. ...”

“Postal Service management stated that they are limited as to what action they can take when an HCR supplier arrives late. Specifically, there is no language in HCR contracts allowing the Postal Service to assess liquidated damages for irregularities; therefore, there is limited incentive for contractors to be on time. ...”

“We determined there were about 10.6 million late PVS trips reported in the system for the period reviewed, including about 159,000 (about 1.5%) CLTs. ... Postal Service employees confirmed that CLTs from PVS operations rarely occur and that trip data in SVweb can incorrectly cause trips to appear to be critically late. Postal Service management has been addressing the issue by improving the data within SVweb. ...”

The OIG recommended that USPS management:

- Update the management instruction for the HCR corrective action process to define when and how often AOs should pursue a supplier for unsatisfactory service in the STAF application, emphasizing critically late trips.
- Develop procedures to monitor the AO’s duties and assign management oversight of AOs to a responsible official, specifically related to addressing irregularities in the STAF application.
- Consider prioritizing critically late trips and requiring critically late trip irregularities to be pursued with suppliers in the STAF application.
- Consider updating contracts to allow for the assessment of liquidated damages to HCR suppliers for critically late trips.
- Verify that HCR trips that are routinely critically late are aligned with Postal Service operations and adjust the schedules as needed.
- Develop procedures to routinely verify the accuracy of Postal Vehicle Service trip data in SVweb for trips that are critically late and correct any data integrity issues.

## September Financial Results: Saved by Workers’ Comp

For September, monthly total volume and revenue were barely higher than the same period last year, but “controllable” compensation and benefits grew far more. However, despite significantly higher transportation costs, a favorable swing of more than \$1 billion in the workers’ compensation liability lifted the bottom line to yield net income of \$49 million. Concluding the fiscal year, the Postal Service had a net loss of \$4.930 billion compared to a net loss of \$9.176 billion at the end of September 2020 – thanks to a more than \$3.5 billion favorable swing in the workers’ comp liability.

### Volume and revenue

Total market-dominant mail volume was **6.8% lower** than at the same point in 2020, with First-Class mail **off 2.9%** and Marketing Mail **down 8.5%**. Meanwhile, competitive products volume continued to slide, **down 6.8%** to SPLY. Total USPS volume was 10.482 billion pieces, **7.0% less** than last September.

- First-Class Mail: 3.901 bln pcs, **-2.9%**; 50.695 bln pcs, **-3.7%** YTD.
- Marketing Mail: 5.706 bln pcs, **-8.5%**; 66.236 bln pcs, **+3.4%** YTD.
- Periodicals: 264.3 mln pcs, **-12.4%**; 3.679 bln pcs, **-8.2%** YTD.
- Total Mkt Dom: 9.931 bln pcs, **-6.8%**; 121.428 bln pcs, **-0.2%** YTD.
- Total Competitive: 520.3 mln pcs, **-8.5%**; 7.024 bln pcs, **+4.6%** YTD.
- Total USPS: 10.482 bln pcs, **-7.0%**; 128.861 bln pcs, **-0.2%** YTD.

Class revenue largely aligned with volume; in all, compared to SPLY, revenue from the market-dominant classes was **4.9% higher** while revenue from the competitive products was **down 4.6%**, yielding total monthly USPS revenue (\$6.171 billion) that was barely higher than September 2020:

- First-Class Mail: \$1.879 bln, **+4.3%**; \$23.281 bln, **-2.1%** YTD.
- Marketing Mail: \$1.363 bln, **+2.6%**; \$14.645 bln, **+4.9%** YTD.
- Periodicals: \$73.0 mln, **-7.4%**; \$942.3 mln, **-8.0%** YTD.
- Total Mkt Dominant: \$3.605 bln, **+4.9%**; \$42.423 bln, **+1.1%** YTD.
- Total Competitive: \$2.435 bln, **-4.6%**; \$32.363 bln **+12.6%** YTD.
- Total USPS: \$6.171 bln, **+0.0%**; \$77.009 bln **+5.3%** YTD.

### Expenses and workhours

Total “controllable” compensation and benefit costs (\$4.941 billion) were **6.7% over** plan for September and **3.5% higher** than SPLY; and **3.3% over** plan and **2.8% over** SPLY for the year-to-date. Total expenses for the month (\$6.126 billion) were **6.8% under** plan and **6.7% below** SPLY – thanks to the \$1.032 billion decrease in the workers’ comp liability.

Workhour usage again was mostly **over** plan for the month, with mail processing workhours **25.9% over** plan and **8.8% higher** than SPLY.

- Month’s end complement: 653,167 employees (516,636 career, 136,531 non-career) **+1.26%** compared to last September (645,033 employees: 496,941 career, 148,092 non-career), but **3.96% more** career workers than a year ago.

Compared to pre-pandemic and pre-election September 2019, USPS volume is **down 7.16%** (market dominant volume **down 8.1%**; competitive product volume up 25.2%). However, workhour usage is **up 4.66%** and “controllable” compensation and benefits are **9.85% higher**. Beginning fiscal 2022, the trend of more employees (and costs) and decreasing volume seems ever more problematic. *All the number are on the next page.*

**USPS Preliminary Information (Unaudited) – September 2021 <sup>1</sup>**

OPERATING DATA OVERVIEW <sup>1,2</sup>	Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Revenue										
Operating Revenue	\$6,171	\$5,542	\$6,170	11.3%	0.0%	\$77,009	\$70,851	\$73,123	8.7%	5.3%
Other Revenue	\$2	\$2	\$1	0.0%	100.0%	\$32	\$7	\$10	NMF	NMF
Total Revenue	\$6,173	\$5,544	\$6,171	11.3%	0.0%	\$77,041	\$70,858	\$73,133	8.7%	5.3%
Operating Expenses										
Personnel Compensation and Benefits	\$4,372	\$4,968	\$4,889	-12.0%	-10.6%	\$61,991	\$61,591	\$63,257	0.6%	-2.0%
Transportation	\$792	\$652	\$754	21.5%	5.0%	\$9,652	\$8,703	\$8,814	10.9%	9.5%
Supplies and Services	\$262	\$369	\$291	-29.0%	-10.0%	\$2,945	\$3,074	\$3,089	-4.2%	-4.7%
Other Expenses	\$688	\$571	\$620	20.5%	11.0%	\$7,256	\$7,061	\$7,027	2.8%	3.3%
Total Operating Expenses	\$6,114	\$6,560	\$6,554	-6.8%	-6.7%	\$81,844	\$80,429	\$82,187	1.8%	-0.4%
Net Operating Income/Loss	\$59	-\$1,016	-\$383			-\$4,803	-\$9,571	-\$9,054		
Interest Income	\$2	\$3	\$5	-33.3%	-33.3%	\$28	\$32	\$92	-12.5%	-69.6%
Interest Expense	\$12	\$16	\$14	-25.0%	-14.3%	\$155	\$168	\$214	-7.7%	-27.6%
Net Income/Loss	\$49	-\$1,029	-\$394			-\$4,930	-\$9,707	-\$9,176		
Mail Volume										
Total Market Dominant Products <sup>3</sup>	9,931	9,558	10,653	3.9%	-6.8%	121,428	108,871	121,711	11.5%	-0.2%
Total Competitive Products <sup>3</sup>	520	466	569	11.6%	-8.6%	7,024	6,645	6,718	5.7%	4.6%
Total International Products	31	34	45	-8.8%	-31.1%	409	503	742	-18.7%	-44.9%
Total Mail Volume	10,482	10,058	11,267	4.2%	-7.0%	128,861	116,019	129,171	11.1%	-0.2%
Total Workhours	96	92	96	4.3%	0.0%	1,191	1,153	1,174	3.3%	1.4%
Total Career Employees	516,536		496,941		4.0%					
Total Non-Career Employees	136,531		148,092		-7.8%					

MAIL VOLUME and REVENUE <sup>1, 2, 4</sup>	Current period			Year-to-Date		
Pieces and Dollars (Thousands)	Actual	SPLY	% SPLY Var	Actual	SPLY	% SPLY Var
First Class (excl. all parcels and Int'l.)						
Volume	3,900,588	4,017,604	-2.9%	50,694,778	52,627,528	-3.7%
Revenue	\$1,879,352	\$1,801,237	4.3%	\$23,281,361	\$23,780,572	-2.1%
Periodicals						
Volume	264,294	301,705	-12.4%	3,679,025	4,006,079	-8.2%
Revenue	\$73,030	\$78,887	-7.4%	\$942,276	\$1,023,835	-8.0%
Marketing Mail (excl. all parcels and Int'l.)						
Volume	5,706,337	6,233,626	-8.5%	66,236,440	64,041,121	3.4%
Revenue	\$1,362,710	\$1,327,549	2.6%	\$14,644,915	\$13,959,153	4.9%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	40,260	45,199	-10.9%	517,268	570,845	-9.4%
Revenue	\$70,241	\$68,815	2.1%	\$834,539	\$832,230	0.3%
All other Market Dominant Mail						
Volume	19,315	55,201	-65.0%	300,351	465,753	-35.5%
Revenue	\$219,941	\$159,637	37.8%	\$2,719,925	\$2,365,985	15.0%
Total Market Dominant Products (ex. all Int'l.)						
Volume	9,930,794	10,653,335	-6.8%	121,427,862	121,711,326	-0.2%
Revenue	\$3,605,274	\$3,436,125	4.9%	\$42,423,016	\$41,961,775	1.1%
Shipping and Package Services						
Volume	520,289	568,764	-8.5%	7,024,215	6,717,588	4.6%
Revenue	\$2,320,724	\$2,417,776	-4.0%	\$31,123,056	\$27,646,665	12.6%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	\$114,162	\$135,466	-15.7%	\$1,240,156	\$1,106,408	12.1%
Total Competitive Products (ex. all Int'l.)						
Volume	520,289	568,764	-8.5%	7,024,215	6,717,588	4.6%
Revenue	\$2,434,886	\$2,553,240	-4.6%	\$32,363,212	\$28,753,073	12.6%
Total International <sup>5</sup>						
Volume	30,834	44,762	-31.1%	408,681	742,079	-44.9%
Revenue	\$130,610	\$180,749	-27.7%	\$2,223,096	\$2,407,671	-7.7%
Total						
Volume <sup>4</sup>	10,481,917	11,266,861	-7.0%	128,860,758	129,170,993	-0.2%
Revenue	\$6,170,770	\$6,170,114	0.0%	\$77,009,324	\$73,122,519	5.3%

EXPENSES OVERVIEW <sup>1, 2</sup>	Current Period					Year-to-Date				
Dollars (Millions)	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Controllable Pers. Comp. & Benefits <sup>6, 7</sup>	\$4,941	\$4,630	\$4,773	6.7%	3.5%	\$59,447	\$57,531	\$57,832	3.3%	2.8%
RHB Unfunded Liabilities Amortization <sup>8</sup>	\$76	\$75	\$68	1.3%	11.8%	\$907	\$900	\$810	0.8%	12.0%
FERS Unfunded Liabilities Amortization <sup>8</sup>	\$170	\$112	\$165	51.8%	3.0%	\$1,401	\$1,343	\$1,343	4.3%	4.3%
CSRS Unfunded Liabilities Amortization <sup>8</sup>	\$192	\$151	\$168	27.2%	14.3%	\$1,858	\$1,817	\$1,817	2.3%	2.3%
Workers' Compensation <sup>9</sup>	-\$1,032	\$ --	-\$272	NMF	NMF	-\$1,925	\$ --	\$1,605	NMF	NMF
Total Pers. Comp. & Benefits	\$4,372	\$4,968	\$4,889	-12.0%	-10.6%	\$61,991	\$61,591	\$63,257	0.6%	-2.0%
Total Non-Personnel Expenses	\$1,742	\$1,592	\$1,665	9.4%	4.6%	\$19,853	\$18,838	\$18,930	5.4%	4.9%
Total Expenses (incl. interest)	\$6,126	\$6,576	\$6,568	-6.8%	-6.7%	\$81,999	\$80,597	\$82,401	1.7%	-0.5%

WORKHOURS <sup>1, 2, 3</sup>	Current Period					Year-to-Date				
Workhours (Thousands)	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
City Delivery	34,697	33,318	35,259	4.1%	-1.6%	432,441	420,343	430,896	2.9%	0.4%
Mail Processing	17,444	13,850	16,039	25.9%	8.8%	210,037	184,528	194,754	13.8%	7.8%
Customer Services & Retail	12,440	12,270	12,927	1.4%	-3.8%	157,681	155,617	159,543	1.3%	-1.2%
Rural Delivery	17,890	17,761	18,017	0.7%	-0.7%	223,040	217,461	217,396	2.6%	2.6%
Other	13,652	14,333	14,054	-4.8%	-2.9%	167,582	174,951	171,756	-4.2%	-2.4%
Total Workhours	96,123	91,532	96,296	5.0%	-0.2%	1,190,781	1,152,900	1,174,345	3.3%	1.4%

<sup>1</sup>/September 2021 had the same number of delivery and retail days compared to September 2020. YTD has one less delivery and 0.75 less retail days compared to SPLY. <sup>2</sup>/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. <sup>3</sup>/Excludes all International. <sup>4</sup>/The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. <sup>5</sup>/Includes Current Period Market Dominant Volume of 18,930 and Revenue of \$27,698; SPLY Market Dominant Volume of 21,158 (-13.1%) and Revenue of \$33,334 (-16.9%). Also includes Current Period Competitive Volume of 12,444 and Revenue of \$102,912; SPLY Competitive Volume of 23,604 (-47.3%) and Revenue of \$147,415 (-30.2%). <sup>6</sup>/This amount includes cash outlays including administrative fees. <sup>7</sup>/This represents the accrual for normal RHB costs for current employees, based on the beginning of the fiscal year estimates. <sup>8</sup>/This represents the estimated OPM amortization expense related to the FERS and CSRS; the actual invoices will be received between August 2021 and October 2021. For PSRHB, this represents the prorated amortization expense of the PSRHB based on the invoice received from OPM in July 2021. <sup>9</sup>/This represents non-cash adjustments: the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater.



## USPS Service Performance Improves Marginally in PQ IV/FY 2021

Though improvement from the previous quarter was expected, service performance for the Postal Service's two largest classes of mail continued to lag during the last quarter of its 2021 fiscal year (July 1 through September 30), despite the easing of pandemic-related absenteeism and the greater availability of air transportation.

### Variation

As in previous quarters, areas and districts again performed well or poorly generally in line with historic trends, and service performance varied widely across the country. The national scores (below) for First-Class Mail, Marketing Mail, and Periodicals mostly remained below service targets, but shortfalls from targets were generally less than in prior quarters.

Area and districts in the west again generally performed better while those in the east generally did worse. All the top quarterly or year-to-date scores for both First-Class Mail and Marketing Mail were in the Pacific and Western Areas, while the worst quarterly or YTD scores for both First-Class Mail and Marketing Mail were shared among the Cap Metro, Great Lakes, Eastern, and Northeast Areas.

For First-Class Mail, 17 districts *met or exceeded* the overnight target, and nine beat the two-day target, but none hit the mark for 3-to-5 day service. Conversely, reporting quarterly scores that were *ten points below* target for First-Class Mail were the Caribbean, New York, and Westchester districts for overnight; the Capital, Caribbean, Chicago, and New York districts for two-day; and 26 districts plus the Cap Metro and Northeast areas for 3-to-5 day.

For Marketing Mail, only nine districts fell short of the service target for letters, but 22 districts, plus the Great Lakes and Northeast areas, missed the mark for carrier route mail; only five districts hit the service target for flats, reflecting the Postal Service's continuing struggle with that category.

At the other end of the scale, no districts or areas were ten points or more below target for letters, and only three districts were that far off for carrier route mail. However, 25 districts plus the Cap Metro, Great Lakes, and Northeast areas were ten points or more below the target for flats.

Scores for Periodicals are not reported below the area level but persistently remain far below service targets.

### Changes

The USPS continues to issue weekly press releases touting ever-improving service, based on homogenized, national level class averages, but the real, more granular numbers, and the long-term trends, paint a far less positive picture than the PR spin would have us believe.

The Postal Service's revisions to the service standards for some two-day and all three-to-five day service for First-Class Mail will allow more transit time, and may yield numerically better service scores, but also may conceal other operational issues that are not related to travel time or speed. Historically poor performance by some processing facilities and districts won't be improved by simply allowing slower service.

Areas and districts that consistently hover near the top – or bottom – of the data suggests the role of cultural, behavioral, and managerial issues that need to be replicated (where good) or excised (where bad). Given how long service challenges have persisted, it's questionable how soon they'll be corrected absent more aggressive and effective measures than have been applied in the past.

The chart on the next page is an overview of quarterly and year-to-date district and area scores for overall First-Class Mail (overnight, two-day, and three-to-five-day) and overall Marketing Mail (letters, flats, and carrier route). More granular data is available from the Postal Regulatory Commission at <https://www.prc.gov/dockets/document/120179>.

Targets >	First-Class Mail						Marketing (Standard) Mail						Periodicals	
	96.80% overnight, 96.50% 2-day, and 95.25% 3- to 5-day						91.00% for both SCF- and NDC-entered mail						91.00%	
	Quarter			Year-to-Date			Quarter			Year-to-Date			Quarter	Yr/Date
	Over- night	2-Day	3-to-5 day	Over- night	2-Day	3-to-5 day	Overall Letters	Overall Flats	Overall Cr. Rte.	Overall Letters	Overall Flats	Overall Cr. Rte.	Com- bined	Com- bined
PQ I/16	95.8	94.2	89.0	95.8	94.2	89.0	87.1	74.5	76.1	87.1	74.5	76.1	74.1	74.1
PQ II/16	96.0	94.4	89.8	95.9	94.3	89.4	88.0	79.7	84.2	87.5	76.6	79.2	78.5	76.3
PQ III/16	96.9	96.3	94.4	96.2	94.9	91.0	92.6	89.7	90.6	89.2	79.2	82.2	83.3	78.6
PQ IV/16	96.8	96.2	94.5	96.3	95.2	91.9	93.0	87.2	90.6	90.1	81.4	83.9	83.7	80.1
PQ I/17	96.2	94.9	92.0	96.2	94.9	92.0	90.2	77.4	89.6	90.2	77.4	89.6	81.5	81.5
PQ II/17	96.6	95.5	92.9	96.4	95.2	92.5	96.4	81.8	91.4	90.9	79.4	90.3	85.4	83.4
PQ III/17	97.1	96.5	94.7	96.6	95.6	93.2	93.3	82.7	93.2	91.7	80.2	91.2	87.7	84.9
PQ IV/17	96.8	96.2	93.9	96.6	95.8	93.4	92.2	81.1	91.9	91.8	80.4	91.4	86.7	85.3
PQ I/18	95.7	94.2	90.9	95.7	94.2	90.9	86.5	71.4	83.5	86.5	71.4	83.5	82.1	82.1
PQ II/18	95.8	94.1	89.9	95.7	94.1	90.4	86.6	70.3	89.1	86.5	71.0	85.9	83.4	82.6
PQ III/18	96.8	96.2	94.2	96.1	94.8	91.6	92.2	81.6	94.2	88.4	74.1	88.2	88.3	84.5
PQ IV/18	96.6	96.1	94.0	96.2	95.1	92.2	92.4	83.0	94.1	89.4	76.5	89.5	88.0	85.0
PQ I/19	94.9	93.0	90.1	94.9	93.0	90.1	85.2	71.8	84.2	85.2	71.8	84.2	81.8	81.8
PQ II/19	95.0	93.5	90.6	95.0	93.2	90.4	88.5	77.0	91.1	86.8	74.3	87.3	84.9	83.2
PQ III/19	96.5	95.4	93.8	95.4	93.9	91.4	91.4	80.7	93.1	88.3	76.2	89.0	87.6	84.7
PQ IV/19	96.4	95.4	94.3	95.7	94.3	92.1	92.3	82.1	93.8	89.2	77.6	90.0	87.8	85.4
PQ I/20	94.6	93.7	91.5	94.6	93.7	91.5	89.5	78.4	89.9	89.5	78.4	89.9	84.5	84.5
PQ II/20	96.1	94.6	92.7	95.4	94.2	92.1	92.0	81.9	93.5	90.6	79.9	91.2	86.7	85.6
PQ III/20	95.9	93.5	90.9	95.5	94.0	91.7	91.3	71.7	84.3	90.9	77.2	88.7	76.9	82.9
PQ IV/20	93.0	90.0	84.9	94.9	93.0	90.2	86.7	72.1	85.7	89.8	75.7	87.8	74.3	80.9
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

USPS Service Performance – % On-Time for Mailpieces Delivered Between 07/01/2021 and 09/30/2021 (PQ IV/FY 2021)												
Area/District *	Presort First-Class Letters/Postcards **						Marketing Mail **					
	Quarterly			Year to Date			Letters (Overall)		Flats (Overall)		Carrier Route (Overall)	
	Overnight	Two-Day	3-5 Day	Overnight	Two-Day	3-5 Day	Quarterly	Yr to Date	Quarterly	Yr to Date	Quarterly	Yr to Date
<b>Cap Metro ↓MKT PQ ↓MKT YTD</b>	93.8	90.2	84.8	91.1	84.4	77.0	92.7	84.6	77.0	62.2	88.6	75.4
Atlanta	93.4	88.4	83.1	92.2	87.8	80.3	91.4	82.7	72.0	55.3	86.1	67.9
<b>Baltimore ↓FCM YTD</b>	89.5	87.7	76.9	74.7	71.4	55.1	89.8	76.2	69.5	49.1	84.5	66.1
Capital	88.4	85.0	81.2	87.0	75.8	68.0	92.1	87.2	71.3	61.0	79.7	74.1
Greater So. Carolina	95.9	90.3	83.3	93.4	88.3	76.6	94.8	89.4	86.9	78.8	94.6	91.9
Greensboro	95.2	94.5	86.8	91.5	86.4	73.1	94.2	81.7	82.5	62.4	91.5	69.2
Mid-Carolinas	96.3	93.2	89.2	95.8	87.4	83.5	96.0	91.6	82.0	74.8	92.8	87.8
Northern Virginia	95.8	87.9	85.3	94.7	82.3	75.3	94.7	90.0	83.6	76.2	96.6	93.0
Richmond	92.7	87.1	82.7	91.6	77.0	72.7	89.1	81.7	69.2	48.3	83.3	62.6
<b>Eastern ↓FCM YTD</b>	95.7	91.8	85.8	91.1	82.0	75.4	94.2	86.0	83.4	69.9	93.5	83.3
Appalachian	96.9	92.5	86.1	96.0	86.9	77.9	95.2	92.1	87.1	80.8	96.7	94.0
Central Pennsylvania	95.8	90.6	82.6	89.3	77.9	70.9	92.8	77.7	80.0	54.9	93.0	74.0
Ohio Valley	97.0	94.0	88.2	94.9	88.2	80.7	96.1	91.2	83.7	77.5	95.8	92.9
Kentuckiana	96.1	92.6	89.0	83.1	79.2	70.9	96.1	74.2	88.7	68.3	96.4	77.6
Northern Ohio	92.3	93.2	86.7	91.4	82.8	77.8	95.8	89.8	85.4	72.6	94.6	86.9
<b>Philadelphia Metro ↓MKT YTD</b>	92.5	89.5	82.5	80.2	74.8	67.5	91.4	78.7	72.8	48.7	83.7	61.3
South Jersey	97.1	90.7	83.3	94.5	83.4	75.8	93.6	86.8	83.2	72.5	94.0	88.6
Tennessee	94.8	90.3	83.6	92.3	86.4	75.9	90.1	85.8	78.8	68.9	92.8	88.5
Western New York	96.6	95.5	88.6	96.3	92.4	82.6	96.1	93.9	87.5	77.8	93.2	86.5
<b>Western Pennsylvania ↑MKT PQ</b>	96.7	93.2	87.5	96.7	86.4	81.5	97.5	95.1	92.4	83.5	97.2	93.2
<b>Great Lakes</b>	94.4	92.1	86.3	92.2	88.5	79.2	94.0	88.3	76.8	62.2	90.3	80.5
Central Illinois	95.1	92.3	83.7	93.8	89.7	75.2	94.2	90.6	77.8	55.6	89.7	79.7
Chicago	88.5	85.9	79.9	82.0	82.4	74.0	88.9	86.1	59.7	48.4	74.3	66.9
Detroit	91.9	93.1	88.9	87.6	85.4	73.9	95.0	82.3	84.4	58.6	93.2	76.8
Gateway	94.6	91.9	83.2	93.1	88.9	77.8	93.9	88.5	68.1	48.5	89.7	72.5
Greater Indiana	94.2	92.9	91.4	90.9	87.2	86.4	93.7	87.3	76.8	66.6	87.0	77.8
Greater Michigan	96.1	91.7	86.5	95.2	89.4	81.3	96.0	90.9	87.9	74.4	96.7	91.2
Lakeland	94.7	92.8	82.8	94.7	91.6	78.2	94.0	92.2	77.5	70.5	92.0	89.3
<b>Northeast ↓FCM PQ</b>	88.8	91.8	85.2	93.3	89.3	79.6	92.7	88.7	79.8	70.3	90.5	83.3
Albany	96.8	93.6	85.0	95.6	90.8	79.3	94.0	88.0	88.8	77.1	95.8	88.9
<b>Caribbean ↓FCM PQ ↓MKT PQ</b>	74.6	82.0	66.2	91.3	94.6	73.3	83.2	90.2	59.4	73.9	76.7	80.3
Connecticut Valley	96.6	93.3	87.4	96.2	90.8	80.6	94.5	91.6	78.1	61.7	89.7	72.6
Greater Boston	96.1	94.2	86.8	94.4	92.5	79.8	93.1	89.2	80.3	67.9	90.2	79.0
Long Island	92.3	89.7	78.6	92.7	85.4	73.1	93.3	89.2	81.5	76.1	94.3	90.9
New York	86.2	85.0	78.9	88.4	84.3	75.6	92.3	90.2	82.8	78.6	92.0	90.2
Northern New England	96.1	93.8	84.2	95.7	92.9	76.1	94.2	88.7	77.7	66.0	90.1	84.2
Northern New Jersey	92.0	88.2	87.5	92.1	86.0	84.3	90.1	88.1	74.1	73.8	84.6	86.4
Triboro	91.1	89.3	81.6	85.5	85.7	76.3	90.7	86.4	78.4	67.6	87.8	79.9
Westchester	85.4	91.2	84.7	87.8	87.2	77.8	93.9	86.4	82.6	70.0	92.6	82.2
<b>Pacific ↑FCM PQ/YTD ↑MKT PQ/YTD</b>	96.1	96.4	90.1	95.8	96.3	87.3	96.2	94.9	87.7	84.3	95.4	93.7
Bay-Valley	97.3	95.5	93.9	97.1	96.2	89.9	96.7	94.3	88.6	86.1	95.8	93.7
Honolulu	96.8	N/A	84.2	96.8	N/A	80.1	95.3	92.9	65.7	74.5	87.2	89.9
Los Angeles	94.2	97.0	91.1	94.6	96.6	87.8	96.5	95.3	88.4	82.5	91.8	90.1
Sacramento	96.2	95.7	88.3	95.4	96.1	85.5	95.1	93.7	88.1	85.0	96.2	94.5
San Diego	97.6	96.9	91.1	97.3	96.0	87.4	96.7	95.5	86.0	81.5	94.9	93.4
<b>San Francisco ↑MKT YTD</b>	97.7	96.3	92.3	96.5	96.0	90.6	96.8	95.1	91.1	88.5	97.9	96.6
Santa Ana	97.9	96.9	89.5	97.9	96.8	87.6	95.9	95.7	88.8	86.2	95.0	93.8
<b>Sierra Coastal ↑FCM YTD</b>	97.0	96.9	92.7	97.1	96.5	90.1	97.0	96.0	89.1	86.5	97.5	94.6
<b>Southern</b>	95.4	93.0	87.3	94.5	90.7	81.9	94.2	91.6	83.5	74.2	91.9	86.8
Alabama	95.0	88.0	82.9	93.3	86.1	74.8	93.1	86.6	80.9	61.1	92.4	78.1
Arkansas	95.6	92.3	85.5	95.0	90.0	80.1	93.0	89.6	81.6	66.2	96.1	87.5
Dallas	94.1	94.2	89.6	90.9	88.9	83.5	95.3	91.6	85.8	69.8	92.7	82.2
Fort Worth	96.0	94.2	89.1	95.9	91.1	84.3	96.0	93.8	90.9	83.3	97.0	93.6
Gulf Atlantic	97.0	94.4	84.6	96.2	93.5	80.4	93.1	90.2	80.7	74.3	90.2	87.3
Houston	94.9	93.2	89.4	94.3	89.3	83.5	96.8	95.1	87.8	81.6	93.5	90.5
Louisiana	95.3	87.1	75.3	93.9	90.2	77.7	88.3	88.4	78.3	66.6	86.8	83.6
Mississippi	90.5	86.5	81.9	92.6	86.0	74.1	86.2	85.0	75.5	66.7	90.8	85.1
Oklahoma	96.2	92.4	87.7	95.9	90.0	82.5	93.1	92.1	84.7	78.8	95.3	90.9
Rio Grande	94.2	93.8	88.9	94.0	90.2	83.4	96.0	92.2	87.6	77.8	94.1	91.7
South Florida	95.5	93.3	85.6	94.9	93.2	79.0	93.8	91.7	73.9	67.0	82.7	79.1
Suncoast	97.1	95.6	89.1	96.6	95.1	85.5	94.9	92.8	84.9	78.9	94.0	89.8
<b>Western</b>	96.4	94.0	89.0	95.6	92.6	83.6	95.1	91.6	87.5	79.9	95.8	90.6
<b>Alaska ↑FCM PQ</b>	98.9	97.4	91.8	97.3	96.5	85.2	97.5	94.6	87.1	84.7	97.7	93.4
Arizona	97.0	97.6	90.7	96.9	96.6	85.6	95.5	92.7	87.4	75.8	96.8	88.9
Central Plains	94.6	94.0	91.3	95.5	94.1	86.0	95.3	93.2	89.9	84.8	97.5	96.1
Colo./Wyoming	94.8	92.9	88.3	91.2	85.4	79.9	95.1	87.3	83.8	75.0	92.8	85.3
Dakotas	96.8	97.0	87.0	97.7	96.1	82.7	95.2	93.1	88.5	84.6	96.9	94.8
Hawkeye	96.6	91.6	87.8	96.4	91.1	81.8	95.9	93.3	91.4	83.2	98.0	95.1
Mid-America	95.6	92.8	86.2	94.1	89.8	79.9	93.4	87.3	77.7	63.9	90.3	79.9
Nevada-Sierra	98.2	95.0	92.5	97.7	92.7	88.5	96.2	95.2	89.0	88.5	95.6	95.5
Northland	96.4	90.9	84.0	94.2	90.7	78.0	93.6	89.6	86.0	75.0	95.2	87.1
Portland	97.7	97.3	90.9	97.2	96.0	86.1	96.1	94.1	92.5	88.0	97.4	94.8
Salt Lake City	96.6	97.8	88.8	96.4	96.7	84.4	94.0	90.4	84.9	78.4	96.8	92.7
Seattle	96.1	96.2	87.9	95.9	94.7	82.3	95.2	93.5	91.7	88.6	97.0	95.5
<b>Nation</b>	94.8	92.5	87.2	93.7	88.5	81.0	94.2	89.5	82.7	72.5	92.4	85.1

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

\*\* = HIGHEST AREA CATEGORY SCORE HIGHEST DISTRICT CATEGORY SCORE □ = Over 10 pts below Svc Std LOWEST AREA CATEGORY SCORE LOWEST DISTRICT CATEGORY SCORE

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### POSTAL SERVICE

39 CFR Part 111

### Domestic Competitive Products Pricing and Mailing Standards Changes

**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 reflect changes to prices and mailing standards for competitive products.

**DATES:** Effective Date: January 9, 2022.

**FOR FURTHER INFORMATION CONTACT:** Steven Jarboe at (202) 268-7690, Margaret Pepe (202) 268-3078, or Garry Rodriguez at (202) 268-7281.

**SUPPLEMENTARY INFORMATION:** This final rule describes new prices and product features for competitive products, by class of mail, established by the Governors of the United States Postal Service. New prices are available under Docket Number CP2022-22 on the Postal Regulatory Commission PRC website at <http://www.prc.gov>, and on the Postal Explorer website at <http://pe.usps.com>. The Postal Service will revise *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), to reflect changes to prices and mailing standards for the following competitive products: Priority Mail Express, Priority Mail, First-Class Package Service, Parcel Select, USPS Retail Ground, Extra Services, Return Services, Mailer Services, Recipient Services, Other. Competitive product prices and changes are identified by product as follows:

#### Priority Mail Express

##### Prices

Overall, Priority Mail Express prices will increase 3.1%. Priority Mail Express will continue to offer zoned and Flat Rate Retail, Commercial Base, and Commercial Plus pricing. Retail prices will increase an average of 2.9%. The Flat Rate Envelope price will increase to \$26.95, the Legal Flat Rate Envelope will increase to \$27.10, and the Padded Flat Rate Envelope will increase to \$27.50. Commercial prices (Commercial Base and Commercial Plus) will increase an average of 4.3%.

##### Dimensional Weight Pricing Dimension Standards

The Postal Service is implementing a standard under dimensional weight pricing for commercial Priority Mail Express pieces to require Shipping Services file manifests or other approved electronic documentation include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. This standard will assist the Postal Service with compliance in pricing. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee.

#### Priority Mail

##### Prices

Overall, Priority Mail prices will increase 3.1%. Priority Mail will continue to offer zoned and Flat Rate Retail, Commercial Base, and Commercial Plus pricing. Retail prices will increase an average of 4.5%. The Flat Rate Envelope price will increase to \$8.95, the Legal Flat Rate Envelope will increase to \$9.25, and the Padded Flat Rate Envelope will increase to \$9.65. The Small Flat Rate Box price will increase to \$9.45 and the Medium Flat Rate Boxes will increase to \$16.10. The Large Flat Rate Box will decrease to \$21.50 and the APO/FPO/DPO Large Flat Rate Box will decrease to \$20.00. Commercial prices (Commercial Base and Commercial Plus) will increase an average of 1.2%.

##### Dimensional Weight Pricing Dimension Standards

The Postal Service is implementing a standard under dimensional weight pricing for commercial Priority Mail pieces to require Shipping Services file manifests or other approved electronic documentation include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. This standard will assist the Postal Service with compliance in pricing. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee.

#### First-Class Package Service

##### Prices

Overall, First-Class Package Service prices will increase 8.8%. Overall, First-Class Package Service – Retail prices will increase 9.0%. Overall, First-Class Package Service – Commercial prices will increase 8.8%.

#### Parcel Select

##### Prices

The prices for Parcel Select Destination Entry will decrease an average of 11.1%. Parcel Select Ground prices will decrease an average of 12.1%. The prices for Parcel Select Lightweight will increase an average of 7.4%.

##### Dimensional Weight Pricing Dimension Standards

The Postal Service is implementing a standard under dimensional weight pricing for Parcel Select Destination Entry and Parcel Select Ground pieces to require Shipping Services file manifests or other approved electronic documentation include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. This standard will assist the Postal Service with compliance in pricing. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee.

##### Optional SCF Preparation for Parcel Select Destination Entry and Parcel Select Lightweight Machinable Parcels

The Postal Service will implement an optional Sectional Center Facility (SCF) preparation level that will allow mailers to presort and dropship Parcel Select Destination Entry machinable parcels to an eligible destination SCF (DSCF) under Labeling List L051. The new SCF preparation level will follow the current Parcel Select Destination Entry standards for requirements, mail preparation, entry, and pricing. The Postal will also implement an optional SCF preparation level that will allow mailers to presort and dropship Parcel Select Lightweight (PSLW) machinable parcels to an eligible DSCF under labeling List L051. The new SCF preparation will follow the current PSLW standards for requirements, mail preparation, entry, and pricing. As a result of the new SCF preparation level for PSLW machinable parcels, the Postal Service will delete Customer Support Ruling (CSR) PS-348, Parcel Select Lightweight Machinable Parcel Optional SCF Presort and Entry.

#### USPS Connect Local

USPS Connect Local is a new Parcel Select price category offering, designed to enhance access to our delivery network at the local level to deliver items the same-day or the next-day via a local Post Office to every address served by that delivery unit. Participation in the USPS Connect Local program requires agreement to program terms. Customers must contact a USPS Representative for details. USPS Connect Local will offer three USPS-produced Flat Rate container prices (2 bags and a box), variable weight prices from 1 pound through 25 pounds that will not be subject to Dimensional (DIM) pricing, and an oversized (108 inches-130 inches) price. USPS Click-N-Ship will be the required payment method, providing both the shipping label and postage payment. Certain additional mailing services such as Insurance and Signature Confirmation extra services and Pickup on Demand and USPS Tracking Plus will be available for USPS Connect Local. USPS Connect Local will also offer Sunday delivery where available for a fee and has an automatic Sunday fee refund feature through USPS Click-N-Ship if the item is not delivered on Sunday or Sunday delivery was not attempted.



## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### USPS Retail Ground

Overall, USPS Retail Ground prices will decrease an average of 7.4%.

### USPS Retail Ground Prices Zones 1 Through 4

The Postal Service is eliminating the restriction that states USPS Retail Ground prices in Zones 1 through 4 are only available to items that require surface transportation. USPS Retail Ground prices will now be available for all eligible mailable items in Zones 1 through 9.

### Extra Services

#### Adult Signature Service

Adult Signature Required and Adult Signature Restricted Delivery service prices are increasing 23.2 and 22.4% respectively. The price for Adult Signature Required will increase to \$8.50 and Adult Signature Restricted Delivery will increase to \$8.75.

### Return Services

#### Parcel Return Service

Overall, Parcel Return Service prices will increase an average of 4.9%. Return Sectional Center Facility (RSCF) prices will increase an average of 4.9% and Return Delivery Unit (RDU) prices will increase an average of 4.9%.

### Mailer Services

#### Pickup on Demand Service

The Pickup on Demand service fee will remain at \$25.00.

#### USPS Tracking Plus Service

Overall, USPS Premium Tracking Service prices will decrease 51.5%.

#### USPS Tracking Plus Service Expansion of Products

The Postal Service is expanding the domestic product offering for USPS Tracking Plus to include Library Mail, Media Mail, and Bound Printed Matter. The expansion will also include First-Class Mail (Letters and Flats) with the purchase of a trackable extra service, USPS Marketing Mail and Nonprofit USPS Marketing Mail parcels with the purchase of USPS Tracking, and Nonprofit USPS Marketing Mail parcels with a trackable extra service. The Postal Service is also expanding USPS Tracking Plus service to include some International outbound products. For further information see the International Mailing Services: Mailing Services Product and Price Changes *Federal Register* notice.

### Recipient Services

#### Post Office Box Service

The competitive Post Office Box service prices will increase an average of 18.2% within the updated price ranges.

#### Premium Forwarding Service

Premium Forwarding Service (PFS) prices will increase between 4.8 and 5.3% depending on the specific price element. The enrollment fee paid at the retail counter for PFS-Residential will increase to \$23.90 and the PFS-Residential, PFS-Commercial, and PFS-Local enrollment fee paid online will increase to \$21.95 per application. The price of the weekly shipment charge for PFS-Residential and per container charge for PFS-Local will increase to \$23.90.

#### USPS Package Intercept

The USPS Package Intercept fee will increase 4.6% to \$15.95.

### Other

#### Address Enhancement Service

Address Enhancement Service competitive product prices will increase between 10.0 and 14.3%.

#### Residential Delivery Indicator Application Program Interface (RDI-API) Eliminated

The Postal Service is eliminating RDI-API due to low volume.

#### Small Parcel Forwarding Fee

The small parcel forwarding fee, an optional service first offered in January 2019, will increase 6.1% to \$5.25.

### Nonstandard Fees

The Postal Service is implementing Nonstandard Fees for domestic retail and commercial Priority Mail Express and Priority Mail pieces, First-Class Package Service-Retail, USPS Retail Ground (including USPS Retail Ground LOR), and Parcel Select (Destination Entry, Ground, PSLW, USPS Connect Local) pieces that are operationally considered nonstandard. The nonstandard fees will consist of two components, length and cube. The length component will consist of two fees, one fee for a piece that measures more than 22 inches up to 30 inches, and another fee for a piece that measures more than 30 inches in length. The cube component will consist of a fee for a piece that measures more than 2 cubic feet (3,456 cubic inches). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the cube dimension nonstandard fee. A piece may be subject to both a length and a cube dimension nonstandard fee. The nonstandard fees do not apply to Flat Rate products, Regional Rate products or returns (USPS Returns, PRS). In addition, commercial Priority Mail Express and Priority Mail, and Parcel Select (Destination Entry, Ground, PSLW) will require the Shipping Services file manifests or other approved electronic documentation include the accurate dimensions (length, width, height) of all pieces that exceed 22 inches.

#### Dimension Noncompliance Fee

The Postal Service is implementing a dimension noncompliance fee for commercial Priority Mail Express and Priority Mail, and Parcel Select (Destination Entry, Ground, PSLW, and USPS Connect Local) mailpieces. The dimension noncompliance fee will be assessed when dimensions (length, width, height) required by standard to be included in the Shipping Services file manifests or other approved electronic documentation, are omitted or are inaccurate. A mailpiece is only subject to one dimension noncompliance fee.

### Resources

The Postal Service provides additional resources to assist customers with this price change for competitive products. These tools include price lists, downloadable price files, and *Federal Register* Notices, which may be found on the Postal Explorer website at <http://pe.usps.com>.

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)*, incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

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]

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

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, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise *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)***

\*\*\*\*\*

#### **113 Prices and Eligibility**

##### **1.0 Prices and Fees**

\*\*\*\*\*

*[Revise 1.0 by adding new 1.6 to read as follows:]*

##### **1.6 Nonstandard Fees**

A Priority Mail Express piece that measures more than 22 inches up to 30 inches or that measures more than 30 inches in length or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee.

\*\*\*\*\*

#### **123 Prices and Eligibility**

##### **1.0 Prices and Fees**

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.7 to read as follows:]*

##### **1.7 Nonstandard Fees**

Except for Flat Rate and Regional Rate packaging, a Priority Mail piece that measures more than 22 inches up to 30 inches in length or that measures more than 30 inches or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee.

\*\*\*\*\*

#### **133 Prices and Eligibility**

##### **1.0 Prices and Fees**

\*\*\*\*\*

*[Revise 1.0 by adding new 1.6 to read as follows:]*

##### **1.6 Nonstandard Fees**

A First-Class Package Service--Retail piece that measures more than 22 inches up to 30 inches or that measures more than 30 inches in length or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee.

\*\*\*\*\*

#### **153 Prices and Eligibility**

##### **1.0 Prices and Fees**

##### **1.1 Price Eligibility**

USPS Retail Ground prices are calculated based on the zone to which the parcel is addressed and the weight of the parcel. USPS Retail Ground prices are available as follows:

*[Revise the text of item a to read as follows:]*

a. Except for items mailed under 1.3, USPS Retail Ground prices are available for eligible mailable items sent to Zones 1 through 9.

*[Delete item b and renumber items c and d as b and c.]*

\*\*\*\*\*

##### **1.3 USPS Retail Ground--Limited Overland Routes Prices**

*[Revise the text of 1.3 to read as follows:]*

USPS Retail Ground--LOR retail prices are only available when mailing eligible items within the state of Alaska for pieces delivered to or from the eligible intra-Alaska ZIP Codes not connected by overland routes in Exhibit 1.3. USPS Retail Ground--LOR retail prices are not available through online or commercial postage payment.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.5 to read as follows:]*

##### **1.5 Nonstandard Fees**

A USPS Retail Ground or USPS Retail Ground--Limited Overland Routes piece that measures more than 22 inches up to 30 inches in length or that measures more than 30 inches or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee.

\*\*\*\*\*

#### **201 Physical Standards**

\*\*\*\*\*

##### **8.5 Parcel Select**

\*\*\*\*\*

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

*[Revise 8.5 by adding a new 8.5.4 to read as follows:]*

### **8.5.4 USPS Connect Local**

These standards apply to USPS Connect Local:

- a. No piece may weigh more than 25 pounds.
- b. USPS Connect Local pieces measuring over 108 inches in combined length and girth, but not more than 130 inches in combined length and girth, are available at the USPS Connect Local oversized price.

\*\*\*\*\*

### **202 Elements on the Face of a Mailpiece**

\*\*\*\*\*

### **3.7 Parcel Select, Bound Printed Matter, Media Mail, and Library Mail Markings**

#### **3.7.1 Basic Markings**

*[Revise the first sentence in the introductory text of 3.7.1 to read as follows:]*

The basic required marking (i.e., “Parcel Select”, “Parcel Select Lightweight”, “USPS Connect Local”, “Bound Printed Matter”, “Media Mail”, “Library Mail”) must be printed on each piece claimed at the respective price. \* \* \*

\*\*\*\*\*

#### **3.7.2 Parcel Select Markings**

\*\*\* The following product markings are required:

\*\*\*\*\*

*[Add new item d to read as follows:]*

- d. USPS Connect Local--“USPS Connect Local”.

\*\*\*\*\*

*[Renumber 3.7.3 through 3.7.5 as 3.7.4 through 3.7.6 and add new 3.7.3 to read as follows:]*

#### **3.7.3 USPS Connect Local**

In addition to the basic marking “USPS Connect Local” each piece of USPS Connect Local must bear the 5-digit ZIP Code of the local mailing Post Office (i.e., USPS Connect Local--12345) additional price marking. For USPS Connect Local Sunday delivery, in addition to the 5-digit ZIP Code additional price marking, the piece must include the marking “SUN” (i.e., USPS Connect Local--12345 SUN).

\*\*\*\*\*

### **213 Prices and Eligibility**

\*\*\*\*\*

### **1.5 Dimensional Weight Price for Low-Density Parcels to Zones 1-9**

\*\*\*\*\*

*[Revise 1.5 by adding a new 1.5.3 to read as follows:]*

#### **1.5.3 Dimensional Weight Pricing Dimension Standard**

Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.10.

\*\*\*\*\*

*[Revise 1.0 by adding new 1.9 to read as follows:]*

#### **1.9 Nonstandard Fees**

A Priority Mail Express piece that measures more than 22 inches up to 30 inches or that measures more than 30 inches in length or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee. Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 22 inches. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.10.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.10 to read as follows:]*

#### **1.10 Dimension Noncompliance Fee**

Priority Mail Express mailpieces required to include dimensions (length, width, height) in the Shipping Services file manifests or other approved electronic documentation under 1.5.3 or 1.9 and the dimensions are omitted or inaccurate are subject to the dimension noncompliance fee (see Notice 123--Price List). A mailpiece is only subject to one dimension noncompliance fee.

\*\*\*\*\*

### **223 Prices and Eligibility**

\*\*\*\*\*

### **1.5 Dimensional Weight Price for Low-Density Parcels to Zones 1-9**

\*\*\*\*\*

*[Revise 1.5 by adding a new 1.5.3 to read as follows:]*

#### **1.5.3 Dimensional Weight Pricing Dimension Standard**

Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.13.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.12 to read as follows:]*

#### **1.12 Nonstandard Fees**

Except for Flat Rate and Regional Rate packaging and Priority Mail Return service packages, a Priority Mail piece that measures more than 22 inches up to 30 inches or that measures more than 30 inches in length or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee.



## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

A piece may be subject to both a length and a cube nonstandard fee. Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 22 inches. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.13.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.13 to read as follows:]*

### **1.13 Dimension Noncompliance Fee**

Priority Mail mailpieces required to include dimensions (length, width, height) in the Shipping Services file manifests or other approved electronic documentation under 1.5.3 or 1.12 and the dimensions are omitted or inaccurate are subject to the dimension noncompliance fee (see Notice 123--Price List). A mailpiece is only subject to one dimension noncompliance fee.

\*\*\*\*\*

## **253 Prices and Eligibility**

### **1.0 Prices and Fees**

#### **1.1 Price Application**

*[Revise the text of 1.1 to read as follows:]*

Postage is based on the price that applies to the weight increment of each addressed piece, and on the zone to which the piece is addressed, except for DDU and DSCF entered pieces and USPS Connect Local pieces. The price is charged per pound or fraction thereof; any fraction of a pound is considered a whole pound. Except for Parcel Select Lightweight, the minimum price per piece is the 1-pound price. For DDU, DSCF, and USPS Connect Local pieces, postage is based on the price that applies to the weight increment of each addressed piece. USPS Connect Local Flat Rate prices are not based on weight and zone but are charged a flat rate regardless of actual weight (up to 25 pounds) of the mailpiece and domestic destination. Parcel Select Lightweight postage is based on the price that applies to the weight increment of each addressed piece, charged per ounce or fraction thereof, with any fraction of an ounce being rounded to the next whole ounce. The price categories for Parcel Select are as follows:

- a. Destination entry including destination entry network distribution center (DNDC), destination entry sectional center facility (DSCF), and destination entry delivery unit (DDU).
- b. Ground.
- c. Lightweight.
- d. USPS Connect Local.

#### **1.2 Parcel Select Prices**

*[Revise the text of 1.2 to read as follows:]*

Pricing is available for all Parcel Select price categories under 1.1. For prices, see Notice 123-Price List.

#### **1.3 Dimensional Weight Price for Low-Density Parcels to Zones 1-9**

*[Revise the text of 1.3 to read as follows:]*

Postage for Destination Entry and Ground parcels addressed for delivery to Zones 1-9 and exceeding 1 cubic foot (1,728 cubic inches) is based on the actual weight or the dimensional weight (as calculated in 1.3.1 or 1.3.2), whichever is greater.

\*\*\*\*\*

*[Revise 1.3 by adding a new 1.3.3 to read as follows:]*

#### **1.3.3 Dimensional Weight Dimension Standard**

Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 1 cubic foot. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.9.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.6 and 1.7 to read as follows:]*

#### **1.6 USPS Connect Local Flat Rate Packaging**

Only USPS-produced USPS Connect Local Flat Rate packaging is eligible for the USPS Connect Local Flat Rate prices and are charged a flat rate regardless of the actual weight (up to 70 pounds) of the mailpiece. Customers must only use USPS-produced USPS Connect Local Flat Rate containers at the applicable USPS Connect Local Flat Rate price. USPS-produced USPS Connect Local Flat Rate packaging is not eligible for shipping live animals.

#### **1.7 Sunday Delivery**

A USPS Connect Local mailer may request Sunday delivery where available for a fee (see Notice 123--Price List).

*[Revise 1.0 by adding new 1.8 to read as follows:]*

#### **1.8 Nonstandard Fees**

Except for Ground Return service, a Parcel Select Destination Entry, Ground, Parcel Select Lightweight, or USPS Connect Local, piece that measures more than 22 inches up to 30 inches or that measures more than 30 inches in length or that measures more than 2 cubic feet (3,456 cubic inches) is subject to a nonstandard fee (see Notice 123--Price List). Cube dimensions for rectangular pieces are determined by measuring the length, width, and height in inches (rounding off see 604.7.0) each measurement to the nearest whole inch) and multiplying the length by the width by the height. For nonrectangular pieces, calculate as stated above and multiply the result by an adjustment factor of 0.785. If either calculation exceeds 3,456 cubic inches, the piece is subject to the nonstandard fee. A piece may be subject to both a length and a cube nonstandard fee. Shipping Services file manifests or other approved electronic documentation must include the accurate dimensions (length, width, height) of all pieces that exceed 22 inches. Shipping Services file manifests or other approved electronic documentation not meeting the requirement to include accurate dimensions will be assessed a dimension noncompliance fee under 1.9.

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.9 to read as follows:]*

#### **1.9 Dimension Noncompliance Fee**

Parcel Select mailpieces required to include dimensions (length, width, height) in the Shipping Services file manifests or other approved electronic documentation under 1.3.3 or 1.8 and the dimensions are omitted or inaccurate are subject to the dimension noncompliance fee (see Notice 123--Price List). A mailpiece is only subject to one dimension noncompliance fee.

\*\*\*\*\*

## **3.0 Basic Eligibility Standards for Parcel Select Parcels**

### **3.1 Description of Service**

*[Revise the text of 3.1 to read as follows:]*

Parcel Select is a Shipping Services ground product. USPS Local Connect is a price category of Parcel Select with an expected same-day or next day delivery service. The USPS does not guarantee the delivery of Parcel Select mailpieces within a specified time. Certain Parcel Select mailpieces might receive deferred service.

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\*\*\*\*\*

*[Revise the heading of 4.0 to read as follows:]*

### **4.0 Price Eligibility for Parcel Select and Parcel Select Lightweight**

#### **4.1 Destination Entry Price Eligibility**

##### **4.1.1 Definition**

\*\*\* For this standard, the following destination facility definitions apply:

\*\*\*\*\*

*[Revise the first sentence of item b to read as follows:]*

b. A destination sectional center facility (DSCF) includes all facilities in L005 or L051 for DSCF machinable parcels. \*\*\*

\*\*\*\*\*

##### **4.1.4 DSCF and DDU Prices**

For DSCF and DDU prices, pieces must meet the applicable standards in 3.0 and the following criteria:

*[Revise the first sentence of item a to read as follows:]*

a. For DSCF prices, be part of a Parcel Select destination entry mailing of parcels deposited at an SCF in L005, L051, or a USPS-designated facility. \*\*\*

\*\*\*\*\*

#### **4.3 Parcel Select Lightweight**

\*\*\*\*\*

##### **4.3.3 Prices for Machinable Parcels**

The following prices apply to Parcel Select Lightweight machinable parcels:

\*\*\*\*\*

*[Renumber items b and c as c and d and add new item b to read as follows:]*

b. SCF Price; the SCF price applies to machinable parcels that are dropshipped and presented to a DSCF:

1. In an SCF sack containing at least 10 pounds of parcels.

2. On an SCF pallet, according to 705.8.10.

\*\*\*\*\*

*[Renumber 4.4 and 4.5 as 4.5 and 4.6 and add new 4.4 to read as follows:]*

#### **4.4 USPS Connect Local**

USPS Connect Local mailings are subject to the following criteria:

- a. Participation in the USPS Connect Local program requires agreement to program terms. Customers must speak with a USPS Representative for details.
- b. No minimum volume requirement.
- c. Postage must be paid under 254.1.1.3.
- d. Pieces are subject to specific marking requirements under 202.3.7.2 and 202.3.7.3.
- e. Mailings must be addressed and entered at the local 5-digit Post Office by the designated critical entry time for same day delivery within the local 5-digit Post Office service area.
- f. Only the following extra services are available with USPS Connect Local and must be purchased through the Click-N-Ship application:
  1. Insurance.
  2. Signature Confirmation.
  3. Signature Confirmation Restricted Delivery.
- g. Sunday delivery where available for a fee (see 1.8).

\*\*\*\*\*

### **254 Postage Payment and Documentation**

#### **1.0 Basic Standards for Postage Payment**

\*\*\*\*\*

*[Revise 1.0 by adding a new 1.1.3 to read as follows:]*

##### **1.1.3 USPS Connect Local**

USPS Connect Local mailings must be paid with USPS Click-N-Ship.

\*\*\*\*\*

### **255 Mail Preparation**

#### **1.0 General Information for Mail Preparation**

*[Revise the text of 1.1 by renumbering the current text as 1.1.1 and adding new 1.1.2 to read as follows:]*

##### **1.1 Basic Standards**

###### **1.1.1 General**

All mailings at Parcel Select prices are subject to these general standards:

- a. Each mailing must meet the applicable standards in 201, 202, 253, 255, and 256.
- b. All pieces that are palletized must be prepared under 705.8.0.

###### **1.1.2 USPS Connect Local**

There are no sorting requirements for USPS Connect Local pieces.

\*\*\*\*\*

##### **1.4 Terms for Presort Level**

Terms used for presort levels are defined as follows:

\*\*\*\*\*

*[Renumber items c and d as d and e and add new item c to read as follows:]*

c. SCF: The separation includes pieces for two or more 3-digit areas served by the same sectional center facility (SCF) (see L002 and L051).

\*\*\*\*\*

### **4.0 Preparing Destination Entry Parcel Select**

\*\*\*\*\*

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### 4.2 Preparing Destination SCF (DSCF) Parcel Select

#### 4.2.1 Definition

*[Revise the first sentence of 4.2.1 to read as follows:]*

A destination sectional center facility (DSCF) includes all facilities in L005 for 5-digit/scheme sacks, or L051 for SCF sorted machinable parcel sacks. \* \* \*

#### 4.2.2 Basic Standards

Pieces must meet the applicable standards in 4.0 and the following criteria:

\* \* \* \* \*

*[Revise the text of item b to read as follows:]*

b. DSCF pieces must be for the same SCF area under L005 for 5-digit/scheme sacks or L051 for SCF sorted machinable parcel sacks.

*[Revise the first and second sentence of item c to read as follows:]*

c. Sorted to optional 5-digit scheme destinations under L606, Column B, 5-digit destinations, or SCF for machinable parcels under L051, either in sacks or directly on pallets or in pallet boxes. Mailers must enter the pieces at the designated SCF, under L605, that serves the 5-digit ZIP Code destinations of the pieces or designated SCF for machinable parcels under L051. \* \* \*

\* \* \* \* \*

#### 4.2.3 Sacking and Labeling

Sacking requirements for DSCF entry:

*[Revise the text of item a to read as follows:]*

a. Only 5-digit scheme, 5-digit, and SCF, sacks are permitted.

\* \* \* \* \*

*[Renumber items e and f as g and h and add new items e and f to read as follows:]*

e. Each SCF sack must contain a minimum of seven pieces. One overflow sack per SCF is permitted (no piece minimum).

f. SCF sack labeling: Line 1, use L051; for Line 2, "PSVC PARCELS SCF."

\* \* \* \* \*

*[Revise the text of renumbered item h to read as follows:]*

h. See 705.8.0 for option to place 5-digit scheme and 5-digit DSCF sacks, SCF sacks, and 3-digit nonmachinable sacks on an SCF pallet.

\* \* \* \* \*

### 5.0 Preparing Machinable Parcels

\* \* \* \* \*

#### 5.3.1 Sack Preparation

Sack size, preparation sequence, and Line 1 labeling:

\* \* \* \* \*

*[Renumber items c through e as d through f and add new item c to read as follows:]*

c. SCF: Optional (minimum of 10 pieces or 20 pounds); for Line 1, use L051.

\* \* \* \* \*

#### 5.3.2 Sack Line 2

Line 2:

\* \* \* \* \*

*[Renumber items c through e as d through f and add new item c to read as follows:]*

c. SCF: "PSVC MACH SCF."

\* \* \* \* \*

### 6.0 Preparing Parcel Select Lightweight

\* \* \* \* \*

### 6.2 Preparing Machinable Parcels

#### 6.2.1 Sacking

*[Revise the text of 6.2.1 by adding a new second sentence to read as follows:]*

\* \* \* Mailers may prepare SCF sacks only for parcels that will be dropshipped to a DSCF. \* \* \*

#### 6.2.2 Sacking and Labeling

\* \* \* \* \*

*[Renumber items b through e as c through f and add new item b to read as follows:]*

b. SCF, allowed only for machinable parcels deposited at a DSCF to claim SCF price; 10-pound minimum; labeling:

1. For Line 1, L051.

2. For Line 2, "PSLW MACH SCF."

\* \* \* \* \*

*[Add a new 7.0 to read as follows:]*

### 7.0 Preparing USPS Connect Local

#### 7.1 USPS Connect Local Flat Rate Packaging Provided by the USPS

USPS Connect Local Flat Rate packaging provided by the USPS must be used only for USPS Connect Local.

#### 7.2 Sealing USPS Connect Local Flat Rate Packaging

When sealing a USPS Connect Local Flat Rate Bag or Box, the container flaps must be able to close within the normal folds. Tape may be applied to the flaps and seams to reinforce the container; provided the design of the container is not enlarged by opening the sides and the container is not reconstructed in any way.

\* \* \* \* \*

### 256 Enter and Deposit

#### 1.0 Verification

\* \* \* \* \*

#### 1.2 Office of Mailing

*[Revise the text of 1.2 by renumbering the current text as 1.2.1 and adding a new 1.2.2 to read as follows:]*

##### 1.2.1 Parcel Select

Parcel Select must be mailed at the Post Office from which the zone-based postage was computed, except under 1.3 and 1.4.



## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### 1.2.2 USPS Connect Local

USPS Connect Local pieces must be mailed at the local Post Office designated by the 5-digit ZIP Code destination.

\*\*\*\*\*

### 2.2 Containers

DNDC mailings (if not bedloaded), DDU mailings (if not bedloaded), and all DSCF mailings must be prepared as follows:

\*\*\*\*\*

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

- d. For DSCF, 5-digit scheme, 5-digit, SCF, and 3-digit sacks may be bedloaded or be placed on SCF pallets that are labeled and otherwise prepared under 705.8.0.

\*\*\*\*\*

### 503 Extra Services

\*\*\*\*\*

#### 1.4.1 Eligibility – Domestic Mail

\*\*\*\*\*

#### Exhibit 1.4.1 Eligibility--Domestic Mail

\*\*\*\*\*

*[Under the “Insurance” line item add “USPS Connect Local” under the “Eligible Mail” column with a footnote “11” notation to read as follows:]*

#### USPS Connect Local <sup>11</sup>

\*\*\*\*\*

*[Under the “Signature Confirmation” line item add “USPS Connect Local” under the “Eligible Mail” column.]*

\*\*\*\*\*

*[Under the “Signature Confirmation Restricted Delivery” line item add “USPS Connect Local” under the “Eligible Mail” column.]*

\*\*\*\*\*

*[Add new footnote “11” to read as follows:]*

<sup>11</sup> Insurance Restricted Delivery not available for USPS Connect Local items.

\*\*\*\*\*

### 505 Return Services

\*\*\*\*\*

#### 4.1 Prices and Fees

\*\*\*\*\*

*[Revise 4.1 by adding a new 4.1.4 to read as follows:]*

#### 4.1.4 Nonstandard Fee

Parcel Return Service parcels are not subject to a nonstandard fee.

\*\*\*\*\*

### 507 Mailer Services

\*\*\*\*\*

#### 7.1 Postage and Fees

\*\*\*\*\*

#### 7.1.2 Fee

*[Revise the last sentence of 7.1.2 to read as follows:]*

\*\*\* The Pickup on Demand fee must be paid online at [www.usps.com](http://www.usps.com) or through USPS Click-N-Ship for USPS Connect Local.

\*\*\*\*\*

#### 7.2.1 Availability

\*\*\* Incidental amounts of other postage-affixed, full-price mail also may be collected when Pickup on Demand service is provided for:

\*\*\*\*\*

*[Revise the text of 7.2.1 by renumbering items f through m as g through n and adding a new item f to read as follows:]*

- f. USPS Connect Local

\*\*\*\*\*

#### 7.2.3 Extra Services

*[Revise the text of 7.2.3 to read as follows:]*

As applicable, Certified Mail, USPS Tracking, Adult Signature (not allowed for certain items under 503.8.0), insurance, Signature Confirmation, and return receipt, are the only extra postal services that may be used with pieces that are picked up.

\*\*\*\*\*

#### 7.2.6 Requesting Pickup on Demand Service

*[Revise the text of 7.2.6 to read as follows:]*

A customer can request Pickup on Demand service and schedule a pickup at [www.usps.com](http://www.usps.com) or through USPS Click-N-Ship for USPS Connect Local. Pickup on Demand service allows a customer to have pickup on a specific date within a two-hour timeframe. Customers can schedule Pickup on Demand service up to one year in advance or for USPS Connect Local up to three days in advance. A same day request for pickup must be made before 5:00 a.m. local time on the requested day.

\*\*\*\*\*

#### 7.3 Scheduled Service

\*\*\*\*\*

#### 7.3.4 Customer Changes

*[Revise the last sentence of 7.3.4 to read as follows:]*

\*\*\* Customers should make notifications of change to their requests through the [www.usps.com](http://www.usps.com) Pickup on Demand application or through USPS Click-N-Ship for USPS Connect Local.

\*\*\*\*\*

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### 11.0 USPS Tracking Plus Service

*[Revise the text of 11.0 to read as follows:]*

#### 11.1 Description

USPS Tracking Plus service allows customers to request the Postal Service retain scan data, or scan and signature data for their packages, beyond the Postal Service's standard data retention period, for up to 10 years for a fee (see Notice 123-Price List). Customers may request USPS Tracking Plus service online at usps.com or through a Shipping Services File.

#### 11.2 Scan Data Retention

USPS Tracking Plus service is available for scan data retention on mailpieces shipped by the following products:

- a. Priority Mail Express
- b. Priority Mail
- c. First-Class Mail (Letters and Flats) with a purchased trackable extra service
- d. First-Class Package Service
- e. Parcel Select
- f. Library Mail and Media Mail
- g. Bound Printed Matter
- h. USPS Marketing Mail and Nonprofit USPS Marketing Mail parcels with purchased USPS Tracking and Nonprofit USPS Marketing Mail parcels with a trackable extra service

#### 11.3 Scan and Signature Data Retention

USPS Tracking Plus service is available for Scan and Signature Retention on applicable products listed in 11.2. Except for Priority Mail Express, the customer must have purchased an underlying signature service (e.g., Signature Confirmation service, Adult Signature service).

\*\*\*\*\*

### 509 Other Services

\*\*\*\*\*

#### 1.3 Address Matching System Application Program Interface

\*\*\* The following services require payment of separate additional fees:

\*\*\*\*\*

*[Delete items c and d.]*

\*\*\*\*\*

### 604 Postage Payment Methods and Refunds

\*\*\*\*\*

#### 9.2.1 General Standards

\*\*\*\*\*

##### Exhibit 9.2.1 Postage and Fees Refunds

*[Revise the introductory text in Exhibit 9.2.1 to read as follows:]*

Except for USPS Connect Local under 9.2.5c, customers must apply for a refund within the time limits in the chart below.

\*\*\*\*\*

#### 9.2.3 Full Refund

A full refund (100%) may be made when:

\*\*\*\*\*

*[Revise the text of 9.2.3 by adding a new item n to read as follows:]*

- n. For USPS Connect Local, the USPS refunds the Sunday premium fee for an item not delivered or for an item which delivery was not attempted, on Sunday.

\*\*\*\*\*

#### 9.2.5 Applying for Refund

A customer may apply for refunds under 9.2, as follows:

\*\*\*\*\*

*[Revise 9.2.5 by adding a new item c to read as follows:]*

- c. Automated: A refund for the USPS Connect Local Sunday delivery fee under 9.2.3n is applied automatically through USPS Click-N-Ship.

\*\*\*\*\*

### 705 Advanced Preparation and Special Postage Payment Systems

\*\*\*\*\*

#### 8.5.3 Minimum Load

The following minimum load standards apply to mail prepared on pallets:

\*\*\*\*\*

*[Revise the fourth sentence of item b to read as follows:]*

- b. \*\*\* There is no minimum weight requirement for an SCF pallet containing 5-digit scheme, 5-digit or SCF sacks prepared for the DSCF price. \*\*\*

\*\*\*\*\*

#### 8.10.7 Machinable Parcels--USPS Marketing Mail, Including Marketing Parcels 6 Ounces or More, and Parcel Select Lightweight

\*\*\* Label pallets under applicable standards in 8.6 and according to Line 1 and Line 2 information below:

\*\*\*\*\*

*[Renumber items c through f as items d through g and add new item c to read as follows:]*

- c. SCF, optional. Allowed only for mail deposited at a DSCF to claim SCF price; labeling:
  1. For Line 1, L051.
  2. For Line 2, "PSLW MACH SCF."

\*\*\*\*\*

## USPS FINAL RULE: Domestic Competitive Products Pricing and Mailing Standards Changes

### 8.18 Parcel Select DSCF Prices--Parcels on Pallets

#### 8.18.1 Basic Preparation, Parcels on Pallets

Unless prepared under 8.18.2, or in sacks, mail must be prepared for the DSCF price as follows:

*[Revise the first and third sentence of item a to read as follows:]*

General. Parcels for each SCF area must be sorted to 5-digit scheme, 5-digit, SCF (machinable parcels only), or 3-digit (nonmachinable) destinations on pallets. \* \* \* \* \* Except when prepared under 8.18.2, each 5-digit scheme, 5-digit, SCF, and 3-digit pallet must meet a minimum volume requirement under one of the criteria in 8.18.1. \* \* \*

*[Revise the text of item b to read as follows:]*

- b. Minimum volume. The minimum volume per 5-digit scheme, 5-digit, SCF, and 3-digit pallet can be met in one of the following ways:
1. Pieces may be placed on 5-digit scheme, 5-digit, SCF, and 3-digit pallets, each containing at least 50 pieces and 250 pounds.
  2. Pieces may be placed on 5-digit scheme, 5-digit, SCF, and 3-digit pallets, each having a minimum height of 36 inches of mail (excluding the height of the pallet) (see 8.5.4).

*[Revise the text of items c, c1, and c2, to read as follows:]*

- c. Overflow. After filling a pallet(s) to a 5-digit scheme, 5-digit, SCF, or 3-digit destination, any remaining pieces that do not meet the minimum pallet requirements may be prepared in one or both of the following ways:
1. Placed in 5-digit scheme, 5-digit, SCF, or 3-digit overflow sacks (no minimum number of pieces per sack) that are labeled in accordance with the 5-digit scheme, 5-digit, SCF, or 3-digit sacking requirements for the DSCF price in 255.4.2. Overflow pieces sacked in this manner are eligible for the DSCF prices.
  2. Placed on a 5-digit scheme, 5-digit, SCF, or 3-digit pallet labeled under 8.18.1 that does not meet the minimums for the DSCF price. Overflow pieces palletized in this manner are not eligible for the DSCF prices but are eligible for the DNDC prices.

\* \* \* \* \*

*[Renumber items f and g as items g and h and add new item f to read as follows:]*

- f. SCF. Pallet labeling:
1. Line 1: Use L051.
  2. Line 2: "PSVC PARCELS SCF."

\* \* \* \* \*

#### 8.18.2 Alternate Preparation, Parcels on Pallets

DSCF price mailings not prepared under 8.18.1 may be prepared as follows:

*[Revise the first sentence of item a to read as follows:]*

- a. General. All DSCF price mail in the mailing must be sorted to 5-digit scheme, 5-digit, SCF (machinable parcels only), or 3-digit (nonmachinable) destinations under 8.18.2 (i.e., mail prepared under 8.18.1 and mail sacked under 255.4.2 must not be included in a mailing prepared under 8.18.2). \* \* \*

*[Revise the text of item b to read as follows:]*

- b. Minimum volume. To qualify for the DSCF price, no pallet may contain fewer than 35 pieces and 200 pounds, and for the entire mailing the average number of DSCF price pieces per 5-digit scheme, 5-digit, SCF, or 3-digit destination must be at least 50.

\* \* \* \* \*

*[Revise the text of items c, c1, and c2, to read as follows:]*

- c. Overflow. After filling pallets to a 5-digit scheme, 5-digit, SCF, or 3-digit destination, any remaining pieces that do not meet the minimum pallet requirements may be prepared in one or both of the following ways:
1. Placed in 5-digit scheme, 5-digit, SCF, or 3-digit overflow sacks (no minimum number of pieces per sack) that are labeled in accordance with the DSCF sacking requirements in 255.4.2. Overflow pieces sacked in this manner are eligible for the DSCF prices.
  2. Placed on a 5-digit scheme, 5-digit, SCF, or 3-digit pallet labeled under 8.18.2 that does not meet the minimums for the DSCF price. Overflow pieces palletized in this manner are not eligible for the DSCF prices but are eligible for the DNDC prices.

\* \* \* \* \*

*[Renumber items f and g as items g and h and add new item f to read as follows:]*

- f. SCF. Pallet labeling:
1. Line 1: Use L051.
  2. Line 2: "PSVC PARCELS SCF."

\* \* \* \* \*

*[Revise the first and fourth sentences of renumbered item h to read as follows:]*

- h. Documentation. A list of each 5-digit scheme, 5-digit, SCF, and 3-digit pallet in the mailing that qualifies for the DSCF price must be submitted. \* \* \* \* \*
- \* \* For each pallet, the listing must show: The pallet identification number, the applicable 5-digit scheme, 5-digit, SCF, or 3-digit destination of the pallet, the total weight of pieces on the pallet, the total number of pieces on the pallet, and the running total of pieces (i.e., the number equal to the number of pieces for that pallet plus the sum of the pieces on all pallets listed before it). \* \* \*

\* \* \* \* \*

### Index

\* \* \* \* \*

### U

\* \* \* \* \*

*[Add "USPS Connect Local, 253" alphabetically under "U".]*

\* \* \* \* \*

### Notice 123 (Price List)

*[Revise competitive prices as applicable.]*

\* \* \* \* \*

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

Joshua J. Hofer, Attorney, Ethics & Legal Compliance.



## Miscellany

### Factoids

Some tidbits of information from the Postal Service's *Form 10-K* for fiscal 2021:

- 1.8 million delivery points were added in FY 2021 which, when combined with lower volume, resulted in an average of 3.0 pieces per delivery point, a 46% decrease from the 5.5 pieces per stop in FY 2007.
- The Postal Service's cumulative net losses over the period from FY 2007 to FY 2021 total \$92 billion.
- The Postal Service's current debt (\$156.6 billion) includes \$11 billion from borrowing, \$81.3 billion in unfunded retiree health care liability, and unfunded retirement obligations of \$35.6 billion (Civil Service Retirement System) and \$28.7 billion (Federal Employee Retirement System).
- The USPS estimates that total compensation for a "median" employee is \$90,113, which includes base pay plus overtime, bonuses, and changes in pension value.
- Contractually required cost-of-living adjustments for craft employees will add about \$1.1 billion to FY 2022 costs.
- The USPS has about 499,000 retirees and survivors receiving retirement health benefits, and about 699,000 retirees and survivors receiving pension benefits.
- About 68,000 workers were converted to career status in FY 2021.
- 93% of USPS employees are covered by collective bargaining agreements.
- The USPS owns more than 8,400 and leases over 23,000 real properties ranging in size from 273 square feet to 32 acres.
- Under the Revenue Foregone Reform Act of 1993, Congress committed to repay \$1.2 billion to the USPS for below-cost postage rates from 1971-1991 for free matter for the blind, nonprofit mail, overseas ballot materials, local newspapers, and educational materials sent by mail. Repayment was to be interest-free, spread over 42 annual payments of \$29 million from 1993 to 2035. However, Congress has paid nothing or less than the full amount since 2011, leaving a balance of \$504 million unpaid as of FY 2021.

### Passing the test

As would be expected this time of year, media outlets are testing the Postal Service's delivery performance and, in one instance, it did very well.

As reported by Tampa's *WTSP*, staff mailed four packages from the Tampa main post office, two by Priority Mail and two by First-Class Mail, one of each to colleagues in Jacksonville (FL) and Seattle. Each package contained a GPS tracking device so its movements could be monitored.

According to the report, the two boxes sent to Jacksonville arrived together in less than two days; when sent back they again arrived together, and again in less than two days. The Priority Mail box sent to Seattle arrived in a day and a half while the box sent by First-Class Mail arrived a day later. The report noted that all the times were faster than what the USPS advertises to customers.

Of course, whether all packages moving in the USPS system this peak season will do as well remains to be seen.

### Top earners

One of the elements of the Postal Service's annual reports is the details about how its top executives are compensated.

This year, in its *Form 10-K*, the USPS explained that, under federal law, no officer or employee may be paid "at a rate in excess of the rate for Level I of the Executive Schedule," the upper limit of which rose 1% in 2021 to \$221,400. However, the USPS Board of Governors can develop a bonus program to add compensation above that limit so long as the total does not exceed the salary of the Vice President of the US. That cap rose 1% in 2021 as well, up to \$255,800. Lastly, the Board can approve annual compensation for up to twelve officers or employees "in critical senior executive or equivalent positions" that is up to 120% of the Vice President's salary. That amount for 2021 worked out to \$306,960.

For 2021, the Board named five executives to benefit from these provisions: PMG Louis DeJoy, Deputy PMG Doug Tulino, CFO Joe Corbett, Chief Commerce and Business Solutions Officer Jakki Strako, and Chief Technology Officer Scott Bombaugh. The total compensation for each, detailed in a chart on page 102 of the filing, showed that, aside from increased pension value, all got handsome additional bonuses.

Name and principal position	Fiscal year	Salary	Bonus	Non-equity plan compensation <sup>1</sup>	Change in pension value and non-qualified deferred compensation <sup>2</sup>	All other compensation	Total
Louis DeJoy, Postmaster General & Chief Executive Officer	2021	\$ 305,681	\$ —	\$ 75,865	\$ 43,202	\$ 56,237	\$ 480,985
	2020	87,537	—	—	11,827	18,100	117,464
	2019	—	—	—	—	—	—
Joseph Corbett, Chief Financial Officer & Executive VP	2021	271,673	11,452	51,182	86,794	29,068	450,169
	2020	266,895	1,757	35,000	88,774	27,479	419,905
	2019	259,280	1,825	35,000	71,303	22,705	390,113
Jacqueline Krage Strako, Chief Commerce & Business Solutions Officer and Executive VP	2021	281,362	21,452	16,782	273,092	23,849	616,447
	2020	267,279	1,757	—	263,339	21,728	554,103
	2019	251,806	30,983	—	133,844	19,773	436,406
Douglas A. Tulino, Deputy Postmaster General & Chief Human Resources Officer <sup>3</sup>	2021	268,350	11,452	13,146	288,241	14,503	595,692
	2020	—	—	—	—	—	—
	2019	—	—	—	—	—	—
Scott R. Bombaugh, Chief Technology Officer and Executive VP <sup>4</sup>	2021	261,681	11,452	12,285	224,775	21,897	532,090
	2020	—	—	—	—	—	—
	2019	—	—	—	—	—	—

<sup>1</sup> Mr. DeJoy was selected as the Postal Service's 75th Postmaster General and Chief Executive Officer by the Postal Service Board of Governors, effective June 15, 2020, and, as such, information for 2019 is not reported.

<sup>2</sup> Mr. Tulino and Mr. Bombaugh were appointed to their respective executive officer positions on November 21, 2020. As such, information for 2020 and 2019 is not reported.

<sup>3</sup> Amounts reflect the performance-based incentive compensation awarded to executive officers for performance in prior fiscal years. The amount shown for Mr. Corbett also reflects the lump sum performance-related payment required by his employment agreement. Any amounts that could not be paid to an executive officer, due to the compensation cap or their contract, were deferred for future payment and are also reflected in the nonqualified deferred compensation table below.

<sup>4</sup> Mr. Tulino participates in CSRS. Mr. DeJoy, Mr. Corbett, Ms. Strako, and Mr. Bombaugh participate in FERS. The calculation of retirement annuities under FERS is explained in the Pension Benefits table, the associated note and in the Retirement Annuities section of Compensation Discussion and Analysis. The amounts shown for each of these individuals represent the change in annuity value from the prior year. "Nonqualified deferred compensation earnings" is defined as above-market earnings on deferred income. There were no reportable amounts of nonqualified deferred compensation earnings for the named executive officers in 2021, 2020 or 2019, with the exception of Mr. Corbett, whose above-market earnings on deferred income were \$3,551 in 2021, \$3,324 in 2020, and \$2,733 in 2019.

### Few takers

According to *The American Prospect*, over the period from September 13 to October 31, not a single customer participated in the check-cashing test at the Baychester Station in the Bronx (NY), one of the four locations where it was being conducted. Citing information from the American Postal Workers Union, the article said there had been activity at other locations, in particular at a station in Baltimore.

A USPS spokesperson said that the agency had "no additional information to provide at this time" about the test or its results. Under the test, a personal or business check can be presented and its value loaded onto a gift card.

## All the Official Stuff

### Federal Register

#### Postal Service

##### NOTICES

[None].

##### PROPOSED RULES

[None].

##### FINAL RULES

**November 18:** Domestic Competitive Products Pricing and Mailing Standards Changes, 64376-64384.

#### Postal Regulatory Commission

##### NOTICES

**November 10:** Update to Competitive Product List, 62486-62492.

**November 15:** New Postal Product, 63080-63081.

**November 16:** New Postal Product, 63428-63429.

**November 22:** Market Test of Experimental Product, 66348-66349; Mail Classification Schedule, 66349-66350; Competitive Price Adjustment, 66350-66351.

##### PROPOSED RULES

[None].

##### FINAL RULES

[None].

#### DMM Advisory

**November 10:** US Postal Service Announces New Competitive Prices and Two New Mail Products for 2022.

**November 18:** Monthly Labeling List Changes.

#### Postal Bulletin (PB 22585, November 18)

- Effective **December 1**, Labeling Lists L006, L007, L012, L014, 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 December 1, 2021, effective date through the January 31, 2022, expiration date.
- Effective **November 18**, the IMM Individual Country Listing for Ukraine is revised to note a request to include the 5-digit post-code in the delivery address for items destined to Ukraine.
- Effective **November 18**, Publication 431, *Post Office Box Service and Caller Service Fee Groups*, is revised to reflect the changes noted.

A note to readers about *USPS Industry Alerts: Mailers Hub News* no longer reprints the weekly press releases by the USPS, concurrently issued as *Industry Alerts*, alleging improved service performance, that in our editorial opinion are misleading and little more than overt publicity.

### USPS Industry Alerts

November 8, 2021

#### USPS Peak Season Network Update Webinars

This is a reminder that the USPS Operations team is hosting a recurring (Monday, Wednesday, Friday) webinar series through December 17, 2021. The series is designed to address peak conditions related to Processing, Delivery, Logistics, and weather related impacts. If you would like to attend, please register using the link below. You can cancel your registration at any time. Join from a PC, Mac, iPad, iPhone or Android device: Click Here to Join. Note: This link should not be shared with others; it is unique to you. Passcode: 042876. Or join by phone: US: +1 503 336 1236 or +1 952-229-5070 or +1 650-581-7094 or +1 855-860-4313 or +1 678 317 3330; Webinar ID: 161 100 1128; Passcode: 042876. International numbers available: <https://usps.zoomgov.com/j/abwJFfU58O>. Or an H.323/SIP room system: H.323: sip.zoomgov.com. Webinar ID: 161 100 1128; Passcode: 042876; SIP: 1611001128@sip.zoomgov.com; Passcode: 042876.

November 10, 2021

#### US Postal Service Announces New Competitive Prices and Two New Mail Products for 2022

The US Postal Service filed notice with the Postal Regulatory Commission (PRC) today of price changes for Shipping Services to take effect Jan. 9, 2022. The proposed prices, approved by the Postal Service Governors, would raise Shipping Services product prices approximately 3.1% for Priority Mail service, and 3.1% for Priority Mail Express service. Shipping Services price adjustments vary by product. Although Mailing Services price increases are based on the consumer price index, Shipping Services prices are primarily adjusted according to market conditions. The Governors believe these new rates will keep the Postal Service competitive while providing the agency with needed revenue. If favorably reviewed by the PRC, the new prices will include an increase in the price of a Small Flat-Rate Box to \$9.45. The Medium Flat-Rate Box would increase to \$16.10, the Large Flat-Rate Box would decrease to \$21.50 and the price of the APO/FPO Large Flat-Rate Box would decrease to \$20.00. Regular Flat-Rate Envelopes, Legal Flat-Rate Envelopes, and Padded Flat-Rate Envelopes would increase to \$8.95, \$9.25, and \$9.65 respectively. The proposed domestic Priority Mail Flat Rate Retail price changes are:

Product	Current	Planned Change
Small Flat-Rate Box	\$8.45	\$9.45
Medium Flat-Rate Box	\$15.50	\$16.10
Large Flat-Rate Box	\$21.90	\$21.50
APO/FPO Large Flat-Rate Box	\$20.40	\$20.00
Regular Flat-Rate Envelope	\$7.95	\$8.95
Legal Flat-Rate Envelope	\$8.25	\$9.25

The Postal Service has some of the lowest letter-mail postage rates in the industrialized world and continues to offer a great value in shipping. Unlike some other shippers, the Postal Service does not add surcharges for residential delivery or regular Saturday delivery. The PRC will review the prices before they are scheduled to take effect. The complete Postal Service price filings with prices for all products can be found on the PRC site under the Daily Listings section at [prc.gov/dockets/daily](http://prc.gov/dockets/daily). For the Shipping Services filing, see Docket No. CP2022-22. The price change tables are also available

on the Postal Service's Postal Explorer website at [pe.usps.com/PriceChange/Index](http://pe.usps.com/PriceChange/Index).

The filing also included pricing to support USPS Connect, a suite of affordable package delivery solutions for businesses that the Postal Service expects to launch in 2022, if favorably reviewed. In addition, the Postal Service is also supporting mail by requesting approval for two mail products focused on local communities. First, after a 2-year market test, the Postal Service is requesting the establishment of a permanent Plus One product which will provide additional marketing options for businesses to reach local customers utilizing mail. Building on the USPS Connect pilot, the Postal Service is requesting approval for a market test for a new USPS Connect Local Mail product which will provide the ability to send documents within local communities for same/day next delivery. ...

November 12, 2021

### Seamless Acceptance/Full-Service Automated Verification Reminder

The Postal Service host Bi-weekly Webinars on Seamless Acceptance/Full-Service Automated Verification. Join us for the next Seamless Acceptance/Full-Service Automated Verification Informational Webinar Sessions on Tuesday, November 16, 2021, at 2:00 PM EST. Meeting URL: <https://usps.zoomgov.com/j/1610962791?pwd=bExhVThtTWkrSllyeENQNctqRlVwZz09>; Meeting ID: 161 096 2791; Password: 255334. If requested, enter your name and email address. Enter meeting password: 255334. 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.

	Non-Full-Service Mailings BMEU or DMU	Full-Service Mailings at BMEU (Automated Verification)	Seamless Acceptance BMEU or DMU
Traditional Verifications	Performed	NOT performed	NOT performed
Automated Verifications	NOT Performed	Performed	Performed
Assessable Metrics	<ul style="list-style-type: none"><li>• Move Update</li><li>• eInduction (if applicable)</li></ul>	<ul style="list-style-type: none"><li>• Full-Service</li><li>• Move Update</li><li>• eInduction (if applicable)</li><li>• Seamless (except Undocumented)</li></ul>	<ul style="list-style-type: none"><li>• Full-Service</li><li>• Move Update</li><li>• eInduction (if applicable)</li><li>• Seamless (includes Undocumented)</li></ul>
Monthly Postage Assessments	All metrics listed above (Move Update, eInduction)	Automated Verifications may result in additional postage for all metrics listed above except Undocumented	Seamless Acceptance verifications may result in additional postage (All metrics listed above)
Auto-Finalization	Does NOT occur	Does NOT occur	Occurs

Full-Service and Seamless Acceptance automates the verification process, streamlining entry verifications. The Seamless Acceptance and Full-Service Automated Verifications are listed below: Note: At this time, the USPS will not Auto-Finalize or assess the Undocumented Metric for Full-Service Mailers.

Improve Your Quality Processes: Review data from research with internal teams; Pinpoint gap areas that need improvement; Implement improvement plan and document. Be Proactive: Monitor Mail Scorecard results DAILY; Research issues even if they are below threshold; Document and improve processes identified during research. For Additional Resources on Seamless, please follow the links below to PostalPro: Seamless; Seamless Acceptance Fact Sheet; Full-Service Automated Verification Fact Sheet. If you have any questions, please reach out by one of the options below: Mailing & Shipping Solutions Center (MSSC) at 1-877-672-0007; Email [MSSC@usps.gov](mailto:MSSC@usps.gov); Business hours for the MSSC

are Monday-Friday from 7:00 AM - 7:00 PM Central Time. Local Business Mail Entry Units (BMEU); To locate your local BMEU follow this URL: <https://postalpro.usps.com/ppro-tools/business-mail-entry>.

November 16, 2021

### Quick Reference Guide - First-Class Package Service

To minimize confusion and provide clarity, the attached poster has been developed to serve as a quick reference guide for mailing differences between First-Class Package Service-Retail (FCPS-R) and First-Class Package Service-Commercial (FCPS-C) products. The poster will aid in properly identifying mailing requirements that align with FCPS-R and FCPS-C products and likewise help to avoid issues during the acceptance process. For more detailed information, see *Domestic Mail Manual* (DMM) sections 130 and 280.

November 19, 2021

### New Chief Information Security Officer Detail

The Postal Service recently announced the detail assignment of Heather L. Dyer as the Vice President and Chief Information Security Officer. Heather replaces Michael Ray who will be ending his detail and returning to the Inspection Service on November 29, 2021. Heather will report to Pritha N. Mehra, Chief Information Officer and Executive Vice President. Most recently Heather served as the Director, Retail where she was responsible for 30,000 retail locations with a combined annual revenue exceeding \$13 billion. Prior to this role she served as the Director, Identity and Access Management in the CISO organization, where she was responsible for modernizing the Postal Service's internal and external identity and access management programs to ensure our most critical systems and data are secure across the enterprise. Heather has also served as the Manager, Mail Entry, responsible for ensuring revenue for over \$46 billion in commercial mail revenue, as well as developing and deploying a modernized payment platform under Payment Modernization. Heather is a graduate of the Management Leadership Program, Advanced Leadership Program, Executive Foundations Program, and Senior Executive Assessment Program. She holds a bachelor's degree in Management Information Systems and is pursuing her master's degree in Cybersecurity.

## Calendar

**December 3** – Baltimore PCC Meeting, Annapolis (MD)  
**January 11-12** – MTAC Meeting (virtual)  
**January 18** – [Mailers Hub Webinar](#)  
**February 15** – [Mailers Hub Webinar](#)  
**March 15** – [Mailers Hub Webinar](#)  
**April 5-6** – MTAC Meeting, USPS Headquarters  
**April 11-14** – ING Executive Networking Forum, Tucson (AZ)  
**April 19** – [Mailers Hub Webinar](#)  
**May 15-18** – National Postal Forum, Phoenix (AZ)

[To register for any webinar, go to MailersHubWebinars.com](https://mailershubwebinars.com)

**May 17** – [Mailers Hub Webinar](#)  
**June 21** – [Mailers Hub Webinar](#)  
**July 19** – [Mailers Hub Webinar](#)  
**July 26-27** – MTAC Meeting, USPS Headquarters  
**August 16** – [Mailers Hub Webinar](#)  
**September 20** – [Mailers Hub Webinar](#)  
**October 18** – [Mailers Hub Webinar](#)  
**October 25-26** – MTAC Meeting, USPS Headquarters  
**November 15** – [Mailers Hub Webinar](#)

**BRANN & ISAACSON**  
ATTORNEYS AND COUNSELORS AT LAW

The services of Brann & Isaacson are now available to provide legal advice to subscribers. The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters. As part of their

subscription, Mailers Hub subscribers get an annual consultation (up to one hour) from Brann & Isaacson, and a reduced rate for additional legal assistance. The points of contact at Brann & Isaacson are: Martin I. Eisenstein, [meisenstein@brannlaw.com](mailto:meisenstein@brannlaw.com); David Swetnam-Burland, [dsb@brannlaw.com](mailto:dsb@brannlaw.com); Stacy O. Stitham, [sstitham@brannlaw.com](mailto:ssstitham@brannlaw.com); Jamie Szal, [jszal@brannlaw.com](mailto:jszal@brannlaw.com). They can also be reached by phone at (207) 786-3566.

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