Mailers Hub News

The information source for commercial mailers

April 1, 2019

In this issue …

Alliance Tries to De-Bunk "Four Postal Myths"

When something is clearly articulated, there's no reason to rephrase it in an attempt to produce something equally informative, just in different words. For that reason, below is an excerpt from a late March newsletter issued by the Alliance of Nonprofit Mailers that we're republishing with permission. The article discusses "four postal myths" that have become accepted as pseudo-facts in recent years, despite the availability of more accurate information. The article is reprinted below in its entirety, including graphics, but the emphases are ours.

Four USPS Myths

Recently, we listened to a podcast of one of our favorite NPR shows, "Hidden Brain." It is called, "How Science Spreads: Smallpox, Stomach Ulcers, And 'The Vegetable Lamb Of Tartary'." What has this to do with nonprofit mailers and the US Postal Service, you ask. Well, the description of how all of us rely on other people, usually considered experts, to tell us things we come to accept reminded us of the current set of accepted facts about the USPS. And the research into why certain "facts" come to be widely accepted, and later proved wrong, helped us to understand the gap we believe currently exists between reality and the widely accepted and repeated diagnoses about the Postal Service.

A Senate oversight committee hearing last week demonstrated the degree to which so many people seem to accept the same "facts" about USPS, while there is a distinct lack of consensus about what to do about our postal system. Three of the four witnesses were dedicated career government employees, and the fourth was an accomplished business executive, now an appointee at the Office of Personnel Management. (None represented the interests or the experience of full-time employees or professional customers of USPS, who provide about 90 percent of the funding.) Only six of the 14 Senators on the committee participated, and none offered comprehensive solutions.

Senate Witnesses:

- Gary Grippo, Deputy Assistant Secretary for Public Finance, U.S. Department of the Treasury
- The Honorable Robert G. Taub, Chairman, Postal Regulatory Commission
- The Honorable David C. Williams, Vice Chairman, Board of Governors, USPS
- The Honorable Margaret Weichert, Deputy Director of Management, Office of Management and Budget and Acting Director, Office of Personnel Management

The combination of the hearing and the podcast prompts us to offer our take on a few USPS myths, or postal vegetable lambs.

USPS Myth #1: Unless we act quickly, we will need a "taxpayer bailout" of USPS.

"Taxpayer bailout" is a value-laden term with very negative implications. Its continued use in the USPS context is very inaccurate and unhelpful. A taxpayer bailout usually refers to the government coming to the rescue of a private-sector shareholder-owned corporation.

The nonprofit *ProPublica* maintains an updated list that currently shows 980 recipients of taxpayer bailouts totaling $632 billion. Most of the recipient corporations have paid back the government with a positive return. The current net gain for the government is $107 billion. So, it turns out that taxpayer bailouts are not so bad for the government. They keep important businesses in business, and they return a profit to taxpayers.

But we are not advocating a taxpayer bailout for USPS because that's not what it would be. And help from taxpayers is not likely to be needed, as we will address in the context of other myths.

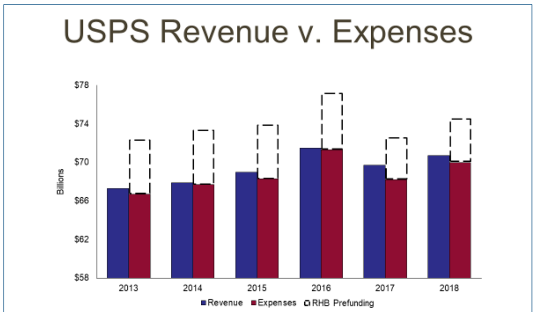
USPS is owned by the citizens of the United States, not by shareholders or private owners. The Postal Service is funded by the users of the mail and package services, most of whom are US citizens or companies and organizations that employ US citizens. All US citizens and residents benefit from the USPS, even those who pay little or no postage. The Postal Service already receives benefits from US taxpayers, the largest being exemption from taxes, something nonprofit organizations also receive.

To call increased US taxpayer largesse for the USPS a “bailout” is a nonsensical, circular argument. Yes, there would be a shift in amounts among the citizens who fund the public service agency. That’s similar to any revision to our tax laws, or to differential postage rate increases for different types of mail. But it would not be a “bailout” of the private sector by the government.

We have one final point on taxpayer involvement in our postal system. The Post Office Department was started by Congress in 1792, which is 227 years ago. The Postal Service continued to receive public service appropriations funded by taxpayers into the early 1980s. So, the experiment with a mailer-funded postal system has lasted only about 35 years, or 15 percent of its history.

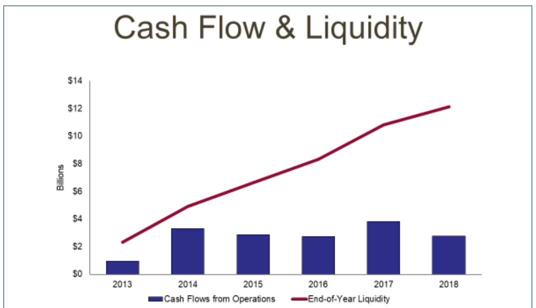
The mailer-funded system worked mainly because mail volume doubled from 100 billion in 1980 to 200 billion in 1999. (19 years at that growth rate represents only 8 percent of our postal system history.)

Adjusting the dial toward more government funding would be a rational response to the learnings from our brief experiment with a mailer-funded system. It would be a return to the model that has worked for 85 percent of our history, not a “taxpayer bailout.” But it’s not likely to be needed.



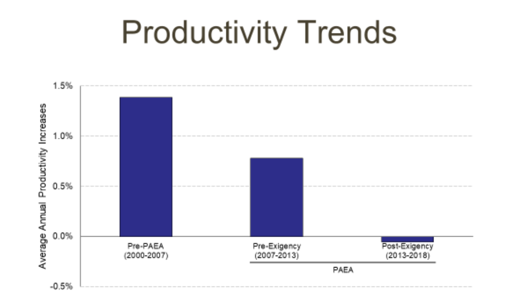
USPS has recently made operating profit, but hasn’t made payments into its account to fund future retiree health benefit (RHB) liabilities.

Sources: USPS Annual Compliance Reports, USPS Public Cost and Revenue Analysis Reports, USPS 10-K Reports (about.usps.com)



While USPS will need to address RHB liabilities, liquidity is currently strong…

Sources: USPS 10-K Reports (about.usps.com)



USPS productivity was actually lower in 2018 than five years earlier.

Source: USPS Annual Tables, FY 2018 TFP (Total Factor Productivity)

USPS Myth #2: USPS is losing billions and has done all it can without external help.

The reality is that the Postal Service is making operating profits and its reported losses are primarily caused by unpaid retiree health benefit obligations. The most recent six years show that the Postal Service is covering its operating costs, but not by enough to pre-fund health benefits.
USPS cash flow from operations and year-end liquidity reflect the positive operating results.

So, while current operations are strong, the USPS needs to make more of an operating profit to pre-fund what it will pay for its employees’ retirement benefits in future years. We will address whether the pre-funding is as big of a problem as people say, but first, how does a business rev up its operating net income?

The answer is that it makes sure its revenues grow sufficiently faster than its costs. And in today’s hyper-competitive, low-inflation economy, most of the work is done on the cost side, especially for a mature business with a growing number of alternatives. The mail side of USPS is mature, while the shipping side is high-growth with competitive advantages.

The most comprehensive measure of what USPS needs is productivity, what it gets for what it spends. Unfortunately, Postal Service total factor productivity has dropped off the table in recent years.

What USPS needs most, it is not doing. It is well documented that the Postal Service virtually stopped major cost-reduction initiatives several years ago. This could be due to several factors: political pushback, lack of a board providing strategic leadership and cover, and the January 2014-April 2016 exigent surcharge that gave USPS $4.6 billion above inflation.

Postal management and labor fought long and hard to make the first emergency surcharge allowed under the 2006 postal law to be permanent. And they continue to lament how much better things would be if they had gotten their way. Maybe yes, maybe no, as no one knows for sure how large the impact on volume would be from unprecedented, sustained above-inflation postage rates.

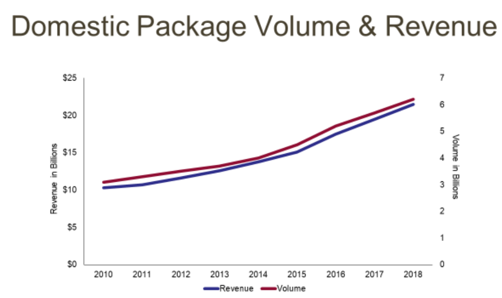
During the same time period, a new labor contract went into effect for the largest postal union, effective July 8, 2016. If you are really interested, read pages 5-12 of the arbitration award, in which the lead arbitrator said he was ignoring the USPS financial condition and the compensation premium compared to the private sector here: http://www.apwu.org/sites/apwu/files/resource-files/7.08.16.%20FINAL%20AWARD.2015%20NATIONAL%20AGREEMENT%20signed.pdf. Instead, the arbitrator chose to base the massive new contract on the much smaller agreement postal management negotiated with another union the year before.

The Postal Service is doing very well, but could do much more with productivity growth. To its credit, postal management seems to be bargaining more seriously now. The same union that won the arbitration award in 2016 recently disclosed the content of recent negotiations on a new contract:

> “USPS economic proposals are nothing short of draconian and regressive. Their proposals include: No increase in pay rates – a freeze for current employees; One lump-sum payment in lieu of the usual annual pay raise; Lump-sum payments in lieu of COLAs. Decreasing the career workforce: Increasing the percentage of non-career employees to 25% in the clerk craft; Reintroduction of 10% PSEs into the maintenance workforce, undoing the all-career maintenance craft; Reintroduction of 10% PSEs into the MVS Craft. Pay and benefits substantially cut for all future conversion to career and future hires: A converted PSE would take a pay cut of almost $1.00 per hour and work into year three before getting back to the PSE rate. Current career employees with less than six years seniority must work 15 years to gain “no lay-off” protection. Elimination of no lay-off provision for all future workers.”

But it remains to be seen whether an independent arbitrator listens and reflects reality in the next award.

USPS Myth #3: The booming ecommerce-driven package sector cannot make up for the loss of mail volume.



However, with e-commerce boom, USPS package business has grown …

Sources: USPS 10-K Reports (about.usps.com)

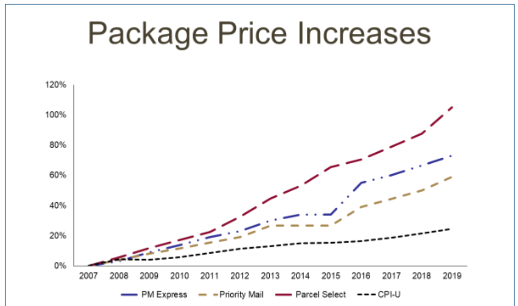
Due to volume growth and price increases, package revenues cover their costs and pay for a growing portion of the Postal Service's fixed costs (e.g., USPS Fixed Delivery Network)…

Sources: USPS Annual Compliance Reports, USPS Public Cost and Revenue Analysis Reports (FY 2007 – FY 2016, FY 2018), PRC Docket No. ACR2017, PRC-LR-ACR2017-1

The Postal Service has long said this, and emphasized that their package volume could go away quickly and unexpectedly. Rather than touting packages as a great opportunity, as they did when owning the last mile was the strategy, it seems that downplaying current and future success rules the day. The private sector – FedEx, UPS, Amazon, Target, Walmart, etc. – is touting both the current profitability and future opportunity from ecommerce delivery.

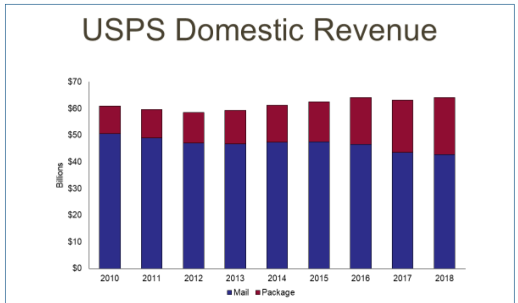
Actual USPS results point to increasing success and contribution from the competitive package sector. Volume and revenue are growing at a very healthy pace.

And the strength of the USPS market position is reflected in very strong pricing increases on the competitive side that has no price cap.



…and the Postal Service has been able to raise package prices by much more than inflation.

Sources: USPS Notices of Rate Adjustment/Competitive Products



…filling the USPS revenue gap from falling mail volume.

Sources: USPS Annual Compliance Reports, USPS Public Cost and Revenue Analysis Reports (FY 2007 – FY 2016, FY 2018), PRC Docket No. ACR2017, PRC-LR-ACR2017-1

Package profitability is covering more and more of the cost of running the USPS network. Almost four times profit growth in the last several years is a reason for optimism.

Packages have filled the revenue gap from the loss of mail volume in recent years.

USPS Myth #4: Unfunded retiree obligations are a ticking time bomb.

Retirement Funding

Fund	(in Billions)		% Funded
	Assets	Liabilities	
CSRS	$160.2	$185.3	86.5%
FERS	$119.0	$137.4	86.6%
RHB	$47.5	$114.0	41.7%
TOTAL	**$326.7**	**$436.7**	**74.8%**

Data as of End of FY 2018

…and USPS retirement liabilities are well-funded relative to other sectors.

Sources: USPS 10-K Report, FY 2018 (about.usps.com)

What If USPS Could Invest in Assets that Produced Higher Returns?

	Return (Billions)	Difference (Billions)
3% (USPS Actual FY 2018)	$9.5	N/A
5%	$15.9	$6.4
Median Public Plan 20-Yr (6.4%)	$20.3	$10.8
Median Public Plan IRA (7.3%)	$23.2	$13.7

Source: USPS Actual of 3% from USPS FY 2018 10-K, pp. 33-34, 36; 5% is an assumption; Median Public Plan 20-Yr (6.4%) AND IRA (7.3%) from the National Association of State Retirement Administrators.

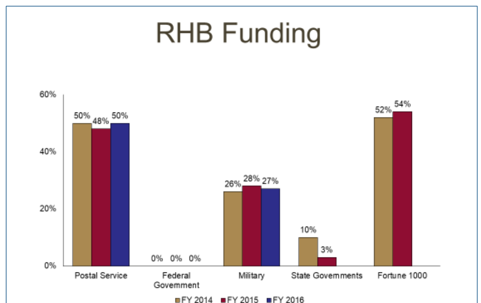
No one argues that pre-funding promises made to employees that when they retire you will pay your share of the cost of their health insurance and pensions. Pre-funding refers to setting aside money to be invested and earmarked for future obligations. But repeatedly quoting the $60+ billion underfunded status of USPS retiree health benefits is not a reason to panic or declare a crisis. In fact, if you are really worried about the USPS pre-funding status, you should look elsewhere for much larger under-funded obligations.

First, we should note that the Postal Service does have significant funds already set aside for retirees.

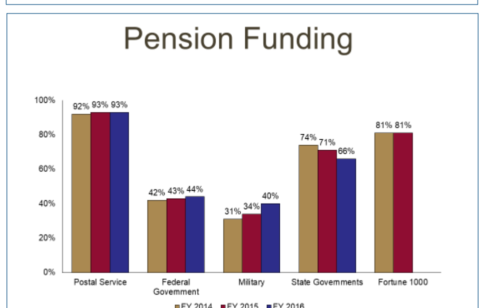
Second, the Postal Service is doing better with its pension plans than every other sector of our economy.

Third, USPS compares very well on retiree health care pre-funding. Note that the rest of the federal government has nothing set aside for health care pre-funding.

A final point is that the level of USPS pre-funding relative to obligations is vastly under-estimated for at least three reasons. First, the estimates do not include



Source: Office of Inspector General, United States Postal Service, "Postal Service Retiree Funds Investment Strategies" (https://www.uspsoig.gov/sites/default/files/document-library-files/2017/FT-WP-17-001.pdf)



Source: Office of Inspector General, United States Postal Service, "Postal Service Retiree Funds Investment Strategies" (https://www.uspsoig.gov/sites/default/files/document-library-files/2017/FT-WP-17-001.pdf)

Medicare integration of postal retirees, as is common practice throughout the private sector. Many postal retirees use their federal health insurance as their primary plan rather than Medicare that they have been contributing to for years. Correcting this would reduce the obligation by close to the full under-funded amount.

Second, the USPS estimates are based on the full population of federal employees' demographics. The Postal Service has demonstrated that using more accurate USPS demographics would reduce the estimates significantly.

Finally, USPS pension and health funds are under-invested in non-marketable Treasury securities that return much less than typical public pension plans. Correcting this problem would push USPS into very profitable territory with as much as $13.7 billion more annual income.

While fixing the pre-funding situation will require help from outside the agency, with the knowledge that it contains significant distortions and errors, we should not let it drive policy decisions that would hurt the core operations now.

USPS PROPOSED RULE – NEW ELECTRONIC SIGNATURE OPTION

POSTAL SERVICE

39 CFR Part 111

New Electronic Signature Option

AGENCY: Postal Service.

ACTION: Proposed rule.

SUMMARY: The Postal Service is proposing to revise *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) to include a more flexible option for package addressees to provide an electronic signature indicating delivery of a package.

DATES: Submit comments on or before April 15, 2019.

ADDRESSES: Mail or deliver written comments to the manager, Product Classification, US Postal Service, 475 L'Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. If sending comments by email, include the name and address of the commenter and send to *ProductClassification@usps.gov,* with a subject line of "New Electronic Signature Option." Faxed comments are not accepted.

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure. You may inspect and photocopy all written comments, by appointment only, at USPS Headquarters Library, 475 L'Enfant Plaza SW, 11th Floor North, Washington, DC, 20260. These records are available for review on Monday through Friday, 9am-4pm, by calling 202–268–2906.

FOR FURTHER INFORMATION CONTACT: Karen F. Key at (202) 268–7492, Tiffany S. Jesse at (202) 268–7303, or Garry Rodriguez at (202) 268–7281.

SUPPLEMENTARY INFORMATION: The Postal Service is proposing to amend the DMM in various sections to offer a more flexible option for package addressees (or their representatives) to provide an electronic signature indicating delivery of a package, when the sender chooses the following signature services: Priority Mail Express, Signature Confirmation service, and Insurance for more than $500. Generally, current practice is for the recipient of the package to sign at the time of delivery.

An exception is offered for some packages addressed to a Post Office Box. Post Office Box customers at Competitive Post Office Box locations can sign up for a Signature On File option, and provide a signature that is retained at the Post Office for scanning when the aforementioned signature services are used. The package is then left in the customer's Post Office Box or a parcel locker for pickup at the customer's convenience, without having to provide a new signature.

The Postal Service is proposing to add an option for deliveries outside of postal facilities. Customers would sign up and provide a signature electronically. This would enable the customer to apply the previously provided signature to future Commercial package deliveries sent to the customer's address using Priority Mail Express, Signature Confirmation service, or Insurance for more than $500, eliminating the need for a signature at the time of delivery. However, shippers who want the Postal Service to obtain a signature at the time of delivery would have the option to indicate this requirement on the shipping manifest. When the shipper does not reject the use of the previously provided signature, the customer who previously provided an electronic signature would be given the option for each delivery whether to sign at the time of delivery, or use the previously provided electronic signature.

For Priority Mail Express, the shipper already must request a signature in order for it be collected. The proposal would be to make the previously provided electronic signature available for such deliveries, unless the shipper indicates on the shipping manifest that the signature needs to be collected from the recipient at the time of delivery.

Application to all shipments using Priority Mail Express, Signature Confirmation service, and Insurance for more than $500, rather than just Commercial shipments, may be phased in later.

Changes to the DMM language include a more general reference to the signature for the affected services, while adding a description of "signature" which distinguishes between the traditional signature and the electronic signature.

In addition, the Postal Service will remove outdated text referring to Priority Mail Express labels printed prior to January 2012.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service. Although exempt from the notice and comment requirements of the Administrative Procedure Act (5 USC 553(b), (c)) regarding proposed rulemaking by 39 USC 410(a), the Postal Service invites public comments on the following proposed revisions to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1. We will publish an appropriate amendment to 39 CFR part 111 to reflect these changes. Accordingly, 39 CFR part 111 is proposed to be amended as follows:

PART 111—[AMENDED.]

1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

USPS PROPOSED RULE – NEW ELECTRONIC SIGNATURE OPTION

2. Revise the *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:

***Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM)**

* * * * *

115 Mail Preparation

* * * * *

2.0 Priority Mail Express 1-Day and 2-Day

* * * * *

[Delete 2.2 and renumber 2.3 and 2.4 as 2.2 and 2.3.]

2.2 Signature Required

[Revise the first sentence of renumbered 2.2 to read as follows:] For editions of Priority Mail Express Label 11-B or Label 11-F printed on or after January 2012, a mailer sending a Priority Mail Express item, and requiring a signature, must instruct the USPS to provide a signature by checking the "signature required" box on Label 11-B or Label 11-F or indicating signature is requested on single-ply commercial label. * * *

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215 Mail Preparation

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* * * * *

503 Extra Services

1.0 Basic Standards for All Extra Services

1.1 Description

[Revise the first sentence of 1.1 to read as follows:] Extra services described in 2.0 through 11.0 provide optional services such as insurance coverage, restricted delivery, and evidence of mailing, or a record of delivery (which includes a signature). * * *

* * * * *

1.8 Obtaining Delivery Information and Delivery Records

Delivery records for extra services are available as follows:

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

a. Information by article number can be retrieved at *www.usps.com* or by calling 1-800-222-1811. A proof of delivery letter (including a signature, when available) may be provided by email. When a proof of delivery letter includes a signature, the signature provided may be a signature that was obtained from the recipient at the time of delivery or, for certain services, an electronic signature that was previously provided by the addressee (or representative) and is maintained on file with the Postal Service. Eligible mailers may require at the time of mailing that a signature be obtained from the recipient at the time of delivery.

* * * * *

4.3 Basic Standards

4.3.1 Description

Insured mail is subject to the basic standards in 1.0; see 1.4 for eligibility. The following additional standards apply to insured mail:

* * * * *

[Revise the fourth and fifth sentences of item c to read as follows:]

c. * * * An item insured for more than $500.00 receives a delivery scan (includes returns products meeting the applicable standards in 505) and the USPS provides a signature as the delivery record to the mailer electronically (excludes returns products). Customers may optionally obtain a delivery record by purchasing a printed return receipt (Form 3811; also see 6.0 excludes returns products). * * *

* * * * *

8.1.1 Description

* * * USPS Signature Services are available as follows:

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

a. * * * A delivery record (including a signature) is maintained by the USPS and is available electronically or by email, upon request. * * *

* * * * *

508 Recipient Services

* * * * *

1.1.7 Priority Mail Express and Accountable Mail

The following conditions also apply to the delivery of Priority Mail Express, Registered Mail, Certified Mail, mail insured for more than $500.00, Adult Signature, or COD, as well as mail for which a return receipt is requested or the sender has specified restricted delivery:

* * * * *

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

b. Unless an electronic signature is used as described in 503.1.8a, a mailpiece may not be opened or given to the recipient before the recipient signs and legibly prints his or her name on the applicable form or label and returns the form or label to the USPS employee.

* * * * *

Brittany M. Johnson, *Attorney, Federal Compliance.*

USPS FINAL RULE – NEW MAILING STANDARDS FOR MAILPIECES CONTAINING LIQUIDS

POSTAL SERVICE

39 CFR Part 111

New Mailing Standards for Mailpieces Containing Liquids

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is revising *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), section 601.3.4 to clarify and supplement the mailing standards for mailpieces containing liquids.

DATES: Effective March 28, 2019.

FOR FURTHER INFORMATION CONTACT: Mary Collins at (202) 268-5551 or Wm. Kevin Gunther at (202) 268-7208.

SUPPLEMENTARY INFORMATION:

Background

The Postal Service published a notice of proposed rulemaking on July 9, 2018, (83 FR 31712-31713) requesting public feedback on potential changes to DMM 601.3.4. The original proposed rule provided for a 30-day comment period. At the request of the mailing industry, the comment period was subsequently extended to September 30, 2018. During the comment period, the Postal Service received twenty formal comments, and engaged in a number of discussions with mailers and with various members of the mailing and hazardous materials transportation industries.

The July 9, 2018 proposed rule consisted of two components. The first component was the clarification of existing language that specified packaging and markings for mailpieces containing liquids. The second component was a proposal to extend the requirement to triple-package breakable primary containers with a volume of four (4) ounces or less. Current mailing standards require triple packaging only for breakable primary containers over 4 ounces.

The Postal Service will move forward with the proposed clarification language and incorporate some additional changes that were proposed by mailers during the comment period. The Postal Service has observed that a significant percentage of liquid spills results from mailers misinterpreting the existing packaging requirements for liquids, thinking their nonmetal containers are not breakable. However, nonmetal containers (i.e., plastic, glass, earthenware, etc.) are often the source of liquid spills in Postal Service networks.

Specifically, the Postal Service will remove the ambiguity surrounding the meaning of "breakable container," in addition to clarifying the packaging requirements for those containers. The Postal Service expects this revision to reduce confusion, improve compliance, and limit the frequency with which it has to take action with noncompliant mailers. For convenience and simplicity, the Postal Service will also consolidate existing requirements for the packaging of liquids from Publication 52, *Hazardous, Restricted and Perishable Mail*, into the revised DMM 601.3.4, adding reference to package orientation markings as a condition for the mailing of liquids or other spillable materials. The Postal Service believes this clarification to be necessary prior to considering an escalation of enforcement.

With regard to extending the requirement to triple-package breakable primary containers with a volume of 4 ounces or less, the Postal Service will not move forward with this proposal at this time. The Postal Service will continue to monitor the frequency and impact of spills originating for these smaller containers, and make a determination at a future date regarding mailing standards revisions relating to smaller containers of liquids. The Postal Service encourages mailers to review and, if justified, make improvements to their packaging processes for small containers, especially for those liquids that can be disruptive to Postal Service operations (e.g., corrosive, viscous or oily liquids, and those with strong odors).

Summary of Comments and Postal Service Responses

The Postal Service received 20 responses to the July 9, 2018, proposed rule, several of which included multiple comments. Commenters included trade groups representing shippers of hazardous materials, individual mailers, mailer organizations, pharmaceutical mailers, and technical/professional service providers. Comments and Postal Service responses are summarized as follows:

<u>*Comment*</u>: Three commenters expressed concern with the impact the proposed revision could have on liquid product samples placed into Periodicals, and other flat-size or letter-size mailpieces.

USPS Response: It was not the intent of the Postal Service to expand the applicability of the revised DMM 601.3.4 to packets of liquid product samples placed in letter-size and flat-size mailpieces. Mailing standards relating to samples in Periodical mailpieces are provided in DMM 207.3.3.9. Additional details are described in Customer Support Ruling (CSR) PS-273. The mailing of packets of liquid product samples in other letter-size and flat-size mailpieces is described in a Postal Service policy, administered primarily through the Pricing and Classification Service Center (PCSC). The Postal Service does not intend to make changes to these mailing standards or policy at this time.

<u>*Comment*</u>: Several commenters opined that the revised standards would tend to make the Postal Service less competitive, add cost to mailers, and could drive liquid mailers to other transportation providers.

USPS Response: The Postal Service is committed to the safety and security of all items in its networks and strives to create mailing standards that support these efforts, yet are not overly burdensome to the mailing industry. The Postal Service will continue to work with industry to find ways to minimize incidents and the hidden costs resulting from clean-up expenses, lost work-hours and indemnity claims associated with spills of liquids in Postal Service networks.

<u>*Comment*</u>: Several commenters requested that the Postal Service reconsider its proposal to extend the triple-packaging requirement to primary containers of 4 ounces or less, with one commenter suggesting that the 4 ounce threshold be raised. These commenters relate that the additional expense associated with compliance would increase mailer costs.

USPS Response: In response to these requests, the Postal Service will not move forward with this proposal. Instead, the Postal Service will monitor the frequency and impact of spills originating from these smaller containers, and make a determination at a future date regarding mailing standards revisions. The Postal Service plans to consult with the shipping industry periodically on this topic and prior to proposing additional restrictions on smaller containers, if such a change appears necessary. In the meantime, the Postal Service requests that mailers review and, if warranted, make improvements to their packaging processes for small containers, especially for those liquids that can be disruptive to Postal Service operations (e.g., viscous or oily liquids and those with strong odors).

USPS FINAL RULE – NEW MAILING STANDARDS FOR MAILPIECES CONTAINING LIQUIDS

Comment: One commenter generally agreed with the change, but suggested restricting its application to commercial mailers only, while another commenter speculated that most spill incidents are not attributable to commercial mailers.

USPS Response: There is no evidence to support the claim that e-Retailers are better or worse at packaging liquids than the general public. The proposed changes are intended to reflect industry best practices that can be applied uniformly.

Comment: Several commenters urged the Postal Service to improve its enforcement regarding mailers found to be using insufficient packaging for liquids, instead of implementing new requirements. One commenter specifically suggested that the USPS Mailpiece Incident Reporting Tool (MIRT) be employed for this purpose. Additional suggestions ranged from mandating new mailer-provided insurance coverage that would compensate for damages to equipment and affected mailpieces to the introduction of fines that would cover the cost of any damages caused by mailpieces that are not prepared in accordance with mailing standards.

USPS Response: The MIRT currently has the capacity to capture details of, and generate reports for, nonhazardous liquids incidents. The Postal Service will continue its efforts to improve MIRT compliance going forward, and will attempt to provide more consistent and timely feedback to noncompliant mailers.

In an additional effort to improve compliance, the Postal Service will move forward with some of its proposed revisions to DMM 601.3.4 and Publication 52, Hazardous, Restricted and Perishable Mail, section 451.3, specifically to remove the ambiguity surrounding the meaning of the term "breakable container" and clarifying the packaging requirements for those containers. The Postal Service believes a significant percentage of liquid spill incidents arise from mailers misinterpreting the existing packaging requirements for liquids, thinking their nonmetal containers are not breakable. As a result, the Postal Service expects these revisions to improve compliance, and limit the frequency with which it has to take action with noncompliant mailers. It is also expected that these revisions are an appropriate first step in the Postal Service's improved enforcement process and the Postal Service will continue to work with the mailing industry to explore other options.

Comment: One commenter suggested the Postal Service place additional restrictions on problematic liquids.

USPS Response: The Postal Service currently has separate and distinct mailing standards for hazardous and nonhazardous liquids. At this time, the Postal Service prefers not to add another set of standards for nonhazardous liquids with specific characteristics. The Postal Service will consider this approach at a later date if conditions demonstrate the need.

Comment: One commenter related their belief that requiring triple packaging of nonmetal containers will add considerable packaging costs by adding additional weight and bulk to shipments, and may push mailings into higher rate cells, affecting a mailer's ability to combine liquids and non-liquids in the same shipment.

USPS Response: The Postal Service is sensitive to mailer concerns about escalating cost. However, it is the position of the Postal Service that the proposed revisions relating to breakable containers and the requirement to triple package are nothing more than clarification of existing standards. The Postal Service believes mailers should have always been triple packaging nonmetal containers, such as plastic bottles of motor oil, laundry detergent, and similar materials. As discussed previously in this *Federal Register* notice, the Postal Service believes it imperative to address the issue of spills, along with their associated hidden costs.

Comment: One commenter suggested that the Postal Service benchmark with other carriers to discover their strategies for managing and mitigating liquids incidents.

USPS Response: The Postal Service recognizes that there are operational differences between itself and commercial carriers and that it has legal constraints unique to its role as a governmental entity. However, the Postal Service plans to discuss liquid spill mitigation strategies with commercial carriers as opportunities arise.

Comment: One commenter requested that the Postal Service revise the language in the current DMM 601.3.4(d) to remove the requirement for mailers to provide their International Safe Transit Association (ISTA) 3A Package-Product Certification Notice at the time of mailing, and to replace it with language stating that mailers only need to be capable of meeting the conditions of the ISTA 3A procedure test.

USPS Response: The Postal Service believes it important for mailers, when choosing to use an alternate process to triple packaging, to provide certification that their packaging meets all the applicable test criteria. Therefore, the Postal Service will retain the requirement that mailers perform the ISTA 3A test on each combination of internal and external packaging for liquids, and make available the applicable 3A Package-Product Certification Notice for Postal Service review upon request. Upon the effective date of this notice, the Postal Service will no longer require mailers to provide these certifications at the time of each mailing, unless specifically requested by the office of acceptance.

Comment: One commenter requested that the Postal Service allow tests, other than ISTA 3A, as an alternate process to triple packaging.

USPS Response: In discussions with mailing and hazardous materials transportation industries regarding these proposed revisions, the Postal Service requested that mailers provide details about industry best practices used to ensure packaging is sufficiently rigorous to mitigate the risk of liquid spills in Postal Service networks. The Postal Service received one response from a pharmaceuticals mailer that referenced the Food and Drug Administration Current Good Manufacturing Practices (CGMP) process as an alternate process to triple packaging. The Postal Service reviewed the procedures and practices specified by the CGMP, but was unable to find guidelines relating to shipping or mailing of products and materials. As a result, the Postal Service will not add CGMP as an alternative to triple packaging for liquids in primary containers over 4 ounces. This commenter is encouraged to contact Postal Service Product Classification if they wish to provide additional input regarding CGMP.

Comment: One commenter requested that the Postal Service reconsider the requirement to provide enough absorbent material to absorb all the liquid contained in the primary container(s). The commenter stated that the requirement is expensive, difficult to quantify, and is more restrictive than that of commercial carriers.

USPS Response: The requirement to cushion the primary container with material sufficient to absorb all leakage has been in place for several years. Because of the elevated frequency with which liquid spills are now occurring, the Postal Service does not intend to relax this requirement at this time. Mailers that find it cost prohibitive to include absorbent materials as the cushioning material inside packages are encouraged to use the package testing alternatives found in the DMM section 601.3.4d.

Comment: One commenter requests that the Postal Service provide a minimum of one year for mandatory compliance.

USPS Response: As stated previously in this *Federal Register* notice, the Postal Service does not intend to move forward with its proposal to require triple packaging for containers of 4 ounces or less. In addition, the requirement to triple package breakable containers is not new, and has been in effect for many years. Since the DMM revisions discussed in this *Federal Register* notice do not constitute new requirements, the Postal Service does not believe it necessary to provide for a transitional period. Although these changes are effective March 28, 2019, the revisions will be published in the DMM on June 23, 2019.

USPS FINAL RULE – NEW MAILING STANDARDS FOR MAILPIECES CONTAINING LIQUIDS

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1. Accordingly, 39 CFR part 111 is amended as follows:

PART 111 – [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.
2. Revise the *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

* * * * *

601 Mailability

* * * * *

3.4 Liquids

[Revise 3.4 as follows:]

Mailers must mark the outer container of a mailpiece containing liquid to indicate the nature of the contents (i.e., liquid), and include orientation arrows in accordance with Publication 52, section 226. Mailers must package and mail liquids under the following conditions:

a. Use screw-on caps with a minimum of one and one-half turns, soldering, clips, or similar means to close primary containers containing liquids. Do not use containers with friction-top closures (push-down tops) except as provided in 3.4c. The use of locking rings or similar devices are encouraged when mailing containers with friction-top closures (push-down tops).

b. Liquids in steel pails and drums with positive closures, such as locking rings or recessed spouts under screw-cap closures, may be mailed without additional packaging.

c. Breakable containers including, but not limited to, those made of glass, plastic, porcelain, and earthenware, and metal containers with pull-tabs (pop-tops) or friction-top closures, having a capacity of more than 4 fluid ounces must be triple-packaged according to the following requirements:
   1. Cushion the primary container(s) with absorbent material capable of absorbing all of the liquid in the container(s) in case of breakage;
   2. Place the primary container inside another sealed, leakproof container (secondary container), such as a watertight can or plastic bag; and
   3. Use a strong and securely sealed outer mailing container durable enough to protect the contents and withstand normal processing in Postal Service networks.

d. As an alternative to 3.4c above, mailers may use containers certified under the International Safe Transit Association (ISTA) Test Procedure 3A. Mailers must, upon request, provide written test results verifying that sample mailpieces passed each test outlined in the standard and that no liquids were released.

* * * * *

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

Brittany M. Johnson, *Attorney, Federal Compliance*.

February Results: As Bleak as the Weather

If October's election-related volume was a tease that FY 2019 might have less red ink, the ensuing months have proven otherwise, and February's results did nothing to alter the situation. For the month, the USPS reported a net loss of $492 million, 85% more than planned, and five times more than the loss in February 2018.

Volume and revenue

Market-dominant volume was down sharply; competitive volume barely stayed positive:

- First-Class Mail: 4.33 billion pcs, -4.8%; 24.57 billion pcs, -3.0% YTD.
- Standard Mail: 5.50 billion pcs, -7.2%; 33.52 billion pcs, +1.0% YTD.
- Periodicals: 356.96 million pcs, -8.1%; 1.95 billion pcs, -6.8% YTD.
- Total Market Dominant: 10.27 billion pcs, -6.1%; 60.45 billion pcs, -0.9% YTD.
- Total Competitive: 401.8 million pcs, +0.3%; 2.50 billion pcs, +5.3% YTD.
- Total USPS: 10.72 billion pcs, -6.0%; 63.34 billion pcs, -0.8% YTD.

Revenue results for the month compared to SPLY and YTD:

- First-Class Mail: $1.96 billion, -2.8%; $10.91 billion, -3.0% YTD.
- Standard Mail: $1.20 billion, -6.0%; $7.15 billion, +1.5% YTD
- Periodicals: $93.4 million, -6.5%; $502.5 million, -5.8% YTD.
- Total Market Dominant: $3.54 billion, -3.1%; $20.02 billion, -0.4% YTD.
- Total Competitive: $1.72 billion, +4.4%; $10.07 billion, +7.8% YTD.
- Total USPS: $5.43 billion, -1.1%; $31.197 billion, +1.8% YTD.

Expenses and workhours

Total *controllable* compensation and benefit costs ($4.355 billion) were 4.7% over plan for the month and 5.9% higher than last February. Total expenses for February ($5.94 billion) were 0.6% under plan but 6.1% higher than SPLY.

For the year to date, *controllable* compensation and benefit costs ($25.94 billion) are 2.9% above plan and 9.0% higher than SPLY YTD. Similarly, total expenses ($33.82 billion) are 2.7% over plan and 7.7% higher than SPLY YTD.

- Total workhours: 2.3% over plan and 1.1% over SPLY for the month; 1.8% over plan and 1.6% higher than SPLY YTD.
- Month's end complement: 634,557 employees (495,750 career, 138,807 non-career) **-0.49%** compared to last February (494,476 employees: 637,664 career, 143,188 non-career), but **0.26% more** *career* workers than a year ago.

Continuing an unfortunate trend, workhour usage again exceeded plan and SPLY and, as noted above, the career workforce *grew*, all of this despite sharply lower volume.

As noted, the benefit from midterm election volume has been eroded by subsequent monthly declines. Meanwhile, decreased transportation costs and a positive workers' compensation adjustment could not offset the month's salary and benefit costs that were over 5% above both plan and last February. *More detailed data on the next page.*

USPS Preliminary Information (Unaudited) – February 2019 [1]

OPERATING DATA OVERVIEW [1,2]	Current Period					Year-to-Date				
Revenue/Volume/Workhours (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Revenue										
Operating Revenue	$5,431	$5,623	$5,494	-3.4%	-1.2%	$31,197	$31,310	$30,640	-0.4%	1.8%
Other Revenue	$1	$--	$1	NMF	0.0%	$8	$6	$16	33.3%	-50.0%
Total Revenue	$5,432	$5,623	$5,495	-3.4%	-1.2%	$31,205	$31,316	$30,656	-0.4%	1.8%
Operating Expenses										
Personnel Compensation and Benefits	$4,525	$4,452	$4,180	1.6%	8.3%	$25,936	$25,214	$23,798	2.9%	9.0%
Transportation	$599	$636	$610	-5.8%	-1.8%	$3,681	$3,572	$3,408	3.1%	8.0%
Supplies and Services	$216	$215	$234	0.5%	-7.7%	$1,186	$1,169	$1,243	1.5%	-4.6%
Other Expenses	$578	$579	$554	-0.2%	4.3%	$2,916	$2,884	$2,853	1.1%	2.2%
Total Operating Expenses	$5,918	$5,882	$5,578	0.6%	6.1%	$33,719	$32,839	$31,302	2.7%	7.7%
Net Operating Income/Loss	**-$486**	-$259	-$83			**-$2,514**	-$1,523	-$646		
Interest Income	$13	$12	$9	8.3%	44.4%	$61	$64	$37	-4.7%	64.9%
Interest Expense	$19	$18	$19	5.6%	0.0%	$103	$103	$97	0.0%	6.2%
Net Income/Loss	**-$492**	-$265	-$93			**-$2,556**	-$1,562	-$706		
Mail Volume										
Total Market Dominant Products [3]	10,265	10,716	10,933	-4.2%	-6.1%	60,451	60,514	61,017	-0.1%	-0.9%
Total Competitive Products [3]	402	420	401	-4.3%	0.2%	2,505	2,484	2,378	0.8%	5.3%
Total International Product	54	67	67	-19.4%	-19.4%	380	421	430	-9.7%	-11.6%
Total Mail Volume	10,721	11,203	11,401	-4.3%	-6.0%	63,336	63,419	63,825	-0.1%	-0.8%
Total Workhours	89	87	88	2.3%	1.1%	500	491	492	1.8%	1.6%
Total Career Employees	**495,750**		494,476		**0.3%**					
Total Non-Career Employees	**138,807**		143,188		**-3.1%**					

MAIL VOLUME and REVENUE [1,2,4]	Current period			Year-to-Date		
Pieces and Dollars (Thousands)	**Actual**	**SPLY**	**% SPLY Var**	**Actual**	**SPLY**	**% SPLY Var**
First Class (excl. all parcels and Int'l.)						
Volume	4,333,729	4,553,194	-4.8%	24,568,214	25,317,916	-3.0%
Revenue	$1,961,528	$2,018,821	-2.8%	$10,913,207	$11,100,800	-1.7%
Periodicals						
Volume	356,957	388,412	-8.1%	1,949,423	2,092,279	-6.8%
Revenue	$93,403	$99,883	-6.5%	$502,530	$533,470	-5.8%
Standard Mail (excl. all parcels and Int'l.)						
Volume	5,501,482	5,926,868	-7.2%	33,523,011	33,190,342	1.0%
Revenue	$1,200,075	$1,276,016	-6.0%	$7,154,834	$7,050,478	1.5%
Package Svcs. (ex. Inb'd. Intl Surf. PP @ UPU rates)						
Volume	48,493	42,343	14.5%	278,180	280,350	-0.8%
Revenue	$65,117	$57,128	14.0%	$360,513	$356,018	1.3%
All other Market Dominant Mail						
Volume	24,601	22,503	9.3%	132,331	136,034	-2.7%
Revenue	$215,210	$196,831	9.3%	$1,088,532	$1,057,642	2.9%
Total Market Dominant Products *(ex. all Int'l.)*						
Volume	10,265,262	10,933,320	-6.1%	60,451,159	61,016,921	-0.9%
Revenue	$3,993,932	$4,034,337	-1.0%	$20,019,616	$20,098,408	-0.4%
Shipping and Package Services						
Volume	401,839	400,513	0.3%	2,504,805	2,378,120	5.3%
Revenue	$1,643,050	$1,572,700	4.5%	$9,640,064	$8,930,173	7.9%
All other Competitive Products						
Volume	-	-	0.0%	-	-	0.0%
Revenue	$79,956	$77,068	3.3%	$433,920	$416,885	4.1%
Total Competitive Products *(ex. all Int'l.)*						
Volume	401,839	400,513	0.3%	2,504,805	2,378,120	5.3%
Revenue	$1,722,646	$1,649,768	4.4%	$10,073,984	$9,347,058	7.8%
Total International [5]						
Volume	54,345	67,518	-19.5%	379,762	429,882	-11.7%
Revenue	$172,774	$195,151	-11.5%	$1,103,732	$1,193,411	-7.5%
Total						
Volume [4]	**10,721,446**	11,401,351	**-6.0%**	**63,335,726**	63,824,923	**-0.8%**
Revenue	**$5,430,753**	$5,493,598	**-1.1%**	**$31,197,332**	$30,368,877	**1.8%**

EXPENSES OVERVIEW [1,2]	Current Period					Year-to-Date				
Dollars (Millions)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
Controllable Pers. Comp. & Benefits [6,7]	$4,355	$4,160	$4,114	4.7%	5.9%	$24,045	$23,757	$23,022	1.2%	4.4%
RHB Unfunded Liabilities Amortization [8]	$92	$92	$99	0.0%	-7.1%	$458	$458	$496	0.0%	-7.7%
FERS Unfunded Liabilities Amortization [8]	$80	$80	$76	0.0%	4.7%	$399	$399	$382	0.0%	4.5%
CSRS Unfunded Liabilities Amortization [8]	$120	$120	$145	0.0%	-17.1%	$600	$600	$724	0.0%	-17.1%
Workers' Compensation [9]	-$122	$ --	$145	NMF	-51.9%	$434	$ --	-$826	NMF	-152.5%
Total Pers. Comp. & Benefits	$4,525	$4,452	$4,180	1.6%	8.2%	$25,936	$25,214	$23,798	2.9%	9.0%
Total Non-Personnel Expenses	$1,393	$1,430	$1,398	-2.6%	-0.4%	$7,783	$7,625	$7,504	2.1%	3.7%
Total Expenses (incl. interest)	**$5,937**	$5,900	$5,597	**0.6%**	**6.1%**	**$33,822**	$32,942	$31,399	**2.7%**	**7.7%**

WORKHOURS [1,2,3]	Current Period					Year-to-Date				
Workhours (Thousands)	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**	**Actual**	**Plan**	**SPLY**	**% Plan Var**	**% SPLY Var**
City Delivery	32,751	32,073	32,644	2.1%	0.3%	184,031	180,707	180,862	1.8%	1.8%
Mail Processing	14,766	14,498	15,014	1.8%	-1.7%	87,323	85,276	87,465	2.4%	-0.2%
Customer Services & Retail	12,153	11,788	12,143	3.1%	0.1%	69,038	67,374	67,814	2.5%	1.8%
Rural Delivery	15,747	15,535	15,155	1.4%	3.9%	88,507	86,464	84,177	2.4%	5.1%
Other	13,284	13,123	13,381	1.2%	-0.7%	71,075	70,839	71,223	0.3%	-0.2%
Total Workhours	**88,701**	87,017	88,337	**1.9%**	**0.4%**	**499,974**	490,660	491,541	**1.9%**	**1.7%**

[1]/February 2019 had the same number of delivery and retail days compared to February 2018. YTD has the same number of delivery days and .75 less retails days compared to SPLY. [2]/Numbers may not add due to rounding and/or adjustments. Percentages calculated using unrounded numbers. [3]/Excludes all International. [4]/The sampling portion of the RPW system is designed to be statistically valid on a quarterly and annual basis. [5]/Includes Current Period Market Dominant Volume of 58,790 and Revenue of $94,358; SPLY Market Dominant Volume of 65,849 (-10.7%) and Revenue of $94,335 (+0.0%). Also includes Current Period Competitive Volume of 14,103 and Revenue of $112,288; SPLY Competitive Volume of 17,358 (-18.8%) and Revenue of $33,216 (-15.7%). [6]/This amount includes estimated Workers Compensation cash outlays including administrative fee. [7]/This represents the accrual for normal RHB costs for current employees, based on the beginning of the fiscal year estimate. [8]/This represents the estimates OPM amortization expense related to the actuarial revaluation of the Federal Employee Retirement System (FERS), Civil Service Retirement System (CSRS), and Postal Service Retiree Health Benefit Fund (PSRHBF) liabilities. The actual invoices will be received between June and October 2019. [9]/This represents non-cash adjustments; the impact of discount and inflation rate changes and the actuarial revaluation of new and existing cases. NMF = Not Meaningful Figure, percentages +/- 200% or greater or division by zero.

Miscellany

Kudos to two Mailers Hub subscribers

Among the Next Generation Campaign Award winners for 2019 were two Mailers Hub subscribers:

- *"Harry's Mardi Gras,"* designed and printed by Kessler Creative for Harry's Seafood Bar & Grille, is a Grand Champion finalist
- *"Scratch Off to Win,"* designed by AccuZIP and printed by Scratch Off Systems for Quality Plus Automotive Service, Inc., also is a Grand Champion finalist

Congratulations to both.

Another spill

Should anyone wonder why the Postal Service recently adopted new and stricter rules about shipping liquids:

As reported by Pittsburg's *KDKA*, operations at the Network Distribution Center in nearby Warrendale (PA) were suspended midday on March 24 after yet another spill, again involving a shipment of mercury. A USPS spokesperson stated that the closure was "out of an abundance of caution" but that "all employees are safe and accounted for and none were exposed to the contaminants." The agency added that "professional environmental contractors are conducting tests to evaluate, clean and certify the safety of the plant." The plant remains closed as of this date.

This is at least the fourth mercury spill the USPS has experienced in recent months, and the second that has forced the temporary closure of a major processing facility.

Talk about tenure

While some people move from job to job, or try to retire as soon as they can, other individuals have long careers that continue for decades. An example was reported in the Postal Service's *Link*:

Harris London began her postal career in 1976 at USPS headquarters; she was hired to work for the summer to update cards about every post office and postmaster in the country. In September, the managers asked her to stay. Eventually she moved to her current job as a telephone operator, where she works from 7am to 3:30pm, answering calls from the public and connecting callers to their local consumer affairs office.

Now 92, with 43 years' service, she admits that the technology has become a little more complicated, "but in most cases, it's wonderful." Her shift allows her to spend evenings with her friends, or her children, five grandchildren, and three great-grandchildren. She says her kids keep saying she "not 25," but adds she really "enjoys working here."

Is USPS logo wear fashionable?

The Postal Service recently struck a licensing deal with the Forever 21 fashion chain under which the company began producing clothing bearing various USPS logos. Though the agency claimed its agreement was meant to "generate royalty revenue for the Postal Service and build brand awareness among a younger audience," fashion critics weren't impressed. In an article in *Fast Company*, one commentator called the collection a "head scratcher," adding that, design aside, Forever 21 lost almost $40 million last year, making the company an unusual partnering choice. As a result, she stated, "If you're trying to lure young people, Forever 21 doesn't seem like the most judicious place to do it."

New Board nominee

In mid-March, the president nominated John Barger, a California lawyer, to complete a term on the USPS Board of Governors expiring December 8, 2021. The last incumbent in that seat was Louis Giuliano, who left the board in 2015 at the end of his "grace year"; his official term ended in 2014.

Barger's joins four nominations that had been received by the Senate on January 16: the reappointment of current governor Robert Duncan, and nominees Ron Bloom, Calvin Tucker, and Roman Martinez IV. All have been referred to the Homeland Security and Governmental Affairs Committee, but no hearings have been scheduled.

The only appointed members of the Board at present are Duncan and David Williams, both confirmed last August 28.

Crime still doesn't pay

In a late March press release, the US Attorney for the District of New Jersey announced that the former manager of a Gloucester County (NJ) mailing company has admitted defrauding the Postal Service of more than $1.5 million in postage. Appearing in US District Court in Camden, Steven Kaczorowski pleaded guilty to an information charging him with one count of mail fraud.

The release explained the background for the charge:

> "Steven Kaczorowski managed a business that prepared bulk mail, typically for shipping mass mailings on behalf of other businesses, educational institutions and charitable organizations. With the assistance of the company owner, Anthony L. Bucolo, Kaczorowski defrauded the USPS of more than $1.5 million in postage while billing clients as if such postage had been paid. Kaczorowski and Bucolo committed the fraud by various means, including by underreporting the volume of mail pieces actually mailed, altering USPS forms, and adding mail onto pallets, trays, tubs or sacks after the mail had been accepted and postage assessed and collected by a postal employee. Bucolo pleaded guilty to the conspiracy on Nov. 18, 2018, before Judge Bumb, but died prior to sentencing. The bulk mailing business is no longer operational."

The mail fraud conspiracy charge to which Kaczorowski pled guilty carries a maximum potential penalty of 20 years in prison and a $250,000 fine, or twice the gross gain or loss resulting from the offense. In his plea agreement, Kaczorowski agreed to make restitution for the full amount of the loss. Sentencing for Kaczorowski is scheduled for July 9, 2019.

The US Attorney credited inspectors of the US Postal Inspection Service with the investigation leading to the guilty plea.

Mailbox rights

The National Association of Letter Carriers, representing city carriers, apparently is gearing up to defend against any effort to persuade customers to move their mailboxes from doorsteps to centralized delivery. The union said it was "aware of an effort by the Postal Service in different parts of the country to convince customers to agree to change their mode of mail delivery," and so provided its members with a set of "customer rights," adding that it's "important that postal customers understand their rights and the rules and regulations that govern such changes." The union also warned its members that they can't advocate for or against a change in delivery mode, but added no restrictions exist that would bar retired carriers from "educating" the public.

All the Official Stuff

Federal Register

Postal Service

NOTICES

March 20: Product Change [19]: Priority Mail Express Negotiated Service Agreement [2], 10345, 10346; Priority Mail Express and Priority Mail Negotiated Service Agreement [3], 10345, 10345, 10346; Priority Mail Express, Priority Mail, and First-Class Package Service Negotiated Service Agreement [2], 10346, 10347; Priority Mail and First-Class Package Service Negotiated Service Agreement, 10346; Priority Mail Negotiated Service Agreement [9], 10344, 10344, 10345, 10345 10346, 10346, 10347, 10347, 10348; First-Class Package Service Negotiated Service Agreement, 10347; Parcel Return Service Negotiated Service Agreement, 10347.

March 21: Product Change [5]: Priority Mail Express, Priority Mail, and First-Class Package Service Negotiated Service Agreement [2], 10556, 10557; Priority Mail and First-Class Package Service Negotiated Service Agreement [2], 10556, 10557; Parcel Select and Parcel Return Service Negotiated Service Agreement, 10557.

March 27: Product Change [2]: Priority Mail Express, Priority Mail, and First-Class Package Service Negotiated Service Agreement, 11582; Parcel Select and Parcel Return Service Negotiated Service Agreement, 11581.

March 29: Product Change [4]: Priority Mail Express, Priority Mail, and First-Class Package Service Negotiated Service Agreement, 12011; Priority Mail Express and Priority Mail Negotiated Service Agreement, 12010; Priority Mail and First-Class Package Service Negotiated Service Agreement, 12010; Priority Mail Negotiated Service Agreement, 12011.

PROPOSED RULES

[None].

FINAL RULES

[None].

Postal Regulatory Commission

NOTICES

March 20: New Postal Product, 10343-10344.

March 21: New Postal Products, 10555-10556.

March 27: New Postal Products, 11581.

March 29: New Postal Products, 12009-12010.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

March 20: Monthly Labeling List Changes.

Postal Bulletin (PB 22516, March 28)

- Effective **March 28**, DMM 601.3.4 is revised to clarify mailing standards for packaging and marking mailpieces containing non-hazardous liquids. Although the Postal Service will not publish these revisions in the DMM until June 23, 2019, the standards are effective immediately.
- Effective **March 28**, the IMM Individual Country Listings are revised to note that:
  - **Dominica** is prohibiting lithium batteries and aerosols, as well as requesting the inclusion of both the addressee's and sender's contact information on all mail items.
  - **Sweden** is imposing a value-added tax (VAT) on all goods with a declared value imported from outside the European Customs Union. In addition, Sweden requests the inclusion of sender and addressee contact information.
  - **Switzerland** is implementing a value-added tax (VAT) for companies that generate an annual turnover of at least 100,000 Swiss Francs (CHF) from small shipments to Switzerland.
- Effective **March 28**, 2019, Publication 52, *Hazardous, Restricted, and Perishable Mail*, is revised to provide minor changes to mailing standards, enhance clarity, update terminology, and correct erroneous references and omissions.

USPS Industry Alerts

March 18, 2019

Proposed Rule* – Federal Register *Notice – New Electronic Signature Option

In the spirit of keeping the industry informed please see attached the Proposed Rule *Federal Register* Notice for the new Electronic Signature Option which was issued March 15, 2019. The Postal Service is proposing to amend the DMM in various sections to offer a more flexible option for package addressees (or their representatives) to provide an electronic signature indicating delivery of a package, when the sender chooses the following signature services: Priority Mail Express, Signature Confirmation service, and Insurance for more than $500. Generally, current practice is for the recipient of the package to sign at the time of delivery. For further information contact Karen F. Key at (202) 268-7492, Tiffany S. Jesse at (202) 268-7303, or Garry Rodriguez at (202) 268-7281.

March 18, 2019

Federal Register *Notice: New Mailing Standards for Mailpieces Containing Liquids*

The Postal Service published a notice of proposed rulemaking on July 9, 2018, (83 FR 31712-31713) requesting public feedback on potential changes to DMM 601.3.4. The July 9, 2018, proposed rule consisted of two components. The first component was the clarification of existing language that specified packaging and markings for mailpieces containing liquids. The second component was a proposal to extend the requirement to triple-package breakable primary containers with a volume of four (4) ounces or less. Current mailing standards require triple packaging only for breakable primary containers over 4 ounces. The Postal Service will move forward with the proposed clarification language and incorporate some additional changes that were proposed by mailers during the comment period. With regard to extending the requirement to triple-package breakable primary containers with a volume of 4 ounces or less, the Postal Service will not move forward with this proposal at this time. The Postal Service will continue to monitor the frequency and impact of spills originating for these smaller containers, and make a determination at a future date regarding mailing standards revisions relating to smaller containers of liquids. The *Federal Register* Notice is attached. For further information, contact Mary Collins at 202-268-55551 or Wm. Kevin Gunther at 202-268-7208.

March 20, 2019

2019 Next Generation Campaign Award Winners

The 2019 Next Generation Campaign Awards, a contest to honor mail innovation, is proud to announce winners and notable participants of this year's Next Generation Campaign Awards. The contest has two categories, the Grand Champion Award for consumer campaigns using the new Informed Delivery feature. The second category, and new this year, is the Innovative B2B Campaign Award. We are so pleased by the impressive work presented by mail owners, agencies and printers. We recognize them for their innovative, engaging and effective direct mail campaigns.

The judges have selected the winners of the Innovative B2B Campaign Award, and have selected finalists for the Grand Champion Award. The Grand Champion will be selected by the attendees at the National Postal Forum, May 5-8 2019 in Indianapolis, Indiana.

Innovative B2B Campaign Award Winners

- *"BillingTree Locked Case Account Based Marketing Campaign"* designed and printed by UviaUs for BillingTree
- "5 Senses" designed and printed by SG360º

Innovative B2B Campaign Award Honorable Mentions

- *"Academic Writer Librarian Toolkit"* designed by The American Psychological Association and printed by The Kelly Companies for The American Psychological Association
- *"Bonsai!"* designed by o2kl and printed by Unimac Graphics for The College Board
- *"80's Mix Tape: Holiday Card"* designed by Imbue Creative and printed by Digital Dog Direct for Imbue Creative
- *"Operation PB & J"* designed and printed by UviaUs
- *"New Year, New Ideas"* designed and printed by Suttle-Straus

Grand Champion Finalists

- *"Harry's Mardi Gras"* designed by and printed by Kessler Creative for Harry's Seafood Bar & Grille
- *"Hunt Direct Self Promotion"* designed by Hunt Direct Agency LLC and printed by Sun Solutions USA for Hunt Direct Agency LLC
- *"The Paper Rodeo Invite"* designed by Frederick Yocum and printed by The Standard Group for The Standard Group
- *"Scratch Off to Win"* designed by AccuZIP and printed by Scratch Off Systems for Quality Plus Automotive Service, Inc.

Grand Champion Honorable Mentions

- *"Fill the Hive. Feed the Child."* designed by Eidolon Communications and printed by Production Solutions for Heifer International
- *"Moneyplay"* designed and printed by CGI Communication Graphics Inc. for Rapid Capital Funding
- *"Top 10 Prom 2019"* designed by Top 10 Prom and printed by Sun Solutions USA for Top 10 Prom
- *"Save the Children Year End Campaign"* designed by Direct Point Group, Inc. and printed by Production Solutions for Save the Children

We would like to thank everyone that entered, and encourage your participation in next year's contest. For more information about the finalists and honorable mentions, please visit www.usps.com/nextgenaward.

March 21, 2019

Virulent Newcastle Disease – Pacific Area (California)

Due to the Virulent Newcastle Disease (VND) Regional Quarantine in the state of California, the United States Postal Service is updating our alert to no longer allow shipments of birds (all), hatching or embryonated eggs, into or out of zip codes 90000-93599.

VND, formerly known as Exotic Newcastle Disease, is a serious, highly contagious viral disease that can affect poultry and other birds. It is important that all commercial and non-commercial poultry owners maintain effective barriers to mitigate the risk of VND. VND is a nearly-always fatal respiratory infection in poultry for which there is no cure.

The Postal Service ban includes the State of California quarantine area and includes other Postal areas that could potentially transport birds, hatching or embryonated eggs. This quarantine is effective immediately across the following affected Districts: San Diego, Los Angeles, Santa Ana, Sierra Coastal.

March 22, 2019

EPS Migration Material Update – March 25, 2019

Did You Know ….. Beginning Monday, March 25, you no longer need to request an invitation code to access the Enterprise Payment System (EPS)?

Key Information:

- Customers who have already been issued invitation codes will still be able to use their code to access EPS.
- Customers who requested an invitation code from the PostalOne Help Desk, but have not yet received it, will still be granted their requested code to access EPS.

How to Request Access - Monday, March 25:

- Via the Business Customer Gateway, the BSA selects "Get Access" on the "Enterprise Payment System" tab, which triggers a notification to the USPS to approve.
- Status will display as "Pending Help Desk."
- Once the Help Desk approves the request, the BSA will receive an eMail notification.
- After approval, "Pending Help Desk" status will be replaced with "Go To Service."
- Authorization will be granted within three (3) business days depending on volume.

For more information on the Enterprise Payment System (EPS), visit the EPS page on PostalPro: https://postalpro.usps.com/node/4024

March 25, 2019

*****REMINDER** USPS to migrate Eligible Products and Services from the Centralized Accounting Processing System (CAPS) to Enterprise Payment System (EPS) – Effective April 1, 2019***

Effective April 1, 2019, CAPS will not be supported for accounts that are fully EPS eligible. The Postal Service has launched a new payment processing platform called Enterprise Payment System (EPS). EPS supports multiple payment options including mobile check deposit, offers more reporting features, and allows customers to manage multiple USPS business functions under one account.

Eligible Products and Services include First-Class Mail, Letters, Cards, and Flats, Priority Mail, First-Class Package Service, USPS Marketing Mail, Letters, Flats, and Parcels, Parcel Select, Media Mail, Library Mail, Bound Printed Matter, Periodicals, International Products, Business Reply Mail (BRM), Every Door Direct Mail (EDDM), PO Box, Caller & Reserve Services (EPOBOL), USPS Automated Returns, and Address Quality Products (AEC, AECII and ACS), submitted via hard copy, eDoc (Mail.dat/Mail.XML), Postal Wizard or the Intelligent Mail small business (IMsb) Tool.

Products not currently supported include Electronic Verification System (eVS), Parcel Return Service (PRS), PC Postage, Official Mail Accounting System (OMAS), Premium Forwarding Service Commercial (PFSC), Share Mail, Intelligent Mail barcode Accounting (IMbA), iCAPS, Express Mail Corporate Accounts, Merchandise Return Service (MRS), Scan Based Payment (SBP), and Remaining Address Quality products. Customers utilizing these products and services will continue to be supported through CAPS.

Please Note:

- Customers who have a combination of eligible and non-eligible products and services will not be required to migrate until a future date.
- No new permits for EPS eligible products or services should be opened on CAPS after April 1st, 2019.
- Customers with CAPS accounts containing all EPS eligible products and services who are unable to migrate to EPS by the April 2019 cutoff date, must request and receive approval for an exception. For the EPS Migration Exception Request Form and Instructions visit PostalPro: https://postalpro.usps.com/EPSMigrationExceptionRequest
  - Extension requests will be reviewed and approved by the Manager of Mail Entry and customers will be granted up to a 3 month extension.
  - Customers who are granted the extension but do not complete their CAPS to EPS migration for eligible products and services by the extended July 1st deadline, will be required to open a Local Trust account which will need to be funded by depositing a check at the BMEU where the permit is located.

- Customers using only EPS eligible products and services who do not migrate from CAPS to EPS by the April 1, 2019, cutoff date and have not submitted an exception request, will be contacted by USPS for follow up and encouraged to submit a completed exception request identifying their target migration date.

Mail Entry and Business Mailer Support is hosting a series of informational sessions on EPS and the migration process:
  - When: Occurs every Tuesday 1:00 PM to 2:00 PM ET
  - Webex: https://uspsmeetings.webex.com/uspsmeetings/j.php?MTID=mff5afd6359556285405a0a15e707d813
  - Call-in toll-free number (US): 1-855-860-7461, Conference Code: 819 297 8257

For more information:

- Visit PostalPro Enterprise Payment System Page: https://postalpro.usps.com/eps
- For more EPS benefits and how to create an EPS account review the Enterprise Payment System Account Creation Fact Sheet: https://postalpro.usps.com/EPS/MigrationFactSheet
- The updated EPS User Guide can be found on PostalPro: https://postalpro.usps.com/EPSUserGuide.

To sign-up today contact:

- Your local Business Mail Entry Unit (BMEU): https://ribbs.usps.gov/locators/find-bme.cfm
- PostalOne Helpdesk
  - Call: 1-800-522-9085
  - Email: Postalone@usps.gov

March 25, 2019

Eastern Area – Pittsburgh Plant Temporary Closure – Pittsburgh District

Due to a chemical spill, the following plant is closed until further notice: **Pittsburgh NDC,** 300 Brush Creek Rd, Warrendale, PA 15095

All drop shipments are being diverted to the following location: **Pennwood**, 51 Pennwood Pl, Warrendale, PA 15086

We will provide more details once available.

March 26, 2019

USPS Retiring Legacy Container, Tray and Start-the-Clock Visibility in PostalOne

On April 30, 2019, the US Postal Service (USPS) will retire legacy container, tray and Start-the-Clock visibility through the PostalOne Data Distribution Dashboard. Mailers who currently receive visibility through PostalOne PUSH subscriptions or PULL requests, or who use Online and Downloadable reports, must take steps to transition to Informed Visibility Mail Tracking & Reporting (IV-MTR) before April 30, if they have not already done so.

Current PostalOne mail visibility customers who have not set up an account within the IV-MTR system are urged to do so. To assist customers, we have put together a detailed guide providing step-by-step instructions for Applying for Access to IV-MTR. Customers who previously downloaded container, handling unit and Start-the-Clock visibility reports from the PostalOne Data Distribution Dashboard can create a delimited file in IV-MTR to obtain the same information.

With the retirement of legacy visibility through PostalOne, the IV-MTR application becomes the single, consolidated source for mail tracking and reporting information. Mailers who are relying on PostalOne exclusively for their mail tracking information must set up and activate an IV account by April 30 if they wish to continue receiving visibility of their mail.

Additional information about IV-MTR as well as technical resources can be found on the IV-MTR PostalPro webpage. For questions, or to get help setting up IV-MTR, please contact the IV Solutions Center at 1-800-238-3150, Option #2, or InformedVisibility@usps.gov.

March 27, 2019

Scheduled Maintenance Activities

On Sunday, April 7, 2019 from **6:00 AM to 12:00 PM (*Noon*) CT***,* the United States Postal Service will perform critical maintenance on its information technology infrastructure. Although this activity should be transparent to users, brief intermittent connectivity issues may be experienced when accessing the following systems/applications: Automated Package Verification (APV); Business Intelligence Database System (BIDS); Business Customer Gateway (BCG); Centralized Account Processing System (CAPS); Facility Access and Shipment Tracking (FAST); Enterprise Payment Systems (EPS); Informed Delivery; Informed Visibility; Mailer Scorecard; Package Platform; PostalOne System; PostalPro; Product Tracking and Reporting (PTR); USPS.com.

Please direct any inquiries or concerns to the PostalOne Help Desk via eMail (postalone@usps.gov) or telephone (1-800-522-9085).

March 29, 2019

Eastern Area – Pittsburgh Plant Temporary Closure – Pittsburgh District

The following plant remains closed until further notice: **Pittsburgh NDC,** 300 Brush Creek Rd, Warrendale, PA 15095

All drop shipments are being diverted to the following location: **Pennwood**, 51 Pennwood Pl, Warrendale, PA 15086

We will provide more details once available.

Calendar

May 5-8 – National Postal Forum, Indianapolis (IN)

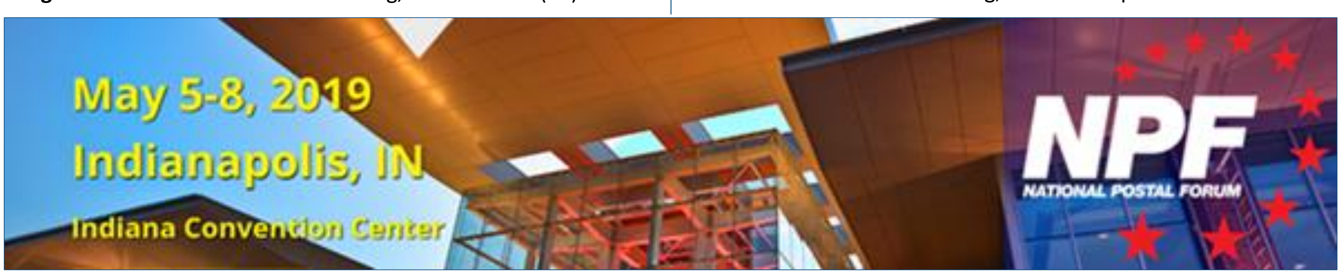
June 18-20 – MTAC meeting, USPS Headquarters

August 6 – Southern Area AIM Meeting, New Orleans (LA)

August 27-29 – MTAC meeting, USPS Headquarters

October 3-5 – PRINT 2019, Chicago (IL)

October 29-31 – MTAC meeting, USPS Headquarters



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