



Association for Postal Commerce

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Postal News for March 2016

March 31, 2016



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POSTAL/FEDERAL NEWS

Federal Register:

Postal Service Product Changes:

- **First-Class Package Service Negotiated Service Agreement**, 18658 [2016–07206] [\[TEXT\]](#)
- **Priority Mail and First-Class Package Service Negotiated Service Agreement**, 18658 [2016–07207] [\[TEXT\]](#)
- **Priority Mail Negotiated Service Agreement**, 18657–18658 [2016–07200] [\[TEXT\]](#) 18658 [2016–07201] [\[TEXT\]](#) 18658 [2016–07202] [\[TEXT\]](#)

Postal Regulatory Commission: Today the Postal Regulatory Commission (Commission) released its report analyzing the Postal Service's (Postal Service) financial condition for fiscal year (FY) 2015. In FY 2015, the Postal Service generated its second consecutive annual net operating income. Increases in Competitive product volume and the continuation of the exigent surcharge were the primary causes of these results. The exigent surcharge generated an additional \$2.1 billion in revenue greatly mitigating revenue losses resulting from the decline in Market Dominant product volume, and Competitive product volume

contributed more than \$1 billion in additional revenue. After accounting for non-cash adjustments to the workers' compensation liability, the supplemental payment into the Federal Employees Retirement System, and the Retiree Health Benefit Fund (RHBF) payment, which the Postal Service considers as non-controllable factors, the Postal Service had a total net loss of \$5.1 billion in FY 2015.

Although the FY 2015 Integrated Financial Plan included a capital investment budget of \$1.5 billion for mail processing equipment, vehicles, and information technology, the Commission's analysis identifies persistent financial challenges for the Postal Service. Significant balance sheet liabilities and off-balance sheet unfunded liabilities for pension and annuitant health benefits remain. At the end of FY 2015, the Postal Service's total liabilities exceeded the total value of its assets by \$50.4 billion. This results from several years of net operating losses starting in FY 2007. Although FY 2014 and FY 2015 had a net operating income, the slow replacement of fully depreciated capital assets and substantial personnel related liabilities also contributed to this high net deficiency. Highlights from the FY 2015 balance sheets include: (1) on-current assets comprise 67 percent of total assets, while non-current liabilities only comprise 33 percent of total liabilities; (2) aging capital assets, such as vehicles and equipment, along with the Postal Service's inability to invest in new capital, resulted in a \$652 million decline in the value of its property, plant, and equipment; (3) Total liabilities increased by \$6.8 billion dollars, mainly due to the Postal Service's non-payment of its RHBF statutory obligation and increases in workers' compensation liability; (4) Negative net worth indicates that the Postal Service has spent both its initial capital and the debt borrowed from the Federal Financing Bank. Simply put, its debts are no longer secured by its assets.

NATIONAL NEWS

Atlanta Business Chronicle: United Parcel Service Inc. will open a new 200,000 square-foot global technology development center in Parsippany, N.J. The facility will serve as a new location for software developers, designers and other technology professionals to collaborate and develop innovative technology solutions that serve our customers, improve operational efficiencies, drive growth and run UPS's global network.

Trucking Info: FedEx hopes to increase fuel efficiency in its vehicle fleet by 30% by 2020 by increasing the number of alternative-fuel vehicles, shifting freight trips to rail, and optimizing routing, according to the company's 2016 sustainability report.

Post & Parcel: The United States Postal Service (USPS) has sent Post&Parcel a statement responding to the US Postal Regulatory Commission's (PRC) Annual Compliance Determination (ACD). As previously reported, the PRC's ACD found that "the majority of products failed to meet service performance targets for FY 2015". The USPS statement reads: "The Postal Service is committed to improving service and has deployed

all available resources to achieve results and engage the public in its efforts. "In January 2015, the Postal Service resumed implementation of its Network Rationalization initiative with the start of Phase 2. "This second phase not only included facility consolidations, but also involved a one-time, fundamental shift in the operating window that was implemented at all mail processing sites across the entire country on the same day. "To implement this phase of the initiative, the Postal Service was required to realign its processing complement work schedules. "The effects of this change in the operating window had a much greater impact on service than was anticipated, but it was a one-time event that is not likely to be replicated."

eCommerceBytes: The US Postal Service fell short of its performance targets for a host of its mailing and shipping services last year, and on-time delivery percentages in many categories were actually worse than 2014, the agency's regulator has found. The Postal Regulatory Commission this week issued a critical report detailing the shortcomings of a broad array of USPS products in fiscal 2015, including First Class and standard mail, P.O. Box services and parcels.

INTERNATIONAL NEWS

JERSEY: Post & Parcel: From 21 April, there will be a penny increase for local letters (47p to 48p) and a three pence increase on the price of sending letters weighing no more than 100g to the UK (57p to 60p). There will be two pence and three pence added to the first weight step for European and International letters respectively (64p to 66p and 75p to 78p). Jersey Post said that the price increase reflected three key pressures: the impact of high cost increases from Royal Mail, a "key network partner" for Jersey Post; a "dramatic increase" in the cost of airmail conveyance, following the removal of the newspapers from the aircraft; and the "continuing financial impact of falling letter volumes", coupled with an increasing number of households to which Jersey Post must deliver.

LIBERIA: GNN Liberia: The Government of Liberia has paid to the Universal Postal Union (UPU) an amount of US\$4.3 million for the International Postal Service (IPS) Light and Mail Services. A Posts and Telecommunications 2015 annual report released recently stated that said payment was made through its International Bureau during the period under review in order to avoid the blocking of the Ruby, the Track and Trace system by UPU. According to the report, the ministry has paid all its dues to the West African Postal Organization (WAPO) from 2012 to 2016, and has reduced some of its debts to the Pan African Postal Union (PAPU) by 40 percent.

NEW ZEALAND: Stuff: NZ Post appears to be deliberately undermining its letters business, with little regard for the impact, the Postal Workers Union claims. State-owned NZ Post admits its future is "predominantly" about parcels but that letters will be part of the business as long as people still want to send them. This week NZ Post's latest round of redundancies were confirmed, with the state owned enterprise confirming it was planning to

cut 500 mainly managerial and "specialist" jobs in the coming months. The cuts are part of a plan to slash 2000 jobs by the end of 2018.

March 30, 2016

POSTAL/FEDERAL NEWS

Senate Committee on Homeland Security and Governmental Affairs: The bipartisan Senate cosponsors of S. 2051, the Improving Postal Operations, Service, and Transparency Act of 2015 (iPOST), reacted to the Postal Regulatory Commission's (PRC) Annual Compliance Determination of the U.S. Postal Service. The Annual Compliance Determination, which assesses U.S. Postal Service compliance with pricing and service performance, found that a majority of Postal Service products, including all First-Class Mail products, failed to meet service performance targets for FY 2015. "The Postal Regulatory Commission's (PRC) release of its Annual Compliance Determination for the Postal Service unfortunately identified significant failures at the Postal Service Specifically, the PRC found that the majority of products failed to meet service performance targets for FY 2015 and service performance results for all First-Class Mail products did not meet their targets. These failures are unacceptable. The American people deserve fast, affordable, and dependable service. A thriving Postal Service is essential to our economy and it must be repaired.

March 29, 2016

NATIONAL NEWS

Journal of Commerce: In the past few months, Amazon has moved openly and aggressively to increase its reach, capabilities and capacity in the logistics and distribution arena. The Seattle-based company purchased thousands of trailers blazoned with Amazon logos in the U.S., registered as a non-vessel-operating common carrier to better manage the flow of goods from China to the U.S. and leased 20 U.S. domestic cargo planes from Air Transport Services Group. Across the U.S., Amazon fulfillment and sortation centers and smaller Amazon Prime Now hubs and Amazon Fresh grocery delivery stations are mushrooming. Through a mobile phone application, Prime Now offers two-hour delivery of select items for free to Amazon Prime members in more than 25 U.S. metropolitan markets. One-hour delivery costs \$7.99. Amazon is expanding rapidly in Europe, building a delivery and fulfillment network country by country, and expanding shipments into China using a free trade zone in Shanghai. To FedEx, Amazon's actions resemble those of traditional retailers that use internal transportation operations to position inventory across store and fulfillment locations. Amazon isn't a traditional retailer, however, and its rapid growth, its investment in technology and increasingly time-specific delivery demands are challenging transportation suppliers, including the big parcel carriers.

INTERNATIONAL NEWS

Lexington Institute: **International Postal Update:** Postal operators worldwide seek competitive edge from technology investments.

PHILIPPINES: **Manila Bulletin:** The Philippine Postal Corporation (PHLPost) and the Bureau of Customs (BoC) recently signed a memorandum of agreement (MOA) to speed up the handling and delivery of parcel. The MOA paves the way for a centralized examination and assessment of duties, taxes, and other charges on postal items which will be done in the Central Mail Exchange Center (CMEC) in Pasay City. "The agreement will also cut the processing time of parcel handling, as it will be done at the point of entry of all parcel in the country," stressed PHLPost Postmaster General Joel Otarra.

UNITED KINGDOM: **Logistics Manager:** Royal Mail has acquired international shipping software company Intersoft Systems and Programming. This comes after the postal service's purchase of NetDespatch and delivery software developer Storefeeder.

AUSTRALIA: **Post & Parcel:** Delivery start-up company Shippit has announced that it is now working with Australia Post. Shippit launched its e-commerce and logistics technology platform in February 2015. Through its relationship with courier companies – including CouriersPlease, TNT, Mail Call Couriers, Fastway Couriers – Shippit enables the retailers using its platform to offer their customers 3-hour time slot delivery services in addition to standard postal services.

PORTUGAL: **Latin American Herald Tribune:** Workers at Portuguese post company CTT called on Monday for a strike against the inadequate wage increase proposed by the administration, the main union in the industry announced. Officials from the National Union of Workers of Post and Telecommunications noted that around 75 percent of the workers responded to strike calls during the morning period. The company's administration proposed to raise wages by 1.3 percent in 2016, which was accepted by the majority of other unions. However, the industry's main union said that this percentage is "offensive" considering the profits made by CTT. The post company, which was privatized in 2014, made an annual profit of 75 million euros (\$84 million) on an annual basis in 2015.

NEW ZEALAND: **NZCity:** The union representing some of the 500 New Zealand Post workers losing their jobs in the latest round of retrenchments claims it received no notice of the cuts. Joe Gallagher, the industry organiser for postal workers at the E tu union, says he received no formal notification from NZ Post that the job cuts would be announced. On Tuesday it was revealed NZ Post wants to cut about 500 jobs, mainly managers and specialists at head office and in support roles in Wellington, Auckland and Christchurch.

March 28, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- **Compounding the Problem**

Customized service. It's the buzz in many industries, and considered absolutely necessary for success in the delivery industry. So it might seem strange to hear about one area where customized service is both expensive and, sometimes, dangerous: the compounding pharmacy business There are, indeed, legitimate reasons for using compound drugs. But our recent audit report highlighted the huge increase in the U.S. Postal Service's workers' compensation costs for compound drugs – an expense that jumped from \$30 million to almost \$99 million in charge-back year 2015 (July 1, 2014, through June 30, 2015). Also, administrative costs for compound drugs increased by \$3.6 million to reach \$5.1 million. During that time, more than 50,000 Postal Service employees had compound drug prescriptions — nearly three times the number in the previous year Compound drugs cost more than other drugs because pharmacies are permitted to bill separately for each ingredient. As more pharmacies began compounding drugs, it created shortages in ingredients, which also increased the drugs' costs.

In response, many government agencies and private entities began to examine the costs and implement best practices. For example, TRICARE, the military's health insurance program, restricted compound drugs. But the Department of Labor (DOL), which administers the workers' compensation program, did not implement best practices to manage these costs. Our report also noted that DOL has no incentive to use best practices, despite the Postal Service's repeated calls for DOL to fix the problem. Indeed, the Postal Service is so concerned about rising drug costs and DOL's inaction that it initially withheld nearly \$69 million of its workers' compensation payment, which it estimated represented compound drug cost increases potentially due to fraud and abuse. The Postal Service argued DOL has a duty to prevent fraud and abuse. We estimated that if DOL does not implement best practices to control compound drug costs, these costs and the related administrative fees could accumulate to over \$1.2 billion and over \$60.3 million, respectively, over the next 3 years.

- **Ad Mail: A New, Lower Normal, but Still Very Competitive**

Ad mail is one of the Postal Service's most important and profitable products, especially considering the decline of First-Class Mail correspondence and transactions mail. Spending on ad mail has decreased as a share of GDP since the

Great Recession of 2007 – 2009, and ad mail is failing to track with GDP as it had in the past. Our white paper, Advertising Mail: Past and Present, examines why this is the case, looking at ad mail revenues and trends since 1980 in the face of significant societal and economic changes, as well as the changing dynamics of the overall ad market itself. Some decline in the size of ad mail's market share relates to macroeconomic factors such as lower median household income, which lowers potential consumer spending. Other factors include lower ad prices driven by digital technology and the growth of nontraditional advertising such as social media, which is virtually free. Finally, advertising itself may be more effective today than in the past because of improved analytics. Ironically, this phenomenon parallels the computer technology boom in the 1980s which, along with worksharing, helped spur the initial growth of ad mail to 9.8 percent per year between 1980 and 1988. Computer technology allowed fine-tuning of mailing lists and more sophisticated targeting than had been possible in prior years. The paper suggests five strategies for ad mail in the context of growing digital advertising and omnichannel marketing. These strategies are detailed in the full report, which includes a comprehensive study from postal econometrics experts RCF Economics and Financial Consulting.

Postal Regulatory Commission: The Postal Regulatory Commission (Commission) today issued its statutorily mandated Annual Compliance Determination (ACD) assessing the Postal Service's compliance with pricing and service performance standards in fiscal year (FY) 2015. The most pointed critiques identified in this year's ACD relate to service performance generally, and cost and service problems with flat-shaped mail (flats).

- **ACR2015 Annual Compliance Determination Report, Fiscal Year 2015**
http://www.prc.gov/docs/95/95462/Final_2015_ACD.docx
http://www.prc.gov/docs/95/95462/Final_2015_ACD.pdf
- **ACR2015 PRC-LR-ACR2015/6 - FY 2015 Package Services**
<http://www.prc.gov/docs/95/95468/FY%202015%20BPM%20Mail%20Processing.xlsx>
<http://www.prc.gov/docs/95/95468/FY%202015%20MM-LM%20Mail%20Processing.xlsx>
<http://www.prc.gov/docs/95/95468/FY%202015%20Package%20Services%20Worksharing.xlsx>
<http://www.prc.gov/docs/95/95468/FY%202015%20Preface.docx>
- **ACR2015 PRC-LR-ACR2015/5 - FY 2015 Periodicals**
<http://www.prc.gov/docs/95/95467/FY%202015%20Periodicals%20Cost%20Coverage.xlsx>
<http://www.prc.gov/docs/95/95467/FY%202015%20Periodicals%20Workshare.xlsx>
<http://www.prc.gov/docs/95/95467/LR5%20Preface.docx>

- **ACR2015 PRC-LR-ACR2015/3 - FY 2015 First-Class Mail**
<http://www.prc.gov/docs/95/95465/2015%20FCM%20Results.xlsx>
<http://www.prc.gov/docs/95/95465/BRM-FY15.xlsx>
<http://www.prc.gov/docs/95/95465/PRC-ACR2015-LR3.docx>
<http://www.prc.gov/docs/95/95465/PRC-FY15%20FCM%20flats.xlsx>
<http://www.prc.gov/docs/95/95465/PRC-FY15-FCM%20Letter.xls>
http://www.prc.gov/docs/95/95465/UDCmodel15_PRC.xlsx
- **ACR2015 PRC-LR-ACR2015/7 - FY 2015 Special Services**
<http://www.prc.gov/docs/95/95469/PRC-LR-ACR2015-7%20FY%202015%20Special%20Services.xlsx>
<http://www.prc.gov/docs/95/95469/PRC-LR-ACR2015-7%20Preface.docx>
- **ACR2015 PRC-LR-ACR2015/4 - FY 2015 Standard Mail**
<http://www.prc.gov/docs/95/95466/PRC-LR-ACR2015-4.zip>
- **ACR2015 PRC-LR-ACR2015/2 - FY 2015 Financial Ratio and Trend Analysis**
<http://www.prc.gov/docs/95/95464/PRC-LR-ACR2015-2.xlsx>
<http://www.prc.gov/docs/95/95464/Preface%20to%20PRC-LR-ACR2015-2.docx>
<http://www.prc.gov/docs/95/95464/Preface%20to%20PRC-LR-ACR2015-2.xlsx>
- **ACR2015 Notice of Filing of Library References PRC-LR-ACR2015/1 Through PRC-LR-ACR2015-9 and PRC-LR-ACR2015-NP1 Through PRC-LR-ACR2015-NP2**
[http://www.prc.gov/docs/95/95461/Notice%20Of%20Filing%20LR%20\(2015%20ACD\).pdf](http://www.prc.gov/docs/95/95461/Notice%20Of%20Filing%20LR%20(2015%20ACD).pdf)
- **ACR2015 PRC-LR-ACR2015/1 - FY 2015 Postal Service's Product Finances**
<http://www.prc.gov/docs/95/95463/PRC-LR-ACR2015-1.zip>
- **R2013-11 Notice of the United States Postal Service of Filing Biweekly Surcharge Revenue Report**
[http://www.prc.gov/docs/95/95472/ExigSrchgBIWEEKLY5\(2Q14-2Q16_Mar27\).xlsx](http://www.prc.gov/docs/95/95472/ExigSrchgBIWEEKLY5(2Q14-2Q16_Mar27).xlsx)
<http://www.prc.gov/docs/95/95472/Exigent%20Biweekly%20Report%205.pdf>

NATIONAL NEWS

eCommerceBytes: In its latest newsletter to sellers, eBay said it would lower the postage rate for certain low-weight packages through its shipping label service beginning on Sunday, April 10th, and eBay warned its sellers to calculate their shipping costs correctly. The reason for the lower rates is due to the USPS "Spring 2016 rollback." The USPS is lowering market dominant rates next month because it had received permission to raise them in 2014 higher than allowed through a temporary "exigent" price increase. The exception was made in order to allow the Postal Service to recapture some of the revenue lost due to the 2008 - 2009 recession. Market-dominant prices will drop on April 10th an average of 4.3 percent.

March 26, 2016

POSTAL/FEDERAL NEWS

Attention Postal One! Users: Known Issue Release 43. This is to notify the Mailing Industry of a Pre-Release known issue that will be fallout from the release on March 27, 2016. In *PostalOne!* we allow users to download a PDF version for all postage statements. The following postage statements have not been updated to reflect the accurate postage statement effective date of April 2016, it will continue to display either Jan 2016 (3600, 3605, 3650, and 3700) or April 2015 (3541 and 3600). This is a display-only issue and will not affect calculation of prices.

March 25, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General: Opinion on the USPS FY 2015 Closing Package Financial Statements -- We have audited the U.S. Postal Service's closing package financial statements, the Balance Sheet as of September 30, 2015, and September 30, 2014; the Statement of Net Cost and Statement of Changes in Net Position, and the accompanying note reports (except for the information in the FR Notes Report entitled "Threshold") for the years then ended (hereinafter referred to as the closing package financial statements). The objective of the audit was to express an opinion as to whether the closing package financial statements present fairly, in all material respects, the financial position and results of the Postal Service as of and for the fiscal years (FYs) ending September 30, 2015, and September 30, 2014, and its net costs and changes in in net position for the years then ended, in accordance with U.S. generally accepted accounting principles.

Federal Register:

- **Postal Regulatory Commission** New Postal Products, 16226 [2016–06732] [\[TEXT\]](#) 16227 [2016–06733] [\[TEXT\]](#) 16226–16227 [2016–06738] [\[TEXT\]](#)
- **Postal Service** Product Changes:
 - First-Class Package Service Negotiated Service Agreement, 16228 [2016–06739] [\[TEXT\]](#) 16228 [2016–06740] [\[TEXT\]](#)
 - Parcel Select Negotiated Service Agreement, 16228 [2016–06751] [\[TEXT\]](#)
 - Priority Mail and First-Class Package Service Negotiated Service Agreement, 16228 [2016–06752] [\[TEXT\]](#)
 - Priority Mail Express and Priority Mail Negotiated Service Agreement, 16229 [2016–06753] [\[TEXT\]](#)
 - Priority Mail Express Negotiated Service Agreement, 16229 [2016–06754] [\[TEXT\]](#)
 - Priority Mail Negotiated Service Agreement, 16228 [2016–06741] [\[TEXT\]](#) 16229 [2016–06742] [\[TEXT\]](#) 16227–16228 [2016–06743] [\[TEXT\]](#) 16229 [2016–06750] [\[TEXT\]](#)

Postal Regulatory Commission:

- **ACR2015 Notice of the United States Postal Service of Filing of Revised Portions of USPS-FY15-4 -- Errata**
<http://www.prc.gov/docs/95/95449/Notice.Rev.FY15.4.pdf>
- **RM2016-2 Valpak Direct Marketing Systems, Inc. and the Valpak Franchise Association, Inc. Reply Comments Regarding United Parcel Service, Inc.'s Proposed Changes to Postal Service Costing Methodologies**
<http://www.prc.gov/docs/95/95450/VP%20RM2016-2%20Reply%20Comments.pdf>
- **RM2016-2 Reply Declaration of John C. Panzar on Behalf of Amazon Fulfillment Services, Inc.**
<http://www.prc.gov/docs/95/95445/16-03-25%20Panzar%20Reply%20Decl.pdf>
- **RM2016-2 Reply Comments of United Parcel Service, Inc. Regarding UPS Proposals One and Two**
<http://www.prc.gov/docs/95/95446/1 UPS%20Reply%20Comments%20-%20Mar.%2025%202016.pdf>
<http://www.prc.gov/docs/95/95446/2 Neels%20Reply%20Report.pdf>
- **RM2016-2 Reply Comments of Amazon Fulfillment Services, Inc.**
<http://www.prc.gov/docs/95/95444/16-03-25%20AFSI%20reply%20comments.pdf>
- **RM2016-2 Reply Comments of the United States Postal Service on Proposals One and Two**
<http://www.prc.gov/docs/95/95443/USPS.Reply.Comments.Prop.1.2.pdf>
- **USPS Preliminary Financial Information (Unaudited), February, 2016**
<http://www.prc.gov/docs/95/95426/2016.3.24%20February%202016%20Monthly%20Financial%20Report%20to%20the%20PRC--report.pdf>
<http://www.prc.gov/docs/95/95426/Letter PFI Feb2016 20160324152325.pdf>
- **National Trial Balance, February 2016 (FY 2016); and Statement of Revenue and Expenses, February 2016 (FY 2016)**
<http://www.prc.gov/docs/95/95425/Letter NTB-SRE Feb2016.pdf>
[http://www.prc.gov/docs/95/95425/National%20Trial%20Balance%20-%20Redacted,%20%20February,%202016%20\(FY%202016\) .xls](http://www.prc.gov/docs/95/95425/National%20Trial%20Balance%20-%20Redacted,%20%20February,%202016%20(FY%202016) .xls)
[http://www.prc.gov/docs/95/95425/Statement%20of%20Revenue%20and%20Expenses%20-%20Redacted,%20%20February,%202016%20\(FY%202016\) .xls](http://www.prc.gov/docs/95/95425/Statement%20of%20Revenue%20and%20Expenses%20-%20Redacted,%20%20February,%202016%20(FY%202016) .xls)

NATIONAL NEWS

Postalnews.com: The US Postal Service took in almost a quarter billion dollars more than it spent in the month of February, bringing its year to date operating profit to \$1.8 billion for the first five months of the fiscal year, according to preliminary, unaudited [reports filed with the Postal Regulatory Commission](#). That compares favorably to the \$1.2 billion profit the agency had at this point a year ago.

Window Book: Window Book, Inc. has announced that their Postal Package Partner shipping and manifesting software is now certified for the USPS® **Electronic Verification System (eVS®)**. Window Book also offers an **eVS On-Ramp Service** for parcel shippers so they can make a smooth transition to eVS. Those who need hands-on service getting onboard with eVS are encouraged to call 800-524-0380 or email PostalSpecialist@windowbook.com.

Wall Street Journal: Pitney Bowes Inc.'s postage meters have been fixtures in mailrooms around the world for most of the past century—and that's a problem for the company. Sales at Pitney Bowes have fallen in four of the last five years, to \$3.6 billion in 2015. Over the last decade, U.S. Postal Service mail volume has declined by 48.5 billion items to 154.2 billion last year, and Pitney Bowes shares were down more than 40% over that period. A revival in the mass-mailing business appears unlikely. So Pitney Bowes is [staking its future](#) on its replacement: e-commerce, where retailers send little traditional mail but need help processing orders and [shipping packages](#).

Direct Marketing News: The opening of McCann CEO Harris Diamond's remarks to members of the mailing industry at the National Postal Forum seemed to presage a downer of a talk. He put up a slide of a quote that read, "It's a regrettable fact there is today a great waste in this brand of advertising which, when well done, is so effective." The quote, referring to catalogs, was pulled from a McCann brochure—from 1915. There exists an "expanded territory" for direct mail, Diamond said, "something we haven't seen in years." But the point he wished to make with the quote was that demands for more effectiveness from direct mail—hardly the cheapest way to engage with customers—was not something new, just something more complicated. "Today's media events are more complex than they were 100 years ago. There are many more hurdles due to fragmentation," he told the Nashville gathering. "But in a world in which people are endlessly bombarded with electronic messages, direct mail is now the most welcome house guest."

Air Cargo World: Just over a year ago, FedEx Corp. purchased a startup called Bongo International, which helped retail merchants navigate the complex world of cross-border transactions. This week, the Bongo service was vastly expanded and re-launched under the brand FedEx CrossBorder in the company's latest venture into the rapidly changing world of e-commerce. "Actually, it's about time we dropped the 'e' and just called it 'commerce,'" Chip Hull, vice president of the new CrossBorder, recently told *Air Cargo World*. "This is really how most commerce is being done now. The flow of information is exceeding the flow of goods."

INTERNATIONAL NEWS

UNITED KINGDOM: eCommerceBytes: eBay advised sellers of changes to postal rates in the UK. Royal Mail rates will change its rates effective March 29, 2016. eBay UK treats sellers differently depending on whether they are registered businesses or if they are private

sellers. The latter will pay two different rates depending on whether they purchase and print labels online or if they pay retail at the Post Office counter. The marketplace encouraged sellers to shop around for the best service, "particularly when it comes to larger/heavier items," and said it would make available offers from a range of couriers in its Label Printing service.

March 24, 2016

POSTAL/FEDERAL NEWS

Attention PostalOne!®, Program Registration, CAPS, and FAST Users:

- **PostalOne! Release 43.0.0.0** – PostalOne! Release 43.0.0.0 will deploy on Sunday, March 27, 2016, between 12:00 AM to 8:00 PM CT. The PostalOne! system will not be available during this extended window. (1) A new Mail.dat® client download 43.0.0.0 PROD will be required after this release. All previous versions of the Mail.dat client will be expired. (2) The PostalOne! system and Mail.dat® will be disabling Secure Socket Layer version 3 (SSLv3) and only allow Transport Layer Security (TLS) web protocols.
- **PostalOne! Oracle 12C Upgrade to Test Environment for Mailers (TEM)** - will occur on Friday, March 25, 2016 between 6:00 AM to 6:00 PM CT. The PostalOne! TEM environment will not be available during this time.
- **PostalOne! Releases 43.0.0.0 Deployment to Test Environment for Mailers (TEM)** - will occur on Monday, March 28, 2016 between 6:00 AM to 6:00 PM CT. The PostalOne! TEM environment will not be available during this time.
- **Program Registration Release 16.0.0.0** will deploy on Sunday, March 27, 2016 between 10:00 AM to 6:00 PM CT. The Program Registration application will not be available during this time.
- **Centralized Accounts Processing System (CAPS) Release 43.0.0.0** will deploy on Sunday, March 27, 2016 between 12:00 AM to 8:00 PM CT. The CAPS application will not be available during this time.
- **Facility Access and Shipment Tracking (FAST)** will upgrade to Oracle 12c on Sunday, March 27, 2016 between 12:00 AM to 8:00 AM CT. The FAST application will not be available during this time.
- **Facility Access and Shipment Tracking (FAST) Release 33.0.0.0** is being rescheduled and will not deploy on Sunday, March 27, 2016. We will advise of the new date as soon as it is determined.

Federal Register:

- **Postal Regulatory Commission**

Market Test of Experimental Product—Customized Delivery, 15760–15761 [2016–06616]

[TEXT]

New Postal Products,

15758–15759 [2016–06674] [\[TEXT\]](#)

15759 [2016–06675] [\[TEXT\]](#)

15759–15760 [2016–06676] [\[TEXT\]](#)

15757 [2016–06677] [\[TEXT\]](#)

15756–15757 [2016–06678] [\[TEXT\]](#)

15756 [2016–06679] [\[TEXT\]](#)

15757–15758 [2016–06680] [\[TEXT\]](#)

- **Postal Service** Market Test of Experimental Product: Global eCommerce Marketplace (GeM) Merchant Solution, 15761 [2016–06623] [\[TEXT\]](#)

NATIONAL NEWS

Liberty Voice: Shipping in the modern age has become an integral part of people's lives. From the small business owners selling goods online to the casual shopper looking for that perfect little something, revamping of the shipping industry may be affecting the consumer. With increased online shopping, even Amazon is trying to break into the game, making for more competition. Even so, FedEx is preparing to raise prices soon.

Logistics Management: Delivery bellwether UPS this week added 12,680 ZIP codes to its earliest small-package delivery service, UPS Next Day Air Early in an effort to create an earlier guaranteed-delivery option for customers in locales that only had end-of-day guarantees. UPS said this service reaches 94 percent of U.S. ZIP codes and 98 percent of U.S. businesses. The new ZIP codes are for customers in extended areas, with customers receiving packages by noon or 2 p.m., with Saturday service available in some locations. And it added that UPS now serves more ZIP codes by 8 a.m. and 10:30 a.m. than any other carrier.

March 23, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- **Postal Regulatory Commission** New Postal Products , 15581–15582 [2016–06471] [\[TEXT\]](#) 15580–15581 [2016–06472] [\[TEXT\]](#) 15581 [2016–06545] [\[TEXT\]](#)
- **Postal Service** Meetings; Sunshine Act , 15582 [2016–06610] [\[TEXT\]](#)

NATIONAL NEWS

What They Think: Epicomm, the Association for Leaders in Print, Mail, Fulfillment, and Marketing Services, will present a free webinar, “*How to Dramatically Increase ROI by Adding Value to Your Existing Direct Mail Pieces*,” on Wednesday, April 20, 2016, at 2:00 PM (EDT). The program, sponsored by AccuZIP, will be presented by Mark Rheaume, AccuZIP's National Postal Affairs Director and Partnership Liaison Officer.

INTERNATIONAL NEWS

ITALY: Financial Times: It is not a good time to be an Italian financial institution. Profitability is low. Non-performing loans are at high levels. Raising capital is difficult. The

economic outlook is uncertain. These are the same reasons that Poste Italiane, floated last October, has been the country's least awful big financial stock. Ignore the name — Poste Italiane is a financial services group with a sideline in postal services. The letter business gives it access to 13,000 branches that it uses to harvest Italians' considerable savings and sell them insurance policies and debit cards. It extends no loans, though — so it has no bad debts and enjoys limited capital requirements. Deposits are invested in EU sovereign bonds that have low risk weights and have generated strong capital gains thanks to loose monetary policy. Full-year pre-tax profits, announced after the close on Tuesday, are up substantially. Deposits have risen as retail customers withdrew savings from banks perceived as weak. Four-fifths of net income is paid out as dividends, giving the shares a yield of 5 per cent. One black spot is its profit-munching postal business, where losses widened by more than a tenth to €568m.

UNITED KINGDOM: Post & Parcel: The UK's Office for National Statistics (ONS) has today (23 March) issued its Postal and Courier Activities Industry Review for 2016. The [review](#) describes recommendations that have been made to improve the concepts, sources and methods used for this industry. A [summary report](#) has been published alongside the [full report](#).

March 22, 2016

POSTAL/FEDERAL NEWS

USPS Industry Alert: USPS Shipping Information Systems Webinar Series - IMpb Compliance Quality Metrics Tuesday, March 29, 2016, 11:00a.m. – 12 noon (EDT). Join us as the Postal Service continues to present its series of informational webinars on IMpb Compliance Quality Metrics targeted for implementation July 2016. The webinars will benefit customers who ship parcels with USPS, particularly small to medium customers who ship Competitive Products – Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select, and Parcel Select Lightweight. The second webinar in the series is an overview of **IMpb Quality Reports**. **Speakers: Juliaann Hess, Mgr. Mail and Package Information Systems; Heather Dyer, Business Process Specialist.** Registration Required.

Attendee Information. US/Canada Attendee Dial-in: (866) 381-9870; Conference ID: 76646551; Attendee Direct

URL: <https://usps.webex.com/usps/onstage/g.php?MTID=eb39569c36c84452f05c57223e6d7f95a>. If you cannot join using the direct link above, please use the alternate logins below: Alternate URL: <https://usps.webex.com/> Event Number: 994 196 961

Attention PostalOne!®, Program Registration, CAPS, and FAST Users: please note the change in deployment for PostalOne! Test Environment for Mailers:

- **PostalOne! Oracle 12C Upgrade to Test Environment for Mailers (TEM)** - will occur on Friday, March 25, 2016 between 6:00 AM to 6:00 PM CT. The PostalOne! TEM environment will not be available during this time.
- **PostalOne! Releases 43.0.0.0 Deployment to Test Environment for Mailers (TEM)** - will occur on Monday, March 28, 2016 between 6:00 AM to 6:00 PM CT. The PostalOne! TEM environment will not be available during this time.
- **PostalOne! Release 43.0.0.0 – PostalOne! Release 43.0.0.0** will deploy on Sunday, March 27, 2016, between 12:00 AM to 8:00 PM CT. The PostalOne! system will not be available during this extended window.
- **A new Mail.dat® client download 43.0.0.0 PROD** will be required after this release. All previous versions of the Mail.dat client will be expired.
- **The PostalOne! system and Mail.dat® will be disabling Secure Socket Layer version 3 (SSLv3)** and only allow Transport Layer Security (TLS) web protocols.
- **Program Registration Release 16.0.0.0** will deploy on Sunday, March 27, 2016 between 10:00 AM to 6:00 PM CT. The Program Registration application will not be available during this time.
- **Centralized Accounts Processing System (CAPS) Release 43.0.0.0** will deploy on Sunday, March 27, 2016 between 12:00 AM to 8:00 PM CT. The CAPS application will not be available during this time.
- **Facility Access and Shipment Tracking (FAST) Release 33.0.0.0** will deploy on Sunday, March 27, 2016 between 12:00 AM to 8:00 AM CT. The FAST application will not be available during this time.

[EdNote: With all that's happening on Sunday, be sure to go to church and say your prayers.]

USPS Office of the Inspector General:

- **Funding the Universal Service Obligation** --
 - *Historically the purpose of the postal monopolies has been to ensure the postal Service has adequate revenue to cover the cost of its universal service obligation.*
 - *The combination of decline in letter mail and the the price cap on monopoly products has challenged the ability of the monopolies to earn sufficient revenue.*
 - *The OIG looked at various funding alternatives and suggest three that are viable – monopoly with increased pricing flexibility, direct subsidy, and diversification.*

Currently, the U.S. Postal Service has two legal monopolies — a monopoly on most letter mail and exclusive access to the mailbox. Historically, the purpose of these

monopolies is to help ensure the Postal Service has adequate revenue to cover the cost of its universal service obligation (USO). However, the combination of the steady decline in letter mail and the price cap on the monopoly products has begun to decrease the monopoly-related revenue. This, in turn, has eroded the ability of the Postal Service to fund its USO.

In this paper, we look at several USO funding alternatives and suggest three viable options that can be used alone or in combination. They are

- the revenue from the current monopolies with greater pricing flexibility,
- direct subsidies to compensate the Postal Service for specific targeted obligations, and
- diversification, allowing the Postal Service to earn revenue from non-mail products and services.

Each of the alternatives has its own pros and cons, and policy makers will have to decide which alternative, or which mix of alternatives, is most suitable. For example, it may be possible to fix the funding issue by simply allowing the Postal Service to increase prices beyond the current price cap. However, if there is little tolerance for higher prices, price increases could be mitigated by using one or both of the other alternatives — direct subsidy and diversified revenue stream — in addition to more pricing flexibility. In conclusion, while there may be no one perfect funding mechanism for the USO, it may be possible to combine several alternatives to ensure that the Postal Service has sufficient revenue to cover the entire cost of the USO.

- **How Does the Postal Service Use the Studies It Commissions?** -- Businesses and organizations frequently use external consultants to gather information on market conditions, competitive advantages, business processes, customer behavior, and other topics that are vital for strategic planning. Similarly, the Postal Service often relies on outside contractors to research areas such as the mailing and shipping industry, package services, the marketplace, innovation, and customer expectations. The results of these studies may provide cost cutting or revenue generating ideas from the private sector that the Postal Service can use. In a previous audit report we found the Postal Service was not correctly storing reports it commissioned from external sources. We are initiating a review of the use of independent contractor studies to determine whether the Postal Service is effectively managing them.
- **Are Mail Processing Facilities Becoming More Efficient?** -- The U.S. Postal Service is continuously looking for ways to make its mail processing operations more

efficient. In fact, it adopted a continuous improvement program to implement process improvements and reduce overall costs while adding value for customers. Since fiscal year 2007, the Postal Service has lost about \$61.9 billion, heightening the importance of operating as efficiently as possible. More efficient mail processing facilities could help the Postal Service reduce operating costs in future years. (1) How can the Postal Service increase the efficiency of its mail processing operations? (2) What causes a mail processing facility to be efficient or more efficient than another mail processing facility? (3) Conversely, what causes a mail processing facility to be inefficient or less efficient than another mail processing facility?

Federal Register:

- **Postal Regulatory Commission** New Postal Products, 15355–15356 [2016–06344] [\[TEXT\]](#) 15356–15357 [2016–06418] [\[TEXT\]](#)
- **Postal Service** International Product Changes: Global Expedited Package Services Non-Published Rates , 15357 [2016–06331] [\[TEXT\]](#)

NATIONAL NEWS

Hollywood Reporter: Netflix still has five million people who subscribe to its DVD-by-mail service. That might not sound like a lot, especially when compared to the 75 million who are Netflix streaming customers, but it's more important to Netflix than one might think. The mailing business is a lot more profitable — with profit margins of nearly 50 percent — than streaming. Although the mail business continues to decline by about 20 percent each year, Netflix would like to hold onto it as long as it can. Fortunately for Netflix, the Court of Appeals for the D.C. Circuit has just handed down a decision that will save the company quite a bit on postage stamps.

Wall Street Journal: FedEx Corp. will expand its global e-commerce business in an effort to compete for the growing number of packages shipped to consumers from China and Japan, executives said Monday. The company, which in 2014 acquired Bongo International, a company that helps shoppers purchase goods from foreign retailers by automatically adjusting currencies, and customs and shipping costs, by location, is rebranding the business as FedEx CrossBorder. The company plans to expand its services to merchants in China and Japan by next June, said Chip Hull, vice president of the newly named division. The company already consolidates shipments for global e-commerce retailers in the U.S., Europe and Peru.

San Francisco Examiner: The U.S. Post Offices in San Francisco are stepping up efforts to recycle after the agency was found to have among the worst waste rates among post offices nationwide. An internal 2014 audit found more than half of the agency's garbage that went to the landfill was recyclable, triggering an intervention by city officials with the Department of the Environment. But two years later, San Francisco's postal service's boost in recycling is drawing praise.

eCommerceBytes: Online sellers in the US could benefit from an ecommerce service the USPS is preparing to launch as a test next month. The US Postal Service filed notice with the Postal Regulatory Commission (PRC) of its intent to conduct a market test of an experimental product called Global eCommerce Marketplace (GeM) Merchant. The new GeM Merchant program would allow domestic online merchants to offer their international customers the ability, at the time of purchase, to prepay the estimated duties and taxes that the foreign country's customs agency would assess upon the shipment's arrival in the foreign destination.

INTERNATIONAL NEWS

IRELAND: The Irish Post: Irish people have reacted angrily after a number of freshly painted red post boxes popped up in Dublin overnight. The boxes, which normally sport a vibrant shade of green, were re-painted by Irish postal service An Post on Sunday. It is part of an Easter Rising history project being run by An Post – but people haven't been pleased with the change. Members of the public were quick to point out that the stunt is not an appropriate way to commemorate the Irish men and women who fought and died for Ireland's independence. The post boxes have been taken back in time to how they looked in 1916 when Ireland was under British rule.

March 21, 2016

POSTAL/FEDERAL NEWS

From the National Postal Forum: Megan J. Brennan, Postmaster General and Chief Executive Officer of the Postal Service, today announced efforts by the Postal Service to lead an information and technology-driven reinvention of mail during a keynote speech at the National Postal Forum—the annual mailing industry trade show. "The Postal Service is investing in our digital strategy, because there are limitless opportunities when we combine the power of mail with the ubiquity of mobile," said Brennan. "We are committed to elevating the role of mail in American marketing and communications, and earning a bigger slice of the marketing pie."

In her address, **the Postmaster General identified strategic initiatives and investments to provide the mailing industry with greater digital capabilities**. "Our vision is not confined to what we can accomplish in the next year or two. We have to continue to build and focus on the long-term rewards," said Brennan. Highlighting **the ongoing development of Informed Visibility** as a "supercharged information platform...designed to transform mail," Brennan spoke about the rich data and analytics the Postal Service now provides to commercial customers that enable greater visibility associated with the "last mile" of delivery. Commenting on how commercial customers can leverage robust information from the Postal Service to personalize mail and better coordinate omni-channel

marketing campaigns, Brennan said, "the real power of Informed Visibility is that it can make mail a much more powerful marketing and communications tool."

Brennan also showcased **the development of Informed Delivery** (previously Real-Mail Notification) – a mail preview service on track to be available as a mobile app in every ZIP code across the country in early 2017. Results from a market test in New York City show 70 percent of subscribers opening daily notifications and more than 90 percent reading notifications more than four times a week. "Informed Delivery engages customers where they want to be – in a mobile and digital environment," added Brennan. "It puts the power of mail onto digital channels." "Informed Delivery creates an opportunity to bring your mail and packages onto the smartphones and devices of the American consumer," said Brennan. "It gives every marketer the opportunity to attach a digital offer to mail pieces, and eventually packages. This is an incredibly powerful product for this industry."

The Postmaster General also announced that the Postal Service will file a request with the Postal Regulatory Commission this year to **allow commercial customers to add two free ounces to mailed content beginning in January 2017**. "We think it's an effective way to increase the value of mail for the sender, and deliver more content to the consumer," said Brennan.

NATIONAL NEWS

Daily Journal: The Supreme Court won't hear a dispute over a U.S. Postal Service regulation that bans guns from post office property and adjacent parking lots. The justices on Monday let stand an appeals court ruling that said the Second Amendment right to bear arms does not extend to government buildings or the parking areas that serve them. The case involved Colorado resident Tab Bonidy, who has a permit to carry a concealed handgun. He sought a court order striking down the regulation after learning he would be prosecuted for carrying his gun while picking up mail at his local post office or leaving it in his car. The Obama administration argued that the Second Amendment does not restrict laws forbidding guns in sensitive places such as schools and government buildings.

The Economic Times: Ever since Jeff Bezos started the website Amazon to sell books, he has wrestled with how to deliver its products as quickly and cheaply as possible. Today, Amazon, now a retailing giant, remains obsessed with this issue, building its own fleet of drones, buying trailers for trucks and signing up drivers for on-demand deliveries. And nowhere is the company's push to become a logistics and delivery powerhouse more evident than here in the nation's capital. Amazon has emerged as one of the tech industry's most outspoken players in Washington, spending millions on this effort and meeting regularly with lawmakers and regulators. Amazon has pushed officials to allow new uses for commercial drones, to extend the maximum length of trucks, to improve roads and bridges and to prop up a delivery partner, the U.S. Postal Service.

Direct Marketing News: “Two years ago at Forum we were talking about going from six-day to five-day delivery. This year we're talking about seven-day package delivery,” USPS VP of Delivery Operations Ed Phelan said to Cliff Rucker, VP of sales. “The growth trend is astronomical, more than 30%. We had one customer give us five million packages and another [customer gave us] three million over the holidays.” Phelan said the Postal Service delivered about 8.3 million packages on its busiest Sunday in December and another eight million on Christmas Eve. Rucker, who did a ride-along on one of those winter Sundays said it was a kick to see how appreciative people were when you showed with their packages on the Lord's Day. So surprising was it to see the U.S. Mail moving outside of normal business hours that a mail truck making grocery runs in the wee hours of a San Francisco morning got pulled over by cops who thought it was stolen. You'd think one couldn't ask for more than being a regulated monopoly, but Rucker and Phelan appear dead set on making the U.S. Postal service act and operate like a competitive, private sector business.

Marketplace: This week, Nashville, Tennessee is hosting a conference for people in the postal industry. Attending will be representatives from the U.S. Postal Service, which, after more than a decade of belt-tightening, is starting to add jobs and increase hours for its workers. But long-term financial problems threaten the stability associated with a postal service job. “The days when a person could start off in the postal service and be assured that for the next 30 years they were going to have this pretty steady job, doing kind of the same thing, is probably over,” said Cornell University's Rick Geddes, who wrote a book on the USPS.

INTERNATIONAL NEWS

UNITED KINGDOM: **Postal Technology International:** *The latest issue of Postal Technology International is now available online.*

FINLAND: **Helsinki Times:** Posti has announced that it has completed its latest round of consultative negotiations and decided to eliminate a total of 682 positions, including 181 through lay-offs. The state-owned provider of postal and logistics services points out in a press release that it managed to reduce its original redundancy target of 860 positions considerably through its employee support programme. It also reveals that an additional 198 employees will be moved to part-time status as part of its efforts to adapt to the ongoing transformation of the postal and communication sector.

BOSNIA: **Balkan Insight:** Bosnia's Serb-dominated entity is trying to save its postal company from bankruptcy - but at the cost of ignoring a Constitutional Court order and damaging other firms.

March 20, 2016

POSTAL/FEDERAL NEWS

Office of the President of the United States: The nomination of **Jeffrey A. Rosen**, of Virginia, to be a **Governor of the United States Postal Service** for a term expiring December 8, 2021, vice Louis J. Giuliano, term expired.

INTERNATIONAL NEWS

CHINA - UNITED KINGDOM: **Financial Times:** China Post has acquired the exchange traded fund business of Royal Bank of Scotland, giving the state-owned postal company its first foothold in the European market.

AUSTRALIA: **BraveNewCoin:** At the recent Australian Financial Review Business Summit in Melbourne, Australia Post Managing Director and Group CEO, Ahmed Fahour, revealed that his company is exploring using a blockchain to store identities for personal services. Citing that Australia Post already handles 90 percent of all Australian passports, he stated that identity services was one of the largest opportunities in e-commerce for the company.

March 19, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:
Firewall Security Review

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Background. U.S. Postal Service mail processing equipment and mail handling equipment (MPE/MHE) includes computer systems and networks that manage, monitor, and control mail processing functions. There are about 74 types of MPE/MHE totaling more than 8,500 pieces of equipment used to sort about 155 billion mailpieces annually. To secure its mail processing systems and control access to the MPE/MHE environment, the Postal Service relies on 285 firewalls to control the flow of network traffic. Therefore, firewall policies that effectively address security risks are critical to protecting the Postal Service network. Our objective was to determine whether network firewalls are in place, properly managed, and functioning to safeguard Postal Service mail processing operations according to Postal Service standards and industry best practices.

What the OIG. Found Postal Service firewalls are at all facilities and are not properly managed and functioning to safeguard mail processing operations according to Postal Service standards and industry best practices. We identified 67 out of 352 mail processing facilities that did not their MPE/MHE as required. Firewall administrators also did not apply six of the nine critical security controls required for any of the 30 firewalls we sampled. In addition, firewall administrators did not manage firewall rules effectively or remove duplicate firewall rules. For the 30 firewalls in our sample, we reviewed 504,528 rules and identified We also identified 69,258 (14 percent) rules that , and 31,754 (6 percent) were duplicate rules. Further, we found the Postal Service does not always document and approve

MPE/MHE firewall rule changes. During our audit, the Corporate Information Security Office updated the policy to include MPE/MHE rule changes in the Network Connectivity Review Board's approval process; therefore, we are not issuing a recommendation on this issue. Finally, we determined that firewall administrators did not review and update firewall security standards annually as required. Firewalls were at some facilities because firewall administrators and system analysts decided to due to budget constraints. However, management did not perform a risk assessment to determine the associated impact. In addition, Information Technology firewall administrators and Engineering systems analysts focused on supporting system deployment as opposed to implementing critical security controls and managing firewall rules. Facilities , along with improperly configured, outdated, or nonexistent firewall security controls, significantly decrease the Postal Service's network security. This increases the risk of unauthorized access to data and disruption of critical mail processing operations.

What the OIG Recommended. We recommended administrators and analysts at all mail processing facilities. In addition, we recommended firewall administrators regularly review and update current firewall configuration settings and implement all security controls in the hardening standards. Finally, we recommended administrators and analysts review firewall rules every 6 months and review and update firewall security standards annually in accordance with policy.

Postal Regulatory Commission:

- **ACR2015 Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 20**

<http://www.prc.gov/docs/95/95367/ChIR%20No%20%2020%20Responses.pdf>

NATIONAL NEWS

Government Executive: The U.S. Postal Service could be missing out on critical revenue during the election season as it continues to deliver mail more slowly, according to a new report. The postal inspector general published a management advisory this week that found customers who typically send out large batches of political mailings have expressed concerns about "mail delays and service quality." The IG found some businesses described the Postal Service's recent performance as "abysmal." A whopping 75 percent of the mail service providers with whom the auditors spoke voiced concerns over the agency's operations. A USPS official conceded to the IG that concerns over missed delivery standards "have led many mailers to shift from mail to other forms of advertising."

Forbes: “Each year FedEx increases various charges. Ground minimum charges, for example, for a package are now \$6.94, while ten years ago this was only \$3.80,” shares Gibbs. Expanding on this, Gibbs explains that he believes the possibility of FedEx increasing their rates – specifically when it comes to eCommerce shipments and retailers in general – has likely been something FedEx has been “kicking around for awhile.” Gibbs believes that if FedEx should decide to increase their ground shipping charges, UPS will likely follow.

INTERNATIONAL NEWS

News.com.au: Falling mail volumes, falling profits and — based on a growing chorus of complaints — falling standards are putting increased pressure on Australia Post. The 207-year-old national postal service has been busy working on ways to reinvent itself amid the slow death of the letter, but consumers are not happy. They have flooded social media to vent their anger about slow service, long call centre waiting times, posties leaving tickets rather than trying to deliver parcels, and business customers unhappy about urgent pick-ups being missed. On Australia Post’s Facebook page, some of it has been brutal. “Worst delivery service and customer service ever” and “It’s a shame there’s no choice of postal service” are among the attacks. Sometimes dozens of complaints are posted daily.

March 17, 2016

POSTAL/FEDERAL NEWS

Attention PostalOne!®, Program Registration, CAPS and FAST Users: PostalOne! & BIDS Release 43.0.0.0 – PostalOne! & BIDS Release 43.0.0.0 will deploy on Sunday, March 27, 2016, between 12:00 AM to 8:00 PM CT. The PostalOne! system will not be available during this extended window. (1) A new Mail.dat® client download 43.0.0.0 PROD will be required after this release. All previous versions of the Mail.dat client will be expired. (2) In efforts to remediate Padding Oracle on Downgraded Legacy Encryption (POODLE) vulnerability, the PostalOne! system and Mail.dat will be disabling Secure Socket Layer version 3 (SSLv3) and only allow Transport Layer Security (TLS) web protocols. The CAT, PREPROD and TEM environments have been updated to disable SSLv3. All Mail.dat customers are encouraged to test and verify PostalOne! transactions and Mail.dat Client communications in the TLS environments at each of their Mail.dat client sites using their current proxy server.

PostalOne! Releases 43.0.0.0 Deployment to Test Environment for Mailers (TEM) - will occur on Thursday, March 31, 2016 between 6:00 AM to 4:00 PM. The PostalOne! TEM environment will not be available during this time. Program Registration Release 16.0.0.0 will deploy on Sunday, March 27, 2016 between 10:00 AM to 6:00 PM CT. The Program Registration application will not be available during this time.

Centralized Accounts Processing System (CAPS) Release 43.0.0.0 will deploy on Sunday, March 27, 2016 between 12:00 AM to 8:00 PM CT. The CAPS application will not be available during this time.

Facility Access and Shipment Tracking (FAST) Release 33.0.0.0 will deploy on Sunday, March 27, 2016 between 12:00 AM to 8:00 AM CT. The FAST application will not be available during this time.

Federal Register:

Postal Regulatory Commission: New Postal Products, 14901–14902 [2016–06071]

[\[TEXT\]](#)

Postal Service Product Changes: First-Class Package Service Negotiated Service Agreement, 14902 [2016–06107] [\[TEXT\]](#)

Priority Mail Negotiated Service Agreement , 14902

[2016–06108] [\[TEXT\]](#)

USPS Office of the Inspector General:

Management of Post Office Box Service

Background. Post Office Box™ (PO Box) optional delivery service is available at over 31,000 postal facilities. The U.S. Postal Service has over 21 million PO Boxes and collected in PO Box rent for fiscal year 2015. Customers prepay to rent PO Boxes for 3, 6, or 12 months and can renew them beginning 30 days before the service period ends. Postal Service personnel manually block PO Box access on the first of the month for unpaid renewals. They close PO Boxes for non-payment after a 10-day grace period and return all mail to senders. In addition they reconcile PO Box rent receipts between financial and management systems, and complete PO Box annual audit reviews. This audit was based on an allegation that a New Jersey Post Office had not collected PO Box rents since February 2013. Our objective was to assess the management of PO Box rent revenue.

What the OIG Found. The Postal Service could improve management of its PO Box revenue. At the sites we visited personnel did not always: (1) Perform daily PO Box rent receipt reconciliation between financial and management systems. (2) Perform manual procedures to prevent access to PO Boxes or timely stop delivery and return all mail to senders for customers who have not paid their PO Box rent. (3) Identify all discrepancies in the PO Box annual audit review report. In addition, they could not locate a copy of the latest annual audit report. These issues occurred because controls did not exist to ensure performance of these manual procedures and to complete the PO Box annual audit review. We believe these issues extend to all facilities that rent PO Boxes and, thus, believe any corrective actions should be taken nationwide. Controls could improve operations and decrease the risk that PO Boxes remain open without payment. We did not find sufficient evidence to support the allegation of uncollected PO Box rent.

What the OIG Recommended. We recommended management develop and implement controls to ensure personnel complete reconciliations between financial and management systems. We also recommended management establish controls to ensure personnel complete manual PO Box billing procedures and correctly complete the PO Box annual audit review.

Capital Projects Return on Investment

Background. The U.S. Postal Service uses return on investment (ROI) to approve capital project investments and measure their success. The Postal Service initially calculates ROI by comparing the projected cost of a project to its projected savings, which typically come in the form of labor savings or reduced operating costs. Capital projects are investments in real property such as land, buildings, mail automation equipment, or vehicles, and the higher the ROI, the better the value of the projected capital investment for the Postal Service. Capital projects greater than \$5 million are approved by the Postal Service's Investment Review Committee (IRC) or referred to the postmaster general for final approval. The Postal Service has a policy for developing a cash flow document to project the ROI that also provides guidance on how to develop the funding request narrative for IRC approval. *Our objective was to evaluate the Postal Service's ROI for capital projects of at least \$5 million for fiscal years (FY) 2012 through 2014*

What The OIG Found. We found the methodology used to calculate projected ROIs for the nine capital projects was reasonable; however, reporting improvements are needed after project approval to ensure the observed ROI reflects a project's performance. Specifically, program managers did not always update and report the cash flow when operating changes impacted an investment's ROI. In addition, management does not routinely do interim cost studies to evaluate the ongoing performance of a capital project. Therefore, they do not always have the information necessary to re-evaluate capital investment deployments. Management did not take these steps because current policy does not require program managers to update or revise cash flows when significant operating changes occur or require all investment projects to be subject to an interim cost study. As a result, program managers do not always report the observed ROI, which is a revised estimate of the ROI based on the most recent observations of cash outflows and savings to the IRC. We found the actual ROI for six of the nine projects, on average, exceeded the projected ROI by about 87 percent, while the remaining three projects did not meet the anticipated ROI, on average, by almost 41.3 percent. The amount of money expected to be saved but not actually realized was about \$73,766,488

What The OIG Recommended. We recommended management require cash flows to be updated when operating changes will impact the capital investment's ROI, require interim cost studies for all capital investments approved by the IRC, and establish a comprehensive knowledge management strategy for all capital projects.

Federal Register:

- **Postal Regulatory Commission** *NOTICES* New Postal Products, 14488–14489
[2016–06037] [\[TEXT\]](#) 14488
[2016–06038] [\[TEXT\]](#)

NATIONAL NEWS

Wall Street Journal: FedEx Corp. executives said retailers should be paying more for shipments to help offset the cost of expanding its network to meet the growing demands of e-commerce. ‘There’s an enormous interest in people having things delivered to themselves. It does not change, one iota, the input costs of the delivery,’ Chief Executive Fred Smith said in an interview.

Bloomberg: When FedEx Corp. Chief Executive Officer Fred Smith looks at Amazon.com Inc., he sees a valuable customer -- not a mortal danger. A major competitive threat from Amazon to FedEx or United Parcel Service Inc. is unlikely because the online retailer would have to invest tens of billions of dollars and years of effort to build its own delivery network, Smith said Wednesday. Instead, Amazon is seeking better control of its inventory and “last-mile” shipments to customers, FedEx said. “Concerns about industry disruption continue to be fueled by fantastical -- and I chose this word carefully -- articles and reports,” Smith said on a conference call with analysts and investors. “In all likelihood, the primary deliverers of e-commerce shipments for the foreseeable future will be UPS, the U.S. Postal Service and FedEx.”

New York Post: The US Census Bureau is getting spanked again by its own inspector general. Census does a nationwide survey once a decade that is required by no less than the US Constitution. That decennial census, as it’s called, is used to apportion federal tax money, determine the number of seats each state gets in the House and much more. So Census head John H. Thompson, who runs an organization about as tight as Gilligan’s S.S. Minnow, thought it would be a good idea to let the US Postal Service handle some of the initial legwork. Thompson’s plan was to let the post office do the update of homeowners’ addresses that has to be compiled for the 2020 survey, according to a recent memo posted on the Census Web site. That seems reasonable, and the USPS could use the extra dough. Knowing that someone actually lives at a certain address is critical to this process of going door to door to ask questions. Without knowing who lives where, it’s easy for Census workers to cheat — something they’ve been known to do. To make its argument more compelling, Census seems to have claimed that using the post office would lower the costs of this part of the decennial census from the \$444 million spent in 2010 to just \$20.5 million. The inspector general’s office at the Commerce Department, which oversees the Census, said in a Feb. 23 memo on the Census Web site that it doesn’t trust the \$20.5 million figure. And it doesn’t trust some shortcuts — such as whittling down the number of houses surveyed — that Census is proposing to save money. So the IG nixed the plan

Politicalnews.me: U.S. Senator Heidi Heitkamp, a member of the Senate committee overseeing the U.S. Postal Service, was named Champion of 2016 by the National Association of Postmasters of the United States for her steadfast work to improve rural mail service and protect post offices across the country. This is the first time in four years NAPUS has honored a member of Congress with the award.

INTERNATIONAL NEWS

QATAR: Post & Parcel: Qatar Post has held a workshop in collaboration with Japan Post, which was also attended by representatives from Saudi Post and the Emirates Post Group (EPG). The workshop was an opportunity for the posts and other delegates attending the workshop to “share experiences of mutual interest.

March 16, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- **Political Mail Strategy**

Background. The U.S. Postal Service defines political mail as any material a registered political candidate, campaign committee, or political party committee mails for political purposes. The Postal Service expedites eligible political mailings through its network. Political candidates and organizations use direct mail in a variety of ways, including raising money, communicating and persuading, and mobilizing voters. Political campaign experts recognize that direct mail remains an important and effective tool for political mailers. One advantage of political mail over other campaign channels like television or radio is the ability to target a message to a specific household or individual. The 2016 election season is a major financial opportunity for the Postal Service, as political mailers are expected to spend an estimated \$12.3 billion on campaign advertising (such as television, radio, online, digital, print, and direct mail). This election cycle includes the presidential election as well as other key national, state, and local elections. In fiscal year 2015, the Postal Service delivered about 1.2 billion pieces of political mail, generating \$240.6 million in revenue. The Postal Service’s Sales organization establishes and implements political mail growth efforts. These efforts include networking with major political organizations and coordinating with other internal departments to help deliver political mail more efficiently during the election cycle. The Postal Service’s website has a page dedicated to promoting its political mail products and services. Many of these efforts

resulted from lessons learned during the 2012 elections. Our objective was to evaluate existing political mail strategies and identify opportunities for the Postal Service to grow political mail.

What The OIG Found. The Postal Service has a comprehensive 2016 political mail strategy, which covers national, state, and local elections. The strategy outlines specific initiatives and strategically assigns Postal Service Sales staff to key political mail customers. But, political mailers and related organizations have raised concerns about mail delays and service quality. The Sales staff could further contribute to the value of political mail by working more closely with Operations to identify processing issues, coordinate internal corrective actions, and ensure customers are informed when problems are resolved. These enhancements will be important as continued operational issues (both those directly related to political mailings and other service issues) could have a damaging effect on revenue when organizations select among future campaign advertising alternatives. Furthermore, providing quality service will also help preserve the integrity of the Postal Service brand and improve satisfaction for all customers, including political mailers.

What The OIG Recommended. We recommended the Postal Service develop process enhancements to quickly identify operational concerns, coordinate internal corrective actions, and communicate resolution to customers.

- [Management Alert - Timeliness of Mail Processing - North Houston, TX, P&DC](#)

This management alert presents the results of our self-initiated review of the Timeliness of Mail Processing at the North Houston, TX, Processing and Distribution Center (P&DC). Our objective was to determine if the North Houston P&DC was processing mail on time. The U.S. Postal Service considers mail delayed when it is not processed in time to meet its established delivery day, with the exception of Standard Mail. Standard Mail is considered delayed when it is not processed, finalized, or dispatched in time to provide the subsequent operation or facility the allotted time necessary to ensure delivery by the established delivery day. The North Houston P&DC did not process mail on time from September 1 through November 30, 2015. During that period, the North Houston P&DC reported 54 million delayed mailpieces, which was the highest overall delayed mail volume in the country during the stated period.

NATIONAL NEWS

Wall Street Journal: For FedEx Corp., the e-commerce boom giveth and the e-commerce boom taketh away. The shipping giant, fresh off a busy holiday season, is handling many

more packages than usual due to the surge in online shopping. Demand was so heavy, in fact, that FedEx was unable to deliver all its packages in time for Christmas. While seemingly a good problem to have, it is a fresh worry, too. Amazon.com Inc. is embarking on ways to take more control of its supply chain, thereby eventually reducing its reliance on carriers such as FedEx and United Parcel Service Inc. The online behemoth is building out a ground network of couriers and new warehouses for faster and cheaper delivery. While likely years away from fruition, those efforts could eat into one of FedEx's growth businesses and remain as a headwind for the struggling stock.

INTERNATIONAL NEWS

AUSTRALIA: *Global Times*: Drones will soon be used to help deliver mail to rural Australians, the head of the nation's postal service announced on Wednesday. Australia Post chief executive officer Ahmed Fahour has revealed the privately-owned company is looking at a number of drones which would be used by a postman to deliver mail to rural properties, increasing efficiency through saving time and petrol costs. Tens of thousands of Australians live at remote farms throughout the nation, and many properties are built at the end of driveways kilometers in length, and Fahour said the trial would improve the mail delivery service for rural customers, as drivers would stop at the start of a driveway and deliver the mail to the doorstep of the property by drone. As a result, postmen would not have to drive up a driveway only to double back after delivery. Instead, they would park on the main road, deliver the mail and continue on their route. Farhour said Australia Post would trial drones in the delivery system "later this year".

INDIA: *Business Standard*: The department of posts is leaving no stone unturned to ride on the e-commerce boom across the country. From making dedicated corridors for delivery to training postmen to handle big volumes, besides connecting all postal products through technology, the department has chalked a strategy to overcome the shift in their functioning.

NEW ZEALAND: *Newshub*: The price of sending an average-size letter is set to rise to \$1 from July 1, as New Zealand Post attempts to offset revenue losses from sharply falling letter volumes. The number of letters sent from New Zealand has fallen by around 60 million items a year according to the postal service, forcing it to adjust prices to combat shrinking revenue. A medium-size letter sent by Standard Post will cost 20 cents more from July 1, while a FastPost letter will jump by 40 cents to \$1.80.

March 15, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- Management Advisory - Workers' Compensation Compound Drug Costs

Background. Enacted in 1916, the Federal Employees' Compensation Act (FECA) provides medical, compensation, death, and vocational rehabilitation benefits to civilian federal employees who sustain injuries or disease. In fiscal years (FYs) 2014 and 2015, FECA provided over \$1 billion in annual workers' compensation benefits to U.S. Postal Service workers. The U.S. Department of Labor (DOL) Office of Workers' Compensation Program (OWCP) administers the FECA for the Postal Service and the federal government, including costs for medical treatment and drugs. The Postal Service reimburses the DOL for benefits paid out for a chargeback year (CBY) starting from July of the preceding year to June of the current year. The Postal Service pays about 39 percent of the federal government's total workers' compensation administrative expenses. OWCP allows charges for compound drugs, which are created when licensed pharmacists, physicians, and others acting under the supervision of licensed pharmacists combine, mix, or alter ingredients of drugs to tailor them to individual patients. The Food and Drug Administration (FDA) does not monitor or approve compound drugs, or test their effectiveness or safety. *Our objective was to assess the Postal Service's worker's compensation compound drug costs.*

What The OIG Found. The Postal Service's workers' compensation compound drug costs escalated to over \$98.7 million for CBY 2015, a \$68.6 million increase over CBY 2014. During the same period, the Postal Service's administrative expenses for compound drugs increased to \$5.1 million, a \$3.6 million increase. The costs for compounds have continued to escalate . . . These unprecedented increases were due to the higher costs of compound drugs, the rising number of compound drug prescriptions, and fraud. Generally, compound drugs are more costly than other drugs. . . . In response to the dramatic increase in compound drug costs nationwide, various government agencies and private entities began to examine these costs and implement best practices for managing them. The Postal Service experienced escalated compound drug related costs because the DOL did not implement best practices to manage these costs. As a result, we estimated the Postal Service incurred over \$81.8 million in excessive compound drug costs and nearly \$4.1 million in excessive administrative fees for FYs 2014 and 2015. We also estimated that if the DOL does not implement best practices to control compound drug costs, these costs and the related administrative fees could accumulate to over \$1.2 billion and over \$60.3 million, respectively, over the next 3 years. Although the Postal Service has expressed that it would like to reduce and better manage compound drug costs, it is limited because it is mandated to use the DOL to handle workers' compensation drug costs. For its part, the DOL has full authority to implement all of the best practices mentioned above. But, the DOL has no incentive to do so Until the DOL

implements best practices to manage drug costs and ensure safe drugs, the Postal Service will continue to incur excessive and unnecessary costs and injured workers could be at an increased risk of harm.

What The OIG Recommends. We recommend the chief human resources officer and executive vice president continue to coordinate with the DOL to identify and implement best practices for controlling compound drug costs and authorizing payments for only FDA approved drugs. In addition, we recommend Human Resources, in coordination with Government Relations, inform and educate Congress on the impact of DOL's failure to address escalating compound drug costs on the Postal Service.

- [Digital Head Count](#) -- What a difference a decade makes. The U.S. Census Bureau is planning to use technology in a big way for the upcoming 2020 census, relying on digital surveys rather than the traditional mailed-back paper surveys. Citizens will receive a letter in the mail directing them to fill out their survey online. The bureau intends to rely on paper surveys for households in neighborhoods with low Internet usage and large elderly populations. These developments will certainly have an impact on the U.S. Postal Service. In 2010, census mailings generated over \$202 million in revenue for the Postal Service, according to a 2011 [report](#) from the Government Accountability Office. The Postal Service won't see its revenues from census mailings completely disappear, but they will shrink. The proposed changes will require the Postal Service to adjust operations accordingly. The GAO report said the two organizations planned to update a memorandum of understanding that includes an agreement that the bureau provide the Postal Service with its geographic data products and support, which should help the Postal Service improve its mail routing and other business decisions.

Federal Register:

- **Postal Regulatory Commission NOTICES** New Postal Products, 13850 [2016–05745] [[TEXT](#)]

Postal Regulatory Commission:

- **ACR2015 Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 19**
<http://www.prc.gov/docs/95/95311/CHIR%20No.%2019.Responses.pdf>
http://www.prc.gov/docs/95/95311/ChIR19Q2b_SundayHubs.xlsx
http://www.prc.gov/docs/95/95311/ChIR19Q3_IOCSDData.xls
- **R2013-11 Notice of the United States Postal Service of Filing Biweekly Surcharge Revenue Report**
[http://www.prc.gov/docs/95/95313/ExigSrchgBIWEEKLY4\(2Q14-2Q16_Mar\).xlsx](http://www.prc.gov/docs/95/95313/ExigSrchgBIWEEKLY4(2Q14-2Q16_Mar).xlsx)
<http://www.prc.gov/docs/95/95313/Exigent%20Biweekly%20Report%204.pdf>

NATIONAL NEWS

Citizens Against Government Waste: USPS issued a request for proposal (RFP) on October 10, 2015 for prototypes of Next Generation Delivery Vehicles (NGDVs) to 15 pre-qualified manufacturers to compete for the contract. While the USPS maintains it has the money needed to purchase the vehicles, Senator Cory Booker (D-N.J.) questioned this claim during a January 21, 2016 Senate Homeland Security and Government Affairs [hearing](#). Postmaster General Megan Brennan responded that legislation was needed for “additional capital monies,” for “infrastructure.” It is while unclear how USPS has the \$6.3 billion, it is clear that a new fleet is needed. USPS vehicles still travel at only 10 miles per gallon, less efficiently than most new pickup [trucks](#). Even worse, first-class mail delivery has been dropping due to the widespread use of the Internet and email for communication. USPS assumes that how consumers get mail, communicate, and even travel on roads in 2016 will remain the same for a “lifetime” or “next generation,” as first envisioned back in 1987. Since then, e-mail was invented and cars can run on electricity, gas, or a combination of both. Considering these advancements, and many more, in less than 30 years, USPS should not be making the same costly mistake as it did in 1987 and locking into yet another soon-to-be archaic vehicle and delivery system.

Barron's: Amazon is undergoing a transformation of its retail logistics network in order to support growth, benefit from scale advantages and new lower cost alternatives, and improve customer satisfaction. This creates concerns of a significant new investment cycle and of a change in the competitive landscape of the U.S. small package market. Amazon Still Needs FedEx & UPS: Our analysis finds that FedEx and UPS delivered ~28% of Amazon's U.S. packages in 2015 (likely skewed toward Prime), Amazon currently makes up ~5% of domestic volume at each carrier and ~15% of FedEx and UPS' incremental domestic volume growth in 2015. While Amazon is actively diversifying its last mile fulfillment, its rapid growth and FedEx/UPS' delivery scale suggests these interdependent partnerships will remain for the foreseeable future (e.g., we estimate that 23% of Amazon's volume in the U.S. will go through these two partners in 2016, with volume growth of ~10% comparable to 2015).

Wall Street Journal: [United Parcel Service](#) Inc. Chief Executive David P. Abney's total compensation for 2015 rose 35%, driven by big increases in base pay and stock awards in his first full year on the post. Over all, Mr. Abney's compensation for the 12-month period ended Dec. 31 rose to \$11.3 million from \$8.4 million, with his base pay increasing 51% to \$1 million.

Heavy Duty Trucking: Matheson Postal Services, a contract carrier for the United States Postal Service, is adding 37 new compressed natural gas and liquefied natural gas tractors to its fleet as part of a company-wide program to expand clean energy use. Matheson has added 25 new CNG –powered and 12 LNG-powered trucks to its fleet to improve air quality

and reduce greenhouse gas emissions and diesel fuel consumption on postal routes. The LNG Kenworth T880 day cabs are being deployed in Oakland, Calif., in January and the CNG Kenworth T680's are being deployed to Boise, Idaho. The company is partnering with Kenworth, Agility Fuel Systems and Clean Energy Fuels to spec the tractors for its fleet. Matheson is in the process of taking delivery of eight additional CNG T680 sleeper cabs for its Los Angeles to Seattle runs. Matheson Postal Services is a division of Sacramento-based Matheson Trucking.

INTERNATIONAL NEWS

CUBA: Escambray: Cuba and the United States will restore direct postal service, as of this Wednesday, said local media. The service will allow mail and parcels to be sent in both directions. There will also be a courier and express parcel service. Due to nearly five decades without a direct postal service, technical, operational and safety details must be reviewed. The service will be restored by first undertaking a pilot service, which will become permanent in the future. According to Correos de Cuba mail will be sent through postal offices in both countries.

INDIA: Economic Times: More than 400 e-commerce companies are leveraging the extensive reach of the Department of Posts (DoP) in an effort to deliver their consignments at every nook and corner of the country.

March 14, 2016

NATIONAL NEWS

Global Addressing and Data Association: GADA Newsletter Looks at Geocoding and the Next 4 Years

Quincy Herald-Whig: Two years after the U.S. Postal Service began closing postal sorting stations to save money, a U.S. senator wants to know why costs have been far higher than expected. U.S. Sen. Claire McCaskill, D-Mo., has asked Postmaster General Megan Brennan to answer questions about the second phase of what the USPS calls its Network Rationalization Plan. "In total, the completed consolidation efforts associated with Phase II have actually resulted in a net spending increase of about \$66 million in (fiscal year) 2015," McCaskill said in a letter to Brennan. "The USPS has no financial flexibility to continue making decisions that both degrade its service and increase costs." During 2012 and 2013, the Postal Service closed 141 mail-sorting facilities, including the one in Quincy, in the first phase of its cost-cutting efforts.

INTERNATIONAL NEWS

EUROPE: Post & Parcel: The International Post Corporation (IPC) has reported that the quality of letter mail service in Europe in 2015 exceeded both the European Union's (EU) speed objective of 85% of intra-EU mail delivery within three days of posting, and its reliability objective of 97% within five days.

INDIA: Business Standard: Customers with Post Office savings can now operate their accounts from 20,106 branches as they have been connected with core banking facility. Implementation of Core Banking Solution (CBS) is part of the IT

Modernization Project of the Department of Posts (DoP) that aims to bring in various IT solutions with the required IT infrastructure to the post offices.

March 13, 2016

INTERNATIONAL NEWS

UNITED KINGDOM: Tamebay: Royal Mail has launched its certified identity service that connects to GOV.UK Verify, the new way to safely and securely access government services online. As a GOV.UK Verify certified company, Royal Mail will 'verify' the identity of consumers using their name, gender, address and date of birth. Users will also be asked to supply a passport or driver's licence number to further validate that they are the person they say they are. These checks may vary, depending on the level of assurance the service requires, but could include counter-fraud checks and activity history. To maximise the prospect of successfully verifying an individual's identity, Royal Mail will use multiple data providers.

March 12, 2016



PostCom Members !! The latest issue of the PostCom Bulletin is now available online. Hey! You've not been getting the weekly PostCom Bulletin--the best postal newsletter anywhere...bar none? Send us by email your name, company, company title, postal and email address. See what you've been missing.



In case you missed it, you can still view the recent PostCom webinar of an **Executive Overview of the 2016 National Postal Forum**. Video | Slides

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General: The USPS OIG has released three audit reports and two management advisories this week. They are listed below:

- **Delivery Schemeless Sortation Deployment and Utilization**
<https://www.uspsoidg.gov/document/delivery-schemeless-sortation-deployment-and-utilization>
- **Review of Selected Active Directory Domains**
<https://www.uspsoidg.gov/document/review-selected-active-directory-domains>
- **Access Controls Over Mail Imaging Systems**
<https://www.uspsoidg.gov/document/access-controls-over-mail-imaging-systems>

- **Management Alert - Capital and Northern Virginia District Courier Service**
<https://www.uspsoidg.gov/document/management-alert-capital-and-northern-virginia-district-courier-service>
- **Attestation Report - Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management**
<https://www.uspsoidg.gov/document/attestation-report-independent-report-employee-benefits-withholdings-contributions-and>

USPS Industry Alert: USPS Shipping Information Systems Webinar Series. *IMpb Compliance Quality Metrics* -- Thursday, March 17, 2016, 11:30a.m. – 12:30p.m. (Eastern Daylight Time) Join us as the Postal Service hosts a series of informational webinars on IMpb Compliance Quality Metrics targeted for implementation July 2016. The webinars will benefit customers who ship parcels with USPS, particularly small to medium customers who ship Competitive Products – Priority Mail, Priority Mail Express, First-Class Package Service, Parcel Select, and Parcel Select Lightweight. The first webinar will present an overview of IMpb Compliance Quality Metrics. Speakers: Juliaann Hess, Mgr, Shipping Information Systems; Heather Dyer, Business Process Specialist. Registration Required. US/Canada Attendee Dial-in: (866) 381-9870 Conference ID: 70177187 Attendee Direct

URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e910c15b8d72b642112b9dbfa8230a3a6>

USPS Industry Alert: Plant-Verified Drop Shipment Update. With the upcoming price change occurring on April 10, 2016, plant-verified drop shipment (PVDS) mailings will be verified and accepted as follows:

Current Prices — PVDS mailings verified and paid for before April 10, 2016, using the current prices, will be accepted at destination entry postal facilities through April 24, 2016, when presented using eInduction or eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).

- For mailings with electronic documentation, mailers must enter a Postage Statement Mailing Date before April 10, 2016.
- For mailings with hard copy postage statements, USPS acceptance employees must enter a Mail Arrival Date before April 10, 2016.

New Prices — PVDS mailings may be verified and paid for beginning March 27, 2016, using the new prices, only if the shipments are deposited at destination entry postal facilities April 10, 2016 or later, when presented using eInduction or eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).

- For mailings with electronic documentation, mailers must enter a Postage Statement Mailing Date on or after April 10, 2016.

- For mailings with hard copy postage statements, USPS acceptance employees must enter a Mail Arrival Date on or after April 10, 2016.

The proposed pricing files are posted on Postal Explorer® at www.pe.usps.com.

Federal Register:

- **Postal Regulatory Commission** *NOTICES* New Postal Products , 12974 [2016–05423] [[TEXT](#)]
- **Postal Service** *NOTICES* Product Changes: Priority Mail Negotiated Service Agreement , 12975 [2016–05511] [[TEXT](#)] 12975 [2016–05513] [[TEXT](#)] 12974–12975 [2016–05514] [[TEXT](#)] 12975 [2016–05516] [[TEXT](#)]

NATIONAL NEWS

GERMANY: Air Cargo World: After a tumultuous year that included a €336 million write down for a failed IT system rollout, the Deutsche Post DHL Group is moving full-steam ahead with greater confidence in 2016. Consolidated EBIT for the full year 2015 was €2.41 billion, almost exactly the group's target of €2.40 billion for the year, but less than 2014's €2.97 billion. The Post-eCommerce-Parcel (PeP) division amounted to €1.1 billion, as forecast, and the DHL divisions generated an operating profit of €1.66 billion.

Yahoo! Finance: As advancing technology and business-model innovations gain momentum and threaten to disrupt logistics, some are beginning to worry about their impact on logistics-related jobs.

Daily Mail: Five employees working at the same postal service center died within 14 months of each other due to a suspected methane gas leak. The US postal service is being forced to resolve the gas buildup amid concerns for other employees' safety. The deaths have yet to be linked to the gas, but the United States Postal Service Inspector General's office recently issued a report detailing the investigation into the Michigan Metroplex Processing and Distribution Center on Glenwood Avenue in Pontiac.

The Journal News: A stamp will drop from 49 cents to 47 cents on April 10, fulfilling a past agreement between Congress and the Postal Service to reduce the price if a minimum revenue target was achieved — which it was. Now for the bad news: Snail mail delivery seems to be crappier than ever. Horror stories abound. It's like complaining about the weather. A guy named Kevin said it took 12 days for a piece of mail to go 26.8 miles from Peekskill across the river to Blauvelt. That's a rate of about two miles a day. Just as a point of comparison, consider the fact that it took the Pony Express just 10 days to make a delivery between St. Joseph, Missouri, and Sacramento, California — a distance of 1,966 miles. To be fair, it's not a straight line to Blauvelt and besides there's bridge traffic.

INTERNATIONAL NEWS

INDIA: Times of India: Is India Post a dreary, frumpy thing of the past? The venerable 197-year-old institution on Friday showed that it's clearly not. Sealing its stamp on fashion at a

show that senior officials organised, 15 postmen and 15 postwomen walked the ramp in dapper new uniforms -side cinches and all -in a contest in which judges selected the top three male and female models. Postmaster General, Chennai City , Mervin Alexander, the man behind the event, said senior department officials wanted postmen and posttwo men to step out of their old culture, feel confident and stand out in the crowd. "We are trying to reinvent the old postman-and-customer relationship because it's dying a slow death," he said.

JAPAN: *The Japan Times*: Japan Post Holdings Co. President Taizo Nishimuro is set to step down for health reasons, with the head of the postal group's banking unit likely to succeed him, sources said Saturday.

March 11, 2016

POSTAL/FEDERAL NEWS

DMM Advisory: Plant-Verified Drop Shipment Update. With the upcoming price change occurring on April 10, 2016, plant-verified drop shipment (PVDS) mailings will be verified and accepted as follows:

Current Prices — PVDS mailings verified and paid for before April 10, 2016, using the current prices, will be accepted at destination entry postal facilities through April 24, 2016, when presented using eInduction or eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).

- For mailings with electronic documentation, mailers must enter a Postage Statement Mailing Date before April 10, 2016.
- For mailings with hard copy postage statements, USPS acceptance employees must enter a Mail Arrival Date before April 10, 2016.

New Prices — PVDS mailings may be verified and paid for beginning March 27, 2016, using the new prices, only if the shipments are deposited at destination entry postal facilities April 10, 2016 or later, when presented using eInduction or eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).

- For mailings with electronic documentation, mailers must enter a Postage Statement Mailing Date on or after April 10, 2016.
- For mailings with hard copy postage statements, USPS acceptance employees must enter a Mail Arrival Date on or after April 10, 2016.

The proposed pricing files are posted on Postal Explorer® at pe.usps.com.

NATIONAL NEWS

The Umpqua Post: U.S. Postal inspectors are investigating a complaint filed by Lakeside Fire Board Chairman Ralph Dotson that anonymous fliers were placed in residents' mailboxes, which constitutes a federal crime. It is a federal crime to tamper with mail or to handle a mailbox in any way.

KIDK: Rep. Mike Simpson (R-ID 2nd District) visited Pocatello Thursday, where his first stop was to meet with Bannock County commissioners about current issues. The biggest complaint commissioners had was the recent closure of the mail processing facility in Pocatello. Their concerns were not only the slow mail, but that important mail is not getting delivered in a timely manner. They worry about people awaiting important medical or legal documents that are slow in coming. Simpson said it's something he's currently working on with the U.S. Postal Service. He said he doesn't think the postal service realizes just how slow the mail has become, or the effects it's had on the county since moving to Salt Lake City. "They said originally that wouldn't happen," said Simpson. "That you wouldn't notice a difference in the speed or delivery of mail or anything else like that. But that's been a real problem. It's been a problem here, as the commissioners pointed out, that with mail ballots and mail-in election ballots that have to be here, are they going to get here in time to be counted?" Simpson said the mail issue is one he's going to keep working to resolve.

Daily Tribune: The U.S. postal service is being forced to resolve a suspected methane gas buildup after five employees who worked at a Pontiac complex died at the facility within a span of 14 months.

March 10, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- **Postal Regulatory Commission** *NOTICES* New Postal Products , 12756–12757 [2016–05402] [\[TEXT\]](#) 12756 [2016–05403] [\[TEXT\]](#)
- **Postal Service** *NOTICES* New Postal Products , 12757 [2016–05401] [\[TEXT\]](#)

Postal Regulatory Commission:

- **ACR2015 Response of The United States Postal Service to Question 7 of Chairman's Information Request No. 17**
<http://www.prc.gov/docs/95/95274/CHIR%20No.%2017.Response.Q.7.pdf>

NATIONAL NEWS

Dayton Business Journal: News broke virtually at the same time that both [Amazon](#) and [FedEx](#) are plotting major distribution operations in the Dayton region, continuing the success of landing new logistics-based business operations for the Miami Valley. For the both companies, the intention of their investments is clear: deliver packages faster.

INTERNATIONAL NEWS

GERMANY - BALTIC COUNTRIES: **Reuters**: Deutsche Post's DHL parcel unit is extending its presence in Scandinavia, Finland and the Baltic states through partnerships with Finnish postal operator Posti and a subsidiary of Norwegian postal operator Posten Norge, it said on Thursday. "DHL Parcel is aiming to exploit the strong cross-border online

shopping trend in northern Europe as well as the very high e-commerce potential in general," said Deutsche Post, which faces competition from U.S. online retail giant Amazon.

BusinessWire: Research and

Markets (http://www.researchandmarkets.com/research/sghqtg/global_parcel) has announced the addition of the "[Global Parcel Delivery Market Insight Report 2015](#)" report to their offering.

March 9, 2016

POSTAL/FEDERAL NEWS

Executive Biz: The U.S. Postal Service has begun to solicit industry insights on potential sources to support the service's needs with the acquisition of an advanced analytic capability platform in an effort to determine focus areas for new initiatives. USPS said in a solicitation published Feb. 18 that it created an advanced analytics center of excellence to analyze USPS data and predict events, detect patterns and recommend actions with the use of modeling techniques. The service seeks a centralized platform for analytics that applies problem solving and prototyping and uses internal and external data to address business questions and gain insights. Potential vendors will be tasked to design the proposed platform to conduct supervised and unsupervised machine learning. Submissions to this solicitation are due March 21.

NATIONAL NEWS

Daily News: Amazon said on Wednesday it had signed a deal to lease 20 Boeing 767 widebody freighter aircraft to ensure capacity to fulfill its promise of one and two-day deliveries in the United States. The deal is signed with Air Transport Services Group, an aircraft leasing company based in Wilmington, Ohio. It will help Amazon build out its in-house delivery network, allowing it to take care of its own deliveries and rely less on third-party shippers like UPS and FedEx.

Center for Research on Regulated Industries: CRRRI is hosting a series of events that should be of interest to all postal wonks. Check 'em out!

- **Postal Workshop, April 1, Washington D.C.**
http://www.business.rutgers.edu/sites/default/files/user_files/crrri/ws/WS16A.pdf
- **35th Eastern Conference, May 11-13, Pennsylvania**
http://www.business.rutgers.edu/sites/default/files/user_files/crrri/ws/EC16.pdf
- **24TH CONFERENCE ON POSTAL AND DELIVERY ECONOMICS, May 18-21, Italy**
http://www.business.rutgers.edu/sites/default/files/user_files/crrri/post/PC16.pdf

INTERNATIONAL NEWS

ARGENTINA: **The Bubble:** The head of the tax collection agency (AFIP) Alberto Abad announced that [door to door service for items purchased online from sources abroad](#) is back! Unlike now, when you have to fill out a form and go fetch them personally at Customs in Retiro, your packages will be delivered right to your door.

JAPAN: [Japan Times](#): Japan Post Holdings Co. is hiring fewer graduates than it planned next fiscal year, in contrast with labor union calls for the newly listed financial and mail delivery giant to boost staffing. A total of 5,635 recent grads will join the postal group on April 1, the Tokyo-based company said in an emailed statement. That's 14 percent fewer than the 6,540 it initially planned to hire a year ago. It's a 6.5 percent decline from the 6,027 who joined last April. Japan Post and its banking and insurance units, which sold \$12 billion of shares in a three-pronged initial public offering last November, are under pressure to boost profit for investors while also maintaining universal services in accordance with the rules of the privatization. The group is one of the nation's biggest employers, with more than 200,000 workers in branches around the country.

GERMANY: [Bloomberg Business](#): Deutsche Post AG will distribute about \$2.2 billion to shareholders after posting record fourth-quarter operating profit. The German owner of the DHL delivery brand will keep its dividend at 85 euro cents a share, adding 1.03 billion euros (\$1.1 billion) to a 1 billion-euro stock buyback announced Tuesday. Earnings before interest and taxes rose 5.7 percent to 957 million euros, the company said in a statement on Wednesday, beating the average analyst estimate of 939.4 million euros collected by Bloomberg and marking the highest profit ever for a three-month period, excluding the company's former Postbank business. Chief Executive Officer Frank Appel is trying to win back investor confidence after the company cut its profit forecast twice last year because of a failed software project at its freight-forwarding division and a series of strikes by delivery workers in Germany.

SOUTH AFRICA: [AllAfrica.com](#): The Standing Committee on Public Accounts (Scopa) has questioned the commitment of the South African Post Office (Sapo) chair after he failed to appear at a key hearing. Sapo chair Dr Simosezwe Lushaba failed to appear before the committee on Tuesday after the Post Office posted a R1.5bn loss for the 2015 financial year. Lushaba also failed to show up at a recent telecommunications and postal services parliamentary hearing. "He shows no commitment; he doesn't understand the expenditures that we need to answer for and the corruption that has run deep into the Post Office, he has not been able to come and account for it," Scopa member Nyamezela Boozi told Fin24. Sapo's newly appointed chief executive officer Mark Barnes and acting chief financial officer Nicola Dewar were present at the hearing on Tuesday, but the committee demanded that Lushaba should have been in attendance.

ROMANIA: [Romania-Insider](#): The Romanian Post currently has a tumor of 400-500 people that are useless. They don't work, but they are on the payroll and they cash in big salaries, said yesterday Matei Bratianu, the leader of the Postal Workers Union in Romania (SLPR), cited by local Agerpres. The Post has had five general managers in the last seven years. Every time a new GM came, he brought his own team offering them management positions, Bratianu said. This has led to some 400-500 useless employees along the years. Also, the

Romanian Post has 100 experts who are paid over EUR 1,500 per month. They are in fact former managers who wanted to keep their positions, according to the SLPR president.

March 8, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- **ACR2015 Responses of The United States Postal Service to Questions 1-4 of Chairman's Information Request No. 18**
http://www.prc.gov/docs/95/95265/CHIR_No_18.Responses.pdf
- **ACR2015 United States Postal Service Reply Comments Regarding FY 2015 Performance Report and FY 2016 Performance Plan**
<http://www.prc.gov/docs/95/95250/Postal%20Svc.%20ACR2015.pdf>
- **ACR2015 Chairman's Information Request No. 19**
<http://www.prc.gov/docs/95/95245/CHIR%20No.%2019.docx>
<http://www.prc.gov/docs/95/95245/CHIR%20No.%2019.pdf>

DMM Advisory: Postage Statement Changes. The following changes to postage statements are effective April 10, 2016:

- **Standard Mail** (PS Form 3602-EZ, 3602-N, 3602-NZ and 3602-R) – updates to all price cells
- **First-Class Mail** (PS Form 3600-EZ) – updates to postcard price cells
- **Periodicals** (PS Form 3541) – updates to all price cells
- **International** (PS Form 3700)– updates to price cells in Part A only.

Changes for the April 2016 release only affect price cells for Market Dominant products and services. Mailers are strongly encouraged to use the new postage statements to ensure accurate billing and postage payment. Mailers needing additional time to convert to the new statements beyond an initial 30 day period should contact the PCSC for an extension. All mailers who use hard copy postage statements should convert to the 2016 versions no later than July 17, 2016.

DMM Advisory: March DMM Update. Postal Explorer® (pe.usps.com) is your source for up-to-date mailing standards. The *Domestic Mail Manual* (DMM®) is fully searchable on Postal Explorer and features fly-out menus, cross-reference links, and an extensive subject index. Yesterday we updated our mailing standards to include the following changes:

- Military Mail Addressing and Restriction Codes. We revised [703.2.0](#) to include Restrictions A1 and A2 in the APO/FPO/DPO table. These restrictions pertain to the overseas addressing requirements for military mail. We published this information in the January 7, 2016, *Postal Bulletin*.
- Business Reply Mail. We revised [505.1.0](#) to clarify that Retail First-Class Mail or Priority Mail prices are required in addition to the per piece fee for Basic and High

Volume BRM pieces. We published this information in the February 18, 2016, *Postal Bulletin*.

- Postage Stamp Denominations. We revised [604.1.0](#) to reinstate the current postage stamp denominations table. We published this information in the February 18, 2016, *Postal Bulletin*.
- Priority Mail Regional Rate Box Pricing. We revised [223.1.2](#) and [224.1.1.1](#) to correct an omission regarding Priority Mail Regional Rate Box® pricing on Click-N-Ship®. We published this information in the February 18, 2016, *Postal Bulletin*.

Federal Register:

- **Postal Regulatory Commission** New Postal Products, 12148–12149 [2016–05029] [\[TEXT\]](#) 12148 [2016–05030] [\[TEXT\]](#) 12149 [2016–05031] [\[TEXT\]](#)
- **Postal Service** Product Changes: Priority Mail and First-Class Package Service Negotiated Service Agreement, 12149 [2016–05053] [\[TEXT\]](#)

USPS Office of the Inspector General:

- **Management Alert – Safety Concern at a U.S. Postal Service Facility** -- This management alert presents a safety concern of the methane detection system observed at the U.S. Postal Service Michigan Metroplex Processing and Distribution Center (Metroplex), located in Pontiac, MI (Project Number 16RG002HR001). This review was initiated based on safety concerns expressed to us in a complaint which identified five employee deaths during a 14 month period (16RG002HR000). We have not correlated these deaths to the safety concern at this time, but are continuing work in this area. However, we are reporting this issue with the methane detection system for your immediate action.

NATIONAL NEWS

Saipan Tribune: With United Airlines said to be responsible for over 14,000 lbs of Saipan-bound mail delayed in Guam, another airline continues its talk with the U.S Postal Services regarding their interest in assisting and improving the delivery of mail in the CNMI. “We’re trying to talk to the U.S Postal Services for several years now,” Star Marianas Air president Shaun Christian told Saipan Tribune. However, Star Marianas wasn’t aware or notified when the bidding process for mail carrier was started and was eventually awarded to United Airlines just last year. Saipan Tribune learned that United has 18 months left in their contract with USPS and that it will only look into securing future services once the existing contract is finished. According to Christian, they were advised by USPS to communicate with United Airlines with regards to subcontracting. However, Star Marianas was concerned about 14 CFR 298.35 or the “limitations on carriage of mail” which states “an air taxi operator or commuter air carrier is not authorized to carry mail except pursuant to contract with the U.S. Postal Service.”

INTERNATIONAL NEWS

GERMANY: AFP: German postal giant Deutsche Post said Tuesday it plans to buy back up to 1.0 billion euros (\$1.1 billion) of its own shares over the next year. A company normally buys back its own shares if management thinks the shares are undervalued, as repurchasing them will reduce the number of outstanding shares and push up the price.

AUSTRALIA: CMO: Digital transformation for Australia Post is less about the next set of products and services coming through, and more about creating an organisation that can adapt and create new business models quickly. Speaking at the Melbourne leg of the CMO, CIO and ADMA Executive Connections event last week, Australia Post's general manager, Digital Delivery Centre, Cameron Gough, talked through the cultural, operational and environmental elements that have had to change within the organisation in order for it to cope with digital disruption and be able to innovate.

JERSEY: ITV: Jersey Post is to carry out its fifth island-wide survey today, in order to receive feedback from customers on their service. All households will receive the form asking their views on postal products and services on the island. Starting in 2011, a number of changes have been made as a result of the survey, including the removal of the two-tier local postal service. Jersey Post says the feedback helps to determine where it might be possible to improve services while keeping costs down.

March 7, 2016

NATIONAL NEWS

UPS Press Release: UPS has expanded its UPS Worldwide Express® package service to 23 additional countries and territories, creating an earlier guaranteed-delivery option for customers in locations that previously had only end-of-day guarantees. UPS Worldwide Express® service offers guaranteed delivery on the next possible business day by 10:30 a.m., noon or 2 p.m. depending on the destination. This move follows last year's expansion of the service. UPS already delivers more packages internationally than any other carrier. This expansion of UPS Worldwide Express® service will give customers – especially those with time-sensitive shipments – the guaranteed time-of-day deliveries they need to thrive as international trade continues to grow.

Air Cargo News: TIACA has created a new Shippers' Advisory Committee to be chaired by Lars Droog of Tosoh Corporation. The new group aims to make improvements to the air cargo supply chain with the interests of the shipper in mind.

eCommerceBytes: Some sellers would be lost without the free Priority Mail boxes that the US Postal Service provides. Boxes and packaging material all add up, so free mailers are welcome. But what's free to sellers costs the USPS - the agency's overseer said it cost the USPS \$158 million for Express Mail and Priority Mail supplies in fiscal year 2010, and said that number rose to \$192 million in fiscal year 2015. The USPS Inspector General wondered recently if the strategy of providing certain boxes to mailers at no charge is sustainable, and we wondered how sellers would feel if there was an end to free boxes.

INTERNATIONAL NEWS

SWITZERLAND: Post & Parcel: Swiss Post has announced that it achieved “very high” on-time delivery rates for letters and parcels in 2015. In a statement issued today (7 March), the postal operator said that 97.8% of A Mail letters and 98.9% of B Mail letters reached their recipients within the promised period of time. For parcels, 97.5% of both PostPac PRIORITY and PostPac ECONOMY parcels arrived on time. These scores exceed the requirements set by postal legislation.

CHINA: China Daily: China will improve the express delivery service in quality and efficiency in the next five years, a senior official said on Sunday. The country is expected to handle 50 billion express parcels annually by 2020, Ma Junsheng, head of the State Post Bureau told Xinhua. China's postal sector will provide more than 1 million jobs in the next five years, Ma added. The express delivery sector has grown steadily despite a slowing economy. Statistics show that a total of 20.65 billion parcels were delivered in 2015, up 48 percent from 2014.

March 5, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- Postal Regulatory Commission NOTICES New Postal Products, 11846 [2016–04923] [TEXT] 11845–11846 [2016–04979] [TEXT]

USPS Industry Alert: The National Postal Forum has announced that registration has been extended to Wednesday, March 9, 2016. This year's NPF will convene March 20-23, 2016 at the Opryland Hotel & Convention Center. The NPF is offering 120+ workshops that can be used to fulfill one of the following 4 tracks: Customer Acquisition and Loyalty; Mail Operations; Management and Professional Development; and Shipping and Packaging Solutions.

On Monday, March 21, 2016, Postmaster General and Chief Executive Officer Megan J. Brennan will outline the impact of technology on the mail and the USPS response during her keynote address, while Chief Marketing and Sales Officer Jim Cochrane will discuss marketing issues with Mark White, Chief Technology Officer with Deloitte Global Consulting Technology and Harris Diamond, Chairman and CEO of McCann Worldgroup during Tuesday's March 22, general session. Registration for the National Postal is available now at NPF.org.

NATIONAL NEWS

Bethesda Magazine: Frustrated Chevy Chase and Bethesda residents told U.S. Postal Service (USPS) officials Thursday night about a litany of delivery problems. About 20 residents attended the meeting at the Westlake Post Office on Motor City Drive, where six local United States Postal Service officials sat at a long table at the head of the room and

listened as resident after resident complained about receiving their neighbors' mail, not receiving mail and the post office failing to hold mail.

March 4, 2016

USPS Mailing Industry Alert: The latest issue of the Postal Service's publication, [Mail Spoken Here](#) is available on this site.

Federal Register:

Postal Regulatory Commission

New Postal Products, 11612–11613 [2016–04688] [\[TEXT\]](#) 11611 [2016–04689] [\[TEXT\]](#) 11609 [2016–04690] [\[TEXT\]](#) 11610 [2016–04723] [\[TEXT\]](#) 11612 [2016–04724] [\[TEXT\]](#) 11609–11610 [2016–04725] [\[TEXT\]](#) 11608–11609 [2016–04726] [\[TEXT\]](#) 11611–11612 [2016–04727] [\[TEXT\]](#)

Postal Service

Product Changes:

Priority Mail and First-Class Package Service Negotiated Service Agreement, 11613–11614 [2016–04784] [\[TEXT\]](#)

Priority Mail Express Negotiated Service Agreement, 11614 [2016–04783] [\[TEXT\]](#)

Priority Mail Negotiated Service Agreement, 11613 [2016–04779] [\[TEXT\]](#) 11613 [2016–04780] [\[TEXT\]](#) 11613 [2016–04781] [\[TEXT\]](#) 11613 [2016–04782] [\[TEXT\]](#)

NATIONAL NEWS

Wall Street Journal: U.S. employers picked up the pace of hiring in February, a sign of steady economic growth despite financial-market turmoil and weakness abroad.

KXAN: Stolen mail can mean big problems for victims, and some neighbors in North Austin say valuable information has been taken time and again. U.S. Postal Inspector Mike Sullivan confirms a number of cases are under investigation in three zip codes: 78753, 78759 and 78727. One homeowner in the Copperfield neighborhood, who asked not to be identified, says he's been hit twice in the past few months. "You feel like you're violated, like your neighborhood is being violated," he said. "We're dealing with a situation that's totally out of control, and there's no solution in sight."

INTERNATIONAL NEWS

KENYA: Citizen: Kenya has kicked off its campaign for a second term for the top seat of the Universal Postal Union (UPU), the United Nations (UN) specialized agency for postal and courier sector.

Kenya's Ambassador Bishar Hussein has been the UPU Director General for the past four years and is gunning for second term in elections set for September this year.

NIGERIA: Tide: The Nigeria Union of Postal and Telecommunication Employees (NUPTE), has urged the National Assembly to ensure speedy passage of the Postal Reform Bill into law. "The commercialisation of NIPOST is actually embedded in the postal reform bill because it is already going to give Nigerian Postal Service the commercial status once that bill is passed into law." The NUPTE president said that the passage of the bill would also ensure that NIPOST stopped receiving subvention from the government. According to him, once NIPOST stops receiving government subvention it will reposition itself and become a self-sustaining organisation capable of delivering on its mandate.

March 3, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- ACR2015 Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 17
http://www.prc.gov/docs/95/95222/CHIR%20No.%2017.Resp.Q.1_6.pdf
- ACR2015 Chairman's Information Request No. 18
http://www.prc.gov/docs/95/95220/CHIR_No_18.docx
http://www.prc.gov/docs/95/95220/CHIR_No_18.pdf

DMM Advisory:

- **Plant-Verified Drop Shipment Update.** With the upcoming price change occurring on April 10, 2016, plant-verified drop shipment (PVDS) mailings will be verified and accepted as follows:
- **Current Prices** — PVDS mailings verified and paid for before April 10, 2016, using the current prices, will be accepted at destination entry postal facilities through April 24, 2016, when presented using eInduction or eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).
- **New Prices** — PVDS mailings may be verified and paid for beginning March 27, 2016, using the new prices, provided the shipments are not deposited at destination entry postal facilities until April 10, 2016 or later, when presented using eInduction or

eVs processes or with appropriate verification and payment documentation (PS Form 8125 or PS Form 8017).

- For mailings with electronic documentation, mailers must enter a Mail Arrival Date that is on or after April 10, 2016.
- For mailings with hard copy postage statements, USPS acceptance employees must enter a Mail Arrival Date that is on or after April 10, 2016.

The proposed pricing files are posted on Postal Explorer® at pe.usps.com.

Federal Register:

- **Postal Regulatory Commission**

New Postal Products, 11303–11304 [2016–04632] [\[TEXT\]](#)

Rate Adjustments, 11302–11303 [2016–04621] [\[TEXT\]](#)

- **Postal Service**

Semipostal Stamp Program, 11164–11166 [2016–04646] [\[TEXT\]](#)

Meetings; Sunshine Act, 11304 [2016–04904] [\[TEXT\]](#)

U.S. Court of Appeals for the District of Columbia Circuit: Brief For Mailer Intervenors In Support Of The Postal Regulatory Commission filed by Association for Postal Commerce, Alliance of Nonprofit Mailers, and MPA - the Association of Magazine Media, and Valpak Direct Marketing concerning the remanded proceedings in Docket No. R2013-11R.

Mailers Technical Advisory Committee:

- Join the Payment & Acceptance webinar to learn the latest updates on Mail Entry & Payment Technology's (MEPT) key initiatives. The MEPT team will discuss the timeline and updates for the Publication for Streamlined Mail Acceptance for Letters and Flats; enhancements for streamlining the identification of mail owner information in the Full-Service program; an approach to reconciling undocumented mailpieces in the Seamless program, and identification of Non-Profit Mailpieces in eDoc. Also covered in this session will be a Task Team 23 update on testing of Mailer Scorecards for Full-Service, eInduction, Move Update, and Seamless Acceptance. An overview of Payment Modernization will be provided so you can learn more about the benefits of this upcoming initiative. Dial-in: (866) 381-9870 Conference ID: 64790535 Attendee Direct
URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e40c26803e8ece8a8ac78c8a5fe5ed799>
- The Enterprise Analytics and Data Usage Focus Group will host a webinar for MTAC members that will include updates normally given during the focus group meetings at

MTAC. Covering these topics in advance of MTAC week will allow time to share new opportunities and have more robust discussion on topics of interest at the face-to-face focus group meeting. Agenda topics will include: • Service Performance Measurement • Package Services • Address Management Updates Attendee Dial-in: (866) 381-9870 Conference ID: 64704379 Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e57c9e19250cd89caaa5910e64bafb8dc>

Postal Regulatory Commission:

- International Market Dominant Products Billing Determinants FY2016 Quarter 1
http://www.prc.gov/docs/95/95214/Letter03022016_20160302151723.pdf
http://www.prc.gov/docs/95/95214/Q116_MKT_DOMINANT_INTL_BD.xls
- Market Dominant Billing Determinants FY2016 Quarter 1
http://www.prc.gov/docs/95/95215/Letter03022016_20160302151723.pdf
<http://www.prc.gov/docs/95/95215/Q1%202-25-16.zip>

NATIONAL NEWS

Atlanta Journal-Constitution: If you've ever missed the UPS delivery guy while you're at work and didn't get your package, UPS might have another option for you. The company is now [partnering with local shops to act as "Access Point" locations](#) where customers can pick up their packages or drop them off. In recent months, UPS has launched Access Points in metro Atlanta.

KDVR: The U.S. Postal Service will celebrate the Broncos' Super Bowl 50 win by selling collectible stamped envelopes. The envelopes go on sale in the Denver metro area on Saturday. They are licensed and feature a high-quality image of Broncos players, the team's logo and the 24-10 final score against the Carolina Panthers.

Postalnews.com: The Postal Service has introduced [DeliverTheWin.com](#), a site that provides political campaigns with guidance on how to best use direct mail to communicate with voters. The site aims to build upon USPS research that shows 79 percent of households either read or scan the advertising mail they receive. This makes direct mail one of the most effective channels to connect with voters, political strategists [say](#). In addition to being a valuable [fundraising tool](#), direct mail can help shape election outcomes. DeliverTheWin.com promotes recent advancements that can transform traditional political mailpieces into interactive experiences. DeliverTheWin.com also promotes the use of "omni-channel marketing," which ensures messages are consistent across multiple digital advertising platforms. The site is part of a broader effort by the Postal Service to raise awareness of mail during this year's elections.

KCCI: After many viewer complaints from across the metro about late packages and mail never showing up, the Des Moines postmaster said an area post office will be inspected next week. This comes after Micah Craven received Christmas cards, birthday cards and important county

registration documents dating back to December in the mail this week. Alan Carty came forward after his W-2 went to the wrong address. Love said the U.S. Postal Service will inspect and re-evaluate routes from the West Suburban Station next week, possibly trimming its coverage area. The National Rural Mail Count will review the size of routes and possible re-zoning of two-thirds of 53 suburban Des Moines routes, including the West Suburban Station in Clive. The review will be done in mid-March.

INTERNATIONAL NEWS

INDIA: [dnaIndia](#): The Department of Post will be rolling out 10,000 ATMs and 20,000 micro ATMs across the country by the end of this year. The move is being made to provide banking services to the unbanked and the under-banked.

EGYPT - RUSSIA: [State Information Service](#): Prime Minister Sherif Ismail has witnessed the signing of a memorandum of understanding between Egypt and Russia in the fields of communications, Information Technology and postal services.

Egypt's Minister of Communications and Information Technology Yasser Al Qadi and Russian Minister of Communications and Mass Media Nikolai Nikiforov signed the agreement.

In remarks following the signing of the MoU, Al Qadi said that the memo would help develop a framework for cooperation in communications and postal services between the two countries.

PAKISTAN: [Dawn](#): It is never too difficult to acquire workers on lower than acceptable wages and much easier to exploit employees who exist outside the public focus. Pakistan's postal service is often considered worthy of posthumous tributes. Short of that it is placed in a past that was altogether another country, where those who brought people their mail and money orders were not only visible but also commanded respect. That era has gone; yet there are thousands who continue to languish in the willy-nilly employment of the old service.

SIERRA LEONE: [Global Times](#): In a bid to improve the effective delivery of mails to the interior of the country, the Universal Postal Union (UPU) based in Switzerland has donated two brand new 25 seater buses to the Sierra Leone Postal Services (SALPOST). The buses are currently parked at Gloucester Street by SALPOST Building in Freetown.

INDIA: [Greater Kashmir](#): India Post, as its website claims, is the world's largest postal network touching the lives of every citizen in the country. And in its endeavor to provide numerous services including mail parcel, money transfer, banking, insurance and retail services, it promises to offer its customers value for money while exhorting its employees to serve with utmost integrity, honesty, transparency and professionalism. Impressive words curated to plaster a façade of corporate colloquialism over a dilapidated structure of colonial

conservatism. It's hard to assess how far the rot has spread across the system but it definitely has its roots deeply entrenched in the archaic statutes of the Indian Constitution, which eats into its core values of being responsive and reliable besides discharging its responsibilities towards the society exhibiting deep trust, mutual respect by creating a culture of service before self.

March 2, 2016



Hear ye! Hear ye! The latest **PostCom postal podcast** on some of the issues that will be a part of the Postal Regulatory Commission review of the PAEA rates process has been posted on the PostCom web site.

POSTAL/FEDERAL NEWS

Postal Regulatory Commission

- **ACR2015** Responses of The United States Postal Service to Questions 1-10 of Chairman's Information Request No. 15
http://www.prc.gov/docs/95/95204/CHIR_No_15.Responses.pdf
<http://www.prc.gov/docs/95/95204/ChIR15.Q4.DeliveryPointsFY2015.xlsx>

USPS Industry Alert: Please join the USPS Pricing and Costing team on Tuesday, March 8 at 1:00 p.m. (ET) for a high-level overview of the Exigent Surcharge Rollback. This webinar will feature Sharon Owens, VP, Pricing and Costing and Steve Monteith, Executive Director, Product. They will share information regarding the regulatory reason for the Exigent Surcharge Rollback on April 10, which products are impacted, and which are not. Attendees will also have an opportunity to submit questions to the panel during this webinar. If you would like to submit your questions before the call, you can submit them to industryfeedback@usps.gov. Attendance is limited to the first 500 participants, so we ask your cooperation in having multiple attendees log-in from one computer in a conference room, if possible. For those not able to attend, or log-in, the recorded March 8, 2016, Special Pricing and Costing Webinar will be made available on the Industry Outreach, [Webinar Archives](#) tab on the RIBBs website. Attendee Information: US/Canada Attendee Dial-in: (866) 381-9870 Conference ID: 61871112 Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e53fe6baa44716f76e432e21326d4da33> If you cannot join using the direct link above, please use the alternate logins below: Alternate URL: <http://usps.webex.com> Event Number: 994 795 404

Federal Register:

- **Postal Regulatory Commission NOTICES** New Postal Products, 10923–10924 [2016–04594] [\[TEXT\]](#)

Attention PostalOne!® and eVS Users: *PostalOne!* CI 1174359 is resolved and the *PostalOne!* and eVS applications have returned to normal operating conditions and are fully functional. We are currently processing through eDoc files that are still in the queue since the period of degraded operations began. eDoc submitters should begin submitting their electronic mailing information immediately and acceptance units will begin processing mailings and initiating the reconciliation process described in the *PostalOne!* Contingency plan. Due to the large volume of file submissions to *PostalOne!*, mailers and acceptance units may still experience a delay in jobs appearing on the *PostalOne!* dashboard. If this occurs, we will continue to accept the mailings under the *PostalOne!* and eInduction contingency plan as described below, for the next 48 hours. eVS reconciliation extracts will be delayed in generation and supplied to customers later this week via PTR due to an eVS database issue. Mailings will continue to be accepted under the *PostalOne!* Contingency Plan posted on RIBBS

at https://ribbs.usps.gov/intelligentmail_latestnews/documents/tech_guides/PostalOneExternalContingencyPlan.pdf. eInduction mailers should follow the eInduction contingency plan.

NATIONAL NEWS

Linn's: A survey by FedSmith, a blog that writes about the federal bureaucracy, makes an interesting point about where the good-paying jobs in the United States Postal Service can be found. Not all the best jobs are in Washington or other urban areas, reports author Ralph Smith. He found many of the top salaries go to people who work “in the middle of nowhere — certainly not very close to any large metropolitan area.” Small towns are where the good pay is.

North Coast Journal: North Coast Congressman Jared Huffman joined a bipartisan trio of colleagues today in introducing legislation that would halt U.S. Postal Service plans to close and consolidate mail processing facilities across the country, including one in Eureka. Locals have long lamented USPS's plan — which is currently on hold — to shutter Eureka's processing facility and ship Humboldt's mail up to Medford for sorting, worrying it would have adverse social, economic and even political ramifications. In a statement released today after the bill's introduction, Huffman called USPS' consolidation plan “reckless,” saying the proposed legislation would add a much-needed level of oversight and make sure future consolidation plans “are based on data and the unique priorities of our local communities.

INTERNATIONAL NEWS

CANADA: **Rabble:** An ambitious proposal for Canada Post was launched yesterday, coinciding with a renewed push for the Leap Manifesto. Lauded by David Suzuki, Naomi Klein, Clayton Thomas-Muller and others, the Canadian Union of Postal Workers (CUPW) and allies are hoping to transform the imperilled public postal service, which has nearly twice as many locations as Tim Horton's, into a powerful force creating a low carbon

society. The vision is outlined in a 20-page document obtained by the Media Coop, [Delivering Community Power: How Canada Post can be the hub of our Next Economy.](#)

NEW ZEALAND: Stuff: New Zealand Post is investing more than \$8 million on a hub at Christchurch Airport, despite losing millions of dollars a month on its postal business. The airport company will purpose-build new premises for the taxpayer-owned company, with New Zealand Post leasing the hub until at least 2026.

March 1, 2016

***Postal Regulatory Commission:*POSTAL/FEDERAL NEWS**

- **USPS Annual Tables, FY 2015 TFP (Total Factor Productivity)**

http://www.prc.gov/docs/95/95193/LETTER%20USPS%20ANNUAL%20TABLE_20160301152427.pdf

[http://www.prc.gov/docs/95/95193/Table%20Annual%202015%20\(2015%20CRA\)%20public.xlsx](http://www.prc.gov/docs/95/95193/Table%20Annual%202015%20(2015%20CRA)%20public.xlsx)

Attention PostalOne!® Users: A system issue has been identified that is causing performance degradation in PostalOne!. The issue is under investigation. Additional information will be provided as soon as it is known. Mailings will continue to be accepted under the PostalOne! Contingency Plan posted on RIBBS at https://ribbs.usps.gov/intelligentmail_latestnews/documents/tech_guides/PostalOneExternalContingencyPlan.pdf. eInduction mailers should follow the eInduction contingency plan.

USPS Office of the Inspector General:

- [Do You Have Experience with Public-Private Partnerships?](#)

Public-Private Partnerships (PPPs) are contractual agreements between public agencies (federal, state, or local) and private sector entities. They are an increasingly popular way for federal agencies to achieve policy goals and develop infrastructure, while shifting short-term financial burdens away from taxpayers and strained government coffers. When designed and executed well, PPPs can be a useful instrument for agencies to manage costs, secure capital needed to modernize infrastructure, and acquire new know-how to spur product innovation. The U.S. Postal Service owns over 8,000 properties—about 2,200 of these properties are historic. The Postal Service Facilities organization oversees these properties, including balancing the real estate portfolio and maximizing revenue. Over the years, network optimization and consolidation efforts have resulted in excess space in these facilities, thereby creating potential opportunities for the Postal Service to develop PPPs. *Our audit objective is to examine opportunities for using PPPs in the Postal Service to maximize*

the use of its historic properties. Do you have experience with public-private partnerships? If so, we would like your input.

What are the potential benefits of PPPs?

What are the risks in implementing PPPs?

What processes did your agency use to implement PPPs?

What ideas do you have on how the Postal Service can use excess space for PPPs?

- [Management Advisory - FY 15 Financial Testing Compliance Oversight Review](#)

Background. The Postal Accountability and Enhancement Act of 2006 requires the U.S. Postal Service to comply with Section 404 of the Sarbanes-Oxley Act and report on the effectiveness of the agency's internal controls over financial reporting. The Financial Testing Compliance (FTC) group tests these financial controls at postal units. This report addresses financial reporting control testing related to:

- Business mail entry units and detached mail units, where postal employees verify the eligibility of mail and charge the mailer's account.
- Business reply mail services that provide customers with a convenient, prepaid way to reply to mailings.
- Plant verified drop shipments transported by mailers from their plants to postal facilities.

The overall objective of our review was to evaluate whether the FTC group properly tested, documented, and reported its examination of key financial reporting controls at selected postal facilities for fiscal year 2015. We conducted this review in support of the independent public accounting firm's overall opinions on the Postal Service's financial statements and internal controls over financial reporting.

What the OIG Found. We observed the FTC group conduct 244 internal control tests at 130 randomly selected units. During the review, the FTC group reported 11 exceptions, and we agreed with those results. However, we determined the FTC group did not properly test, document or report its examination of 13 additional key financial reporting controls at nine units. Specifically:

- During testing, FTC group analysts asked leading questions and prompted the control performer where to locate specific information.
- FTC group analysts documented different responses than those provided during testing and did not always post accurate results. Further, management did not always detect documentation errors.

- Regarding reporting, management discarded a control test because the FTC group analyst's questions interfered with the control process, but OIG concluded they were clarifying questions.

What the OIG Recommended. FTC management recognized the challenges in fiscal year 2015 and provided training to analysts prior to starting fiscal year 2016 testing. Therefore, we are not making recommendations.

- Contracting Officers' Workload

Background. The U.S. Postal Service's Supply Management group is composed of five purchasing portfolios: Commercial Products & Services, Facilities, Mail & Operational Equipment, Technology Infrastructure, and Transportation. Within each portfolio, category management centers focus on purchasing specific types of goods and services that address the operating needs of the Postal Service. Supply Management has 145 contracting officers (CO) with authority to make purchases at various dollar thresholds. Most COs oversee contracts in the Contract Authoring and Management System (CAMS); however, COs who work for the Facilities and Transportation portfolios use other systems to manage contracts. As of January 20, 2016, CAMS reported 13,934 contracting actions valued at about \$33.5 billion. The U.S. Postal Service Office of Inspector General (OIG) developed predictive analytics to identify contract risks. As part of this effort, we established indicators — or tripwires — to identify potential problem areas, such as COs who managed a high volume of contracts during fiscal year 2015. *Our objectives were to assess the Postal Service's oversight of COs' workloads and determine whether it is consistent with other federal agencies.*

What The OIG Found. Supply Management's method of distributing workload is consistent with other federal agencies; however, opportunities exist for the Postal Service to improve visibility and tracking of COs' workloads and resources across the five Supply Management portfolios simultaneously. We surveyed 126 COs actively managing contracts to determine the ratio of contracts assigned to the COs and assessed their ability to manage their workloads. We received responses from 93 COs (74 percent) and found that, while the number of contracts per CO was not always the same, this was not the sole indicator of whether management effectively distributed the workload. Supply Management also considered factors such as the type and complexity of the contract, the CO's level of experience, and whether a contracting officer representative was assigned to assist with contract administration. Further, Supply Management uses purchasing specialists to support its COs. Managers tracked the contracts assigned to individual COs; however, Supply

Management did not have a standardized report or dashboard tool to effectively plan resources. Managers used workload reports, scorecards, requisition logs, Excel spreadsheets, and other solutions to monitor and manage workload distribution and resources. These tools require managers to pull data from various sources, which is time-consuming and may result in delayed or inaccurate information. We benchmarked against four federal government agencies to determine how they track and manage COs' workloads. We found they generally use tools similar to the Postal Service's; however, the U.S. Department of Veterans Affairs uses a contract management system that provides a snapshot of COs' workloads across the enterprise. The Postal Service should assess whether the capabilities of the Department of Veterans Affairs system could benefit the Postal Service. We also identified 1,890 contracts in CAMS assigned to former Supply Management COs. Although Supply Management has a contract file transfer process, it was not followed. Managers stated these contract modifications are time-consuming and low priority because outdated CO assignment information is low risk. Contracting policy requires COs to manage contracts and ensure that any changes are fully documented in the contract file. Further, COs are responsible for overseeing and engaging the supplier community to build and maintain mutually beneficial business relationships. It is important that the Postal Service timely notify suppliers when a new CO is assigned to their contract since miscommunication could lead to inefficiencies and negatively impact the Postal Service's brand. As a result of this audit, the Postal Service began corrective actions to update some contract files with current CO information. As of January 20, 2016, only six of the 1,890 contract files remained to be updated.

What The OIG Recommended. We recommended management assess the capabilities of internal and external contract management systems to determine whether more efficient processes or reports can be developed to monitor workload. We also recommended management update CAMS with current CO information for the six remaining contracts. Finally, we recommended management develop an oversight process to verify that suppliers are notified of contract changes in a timely manner and contract files in CAMS are updated.

- [Management Advisory - Fiscal Year 2015 Statistical Test Review](#)

Background. The Postal Accountability and Enhancement Act of 2006 requires the U.S. Postal Service to report its annual revenue and mail volume to the Postal Regulatory Commission. The Origin-Destination Information System-Revenue, Pieces, and Weight is a continuous, national probability statistical sampling system that provides estimates of destinating mail revenue, volume, and weight. The Postal

Service uses the data to develop new postage rates, conduct studies, prepare its budget, and support decisions on mail operations. As part of this process, data collection technicians conduct statistical mail tests. The tests include sampling live mail and collecting data to estimate stamp use to calculate postage bought by the public but not used. The U.S. Postal Service Board of Governors contracted with an independent public accounting firm to express opinions on financial statements and internal controls over financial reporting. The firm uses the Origin-Destination Information System-Revenue, Pieces, and Weight data to support its opinions. The U.S. Postal Service Office of Inspector General coordinates audit work with the independent public accounting firm to ensure adequate coverage. *Our objective was to determine whether the Postal Service conducted statistical mail tests in accordance with established policies and procedures.*

What The OIG Found. Data collection technicians did not always conduct system tests in accordance with policies and procedures. We observed 45 tests in 15 districts and identified exceptions in three tests in three districts. Specifically, the technicians did not always:

- Properly identify, isolate, and capture the correct test mailpieces.
- Properly enter or verify data keyed into the laptop computer.

These issues are similar to those previously reported. In response to our prior report, management provided training and published updated draft versions of statistical programs handbooks. When data collection technicians do not properly collect or report test data, there is increased risk management relies on incorrect data to support decisions concerning mail operations.

What The OIG Recommended. Management discussed the issues identified during its National Statistical Programs Quarterly Training held the week of August 17, 2015, and provided process review training to all attendees. Accordingly, we are not making any recommendations at this time.

NATIONAL NEWS

Forbes: Come this June, seven years will have passed since the last economic recession officially ended. But, if you listen to the Postmaster General and CEO of the U.S. Postal Services (USPS), Megan J. Brennan, you would never know it. By claiming “harm resulting from the Great Recession,” Brennan’s call for keeping prices up at more than twice the rate of inflation is very disingenuous. Anyone who understands basic economics knows that a decline in business volume due to a recession is purely due to a cyclical movement. With nearly seven years of economic recovery, USPS’s volumes should have more than rebounded without any temporary help from the Commission. Here is the deal — the

clamoring for more help has nothing to do about the long-gone economic cycle, it's all about the about the downward trend for USPS's services. Maybe some consumers do not want to pay for what the USPS is selling, maybe the price is too high or maybe electronic transactions and e-materialization has given the public what it really wants. It certainly has nothing to do with the recession cycle; it's a trend.

INTERNATIONAL NEWS

CANADA: **Toronto Sun**: The push is on to turn Canada's post offices into outposts of "green," offering electric car charging, home-monitoring and other stamps of a caring nation. This raises two questions. 1) Wait, what? We still have a post office?! 2) Now that we know it has survived the Webolution, isn't it supposed to DELIVER THE MAIL? Neither question came up at the "Delivering Community Power" launch in Ottawa on Monday. The postal union, environmental and community groups, and hyperactivist Naomi Klein have ganged up to pitch Ottawa on a Canada Post reboot.

BELARUS: **Belarus News**: Belarus was elected Vice Chair of the Universal Postal Congress which will be held in Istanbul from 19 September to 7 October.