Fleet Modernization: E-Transit Vehicle Acquisition Update

AUDIT REPORT

Report Number 25-063-R25 | September 16, 2025

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Highlights

Background

A key facet of the U.S. Postal Service's Delivering for America plan is a nearly $10 billion investment to modernize its aging delivery vehicle fleet. The Postal Service plans to acquire 106,480 vehicles between fiscal years (FY) 2023-2028, 9,250 of which are E-Transits — a left-hand drive (LHD), battery electric vehicle (BEV). We previously reported that the Postal Service acquired 1,076 E-Transits between March 2023 and June 2024 (78 percent below its original plan). This audit provides an update to that report.

What We Did

Our objective was to assess the status of the Postal Service's acquisition of E-Transit delivery vehicles. We reviewed related policies, milestones, and documentation; observed vehicles; and met with Postal Service Headquarters and local officials.

What We Found

The Postal Service acquired 7,465 E-Transits as of June 2025 (81 percent of the planned total), but acquisitions were 1,785 behind plan. This occurred primarily because of the limited number of delivery units with complete BEV charging infrastructure and compatible LHD routes to effectively use the vehicles. As such, the Postal Service worked with the supplier to delay further receipt and stored over 6,000 E-Transits at holding lots — some as long as 14 months — pending deployment to available units. While the Postal Service has a strategy to deploy all E-Transits over the next two years, this situation poses financial and operational risks. We estimate deployment delays will postpone over $78 million in expected savings between FYs 2025 and 2026. Developing a short-term mitigation strategy, including an analysis of related costs and assessing other options — such as divestment — could help reduce the impact of storing E-Transits in holding lots.

The Postal Service also incurred incremental staffing, equipment, and transportation-related costs associated with storing E-Transits in holding lots. We found E-Transit storage management issues at some facilities related to inconsistent data, preventative maintenance, battery charging, deployment, and contracting services due to gaps in management oversight and related controls and communication. We estimate questioned costs of $37,058 from February to April 2025.

Recommendations and Management's Comments

We made six recommendations to address the issues identified in the report, and Postal Service management agreed with five and disagreed with one. We will pursue the disagreed recommendation through the formal audit resolution process. Management's comments and our evaluation are at the end of each finding and recommendation. See Appendix B for management's comments in their entirety.

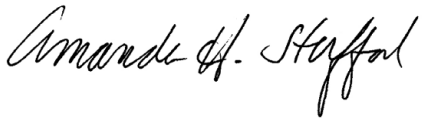
Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 16, 2025

MEMORANDUM FOR: RONNIE J. JARRIEL
CHIEF LOGISTICS AND INFRASTRUCTURE OFFICER AND
EXECUTIVE VICE PRESIDENT

ROBERT J. GLASS
SENIOR DIRECTOR, FLEET MANAGEMENT



FROM: Amanda H. Stafford
Deputy Assistant Inspector General
for Retail, Marketing & Supply Management

SUBJECT: Audit Report – Fleet Modernization: E-Transit Vehicle Acquisition Update
(Report Number 25-063-R25)

This report presents the results of our audit of an update on the Postal Service's acquisition of E-Transit delivery vehicles.

All recommendations require U.S. Postal Service Office of Inspector General (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. The recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed. We will work with management through the audit resolution process on recommendation 5.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Josh Bartzen, Director, Retail & Infrastructure, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit on the U.S. Postal Service's efforts to modernize and electrify its delivery vehicle fleet (Project Number 25-063). Our objective was to assess the status of the Postal Service's acquisition of E-Transit delivery vehicles. See Appendix A for additional information about this audit.

Background

The Postal Service's fleet of delivery and collection vehicles is an integral part of achieving the agency's mission to provide the nation with reliable, affordable, and universal mail service. The fleet is comprised of over 230,000 vehicles of varying makes and models, such as right-hand drive "purpose-built" Long Life Vehicles and left-hand drive (LHD) commercial off-the-shelf vans.

The current condition of this fleet remains concerning as the Postal Service continues to use many vehicles that are over their expected service life of 24 years,[1] making them expensive to maintain and operate. Many of these vehicles also lack modern safety and operational features, such as airbags, traction control, collision avoidance systems, and air conditioning. A key facet of the Postal Service's Delivering for America 10-year plan[2] included a nearly $10 billion investment to modernize and electrify parts of its aging delivery vehicle fleet. The Postal Service developed a strategy to acquire 106,480 new delivery vehicles between fiscal years (FY) 2023 and 2028, which includes a mix of different engine types, driver-side configurations, suppliers, and production methods.

A segment of this fleet consists of 9,250 E-Transits — a unique LHD commercial off-the-shelf battery electric vehicle (BEV) that reportedly has nearly three times the cargo capacity of some of the current delivery vehicles (see Figure 1). The Postal Service's original plan for acquiring these E-Transits consisted of receiving them on an ongoing basis between December 2023 and December 2024 and deploying them at facilities across the country with both new electric vehicle charging infrastructure and delivery routes conducive to LHD vehicles.[3]

Figure 1. Postal Service's E-Transit Vehicle

Source: Office of Inspector General (OIG) photograph taken April 9, 2025, at the Norfolk Vehicle Maintenance Facility (VMF) holding lot.

In October 2024, we reported on the status of the Postal Service's acquisition of E-Transits (along with various other types of delivery vehicles),[4] stating:

> *The Postal Service acquired 1,076 E-Transits through June 2024; 625 vehicles short of its current plan and 3,724 short of its original plan for that time. These delays occurred primarily due to vehicle testing and infrastructure preparedness issues. Postal Service officials stated they worked with the supplier to determine corrective solutions for the testing issues; are working to improve electric vehicle-related infrastructure readiness; and adjusted their E-Transit's acquisition timing and quantities schedules.*

1 All Long Life Vehicles have exceeded their expected service life by about seven to 14 years, while all Flex Fuel Vehicles have either reached or exceeded their expected 24-year service life by about a year.
2 U.S. Postal Service, *Delivering for America Strategic Plan: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence*, March 2021.
3 For example, to the extent possible for efficiency and carrier safety purposes, the Postal Service tries to assign right-hand drive vehicles to routes with more curbline deliveries. Other routes, such as those with fewer curbline deliveries or park and loop routes, may be more conducive to LHD vehicles.
4 USPS OIG, *Fleet Modernization: Delivery Vehicle Acquisition Status*, Report Number 24-051-R25, October 3, 2024.

We estimated these E-Transit delays postponed projected cost savings of over $14 million in FY 2024. We made one recommendation for the Postal Service to include pertinent financial and sustainability impact data in its vehicle acquisition strategy and related contingencies. Management disagreed, prompting it to enter audit resolution where it remained as of August 2025.

The acquisition of new delivery vehicles (including E-Transits) is a complex process, including coordination with multiple external stakeholders including suppliers, Congress, the administration, and other parties; and compliance with applicable federal requirements (such as the National Environmental Policy Act). Within the Postal Service, these acquisitions also entail cross-functional coordination among multiple groups including contracting; vehicle acquisition; facility preparedness; and operational testing, deployment, and integration. Acquisition-related activities include:

- *Prior to receipt.* Postal Service staff enter vehicle data into the Fleet Management Information System (FMIS)[5] — such as assigning a vehicle number — and determine which Postal Service VMF will receive the vehicle shipment from the supplier.
- *Upon receipt (at the VMF).* VMF staff must record the receipt of the vehicle in FMIS, perform a pre-delivery inspection, and upload other pertinent data into FMIS.[6] Postal Service Motor Vehicle Accounting Service staff also record a vehicle's inventory verification date in FMIS and process the vehicle for asset tracking purposes.
- *After receipt*. VMF staff manage key activities until the eventual transfer of the vehicle to the destinating delivery unit for use on a delivery route[7] — including providing ongoing maintenance, ensuring vehicle security while on-site, preparing the vehicle for deployment, and transporting the vehicle to the final destinating unit.

The Postal Service's ability to effectively acquire and use E-Transits (and other new delivery vehicles) will help modernize its fleet and capture cost savings, integrate new safety features, and provide quality service. In particular, the ability of E-Transits to haul larger volumes of mail and packages, based on their larger cargo capacity, should improve delivery operational efficiency and eliminate the need for multiple trips.

"The Postal Service's ability to effectively acquire and use E-Transits (and other new delivery vehicles) will help modernize its fleet and capture cost savings, integrate new safety features, and provide quality service."

5 FMIS is intended to provide, under one central program, key fleet needs and systems, including maintenance and work-order management, vehicle accident history, invoice payment and tracking, vehicle assignment and location information, and many other features working in tandem with the telematics vehicle data.

6 This information includes the Vehicle Identification Number and the Bill of Lading. VMF staff should also document any damages or missing equipment during the pre-delivery inspection. The Bill of Lading must be attached to each vehicle during the receipt process, allowing the document to be accessed remotely by headquarters and related stakeholders.

7 The Postal Service's January 22, 2024, statement (*U.S. Postal Service Unveils First Postal Electric Vehicle Charging Stations and Electric Delivery Vehicles*) noted the expectation to convert approximately 400 selected sites into Sorting and Delivery Centers (S&DC) nationwide, which serve as the local hubs to deploy BEVs along local carrier routes since charging stations will be installed at these S&DCs to power the agency's electric delivery vehicles.

Finding #1: E-Transit Acquisition and Deployment Delays

The Postal Service acquired 7,465 of the 9,250 planned E-Transits as of June 2025, 81 percent of the planned total. Acquisition of the remaining 1,785 vehicles (19 percent) was to be completed by May 2025 (according to the Postal Service's April 2024 plan) but was subsequently pushed back to August 2025 (see Table 1).

Table 1. E-Transit Acquisition Schedule and Performance

Month	April 2024 Plan[a]	Acquired (Actual)	Variance (Actual vs. April 2024 Plan)
January 2024			
February 2024			
March 2024			
April 2024			
May 2024			
June 2024			
July 2024			
August 2024			
September 2024			
October 2024			
November 2024			
December 2024			
January 2025			
February 2025			
March 2025			
April 2025			
May 2025			
June 2025			
July 2025			
August 2025			
Total	**9,250**	**7,465**	**(1,785)**

Source: OIG analysis of Postal Service FMIS vehicle data.
Note: "TBD" represents to be determined as the Postal Service still has vehicles to acquire.
[a] This was the supplier's projected schedule as of April 2024; however, this schedule does not reflect the April 2025 contract modification that extended the deliver-by date to August 31, 2025.

The Postal Service worked with the supplier to extend the schedule for receiving these vehicles in response to the limited number of delivery units with both complete electric vehicle charging infrastructure[8] and compatible LHD routes. The Postal Service also stored over 6,000 acquired (81 percent) E-Transits at facilities (that is, holding lots) across the country[9] — some as long as 14 months — pending availability of delivery units with complete infrastructure and compatible routes (see Table 2).

8 We have issued multiple reports highlighting delays with the Postal Service's facility readiness as it relates to electric vehicle infrastructure and vehicles. See the Prior Audit Coverage section in Appendix A for more information on these reports.
9 Postal Service management stated that it primarily identified and selected these holding lots based on the locations' storage capacity; local weather; and relative proximity to S&DCs and metropolitan areas, which often have centralized delivery points conducive for delivery by E-Transits. Early contract related documentation indicated the Postal Service initially planned for the supplier to deliver vehicles to four holding lots as early as January 2024.

Table 2. Postal Service E-Transit Storage, June 30, 2025

Postal Service Holding Lot	Number of Vehicles	Longest Tenured (Months)
Atlanta (GA) Christmas Terminal Handling Operations (CTHO)[a]	3,114	14
Carol Stream (IL) VMF	325	11
Harrisburg (PA) VMF	98	3
Lehigh Valley (PA) VMF	343	4
Norfolk (VA) VMF	614	11
New Jersey Network Distribution Center (NDC)	442	13
Santa Clarita (CA) VMF	603	14
Seattle (WA) VMF	497	7
Total	**6,036**	**n/a**

Source: OIG analysis of Postal Service FMIS data and other Postal Service documentation.
Note: "n/a" represents not applicable.
[a] The Postal Service also initially used the Atlanta (GA) Crown Road facility to store E-Transits, but it became temporarily inactive pending completion of related construction efforts.

Postal Service officials stated that stakeholder involvement influenced a nearly 560 percent increase in the number of requested BEVs (including E-Transits)[10] and that this sizable increase contributed to the readiness issues at delivery units. Postal Service officials also stated that in addition to continuing to install the required electric vehicle infrastructure across the country, they initiated other actions to better manage the acquisition and use of E-Transits. Specific efforts included (a) modifying the contract with the supplier to allow the remaining undelivered vehicles to be stored at a third-party lot (at no additional cost) for three months and (b) exploring different avenues to accelerate deployment of stored vehicles (for example, identifying additional compatible delivery routes or vehicle battery charging alternatives).

While we recognize these efforts, the Postal Service is incurring incremental staff-, equipment-, and transportation-related costs associated with storing E-Transits at its holding lots, such as the following:

- *Staffing.* Garage assistants were hired at three holding lots and a third-party was contracted for security at one holding lot.
- *Charging Equipment.* Portable generators and a natural gas electric vehicle charger were purchased for use at specific holding lots (see Figure 2).

Figure 2. Portable Generators and Natural Gas Electric Vehicle Charger

Source: OIG photographs taken April 24, 2025, at the Seattle VMF holding lot and on April 30, 2025, at the Atlanta (GA) CTHO holding lot.

10 In March 2022, the Postal Service placed its first order for 50,000 vehicles, including 10,019 BEVs (20 percent of the initial order). In December 2022, the Postal Service announced plans to accelerate the electrification of its delivery fleet by acquiring at least 66,000 BEVs by the end of 2028.

- *Transportation.* The E-Transit contract included supplier transportation to a designated Postal Service facility — typically the local VMF aligned with the assigned destinating delivery unit. The use of holding lots, however, adds another transportation route for select vehicles (for example, from the holding lot to the local VMF) and the Postal Service incurs these additional costs.

Postal Service management stated these ongoing, incremental costs are not that large and that these costs were largely unplanned. The Postal Service included a ten percent capital contingency factor in their related financial proposal documents for "ongoing volatility in the vehicle market and any other unforeseen costs associated with acquiring these vehicles," which could include these holding lot-related costs.

Going forward, the Postal Service expects to acquire the remaining 1,785 vehicles by the end of August 2025. While the Postal Service has a strategy to deploy all E-Transits over the next two years, continued acquisition and deployment delays put short-term timelines for fleet modernization, cost savings, and sustainability at risk. For example,

- *Postponed cost savings.* We estimate these deployment delays will postpone projected cost savings[11] of over $78 million between FYs 2025 and 2026 based on the targets outlined in the Postal Service's November 2022 Decision Analysis Report request.[12]
- *Postponed environmental savings.* Deployment delays contribute to slowing the Postal Service's environmental sustainability efforts to reduce the emission of greenhouse gases by 40 percent in key areas by FY 2030.
- *Future maintenance cost risk.* The vehicle warranty terms start upon receipt of the vehicles at the holding lot (and not when they are deployed) and will expire after three years.[13]

Considering these delays and risks, it would be prudent for the Postal Service to develop a short-term strategy for mitigating the impacts of storing E-Transits in holding lots. This strategy, which would include an analysis of related costs and other options, could help guide future decisions regarding aligning E-Transit acquisitions and deployments with electric vehicle infrastructure readiness.

Recommendation #1

We recommend the **Chief Logistics and Infrastructure Officer and Executive Vice President** develop a short-term strategy for mitigating the impacts of storing E-Transits in holding lots that would include an analysis of related costs (in other words, acquisition, staffing, maintenance, transportation, and so forth) and assessment of other options such as divestment.

Postal Service Response

Management agreed with the finding and recommendation 1. Regarding the finding, management acknowledged that E-Transits had not been acquired according to the original and modified schedule and that vehicles are temporarily maintained in holding lots. Management stated the OIG's estimate of $78 million in postponed savings was based on projected savings calculated from the original 2022 Decision Analysis Report and the full anticipated savings of each vehicle would still be captured over each vehicle's 12-year life, starting when they are deployed. Management further stated the primary driving force behind the 560 percent increase in planned BEV acquisitions starting in late 2022 was the $3 billion Inflation Reduction Act appropriation to the Postal Service for BEVs and charging infrastructure.

11 This total projected cost savings represents the difference in operating costs between the Long Life Vehicles remaining on routes and the planned, more efficient, E-Transits.
12 The purpose of the Decision Analysis Report is to gain approval for the use of Postal Service funds; in this case, to seek capital commitments to replace high maintenance cost Long Life Vehicles that have well exceeded their useful life.
13 Normally the general warranty would be for a minimum of three years from date of acceptance or 36,000 miles road travel, whichever occurs first. However, the E-Transits stored in holding lots should incur a minimal amount of mileage while in storage.

Regarding recommendation 1, management stated it is already taking mitigating measures to include conducting a pilot to assess the potential for charging vehicles at a central location and deploying E-Transits to nearby offices where carriers drove to and from the central charging station. Management stated it will not be implementing extraordinary measures, such as selling off E-Transits. The target implementation date is October 30, 2025.

OIG Evaluation

We consider management's comments responsive to recommendation 1, and corrective action should resolve the issues identified in the report. Regarding our $78 million estimate, our calculation reflects that the projected savings have been postponed because the vehicles are not yet deployed. Regarding management's comment that we understated the impact and financial benefit that resulted from the 560 percent increase in planned BEV acquisitions, we reported on infrastructure readiness issues at delivery units that could not support this sizable increase and the related costs resulting from the need for holding lots for multiple years.

Finding #2: Opportunities for Improving E-Transit Storage

We found mixed results around storage of E-Transits at holding lots. On a positive note, management quickly implemented measures to store E-Transits, including identifying holding lots and providing additional resources and support. Once the vehicles arrived at the lots, holding lot staff worked to process and prepare the vehicles for deployment, including installing telematic devices[14] and correcting issues identified when the acquired E-Transits did not contain all necessary components — such as missing decals (see Figure 3) and power cords. We also found vehicle keys were properly stored in secured locations or cabinets at all eight locations.

> "On a positive note, management quickly implemented measures to store E-Transits, including identifying holding lots."

Figure 3. Examples of E-Transit Delivery Acceptance Issues: Missing Decals

Source: OIG photographs taken April 22, 2025, at the Santa Clarita VMF holding lot and May 7, 2025, at the Carol Stream VMF holding lot.

We did, however, find instances of E-Transit storage management issues as follows:

- *Inconsistent FMIS data.* We found multiple examples of data inconsistencies in FMIS. For example, nearly 4,500 E-Transits (across all eight holding lots) were coded in FMIS as being "vehicle maintenance reserve" vehicles, while over 1,200 E-Transits were coded as other functions such as "holding lot" vehicle.[15] In addition, over 200 E-Transits were listed at the wrong facility, but management corrected some of these during our site visit. FMIS data inconsistencies may hinder management's visibility into the locations of and reasons for stored E-Transits.
- *Inconsistent performance of preventative maintenance inspections.* We found that while preventative maintenance inspections[16] were conducted on more than 1,700 E-Transits at seven of the eight holding lots, over 3,800 E-Transits across five holding lots were flagged in FMIS as having not completed a scheduled inspection, with some being overdue by 11 months (see Table 3). While Postal Service management stated that preventative maintenance inspections are not required for E-Transits in holding lots, inconsistent preventative maintenance inspections may hinder efficient VMF operations.

14 A telematics device plugs into a vehicle's data port and provides near-real time information on the operating condition of the vehicle — mileage, location, acceleration/deceleration, battery condition, fluid levels, and so forth. These devices can replace much of the manually reported information and allow VMF employees to see the condition of vehicles in near-real time, enabling the Postal Service to move from planned, reactive maintenance to predictive, proactive maintenance.
15 During our site visit, management corrected the coding of a holding lot vehicle from "park and loop, city."
16 Postal Service guidance states that vehicles are to be maintained according to a preventive maintenance schedule to eliminate premature breakdowns while in service delivering mail, with schedules based on usage or time.

Table 3. Incomplete Holding Lot Vehicle Preventive Maintenance Inspections (as of June 30, 2025)

Postal Service Holding Lot	2024					2025						Total
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Atlanta (GA) CTHO	7	39	33	118	680	415	373	153	666	184	44	2,712
Carol Stream (IL) VMF				6	103	18	10	33		34	4	208
Norfolk (VA) VMF				1								1
Santa Clarita (CA) VMF		6	105	88	279	25	23	5		2	4	537
Seattle (WA) VMF								34	108	187	60	389
Total	**7**	**45**	**138**	**213**	**1,062**	**458**	**406**	**225**	**774**	**407**	**112**	**3,847**

Source: OIG analysis of Postal Service FMIS data.

- *Inconsistent battery maintenance.* We observed multiple instances where high-voltage E-Transit batteries were charged beyond the 70 percent threshold set forth in Postal Service guidelines and inconsistent with the supplier's recommendations for battery charge levels for vehicles in extended storage (around 50 percent).[17] Figure 4 shows examples of vehicles that were charged to 90 and 100 percent. This inconsistent approach could potentially risk voiding the supplier's limited warranty.[18]

Figure 4. Examples of Inconsistent Battery Charging

Source: OIG photographs taken April 22, 2025, at the Santa Clarita VMF holding lot and April 24, 2025, at the Seattle VMF holding lot.

- *Improper vehicle deployment.* We found over 620 instances (across six holding lots) where newer arriving vehicles were improperly deployed to local VMFs (for final delivery to local destinating units) before longer-held vehicles.[19] Considering the vehicle warranty starts upon the Postal Service's receipt of the vehicle, improper vehicle deployment may increase the risk of out-of-pocket maintenance expenses for vehicles with shorter warranty periods.

- *Unnecessary local contracting services.* We found one holding lot unnecessarily engaged a local contractor to service E-Transits. Instead of using battery chargers available at Postal Service facilities, it paid a local contractor to charge over 180 E-Transits at an external, publicly available location. Local officials stated they did this due to manpower shortages and charging restrictions at the VMF. We estimate the unnecessary charging services resulted in questioned costs of $37,058 from February to April 2025. We also noted the holding lot used a local contractor to transfer 16 E-Transits to another Postal Service facility, rather than leverage the national contract for E-Transit transportation.

These collective shortfalls occurred due to gaps in controls and communication regarding E-Transit storage lot management. Field staff we interviewed stated that oftentimes the holding lot procedures and expectations were limited and/or vague, requiring them to interpret procedures independently or contact each other for additional perspectives. These control and communication gaps contributed to

17 The E-Transit owner's manual states that battery life can be increased by maintaining the state of charge below 100 percent and specifically recommends maintaining an approximate 50 percent charge when the vehicle is parked for an extended period of 30 days or more. The manual states that storing the vehicle's high voltage battery at higher states of charge is less favorable than storing at lower states of charge.
18 The E-Transit warranty guide states that items or conditions not covered by the limited warranty include high-voltage battery replacement due to improper vehicle storage.
19 Postal guidance states that vehicles should be deployed in a first in, first out order (and not last in, first out).

inconsistencies in FMIS data, preventive maintenance inspections, and vehicle battery management; improper deployment; and unnecessary local contracting. The Postal Service has already initiated corrective efforts for some of these shortfalls, such as updating FMIS data and clarifying policies. Continued inconsistencies, however, will exacerbate the inefficiencies already associated with storing E-Transits for extended periods of time.

Recommendation #2

We recommend the **Senior Director, Fleet Management**, correct inconsistencies in the Fleet Management Information System (FMIS) for E-Transits in holding lots and implement internal controls to periodically assess the accuracy of E-Transit vehicle data in FMIS.

Recommendation #3

We recommend the **Senior Director, Fleet Management**, correct inconsistencies in preventative maintenance inspections and battery maintenance for E-Transits in holding lots and implement internal controls to periodically assess the consistency of these activities.

Recommendation #4

We recommend the **Senior Director, Fleet Management**, correct deficiencies associated with E-Transit deployments and implement internal controls to periodically assess compliance with related deployment procedures.

Recommendation #5

We recommend the **Senior Director, Fleet Management**, develop strategies and controls to ensure local holding lot staff are appropriately using applicable service contracts.

Recommendation #6

We recommend the **Senior Director, Fleet Management**, develop strategies to enhance communication of policies and procedures to E-Transit local holding lot staff, particularly related to the consistency of Fleet Management Information System data, preventative maintenance inspections, battery maintenance, and deployment.

Postal Service Response

Management agreed with recommendations 2, 3, 4, and 6, but disagreed with the finding, recommendation 5, and the monetary impact. Regarding the finding, the Postal Service acknowledged some limited data and administrative inconsistencies with the holding lots, but disagreed that the storage of E-Transits in holding lots had "mixed results." The Postal Service stated it has not experienced any problems with the utilization of stored E-Transits and had moved over 1,000 E-Transits out of holding lots and into daily operations following successful charging infrastructure commissioning with no reported operational issues. Further, while management stated it will continue to correct any inconsistencies in the normal course of its operations, it disagreed with the OIG's conclusion that there were inconsistencies in battery maintenance or the unnecessary use of local contracting services. Management stated that charging guidelines are not requirements, and that occasionally charging a battery to 100 percent capacity has not resulted in a detrimental impact on battery health. Management also stated that local facilities are authorized to use contracting services to help charge and transport vehicles, which is consistent with daily VMF management practices.

Regarding recommendations 2, 3, 4, and 6, management stated it will issue an updated directive to all VMFs to ensure the function codes are "HL" (holding lot) for vehicles in lots; clarify that system generated preventative maintenance inspections should be completed

by visually inspecting the vehicle; note that there is no required charging level for the high-voltage batteries; and reiterate first in, first out deployment guidance and monitor vehicles being deployed to determine compliance. The target implementation date for these recommendations is October 30, 2025.

Regarding recommendation 5, management asserted this recommendation was unnecessary as the Postal Service is already appropriately using applicable service contracts in alignment with collective bargaining agreements. As such, management stated there was no monetary impact from this routine, acceptable practice.

OIG Evaluation

We consider management's comments responsive to recommendations 2, 3, 4, and 6, and corrective action should resolve the issues identified in the report. Regarding management's issue about how we found "mixed results" around storage of the E-Transits, we feel that we sufficiently conveyed positive and negative aspects of management's inconsistent data, preventative maintenance, battery charging, deployment, and contracting services due to gaps in management oversight and related controls and communication. Regarding management's comment on how the inconsistencies we reported did not impact operations or the vehicles' health, we reported that inconsistent preventative maintenance inspections hinder efficient VMF operations (such as having VMF staff at seven of eight holding lots perform operations not required). Further, regarding management's comments about inconsistent battery maintenance, holding lots were repeatedly charging batteries beyond the 70 percent threshold set forth in Postal Service guidelines and inconsistent with the supplier's recommendations for battery charge levels for vehicles in extended storage. Not following such guidance could potentially void the supplier's limited warranty.

Regarding management's disagreement with our finding on unnecessary local contracting services, recommendation 5, and the related monetary impact, we raised specific concerns regarding usage seen during our fieldwork, rather than the usage of contractors in general. Specifically, we found the Postal Service incurred additional costs to charge over 180 E-Transits at an external, publicly available location instead of using battery chargers available at the existing Postal Service facility. Additionally, it did not leverage a national contract for transferring E-Transits to other Postal Service facilities. We consider management's comments nonresponsive to recommendation 5 and will pursue it through the audit resolution process.

Looking Forward

The Postal Service continues to advance its commitment to modernize its delivery fleet and complete E-Transit acquisitions by the end of August 2025, with more than 1,000 vehicles deployed on routes. However, as the Postal Service continues to hold at least 6,000 E-Transits, valued at more than $379 million, it is important for the Postal Service to manage its storage in an efficient, effective, and secure manner. The Postal Service is also planning to acquire over 50,000 new Next Generation Delivery Vehicles over the next few years, many of which will also be BEVs. Any charging infrastructure readiness delays could also result in holding these vehicles — making management of these lots even more important.[20]

As the Postal Service continues with its delivery fleet modernization, we will monitor the plans, acquisitions, and deployment of vehicles and related infrastructure to ensure it employs efficient and cost-effective measures and applies lessons learned from earlier deployments.

20 Detailed analysis of how many Next Generation Delivery Vehicle BEVs and for how long they may need to be stored were not available.

Appendices

Appendix A: Additional Information

Scope and Methodology

Our objective was to assess the status of the Postal Service's acquisition of E-Transit delivery vehicles. To accomplish our objective, we:

- Reviewed applicable laws, regulations, policies, procedures, documents, and data related to E-Transit vehicle acquisitions, deployment, and storage.
- Reviewed the Postal Service's Delivering for America plan regarding acquiring delivery vehicles, related materials of select strategic initiatives, and associated documentation of applicable Decision Analysis Reports.
- Reviewed Postal Service vehicle data from the FMIS.
- Reviewed Postal Service financial data from the Enterprise Data Warehouse regarding E-Transit-related payments.
- Reviewed E-Transit-related contract documentation in the Contract Authoring Management System to identify acquisition changes, performance and delays, and related Postal Service actions.
- Conducted site visits and interviews at eight holding lots involved in storing E-Transits at the Atlanta CTHO, New Jersey NDC, and VMFs in Carol Stream, Harrisburg, Lehigh Valley, Norfolk, Santa Clarita, and Seattle.
- Interviewed Postal Service Headquarters and other officials.
- Reviewed past Postal Service OIG audit work.

We conducted this performance audit from January through September 2025 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on August 13, 2025, and included its comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the Postal Service's E-Transit acquisitions and holding lot storage internal control structure. We reviewed the management controls for overseeing the program and mitigating associated risks. We also assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to Risk Assessment, Control Activities, and Information and Communication that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of Postal Service data from FMIS and Contract Authoring Management System by conducting logical tests, tracing them to the source documents, and using the results of our observations from the holding lot site visits. We determined that the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
Fleet Modernization: Facility Preparedness for Electric Vehicles at the South Atlanta Sorting and Delivery Center	Assess whether the South Atlanta S&DC was prepared to use electric vehicles in delivery operations and the functionality of the electric vehicle infrastructure and vehicles.	24-158-R25	6/12/2025	$749,996
Security of Electric Vehicle Charging Stations	Assess the security of the Postal Service's electric vehicle charging stations.	24-020-R25	6/5/2025	$0
Fleet Modernization: Facility Preparedness for Electric Vehicles at the Terre Haute Sorting and Delivery Center	Assess whether the Terre Haute S&DC was prepared to utilize electric vehicles in delivery operations and the functionality of the electric vehicle infrastructure and vehicles.	24-166-R25	4/14/2025	$0
Fleet Modernization – Facility Preparedness for Electric Vehicles at the Topeka Sorting and Delivery Center	Assess whether the Topeka S&DC was prepared to utilize electric vehicles in delivery operations.	24-056-R25	1/8/2025	$0
Fleet Modernization: Delivery Vehicle Acquisition Status	Assess the status of the Postal Service's acquisition of new delivery vehicles.	24-051-R25	10/3/2024	$0
Fleet Modernization – Charging Station Deployment Timelines	Assess charging station infrastructure deployment timelines.	23-170-R24	7/16/2024	$0
Fleet Modernization – Electric Vehicle and Charging Infrastructure Incentives	Determine if the Postal Service is participating in incentive programs related to its electric vehicles and requisite charging infrastructure. If not, identify opportunities for participation and associated cost savings.	24-038-R24	6/27/2024	$8.7 million
Fleet Modernization – Electric Vehicle Charging Stations Acquisition	Determine whether the Postal Service was effectively testing and monitoring the performance of, providing effective oversight over the contract for, and storage of, charging stations.	23-059-R24	12/29/2023	$67,400
Next Generation Delivery Vehicles – Environmental Impact Statement	Determine if the Postal Service's Next Generation Delivery Vehicles acquisition process and the related Environmental Impact Statement complied with the National Environmental Policy Act of 1969 and assess the reliability and reasonableness of the Environmental Impact Statement and supporting analysis.	22-107-R23	4/6/2023	$0
Electric Delivery Vehicles and the Postal Service	Identify opportunities and challenges for the Postal Service in moving to an electric vehicle delivery fleet.	RISC-WP-22-003	3/17/2022	$0
Delivery Vehicle Acquisition Strategy	Assess the Postal Service's acquisition strategy for delivery and collection vehicles.	19-002-R20	8/12/2020	$0

Appendix B: Management's Comments

UNITED STATES POSTAL SERVICE

September 05, 2025

LAURA LOZON
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Fleet Modernization: E-Transit Vehicle Acquisition Update (Project Number 25-063-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Fleet Modernization: E-Transit Vehicle Acquisition Update.*

Finding #1: E-Transit Acquisition and Deployment Delays

The Postal Service generally agrees with the OIG's finding that E-Transits have not been acquired according to the original and modified schedule and that vehicles are temporarily maintained in holding lots prior to deployment. The OIG reports that the use of these holding lots will postpone $78 million in anticipated savings. It should be clarified that this is calculated from the original Decision Analysis Report authored in 2022, based on projected savings *at that time* as each vehicle is deployed. Furthermore, the Postal Service will still capture the full anticipated savings over each vehicle's 12-year life, starting from when the vehicles are deployed.

In addition, while the OIG acknowledges the Postal Service's 560% increase in planned battery electric vehicle (BEV) acquisitions starting in late 2022, it understates the impact and financial benefit that resulted from this increase. Although the OIG attributes the 560% increase to "stakeholder involvement," the primary driving force behind the increase was actually the $3 billion Inflation Reduction Act (IRA) appropriation to USPS for BEVs and charging infrastructure (EVSE) which made BEVs more affordable. In order to timely obtain the benefit of these funds, the Postal Service increased the BEVs acquired from 10,019 to 66,230, which then made it necessary to store E-Transits in holding lots to allow sufficient time for the charging infrastructure to be developed at the scale required. The Postal Service foresaw this potential need to use holding lots and included them as part of the acquisition plan before BEV production and delivery began.

Finding #2: Opportunities for Improving E-Transit Storage

The OIG's finding regarding "Opportunities for Improving E-Transit Storage" begins by concluding, inaccurately, that the holding lots have had "mixed results". While the Postal Service acknowledges some limited data and administrative inconsistencies with the holding lots, the Postal Service strongly disagrees that the storage of E-Transits in holding lots has had "mixed results". Rather, the Postal Service has not experienced any problems with the utilization of stored E-Transits from the holding lots, and has moved over 1,000 E-Transits out of holding lots and into daily operations following successful EVSE commissioning with no reported

operational issues. Therefore, the OIG's report should conclude that the Postal Service has successfully implemented holding lots as part of its E-Transit deployment plan.

The Postal Service acknowledges, as stated above, that there are some inconsistencies in processes within the holding lots. However, none of these inconsistencies have impacted the Postal Service's operations, or the vehicles' health and ability to be used upon transition out of the holding lots. While the Postal Service will continue to correct any genuine inconsistencies in the normal course of its operations, it disagrees that the following items noted by the OIG are actually inconsistencies:

- *Inconsistent battery maintenance*. The Postal Service informed the OIG that it does not perform battery maintenance. The Postal Service also clarified that charging guidelines are not requirements and that occasionally charging a battery to 100% capacity has not been shown to have a detrimental impact on battery health.

- *Unnecessary local contracting services*. The Postal Service informed the OIG that its finding regarding unnecessary local contracting services is incorrect. Local facilities are authorized to use contracted services when needed. This is a common practice for every VMF, which are the entities responsible for administering the holding lots. Using contractors to help charge and transport vehicles is not inherently unnecessary or improper and is consistent with daily VMF management practices.

The OIG included a monetary impact of $37,058 related to the unnecessary local contracting services mentioned above. The Postal Service disagrees with both the finding and the associated monetary impact. There is no monetary impact from this routine, acceptable practice.

The following are our comments on each of the seven recommendations:

Recommendation 1:
We recommend the **Chief Logistics and Infrastructure Officer and Executive Vice President** develop a short-term strategy for mitigating the impacts of storing E-Transits in holding lots that would include an analysis of related costs (in other words, acquisition, staffing, maintenance, transportation, and so forth) and assessment of other options such as divestment.

Management Response/Action Plan:
Management **agrees** with this recommendation to the extent that it is already taking mitigating measures. The Postal Service has previously provided the OIG information on how it is deploying E-Transits to additional routes beyond the initial EVSE deployment and that it is acquiring mobile generator-powered chargers to accelerate deployment. Furthermore, the Postal Service conducted a pilot to assess the potential for charging vehicles at a central location and deploying BEVs, such as the E-Transit, to nearby offices where carriers drive to and from the central charging location. This strategy is viable but adds significant labor expense. The Postal Service will not be implementing extraordinary measures, such as selling off E-Transits as suggested by the OIG, beyond what it is already undertaking.

Target Implementation Date: 10/30/2025

Responsible Official: Senior Director, Fleet Management

Recommendation 2:
We recommend the **Senior Director, Fleet Management**, correct inconsistencies in the Fleet Management Information System (FMIS) for E-Transits in holding lots and implement internal controls to periodically assess the accuracy of E-Transit vehicle data in FMIS.

Management Response/Action Plan:
Management **agrees** with this recommendation. The Postal Service will issue an updated directive to all VMFs to update the function code (which provides no impact to the vehicle or Postal Service) to ensure the function codes are HL for vehicles in lots.

Target Implementation Date: 10/30/2025

Responsible Official: Director, Fleet Operations

Recommendation 3:
We recommend the **Senior Director, Fleet Management**, correct inconsistencies in preventative maintenance inspections and battery maintenance for E-Transits in holding lots and implement internal controls to periodically assess the consistency of these activities.

Management Response/Action Plan:
Management **agrees** with this recommendation. The Postal Service will issue a clarifying memorandum that states that system generated PMIs should be completed by visually inspecting the vehicle and that there is no required charging level for the high-voltage batteries.

Target Implementation Date: 10/30/2025

Responsible Official: Director, Fleet Operations

Recommendation 4:
We recommend the **Senior Director, Fleet Management**, correct deficiencies associated with E-Transit deployments and implement internal controls to periodically assess compliance with related deployment procedures.

Management Response/Action Plan:
Management **agrees** with this recommendation. The OIG acknowledges that the Postal Service has already issued guidance regarding First In, First Out deployment. The Postal Service will reiterate the guidance and will monitor vehicles being deployed to determine First In, First Out compliance.

Target Implementation Date: 10/30/2025

Responsible Official: Director, Fleet Operations

Recommendation 5:
We recommend the **Senior Director, Fleet Management**, develop strategies and controls to ensure local holding lot staff are appropriately using applicable service contracts.

Management Response/Action Plan:
Management **disagrees** with this recommendation solely based on the recommendation being unnecessary. The Postal Service is already appropriately using applicable service contracts in alignment with collective bargaining agreements. As stated in management's comments on the Finding and Monetary Impact associated with this recommendation, the VMF's use of local contracting was consistent with VMF management practices and was neither unnecessary nor improper.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 6:
We recommend the **Senior Director, Fleet Management**, develop strategies to enhance communication of policies and procedures to E-Transit local holding lot staff, particularly related to the consistency of Fleet Management Information System data, preventative maintenance inspections, battery maintenance, and deployment.

Management Response/Action Plan:
Management **agrees** with this recommendation. The Postal Service will reissue guidance as indicated in its responses to Recommendations 2-4.

Target Implementation Date: 10/30/2025

Responsible Official: Director, Fleet Operations

E-SIGNED by RONNIE.J JARRIEL
on 2025-09-05 11:00:39 EDT

RONNIE J JARRIEL
CHIEF LOGISTICS AND INFRASTRUCTURE OFFICER

E-SIGNED by ROBERT.J GLASS
on 2025-09-04 15:48:26 EDT

ROBERT J. GLASS
SENIOR DIRECTOR, FLEET MANAGEMENT

cc: *Corporate Audit & Response Management*

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This document contains sensitive information that has been redacted for public release. These redactions were coordinated with USPS and agreed to by the OIG.