



# Postal Regulatory Commission

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## Press Release

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### Postal Regulatory Commission Issues Advisory Opinion on USPS Delivering for America Initiatives

PRC finds DFA has significant problems, especially in rural areas  
PRC urges the Postal Service to reconsider its DFA plan

**Washington, DC** – The Postal Regulatory Commission (Commission) issued an in-depth analysis of the Postal Service’s Delivering for America (DFA) initiatives proposing nationwide changes to mail service. While the Commission acknowledges the challenges the Postal Service faces are significant, and change is essential, the Commission finds the Postal Service is irreversibly changing its network without laying a foundation for success.

- First, the Postal Service’s plan depends on defective modeling and does not appear to be ready for implementation.
- Second, the Postal Service relies on overly optimistic and unsubstantiated financial projections for cost savings that are not likely to improve the financial health of the Postal Service.
- Third, the Postal Service’s proposal has significant negative impacts on rural communities throughout the United States.

**The Commission urges the Postal Service to reconsider whether the speculative, meager gains from this proposal outweigh the certain downgrade in service for a significant portion of the nation.**

Since the start of the DFA initiatives in 2021, the Postal Service and Commission have received service complaints from around the country. Many of those service complaints continue today. The Commission strongly encourages the Postal Service to consider the concerns and recommendations outlined in the Advisory Opinion as it continues to develop and implement the proposed changes. Further, the Commission advises the Postal Service to closely monitor the impact of its changes on mail products and rural communities.

The Commission’s findings are summarized below, and in the [Advisory Opinion’s](#) executive summary. The Commission also compiled a list of all its [recommendations](#) in an appendix to the report.

### Significant Negative Impact on Service

The proposal is likely to have significant negative impacts on certain mail products and rural communities. The Postal Service's plan focuses on the potential service enhancements under the proposed service standards and downplays the significant adverse effects that its proposal will have on certain mail categories, mail classes, and rural communities.

- Rural communities will experience disproportionate downgrading of service standards when analyzed by ZIP Code pairs (mail sent from one ZIP Code to another).
- For Single-Piece First-Class Mail (such as individual letters and postcards, the type of mail most likely to be used by a household), 49.5 percent of ZIP Code pairs will experience downgraded service.
- Periodicals and Package Services will experience significant downgrades.
- Considerable decline in service performance has already been demonstrated in areas such as Richmond, Virginia, and Atlanta, Georgia, where the proposed network changes have already been implemented.
- The Postal Service currently lacks a system to accurately, reliably, and representatively measure service performance at the 5-digit level.

### Cost-Savings Are Speculative and Likely Overstated

The proposal is unlikely to significantly improve the financial health of the Postal Service for multiple reasons.

- Concerns with the Postal Service's methodology for estimating cost savings due to a lack of historical or empirical foundation.
- An unclear timeline for savings to be realized, and a lack of clarity regarding the overall effect on the Postal Service's financial health.
- Total projected cost savings, even if fully realized, represent approximately 4.4 percent of the Postal Service's FY 2024 operating expenses of \$81.8 billion.

### Defective Modeling and Is Ill-Prepared for Implementation

- The Postal Service used a defective modeling methodology which did not address variations in the postal network, for example the daily changes in the volume and type of mail that enters the network.
- The Postal Service worsened the impact of its defective modeling methodology by failing to integrate transportation and processing models. This prevented the Postal Service from optimizing the efficiency and performance of the full network.
- Given the lack of convincing evidence, the Commission finds it is unlikely that the Postal Service will create a more efficient network compared to the legacy network.

### Postal Service Proposal

The Postal Service's proposal calls for operational changes to create a nationwide network of regional processing distribution centers (RPDCs), and local processing centers (LPCs) that consolidate and reduce transportation lanes among facilities. It further plans to implement its regional transportation optimization (RTO) initiative nationally, resulting in a delay in processing some outgoing mail volume. The Postal Service estimates that these two initiatives will allow it to improve productivity and efficiency and achieve an annual cost savings of between \$3.6 and \$3.7 billion once the initiatives are fully implemented. The Postal Service also seeks to revise its service standards to align with these operational initiatives.

### Commission Advisory Opinions

When the Postal Service determines there should be a change in the nature of postal services, which will generally affect service on a nationwide or substantially nationwide basis, it must submit a request to the Postal Regulatory Commission for an Advisory Opinion.

The Commission's [Advisory Opinion](#), executive summary, [recommendations](#), and [FAQs](#) are available [here](#) and at [www.prc.gov](http://www.prc.gov).

*The Postal Regulatory Commission is an independent federal agency that provides regulatory oversight over the Postal Service to ensure the transparency and accountability of the Postal Service and foster a vital and efficient universal mail system. The Commission is comprised of five 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 Chairman Robert Taub, and Commissioners Tom Day, Ann Fisher, and Ashley Poling. Follow the PRC on Twitter: @PostalRegulator and LinkedIn.*