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Postal Service Announces Pre-Filing Conference To Discuss Proposed Operational Improvements and Corresponding Refinements Within the Current Service Standards

Conference Discussion to Include:

- Operational strategies designed to boost service reliability, cost efficiency, and overall productivity.
- Changes Within the Current Service Standards to save the Postal Service approximately \$30 billion over the next decade.
- Changes will not initiate until after this year's Election and Peak Season.

WASHINGTON – Today, the United States Postal Service announced it will host a pre-filing virtual conference to discuss its plans to improve mail processing and transportation, and how these improvements will align with proposed refinements within its existing service standards for Mail and Package Products.

The Postal Service will consider the comments received during the virtual conference and will thereafter file its formal request asking for an advisory opinion from the Postal Regulatory Commission (PRC). After receiving an advisory opinion from the PRC, the Postal Service will consider the Commission's opinion and finalize its decision.

Central to the virtual conference discussion will be the proposed operational improvements and corresponding refinements to process, transport and deliver all categories of mail and packages through an integrated network without expanding the existing day ranges of service standards, and for some products shortening the current day ranges. These refinements will deliver important benefits to the organization and its customers as the Postal Service continues to implement a more efficient and effective operating model. The proposed refinements of <u>within</u> the <u>existing</u> service standards will enable the Postal Service to operate more reliably and at a lower cost to deliver, and with a more rational logistics approach applicable to today's use of our Postal System.

"As we integrate our transportation, processing, and delivery network to logically sequence the flow of mail and packages by deploying improved operating practices in our redesigned facilities network, we expect to improve service reliability, reduce cost and grow our business," said Postmaster General Louis DeJoy. "Through this virtual conference, the Postal Service is soliciting feedback from our stakeholders, including the mailing and shipping community, to ensure the utmost transparency throughout the process and comply with the applicable Regulatory processes. We also intend to solicit feedback from the Postal Regulatory Commission through the advisory opinion process."

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The Postal Service is proposing key improvements and adjustments to optimize service and reduce cost, including:

- Transitioning from 3-Digit to 3-Digit ZIP Code standards to more precise 5-Digit to 5-Digit ZIP Code standards. This upgrade will simplify the process for customers to understand exactly when their mail will arrive and improve the reliability and predictability of delivery.
- Adjusting pick-up and drop-off times of volume between post offices and processing plants, when the post offices are far away from the regional hubs. This strategy will not only reduce transportation costs and enable earlier mail processing for most mail, but also contributes to reduced carbon emissions and truck trips through American neighborhoods.
- Expanding daily reach for most classes of mail and packages when traveling through the network; resulting in faster delivery expectations for some mail pieces. For instance, some mail and packages that used to take four days to deliver will now have a service standard to arrive in three days.
- Recognizing the significant volume reduction of Single-Piece First-Class Mail and making the long overdue adjustments required, while committing to a 3-day delivery standard for local Single-Piece First Class mail, and in some instances even achieving a 2-day standard. On balance, the vast majority of First Class Mail will have a service standard in either the same timeframe, or faster than, the current service standards. All First-Class Mail will still be delivered within a maximum of 5 days, with a national average of approximately three days. Additionally, other services like Marketing Mail and Periodicals will see improvements in their delivery standards due to a more effective and integrated network. Depending on location, time, and distance, expected time to deliver will increase for some ZIP code pairs.

The proposed changes will maintain the existing 1-5 day service standards for First-Class Mail and are designed to enable the Postal Service to make optimal use of its updated and developing ground network. The streamlined processes for the integration of both mail and packages, will ensure efficiency and timeliness by enabling an integrated delivery network that avoids duplication and complexity. The refinements within the existing service standards are projected to enhance service reliability and predictability, crucial aspects of the Postal Service's commitment to universal service.

Moreover, these modifications are anticipated to yield significant cost reductions for the Postal Service, with an estimated saving of approximately \$3 billion annually. This aligns with the organization's mandate to be financially self-sufficient, while continuing to deliver to every address across the nation.

In addition to the financial benefits, the proposed initiative also has environmental advantages. A decrease in the number of truck trips will lead to the Postal Service significantly reducing its carbon emissions, reinforcing its commitment to environmental sustainability.

"Despite the many improvements we have made since the release of the Delivering for America plan, our service requirements, facilities infrastructure, business rules and operating practices have continued to reflect a Postal Service designed for three decades ago," said Postmaster General DeJoy. "However, since 1997, we've seen an 80-percent decline in Single-Piece First Class Mail volume, the significant expansion of delivery points, the growth in the percentage of mail obtaining discounts through workshare programs, and the growth of our package business. Our 10-year Delivering for America plan is transforming our network to better reflect today's market demands. This revamped, integrated network, designed for a more unified, logically sequenced movement of mail and packages, combined with modifications to our service standards, will enable us to operate more efficiently and reliably, grow our business and give us a chance for a viable future."

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The Postal Service would not implement the proposed service standard changes any sooner than 90 days after a request for an advisory opinion is filed with the Commission (which would occur following the

pre-filing conference), meaning any implementation of the proposed service standards would not occur until the next calendar year. As such, these proposed changes will not impact Election Mail for the upcoming election or our preparedness for Peak Season 2024. For the upcoming election, the Postal Service will again deploy our long-standing practices to ensure the appropriate handling and timely delivery of Election Mail; we will therefore be executing extraordinary measures beyond our normal course of operations in advance of Election Day throughout the Nation.

For more information on the benefits of these initiatives, please click here.

To register for the virtual pre-filing conference, please click on the link below and provide the requested information. Prior to the conference, you will receive an invitation by email that will contain a link that will allow you to join the conference when it begins. The virtual conference will be a Zoom-enabled webinar, and you will need to join using either using the Zoom application or your web browser.

Register here

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Please Note: The United States Postal Service is an independent federal establishment, mandated to be self-financing and to serve every American community through the affordable, reliable and secure delivery of mail and packages to 167 million addresses six and often seven days a week. Overseen by a bipartisan Board of Governors, the Postal Service is implementing a 10-year transformation plan, *Delivering for America*, to modernize the postal network, restore long-term financial sustainability, dramatically improve service across all mail and shipping categories, and maintain the organization as one of America's most valued and trusted brands.

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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