



# Postal Regulatory Commission

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## Press Release

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### **PRC Issues Advisory Opinion on Postal Service Plan to Implement Service Standards Changes Associated with First-Class Mail and Periodicals**

**Washington, DC** – Today, the Postal Regulatory Commission (Commission) issued its bipartisan, consensus advisory opinion to the U.S. Postal Service (Postal Service) regarding the Postal Service’s proposal to revise the service standards for First-Class Mail and end-to-end Periodicals. The Postal Service’s request is to increase the service standards by up to two additional days for some categories of First-Class Mail and Periodicals mail. The Postal Service’s stated aim of the changes was to improve service capabilities, achieve higher service standards, and reduce mail transportation costs (Docket No. N2021-1). The law requires the Postal Service to seek an opinion for changes that generally affect service on a nationwide or substantially nationwide basis.

In preparing its advisory opinion, the Commission considered the estimated impact of the proposal on service performance, the Postal Service’s financial condition, the Postal Service’s transportation network, customer satisfaction, and mail volume. The Commission gathered a wide range of input on the Postal Service’s proposal from the public through the discovery process, briefs, comments, written statements of position, and a live hearing before the full Commission.

The Postal Service’s proposal appears to target mail that consistently fails to meet service performance goals and has the most opportunity for improvement. However, the Commission is concerned that the Postal Service did not conduct any operational or pilot testing of its proposed service standard changes. The Commission finds this lack of testing problematic as mail processing is complex and requires timely execution to provide reliable service performance.

In addition, the Commission notes that the Postal Service’s estimated annual cost savings for the proposed service standard changes do not indicate much improvement,

if any, to the Postal Service's current financial condition. Rather, the estimated cost savings from extending the service standard would be eliminated by additional costs associated with the growth in packages. Therefore, it is not clear that the tradeoff between financial viability and maintaining high-quality service standards is reasonable. Likewise, the Postal Service concludes that any reduction in First-Class Mail and Periodical volume due to its proposal will be modest, but that conclusion is premised upon analysis of customer satisfaction and demand that relies on numerous unproven assumptions.

The Commission encourages the Postal Service to consider the full recommendations outlined in its advisory opinion prior to implementing its plan. The Postal Service should:

- 1) Regularly update and publicly communicate realistic targets throughout its implementation
- 2) Ensure cost savings are realized but balanced with and not prioritized over maintaining high-quality service standards
- 3) Closely monitor the implementation of its plan to determine whether the new potential surface transportation network actually increases efficiency and capacity utilization
- 4) Monitor more closely customer satisfaction going forward, particularly for customer and mailer segments that the change may most impact
- 5) Be more transparent in the feedback it receives from stakeholders and keep its plan flexible to the needs of customers, stakeholders, and the general public
- 6) Not rely upon its filed econometric analysis to estimate the impact of the proposed service changes on volume

The Commission's final opinion is advisory in nature. 39 U.S.C. § 3661. The law does not give the Commission authority to veto any of the Postal Service's service changes. As a result, the Postal Service is not required to implement or take any further action with regard to the Commission's advisory opinion; however, the Commission encourages the Postal Service to review these recommendations with serious consideration. The Advisory Opinion is posted together with separate views of Chairman Michael Kubayanda and Vice Chairwoman Ashley Poling at [https://www.prc.gov/docs/119/119311/Docket%20No.%20N2021-1\\_Advisory%20Opinion.pdf](https://www.prc.gov/docs/119/119311/Docket%20No.%20N2021-1_Advisory%20Opinion.pdf).

*Presidentially-appointed and Senate-confirmed Commissioners, each serving terms of six years. The President designates the Chairman. In addition to Chairman Michael Kubayanda, the other commissioners are Vice Chairwoman Ashley Poling and Commissioners Mark Acton, Ann Fisher, and Robert Taub. Follow the PRC on Twitter: @PostalRegulator and LinkedIn.*