The Value of the U.S. Postal Service Brand
February 2015

Source: OIG white paper
OVERVIEW

• PAEA and Service Standards (Market Dominant)
• Service Performance vs. Service Measurement
• Postal Service Changes in Service Standards
• GAO Report
• Recent PRC Cases
• Upcoming 10-Year Review
• Different Perspectives
ESTABLISHMENT OF MODERN SERVICE STANDARDS

From Title 39, U.S. Code § 3691

a) Authority Generally - Not later than 12 months after the date of enactment of this section, the Postal Service shall, in consultation with the Postal Regulatory Commission, by regulation establish (and may from time to time thereafter by regulation revise) a set of service standards for market-dominant products.
Pre-PAEA
Service standards existed; not mandated

PAEA Enacted
-Dec 2006-

MTAC and USPS Define
Service Standards
-2007-

PRC Approves
PI2007-1
PI2008-1

Network Rationalization
-2012 – present-

Standard Mail Load Levelling
(April 2014)
SERVICE STANDARD TIMELINE II

- Operating Window Change (Jan 2015)
- Senate Hearing (Jan 2016)
  - USPS/PRC task force on Rural Service
- Appeal - Oral Arguments C2013-10 (Oct 2016)
- PI 2015 Still Open PRC Tech Conferences (most recent Aug 2016)
- ACD 2015 (March 2016)
- PRC PI 2016 (Jan 2016)
- OIG Report on OWC NO-AR-16-009 (Sept 2016)
- PRC Tech Conference (Oct 2016)
RELATED ISSUES

• Macroeconomy and Competitive Pressures
• Costs
• Rollout of FSS (affects flats costs and service time)
• Rural Mail Service and Performance Measurement
• Tail of the Mail
• Other
COMPETITIVE ADVANTAGE

Demand and Forecasts

COST

PRICE

SERVICE

VOLUME
STRATEGIC RELATIONSHIPS ARE COMPLEX

- Competitive Environment
- Pricing
- Service
- Costs
- Regulation

Postage Products
PERFORMANCE AND MEASUREMENT ISSUES

• Service Time (CETs, FAST, etc.)
• Service vs. Operational Measurements
• Replace EXFC with Internal Measurements?
• Census vs. Statistical Sampling?
• Service and Pricing
• Upcoming 10-Year Review
<table>
<thead>
<tr>
<th>INDUSTRY PLAYERS</th>
<th>OVERSIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• USPS</td>
<td>• CONGRESS (Senate &amp; House)</td>
</tr>
<tr>
<td>• MAILERS</td>
<td>• PRC</td>
</tr>
<tr>
<td>• RECIPIENTS</td>
<td>• OIG</td>
</tr>
<tr>
<td>• URBAN vs. RURAL</td>
<td>• GAO</td>
</tr>
<tr>
<td>• UNIONS</td>
<td>• U.S. COURTS</td>
</tr>
</tbody>
</table>
DIFFERENT PERSPECTIVES

• Major Mailers (Kathy Siviter)
• U.S. Postal Service (Keith Weidner)
• Postal Regulatory Commission (Curtis Kidd)
• GAO (Lori Rectanus)

• GENERAL DISCUSSION