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JUN 21 2021

LABOR RELATIONS



June 17, 2021

Mr. Brian J. Wagner
President
National Association of Postal
Supervisors
1727 King Street, Suite 400
Alexandria, VA 22314-2753

Dear Mr. Wagner:

As a matter of general interest, the Postal Service has initiated the process of requesting an advisory opinion from the Postal Regulatory Commission (PRC) to evaluate a proposal to modify service standards for First-Class Package Service to enable the use of the most efficient transportation. The proposed service standard change is aligned with our 10-year "Delivering for America" plan to achieve financial sustainability and service excellence.

Modifying the First-Class Package Service standard will drive greater service and delivery reliability across our network as we work to address an increase in package volume. It will generally enable additional volume to be transported by surface transportation, which is overall more reliable and cost-effective as compared to air transportation. Importantly, it will contribute to cost savings and our overarching goal of meeting or exceeding 95 percent on-time delivery across shipping and product classes. By delivering the consistent, reliable service that the American people and our customers expect and deserve, we will increase demand for our services and grow package volume, spurring revenue growth that can be invested back into the Postal Service.

We have enclosed a press release concerning this matter.

Please contact Bruce Nicholson at 7773 if you have questions concerning this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Mills".

David E. Mills
Director
Labor Relations Policies and Programs

Enclosure



FOR IMMEDIATE RELEASE
June 17, 2021

POSTAL NEWS

Contact: Kim Frum
kimberly.a.frum@usps.gov
usps.com/news



To Drive Better Service and Reliability, U.S. Postal Service Proposes Changes to Service Standards for First-Class Package Service

- Improves utilization of surface transportation, while lessening reliance on more costly and less dependable air transportation network
- Contributes to costs savings and meeting or exceeding 95 percent on-time delivery across shipping and product classes
- Aligns with 10-year "Delivering for America" plan's commitment to service excellence
- Majority of delivery standards for packages unaffected by proposed changes

WASHINGTON, DC — The Postal Service announced today additional actions to improve service reliability by initiating the process of requesting an advisory opinion from the Postal Regulatory Commission to evaluate its proposal to modify select service standards for First-Class Package Service (FCPS). This initiative is part of "Delivering for America," the Postal Service's 10-year plan to achieve financial sustainability and service excellence. A fact sheet on the proposed changes to service standards for first-class packages is available here: [\[LINK TO FACT SHEET PDF\]](#).

Modifying select service standards will allow for additional transport time for long-distance package deliveries and increased network efficiencies. The new FCPS service standards will also enable additional package volume to be transported by surface transportation, which is more reliable and affordable compared to air transportation.

Sixty-four percent of First-Class Package Service volume will be unaffected by the proposed standard changes. Four percent will be upgraded from a 3-day to 2-day service standard. For the remainder of the volume (32 percent), the service standard will increase by one or two days.

"Modifying select service standards is a key growth element and enabler of our 10-year plan, contributing to our top goal of meeting or exceeding 95 percent on-time delivery across all product classes, including the growing package market," said Postmaster General and CEO Louis DeJoy. "By implementing the elements of our 10-year plan, we will deliver the consistent, reliable service that the American people and our customers expect and deserve and grow package volume, spurring revenue growth that can be invested back into the Postal Service."

Service standards are delivery benchmarks for how long customers can expect the Postal Service to deliver different types of mail from origin to destination — Point A to Point B. Service standards are not the same as the percentage targets or the actual measured service performance.

With full implementation, the Postal Service's 10-year plan aims to reverse a projected \$160 billion in losses over the next 10 years. The Plan's growth and efficiency initiatives will spur cash flow and savings to make \$40 billion in capital investments over the next 10 years — including \$20 billion towards the Postal Service's mail and package processing network, facility upgrades and procurement of new processing equipment.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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