



PRIVATE EXPRESS CARRIER OBJECTIONS TO THE 6 DAY INTEGRATED DELIVERY NETWORK PROVISION (Sec. 202) ARE FALSE, MISGUIDED AND ILL INTENDED

Section 202 of the Postal Reform Act of 2021 would amend Section 101(b) of title 39, United States Code, by adding the following language:

The Postal Service shall maintain an integrated network for the delivery market-dominant and competitive products (as defined in chapter 36 of this title). Delivery shall occur, to the maximum extent practicable, at least six days a week except during weeks that include a Federal holiday or in emergency situations, such as natural disasters.

The Postal Service supports Section 202 because it codifies the status quo and reflects the Postal Service's strategic vision of the future. Private competitors, like UPS, oppose Section 202. They argue the language is unnecessary, would constrain the Postal Service's operational flexibility or create new costing and pricing issues. These objections are unfounded, misguided and intentionally misrepresent the purpose and effect of Section 202.

Myth: Section 202 is unnecessary.

Fact: The amendment codifies existing postal practices and reaffirms Congressional policy that the Postal Service should leverage the efficiency of an integrated delivery network for letter mail and packages to provide affordable delivery services to all Americans 6 days a week. The provision also protects against UPS's efforts for decades to cripple the Postal Service's package delivery business either by forcing the Postal Service to run a separate package delivery network or by arbitrarily loading up the package business with costs that would force the Postal Service to raise its delivery prices above competitive levels. Private express carriers have also supported reducing the Postal Service's Universal Service Obligation to 3 day a week mail delivery -- this provision also protects against that effort.

Myth: Section 202 would constrain the Postal Service's operational flexibility.

Fact: The Postal Service does not think so and supports section 202. The language only applies to the Postal Services delivery operations, not upstream transportation or processing operations. It simply is not true that the provision would require all facilities to process both mail and packages -- it only requires that the Postal Service continue to deliver mail and packages together at least six days a week. The Postal Service also will continue to have the flexibility to provide letter mail or package delivery services beyond these minimum requirements. The language is appropriately qualified to allow the Postal Service to adjust to extraordinary circumstances.

Myth: Section 202 would impose package costs on mail.

Fact: This fallacious argument attempts to build on the previous falsehood that all facilities would have to process both mail and packages. Thus, the argument goes, the cost of USPS investments in package sortation facilities or equipment would also be attributed to mail. Not true. If the costs are caused by providing package deliveries (which obviously any package specific investment would be) then those costs are and would continue to be attributed to the package business; and under the current statutory rules, the Postal Service would have to charge package delivery prices that cover all the costs caused by providing package deliveries plus an appropriate share of overhead.



Myth: Letter mail products are subsidizing package delivery services.

Fact: This claim is demonstrably false. The pricing and costing rules Congress put in place in 2006 were designed to ensure that the Postal Service's monopoly mail business did not subsidize the competitive package business. Those rules are working. In fact, in FY2021, the package business contributed \$13B above costs to help sustain the nationwide postal delivery network for letter mail and packages.

Myth: The costing rules are outdated and need to be improved.

Fact: The way the Postal Service measures costs have been continually refined. The Postal Regulatory Commission annually ensures that the Postal Service is pricing its products in compliance with the statutory requirements. The PRC also has conducted over 70 rulemakings to consider improvements in cost sampling and modeling as the mix of mail and package products changes and has adopted dozens of changes.

Myth: Section 202 is not clear on costing and pricing impacts.

Fact: To remove any doubt, the bill will include a rule of construction specifically saying that Section 202 does not impact costing or pricing