



Association for Postal Commerce

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September 2016 Postal News

September 30, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- [What Should a USPS Information Technology Strategic Risk Management Process Include?](#) -- The Postal Service is in the process of implementing a strategic risk management program. The National Institute of Standards and Technology (NIST) is responsible for developing information security standards and guidelines including minimum requirements for federal information systems
- [Attestation Report - Independent Report on Employee Benefits, Withholdings, Contributions, and Supplemental Semiannual Headcount Reporting Submitted to the Office of Personnel Management](#) -- Our objectives were to help the OPM assess the reasonableness of U.S. Postal Service employee benefit withholdings, enrollment information, and Postal Service benefit contributions, and to confirm the Combined Federal Campaign (CFC) (managed by the OPM), accounting codes, and payroll data match OPM records.
- [Internal Controls Over Segmented Inventory- Orting Main Office, Orting, WA](#) -- The U.S. Postal Service Office of Inspector General (OIG) uses tripwires to identify financial anomalies. Tripwires are analytic tools that look at specific behaviors and patterns that are strong indicators of improper activity. The OIG's Perfect Count Tripwire identified that the Orting Main Office in Orting, WA, reported four (quarterly) perfect inventory counts from April 1, 2015, to March 31, 2016.
- [Internal Controls Over Segmented Inventory-Bayport Post Office, Bayport, MN](#) -- The U.S. Postal Service Office of Inspector General (OIG) uses tripwires to identify financial anomalies. Tripwires are analytic tools that look at specific behaviors and patterns that are strong indicators of improper activity. The OIG's Perfect Count Tripwire identified that the Bayport Post Office, Bayport, MN, reported four (quarterly) perfect inventory counts from April 1, 2015, to March 31, 2016.

- [Postal Service Workplace Violence Program](#) -- Our objectives were to evaluate whether the Postal Service adequately identified, reviewed, reported, and addressed employee assaults; and to validate the Postal Service's response to Congress.

NATIONAL NEWS

[GCN](#): Any smart city initiative requires an extensive, mobile, networked infrastructure to collect data – and that's where the United States Postal Service thinks it can help. A new white paper from the USPS Office of the Inspector General proposes five pilot programs that would demonstrate how USPS can help advance smart city tech. The research is meant to find more value in the existing USPS infrastructure and maybe even increase the agency's bottom line, but it's too early to tell, said Paola Piscioneri, the director of global digital and innovation resources at the USPS OIG.

[WRCB](#): A former postal worker has reached a plea deal after she was accused of keeping nearly 2,700 pieces of undelivered mail inside her Sullivan County home. News outlets report that Kathy Gross pleaded guilty to an obstruction charge in Greeneville federal court on Tuesday. She faces up to six months in prison and a \$5,000 fine.

[CBS Sacramento](#): Two people have been arrested after a large marijuana grow in Lincoln was busted thanks to the help of the U.S. Postal Service. On Sept. 27, the Special Operations Unit and U.S. Postal Inspectors served a search warrant at the home where they found approximately 60 marijuana plants, sixty-five pounds of processed marijuana, and concentrated cannabis. They also found firearms, at least two of them assault weapons.

[GoByTruckNews](#): The founders of the postal system paved the way for a new era of communication, the inventors of barcode and conveyor belt revolutionized industry, and the pioneers of parcel and express logistics laid the foundation for globalization and eCommerce. The motto for the 2016 voting period for the Logistics Hall of Fame was "Historic Milestones of Logistics," and in total, 13 big names from the field of transport, intralogistics, information technology and insurance will be welcomed to the pantheon of the world's most famous logisticians this year. "The new members complete the timeline of milestone achievements in logistics and illustrate how logistics has made life better and safer over the course of time," said Anita Würmser, executive jury chairperson of the Logistics Hall of Fame. The first logistics milestone goes back to the year 1490 and is well known, too. The new inductees include Franz von Taxis (1459-1517) and his nephew Johann Baptista von Taxis (1470-1541). At the end of the 15th century, they created the first cross-border communication system, laying the foundation for the international postal system and the rise of the Thurn und Taxis family

[Wall Street Journal](#): When you think of drug trafficking, the neighborhood mailman probably isn't what springs to mind. But thanks to archaic international rules and outdated systems, the U.S. Postal Service is unwittingly facilitating the spread of illicit pharmaceuticals—at taxpayers' expense. The USPS delivers packages from all over the world with few questions asked. As international shipping has exploded in the past decade, especially from China, the postal service and U.S. Customs and Border Protection have been overwhelmed by the size and scale of the screening problem. How bad is it? Last year the consulting firm LegitScript did 29 test buys from illegal online pharmacies. Every illicit package, most originating in India, was sent through a government-sponsored shipping service. Once they reached American soil, all were delivered by the USPS. Customs didn't stop or intercept any of them. One obstacle lies in the obscure regulations of the Universal Postal Union, the United Nations agency empowered to coordinate international shipments. Under its rules, the USPS must deliver international mail to its final destination, unless directed otherwise by a law-enforcement agency like Customs and Border Protection. Companies overseas that send packages to the U.S. are required to supply customs information, but many parcels come into the country without proper forms, let alone electronic-tracking data. Drug traffickers have been clever about disguising their shipments with labels like "shampoo" or, in the case of a pill press, "hole puncher." Overworked agents can't identify every suspicious package in customs sheds

that more and more resemble the warehouse scene in “Raiders of the Lost Ark.” The worst part is that American taxpayers wind up subsidizing many shipments from overseas.

Forbes: US Postal Service (USPS) consumers are seeing declining service standards. They know their packages don't arrive on time. What they may not realize, however, is that this may also cost them their vote. 38 states require absentee ballots to be received by election day. However, USPS rules have changed and that first class letter mail, like absentee ballots which were once consistently delivered the next day in the same community, are now routed through distant regional processing centers. These centers are often in different states and hundreds of miles away. If that isn't bad enough, despite setting more relaxed quality and delivery standards, a recent post office inspector general's report showed a 51% increase in mail processing delays. In short, USPS has lowered the bar for success and then dramatically missed the new lower bar.

INTERNATIONAL NEWS

UNITED KINGDOM: **Bristol Post**: An autistic teenager is donating thousands of stamps to charity after almost 20,000 people from across the world sent him birthday cards and presents. Bristol-born Ollie Jones had the surprise of his life when postal workers turned up at his house with crates of cards on his 15th birthday. The teenager was inundated with 18,750 messages of friendship after his mum, Karen made a heartfelt Facebook plea for support. The 48-year-old from Knowle said that it felt like she was 'stabbed in the heart with a knife' when Ollie made himself two cards ahead of his birthday because he wouldn't receive many. The overwhelmed teen is now passing on the kindness by donating the thousands of stamps which were attached to the envelopes to the Children's Hospice South West.

IRELAND: **Leinster Express**: Some recovered stolen items are waiting for years to be returned to their owners in Laois, but Gardaí have come up with a clever way to easily return stolen goods right back home. They are urging the public to write their Eircode number on their property and take photos of it as evidence, so that if it is stolen and then recovered by Gardaí, it can be traced back right to their front door, using the postal code.

CANADA: **National Post**: Justin Trudeau is scheduled to be in Brussels a month from now to finally sign the massive trade agreement with the European Union that has been eight years in the making. But he won't make the trip if there is no deal to ink — and there is a very real prospect the whole agreement could yet come unstuck. If it does the culprit will likely be faulty glue on the envelopes of Austrian postal votes that has caused that country's presidential election to be postponed until December.

September 29, 2016



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POSTAL/FEDERAL NEWS



+++The Passing of Dr. Michael Crew +++

It is with great sadness that we must note the passing of [Rutgers University Professor Michael Crew](#). Dr. Crew had been a fixture in the American and International postal communities through his work as the director of the Center for Research in Regulated Industries. He was a friend and mentor to many as well as an active participant in the ongoing debate over the role, the regulation, and the future of mail as a medium of communication and commerce in today's changing world. He will be sorely missed.

USPS Office of the Inspector General:

- [Omaha, NE, Processing and Distribution Center Customer Service Performance](#)

Background. The U.S. Postal Service uses Area Mail Processing (AMP) guidelines to determine whether to consolidate mail processing functions to reduce costs and maintain quality service. In 2012, Postal Service management approved the AMP plan to consolidate the Norfolk, NE, and Grand Island, NE, processing and distribution facilities (P&DF) into the Omaha, NE, Processing and Distribution Center (P&DC). The Postal Service completed the originating (outgoing) mail consolidation in June 2013 and began the destinating (incoming) mail consolidation in April 2015. During this second consolidation phase, management decided to move a portion of destinating mail to the Lincoln, NE, P&DF. On January 5, 2015, the Postal Service revised its First-Class Mail® (FCM) service standards, eliminating single-piece overnight FCM service and shifting some mail from a 2-Day to a 3-Day service standard. These revisions enabled the Postal Service to expand the amount of time each day that it could process mail, a change known as the operational window change (OWC). In May 2015, Postal Service management suspended all consolidations and, as a result, the Norfolk and Grand Island P&DFs continued to process destinating letters to delivery order.

On March 3, 2016, Nebraska Congressman Jeff Fortenberry requested that we review the cause of ongoing mail service problems reported in the 1st Congressional District of Nebraska. *Our objective was to determine if consolidating the Norfolk and Grand Island P&DFs' mail processing operations into the Omaha P&DC and Lincoln P&DF adversely affected customer service.*

What the OIG Found. The June 2013 consolidation of the Norfolk and Grand Island P&DFs' originating mail operations did not have a negative customer service impact. However, we did find that service performance declines corresponded to the OWC and the start of the destinating mail consolidation. Specifically, the January 2015 OWC adversely impacted FCM service performance scores for letters, flats (large envelopes), and postcards. The service scores for Norfolk and Grand Island declined over 19 percent on average, to 68 percent from more than 87 percent a year earlier. In addition, in April 2015, when the destinating consolidation began, FCM service scores declined about 18 percent to 73 percent from over 91 percent a year earlier. On June 30, 2016, FCM service performance scores were 88 percent, still below the 91 percent two years earlier. However, in Quarter 3, fiscal year 2016, FCM service performance significantly improved for the Norfolk and Grand Island P&DFs to above the national average for 3-5 day service.

We identified four managerial causes for the overall decline in FCM service performance. First, management for the Norfolk and Grand Island P&DFs had not updated the plants' operating plans to reflect the consolidations and the OWC. These plans define critical entry times and clearance times that establish the processing windows. Without up-to-date operating plans, management cannot determine proper staffing and scheduling to ensure all mail is processed timely. Second, on April 13, 2016, we found the Grand Island P&DF had 1,818 FCM letters that were not dispatched on time or recorded as delayed on the daily mail condition report. This occurred because no on-site manager was overseeing mail dispatches and the daily mail condition report count. Third, during our April 2016 site visit, we observed mail arriving in Omaha from other originating processing facilities

too late to be processed for its intended delivery day. From January through April 2016, the Omaha P&DC recorded an average of 3,604 trays of mail per month as late arriving. The Omaha P&DC does not have a system in place to notify origin facilities of late arriving mail so they can correct the causes of delays.

Finally, the Omaha P&DC was not meeting the established processing times to meet service commitments. This occurred because mail processing managers and supervisors were not following machine processing and maintenance schedules developed with the run plan generator. Delayed mail increases the risk customers will lose confidence in the Postal Service's ability to provide trusted and reliable service. This could directly harm the Postal Service's brand, lead customers to seek alternative delivery options or use digital alternatives, and, ultimately, reduce revenue.

What the OIG Recommended. We recommended management ensure the Norfolk and Grand Island P&DFs update their operating plans and ensure mail is dispatched timely and delayed mail is correctly recorded on the daily mail condition report. We also made recommendations in another report concerning the tracking and processing of late arriving mail and have initiated a separate audit focused on use of the run plan generator. Therefore, we are not making recommendations in this report about these two issues.

- [Management Alert – Inbound International Mail Operations – International Service Center](#)

This management alert presents the results of our review of Inbound International Mail Operations – [Redacted] International Service Center. We are issuing this alert because some inbound international mail [redacted] for inspection as required by U.S. Customs and Border Protection at this facility. This could present public safety and security concerns, which could reflect poorly on the U.S. Postal Service's brand or image. [Read full report](#).

USPS Industry Alert: USPS Shipping Information Systems - Webinar Series - IMpb Compliance Quality Metrics - Tuesday, October 4, 2016, 11:00a.m. – 12 noon (ET) Join us as the Postal Service continues its series of informational webinars on IMpb Compliance Quality Metrics targeted for implementation January 2017. 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 next webinar scheduled in the series is: IMpb Compliance Quality Metrics – Recap. Speaker: Juliaann Hess, Mgr. Mail and Package Information Systems Registration required. Dial-in: (866) 381-9870; Conference ID: 78736053. Register here: Attendee Direct URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e1dd623c881bd60b58a667e51309fd996> If you cannot join using the direct link above, please use the alternate logins below: <https://usps.webex.com> Event Number: 990 234 378

NATIONAL NEWS

Dead Tree Edition: The U.S. Postal Service got the go-ahead today to continue trying out the grocery-delivery business for another year so that it can experiment with different pricing and service models. The USPS told the Postal Regulatory Commission that it's still trying "to determine the operational feasibility and the desirability of making Customized Delivery a permanent product." The PRC approved an extension of the two-year market test for a third year, through October 2017.

InvestorPlace: Google Express, the speedy delivery service from Alphabet Inc, is expanding to more areas in the Northeast. Google Express is now available to all residents living in New York City and the rest of the state. The expansion also includes other states along the East Coast. This starts with Maine and stretches down to Virginia. Google Express is mostly partnering with major retailers, such as Costco Wholesale Corporation, Kohl's Corporation, Whole Foods Market, Inc. and others. It plans to expand its

service to the rest of the United States by the end of the year. It said this is easier with major retailers and that it wants to add more local shops after it completes its expansion,

INTERNATIONAL NEWS

ARMENIA: [Public Radio of Armenia](#): The National Postal Operator of Armenia “HayPost” CJSC today announced the launch of an unprecedented service in the history of Armenia. Starting from the 1st of October 2016, HayPost will carry out regular scheduled mail and cargo transportations to and from Europe.

UNITED KINGDOM: [The Chartered Institute of Logistics and Transport](#): DHL Express will put its prices up by an average of 4.9 per cent in the UK from 2017. The international parcel delivery service said extra revenue generated from its annual price increase would be invested back into its network to deliver significant value for customers.

CHINA: [Wall Street Journal](#): The race is on to unite merchants and consumers around the world, allowing people in any country to transact with just one click. And while a range of firms such as Wal-Mart and eBay are in the game, as well as special-purpose groups such as the W3C consortium that focuses only on payments, the main players are Jeff Bezos of Amazon and Jack Ma of Alibaba. Amazon recently announced it will cut delivery times for small items from China to U.S. consumers to five days. Meanwhile the United Nations named Alibaba’s founder as special adviser on youth entrepreneurship and small business to the Conference on Trade and Development, or Unctad, the main U.N. body for economic initiatives. Beyond this long title is a subtle shift in thinking. The U.N. has started to approach international e-commerce in the same way the world community looked at international surface mail when the Universal Postal Union was set up in 1874. Prior to the UPU, mail could move internationally only through bilateral treaties. The agreement set a common standard for pricing across all nations, and the International Telecommunications Union did the same for phone calls and data. At the U.N., Mr. Ma’s core message is to apply a similar approach to e-commerce. Nobody is yet advocating an international regulatory body, but standard approaches in customs clearance, data fields and so on will sharply reduce the costs and risks for companies to enter new markets. Wary of the tendency of government organizations to impede trade rather than to facilitate it, Mr. Ma is quite clear that this initiative shouldn’t be government-led. “Let the business people drive it,” he said in his talk at the G-20 Summit in Hangzhou, China.

UNITED KINGDOM: [Post & Parcel](#): Spring Global Delivery Solutions (Spring) has become the first UK-based postal operator to offer e-commerce businesses radio frequency identification (RFID) tracking on goods sent internationally. Spring’s Tag & Trace solution provides online retailers with a low-cost tracking option for low value goods sent around the world. An RFID tag is attached to the retailer’s packet or parcel, enabling the consumer to follow the delivery journey and receive information on the goods being shipped. Tag & Trace features up to 13 tracking events along the logistics chain, allowing customers to see when the goods arrive in the destination country, when it’s awaiting customs clearance, and when the goods are out for last-mile delivery.

September 28, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- **MT2014-1 Order No. 3543 - Order Approving Extension of Customized Delivery Market Test and Updating Data Collection**
Plan <http://www.prc.gov/docs/97/97314/Order%20No.%203543.docx>
<http://www.prc.gov/docs/97/97314/Order%20No.%203543.pdf>

NATIONAL NEWS

Federal News Radio: Will a proposed new separate health plan for hundreds of thousands of postal workers and retirees and their spouses and dependents prompt major changes for the Federal Employee Health Benefits Program for all other federal employees? A new study by the Heritage Foundation says a postal reform bill in Congress would mean extra costs for retirees in the federal health plan and for American taxpayers who subsidize about 75 percent of the premiums paid by postal workers. What makes this report solid, in the eyes of many, is its author, Walton J. Francis. He's well known to federal and postal workers and retirees as the editor of CHECKBOOK's Guide to Federal Health Plans for Federal Employees & Annuitants. The in-depth (14 page) report is entitled "Postal Service Health Benefits and FEHBP: The Urgent Case for Getting Reform Right." The "reform" in the title stands for the pending Postal Service Reform Act (H.R. 5714) before Congress. Enactment of the plan, Francis says, would mean "shifting postal retirees' primary health care coverage from the FEHBP to Medicare."

Wall Street Journal: Tackling the delivery business, Amazon executives publicly say, is a logical way to add delivery capacity—particularly during the peak Christmas season. But interviews with nearly two dozen current and former Amazon managers and business partners indicate the retailer has grander ambitions than it has publicly acknowledged. Amazon's goal, these people say, is to one day haul and deliver packages for itself as well as other retailers and consumers—potentially upending the traditional relationship between seller and sender. Some executives refer to the initiative as "Consume the City," a nod to the company's plans to build a massive delivery network that could eventually compete with such partners as UPS, according to people familiar the matter.

INTERNATIONAL NEWS

This Is Money: Royal Mail has a fight on its hands after DHL owner Deutsche Post today snapped up UK Mail to form the UK's second-biggest mail and parcel firm. The German postal giant said that it is snapping up UK Mail for £242.7million, as part of a European expansion drive. Only Royal Mail itself is now a bigger postal operator in the UK. Deutsche Post board member Jurgen Gerdes said: 'The ongoing expansion of our parcel network in Europe is driven by increasing demand within our e-commerce customer base for cross-border deliveries.'

BBC: German postal firm Deutsche Post has agreed a deal to buy UK Mail for £242.7m, which will see it compete with Royal Mail for parcel deliveries. The purchase is part of a European expansion drive by Deutsche Post.

September 27, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- **ACR2015 Order No. 3539 - Order Scheduling Technical Conference**
<http://www.prc.gov/docs/97/97298/Order%20No.%203539.docx>
<http://www.prc.gov/docs/97/97298/Order%20No.%203539.pdf>
- **ACR2015 Commission Information Request No. 1**
<http://www.prc.gov/docs/97/97296/CIR%20No.%201.doc>
<http://www.prc.gov/docs/97/97296/CIR%20No.%201.pdf>

U.S. Government Accountability Office: [Information on Designated Postal Operators and Universal Service in Selected Countries](http://www.gao.gov/assets/690/680028.pdf) (Full Report: <http://www.gao.gov/assets/690/680028.pdf>)

What GAO Found. Based on the information GAO obtained about postal service in 10 selected countries, 9 of the 10 countries formally selected their current designated postal operator either directly or indirectly via statute. All 10 countries have one postal operator registered with the Universal Postal Union (UPU). All 10 countries include similar elements in their definitions of the universal service obligation, but have wide variation in how they implement elements of their universal service obligation. When defining their universal service, all 10 countries mentioned one or more of the following: the types of products to be delivered, pricing, or how often mail was to be delivered and collected. While all countries defined and implemented service as nationwide, the information we obtained also showed that each country implemented other specific elements of universal postal service differently: product range, consumer access, delivery and collection, pricing, and service quality. In addition to how countries define and implement universal postal service, GAO found information that indicated the selected countries also varied in how they fund universal service, either by requiring the designated postal operator to fund universal service out of its own revenues or by paying the designated postal operator out of public funds to cover those costs. Each of the 10 countries has a government agency that regulates the country's designated postal operators to ensure that these universal service obligations are met. However, based on the information GAO obtained, the countries use a variety of mechanisms to ensure this obligation is met. For example, all but one country publishes performance information for the designated postal operator, and 5 countries give the postal regulatory agency the power to direct postal operators to take actions to fulfill the universal service obligation or fine the designated postal operators if these obligations are not met.

Why GAO Did This Study. The United States Postal Service (USPS) exchanged 940 million pieces of mail with more than 190 countries in 2015. This mail exchange generally occurs under agreements negotiated through the UPU, a United Nations agency that facilitates the exchange of international postal service. UPU's member countries agree to ensure a right to universal postal service consisting of quality basic postal services over their entire territory at affordable prices, but each country can implement this obligation differently. Additionally, each country can designate one or more postal operators to provide universal postal service. As a practical matter, countries without a mail delivery monopoly may have multiple postal operators that could provide universal delivery of letter mail. GAO was asked to examine how countries without a mail delivery monopoly select designated postal operators and assure that those operators can meet their universal service requirements. This report describes how selected countries without a mail delivery monopoly: (1) selected their designated postal operator; (2) define and implement their universal service obligation; and (3) seek to assure that designated operators meet the universal service obligation.

To select countries for our analysis, GAO used characteristics such as international mail volume, the extent of privatization of designated operators, and European Union membership status to provide a diverse sample of 10 countries that did not have a letter delivery monopoly and exchanged the most mail with the United States. To address these objectives, GAO reviewed information available on the national government agencies responsible for regulating their postal industry (the postal regulatory agency), designated operator websites, annual reports from postal regulatory agencies and postal operators, and information collected by the UPU from postal operators. GAO corroborated the information we obtained with USPS and U.S. State Department officials.

USPS Office of the Inspector General:

- [Helping Cities Get Smarter](#)

The world may be getting smaller, but cities are getting bigger. More than 80 percent of the country's population lives in urban areas, according to U.S. Census Bureau data. Fortunately, cities are getting smarter too. Using technology, data, and analytics, cities can implement "smart" projects with the aim of decreasing traffic congestion, cutting pollution, improving infrastructure, and better managing the overall territory of the city. For example, in Kansas City, Internet-connected devices can direct streetlights to dim unless they detect motion, saving energy. But city budget constraints and a lack of technical expertise, among other factors, have kept the development of smart cities in

the United States at a nascent stage. Enter the U.S. Postal Service. With its ubiquitous physical network and presence in every community, the Postal Service seems ideally positioned to collect the data cities need for their smart initiatives, our latest white paper says. It's a partnership we first looked at in our research paper last year on the Internet of Postal Things. In our new paper, we explore five instances where the Postal Service could help get smart city pilots off the ground . . .

- [The Postal Service and Cities: A "Smart" Partnership](#)

Urban populations in the United States are increasing. As a result, cities are turning to new technologies to better connect with and serve their citizens. These “smart” projects aim to use data and analytics to, among other things, decrease traffic congestion, cut pollution, and improve infrastructure. However, cities often experience difficulties in collecting, storing, and analyzing large amounts of data. The Internet of Postal Things, a concept first described by the Office of Inspector General in a 2015 white paper, could help cities meet their smart city goals. Sensors and other data collection devices attached to the ubiquitous postal network could provide cities with an unparalleled means to collect the data necessary for these smart city initiatives. To explore this idea further, the OIG conducted interviews with city, university, and private-sector stakeholders involved in smart city projects. Among other things, these interviews identified five concrete opportunities for the Postal Service to partner with cities on pilots . . .

NATIONAL NEWS

[Lexington Institute](#): Declines across categories of mail continue to cause gradual shifts to the U.S. Postal Service's role in Americans' everyday lives, according to data from the Service's most recent Household Diary Study. Letter mail sent by households saw the steepest declines, hastening subsequent changes to the economics of the Postal Service's business, because that product had previously posted the agency's strongest transactional profits.

- Letter mail sent between households declined 31 percent between 2010 and 2015. Mail sent by non-households to households declined 5.6 percent.
- Even amid these declines, Americans households still receive enough bills in the mail each year - - more than 10 billion -- to stretch to the moon and back twice.
- Increasing package delivery volume, a top management priority, remains on pace. Households with annual income over \$100,000 used it to receive a package a week last year.
- Meanwhile, a new research paper by postal economics experts Robert Cohen and John Waller concluded that the Postal Service's stand-alone parcel routes are not profitable, and could even be losing more than \$1 per package.

[Washington Times](#): The new drug mules aren't gang members or down-and-out ex-cons or even children trying to make a quick buck. In fact, the latest players in drug trafficking often wear a uniform, drive a government car and are due to collect a taxpayer-backed pension when they retire — from the U.S. Postal Service. Authorities say that the ongoing opioid epidemic is being fueled by the mail, tracing paths from India or China right to Americans' doorsteps. “It comes from our postal system and their postal system into the United States. Unbelievable — the poison is coming in the mail to our communities,” said Sen. Rob Portman, Ohio Republican, in a recent floor speech.

[Bloomberg](#): FedEx Corp. named Dave Bronczek to the newly created post of chief operating officer starting in 2018, positioning him as a possible successor to Chief Executive Officer Fred Smith. Bronczek,

62, will also assume the role of president, a title currently held by Smith, FedEx said in a statement Monday. The heads of the shipping company's operating businesses will report to Bronczek, who has served as chief of the FedEx Express air cargo unit since 2000.

KGW: Senator Ron Wyden (D-OR) is calling for a review of a government surveillance program that allows postal workers to monitor the mail. Mail covers allow postal workers to record information from the outside of every letter that comes or goes from a particular address. The information is then turned over the law enforcement agency that requested it. Unlike other government surveillance programs, like wiretaps, the use of mail covers does not require a judge's approval. A 2014 federal audit found the United States Postal Service failed to follow key safeguards while running the mail covers program.

September 26, 2016



*PostCom is proud to announce its newest members: **International Bridge, Inc. and King Solutions, Inc.***

International Bridge is based out of Orem, Utah and provides international solutions which includes air transportation, rapid customs clearance, robust real-time tracking, and delivery direct to the consumer's address. Domestically, International Bridge connect clients with their consumers in traditionally difficult to reach locations through our small-parcel delivery solutions that serve all of Alaska, Hawaii, Puerto Rico, U.S. Territories, and APO/FPO locations, and will be represented by **Shoshanna Grove** (formerly with the PRC).

King Solutions is based out of Dayton, MN and is a leading provider of international freight transportation, retail project management, global logistics, mail consolidation, fulfillment and warehousing, and will be represented by **Michael Patterson**.

NATIONAL NEWS

National Postal Museum: **Allen Kane, Director of the National Postal Museum (NPM)** will be retiring in January 2017. Allen became director of the NPM in 2002 after serving more than 30 years with the United States Postal Service (USPS) in a variety of senior leadership positions. At the USPS, one of the accomplishments of which Allen is proudest was his management of the Gulf War Crisis Team, which ensured the successful delivery of 2.5 million pounds of mail per day to US troops.



In his fourteen-year tenure at the Postal Museum, Allen has overseen many remarkable exhibitions and public programs while also making the museum a world-renowned research resource. His most notable accomplishment was the development and opening of the William H. Gross Gallery in 2013, which doubled the size of the Museum and made the NPM the largest center for philately in the world. During his tenure, the NPM exhibited many rarely seen and internationally famous stamps, as well as important collections such as the Benjamin Miller Collection and the Royal Collection of Queen Elizabeth II. He arranged for the long term loan of the U.S. Postmaster General's collection and for the acquisition of the world's rarest stamp, the British Guiana 1-Cent Magenta. The award-winning collections website Arago made its debut during Allen's tenure, providing unprecedented access to the philately and postal history collections of the Museum and encouraging expert involvement in their curation. The NPM built on that participatory model in developing website features for acquiring oral histories of postal workers and for documenting the incredibly broad and robust mailing industry. Allen strongly encouraged research and educational programs with sister Smithsonian museums, readily welcomed school groups, initiated the building of the Byrne educational loft, and began the Maynard Sundman lecture series.

Most recently, Kane led a major research effort to tell the story of "America's Mailing Industry," partnering with mailing industry associations, the U.S. Postal Service and hundreds of companies in the industry.

The research project launched as a virtual exhibition and will also include a physical exhibition at the museum in Washington, D.C.

The Atlantic: For more than a century, media organizations working in newspapers, magazines, television, and radio have relied on advertising to report and publish the news. It was a sometimes awkward, and often fruitful, symbiosis of needs. The news created an audience of readers, the advertiser paid to piggyback off that audience, and this commercial tag-team subsidized both reportage and readership. That's precisely why anybody in the news business should be more than a little alarmed at the recent migration patterns in advertising, exhaustively documented in the Pew Research Center's State of the News Media report. In a sentence, digital is eating legacy media, mobile is eating digital, and two companies, Facebook and Google, are eating mobile.

Air Cargo News: DHL Global Forwarding, the air and ocean freight forwarding operation within Deutsche Post DHL Group, has launched a new urgent shipping offering: DHL SameDay Speedline.

September 24, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- **Postal Regulatory Commission** New Postal Product, 66093–66094 [2016–23105] [[TEXT](#)]
- **Postal Service** Meetings; Sunshine Act, 66094 [2016–23251] [[TEXT](#)]

Postal Regulatory Commission:

- **International Market Dominant Products Billing Determinants FY2016 Quarter 3**
http://www.prc.gov/docs/97/97269/Q316_COMPETITIVE_INTL_BD_REDACTED.xls

NATIONAL NEWS

WMDT: Shipping illegal drugs through the mail happens every day all over the world, without efficient security measures in the U.S. Postal System to stop it. Now congress is calling the on the Obama Administration to come up with a way to combat the movement of these items. According to the U.S. Senate committee on Finance, non-letter class mail that comes into the U.S. through foreign postal services, is not subject to the same screening standards as packages entering through private carriers. Therefore, illegal drugs such as heroin are being brought into the country almost every day. Congress is now calling on the Obama Administration to do something about it.

Atlanta Journal Constitution: United Parcel Service gave four of its top executives 10 percent pay raises and extra stock awards that will likely be worth hundreds of thousands of dollars each. The pay committee on the Atlanta shipping company's board of directors said it boosted the pay and future pay targets of CEO David Abney and other top executives "to improve the competitiveness of UPS executive compensation."

Internet Retailer: Mondays might feel a lot different this holiday season, at least for FedEx Corp. delivery drivers. The fast growth of e-commerce and the shift it creates in demand for delivery services will again affect the peak holiday season. Last year during peak season, FedEx delivered more than 350 million packages, and the 2016 holiday season is expected to drive another record peak shipping season, T. Michael Glenn, president and CEO of FedEx Services, told analysts this week during FedEx's earnings call for the fiscal first quarter 2017 ended Aug. 31. FedEx is listed as the shipping carrier for 313 Top 1000 clients, behind United Parcel Service Inc., which is the shipping carrier for 421 in the Top 1000, according to the 2017 Leading Vendors to the Top 1000.

CBS News: Wondering about the health of the U.S. economy? Wonder no more: One of the clearest indicators of how the economy is faring is the level of business activity at FedEx and UPS. Revenues and margins are rising at both FedEx, which provides air-express services for packages and freight in more than 220 countries, and UPS, the world's largest express-delivery company, thanks to the recovering U.S. economy and the rapid growth of online shopping. Shares of the two companies also have been on the rise.

Wall Street Journal: United Parcel Service Inc. said Friday it successfully used a drone to deliver medicine to an island near Boston, jumping into a race with competitors such as Amazon.com Inc. to test drone delivery inside the U.S. The delivery of an inhaler on Thursday was conducted in partnership with CyPhy Works, a drone maker in which UPS holds a stake. The delivery kicks off a wider test by UPS of using drones for commercial deliveries to remote or difficult-to-access areas. UPS's delivery marks the first major commercial delivery conducted via drone in the U.S. since the Federal Aviation Administration implemented long-awaited rules in late August authorizing businesses to start using small drones.

September 23, 2016

POSTAL/FEDERAL NEWS

Attention PostalOne!® Users: PostalOne! Release 44.0.3.0 will deploy on Sunday, September 25, 2016 from 4:00 AM to 8:00 AM CT. The PostalOne! system will be available during this time. There is not a new mail.dat client for this release. There is planned software release and database patching for the Seamless Acceptance and Service Performance (SASP) and Business Intelligence Database (BIDS) systems on Sunday September 25, 2016. During the upgrade MicroStrategy reports will be unavailable on Sunday September 25, 2016 from 3:00 AM to 8:00 AM CT. There could be potential delays to SLAs on Sunday September 25, 2016 and Monday September 26, 2016 for the following data: · Full Service Address Change Service (ACS) Data Distribution; · Mailer Scorecard – Electronic Verification (Full Service, Move Update, Entry Point and Nesting/Sortation); · Mailer Scorecard – Seamless; · Container Visibility; · Tray Visibility; · Start-the-Clock (STC)

Postal Regulatory Commission: Today the Postal Regulatory Commission introduced a new Strategic Plan that will guide the Commission in its planning, activities, and initiatives over the next five years. The Plan outlines the agency's vision to promote a robust universal mail system through objective, accurate, and timely regulatory analyses and decisions. The Strategic Plan was developed following a vigorous and inclusive process which incorporated input from all Commission employees.

Acting Chairman Robert Taub said, "Strategic planning and goal setting is important for any organization; such efforts help to articulate priorities and focus key efforts. The coming years present many potential changes, and challenges, for the Commission. I am confident this Plan provides the Commission a clear and comprehensive course to meet our mission to ensure transparency and accountability of the Postal Service and foster a vital and efficient universal mail system."

The Plan identifies four strategic goals, key objectives, and performance indicators to measure progress: Strategic Goal 1: Deliver accurate and objective analyses and decisions to ensure transparency and accountability of the Postal Service. Strategic Goal 2: Actively engage with Congress and stakeholders in support of a dynamic postal system. Strategic Goal 3: Provide an optimal internal infrastructure to support management of priorities, workload, and emerging requirements. Strategic Goal 4: Recruit, develop, and retain a diverse, high-performing workforce. The Strategic Plan for 2017-2022 is available on the Commission's website, www.prc.gov.

U.S. Postal Service: The Temporary Emergency Committee of the Board of Governors of the U.S. Postal Service ("TEC") will meet Sept. 27 in open session at Postal Service headquarters, 475 L'Enfant Plaza, SW, Washington, DC. The public is welcome to observe the meeting beginning at 2:00 p.m. EDT in the

Ben Franklin Room on the 11th floor. The TEC is expected to discuss the following items: Call to order and remarks of the Chairman of the Board; Remarks of the Postmaster General and CEO; Approval of previous minutes; Committee Reports; August YTD Financial Report; Postal Q3 Service Performance Report; Approval of the Strategic Plan; Approval of the October 11, 2016 tentative agenda; Adjourn. Open session meetings of the TEC of the Board of Governors are available on live audio webcasts at <http://about.usps.com/news/electronic-press-kits/bog/welcome.htm>. Three hours after the conclusion of the open session meeting, a recorded audio file will be available for listening. In compliance with Section 508 of the Rehabilitation Act, the audio webcast will be open-captioned.

GovConWire: The U.S. Postal Service has awarded contracts worth \$37.4 million combined to six companies to produce a total of 50 prototype next-generation delivery vehicles for USPS. USPS said Sept. 16 half of the prototypes to be developed under the agency's NGDV acquisition effort will include hybrid and new technologies such as alternative fuel capacity and represent various vehicles sizes and drive configurations. Contractors will have one year to develop and create the prototypes that USPS aims to test over a six-month period in various climates, topography, population centers and delivery environments to demonstrate the vehicles' capacity to meet operational needs. The six prime suppliers for the NGDV acquisition program are: AM General, Karsan, Mahindra, Oshkosh, Utilmaster, VT Hackney, USPS also looks to post a request for proposals for commercial off-the-shelf right-hand drive delivery vehicles in a move to explore a variety of available options during the research phase and evaluate COTS vehicles proposed resulting from the RFP.

INTERNATIONAL NEWS

NEPAL: **The Himalayan Times**: A meeting of the Council of Ministers today decided to increase the salary of postal service employees by 25 per cent, effective from July 16.

DENMARK: **Copenhagen Post**: The struggles of the national postal service Post Danmark look set to continue following the announcement that 770 employees are losing their jobs. The postal service revealed that it 520 employees would be given their redundancy papers next week, while 250 have already been let go and will leave with the next two months. The 520 are expected to leave in March 2017. "We are going through a continuing process in which the number of letters is falling dramatically," Hans Erik Lindkvist, the head of HR in Post Danmark, said according to DR Nyheder.

CANADA: **Canada NewsWire**: Brenda McAuley, President of the Canadian Postmasters and Assistants Association appeared before the Commons Standing Committee on Government Operations and Estimates yesterday evening to make the case for the need for postal services in rural Canada. She referred to studies showing that, when Canada Post tried to provide postal services by contracting out to a franchise in rural Canada, over half of them disappeared. "All that was left for those residents was a collection of boxes at the side of the road. That's hardly vibrant Canadian infrastructure", she told the Committee. Ms. McAuley told the Committee that 95% of the workers in question are women and allowing Canada Post to be weakened in rural Canada would leave these persons without meaningful jobs.

September 22, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- **RM2015-2 Order No. 3526-Order Denying Changes in Analytical Principles Used in Periodic Reporting (Proposal Nine)**
http://www.prc.gov/docs/97/97234/Order_3526.docx
http://www.prc.gov/docs/97/97234/Order_3526.pdf

Federal Register: Postal Regulatory Commission *New Postal Products*, 65413–65414 [2016–22867] [\[TEXT\]](#)

NATIONAL NEWS

Denver Post: Amazon Locker has arrived in Denver. The online giant’s self-service package pick-up option quietly rolled out in the Mile High City in August, an Amazon spokesman confirmed this week. Three 7-Eleven convenience stores — two in Denver and one in unincorporated Adams County — have been equipped with the secured package cabinets, designed to thwart failed home delivery attempts and package thieves when you can’t be around to accept your online bounty.

INTERNATIONAL NEWS

SLOVENIA: **Sta:** Postal operator Pošta Slovenije and DHL Parcel Europe have signed a multilateral contract on the expansion of partnership between Slovenian and German postal operators in parcel delivery, making Slovenia a part of the extensive Parcel Connect network.

September 21, 2016

POSTAL/FEDERAL NEWS

U.S. Postal Service: The Postal Service takes issue with the audit report’s content, analysis and tone, specifically the inaccurate findings that do not correctly reflect the benefits of Network Rationalization. The Postal Service agrees with the report’s conclusion that since mail service scores have significantly improved since the operating window change was made in 2015, the Postal Service should not revert back to the prior operating window and implicitly, service standards. The OIG report’s use of outdated service performance results, combined with a non-statistically valid mailing test may lead to inaccurate conclusions about performance. In fact, since Network Rationalization was implemented, the Postal Service has not only improved mail service across the country, it has achieved record levels of service across the majority of service categories.

Federal Register:

- **Postal Regulatory Commission** *New Postal Products*, 64959 [2016–22718] [\[TEXT\]](#)
- **Postal Service**
First-Class Package Service Negotiated Service Agreement, 64959 [2016–22675] [\[TEXT\]](#) 64960 [2016–22676] [\[TEXT\]](#)
Parcel Select Negotiated Service Agreement, 64959–64960 [2016–22673] [\[TEXT\]](#)
Priority Mail Negotiated Service Agreement, 64960 [2016–22674] [\[TEXT\]](#)

USPS Office of the Inspector General:

- [Automated Vehicle Utilization System Mileage Use – Pacific Area](#)

Background. The U.S. Postal Service delivers almost 154.2 billion pieces of mail annually using one of the largest vehicle fleets in the country with over 214,933 Postal-owned vehicles. In fiscal year (FY) 2015, postal-owned delivery vehicles traveled over 1 billion miles nationwide, about 190 million miles more than initially estimated. Postal Service supervisors and managers use the Delivery Operations Information System (DOIS) and the Automated Vehicle Utilization System (AVUS) to help them manage carrier operations and mileage on delivery routes. Delivery routes are a scheduled course to be followed in performing delivery duties. The Postal Service generally establishes the route’s base miles twice each year; as part of the annual route inspection for city delivery and during the National Rural Mail Count for rural delivery.

The DOIS records the authorized base miles for carrier routes and the AVUS manages day-to-day vehicle use. The AVUS allows carriers to enter vehicle mileage information into Intelligent Mail® Devices, or scanners, at appropriate points along their routes. At the end of the route, the AVUS calculates hourly vehicle use, and compares miles driven to authorized miles for the route. Delivery unit supervisors use this information to ensure that carriers are not deviating from the line of travel for their routes. The Pacific Area has eight districts and 18,998 delivery routes. The Pacific Area's route base miles, established in FY 2015, were 82,179,604 and its mileage variance—the difference between the base miles and actual miles -- was 25,306,687 miles (30.79 percent), the highest variance percentage in the country. *Our objective was to evaluate the accuracy of delivery route mileage data in the Pacific Area.*

What the OIG Found. The Pacific Area's delivery route mileage data was not always accurate. Route base mileage data for 37 percent (6,955) of the Pacific Area's routes had inconsistent base route mileage between the AVUS and the DOIS as of June 8, 2016. Furthermore, actual daily miles recorded in the AVUS exceeded the AVUS route base miles by over 26,000 miles with no justification for the deviations. These conditions occurred because supervisors were not trained to maintain route base miles, or monitor and document daily mileage use and deviations. Accurate mileage data established at the route inspection and adjustment and managing and monitoring daily mileage are critical to manage vehicle use. We estimated inaccurate base mileage cost the area more than \$8.1 million in questioned costs in FY 2015, and eliminating mileage deviations could further reduce area costs by more than \$8.1 million annually.

What the OIG Recommended. We recommended management train existing, newly promoted, and temporary supervisors on maintaining route base mileage, and monitoring and documenting daily mileage use and deviations.

NATIONAL NEWS

MTV: Neither gaffes nor polls nor ads nor gloom of news stays this literature on its swift journey to its appointed place in your mailbox. We speak, of course, of political mailers, the most contagious plague of the campaign season, the electoral earworms that always manage to find their way to your front door. Their reds and blues tire the eyes, as do the relentlessly cheerful politician head shots that adorn them. They do not care if you throw them away without reading them. The mail will continue to arrive. Most voters do not like getting political stuff in the mail. The Postal Service, on the other hand, strives to convince candidates that snail mail is still the most crucial ingredient of a successful election in this age of tweets, and that those who ignore it do so at their own peril. Anybody who is anybody is doing elections the old-fashioned way.

The Press of Atlantic City: A postal carrier who worked in Cape May County was sentenced to a year in prison Tuesday for his role in a scheme to steal \$200,000 in blank money orders, the U.S. Attorney's Office said.

Bearing Arms: When gun owners purchase firearms, some purchase their guns from dealers in other cities and states. In order to obtain the weapon, many guns are shipped via the United States Postal Service (USPS). "Guns do go through the mail system. Mailers have to follow all postal regulations to send those guns through the mail, but there is no special handling procedure for guns in the mail system," Scott Balfour, an Assistant Special Agent with the U.S. Post Office of Inspector General, told WREG. During Holidays and other times throughout the year, the USPS is extremely busy processing packages and mail. To help keep up with the flow of mail, the USPS often hires part-time, non-exempt employees to help with the rush and keep a backlog down. It was discovered that one of these over-flow employees in Memphis was stealing packages that contained firearms. Whenever the carrier suspected a parcel had a gun in it, he would put the package aside and open it when he had the chance. He would remove the weapon from the package, seal the box and send the empty box to its final

destination. According to WREG's report, it was known that the USPS employee would sell firearms from his home in South Memphis. AR-15s and .380s were sold, according to witness reports.

eCommerceBytes: It may come as a surprise to learn that postal services from around the world are openly wondering if Amazon is friend or foe. It's normal for online merchants to have mixed feelings about Amazon - it can be a viable channel partner, and it can also be a fierce competitor. But as Amazon is taking more control of the shipping and delivery of its products, some believe it's a natural step for Amazon to offer those services to other online retailers as well - a possible threat to shipping carriers and postal services. The topic came up during the Universal Postal Union (UPU) World CEO Forum in Paris earlier this month. During the discussions, participants debated whether e-retailers and e-marketers should be treated as friends or foes, with several CEOs sharing their models for collaborating and competing with private companies.

DC Velocity: FedEx Corp. threw a curveball at the U.S. parcel-shipping market last night by announcing an expansion of the universe of packages subject to a costlier pricing formula. Effective Jan. 2, FedEx will change the formula used to calculate rates on domestic air or ground parcels based on their dimensions, rather than their actual weight. Currently, FedEx determines a package's dimensions by multiplying its length, width, and height in inches and dividing the sum by 166. On Jan. 2, the divisor resets to 139. Under FedEx's current formula, a parcel that measures one cubic foot, or 1,728 cubic inches, would yield a "dimensional weight" of 11 pounds, rounded off to the next highest weight. The same parcel, with a divisor of 139, would yield a dimensional weight of 13 pounds, a near 20-percent increase. The shipper would pay the higher of the parcel's dimensional or actual weight. In addition, any applicable fuel surcharges would apply to the higher dimensional weight charge, thus adding to the shipper's costs. This is the first time in more than six years that FedEx has changed the divisor for domestic parcels, which for years prior had been set at 194. Last night's announcement brings the domestic divisor in line with the measure used for FedEx's international shipments.

Colorado Springs Independent: A cabal of corporate predators and Koch-headed ideologues are scheming to take "public" out of this public agency and strip "service" out of the Postal Service by spreading a diabolical Big Lie. Their bogus claim is that this essential public service is a hopeless money loser, sucking billions from taxpayers every year. Unfortunately, our lazy media establishment keeps spreading their lie. For instance, there's an August New York Times article falsely asserting that "the Postal Service has sunk deeper underwater — net losses for the second quarter of 2016 were \$2 billion." Bovine excrement!

WHMI: A local township's quest to consolidate down to one zip code has been stymied by the United States Postal Service. The Hartland Township Board of Trustees expressed frustration with the mail service during regular meeting, Tuesday night. The township which covers a 6 mile by 6 mile area and houses roughly 15,000 residents is currently saddled with 7 different zip codes. The Board believes that getting that number down to 1 or 2 could greatly reduce confusion with citizens and businesses. The township went through a formal appeals process and offered different alternatives to the USPS's national offices in Washington D.C. but recently received word that all their requests were denied.

INTERNATIONAL NEWS

UNIVERSAL POSTAL UNION: China Economic Net: Representatives from the world's postal sector started their 17-day congress on Tuesday, targeting the adoption of significant reforms to compete with the fierce competition. The 26th Universal Postal Congress, the supreme authority of the Universal Postal Union (UPU), is aiming for a new world postal strategy for the three-year period from 2017 until 2020. "The congress promises to be a turning point for global postal services," said UPU's Director General Bishar Hussein during his address at the opening session. "Indeed, rapidly changing technologies have created new market realities, which in turn are driving alternative service options and a whole new set of customer expectations. The Post and the UPU are in the spotlight: they must now, more than ever, evolve to remain relevant," he added. In his opinion, global postal services need to develop in a

manner which enhances network infrastructure inter-operability in order to ensure sustainable and modern products. He appealed to member countries to encourage the sector towards effective functioning to meet the fierce competition, highlighting the necessity for reforms.

September 20, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- [Are Clerk and Mail Handler Costs Correctly Attributed to USPS Products?](#)

We are conducting an audit to verify the accuracy of clerk and mail handler costs attributed to products and services. The Postal Service categorizes all costs as either attributable costs, which are directly or indirectly related to products, or institutional costs, which are not related to products. By law, each mail class and service type must cover the costs attributable to its products and services. For this reason, it's imperative that the Postal Service accurately calculate and report the attributable costs of products and services. These costs also affect product pricing.

Cost segment 3 covers the salaries, benefits, and related costs of clerks and mail handlers. Cost segment 3 is the largest of the Postal Service's 17 cost segments, comprising 29 percent of the total attributable costs reported in the fiscal year 2015 Cost Segments and Components report. The primary data inputs to cost segment 3 derive from the payroll system, the Management Operating Data System (MODS), and the In-Office Cost System (IOCS). MODS provides workhour and mail volume data, and IOCS uses statistical sampling to provide cost variability information as well as the distribution keys used to allocate costs to products and services.

Do the data collection and quality review procedures for MODS help to produce sufficiently reliable data to support accurate cost allocation? Does the manual data collection model of IOCS, consisting of on-site tests and telephone readings of employees' activities, produce reliable sampling results to support accurate cost allocation? Are the Postal Service's costing methods practical considering its business environment, or would other efficient and cost-effective alternatives yield more reliable cost data? Do you have confidence that the Postal Service appropriately allocates clerk and mail handler costs to products and services?

- [Mail Processing and Transportation Operational Changes](#)

Background. The Postal Accountability and Enhancement Act of 2006 noted the U.S. Postal Service had more facilities than it needed and should streamline its network to eliminate excess costs. The act requires the Postal Service to prepare a strategy for rationalizing its facilities network and remove excess processing capacity and space. In 2011, the Postal Service announced its Network Rationalization Initiative (NRI) in response to its unsustainable financial situation. The purpose of NRI is to align the Postal Service's network processing capacity with its declining mail volume through equipment and plant consolidations and operational changes. As part of the NRI, on January 5, 2015, the Postal Service revised its First-Class Mail® service standards, eliminating single-piece overnight First-Class Mail service and shifting mail from a 2-day to a 3-day service standard.

These revisions enabled the Postal Service to expand its mail processing operational window and this change is known as the operational window change (OWC). The Postal Service described the OWC as one of its most significant changes since automating mail processing. It was designed to allow the Postal Service to process mail on fewer machines, thus using less facility square footage. The OWC was projected to save over \$805 million annually through increased mail processing productivity, decreased premium pay, additional delivery point sequencing of mail, less

mail sorting at fewer facilities, and use of more efficient mail sorting machines. The OWC also required changes in mail transportation. Since implementing the OWC, stakeholders such as members of Congress, commercial mailers, and individual customers, have voiced concerns that delayed mail is increasing and service is declining. *The objective of this audit was to determine the timeliness of mail processing and transportation since the January 5, 2015, service standard revisions. In addition, we reviewed whether the projected cost savings from the OWC were realized.*

What the OIG Found. For the 9 months following the January 5, 2015, service standard revisions, the Postal Service experienced increased nationwide delayed mail, reduced performance scores, decreased mail processing productivity, and increased transportation costs. For the period January through September 2015, the Postal Service reported delayed mail processing increased by almost 638 million pieces (or 51 percent) compared to the same period in fiscal year (FY) 2014. Further, the Postal Service's service standard measurements indicated that 2-day and 3-5 day First-Class Mail weekly performance scores declined by as much as 7 percent and 34 percent, respectively, compared to the same period a year earlier.

The Postal Service has taken significant steps to reduce delayed mail, notably deploying quick response teams based on Lean Six Sigma processes to determine causes and establish corrections. Subsequently, the Postal Service reported delayed mail processing decreased by about a billion pieces (or 54 percent) for the period October 2015 through April 2016, compared to the same period in FY 2014. First-Class Mail service scores have significantly improved since the initial decline and are within about two percentage points of April 2014 service scores. Based on this improvement, we believe the Postal Service should not revert back to its prior operating window. Although the Postal Service reported national delayed mail has been reduced significantly, it is still a problem for specific Processing and Distribution Centers serving certain urban and rural customers. In Quarters 1 and 2, FY 2016, the top 10 processing facilities with delayed mail had about 247 million pieces of delayed mail, or almost 30 percent of all delayed mail nationwide. These 10 facilities in CA, CO, IL, MD, PA, NJ, NY, and TX process mail for about 13.7 million delivery addresses.

In order to independently measure service after the OWC, we conducted a nationwide non-statistical mailing test of urban and rural areas from September through November 2015 and February through March 2016. We tested single piece First-Class Mail® letters, flats, and parcels and Priority Mail® flats and packages. Of the 2,995 pieces included in our test results, 27 percent (or 801 pieces) did not meet the service standards. We found the increase in delayed mail and decrease in service scores was caused by three significant network and operational changes, insufficient air transportation capacity, mail arriving late at processing plants, outdated operating plans, and adverse winter weather. In addition to service issues, the Postal Service did not achieve projected savings associated with the OWC. Management could provide support for achieving only 10 percent of the projected annual OWC savings presented to the Postal Regulatory Commission in 2011 of over \$805.5 million.

The Postal Service stated there have been additional savings realized from the OWC separate from the projections presented to the Postal Regulatory Commission. The OIG validated \$231 million additional savings. However, the Postal Service exceeded its transportation budget plan by over \$200 million (or 3 percent) in FY 2015. The Postal Service attributes \$130.2 million of increased transportation costs to the OWC. About 1.7 billion more pieces of First-Class Mail (or 40 percent) were transported via contractor air transportation in 2015 than in the previous year due to changes in the critical entry time for this mail.

What the OIG Recommended. We recommended the vice president, Finance and Planning, re-evaluate the operational and transportation financial impacts associated with the OWC. We recommended the vice president, Network Operations, develop and implement a nationwide strategy to improve mail processing productivity before implementing any additional nationwide

operational changes or consolidations; increase air capacity to meet its critical entry times; create a nationwide system to track and report the amount, cause, and origin of mail arriving after its critical entry time; and establish a nationwide database to capture and share the Lean Six Sigma team's lessons learned. In addition, we recommended instructing management to update all operating plans to reflect the OWC and continue monitoring and reducing delayed mail processing.

- [Where Have All the Collection Boxes Gone?](#)

Mail collection boxes are practically as American as apple pie. They also seem to be disappearing as quickly as mom's homemade apple pie. Nationally, the number of collection boxes declined by more than 12,000 in the past 5 years. Some customers have complained the U.S. Postal Service has gone too far and removed too many collection boxes in neighborhoods. They've also questioned whether this effort is saving USPS money in the long run.

It's a tough balancing act for the Postal Service. Some collection boxes are barely used and are expensive to maintain. On the other hand, mail collection boxes are a visible representation of the Postal Service to the American public, and their disappearance has been noted. They also are reliable, secure, and convenient receptacles for mail. As part of its efforts to keep its collection infrastructure proportionate to customers' needs at a reasonable cost, the Postal Service has eliminated underused collection boxes that on average receive fewer than 25 pieces a day; it has also added collection boxes where they are convenient for customers.

Our recent [audit report](#) looked at the Postal Service's collection box removal process in the Eastern Area and found that it was not effective. While the area and its 10 districts have procedures for removing and relocating collection boxes, they were not consistently followed. We recommended management require each district to periodically evaluate whether to relocate or remove underused collection boxes included in the annual density test that determines the average volume of mail collected. We also recommended the Postal Service maintain supporting documentation on its removal and relocation decisions, and establish a process to monitor out-of-service collection boxes.

- [Are Highway Contract Routes Useful for New Contracts?](#)

The U.S. Postal Service uses highway contracts routes (HCRs) to transport mail between plants, post offices, or other designated points where mail is received or dispatched. HCRs are contracts with independent drivers to travel specified routes. Postal Service policy states HCRs must be surveyed during the fall of the year before the contract expires. HCR administrative officials (usually postmasters and transportation and network specialists at plants) complete the surveys. These surveys help management identify recommended contract changes for more cost-effective or efficient transportation.

The Postal Service also uses Contract Delivery Service (CDS) Route contracts to enlist individuals or companies to deliver and collect mail from homes and businesses. CDS Route carriers perform duties similar to those performed by postal rural letter carriers, including selling certain postal services. It is recommended that CDS Route surveys be conducted annually but they must be conducted when the contract term ends in March or June of the upcoming year.

Federal Register: Postal Regulatory Commission *New Postal Products*, 64518 [2016–22516] [\[TEXT\]](#) 64518–64519 [2016–22615] [\[TEXT\]](#)

NATIONAL NEWS

The Hill: Last spring, the Republican National Committee (RNC) unveiled an ingenious new fundraising technique: mailing solicitations that were disguised as delinquency notices. Envelopes were stamped with

"NOTICE OF DELINQUENCY" in large bold red print with the return address. The envelope had the stark appearance of official government mail. "Office of Records" suggested the letter came from a governmental agency. "Assessment" gave the impression the [letter](#) was notice of an overdue property tax bill. The enclosed invoice was marked "PAST DUE," which was circled in red. An undated letter began: "This NOTICE OF DELINQUENCY has been sent to you because the Republican Party has contacted you multiple times to ask for your support for the 2016 campaign ..."

Following criticism from both Republicans and Democrats, the letters stopped in May. Then, on Sept. 1, The Dallas Morning News [reported](#) they had resumed. By all appearances, the letter violates federal law. The U.S. Postal Service website [states](#):

Title 39, United States Code, Section 3001, makes it illegal to mail a solicitation in the form of an invoice, bill, or statement of account due unless it conspicuously bears a notice on its face that it is, in fact, merely a solicitation. This disclaimer must be in very large (at least 30-point) type and must be in boldface capital letters in a color that contrasts prominently with the background against which it appears. The RNC invoice complies with none of these requirements. The RNC has at least a decade-long record of skirting or violating federal law with its fundraising mailings.

As director of the United States Mint, I oversaw a large direct marketing operation that mailed millions of letters each year in support of our [numismatic](#) programs. As with door-to-door fundraisers and salespeople, the greatest challenge a mail order company faces is to get in the door to make a pitch. If the consumer slams the door in your face, you're done. For direct marketers, inducing a customer to open a letter is the equivalent of getting past the front door. Over the years, direct mail companies have made a science of getting consumers to open letters. Most of their techniques are above board, some are legal but unethically suspect, and some violate federal law. These letters are sent in massive quantities. If the deception increases response rates by only a few percentage points, the payoff is huge. Once someone has made a contribution, the RNC will fine-tune subsequent solicitations, increasing the odds that a donor will give again and again, multiplying the RNC's return on investment in the scam.

INTERNATIONAL NEWS

TURKEY: [Universal Postal Union](#): The 26th Universal Postal Congress, where important decisions will be made to shape the future of the postal sector, is being held in Istanbul between September 20 and October 7, 2016. Nearly 2,000 delegates from 192 countries will attend the Congress, which is taking place in Turkey for the first time. A UPU Ministerial Conference is also planned for October 4 with the attendance of ministers from nearly 50 countries.

LITHUANIA: [Post & Parcel](#): Lithuania Post has reported that a growing number of its customers are choosing to receive news about their registered postal items by SMS messages or e-mail. Nearly one notification in three sent by Lithuania Post about a received item is now electronic.

IRELAND: [Post & Parcel](#): An Post has called on Ireland's postal regulator, ComReg, for an urgent review of the current price cap on postal charges. In a letter sent to ComReg last week, An Post's chief executive Donal Connell warned that the company will struggle to meet the universal service obligation (USO) because of its mounting costs and falling revenues. Connell warned that the price An Post can charge for incoming cross-border mail from outside the EU (which was fixed by international agreements) is too low to cover the company's costs.

September 19, 2016

POSTAL/FEDERAL NEWS

USPS Industry Alert: The September 19, 2016 issue of [Mail Spoken Here](#) has been posted on this site.

NATIONAL NEWS

Robotics Tomorrow: Unmanned Life and Prime Competence announced, at the Postal Innovation Platform Conference, the place to be for all key actors in postal innovation, that they have started the pilot deployment of the world's first autonomous drone-based sorting center for Post NL. It's time for disruptive innovation in the postal and e-commerce logistics sector and the enthusiasm this proposal found in Istanbul represent another proof of that. The Unmanned Life and Prime Competence joint initiative will introduce a combination of drones and autonomous ground vehicles to be used indoors for postal sorting.

Wall Street Journal: Every year, America's office workers print out or photocopy approximately one trillion pieces of paper. If you add in all the other paper businesses produce, the utility bills and invoices and bank statements and the like, the figure rises to 1.6 trillion. If you stacked all that paper up, it would be 18,000 times as high as Mount Everest. It would reach nearly halfway to the moon. Forty years ago, at least, we were promised the paperless office. In a 1975 article in BusinessWeek, an analyst at Arthur D. Little Inc., predicted paper would be on its way out by 1980, and nearly dead by 1990. The reality is the high-water mark for the total number of pages printed in offices was in 2007, just before the recession. For the first time in history, there is a steady decline of about 1% to 2% a year in office use of paper. Add in the dip in use during the most recent recession, and as of 2016, we are already 10% below the peak of the number of pages produced by office printing and copying in 2007. The persistence of paper in the workplace—60% of which isn't optional printing, says Mr. Shane—represents business processes that change slowly, if at all. It is the small- and medium-size businesses that have been the slowest to get rid of paper—in other words, to fully digitize their workflows. There is also the fact that paper is awesome. It is the only input and display technology we have that weighs almost nothing, costs pennies, is readable in almost any light, and doesn't require an internet connection. It is the epitome of portability and durability.

Martinsville Bulletin: If you care for a peek into some unquenched annoyance and aggravation, read through the 513 (and counting) customer complaints about mail service in the Roanoke region. Those are detailed on a website the U.S. Postal Service Inspector General set up back in July. The frustration voiced there is something I can identify with. Sometimes, getting even basic information out of the postal service is difficult, if not impossible. I've reached out to five different postal service spokespeople in three different states. I talked to four people. None has answered a simple question. Given all that, I can certainly empathize with postal customers' frustration about late and missing mail. That raises a raft of questions regarding bureaucratic fiefdoms, accountability and chains of command.

The Street: It would be a mistake to think FedEx benefits directly from Amazon's success. It doesn't. Amazon accounts for just 3% of FedEx revenue. FedEx's largest customer is the United States Post Office, which benefits from the growth at Amazon and from the growth of all of e-commerce websites. The USPS delivers 50% of all e-commerce packages in the United States. Recently, the USPS aggressively raised prices by double digits on its small parcel delivery program. The postal service is expanding its capabilities to seven days a week, especially since the service believes customers want two-day delivery every day and not just on business days. The postal service serves 156 million addresses six days a week and 70 million to 80 million on Sunday. The USPS expects e-commerce demand will increase 15% this year (on top of last year's 15% growth) and it plans to hire 35,000 people just for the holidays. FedEx benefits in two ways. First, FedEx is the largest customer of the postal service, and the two keep finding ways to co-operate to save money. Secondly, the postal service has been increasing prices on the bottom end of its package delivery service, giving FedEx more room to raise its prices.

INTERNATIONAL NEWS

INDIA: **The New Indian Express:** With days of unrest over the Cauvery issue heavily disrupting normal life in Mandya, and to some extent in Bengaluru, the Rail Mail Service (RMS) Division of the Bangalore Postal Circle was not in a position to deliver parcels there for three consecutive days. Speaking to Express, a top postal official said, while the local RMS office inside the premises of the Bengaluru City

railway station dispatches mails and parcels from Bengaluru across the country through the luggage rakes in trains, department vans make the delivery when it comes to Mandya and Mysuru districts. A source said, "Staff shortage is also putting much strain on us. Like every government department, we desperately want more hands to help us out."

IRELAND: [Irish Examiner](#): The company's chief executive, Donal Connell, has called on the postal sector's regulator, ComReg, for a review of the existing prices cap on postal charges. In a recent letter to ComReg, Mr Connell said the company was continuing to sustain substantial losses in providing a national mail delivery and collection service due to increasing costs and falling revenues. An Post suffered a €32.3m loss last year. The An Post chief executive said the company had been able to cross-subsidise such losses in the past from other income but was now clearly unable to do so.

IRELAND: [The Irish Times](#): The Government needs to commit to supporting the postal network for it to stay open, the Irish Postmasters' Union has said. Union secretary general Ned O'Hara said the government was not managing the service, on behalf of the people of Ireland, very well.

September 18, 2016

NATIONAL NEWS

[Investing.com](#): United Parcel Service plans to expand its 3D printing service to Asia and Europe, the U.S. shipping company has told Reuters, in a bid to fully embrace and get ahead of a trend that threatens to eat away a small but lucrative part of its business. Aside from its main package delivery service, UPS gets an undisclosed portion of its revenue from storing and shipping parts for manufacturers. If those customers were to switch to 3D printing their own parts, that business would face a drastic reduction. To counter that threat, UPS has chosen to get on board the 3D revolution, and is now looking to offer a service in which UPS will print out plastic parts - anything from nozzles to brackets to prototype soap dispensers or multi-faceted moving parts - around the world and deliver them.

[Riverhead Local](#): Congressman Lee Zeldin brought the chairman of the House committee that oversees the U.S. Postal Service to Flanders yesterday to meet residents who've been seeking a separate zip code for their area for more than 15 years. Rep. Jason Chaffetz (R-Utah), Chairman of the House Committee on Oversight and Government Reform and sponsor of the Postal Service Reform Act, sat down with residents outside the Big Duck on Flanders Road yesterday evening to hear their concerns and reassure them their request is moving forward. Residents of Flanders, Riverside, and Northampton cited problems with lost mail, confused visitors, and first responders being unable to find houses that have the same or similar addresses as those in the Riverhead Town portion of the 11901 postal code. Chaffetz's Postal Service Reform Act includes a provision — added at Zeldin's request — that mandates a new zip code Flanders, Riverside and Northampton by September 2017. Chaffetz reassured the group he'd work hard to get the local zip code issue resolved even if his bill does not become law.

INTERNATIONAL NEWS

UNITED KINGDOM: [Coventry Telegraph](#): A man conned Royal Mail out of thousands of pounds by printing out fake postage stamps and using them to mail hundreds of parcels from Hillfields Post Office. Nurudeen Werra, of Redcap Croft, Holbrooks, avoided £11,000 of charges by setting up the elaborate scam using the so-called SmartStamp system. That was a system by which customers could open an account online and pay for postage in advance before printing off a postage label with a unique bar code. When the police searched Werra's home they seized laptop computers and paperwork including a number of Royal Mail receipts. And at the flat in Wren Street they found enveloped addressed to Fred Noel, which was one of the sender names he had been using, and many more Post Office receipts. On the laptops were found 222 files which appeared to be SmartStamps, created using CorelDRAW design editing software.

September 17, 2016

POSTAL/FEDERAL NEWS

Attention Business Customer Gateway and PostalOne! Users: Update: Test Period for Postage Assessment Notifications. On September 12, 2016 the USPS turned on the capability for Full-Service mailers to test the receipt of automated notifications when they exceed their monthly threshold for the Full-Service metrics. As part of the test on September 12th the system sent notifications to all users linked to CRIDs exceeding thresholds provided the users had VAE access. On October 2, 2016 the system will be modified to only send notifications to the VAE linked to the applicable CRID. We apologize for this inconvenience. The next test period for Postage Assessment notification emails is scheduled for October 11, 2016

USPS Industry Alert: Full-Service Mail Quality Metric Assessments and Mailer Scorecard Hotline Webinar -- In May 2016, the Postal Service announced the postponement of the July 2016 Full-Service assessments to allow the industry additional time to access, utilize, and test the Full-Service Quality Metrics within the Mailer Scorecard. The Postal Service has worked closely with the industry to complete the testing. The USPS will begin assessments of Full-Service Mail Quality Metrics over the established threshold beginning in November 2016, based on October 2016 data. Full-Service Assessment is a removal of the Full-Service discount on pieces exceeding a Full-Service Mail Quality metric threshold within a calendar month. Reference section 4.2.2 Full Service Verifications via the following link to access information on the assessable metrics: [Guide to Streamlined Mail Acceptance For Letters and Flats Reporting](#). To ensure mailers are prepared for the October 2016 assessment date, the Postal Service will continue outreach to every mailer and support the Mailer Scorecard Hotline calls. We encourage mailers to access the Full-Service Mail Quality Metrics and reach out to local USPS BMEU staff for assistance. Any irregularities or questions with the Mailer Scorecard should be reported through the webinar hotline calls, PostalOne! Helpdesk at 800-522-9085 or via email at postalone@usps.gov. Include the phrase "Mailer Scorecard" in the subject line of the email.

The Mailer Scorecard Hotline Webinar that will be held every Wednesday and Friday at 2PM (EDT) through October 2016. Attendee Dial-In: 1-855-860-7461 Conference Code: 472 163 0566 Attendee Direct

URL: <https://uspsmeetings.webex.com/uspsmeetings/j.php?MTID=m2dd28be6eb27b3fcc6c6c0e34ad2bf0f>

USPS Office of the Inspector General:

- [Customer Service Operations in the Capital and Northern Virginia Districts](#)

Background. Customers in the Capital and Northern Virginia districts notified the U.S. Postal Service Office of Inspector General (OIG) of several concerns about misdirected, delayed, and returned mail; long retail lines; poor customer service; and inefficient postal operations. These two districts also appeared near the top of a recent OIG risk model's list of the most at-risk districts for retail customer service. Postal Service managers are responsible for monitoring customer service and operational efficiency in accordance with applicable policies and procedures. Key tools available to carry out these duties include: The customer service variance model, which helps assess retail customer service productivity at select retail units. Post Office Box and Distribution Up-Time reports, which help track mail timeliness. The integrated operating plan and mail arrival profiles, which provide mail arrival times and composition. The Retail Customer Experience Wait Times report, which provides information on the amount of time customers are waiting in line in Postal Service retail lobbies. *Our objective was to assess customer service operations in the Capital and Northern Virginia districts.* During our audit, we identified significant control weaknesses related to Caller Service mail picked up by couriers in these districts, which we reported to management in a February 2016 report.

What the OIG Found. The Capital and Northern Virginia districts need to improve customer service operations. Specifically we visited 17 units and found employees: Did not perform required mail arrival scans at 14 units we visited with delivery operations, and falsely scanned mail as “delivered” although the mail was found at three units, Did not meet the target time for having mail ready for collection by PO Box customers at 12 units, and the required time for distribution of mail to the letter carriers at nine units, Mixed 122 First-Class mailpieces with disposal mail earmarked for destruction at five units. We also noted that customers exceeded the Postal Service’s five-minute wait-in-line standard at seven units and accurate business hours and services were not always posted in retail lobbies at five units. These conditions occurred because district and local management did not adequately monitor all customer service-related operations. In addition, none of the units had an updated integrated operating plan and mail arrival profile indicating mail arrival times and conditions to facilitate staffing requirements. These deficiencies negatively impacted the effectiveness of customer service operations. According to the customer service variance model, units we visited incurred 175,686 more workhours than planned in fiscal year (FY) 2015, costing the Postal Service \$8.6 million. In addition, customer complaints related to sending and receiving mail and customer service in these two districts grew by over 11 percent during the first quarter of FY 2016 as compared to the same period last year.

What the OIG Recommended. We recommended management develop strategies to more effectively monitor customer service operations at retail and delivery units by instructing unit employees to follow required scanning and mail handling procedures; coordinating units’ integrated operating plans and mail arrival profiles; and by enhancing the customer lobby experience.

- [Chicago District Processing Facilities’ Process for Mail Count and Color Coding of Standard Mail](#)

Background. The U.S. Postal Service requires daily mail counts at all processing facilities. Postal Service employees put information related to mail volume and the prior day’s processing into the Web Mail Condition Reporting System. This information is available to management for planning, operational analysis, and forecasting. In addition, the Postal Service uses a color-coding system to facilitate timely movement of Standard Mail. Employees assign color-code tags to Standard Mail® containers based on the day of the week they arrive at a processing facility. This enables easy processing of mail using the first-in-first-out method. The Chicago District manager asked the U.S. Postal Service Office of Inspector General (OIG) to review mail counting and color-coding procedures in two processing facilities within the Chicago District. The Chicago Metro Surface Center processes over 1.5 million packages a week and the processing facilities handle over 14,500 containers of Standard Mail a week. *Our objective was to determine whether Chicago District processing facility employees accurately counted mail and applied color-code tags to Standard Mail in accordance with policies.*

What the OIG Found. Chicago District processing facilities’ mail counts were inaccurate and employees did not accurately color code Standard Mail. Total mail volume reported for on-hand and delayed mail for both outgoing Priority Mail and Standard Mail during our observations at the Chicago Metro Surface Center was about 1.3 million mailpieces. The mail count submitted under-reported on-hand and delayed mail by 344,300 mailpieces (or 25 percent) and employees did not report the date of the oldest mail at the facility. In addition, 354 of 1,044 Standard Mail containers we reviewed (or 34 percent) did not have color-code tags, had tags that were missing the date and time of mail arrival, or had tags of the wrong color. These conditions occurred because Postal Service employees had inadequate knowledge of the requirements for mail counting and color coding of Standard Mail. According to Postal Service policy, all mail at a facility must be counted and reported (including delayed mail) with a notation identifying the mail that has been at the facility the longest. In addition, policy requires employees to assign color-coded tags to Standard Mail pieces based on the day of the week they arrive at a processing facility. Employees must write the

time and date the mail was received on the color-code tag. Inaccurate reporting of mail volume and delayed mail affects management's ability to accurately plan, analyze, and forecast. Improperly color-coded mail can be processed later than intended, which can delay the processing, dispatch, and delivery of Standard Mail.

What the OIG Recommended. We recommended the Chicago District manager direct plant managers to develop an ongoing program to ensure all new and existing employees have sufficient knowledge to conduct and report daily mail counts and accurately apply color-code tags to Standard Mail containers.

- [Postmaster Cost Segment](#)

Background. The Postal Accountability and Enhancement Act of 2006 requires the U.S. Postal Service to file an Annual Compliance Report (ACR) with the Postal Regulatory Commission (PRC) within 90 days of each fiscal year end. The report analyzes cost, revenue, pricing, and quality of service for all products and determines whether each product is covering its attributable costs, which are the sum of volume variable plus product-specific costs. The Postal Service develops the cost segments report as part of the ACR filing. In fiscal year (FY) 2014 there were 18 active cost segments and in FY 2015 there were 17 active cost segments. The Postmaster Cost Segment includes the accrued salaries, benefits, and related costs of postmasters. *Our objective was to assess whether inputs into the Postmaster Cost Segment are accurately calculated and recorded.*

What the OIG Found. Opportunities exist for the Postal Service to improve the accuracy of Postmaster Cost Segment data. In FY 2014 we found seven of 87 accounts incorrectly assigned to the Postmaster Cost Segment, and in FY 2015 we found seven of 88 accounts incorrectly assigned to this cost segment. In addition, two expense accounts had erroneous account descriptions in each fiscal year. These issues occurred because there is no formal review and reconciliation conducted during the year-end account adjustment process. In addition, the administrative guidelines that address updating and correcting account information are silent on respective roles and responsibilities. During the course of this audit, management took corrective action to update the incorrectly assigned and mislabeled accounts identified. Additionally, the Postal Service did not follow the stated procedures in the Summary Description of USPS Development of Costs by Segments and Components (CSC) report of using money order revenue data from the Revenue, Pieces, and Weight report to distribute attributable costs and, instead, used money order revenue data from the Cost Revenue and Analysis report, which includes interest earned. This has been a standing practice for management, resulting in using overstated interest revenue to distribute attributable costs. Lastly, the postmaster variability study used to estimate volume variable costs has not been updated since 1984. In FY 2013, the Postal Service notified the PRC that it would initiate a new study in FY 2014. In November 2015, the PRC postponed the request to update the study pending implementation of the Post Office Structure Plan (POStPlan), which could materially impact the outcome of the study. POStPlan implementation was completed in February 2015, yet the study had not been updated as of June 2016. Although the exceptions or overstated revenue did not have a material impact on reporting Postmaster Cost Segment data for FYs 2014 and 2015, ineffective internal controls increase the risk of reporting inaccurate attributable cost data for products.

What the OIG Recommended. We recommended management conduct an annual review and reconciliation process for expense account assignments and descriptions. We also recommended management follow or revise the procedures in the Summary Description of USPS Development of Costs by Segments and Components report related to distribution of volume variable costs, and create a timeline or approach for updating the postmaster variability study.

- [City Delivery Office Efficiency – Greensboro District](#)

Background. City delivery office operations cover all duties a U.S. Postal Service letter carrier performs in the office. These duties include casing mail (placing mail in delivery order), preparing parcels for delivery, and retrieving accountable items (keys, postage due, customs duty, and special services mail). City carriers are delivering more packages and fewer letters to more addresses each year. The Postal Service seeks to accommodate these changes while maintaining efficiency. From fiscal year (FY) 2015, Quarter (Q) 2, through FY 2016, Q1, Greensboro District city carriers delivered over 846 million mailpieces on 1,448 routes to more than 928,000 delivery points. Carriers used over 654,511 city delivery office workhours. *Our objective was to assess the efficiency of city delivery office operations in the Greensboro District.*

What the OIG Found. The Greensboro District has opportunities to enhance efficiency in city delivery office operations. From FY 2015, Q2, through FY 2016, Q1, the district's percent to standard, a measurement used to assess office efficiency, was 117.57 percent. This is 10 percentage points above the national average of 107.55. A percent to standard score greater than 100 indicates performance is less than the desired standard. For the same period, 18 of the district's 90 delivery units (20 percent) used 85,304 more office workhours than necessary. This averages about 23 more minutes of office time per day, or 588 more minutes per month, on each city carrier route. These additional workhours cost the district more than \$3.73 million annually. Excess workhours were used because mail sometimes arrived late and the mail mix was sometimes incorrect, or carriers engaged in time-wasting practices. In addition, integrated operating plans (used to establish staffing levels and mail arrival times by type and quantity) were nonexistent, unsigned, or outdated. Finally, managers did not enforce policies and procedures. Eliminating the extra workhours would increase overall efficiency at delivery units and allow a future cost avoidance of about \$4.44 million annually. In FY 2015, the Greensboro District implemented a Lean Six Sigma project to improve the office percent to standard. The goal of the project is to improve productivity, which will lower operating costs for the Postal Service. The project was initially started at the Greensboro City delivery units with plans to replicate it throughout the district. We also identified inadequate safeguards over stamp stock at four delivery units. Because management immediately initiated corrective action on these matters we are not making a recommendation on this issue.

What the OIG Recommended. We recommended management eliminate 85,304 workhours at delivery units by eliminating inefficient office practices, preparing up-to-date integrated operating plans, and ensuring policies and procedures are followed.

Attention PostalOne!® Users: The phone system at the National Customer Support Center will be undergoing maintenance, Saturday, September 17th, from 8am-10am, Central. This may affect your ability to reach after hours support. If you are unable to reach after hours support through the 800 number (800.522.9085) during this time frame, please contact the PostalOne! Help Desk via email at postalone@usps.gov. Or, you can attempt your call again at a later time.

USPS Industry Alert: Update: Test Period for Postage Assessment Notifications. On September 12, 2016 the USPS turned on the capability for Full-Service mailers to test the receipt of automated notifications when they exceed their monthly threshold for the Full-Service metrics. As part of the test on September 12th, the system sent notifications to all users linked to CRIDs exceeding thresholds provided the users had VAE access. On October 2, 2016 the system will be modified to only send notifications to the VAE linked to the applicable CRID. The next test period for Postage Assessment notification emails is scheduled for October 11, 2016

NATIONAL NEWS

Postalnews.com: The United States Postal Service (USPS) publicly began the Next Generation Delivery Vehicles (NGDV) acquisition program in January 2015 with a Request for Information (RFI) and kick-off meeting open to all interested technology and automotive suppliers to respond and participate. Following a review of the responses to the RFI, 15 suppliers were determined to be prequalified to submit proposals to develop NGDV prototypes. After a rigorous evaluation process, the Postal Service today awarded contracts to six prime suppliers who together will produce 50 prototype vehicles as part of the next phase of the NGDV acquisition process. The six selected suppliers include AM General, Karsan, Mahindra, Oshkosh, Utilimaster, and VT Hackney and the contract awards are valued at \$37.4 million. The suppliers also have the discretion to team or subcontract with additional suppliers, and it is anticipated some will do so to develop the finished prototypes.

Wall Street Journal: Consumer prices moved higher in August, offering fresh evidence that U.S. inflation may be firming after years of sluggish price growth. The consumer-price index, which measures what Americans pay for everything from ice cream to college textbooks, increased a seasonally adjusted 0.2% in August from the prior month, the Labor Department said Friday. Excluding the often-volatile categories of food and energy, so-called core prices rose 0.3%, the largest increase since February. The strong gains reflected a sharp increase in medical-care prices—up 1%, the largest one-month jump in the category since February 1984.

September 16, 2016

POSTAL/FEDERAL NEWS

USPS Industry Alert: CASS Cycle O Decision. After review and discussion of the issues involved in performing a CASS Cycle O certification process, a consensus decision of USPS and mailing industry representatives determined there were no compelling reasons or need to undertake a mandatory CASS Cycle O effort at this time. Accordingly, it is proposed that address hygiene software with CASS Cycle N certification will remain valid through July 31, 2019. A decision whether to perform a CASS Cycle O certification effort for implementation, effective August 1, 2019, will be announced prior to August 1, 2017. To maintain CASS Cycle N certification through July 31, 2019, address hygiene software vendors must submit a request to extend the expiration and listing of their CASS Cycle N-certified product(s) prior to April 30, 2018. The address hygiene software vendor will be required to stipulate in the request that they have not made any logic changes in their software that would have altered the results from their last CASS Cycle N certification test. Should the address hygiene software vendor be unable to stipulate to this effect, they will be required to pass a Stage II test based on CASS Cycle N requirements prior to April 30, 2018 to extend product certification through July 31, 2019.

NATIONAL NEWS

Wall Street Journal: Cautious consumers, retrenching manufacturers and scant signs of inflation are diminishing optimism about a breakout in economic growth in the final stretch of the year. Retail sales declined last month for the first time since March and manufacturing production slipped, government data released Thursday showed. Meanwhile, prices businesses receive for their goods and services were unchanged last month, a sign of still-soft demand at home and abroad. Companies also remain cautious about building up too much inventory, new figures showed. Recent economic gauges, including evidence of a slowdown in August hiring, suggest the economy could be constrained for the rest of the year to a growth rate only slightly above the expansion's overall 2% pace—the weakest of any since World War II.

Fortune: Package delivery company United Parcel Service said on Wednesday it plans to hire around 95,000 seasonal employees for its crucial peak holiday season this year, unchanged from the past two years as improvements to its network should help it handle rising e-commerce volumes.

Ocala Star Banner: Although most of us take it for granted, America's postal service is an amazing bargain. For only 47 cents, you can purchase a "Forever" postage stamp. Buy one 47-cent stamp, and postal workers will deliver your envelope to any address in the country by plane, train, bus, boat, truck, car, bike, pushcart, mule, on-foot, or all of the above. Stick it on a letter, document or other missive, and our phenomenal network of postal workers and letter carriers will deliver it within a few days right to the specific mailbox of your addressee in any of the approximately 43,000 zip codes covering every nook and cranny of this vast country. For 47 cents! Also, that "Forever" stamp from our public postal service means it's good for first-class delivery next year, next decade or forever -- protecting you from future increases in stamp prices. What a deal!

Cleveland.com: The U.S. Postal Service has been asked by residents of Northeast Ohio to investigate a Houston-based oil and gas lobbyist that used some of their names without permission to bolster support for a pipeline through the state.

INTERNATIONAL NEWS

CANADA: **National Post:** To be sure, Canada Post's finances are in a dire state, notably its \$8-billion pension deficit. Given the costs of restoring home delivery — another \$1.2 billion annually, according to the panel — it sounds hard-headed and businesslike to say it has to go. Two-thirds of the country already uses community mailboxes; why shouldn't the other third have to suffer the same fate? But this has the issue back to front. The point is not to make the level of service contingent on Canada Post's finances, nor is it the job of the post office's customers to serve the needs of Canada Post. If Canada Post finds it too hard or tiresome or costly to deliver the mail, the only sensible response is to let someone else do it. Between the false alternatives of shutting down service or handing the keys to the treasury to the postal workers, there is a third: open the mail to competition, as many other countries have done. This may puzzle some readers. Isn't there already competition? What are all those private courier companies about? But the competition in this case is between two different sorts of business. By law (Section 14 of the Canada Post Corporation Act) Canada Post possesses the "exclusive privilege" to carry letter mail. Competitors are permitted to carry letters of "an urgent nature" — but not for less than three times the price of a stamp. This never made much sense, and makes even less sense now. If people are willing to pay someone else to deliver the mail that Canada Post won't, why should they be prevented from doing so? Why on Earth are we still protecting Canada Post's monopoly on a service it refuses to provide?

POLAND: **Post & Parcel:** Anna Streżyńska, Poland's Minister of Digital Affairs, and Andrzej Adamczyk, the Minister of Infrastructure and Construction, have signed an agreement with Poczta Polska (Polish Post) and Poczta Polska Usługi Cyfrowe (Envelo) for strategic cooperation in the field of state digitalisation. The agreement concerns integration of administrative information systems, used by the citizens, with the Envelo postal platform. This is the first agreement of this kind on the market. Poczta Polska is about to become a pillar of the e-state construction.

September 15, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- **Postal Regulatory Commission**

PROPOSED RULES *Attributable Costing*, 63445–63448 [2016–22162] [\[TEXT\]](#)

NOTICES *New Postal Products*, 63506–63507 [2016–22121] [\[TEXT\]](#) 63507 [2016–22208] [\[TEXT\]](#)

- **Postal Service**

NOTICES Product Changes: *First-Class Package Service Negotiated Service Agreement*, 63507–

63508 [2016–22141] [\[TEXT\]](#)

Priority Mail and First-Class Package Service Negotiated Service Agreement, 63508 [2016–22140] [\[TEXT\]](#)

Priority Mail Negotiated Service Agreement, 63508 [2016–22139] [\[TEXT\]](#)

NATIONAL NEWS

Nextgov: The Postal Service's focus on customers is not new—Benjamin Franklin was its first postmaster general—but in today's era of retail behemoths like Amazon and Wal-Mart and delivery giants like FedEx and UPS, improved customer service has helped keep the Postal Service competitive. At times, the Postal Service has provided the best customer service in government, and currently sits third in Forrester's most recent Customer Experience Index among federal agencies, behind the National Park Service and the State Department's Bureau of Consular Affairs. What's key, though, for the Postal Service is how it competes with private-sector competitors because, as Jim Cochrane, chief marketing and sales officer for the Postal Service explained Monday, money spent with other deliverers is revenue the cash-strapped Postal Service isn't collecting. And right now, the extreme emphasis on customer service has it competing quite well.

INTERNATIONAL NEWS

EUROPE: Post & Parcel: PostEurop has welcomed the European Parliament's decision to adopt a resolution on the application of the Postal Service and support a sustainable universal service. Jean-Paul Forceville, Chairman of PostEurop (which represents national postal operators across Europe), said: "We welcome the European Parliament's recognition that the Postal Services Directive provides member states with the flexibility necessary to address local specificities and ensure the long-term sustainability of the universal service obligation (USO). "Each member state defines the USO to suit its own circumstances and this enables postal operators to innovate to meet new demands and the ever-changing lifestyles of our customers."

UNITED KINGDOM: Mirror: CWU members are taking strike action in the Post Office today. They are taking this action because the Post Office is at crisis point. This year alone we face 2,000 job losses, the closure of sixty of its flagship Crown office branches and the closure of its Defined Benefit pension scheme with 3,500 active members. These things are the result of a relentless programme of cost-cutting and the Post Office has become a case study in the limits of current industrial thinking in both government and UK business. While the Post Office will point to its profit margin and reductions in government funding, the truth is that the board has no plan to secure the future of the service in the face of the significant changes we are seeing in the postal industry and wider society. Simply cutting costs is not sustainable.

September 14, 2016

POSTAL/FEDERAL NEWS

USPS Industry Alert: Priority Mail Flat Rate Precious Cargo Boxes™ Offer More Secure Shipping Options

NATIONAL NEWS

Publishing Executive: *D. Eadward Tree* -- Unless Congress stuns the world by doing something about the U.S. Postal Service other than naming more post offices, publishers on average will experience slightly lower postal rates in 2017 than this year. In fact, for all of the "Three Ps" of print magazine publishing — Postage, Printing, and Paper — publishers should be more concerned about disruptions than price increases next year.

Heritage Foundation: The House Committee on Oversight and Government Reform recently considered the Postal Service Reform Act (H.R. 5714). The bill proposes shifting postal retirees' primary health care coverage from the Federal Employees Health Benefits Program (FEHBP) to Medicare. Proponents call this a consensus proposal for integrating the FEHBP with Medicare. It is not. The proposal's impact on postal retirees and taxpayers alike could be substantial.

WXYZ: We have a U.S. Post Office privacy alert to tell you about. It's a loophole that could put your mail and personal information in the hands of criminals. It all starts with a change of address form.

INTERNATIONAL NEWS

NEW ZEALAND: Otago Daily Times: New Zealand Post is making further cuts to its delivery network. It announced yesterday more rural routes would shift to five-day instead of six-day delivery from November. After the cut, about a quarter of rural customers would be on five-day delivery, up from about 15% now.

CANADA: The Toronto Star: What is to be done with the post office? A government task force report released this week doesn't exactly answer the question. But it does provide some hints as to where Justin Trudeau's federal Liberal government may go. Door-to-door mail delivery. During last year's election campaign, the Liberals promised to stop Canada Post from replacing urban home delivery with widely unpopular community mail boxes. In its 94-page discussion paper, the four-member task force notes, without comment, that permanently cashiering the conversion to community mail boxes would cost Canada Post \$320 million a year. Fully restoring home mail delivery for those who have already been moved to community mail boxes, it says, would cost the Crown corporation \$1.2 billion annually. To put that figure into perspective, it notes that individual stamp prices would have to go from \$1.00 to \$1.50 to cover this cost. Or, conversely, each household receiving door-to-door delivery could be charged \$124 annually for the privilege. My guess is that the government won't want to go anywhere near these extra levies, particularly given the fact that polling commissioned by the task force found that 69 per cent of Canadians think the conversion to community mail boxes should continue apace. What can the Liberals do to square all of this with their campaign promise to "save home delivery?"

ROMANIA: Actmedia: The number of postal deliveries sent via post offices in and out of Romania in 2015 was 657 million, up by 5 percent compared to the previous year and the total value of postal services amounted to 2.4 billion lei, 4.43 percent higher compared to 2014, reveals the Report of statistical data on the postal services, published on Wednesday by the National Authority for Management and Regulations in Communications of Romania (ANCOM).

UNIVERSAL POSTAL UNION: Post & Parcel: Posts attending the Universal Post Union's World CEO Forum in Paris last week stressed the importance of partnership in capitalising on e-commerce opportunities. According to a UPU statement, participants debated whether "e-retailers and e-marketers should be treated as friends or foes", and some of the CEOs also shared their models for collaborating and competing with private companies. Correo Argentino CEO Jorge A. Irigoien explained that, while online marketplaces are partners of the Post now, they are likely to expand into logistics in the future.

RUSSIA: Post & Parcel: Russia-based drone delivery startup Copter Express has signed up to use the what3words system. The partnership between Copter Express and what3words will mean that the drone delivery company's customers will be able to locate and specify their pick-up points using their what3words addresses. what3words is a global address system which divides up the world into a grid of 57 trillion 3mx3m squares, where each square has a unique pre-assigned 3-word address.

September 13, 2016

NATIONAL NEWS

RV Business: Campers no longer have to worry about who is checking their mail while they are on the road, thanks to a new service being offered by Kampgrounds of America Inc. (KOA). KOA Postal Mail Services, powered by USZoom, offers campers a virtual mailbox solution when they are traveling, providing a safe, convenient and reliable way to manage their regular postal mail, according to an announcement from KOA. “By using this service, campers can enjoy their RV adventures without worrying about the bills, letter and packages that might be piling up at home,” said KOA Vice President of Brand Development Lorne Armer. “With a click of a button, they will be able to manage their postal mail from their smartphones or online, 24 hours a day and seven days a week from wherever they are.”

Washington Post: Willie Nelson: country-music legend, outlaw, policy wonk? The singer, set to perform at the Farm Aid concert in Virginia this weekend, is lending his recognize-it-anywhere voice to the surprisingly nerdy issue of postal reform, supporting efforts to keep post offices open and protect the mail service from cuts and privatization. In a video for A Grand Alliance to Save Our Public Postal Service, Nelson describes how his affinity for the issue is rooted in his memories of the PO in his hometown of Abbott, Tex., which he visited nearly every day as a boy — along with his dog — and spent time with neighbors.

Smithsonian Institution: The Smithsonian’s National Postal Museum has launched a new virtual exhibition, **“America’s Mailing Industry,”** telling the story of the partnership between the U.S. Postal Service and private industry, who together have helped American citizens and businesses communicate and conduct business for more than 200 years. It is the story of a partnership that helps people shop, ship, deliver, communicate and conduct transactions, gain information, seek entertainment, build relationships, enhance communities and foster citizenship. The mailing industry consists of all those that communicate with customers and constituents through the U.S. Mail on a large scale—from direct marketers, to publishers, to nonprofits, to public entities—as well as all the businesses that help prepare mail, such as ad agencies, print shops, software vendors and transportation providers. *The partnership between the mailing industry and the postal system is a critical part of the American economy, as its total economic value exceeds \$1 trillion and it employs almost 8 million people.*

At the heart of the mailing industry is the U.S. Postal Service, which has delivered for America for more than two centuries. An explosion of mail in the late 19th and early 20th centuries drove the Post Office Department (through post offices) and large-volume mailers to work together to begin to handle mail more efficiently. Mailers used new methods of paying for postage, which reduced mail handling by postal clerks and enabled the presorting of mail by destination, speeding dispatch and delivery. Mail volume continued to grow to such an extent that by the 1960s it threatened to overwhelm post offices when deposited in bulk by businesses at the end of each work day. This pushed the Post Office Department to embark on a concerted, nationwide campaign to enlist the aid of large mailers in leveling out the daily “mountains” of mail. So began a unique public–private partnership, unprecedented in scope and scale, which continues to this day.

“America’s mailing industry is quite possibly the most successful government–private sector partnership in our nation’s history,” said Allen Kane, director of the museum. “We are excited to tell this story, as most people don’t even know the industry exists.”

“This exhibit,” said PostCom President-Elect Jessica Lowrance, “fills an enormous vacuum, when it comes to the general public’s understanding of the businesses that sustain the operational and fiscal vitality of the nation’s universal mail system.” “It has been PostCom’s privilege to help get this exhibit off the ground,” she said.

In order to present a comprehensive and understandable look at the complex and vast world that is America’s mailing industry, the museum partnered with researchers and experts from the U.S. Postal Service, mailing-industry associations and private companies to present stories of success and service to American consumers and businesses. The virtual exhibition offers stories of the mailing industry that focus on how companies, entrepreneurs and multigenerational family businesses, in partnership with the

U.S. Postal Service, have helped to create and enhance commerce and communications channels throughout American history.

In order to enhance this comprehensive story, [**the National Postal Museum invites companies and organizations that are part of America's mailing industry to submit their stories**](#). These stories will provide additional resources to this important research project, allowing industry members to chronicle their histories to be viewed by National Postal Museum website visitors. Submitted stories will be subject to Smithsonian curatorial review and museum guidelines created for the project. (The National Postal Museum has limited resources, so the publication of stories will not be immediate. Rather, stories will be reviewed and published as soon as feasibly possible.) Future plans include the design and construction of an on-site physical "America's Mailing Industry" exhibition at the museum.

INTERNATIONAL NEWS

CANADA: [**Pensions and Investments**](#): Canada Post Pension Plan, Ottawa, could be moved into Canada's Public Service Pension Plan to reduce its funding problems under options listed by a federal government task force on the overall future of Canada's postal service. The discussion paper said one option was to return the C\$21.9 billion (\$16.9 billion) Canada Post plan to the C\$84.7 billion PSPP, Ottawa, from which the postal service plan was spun out in 2000. Another option was removing the solvency funding requirement and moving to funding based solely on a going-concern basis. Solvency funding annually requires plans to be funded as if the plan were to be terminated at the start of that year, while going-concern valuations assume the plan will never be terminated. Under Canadian law, pension funds must be funded based on the higher contribution required by either of the two valuation methods.

CANADA: [**Toronto Sun**](#): Canadians are more likely to accept community mail boxes and a switch to getting mail every other day than they are paying annual fees or pricier stamps, says the chair of the task force that looked into the future of Canada Post. Françoise Bertrand headed the four-member panel that delivered a major discussion paper Monday on the financial state of the troubled Crown corporation — one that includes options to generate revenues and save money. That paper lays the groundwork for a House of Commons committee that will begin a cross-country tour this month. Its mandate is to hear what Canadians need from their national postal service and it is expected to deliver a report with recommendations by year's end. In an interview, Bertrand told the Citizen she had been taken aback by the speed at which Canada Post's world is changing, as rapidly falling mail volumes shift it from a letter-carrier business with a monopoly to a parcel-delivery business operating in a fiercely competitive market.

CANADA: [**CBC**](#): A task force studying the national mail carrier says Canada Post isn't financially self-sustainable under its current structure. And it says transformational changes are needed to prevent taxpayers from having to prop it up. The four-member panel issued a discussion paper Monday that suggests a number of ways the letter carrier can turn its business model around, including distributing legalized marijuana and cutting back on door-to-door delivery in favour of community mailboxes — an initiative launched by the Conservative government in 2013 but scrapped by the current Liberal government. The report also suggested charging fees to those who opt to have mail delivered directly to their door. A House of Commons committee has scheduled cross-country hearings this month to hear Canadians' views of what they want from the postal service. The ideas contained in the discussion paper are meant as a launching pad for those public consultations.

September 12, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- [**Facility Condition Reviews – Great Lakes Area**](#)

Background. The U.S. Postal Service has more than 30,000 leased and owned retail facilities nationwide. About 3,840 of these facilities are in the Great Lakes Area. The Post Office lobby is the principal business office of the Postal Service. The lobby's appearance directly affects the Postal Service's image because it is the only close-up view of postal operations for many customers. The Postal Service must maintain a safe environment for both employees and customers and follow safety laws set forth by the Occupational Safety and Health Administration (OSHA). *Our objective was to determine if Postal Service management adhered to building maintenance, safety, and security standards, and employee working condition requirements at retail facilities.* We reviewed 32 facilities in the Great Lakes Area and assessed items related to building safety, security and maintenance, customer complaints, workplace environment, and violence. We also assessed whether each facility was handicap accessible. This is the second in a series of audits assessing retail facility conditions nationwide.

What the OIG Found. The Postal Service must improve adherence to building maintenance, safety and security standards, and employee working condition requirements at its retail facilities. We reviewed 32 facilities and found: Eighteen (56 percent) had building safety and security issues; Nineteen (59 percent) had building appearance issues; Sixteen (50 percent) did not maintain a customer complaint log or monitor how promptly complaints are resolved; Sixteen (50 percent) did not display workplace environment posters such as informing employees what to do when injured at work; Eight (25 percent) did not display workplace violence posters related to proper conduct on Postal Service property; and Twenty-four (75 percent) had potential OSHA violations. All facilities complied with handicap accessibility requirements. These conditions occurred because of competing priorities and local management's failure to focus on cleaning and general maintenance and repairs. In addition, postmasters or facility managers were unaware they needed to perform housekeeping inspections and personnel at some leased facilities were unaware that they must call the Facilities help desk to report maintenance issues. Management did not address other deficiencies due to budget constraints or the property owner's refusal to perform requested repairs. Attention to these areas will reduce the Postal Service's exposure to OSHA fines and penalties; poor employee morale and increased turnover; risk of injuries to customers and employees; and related costs such as workers' compensation claims, loss of work and productivity, and lawsuits. Poorly maintained and unappealing lobbies can also reduce brand loyalty, which impacts revenue. Local management began taking corrective action by immediately addressing certain deficiencies brought to their attention during site visits, such as displaying missing posters, unblocking exits, and securing unlocked vehicles. In addition, the Postal Service temporarily closed one of its facilities to address deficiencies observed during our review.

What the OIG Recommended. We recommended management develop an action plan to address all building maintenance, safety, security, workplace environment, and workplace violence policy issues identified during our review. We also recommended management enforce the requirement to perform housekeeping inspections; and provide training to improve building maintenance, housekeeping, safety and security standards, management of local customer complaints, and the display of required posters. In a July 2016 report on facility conditions in the Capital Metro Area, we recommended management develop a process to improve coordination among Facilities personnel, managers, and property owners to timely resolve repair issues. This recommendation is still open; therefore, we are not making a recommendation to address the issue in this report.

- [Are the Mobile Delivery Devices Working as Intended?](#)

The Mobile Delivery Device (MDD) is the latest handheld device to be used by Postal Service carriers to track package activities in real time. The MDDs access a wireless network for real-time tracking, thereby creating package visibility that is essential for the Postal Service to maintain and grow its package business. We are conducting an audit to determine whether the MDD program is meeting the intended return on investment as indicated by its Decision Analysis Report criteria.

NATIONAL NEWS

Sourcing Journal Online: Global business-to-consumer e-commerce is growing leaps and bounds. And the primary reasons for the booming growth include emerging markets where consumers often find it hard to access coveted products locally and are seeking the convenience of online shopping over brick-and-mortar. Most American small businesses, however, cannot always take full advantage of the surging market. Less than 1 percent of the 30 million American firms participate in cross-border sales, a figure lower than in many other industrialized nations. Managing cross-border sales is complex, expensive and risky if not properly executed, and small- to medium-size businesses (SMB) are underserved with fewer resources to handle the additional complexity. This explosive growth has convinced many retailers to embrace e-commerce in order to fulfill the demands of consumers, who have all the power in today's retail environment. However, global sales opportunities also present the challenge to deliver a positive customer experience while combating high shipping fees, hidden costs, inaccurate duties, import and export regulations, and product restrictions.

Last year, the U.S. Postal Service (USPS) published a report on cross-border e-commerce, identifying the "major challenges in global e-commerce centered on logistics, customs clearance, regulations, market visibility, security, and technology" and the organization's inability to meet the expectations of international shippers. At that time, the USPS's international business accounted for only about 1 percent of its total mail volume and scaling to grow with the e-commerce boom would not have been possible without technology investments. Similarly, the International Post Corporation (IPC), the leading cooperative association for the global postal industry, released its 2016 Online Shopper Survey. This profound announcement from its Brussels headquarters clearly noted the need for postal organizations all over the world to improve technology in order to beat the prevailing private sector providers currently handling the bulk of international retail deliveries—DHL, FedEx, UPS and others. For postal services to strengthen their competitive advantages in the cross-border e-commerce market, primary gaps must be addressed with a combination of technology, trade compliance knowledge and automation. On the highest level, postal services need these key building block capabilities to build out an e-commerce infrastructure . . .

Wall Street Journal: E-commerce hasn't just reached rural America, it is transforming it by giving small-town residents an opportunity to buy staples online at a cheaper price than the local supermarket. It also provides remote areas with big-city conveniences and the latest products. Consumers increasingly are shopping online instead of driving, often long distances, to stores. Online shopping also brings with it deals and new entrepreneurial opportunities. These consumers, however, are the most expensive to serve for both retailers and delivery companies. The longer the drive and the fewer the packages per stop—known as delivery density—the lower the profit for the U.S. Postal Service, UPS and FedEx. To offset the cost, UPS and FedEx charge an extra \$4 per package for remote residential deliveries. The prevalence of free shipping to consumers and the need to price items the same online and in stores, typically leaves retailers bearing this additional cost. For retailers, that adds to already steep costs.

September 11, 2016



[A PostCom Postal Podcast](#)

Join **Lisa Neiman** of the U.S. Postal Service Office of the Inspector General, **Hamilton Davison**, President of the American Catalog Mailers Association, **Jessica Lowrance**, President-Elect of the Association for Postal Commerce (PostCom) and **Gene Del Polito** in a discussion of an important project initiated by the USPS OIG regarding the continuing value and utility of mail as a medium for business communication and commerce.

NATIONAL NEWS

Newsroom America: President Barack Obama has announced his intent to nominate the following individuals to key Administration posts: **Robert G. Taub – Commissioner and upon appointment designated Chairman, Postal Regulatory Commission.**

CNBC: On its website, Americans for Securing All Packages features a "Who We Are" section explaining that the group is a "coalition of families, health care advocates, security experts, businesses and non-profits who believe it is time to close a dangerous security gap that leaves our nation vulnerable to foreign attacks and invites illegal and toxic drugs into our communities." The group — a nonprofit that does not have to disclose its donors — officially debuted on the same day Ridge's column appeared. The website lists two senior advisors: Ridge, who was the first assistant to the president for homeland security under President George W. Bush, and Juliette Kayyem, a former Obama administration homeland security official and current CNN analyst. Under the heading for "contact information," the group does not list a phone number or an address. District of Columbia incorporation records, however, show that the group was registered on June 23, and its address is 700 13th Street, NW, Suite 600. That just happens to be the address of a powerhouse D.C. law and lobbying firm called Perkins Coie. On the documents, the incorporator of Americans for Securing all Packages is listed as Ezra W. Reese. He is a partner at Perkins Coie whose online biography says his practice is focused on "nonprofit organizations that wish to engage in lobbying or electoral activity."

September 10, 2016

POSTAL/FEDERAL NEWS

Federal Register:

- **Postal Regulatory Commission** *NOTICES* New Postal Products , 62773–62774 [2016–21814] [\[TEXT\]](#)

- **Postal Service** *NOTICES* Product Changes:

Priority Mail and First-Class Package Service Negotiated Service Agreement, 62775 [2016–21809] [\[TEXT\]](#) 62775 [2016–21810] [\[TEXT\]](#)

Priority Mail Negotiated Service Agreement, 62775 [2016–21805] [\[TEXT\]](#) 62774 [2016–21806] [\[TEXT\]](#) 62774–62775 [2016–21804] [\[TEXT\]](#)

INTERNATIONAL NEWS

AUSTRIA: **Washington Post**: Austria's most recent elections were already considered a disaster when they had to be declared invalid at the beginning of July, following reports of irregularities in handling absentee votes. But after finally agreeing on a date for repeating the elections, the country might now have to reschedule again, according to Austrian media. In the latest turn of unusual events, the glue on postal vote envelopes has become unstuck in several cases, making them fall apart. A scientific research

institute is examining the problems, and a decision on whether to reschedule the upcoming presidential elections could be reached within the coming days.

CANADA: [Ottawa Citizen:](#) The four-member task force studying the future of Canada Post will deliver its report next week outlining options that could overhaul the structure and operations of the troubled Crown corporation, including the way it delivers mail. The report will be turned over to the House of Commons government operations committee for the next phase of the Liberals' Canada Post review, which includes hearing from Canadians on what they need from their national postal service. The committee has already booked a cross-country tour for hearings through September and October. The task force's paper makes no recommendations but lays out many options for the committee to explore as it begins its consultations. The options are aimed at making Canada Post "sustainable" and are expected to include ways to boost revenue, cut costs, increase productivity and improve the quality of postal services to Canadians.

September 9, 2016

[The Window Book Family is growing!](#) Given our growth and new product lineup, to include Your-Score and By/For Validate! tools, we are looking for another Director level position on our Sales team.

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General:

- [U.S. Postal Service Pilot Programs](#)

Background. Evolving customer needs, constant technological advancements, and growing competition are influencing the postal marketplace. The U.S. Postal Service is continuously seeking ways to improve operations, identify new products, and enhance existing services through innovation. It needs to successfully innovate to maintain and grow its position in the competitive domestic and international postal marketplace. The postmaster general has stated that her core focus is advancing transformative strategies by accelerating the pace of innovations and creating a strategic initiative to maximize revenue and profit. The Postal Service reported \$3.4 billion in revenue from new products and innovations over the last 3 years and estimates continued efforts could contribute up to \$10 billion when fully implemented. Recent innovations involve digital enhancements to delivery and direct mail. Employees, customers, and mailers all propose new ideas and innovations, which postal departments often test through pilot programs. For example, the Operations group piloted gopost® lockers for sending and receiving packages and the New Products and Innovation group piloted the Next Generation Mailbox, a larger mailbox that can hold packages for residential customers. Our objective was to assess the Postal Service's process for developing and implementing pilot programs related to new products and services.

What the OIG Found. The Postal Service has a comprehensive process for developing and implementing pilot programs; however there is not a streamlined process conducive for the New Products and Innovation group to quickly test new ideas on a smaller scale. The Postal Service would benefit from developing a streamlined process for preparing potential pilot programs and their support structures, such as information technology system updates and engineering changes, for the more comprehensive pilot process. The Postal Service's initial funding processes focus on high-profile ideas and projects that have the opportunity to earn the most revenue, as they have to compete with other departments for funding throughout the organization. The current process limits the Postal Service's ability to rapidly fund, create prototypes of, and test new ideas in advance of the pilot process. For example, the idea for Informed Delivery was initially developed before 2011; however, partially because of a lack of data on potential additional revenue, support for the idea wavered. As a result, it is still in the pilot testing phase. If the Postal Service had a streamlined process for funding, prototyping, and testing this idea prior to undergoing the full pilot process, it would have more data to support the profitability of the idea and it might have already been implemented. In addition, New Products and Innovations has identified ideas that could be tested in early developmental stages — such as refrigerated mailboxes or computer packaging — to more quickly capture the data necessary to evaluate whether the ideas warrant full pilot testing. Leading research shows that rapid change efforts (such as innovations and pilots) can be more timely and effective if they are granted flexibility and independence from

traditional enterprise processes. Related research also notes that companies with leaders who can fund and test new ideas through an experiment or rapid product prototype move much faster and increase the probability of success. Developing a streamlined process to test ideas on a smaller scale may help the Postal Service prepare for full-scale pilot testing and achieve its aggressive revenue targets.

What the OIG Recommended. We recommended the Postal Service develop a streamlined pilot process to rapidly fund, create a prototype of, and test new ideas on a smaller scale.

- [Is the Postal Service Receiving the Most Favored Customer Pricing?](#)

Under the most favored customer (MFC) pricing contract clause, the prices the Postal Service pays for contracted goods and services must equal or be less than the prices offered to the supplier's most favorable customers, for similar quantities under comparable terms and conditions. Suppliers must offer the Postal Service any price reductions offered to other customers when similar item quantities are involved. Are suppliers honoring the MFC pricing contract clause? How should the Postal Service ensure it is receiving MFC pricing? What internal controls should the Postal Service pursue to ensure proper management oversight of its MFC pricing contracts?

Mailers Technical Advisory Committee: Test Period for Postage Assessment Notifications. In May 2016, the Postal Service announced the postponement of the July 2016 Full-Service assessments to allow the industry additional time to access, utilize, and test the Full-Service Quality Metrics within the Mailer Scorecard. The Postal Service has worked closely with the industry to complete the testing. The USPS will begin assessments of Full-Service Mail Quality Metrics over the established threshold beginning in November 2016, based on October 2016 data. Full-Service Assessment is a removal of the Full-Service discount on pieces exceeding a Full-Service Mail Quality metric threshold within a calendar month. Reference section 2.3 Full Service Verifications via the following link to access information on the assessable metrics: [Publication for Streamlined Mail Acceptance for Letters and Flats.](#)

Industry has requested a test of the Postage Assessment notifications. Beginning September 11, 2016, the USPS will begin sending out test notifications to mailers participating in Full-Service. These notifications, which are sent to the VAE for the Business Customer Gateway account, are for test purposes only and no action is required on behalf of the mailers. Industry will be able to test the request review functionality, however, the pay functionality will be disabled. Reference section 6.0 via the following link to access information on the Postage Assessment Process: [Publication for Streamlined Mail Acceptance for Letters and Flats.](#)

To ensure mailers are prepared for the October 2016 assessment date, the Postal Service will continue outreach to every mailer and support the Mailer Scorecard Hotline calls. We encourage mailers to access the Full-Service Mail Quality Metrics and reach out to local USPS BMEU staff for assistance. Any irregularities or questions with the Mailer Scorecard should be reported through the webinar hotline calls, PostalOne! Helpdesk at 800-522-9085 or via email at postalone@usps.gov. Include the phrase "Mailer Scorecard" in the subject line of the email.

Below is dial-in information for the Mailer Scorecard Hotline Webinar that will be held every Wednesday and Friday at 2PM (EDT) through October 2016. Go to <https://uspsmeetings.webex.com/uspsmeetings/j.php?MTID=mef6ed0d2d8023631b8a1f19aba177b27> Teleconference information: Provide your phone number when you join the meeting to receive a call back. Alternatively, you can call: Call-in toll-free number: 1-855-8607461 (US) Call-in number: 1-678-3172063 (US) Show global numbers: <https://www.tcconline.com/offSite/OffSiteController.jsp?cc=4721630566> Conference Code: 472 163 0566

Attention Business Customer Gateway and PostalOne! Users: There is planned Operating System (OS) patching for the Seamless Acceptance and Service Performance (SASP) and Business Intelligence

Database (BIDS) systems on Sunday September 11, 2016. During the upgrade MicroStrategy reports will be unavailable on Sunday September 11, 2016 from 3:00 AM to 8:00 AM CT. There could be potential delays to SLAs on Sunday September 11, 2016 and Monday September 12, 2016 for the following data: Full Service Address Change Service (ACS) Data Distribution; Mailer Scorecard – Electronic Verification (Full Service, Move Update, Entry Point and Nesting/Sortation); Mailer Scorecard – Seamless; Container Visibility; Tray Visibility; Start-the-Clock (STC).

USPS Industry Alert: There will be an SV Outage on Sunday September 11, 2016 from 04:00 to 14:00 EST due to a database upgrade. The field will follow the eInduction SV Contingency process during this time period.

NATIONAL NEWS



MAKING CONNECTION

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MAY 21-24, 2017 | BALTIMORE, MD



The 2017 National Postal Forum registration is now open! Come join us at the Baltimore Convention Center for the 2017 National Postal Forum May 21-24 in Baltimore, MD. Visit NPF online registration and login to your existing account or create a new profile to register. After you have logged into your profile, to register simply click "Would you like to register for the 2017 National Postal Forum?" and follow the steps to choose a registration type, apply any discounts you may qualify for, select optional events or Professional Certification programs, reserve a hotel room and make payment.

Washington Post: "When travel companies sell their mailings lists, junk mail becomes an unwanted souvenir"

What They Think: September 13, 2016 is when the Smithsonian's National Postal Museum launched a new virtual exhibition, "America's Mailing Industry" at <http://postalmuseum.si.edu/americasmailingindustry/>. It tells the story of the partnership between the U.S. Postal Service and mailing industry private sector.



Smithsonian

National Postal Museum

industry that's helped American citizens and businesses communicate and conduct business for more two centuries. It conveys that connection that helps people shop, ship, deliver, communicate and conduct transactions, gain information, seek entertainment, build relationships, enhance communities and foster citizenship. The mailing industry consists of all those that communicate with customers and constituents through the U.S. Mail on a large scale—from direct marketers, to publishers, to nonprofits, to public entities—as well as all the businesses that help prepare mail, such as ad agencies, print shops, software vendors and transportation providers. The partnership between the mailing industry and the postal system is a critical part of the American economy, as its total economic value exceeds \$1 trillion and it employs almost 8 million people. "America's mailing industry is quite possibly the most successful government-private sector partnership in our nation's history," said Allen

Kane, director of the museum. "We are excited to tell this story, as most people don't even know the industry exists."

Heavy Duty Trucking: FCA has started delivering another 3,339 Ram ProMaster cargo vans to the U.S. Postal Service in a second order that

follows a 9,113-vehicle order last year. USPS awarded the contract to FCA on March 24, and the vehicles will be delivered by the end of November, said Ralph Kiesel, an FCA spokesman. In all, FCA will deliver 12,472 vans, mostly from the 2016 model year and some from the 2017 model year. The postal service has been adding ProMaster vans set up with a Ranger Design rack system to replacing aging vehicles as it continues its development of a next-generation delivery vehicle to replace its Long Life Vehicles.

FedSmith: With members of the National Active and Retired Federal Employees Association facing a number of issues that could negatively impact federal retirees, delegates have re-elected Richard Thissen as their national president and Jon Dowie as their national secretary/treasurer. NARFE's main concern with postal reform is the requirement that current retirees to participate in Medicare in order to keep their FEHBP benefits. For the 76,000 current postal retirees who do not have Medicare, NARFE believes that forcing them into Part B is bad in principle and sets a bad precedent. "Once you retire, the rules for retirees should not change," stated Klement. In NARFE's opinion, changing the rules after postal workers retire sets a bad precedent for all federal retirees that, if written into law, could be applied in the future to other plans, such as health insurance and retirement benefits. The bill currently being considered by the House Committee on Oversight and Government Reform is most likely to be considered by the full House either in September or during the lame duck session after the November elections. Whatever passes in the House will be the substance of any Senate bill and be acceptable to the President, so making changes to the House bill is critical.

Press Release: *The Newspaper Association of America today announced it has changed its name to News Media Alliance and launched a new website, www.newsmediaalliance.org. The announcement is the culmination of a larger strategic plan to highlight the news media industry's evolution to multi-platform, digitally-savvy businesses and premium content providers. The organization's new focus better reflects the fully-integrated multi-platform media organizations that comprise its membership. The new website visually depicts this expansion of news media into digital and mobile formats, with a modern look and feel that incorporates imagery of what it means to be a news media organization today: communicating in real-time across multiple platforms. In addition, for the first time the organization is broadening its membership requirements to allow digital-first and digital-only news organizations publishing original content to become members. The association has a number of new tools and resources it will be making available to members in the coming months that reflect the digital focus of its membership*

Americans for Tax Reform: Americans for Tax Reform, joined by 21 free market organizations, today sent an open letter to Congress urging lawmakers to oppose H.R. 5714, the "Postal Service Reform Act of 2016" introduced by House Government Oversight Committee Chairman Jason Chaffetz (R-Utah), and the Committee's Ranking Member Elijah Cummings (D-Md.). Since 2007, USPS has posted more than \$50 billion in losses and faces \$125 billion in unfunded liabilities, despite an estimated \$18 billion annually in indirect subsidies. While reforms are needed, the Postal Service Reform Act ignores basic needed reforms to USPS, and instead increases rates, shifts USPS's financial burden onto the American public, and allows for the diversion of resources away from the core mission of mail delivery.

INTERNATIONAL NEWS

SLOVENIA: **Sta:** The business daily Finance reflects on unofficial information that the national postal company is eyeing logistics enterprise Intereuropa, suggesting that such a takeover would seem obvious.

CHINA - UNITED STATES: **Internet Retailer:** Amazon.com Inc. is speeding the delivery of USB cables, smartphone screen protectors, cosmetics and other small, flat items in its continuing push against rival

marketplaces that help overseas manufacturers and suppliers sell directly to U.S. shoppers. The Seattle-based company notified merchants Wednesday that such items would now be delivered to Amazon Prime members within five business days, down from eight previously, according to an email obtained by Bloomberg. That makes Amazon delivery of small, inexpensive items from China, for example, much faster than the two weeks to 30 days it can take using marketplaces owned by Alibaba Group Holding Ltd., eBay Inc. and Wish.com.

CANADA: [Benefits Canada](#): Canada Post's tentative agreement with the Canadian Union of Postal Workers doubles almost all paramedical benefits for rural and suburban mail carriers. The only exception are physiotherapy benefits, which remain unlimited. Massage therapy benefits, for example, have moved from \$200 to \$400 per year, and hearing aid benefits have increased from \$500 to \$1,000 every five years. These changes bring rural and suburban workers' benefits up to par with those of their urban counterparts, which the union says is "one step towards equity." The two-year tentative agreement also includes a 1.5 per cent wage increase for rural and suburban mail carriers each year, with the first increase being retroactive to January 1, 2016. For urban mail carriers, changes include a one per cent wage increase in the first year, retroactive to February 1, 2016, and a 1.5 per cent increase in the second year. The tentative agreement also includes a defined benefit pension plan for all new employees, and a 19-month pay equity process for rural and suburban mail carriers.

September 8, 2016

POSTAL/FEDERAL NEWS

[USPS Link](#): The Postal Service is developing new technology that will allow large businesses and other major mailers to send physical mail simply by knowing a recipient's email address. USPS Intelligent Address will use the Intelligent Mail barcode that appears on many mailpieces, eliminating the need to display the recipient's address or other personally identifiable information. "USPS Intelligent Address positions the Postal Service as the key link between digital and physical mail, making it more convenient and secure for businesses and consumers to send and receive mail," said New Products and Innovation VP Gary Reblin. During the past year, USPS Intelligent Address has been tested at the district and area levels. The first national operational test will be conducted during the next month. Employees will receive stand-up talks and training in September to help recognize USPS Intelligent Address mail and learn how to deliver the test mailpieces.

Federal Register: Postal Regulatory Commission New Postal Products, 62185 [2016–21502] [\[TEXT\]](#)

USPS Office of the Inspector General: [Collection Box Removal Process - Eastern Area](#)

Background. Mail collection boxes are a visible representation of the U.S. Postal Service to the American public and are reliable, secure, and convenient receptacles for mail. As the Postal Service adapts its collection infrastructure to meet customers' needs at a reasonable cost, it has eliminated underused collection boxes that on average receive fewer than 25 pieces a day, and added collection boxes that are convenient for customers. To identify underused collection boxes the Postal Service uses density tests to determine the average volume of mail collected, including an annual national density test, which was last conducted over a 2-week period in August and September 2015. Nationally the number of collection boxes declined by more than 12,000 in the past 5 years. Some customers have complained the Postal Service has gone too far and removed most collection boxes, except those at the Post Office. In addition, they have questioned whether any cost savings result from collection box removals. The Eastern Area had 28,670 collection boxes on October 1, 2014, and removed 353 collection boxes through February 29, 2016. Reasons for the removals included safety, multiple boxes at a location, and canceled contracts with contract postal units. Other factors management considered for removing Nationally the number of collection boxes declined by more than 12,000 in the past 5 years. boxes included the volume of mail collected, the proximity of other publicly accessible collection points, and the needs of customers in the vicinity of the box. *Our objective was to assess the collection box removal process in the Eastern Area.*

What The OIG Found. The Eastern Area's collection box removal process was not effective. While the area and its 10 districts had established procedures for removing and relocating collection boxes, they were not consistently followed. Specifically, only 60 of the 6,371 underused business and residential collection boxes identified during the 2015 national density test were removed or relocated. Our analysis indicated an additional 1,808 collection boxes could have been removed and another 637 relocated. Furthermore, for the period October 1, 2014, through February 29, 2016, 213 collection boxes were deleted from the Collection Point Management System without Eastern Area approval and 322 out-of-service boxes were permanently removed from the street without Eastern Area approval or public notification to customers. These conditions occurred because there was limited area and district oversight to approve and validate collection box removals or relocations. Also, officials did not continually review collection operations data to remove or relocate underused collection boxes to ensure efficient and economical operations. Finally, there were no procedures to consistently monitor collection boxes reported as out of service longer than 7 days. As a result, the Postal Service may be incurring additional costs to collect from and maintain underused collection boxes that could be removed. We estimate removing unnecessary collection boxes throughout the Eastern Area would eliminate 73,043 workhours over the next 5 years, for an average future cost avoidance of more than \$700,000 annually. In addition, relocating underused collection boxes to more visible, higher traffic, and secure locations can better meet the needs of the customer to safely and easily access collection boxes.

What The OIG Recommended. We recommended management require each district to periodically evaluate whether to relocate or remove underused collection boxes included in the annual density test, maintain supporting documentation for removal and relocation decisions, and establish a process to monitor out-of-service collection boxes, including obtaining approvals and public notification.

USPS Industry Alert: The latest issue of the USPS' [Mail Spoken Here](#) has been posted on this site.

INTERNATIONAL NEWS

EUROPE: [Financial Times](#): "Parcel services plan to deliver any time, any place"

UNITED KINGDOM: [Southport Visitor](#): Post Office managers have voted to take strike action to fight privatisation and cuts to jobs and pension benefits. The Communication Workers Union (CWU) has today served notice to the Post Office for a 24 hour strike on Thursday (September 15) CWU members voted overwhelmingly for industrial action in August following a series of announcements from the Post Office this year that will see massive cuts.

ROMANIA: [Romania-Insider](#): E-commerce was one of the main factors behind the increase in the parcels traffic both at national level, as well as to international destinations. The postal services market grew by 4.4% to EUR 533 million last year. The total postal traffic continued the trend of moderate growth, exceeding 657 million dispatches in 2015, according to a report published by the local communications authority ANCOM. The parcels traffic rose by 70.5%% last year up to 74 million parcels. The number of dispatches to international destinations rose five times last year from six million to 32 million parcels. The postal services market employed 36,450 people last year. Over 26,000 of them were employees of the Romanian Post.

September 7, 2016

POSTAL/FEDERAL NEWS

DMM Advisory: **New Tools Help Provide More Accurate and Timely Mail Delivery** -- The Postal Service® has made changes to the Delivery Point Validation® (DPV®) and Delivery Sequence File (DSF2®) products to now include new tables called Door Not Accessible (DNA) and No Secure Location (NSL). The DNA table assists mailers by identifying addresses where carriers cannot knock on a door for

mail delivery. Examples include situations where carriers cannot physically access a residence or building such as a rural/highway contract route (HCR), long driveway, or gated residence. The NSL table identifies locations where there is no security. For instance, carriers can access the door, but cannot leave a package due to security concerns. Additionally, it lets mailers know locations where businesses are closed on certain days or are storefronts with no mail receptacles. This helps mailers know whether or not mail is deliverable to these locations. The DNA and NSL tables are currently available in the DPV and DSF2 Hash Products. If you need more information, contact the National Customer Support Center Licensing Department at 800-589-5766 or ncoalink@usps.gov

U.S. Court of Appeals for the District of Columbia Circuit: The Association for Postal Commerce ("PostCom") has petitioned the DC Court of Appeals to intervene in its review of pending matters concerning the disposition of the exigency postal rate increases.

USPS Industry Alert: *Postal Service Proposed Rule: Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems*, 61159–61160 [2016–21258]

On July 17, 2015, the United States Postal Service published a final rule to revise the rules concerning authorization to manufacture and distribute postage evidencing systems and to reflect new revenue assurance practices (80 FR 42392). The Postal Service proposes a further revision to the rules concerning PC postage payment methodology. This change would add supplementary information to clarify the revenue assurance guidelines. Postage collection under the new rules will start on March 20, 2017. This document proposes additional changes with regard to revenue assurance which would support our efforts to collect the appropriate revenue on mail pieces in a more automated fashion. If adopted, the proposed clarifying changes would also be implemented on March 20, 2017. The revenue assurance guidelines can be found in 39 CFR 501.16, and on <https://ribbs.usps.gov> in the site index of Automated Package Verification (APV) documents, named APV Standard Operating Procedure (SOP).

Submit comments on or before October 6, 2016. Mail or deliver written comments to the Manager, Payment Technology, U.S. Postal Service, 475 L'Enfant Plaza SW., Room 3500, Washington DC 20260. You may inspect and photocopy all written comments at the Payment Technology office by appointment only between the hours of 9 a.m. and 4 p.m., Monday through Friday by calling 1-202-268-7613 in advance. Email and faxed comments are not accepted.

NATIONAL NEWS

Times and Democrat: One area that the Postal Service needs to come clean about is its package delivery business. USPS management claims that its package delivery service is a success. Management brags about how much package delivery has increased and which new specialty delivery programs it has initiated. But the more services the USPS provides, the more debt it accumulates; something is not quite right. USPS has yet to release detailed numbers about the profit or loss of its grocery delivery arrangement, other than potential revenue being capped at \$10 million. The continued focus on services that have nothing to do with delivering mail is a growing problem. Whether it's grocery delivery, financial services, or whatever industry the USPS thinks it should dabble in next, there is a growing lack of attention on mail delivery. Customers are starting to notice as first-class mail volume is down 40 percent since 2000. Slow delivery times continue to plague the agency, including a 50 percent spike in late mail arrival in 2015.

People's World: "Your mail carrier warns that door-to-door delivery is under attack"

WTOP: Every day, about a million packages are shipped into the U.S. through the U.S. Postal Service from China, Russia, India and other countries. Many packages are not checked for dangerous and illegal contents, posing what the co-leader of a new national security project calls a "huge security gap." "The gap is essentially when mail is sent to the United States from foreign countries; if it's of a certain weight, it doesn't go through normal cargo surveillance like the mail that is sent through private mailing services

such as UPS and FedEx,” said Juliette Kayyem, of Americans for Securing All Packages (ASAP). Every year, according to ASAP, 340 million mail items, from small letters to large boxes, sent from foreign postal systems enter the U.S. postal system delivery stream — without electronic data that could tip off intelligence agencies to a threat. Shipping companies, on the other hand, are required under the 2002 U.S. Trade Act to collect what’s called advance electronic security data. It’s used to track hundreds of millions of the packages that flow into the United States from foreign countries each year.

Zacks: With United Parcel announcing a rate hike, we expect its rival FedEx Corporation to follow suit. The Memphis, TN based company is slated to release its first-quarter fiscal 2017 results on Sep 20, 2016. We won’t be surprised if the company decides to make an announcement concerning rate hikes on the conference call. We believe that an immediate rate hike by FedEx is all the more likely as it can utilize the additional amount for integration purposes. We remind investors that in May this year FedEx completed the acquisition of TNT Express. The buyout has significantly expanded FedEx’s scale of operations, particularly in Europe.

Wall Street Pit: Is Amazon.com, Inc. preparing to take on its own deliveries and go head to head with its partners, FedEx Corporation and United Parcel Service, Inc.? Bloomberg correspondent Devin Leonard thinks so. In its cover story, the publication highlighted the ambitious projects of the online retailer, and future plans could include delivery services.

PRNewswire: Today, the International Brotherhood of Teamsters mailed a letter to FedEx Corp. shareholders urging a vote against the board's "Say on Pay" proposal at the September 26, 2016 annual shareholder meeting. The letter challenges FedEx's reliance on a two-decade old approach to long-term pay, arguing that it is overly generous and ill-equipped to delivering long-term value in the current environment.

INTERNATIONAL NEWS

AUSTRALIA: Government News: "Is Australia Post too relaxed about security?"

AUSTRALIA: Domain: "Creative ways parcels have been delivered to your doorstep"

September 6, 2016

POSTAL/FEDERAL NEWS

USPS Office of the Inspector General: Famous Former Postal Workers

NATIONAL NEWS

eCommerceBytes: Congress let the Postal Regulatory Commission (PRC) know that it's keeping an eye on the issue of "Fair Competition in International Shipping." The Subcommittee on Government Operations sent a letter to the PRC chairperson last week requesting that it take into account the concerns expressed at the hearing it held in June of 2015 when providing its views on Terminal Dues. At that hearing last year, Amazon executive Paul Misener pointed out that Chinese firms can ship low-weight orders to American buyers at significantly cheaper rates than are available to domestic sellers. UPU Terminal Dues are at the heart of the disparity in shipping costs, and the Universal Postal Union (UPU) is meeting in Istanbul this month to set the rates for the years 2018 - 2021.

JD Journal: Have you ever wondered where all your missing mail goes? I'm sure you never thought a postal worker was stashing it in their home but that may be the case. One U.S. Postal Service employee had roughly 50,000 pieces of mail in her California home that had not been delivered to their proper addresses. Federal investigators have filed criminal charges against Sherry Watanabe for hiding in her

home “approximately 48,288 pieces of United States mail.” The mail was supposed to be delivered to customers along her route in Placentia, CA in Orange County.

INTERNATIONAL NEWS

UNITED KINGDOM: [*The Guardian*](#): Britain’s postal system is in more of a mess than ever before. The Post Office – confusingly, still in state hands after Royal Mail privatisation – is facing a strike of up to 3,500 workers after 83% voted to walk out. Their decision came after it was announced 61 branches would be transferred to WH Smith – with fears of 2,000 job losses. And managers in Unite have also voted to strike in protest at threats to their pension. While this time bosses have blamed “modernisation” costs, there are deeper problems with the model of liberalised post. While Royal Mail’s universal service obligation requires it to deliver to every UK address for the same price, private competitors can “cherry pick” lucrative routes and take advantage of the former state company’s cheap rates elsewhere. Whistl’s backing out of the “final mile” delivery market offers a reprieve, but how long this lasts is another matter. Deliveries have been repeatedly cut and Sunday postbox collections are no more. A first-class stamp now costs 64p – it would be 43p if prices had risen with inflation since 2006.

CANADA: [*Toronto Star*](#): Is postal delivery a social service that requires taxpayer subsidies to function? Or should Canada Post operate as a self-sufficient business? Ottawa must decide. The threat of a postal strike is over. Canadian taxpayers are the clear losers. Canada Post, pressured by its sole shareholder the Government of Canada, had to abandon critical cost saving proposals in exchange for a two-year “peace treaty.” The labour minister called it a “voluntary” victory for free collective bargaining. I’m not so sure. The Canadian Union of Postal Employees (CUPW) blocked any changes to the expensive defined pension plan for new hires. They will get improved dental and medical benefits and receive modest wage increases. The rural-urban pay equity issue will be reviewed by a third party. The agreement buys the government time for their postal review process. But it also means Canada Post will sink further into financial insolvency.

September 4, 2016

POSTAL/FEDERAL NEWS

Postal Regulatory Commission:

- [Comments of the Association for Postal Commerce Regarding the Rule on Motions Concerning Mail Preparation Changes.](#)

Federal Register:

- **Postal Regulatory Commission** New Postal Products, 61259 [2016–21322] [[TEXT](#)]
- **Postal Service** *PROPOSED RULES* Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems, 61159–61160 [2016–21258] [[TEXT](#)]
NOTICES Product Changes: Priority Mail Express and Priority Mail Negotiated Service Agreement , 61259–61260 [2016–21265] [[TEXT](#)] 61260 [2016–21266] [[TEXT](#)] 61259 [2016–21267] [[TEXT](#)]

NATIONAL NEWS

[*eCommerceBytes*](#): Congress let the Postal Regulatory Commission (PRC) know that it's keeping an eye on the issue of "Fair Competition in International Shipping." The Subcommittee on Government Operations sent a letter to the PRC chairperson last week requesting that it take into account the concerns expressed at the hearing it held in June of 2015 when providing its views on Terminal Dues. At that hearing last year, Amazon executive Paul Misener pointed out that Chinese firms can ship low-weight orders to American buyers at significantly cheaper rates than are available to domestic sellers.

New York Post: A New York auto-repair magnate has been getting rich off taxpayers by billing for work on US Postal Service trucks that were returned with shoddy repairs or no repairs at all, Manhattan federal prosecutors said on Friday. Ibrahim “Tony” Issa, who owns First Star Auto Repair in The Bronx and shops in Florida, Michigan and Texas, has been generating a steady flow of business by bribing USPS vehicle managers with fancy dinners, vacations and other gifts, prosecutors said. In exchange, Issa, of Poughkeepsie — who raked in \$30 million from USPS in 2012 — billed for work that was not needed or not done, according to the complaint. Issa’s shoddy work led to complaints in 2013, prompting the Office of the Inspector General to send two vehicle managers to investigate undercover.

INTERNATIONAL NEWS

ISRAEL - PALESTINE: **Ynet news:** A government coordinator in the territories, Gen. Yoav (Pauli) Mordechai and the minister for civil affairs in the Palestinian Authority Hasin a-sheikh, have signed a memorandum of understanding to upgrade the postal services between Israel and the PA. The memorandum is intended to gradually regulate direct transfer of mail from around the world to the PA using Jordan via the Allenby Bridge. Meanwhile, the legalization process will begin direct transfer of mail between Israel and the Palestinian Authority.

KENYA: **The East African:** The Postal Corporation of Kenya plans to expand its range of products to mobile money in the wake of increased usage of mobile technology by consumers. Diversification of product offering is part of the corporation’s three-year plan to boost its weakening revenue base. The corporation will introduce its mobile wallet solution dubbed “Posta Pesa Wallet” in the next two weeks, entering into a territory largely dominated by commercial banks.

September 2, 2016

POSTAL/FEDERAL NEWS

USPS Industry Alert: USPS Shipping Information Systems - Webinar Series - IMpb Compliance Quality Metrics - Tuesday, September 13, 2016, 11:00a.m. – 12 noon (ET). Join us as the Postal Service continues its series of informational webinars on IMpb Compliance Quality Metrics targeted for implementation January 2017. 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 next webinar scheduled in the series is: IMpb Compliance Implementation Plan. Speakers: Juliaann Hess, Mgr. Mail and Package Information Systems; Heather Dyer, Business Process Specialist, Principal.

Registration required. Attendee Information Dial-in: (866) 381-9870 Conference ID: 78736047 To register and add webinar to your calendar click here: Attendee Direct

URL: <https://usps.webex.com/usps/onstage/g.php?MTID=e019c274af5f0fed886a8d32c10345332>. If you cannot join using the direct link above, please use the alternate login: Alternate

URL: <https://usps.webex.com> Event Number: 999 046 014

Postal Regulatory Commission:

- **RM2016-6 Comments of the Association for Postal Commerce** <http://www.prc.gov/docs/97/97065/PCom%20Cmts%20RM2016-6.pdf>

USPS Industry Alert: The US Postal Service is monitoring the Gulf Atlantic hurricane impacts. Due to severe hurricane weather, the following offices have been closed and relocated to alternate sites as noted: Plant/Drop Shipment Impacts: Tallahassee, FL Plant 32301 has been without power all night. Generator(s) have been dispatched and are being connected. Drop shipments are not being accepted at this time. Currently, the Tallahassee Plant is running on generators. All mail for Tallahassee should be

dropped/directed into Tallahassee. Operations are slowly moving forward. Mail will not be diverted due to improving conditions. At this time, we cannot provide a timeline when operations will “fully” resume.

Attention IMb Tracing® and PostalOne!® Customers: The Postal Service is gearing up to kickoff our Release 1 Pilot. On Thursday, September 8, 2016, the Postal Service will begin piloting the mail tracking migration of IMb Tracing® and PostalOne!® container and handling unit visibility to Informed Visibility™ (IV™). The pilot will conclude on September 23, 2016 with national rollout to follow shortly after a thorough review of the pilot feedback is conducted. We will provide an update regarding the status of the pilot and national rollout on September 19.

Mail Tracking & Reporting features and capabilities will be deployed over the next year in a series of releases

NATIONAL NEWS

Government Computer News: The U.S. Postal Service processes and delivers 509 million pieces of mail to 155 million locations a day and operates over 214,000 vehicles to do so. To track the location of employees, vehicles, and individual pieces of mail in real time, USPS is leveraging graphic processing unit (GPU) accelerator technology. The agency is using Kinetica’s distributed in-memory database, called GPUdb, to analyze its geolocation data, according to a report in Datanami. By offloading compute-intensive portions of the application from the central processor to the GPU, USPS can analyze its geolocation data faster than if the application was solely running on the CPU. All USPS carriers carry a device that transmits their location every minute. That data helps improve carriers’ route efficiency, track individual mail pieces, reduce fraud and find anomalies in mail distribution, including overlapped coverage, uncovered areas and bottlenecks. Additionally, the technology allows the agency to see where spending would optimize performance and improve the efficacy of data analysis and the decision making process. The system, which supports 15,000 concurrent users, taking in data from over 213,000 scanning devices, went live in November 2014.

Idaho Press Tribune: Using new innovative ideas by “thinking outside the box,” while “staying inside the box” on the important issues such as six-day, and in some places, seven-day delivery, and door-to-door delivery can only help the U.S. Postal Service grow and maintain the customer service the people of America can appreciate.

USA Today: The price of getting parcels to their destination via United Parcel Service is going up after the holiday sales season. UPS said Thursday that daily rates for ground and air service would increase an average of 4.9%. The price increases are set to take effect Dec. 26. The package delivery company said an average 4.9% general rate increase on freight would take effect Sept. 19.

INTERNATIONAL NEWS

ST. KITTS - NEVIS: St. Kitts-Nevis Observer: A new postal code system that is expected to make the mailing system more efficient will be launched in the Federation of St. Kitts and Nevis by the Minister with responsibility for Post, the Honourable Ian Patches Liburd, on World Post Day, which is celebrated worldwide on October 09 annually.

RUSSIA: Press Release: Toshiba Corporation has announced it has signed a Memorandum Of Understanding ("MOU") with Federal State Unitary Enterprise "Russian Post" on comprehensive collaboration in the postal and logistics automation systems business in Russia. Based on the MOU, Toshiba and Russian Post will strengthen their strategic partnership and discuss collaboration.

NIGERIA: BizWatchNigera: The Courier Regulatory Department, CRD, of the Nigeria Postal Service, NIPOST, on Thursday, September 1, in Lagos, announced the revocation of 12 courier licences, for various offences ranging from non-renewal of operational licences, to other unethical practices. CRD also clamped down on four other courier companies operating in Lagos without licence. The affected operators

have over the years, engaged in unethical practices that have deprived government of huge revenue. The 12 operators whose licences were revoked, were hitherto operating courier business in different parts of the country. They include AM Express; AMC&C Express; Bems Courier; Danzas Express; ESPN Logistics; Fenway Courier and IAS Express. Others are Team United Express; Time Courier; Vitesse Courier; Wadoye Express and Worldwide Premier Logistics Solution. The four courier operators whose offices were sealed in Lagos include BD Logistics, located on Point Road in Apapa; 12 Baskets Foods Limited, located in Sura Shopping Complex on Lagos Island; E-Top Nigeria Limited, located in Dolphin Estate, Ikoyi; and Nuli Juice Delivery, located in Obalende, Lagos.

September 1, 2016



PostCom Members!! Please register for **All you need to know about IMpb compliance** on **Oct 6, 2016 11:00 AM EDT** at: <https://attendee.gotowebinar.com/register/334411116835845122> Join PostCom Chairman and industry expert Bob Schimek to discuss the recommendations from MTAC Work Group #178 and everything you need to know about January 2017 and IMpb compliance. After registering, you will receive a confirmation email containing information about joining the webinar.

POSTAL/FEDERAL NEWS

USPS Industry Alert: USPS Industry Fall Mailing Season Webinar. Thursday, September 15, 2016 from 2:00PM to 3:00PM (EDT). The Postal Service would like to update mailers on the upcoming fall mailing season. On Thursday, September 15, at 2:00 p.m. (EDT), Robert Cintron, Vice President Network Operations, and his staff will present a webinar to update mailers on important information regarding fall mailing season 2016. Please review the information below for instructions on how to participate in the call. The Postal Service has been working rigorously to ensure that customer communication plans, mail processing plans, and sort programs are in place; in addition to expanding FAST appointments and deploying additional resources to manage volumes and to monitor cycle times. The Postal Service has also been adjusting plans to ensure that mailers have the necessary equipment, transportation, and resources for a successful season. This webinar is designed to give you up-to-date information and an opportunity to ask questions. If you have suggestions for topics and/or questions to submit in advance please do so via email to IndustryAlert@usps.gov with "2016 Fall Mailing Season Webinar" in the subject line. The Postal Service is committed to working closely with our customers to help them plan their mailings throughout the Peak Mailing Season and we hope that you can join us. Agenda topics will include: Processing Operations Update; Service Performance; Election / Political Mail; Mail Transport Equipment Update; Informed Visibility (IV); Peak Season Surface / Air Preparedness; Technology Advancements.

Participant information: Toll-Free Attendee Dial In: 1-866-381-9870; Conference ID: 57996764; Attendee Direct

URL: <https://usps.webex.com/usps/onstage/g.php?MTID=ee954ee852cbb3c5d9acc2f5afbdf5a35> If you cannot join using the direct link above, please use the alternate logins: <https://usps.webex.com> Event Number: 995 895 084

Attention Business Customer Gateway Users: There is planned Operating System (OS) patching for the Seamless Acceptance and Service Performance (SASP) and Business Intelligence Database (BIDS) systems on Sunday September 11, 2016. During the upgrade MicroStrategy reports will be unavailable on Sunday September 11, 2016 from 3:00 AM to 8:00 AM CT. There could be potential delays to SLAs on Sunday September 11, 2016 and Monday September 12, 2016 for the following data: (1) Full Service Address Change Service (ACS) Data Distribution (2) Mailer Scorecard – Electronic Verification (Full

Service, Move Update, Entry Point and Nesting/Sortation) (3) Mailer Scorecard – Seamless Container Visibility (4) Tray Visibility (5) Start-the-Clock (STC) We apologize for any inconvenience.

Postal Regulatory Commission: [PRC Announces Plan for 10-year Review of System of Regulating Rates and Classes for Market Dominant Products](#)

NATIONAL NEWS

Washington Post: The Internet is celebrating some important milestones. Last week marked both the 40th anniversary of the first mobile connection and the 25th anniversary of the World Wide Web. Millennials can't even remember what life was like without it and, even for us baby boomers, the changes to everyday activities have been at once profound and subtle. But the information revolution is far from finished. Indeed, for many living in the developing world, and even for some Americans, the Internet still hasn't arrived. A shrinking but significant subset of Americans still aren't connected, and even more in the rest of the world.

Washington Examiner: Sen. Rob Portman is targeting a deadly synthetic opioid in new legislation he plans to introduce when Congress returns next week. The Ohio Republican's move comes a few days after Cincinnati reported 174 overdoses in six days potentially linked to the synthetic opioid fentanyl and another opioid called carfentanil. The bill is intended to help postal workers screen for and catch fentanyl that is being mailed into the U.S. from overseas.

Bloomberg: United Parcel Service Inc.'s pilots approved a new contract giving them a 29 percent raise compounded over five years.

TechCrunch: While on the surface, Amazon is still a great partner for FedEx, UPS and others, the article suggests Amazon could eventually flip a switch and turn the shipping infrastructure into a business, the same way it turned the scalable network infrastructure it built for Amazon.com into Amazon Web Services, an on-demand computing platform that now makes up a large and growing chunk of Amazon's overall business.

INTERNATIONAL NEWS

ICELAND: [NPR:](#) "Icelandic Postal Service Goes The Extra Mile To Deliver Unaddressed Letter"

UNITED KINGDOM: [Essential Retail:](#) DHL Supply Chain is rolling out the next phase of an augmented reality technology-led project, following reports of a successful trial in the Netherlands. As part of the Vision Picking Program, pickers at DHL warehouses are equipped with smart glasses which display where each picked item needs to be placed on the trolley. The supply chain organisation says vision picking enables hands-free order picking at a faster pace, along with reduced error rates. Throughout 2016, the smart glasses will be piloted across various industries such as technology, retail, consumer and automotive industries. The data available from these pilots will further determine the technology's potential for broader implementation.

CANADA: [YorkRegion:](#) A tentative deal reached Tuesday with Canada Post protects workers' pensions and allows for a study to research the discrepancy in pay between urban and rural carriers, a union leader says. The existing pension structure will also be maintained for future employees, he said.

ISRAEL: [Globes:](#) Israel Postal Service reported its results for the first half of 2016 today, with revenue down 2% to NIS 901 million, from NIS 921 million in the corresponding period in 2015. The decline in revenue is mainly due to an ongoing decrease in use of mail services, and the move to email and paying over the internet. In the first half of 2016, revenue from mail services dropped 7% from the corresponding period in 2015. On the other hand, revenue from overseas packages and shipments jumped 32%,

compared with the corresponding period, which nearly offset the decline in revenue from traditional services.

MORE NEWS