

DAVID E. WILLIAMS
CHIEF OPERATING OFFICER
EXECUTIVE VICE PRESIDENT



August 6, 2020

The Honorable Gary C. Peters
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

The Honorable Charles E. Schumer
United States Senate
Washington, DC 20510-3202

The Honorable Thomas R. Carper
Committee on Homeland Security
And Governmental Affairs
United States Senate
Washington, DC 20510-6250

The Honorable Amy Klobuchar
United States Senate
Washington, DC 20510-2302

Dear Ranking Member Peters and Senators Schumer, Carper, and Klobuchar:

This is in response to your letter of July 30, 2020, concerning U.S. Postal Service operations, as well as to some of the questions that were raised in a meeting hosted by Speaker Pelosi and Senator Schumer with the Postmaster General that I attended.

The Postal Service is in a financially unsustainable position, stemming from substantial declines in mail volume, and a statutorily imposed business model that is broken. We are currently unable to balance our costs with available funding sources to fulfill both our universal service mission and other legal obligations. Because of this, the Postal Service has experienced over a decade of financial losses, with no end in sight, and we face an impending liquidity crisis.

As we have repeatedly stated, Congress and the Postal Regulatory Commission must enact legislative and regulatory reforms to help address the situation. At the same time, it is imperative for the Postal Service to operate efficiently and effectively, while continuing to provide service that meets the needs of our customers. We recognize that there are alternatives to every product that we offer, and for that reason high-quality, reasonably-priced service is an imperative, but it is equally important to note that high-quality service and efficient service are not mutually exclusive, but in fact necessarily go hand-in-hand if we are to be self-sustaining as required by law. Indeed, achieving both is the only way that the Postal Service can continue to survive as a self-funded entity and to provide prompt, reliable, and reasonably-priced universal postal services for all Americans over the long-term.

As such, we are vigorously focusing on the efficiency of our operations as a fundamental strategy to enable the provision of high-quality service in a financially sustainable manner. To start with, we have taken immediate steps to better adhere to our existing operating plans, which were developed precisely to ensure that we meet our present service standards in an efficient and effective manner. By running our operations on time and on schedule, we will enhance our ability to be sustainable and to be able to continue to provide high-quality, affordable service. Of course, we acknowledge that temporary service impacts can occur as we redouble our efforts to conform to the current operating plans, but any such impacts will be monitored and temporary as the root causes of any issues are

addressed and corrected. However, our long-term viability depends on us taking the transformative steps necessary to provide quality service in an even more efficient manner, so some temporary service issues are likely inevitable in our evolution. But you can rest assured that we will continually review our operational practices and make adjustments as required to ensure that we operate in an efficient and effective manner.

Your letter and the meeting I describe above both seek information about "operational changes" implemented under Postmaster General DeJoy. As an initial matter, in our efforts to reemphasize our existing operational plans, we are focused on improving our transportation efficiency. This means working to eliminate extra and late trips. The need to dispatch an extra truck or to hold a truck only arises when the mail being carried by those extra or late trips is off schedule in the first place. Therefore, a more disciplined transportation schedule exposes other areas in our system where adjustments or corrections are needed to keep the operational plan on schedule. In addition to an emphasis on eliminating extra and late trips, we are reducing unnecessary miles and more fully utilizing capacity. Given persistent volume declines, such efforts are necessary to ensure that trucks are not traveling long distances with limited volume onboard.

In addition to transportation efforts, we are also focused on maximizing the efficiency of our processing and sortation equipment. Similar to truck capacity, the time and cost associated with running a machine grows significantly less efficient with less volume on the machine. By adhering to planned start and stop times, and running sort plans based on current volumes, we can maximize the efficiency of our processing operations and ensure that the mail departs from our plants on time. In some instances, we may be able to shift or remove equipment as appropriate. These efficiency efforts also permit further alignment of employee schedules with operating plans and prevent the negative downstream impacts to our operations when the mail leaves our plants late.

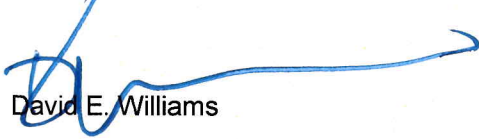
Decreases in volume and improvements in automation also result in less need for carriers to manually sort mail. On July 25, 2020, we started the Expedited to Street/Afternoon Sortation (ESAS) pilot in 384 Post Offices across the country. The pilot decreases carrier time in the office in the mornings and ensures that our letter carriers start their routes on schedule. ESAS is designed to improve consistency in delivery times, increase carrier efficiency, ensure that there are no downstream effects as the result of our carriers arriving back to their post offices late, and reduce cost. Parcels, small parcels and rolls (how medicines are often sent), First-Class flats, election mail, Social Security and other benefit checks, and local newspapers will continue to be sorted in the morning and will not be impacted by the pilot. A small volume of mail not compatible in automation and some Marketing Mail that could not be sorted before the carriers leave the post offices will be sorted in the afternoon after carriers return from delivery. At the conclusion of the test, the Postal Service will evaluate any impact to customer service and operational efficiency. If the test is deemed successful, the Postal Service will take any necessary legal and regulatory steps prior to national expansion. Please find attached a presentation discussing the pilot.

Contrary to media accounts and other accusations, there have been no edicts to delay the mail or eliminate overtime, although we are reemphasizing that operational managers must ensure that overtime is earned as the result of unexpected volume or other factors pursuant to our normal overtime analysis before it is approved. As indicated by the above efforts, we are working towards meeting our current operational plans in a manner that improves efficiency and service, not to slow down the mail. Closely following the operating plan should also decrease unnecessary overtime. As will reinforcement of the processes for approving overtime and aligning hours with workload to reduce unauthorized overtime.

As discussed in the July 22, 2020, response to Senator Peters, we explained that the Postmaster General is working on a broader business plan that will be presented to and considered by the Postal Service Board of Governors. We will keep our oversight committees informed as the business plan is finalized, and as decisions are made on other significant interim efforts. We are also happy to set up a time to speak with your staffs in this regard if that is what you prefer. In addition, we will respond to Senator Schumer's questions concerning Election Mail in a separate letter.

I hope that this provides the additional clarification sought in your letter and appreciate your ongoing interest in the Postal Service. If I can be of assistance in other postal matters, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Williams", with a long horizontal flourish extending to the right.

David E. Williams

Enclosure