RESOLUTION OF THE NAABIK'ÍYÁTI' STANDING COMMITTEE 25th NAVAJO NATION COUNCIL -- First Year, 2023

AN ACTION RELATING TO THE NAABIK'ÍYÁTI' COMMITTEE; REQUESTING THE UNITED STATES POSTAL SERVICE TO ESTABLISH A POST OFFICE IN THE TORREON/STAR LAKE CHAPTER

WHEREAS:

A. The Navajo Nation established the Naabik'íyáti' Committee as a Navajo Nation Council standing committee and empowered the Committee, as a matter of policy, to review and continually monitor the programs and activities of federal and state departments and to assist development of such programs designed to serve the Navajo People and the Navajo Nation through intergovernmental relationships between the Navajo Nation and such departments. 2 N.N.C. §§ 164(A)(9), 700(A), and 701(A)(7).

B. The Navajo Nation has a government-to-government relationship with the United States of America. Treaty of 1868, Aug. 12, 1868, 15 Stat. 667.

C. Rural Navajo communities have limited access to telecommunication services and community members rely heavily on receiving mail and packages through the U.S. Postal Service, but over the last century, if not longer, Navajo communities have endured insufficient and substandard postal services, particularly in those areas of the reservation where postal delivery services are limited to regional convenience stores via a "highway contract" which requires non-standard addressing.

D. In its recently released the Delivering for America Plan (the "Plan"), attached as **Exhibit A**, the United States Postal Services ("USPS") noted that its "basic mission is to provide prompt, reliable, and efficient mail and package shipping services to all Americans - regardless of where they live - and at affordable rates." **Exhibit A** at page 4.

E. The USPS Postmaster General and the Chairperson of the USPS Board of Governors jointly indicated that the Plan will "dramatically improve service through strategies aligned to the changing needs of our customers [and] will optimize our mail and package processing capabilities, improve the technology and oversight of our surface logistics network, realign service standards to enable the best use of our transportation and processing networks, strengthen our delivery network, promote measurable operating excellence, modernize vehicles and infrastructure, revitalize our post offices, enable long-term postal careers for employees, and innovate solutions and services for customers." **Exhibit A** at page 3.

F. As Navajo communities grow, full postal services, including but not limited to brick-and-mortar post offices, are desperately needed to provide adequate postal delivery services to the Navajo populace; postal services that provide *all* that is promised in the Plan.

G. The Torreon Chapter/Star Lake Chapter community, for example, is specifically requesting the United States Postal Service establish a Post Office, as provided in Torreon/Star Lake Chapter Resolution, TSL #06/2023-59, attached as **Exhibit B.** Torreon/Star Lake Chapter has indicated space is available for this initiative.

H. The Navajo People deserve to know that the USPS has recognized the substandard postal services currently provided at the 110 chapters located throughout the Navajo Nation and how the Plan will upgrade and improve those services at each of the chapters.

NOW THEREFORE BE IT RESOLVED THAT:

The Navajo Nation hereby requests the United States Postal Service establish a post office in the Torreon/Star Lake Chapter.

CERTIFICATION

I, hereby certify that the foregoing resolution was duly considered by the Naabik'íyáti' Committee of the 25th Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 15 in Favor, and 00 Opposed, on this 24th day of August 2023.

Honorable Crystalyne Curley, Chairwoman
Naabik'íyáti' Committee

8/29/23
Date

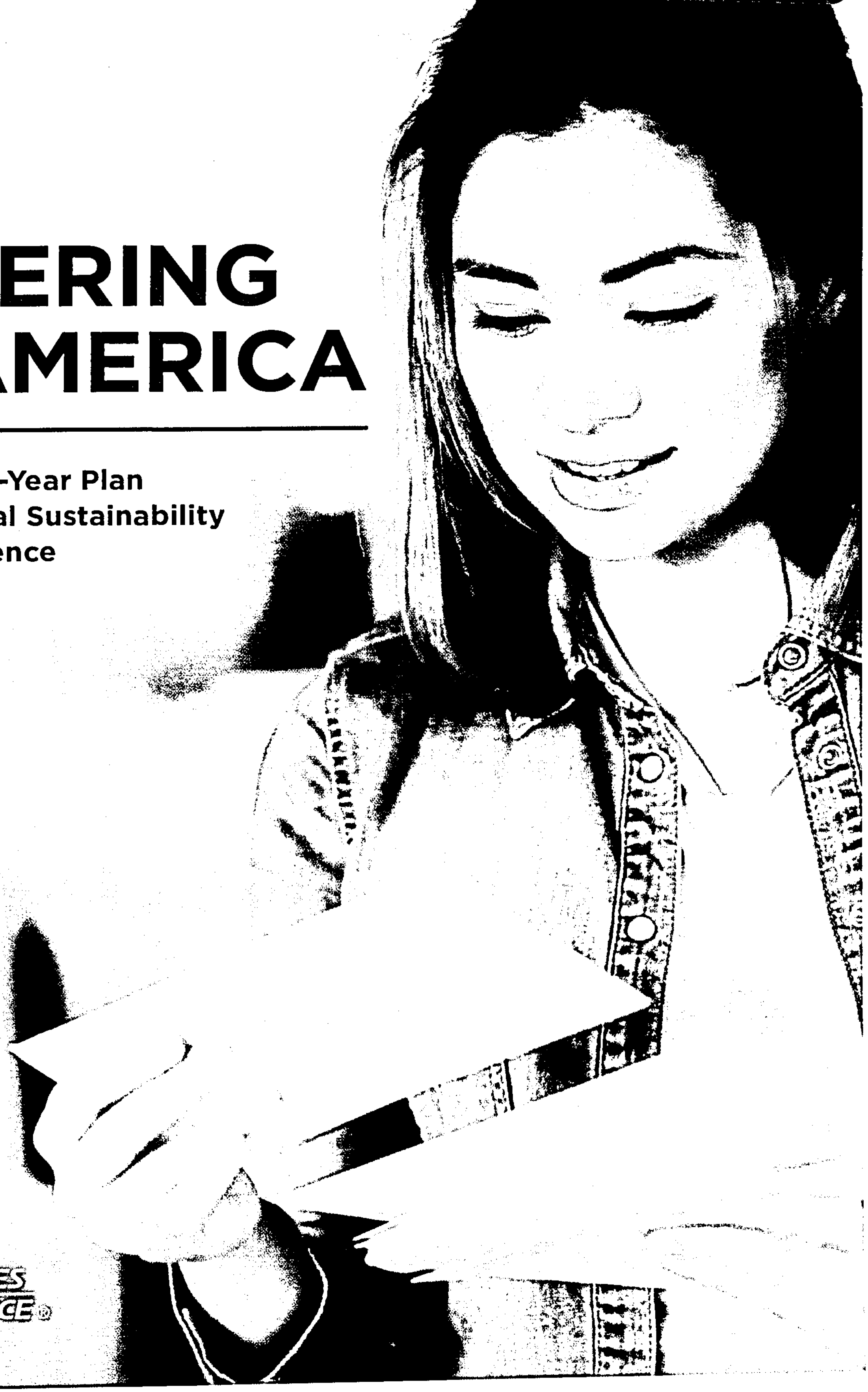
Motion: Honorable Rickie Nez
Second: Honorable Brenda Jesus

Chairwoman Crystalyne Curley not voting

EXHIBIT
A

DELIVERING FOR AMERICA

Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence



UNITED STATES POSTAL SERVICE®

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General, the Government Accountability Office and the Postal Regulatory Commission; and many white papers and documents authored by postal stakeholders. We received feedback from key customers and industry associations, our unions and management associations, and members of Congress—valuable input from a diverse set of stakeholders.

Throughout the development of this Plan, the Postal Board of Governors played an active role in representing the public interest as we sought to preserve our ability to fulfil our universal service mission while transforming our business and operations. Their collective expertise—in logistics; leading and working with unions; leading and serving on boards of large organizations; advising on finance and restructurings; and working in the political arena with political parties on both sides of the aisle—has provided a solid foundation for the Plan.

The resulting Plan—Delivering for America—establishes clear strategies to quickly achieve financial sustainability and service excellence. Our new operating model will dramatically improve service through strategies aligned to the changing needs of our customers. We will optimize our mail and package processing capabilities, improve the technology and oversight of our surface logistics network, realign service standards to enable the best use of our transportation and processing networks, strengthen our delivery network, promote measurable operating excellence, modernize vehicles and infrastructure, revitalize our post offices, enable long-term postal careers for employees, and innovate solutions and services for customers.

The Plan's strategic initiatives are designed to reverse a projected $160 billion in losses over the next ten years by achieving break-even operating performance. We can accomplish this goal with modest regulatory and legislative changes, effective use of newly acquired and existing pricing authorities, operating more efficiently across our enterprise, and by driving revenue growth through innovative customer solutions. We seek service excellence and financial sustainability that preserves our universal service mission of providing the nation with six days of mail and seven days of package delivery.

We look forward to productive discussions with our stakeholders about our goals for the future of the organization and the most effective strategies to pursue them. We will listen and learn and adapt the plan to take account of stakeholder advice and guidance, carefully considering advice from the Postal Regulatory Commission, findings from the Office of Inspector General, and feedback from our customers. We will adhere to legal, statutory, contractual, and regulatory requirements as we implement the initiatives within this Plan.

Most importantly, we recognize that our success depends upon implementing the totality of the Plan—which will occur through deliberate, well-communicated phases in the coming years—and that doing so with the broad, bipartisan support of the Congress will ensure its full and enduring impact.

We present this Plan as another important chapter for the Postal Service in our long history and tradition of changing and improving to better serve the public. We trust you will find this Plan to be convincing that a high performing, financially sustainable future for the Postal Service is both necessary and attainable.

LOUIS DEJOY
Postmaster General & Chief Executive Officer
United States Postal Service

THE HONORABLE RON BLOOM
Chair, Board of Governors
United States Postal Service

package volume flattened in 2019 even as rapid growth occurred in the e-commerce marketplace.

Throughout the process of developing this Plan, we also explored a wide range of opportunities to better serve our business and residential customers, and the American public. We especially examined new ways to participate more fully in the strengthening U.S. market for package delivery services, and to more fully leverage our network to better meet customer needs.

From these efforts, we determined that there is a compelling need to redesign our operating model to enable growth in our package delivery business, and that doing so would have strong operational benefits across our enterprise. In fact, the breadth of our operating model changes will improve the value and reliability of the service that we provide to our mail customers and is essential in providing the flexibility and financial stability necessary to achieve our universal service mission.

OUR PLAN DELIVERS:

1 **A modernized Postal Service capable of providing world class service reliability at affordable prices**

2 **Maintenance of universal six-day mail delivery and expanded seven-day package delivery reach**

3 **Workforce stability and investment strategies that empower, equip, and engage each employee and put them in the best possible position to succeed**

4 **Innovation that grows revenue and meets changing marketplace needs**

5 **Financial sustainability to fund our universal service mission**

High Performing Future

To best serve the American public and the needs of the nation in the decades to come, we envision the Postal Service performing at a much higher level in terms of the service we provide every day, the value we deliver to American commerce and communities, our pace of innovation, and our relevance at every home and business.

Our vision is to realize two central and complementary goals: Service Excellence and Financial Sustainability. Only through service excellence can we maintain the confidence and trust of the public and grow our business to fund our universal service mission. But service excellence requires investments to gain network efficiencies and innovate products and services, especially given that we have deferred many necessary investments over the past 10 years. With new self-funded investments—for which we have allocated $40 billion—we will achieve service excellence, grow our business, and achieve financial sustainability over the coming decade.

Our goal is to operate as a high performing organization with the following characteristics:

- **A strengthened public service mission** – that embraces our role as a critical part of our government's infrastructure and in binding the nation together.

- **Service standards that foster service excellence** – achieved through an optimized network providing dramatic improvements in reliability, on-time delivery, and cost-to-serve—and meeting or exceeding 95 percent on-time delivery across mail and shipping product classes.

- **A bold approach to growth, innovation, and continued relevance** – by providing customers with greater access to the Postal Service network and greater opportunity to receive same-day and next day delivery;

and designed to foster clarity of purpose, accountability, flexibility, and effectiveness.

- **A supportive legislative and administrative framework** – to address unwarranted retiree health benefit and pension funding obligations, which includes redefining retiree health benefit obligations and appropriate accounting for Civil Service Retirement System funding.
- **A more rational pricing approach** – as approved by the Postal Regulatory Commission for our market-dominant products, and by more effectively aligning prices to the marketplace for our competitive products.
- **Financial sustainability and investment** – generating enough revenue to cover our operating costs and obligations, and investing $40 billion in our network, technology, and people.

By implementing the totality of the strategies identified above—and doing so in a timely manner—we project that we will operate with a positive net income beginning in 2023 or 2024 and realize break-even operations over the next ten years.

10-YEAR CUMULATIVE NET INCOME

↓ $160 Billion

BASE PROJECTION ANNUAL NET INCOME

↑ $0.2 Billion

NET INCOME WITH STRATEGIC PLAN

But we cannot delay implementation of core elements without degrading our ability to meet financial targets. The combination of revenue growth, cost savings, and investments in our future, combined with legislative and administrative actions, will enable the Postal Service to operate in a financially self-sustaining manner—generating sufficient cash flow to cover operating costs and ongoing capital investments while fulfilling our universal service mission for decades to come.

FIGURE 2: Comparison of the 10-Year Base Projection Net Income vs. Projected Net Income with Strategic Plan Initiatives

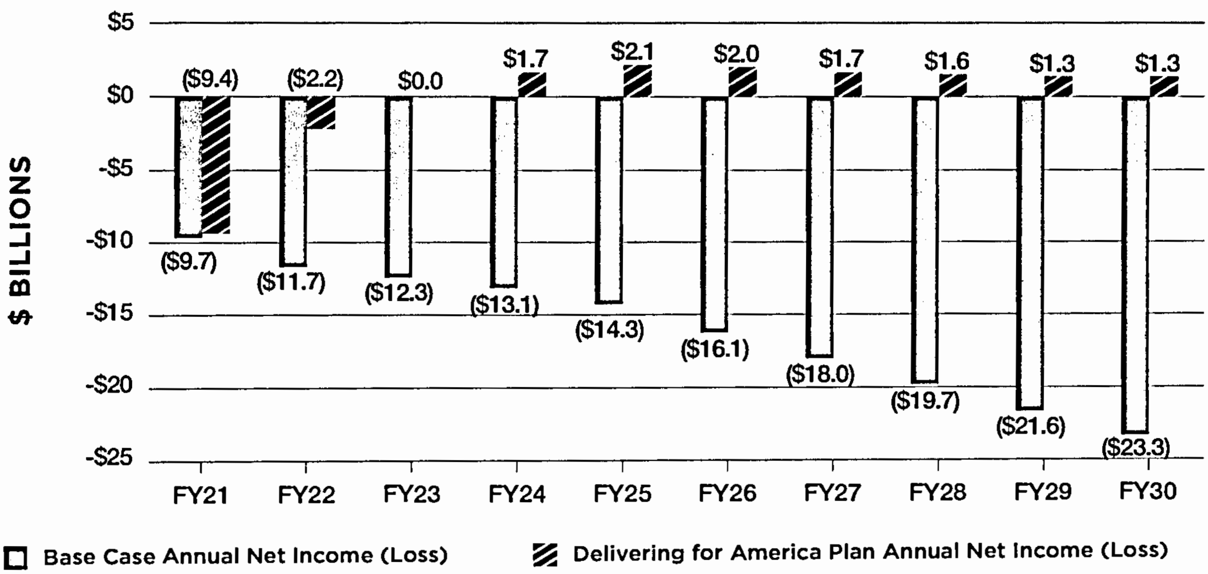
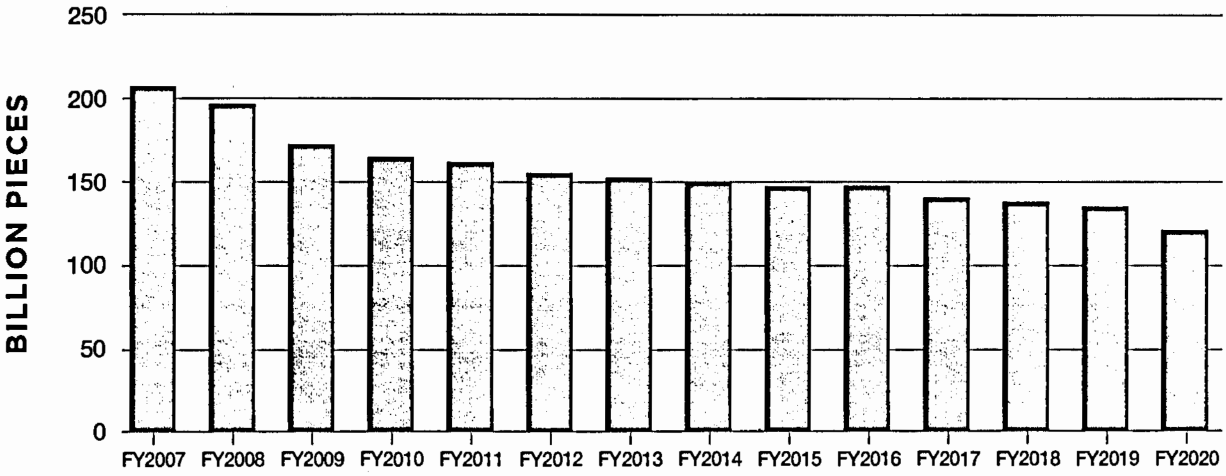


FIGURE 3: USPS Total Mail Volume (FY2007 - FY2020)



severely impacted our finances as well as our processing, logistics, and delivery networks.

- Domestic mail revenue has declined from \$60.6 billion in FY2007 to \$38.7 in FY2020 —a decline of over \$21.9 billion (36%) or an average annual decline of 2.8 percent, including a decline of more than 8 percent during the COVID-19 pandemic in FY2020.

- Similarly, total mail volume declined by 42 percent since FY2007 (Figure 3), a decline of about 3 percent per year. During the FY2020 pandemic year alone, our mail volume declined by a steep 11 percent.

- Most concerning, First-Class Mail volume —which provides the greatest contribution towards covering the costs of maintaining our universal service network—has declined by 45 percent since FY2007.

- At the same time, every year our cost to deliver mail increased as our mail volume and revenue declined. This was driven by increased demand on our network, including the number of delivery points we serve growing on average by more than one million each year. The result has been that pieces per delivery point per day dropped from 5.6 pieces of mail and packages in FY2006 to 3.0 pieces in FY2020, reinforcing that we are delivering less mail to more delivery points each year. These trends are expected to continue in the coming decade, with total volume expected to decline by 36 percent and total pieces per delivery expected to decline to 1.7 by FY2030.

- As our mix of mail and packages continues to change, our processing, transportation, and delivery network is increasingly misaligned with the products we accept, process, transport, and deliver, because of our reliance on facilities, trucks, and delivery tools that were originally designed for much higher letter mail volume, far smaller packages, and far lower package volume.

Package Revenue and Volume Trajectory

Although Postal Service package volume have grown since FY2007, in the last three fiscal years we have not kept pace with the market's overall

Misaligned Processing Network

Our processing network was originally designed to meet the demands of a robust, and ever-growing mail market.[4] Similarly, our facilities were located geographically and set up operationally to facilitate the timely and efficient processing of mail. As mail volume has decreased, our machines and facilities have been left under-utilized, leaving us with a physical network infrastructure that does not correspond to the current and projected needs of our customers.

- Despite record election and peak holiday volume in the past year, our utilization rate of mail sorting machines has fallen below 50 percent, as mail volume has continued to decline.

- Missed operating plans at our processing facilities also reflect our failure to adapt to current mail and package volume realities. More than half of our facilities do not meet key operating plan indicators, which means that the mail and packages they handle are not being processed on schedule.[5]

- Even under the most efficient operating scenario, a dramatically lower number of packages can be processed per employee workhour compared to the 10,000 letters and flats that can be processed per workhour.

- The footprint of our current network of facilities is inefficiently dispersed and accommodates too many disparate flows across products and classes, which drains resources, capacity, and degrades performance. The design of our facilities also limits their ability to process growing package volumes. This is due to the increased cubic space requirements of packages—which has resulted in rising processing costs[6] and declining service performance—a trend that will continue absent realignment.

644,000

WOMEN AND MEN OF THE UNITED STATES POSTAL SERVICE

live, work and serve in every community in America.

Underperforming Air and Surface Transportation Networks

Our air and surface networks are underperforming and unreliable.[7] Air transportation comes with a high price and significant risk, as we are reliant on external carriers. Additionally, our surface transportation is riddled with inefficiencies and burdensome manual processes.

- 43 percent of Priority Mail, 42 percent of First-Class Packages, and more than 21 percent of First-Class Mail are transported via air.

[4] As the United States Postal Service Office of Inspector General ("OIG") explained in a September 2020 report, given the Postal Service's history, "delivery infrastructure was primarily designed with mail in mind—from the vehicles to the facilities to the mailboxes." See USPS OIG, No. RISC-WP-20-008, at 3 (finding that "[w]hatever strategies the Postal Service employs, it must recognize both the importance of package volume to its future and the extent to which the extremes of the country require different creative approaches.").

[5] A recent OIG report determined that Postal Service operations were routinely not completed as designed, based on a review of FY2019 nationwide performance metrics. USPS OIG, No. 19XG013NO000-R20, U.S. Postal Service's Processing Network Optimization and Service Impacts (June 16, 2020), at 13-14 ("According to the Postal Service's 24-Hour Clock Indicators, it did not meet, on average, any of its target goals for completing mail processing operations on time. Of the 11 total indicators, only four were within 5 percentage points of their targets.").

[6] Id. at 5 ("[T]he Postal Service is processing, transporting, and delivering more packages as part of its mail mix, which typically costs more than letters or flats to process, transport, and deliver. This changing mail mix is helpful to understanding the Postal Service's costs.").

[7] See generally, USPS OIG, No. 20-144-R20, Transportation Network Optimization and Service Performance (June 5, 2020).

- Service through ground transportation has historically outperformed air. In FY2019, First-Class Mail transported via ground transportation met 92.0 percent on-time performance while First-Class Mail transported via air transportation met 89.4 percent on-time performance.

- Mail volume declines, combined with the need for multiple networks to handle different types of mail under existing service standards have led to severely under-utilized surface transportation (less than 40% average load).[10]

- Package growth has increased the amount of cubic footage of transportation required but does not contribute as much as mail to cover costs—letter revenue per cubic foot is more than 80 percent higher than package revenue per cubic foot. These issues will be magnified as the cubic capacity of our package volume grows.

- As processing facilities have consistently failed to meet operating plans, it has resulted in increased reliance on late and extra surface trips.[11]

- We have a limited surface carrier vendor base due to our contracting requirements.

- We currently lack the advanced logistics systems that are critical to managing a fleet as large as ours. We engage in inefficient manual processes for carrier solicitation, onboarding, scheduling, payment, and performance management.

Unattainable Service Standards

A service standard is the stated delivery performance goal for a mail class or product. Current First-Class service standards range from one- to five-days, depending on the distance from origin to destination.[12] First-Class 1-day is a service standard provided for presorted mail entering at the destination facility. First-Class 2-day encompasses a radius of six driving hours from the origin processing facility.

Anything above the 6-hour drive time radius and originating and destinating within the continental United States is considered First-Class 3-day. The transportation mode for First-Class Mail 3-day is chosen based on distance, with surface being used for any origin-destination pair under 28 hours of drive time. First-Class 4- and 5-day is used for volume originating from or destinating to locations outside of the continental United States, such as Alaska, Hawaii, Puerto Rico, and other U.S. territories.

As shown in Figure 7 on the next page, we have not met First-Class Mail service targets since FY2012, and service performance has been on a downward trend since FY2017. This is particularly pronounced for First-Class Mail 3- to 5-day, which is the mail that travels the longest distances. As mail volumes decline further, service performance targets will become increasingly difficult and more costly to meet.

- The First-Class Mail 3-day service standard requires a complex and high-cost transportation network to cover vast geographic areas.

- Current service standards require 3-day delivery for any destination within the continental United States, whether the distance from origin is 300 miles or 3,000 miles.

- Mail products traverse differing processing and transportation streams, which creates redundancies, multiple handlings, and under-utilization of surface transportation networks.

[10] See USPS OIG, No. 20-144-R20, at 14 (explaining that as a result of misaligned scheduling, "the Postal Service had low trailer utilization" and that in "FY2019, Postal Service trailer utilization was about 25 percent nationwide").

[11] See id. at 10 (finding that the "Postal Service routinely uses the surface and air networks to mitigate mail processing, delivery, and other delays (such as weather and traffic), resulting in additional transportation costs of over $550 million. Even with transportation's mitigation efforts, the Postal Service did not meet the majority of its service performance targets in FY2019."); id. at 11 ("When operational issues exist, there is a downstream effect that causes management to face difficult and costly decisions. They supplement regularly scheduled transportation with exceptional service.").

[12] See generally, 39 C.F.R. § 121.1.

Underinvestment in Delivery and Retail Operations

Our universal service delivery obligation—a commitment to deliver mail and packages to every U.S. address in every community—expands each year by more than one million delivery points as the nation's population grows and new businesses and homes are established. We have not made adequate investments to modernize our delivery footprint, vehicles, route structures, and platforms to serve this growing demand.[16]

- Chronic underinvestment has led to sub-par facilities.
- The average vehicle in our fleet is more than 28 years old, unreliable, and unsuitable for accommodating growing package volume.
- Our delivery unit footprint and route structures are not aligned with declining mail volume and growing demand for package deliveries.
- Processing and transportation delays continue to affect letter carrier schedules.
- Our carrier routes and adjustment processes are not optimized for the changing delivery environment.
- Declining mail volume and an increase in e-commerce have led to a reduction in retail traffic and revenue in our post offices. Retail revenue has decreased by nearly 20% over the last decade. While volume and revenue have declined, the Postal Service has not upgraded retail facilities or adequately aligned retail infrastructure to local demand, as operating costs continue to rise.

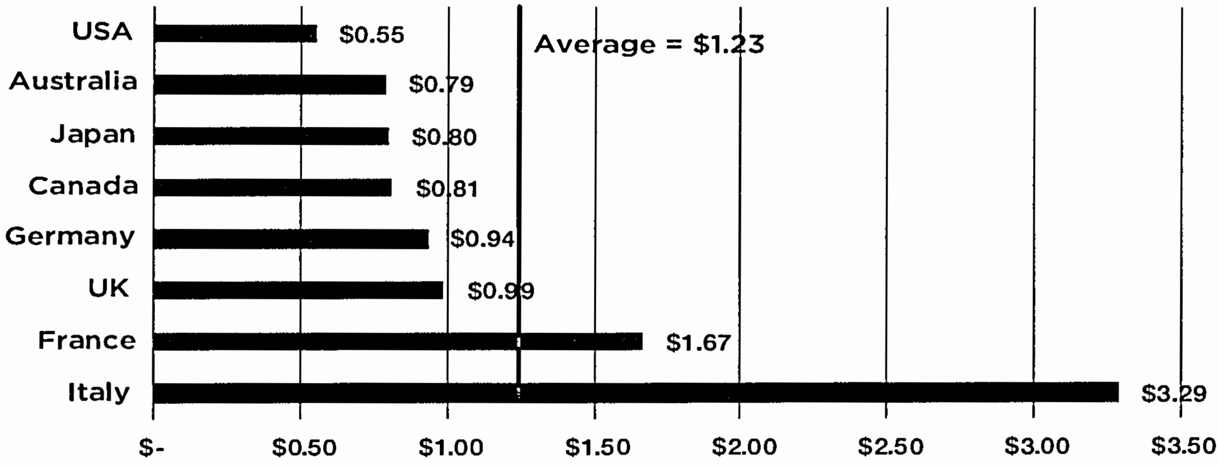
Organizational Design and Employee Turnover

For years, the Postal Service had an organizational structure that hindered our ability to adapt and evolve to changing circumstances.

- Prior to an organizational realignment in August 2020, the Postal Service operated under a structure in which core and supporting functions were managed in a decentralized fashion within each of seven regions, called Areas. Each Area's oversight included Retail, Processing, Logistics and Delivery operations, as well as business functions, such as Human Resources, Marketing, Finance, and Communications. Each Area was managed independently by an Area Vice President (AVP). This resulted in similar, parallel, structures in each of the seven Areas. The AVPs reported to the Chief Operating Officer.
- Each Area had several districts reporting to them for a total of 67 Districts across the nation. Each District leadership likewise managed both operations (Processing, Logistics, Delivery, Retail) and business functions (Human Resources, Finance, Marketing, and Information Technology).

[16] The PRC has recounted the severe cutbacks in capital investment that began in FY2012 and how the resulting delay in replacing capital stock has impacted efficiency and service. Order No. 4258, Notice Of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products, PRC Docket No. RM2017-3 (Dec. 1, 2017), at 50-52. The value of the Postal Service's capital stock continued to decline since the 2017 proposed rule. PRC, Financial Analysis of United States Postal Service Financial Results and 10-K Statement, Fiscal Year 2019 (May 7, 2020), at 30 ("Aging capital assets and the continued restriction in capital investment resulted in a decline in net property, plant, and equipment of $0.3 billion [in FY2019 and] a net decrease in fixed assets of $8.3 billion [since FY2009]."). The Postal Service's reduction in capital spending is out of step with other delivery providers. USPS OIG, No. RARC-WP-16-009, Peeling the Onion: The Real Cost of Mail (Apr. 18, 2016), at 14-15 ("On average, the Postal Service has decreased its annual capital expenditures to the tune of almost 16 percent annually the last 8 years. UPS has also decreased its annual capital investments but at a much smaller pace, while FedEx has continually increased its capital spending 2.3 percent annually on average.").

FIGURE 9: Comparison of Price for Domestic First-Class Mail Letter Equivalent Postage Across Foreign Posts (Nominal USD)



Note: Published prices and conversion rates as of 10/14/20

Pricing Authority

The Postal Accountability and Enhancement Act (PAEA) of 2006 capped price increases for mailing services at the Consumer Price Index (CPI). It also required the PRC to evaluate the price cap system 10 years after the date of enactment (i.e., December 2016), and to modify or replace the system if it was not meeting the objectives of the law.

In December 2017, one year after the PRC's review began, the PRC recognized that the price cap was a barrier to financial stability.[20] However, it was not until November 2020 that the PRC announced changes to the price cap system to allow the Postal Service more flexibility in establishing prices for mailing services.[21] For the past 14 years, we have not had any pricing authority to respond to changing market realities.

Had the Postal Service been able to raise prices above CPI, we would not be in such a financial state. Since 2006, based on the density rate authority of the recent PRC ruling, we would have generated $55 billion dollars in cumulative gross revenue.

"Since 2006, based on the density rate authority of the recent PRC ruling, we would have generated $55 billion dollars in cumulative gross revenue."

Retirement Related Expense

We participate in three retirement-related plans: Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Federal Employees Health Benefits Program (FEHBP). The first two are pension plans, and the third provides retiree health benefits (RHB), which

[20] Order No. 4257, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, PRC Docket No. RM2017-3 (Dec. 1, 2017), at 165-71.

[21] Order No. 5763, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, PRC Docket No. RM2017-3 (Nov. 30, 2020).

- Since 1971, every time those employees received a pay increase, their CSRS pension benefits grew in value, including the benefits they earned while working for the Post Office Department.

- However, Treasury pays only those benefits which were accrued up to 1971. We pay for all increases in pension benefits resulting from pay increases made after 1971, even though the Postal Service was not given direct control over wage increases or pension costs. This methodology is flawed and fails to reflect modern actuarial principles typically employed in the private sector for the allocation of pension liabilities.

- A 2003 law, as well as the PAEA, required the use of generally accepted actuarial practices and principles in determining the CSRS liability of the Postal Service, including the use of dynamic assumptions to account for employees' anticipated future pay increases. However, OPM has applied these assumptions only to the Postal Service share of the costs. Our CSRS funding obligations increase each year, while the federal government's obligations remain unchanged.

Financial Losses

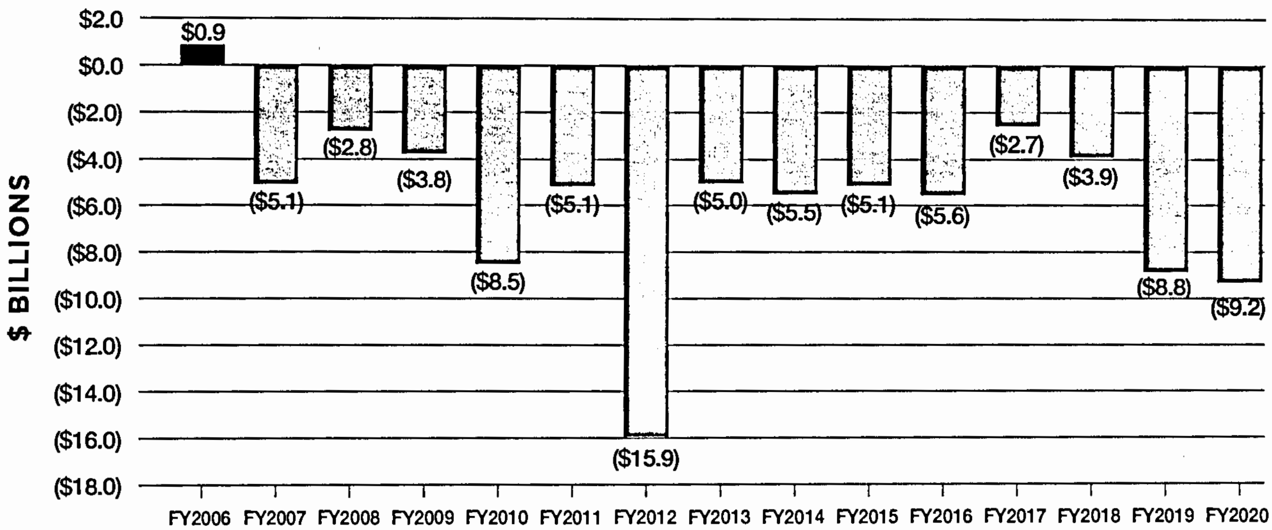
Despite our mandate to be financially self-sufficient, in FY2020, the Postal Service recorded a net loss of $9.2 billion, adding to 14 years of losses totaling $87 billion as shown in Figure 10. Absent substantial changes, our financial losses will continue to grow, and our ability to invest in the future of the organization will continue to be severely curtailed.

- The Postal Service has had to substantially curtail investments to preserve liquidity, leading to prolonged underinvestment in our infrastructure and network and a resultant failure to address changing market needs.

- Our long-term financial sustainability is burdened by more than $152 billion in unfunded liabilities, including unfunded liabilities for our retirement-related accounts, as of September 30, 2020.

- Our existing payment obligations greatly exceed our cash balance; if we were to fulfill these obligations, we would be financially insolvent.

FIGURE 10: Postal Service's Financial Losses Since PAEA Enactment



and social distancing.[27] For a logistics and delivery operation dependent on the correct complement of people, plants, volume-relevant machinery and transportation, this shift has further stressed an already misaligned and outdated mail-focused network.

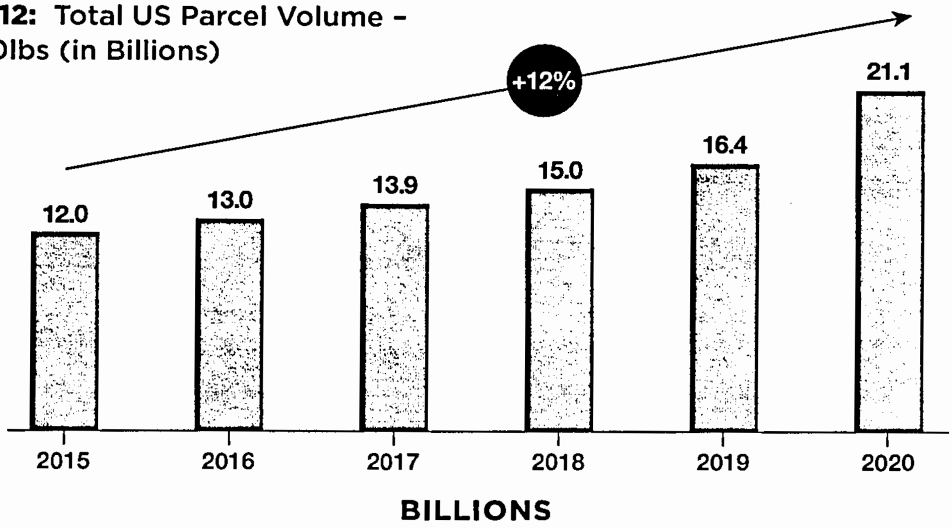
- **Peak:** Our 2020 peak season saw an unprecedented 40 percent increase in our network package volume, including a 102 percent increase in oversize packages, which had severe impacts on our capacities in processing and transportation.

- **Carriers:** Our carrier network performance remained high, consistently delivering to over 160 million addresses. However, constraints in our processing and transportation networks prevented timely and consistent arrival of our products to our delivery units, impacting our ability to serve our customers.

Many of the profound changes in consumer behavior and American commerce arising from the COVID-19 pandemic in 2020 and 2021 are expected to continue in the coming decade — including growth in the e-commerce marketplace, and greater consumer demand for package deliveries. While this dynamic will create strong opportunities for the Postal Service to be even more relevant and advance the achievement of our public service mission, it also requires substantive changes to our operating model to accommodate the needs of the public. Addressing the breadth and depth of these challenges is the foundation for our Plan to create a high performing Postal Service.

[27] OIG has noted that package volume has substantially increased in response to the COVID-19 pandemic. Specifically, they note that "national package volume from March through May 2020 increased by about 466 million (30 percent) when compared to the same period last year" and that "[t]he nationwide package volume during May surpassed the package volume of the holiday peak season during October - December 2019 by about 21.6 million packages." Id. at 8.

FIGURE 12: Total US Parcel Volume - under 70lbs (in Billions)



country. Over the next 10 years, we will enhance the local, 1- to 2-day, and 2- to 5-day package services we provide to improve our relevancy and competitiveness across the e-commerce landscape.

We will do so by employing three key strategies:

1. Expand access across our delivery units for local entry of packages for same day and next day delivery.

2. Extend access across NDCs and P&DCs to grow our 1- to 2-day package delivery with improved, reliable, and competitive ground products.

3. Shift First-Class Package Service to an expanded ground network to improve on-time reliability and cost to serve.

These strategies will help us continue to serve as America's critical delivery infrastructure, shipping everything from essential medicines and other consumables and shoring up the resilience of our nation.

These service offerings will be bundled through USPS Connect, a diverse suite of scalable and customizable solutions to connect businesses, large and small, to urban and rural communities across the nation. Through the USPS Connect suite of solutions, we will offer innovative value-added services, a cadre of expert resources, and a shared postal retail footprint for cobranding opportunities that can be leveraged to promote our customers' brands and the solutions they provide.

We will expand our core package products, namely Priority Mail, Priority Mail Express, First-Class Package Service, and Parcel Select to offer a wide diversity of business solutions for micro to large businesses with same-day, next-day and 2- to 3-day options.

- USPS Connect Local: Provide neighborhood businesses access to local drop points and local services for same day or next day delivery.

- USPS Connect Regional: Provide high volume shippers access to our unparalleled network of distribution centers for 1- to 2-day delivery.

- USPS Connect National: Provide national shippers access to our extensive network of distribution centers to offer a diverse suite of same day, next day, and 2- to 5-day delivery services.

This includes the continued enhancement of our Informed Delivery platform, which currently has 37 million subscribers covering 28.5 million households, where customers can preview mail and packages to be delivered that day.

Additionally, mail is a uniquely powerful tool for reaching consumers, especially in combination with other media channels—with direct mail accounting for nearly ten percent[31] of the nation's total marketing spend—we will continue to invest in our Informed Visibility data platform and other programs to drive value for the sender and receiver of mail.

Initiatives include:

- **Mail promotions and incentives** to encourage new technologies and effective integrated mail and marketing campaigns.

- **Learning modules and content on usps.com** that communicates to marketers, businesses, and individuals the value and effectiveness of mail and highlights how mail fits in an omni-channel campaign, the integration of the physical and digital, best practices, and facts on the power of mail.

- **Integration of data** to better target and retarget consumers and trigger other aspects of marketing campaigns.

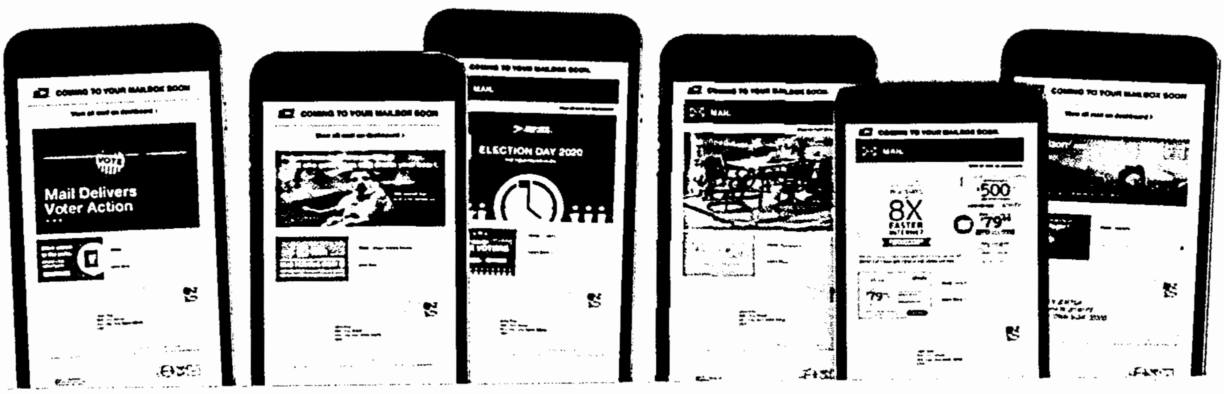
- **Education of the next generation of marketers** on the value of mail and omni-channel campaigns through outreach to and collaboration with colleges and educational organizations.

As we continue to invest in the mail channel, we will work closely with the supply chain and America's marketing and business owners to promote and enhance their ability to use the mail to support their business needs and communicate with customers.

Service Standard Changes to Improve Reliability

The Postal Service sets standards for mail delivery so that customers and mailers can expect consistent and predictable delivery. However, as noted above, we have not met current targets for First-Class Mail composite or First-Class Mail 3- to 5-day service standards over the past eight years. The current standards do not reflect dramatically declining mail volumes, and require the Postal Service to use complex, high cost and unreliable transportation networks. They are simply unsuitable for setting realistic expectations for timely and reliable mail delivery in today's environment.

Informed Delivery gives customers a daily preview of their mail.



[31] Winterberry 2020 Forecast.

Aligning service standards and adopting best practices from across the logistics industry will dramatically improve the reliability of service we provide to our customers and will similarly drive greater efficiencies.

In addition, we will also propose to adjust the service standards for First-Class Packages to enable a greater percentage of that volume to be moved by surface transportation. The Postal Service will also request an advisory opinion from the PRC concerning this proposed change before it is implemented.

Service standards changes will allow us to move First-Class Mail and First-Class Packages to a more predictable and reliable surface network. Moving First-Class Mail and First-Class Package volume from air to surface will:

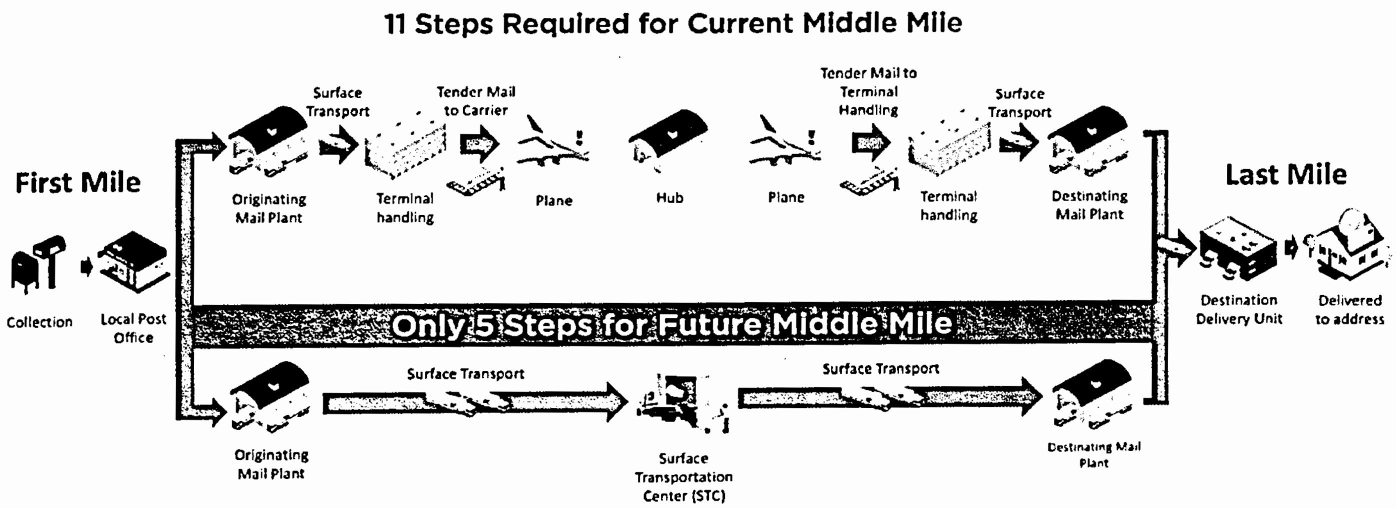
- Reduce the total number of touches for each mail piece and package to improve service reliability and reduce cost, as shown in Figure 17.
- Improve the utilization of trailers transported by surface.
- Eliminate redundant transportation networks.

Service standard changes will enhance the reliability and predictability of the service we provide, while providing a platform to improve operational efficiencies—which is especially important given the significant reduction in the amount of First-Class Mail that enters the postal system. Becoming more efficient allows us to keep our costs at reasonable levels and ensure affordable postage rates. These changes will also enable further optimization of our network and product offerings. **Overall, updated service standards will position us to achieve significant cost savings and provide service that meets or exceeds 95 percent on-time reliability.**

Best-in-Class Mail and Package Processing

To fully embrace the opportunities of today's economy and strengthen the service we provide to our mail and package customers, we will transform our processing and logistics network to become scalable, reliable, visible, efficient, automated, and digitally integrated.

FIGURE 17: Simplified Transportation Network for Increased Reliability



TRANSFORM NETWORK DISTRIBUTION CENTERS TO HANDLE INCREASED PACKAGE DEMAND

Service standard changes will enable us to streamline mail processing to be more efficient and consolidate surface transportation to improve utilization and reach. We will transition our Network Distribution Centers (NDCs) into new Regional Distribution Centers (RDC) focused on regional package acceptance and processing. All 21 NDCs will be transformed into RDCs. Currently, these facilities process Marketing Mail, Periodicals, and packages. We will dedicate these facilities to package processing, enabling us to expand each center's processing windows and reach.

Letter and flat products will be merged into streamlined, shape-based mail flows within our Processing and Distribution Centers (P&DCs). This effort will allow us to increase density in our containers and trucks and facilitate greater use of our ground transportation assets. We will transform 15-20 additional package processing P&DCs to RDCs to ensure that we have national coverage and extended reach. All RDCs will be equipped with additional package processing capability to increase capacity, reliability and reach.

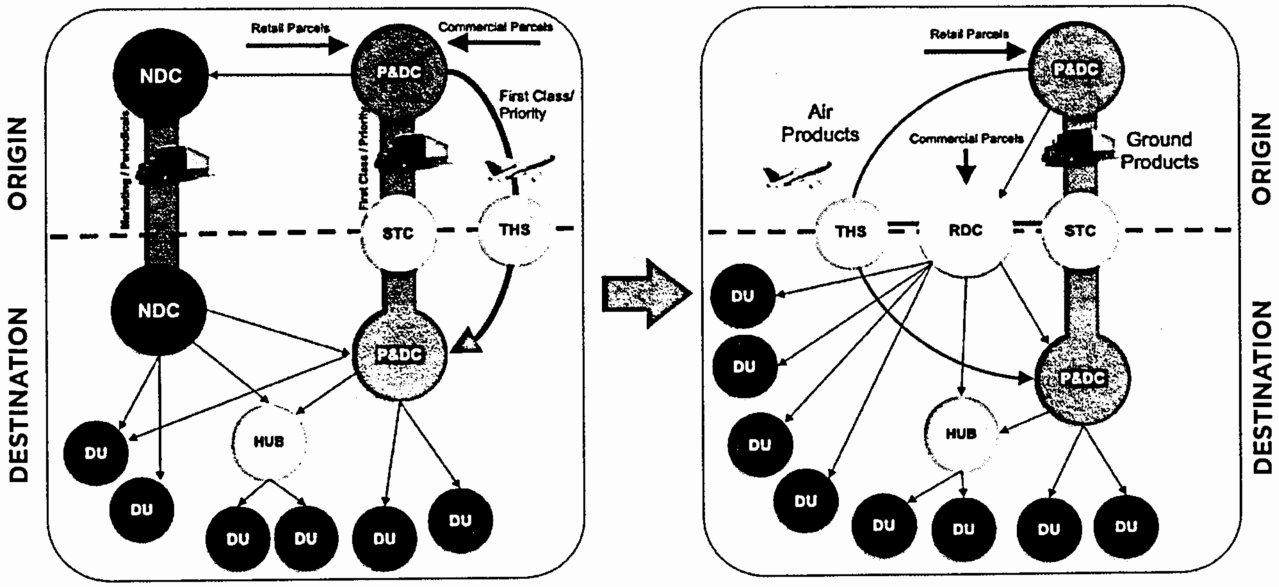
LEVERAGE EMERGING TECHNOLOGIES TO DRIVE PREDICTABLE, PRECISE PERFORMANCE

We will provide new and emerging technologies to our managers and employees to help improve daily and long-term decision making. We will utilize intelligent workload planning, real-time management visibility, sensor technology, and predictive modeling, among other tools to enhance operational performance.

ENHANCED PRODUCT TRACKING

We will leverage technology to provide world-class visibility and tracking of mail and packages in near real-time as they move through our integrated system. We will make significant improvements in the quality of our tracking data to dramatically improve precision and efficiency in our core functions. We will additionally be able to provide our business senders with improved insights into their mail and shipping movement to the consumer. Better tracking data will also power products such as Informed Delivery and other digital engagement with residential receivers of mail and packages.

FIGURE 19: Redesigned Network Distribution Center Network



are the only delivery service provider that reaches every home and business in the nation. In FY2020, we delivered to 160 million delivery points six days a week (and sometimes seven), travelled 1.34 billion miles, over 238 thousand routes using 255 thousand delivery vehicles. To become the preferred delivery service provider—while building our brand and customer loyalty—we will improve our professionalism, efficiency, visibility and earn trust in every community we serve.

FIGURE 21: Size and Scope of Postal Service Delivery Network (Annual)

160 Million
DELIVERY POINTS SERVED

1.34 Billion
MILES TRAVELED
to deliver mail

231,579
ROUTES TRAVELED
to deliver mail

207,945
DELIVERY VEHICLES
used to deliver mail

136.5 Billion
TOTAL MAIL VOLUME

141,900
COLLECTION BOXES
in use by the Postal Service

DRIVE OPERATIONAL PRECISION, OPTIMIZE DELIVERY UNITS AND MODERNIZE ROUTE STRUCTURE

We will increase operational precision at the unit, route, and delivery point level to provide the most efficient, consistent, and affordable last mile delivery services. We will improve our delivery unit footprint to align with emerging market demand. We will optimize delivery units to create capacity for additional revenue growth and provide the businesses we serve with greater access for local entry of their shipments. We will also streamline carrier functions to maximize the time carriers can directly serve our customers delivering their mail and packages.

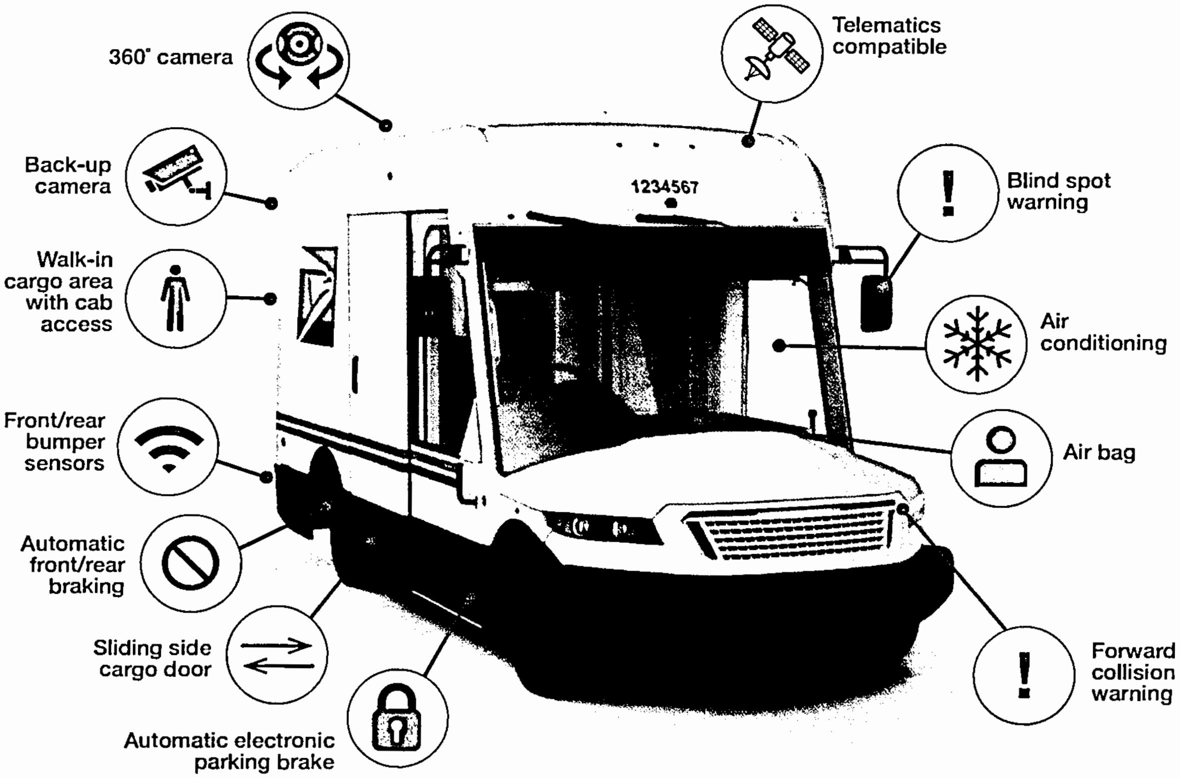
INVEST TO BEST EQUIP OUR CARRIERS

We will make investments in people, technology, and systems to renew our delivery presence and best equip our carriers to perform their duties in all conditions. Delivery platforms and technology will be modernized to better use data and analytics to drive precision in operations. We will equip our carriers with state-of-the-art mobile devices to promote efficient and safe carrier operations and to provide enhanced digital services to our customers.

ACCELERATE DEPLOYMENT OF NEW SMALL PACKAGE SORTING SYSTEMS TO DELIVERY UNITS

As e-commerce grows, so does the package volume entered directly at last-mile delivery units. To help improve delivery efficiencies, we will deploy more automated package sorting equipment to our delivery units to support the growth in destination entry packages for businesses to connect to local communities.

FIGURE 22: NGDV Feature Highlights



GREEN COMMITMENT

We have selected a vehicle platform that can support two drivetrain alternatives. Our contract with Oshkosh allows the vehicles to be ordered with a modern and efficient internal combustion engine (ICE) or an environmentally friendly battery electric vehicle (BEV) drivetrain. The Postal Service is firmly committed to electric vehicles and elected to fund the production design, assembly tooling, and factory start-up costs to support the production of both vehicle types in parallel. We are committed to a minimum quantity of ten percent BEV and are positioned to increase this quantity. The first order of production quantity vehicles will be placed in February 2022. With appropriate funding to offset the higher vehicle costs and provide the charging infrastructure, we can deliver on a vision to electrify our fleet. The immediate imperative is to our carriers—to provide a safe and ergonomically designed delivery vehicle. In order to achieve this and infuse new vehicles as quickly and efficiently as possible, a phased approach is recommended.

Sustainability is a core commitment of the Postal Service. As we invest in new vehicles and technology, we will champion sustainable and environmentally-focused solutions.

- Evaluate and consolidate low-traffic stations and branches of city Post Offices into nearby full-service retail Post Offices.

- Expand access and services based on market demand.

The Postal Service will request advisory opinions from the PRC concerning our retail network realignments.

"Our Plan is to invest approximately $4 billion in our retail units to provide a world-class customer experience with improved retail training, modernized uniforms, refreshed lobbies, and expanded self-service and digital options."

EXPAND PUBLIC TRUST SERVICES

We will partner with all levels of government to engage and provide services for citizens. We will leverage our trusted brand to expand identity services such as passport services, fingerprint capture, biometric data capture, in-person proofing and notary services. We will become the storefront for government services and generate new revenue and additional foot traffic into our retail facilities. We will become a one-stop shop for a wide range of government services.

RETAIL HUBS FOR LOCAL BUSINESS GROWTH

Through our Post Office network, we will connect local businesses to their community and beyond with shipping and mailing solutions. We will provide small businesses a second storefront to elevate their brand and services in the local community such as pop-up kiosks. We will offer our unparalleled retail network for package returns with convenient features such as printing, packing, pick up, and package-less returns. We will improve parcel locker services to meet increased e-commerce customer needs.

An Organization Structured for Success

To successfully fulfill our universal service mission, we designed a high-performing organization with greater line of sight from strategy to business outcomes. The Postal Service has implemented two phases of a structured approach to redesigning our organization—in August 2020 and in November 2020. The Postal Service initiated the third and final phase in March 2021; and is on track to complete this last phase of the organizational realignment by the summer of 2021.

The Postal Service created three core operating units: Retail and Delivery Operations, Logistics and Processing Operations, and Commerce and Business Solutions.

- **Logistics and Processing** - Process and move mail and packages efficiently to the delivery units, meeting determined standards.

- **Retail and Delivery** – Accept and deliver mail and packages efficiently with high level of customer satisfaction.

- **Commerce and Business** – Fully utilize our infrastructure to enable growth.

It also centralized the administrative support functions into Headquarters, which enabled the core operating units to focus on driving

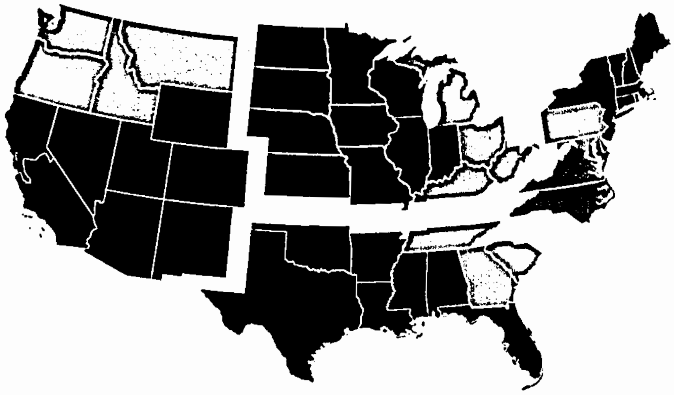
WHAT OUR EMPLOYEES SHOULD EXPECT:

- **Significant investment in training, tools and technology**

- **A more stable career path and an organizational structure that provides greater opportunity**

- **An improved workplace that advances a culture of diversity, inclusion, and acceptance throughout our organization**

FIGURE 24: New Field Operations Structure



- **Logistics and Processing:** Two headquarters organizations—Logistics and Processing & Maintenance. The operations are divided into two processing regions with 13 divisions and four logistics divisions, each geographically aligned with Retail & Delivery areas, with a total of 13 divisions shared across the regions. No divisions or regions span across more than one area.

- **The Commerce and Business Solutions** organization has been aligned around four key functions. **Business Solutions** fully utilizes our digital, physical, and logistics infrastructure to develop innovative solutions for customers' evolving shipping needs. **Business Development** cultivates strong operational relationships with shipping customers to drive long-term growth. **Transportation Strategy** drives an efficient and reliable transportation network, with a focus on improving contract systems, processes, and performance to drive an operationally precise network. The **Facilities** group maintains and leverages our real estate infrastructure to maximize opportunities.

The administrative support functions were aligned to their respective Headquarters organizations and will be redesigned enabling the three core business functions to better fulfill our essential mission of delivering for the American people.

A Stable and Empowered Workforce

Our people are our greatest asset, and our success depends on investing in their future. We want to be an "employer of choice" that hires, develops, and retains the most capable and diverse employees. Our plan focuses heavily on improving our collaboration and engagement within the workplace and strengthening the employee experience through the following measures.

PROMOTE CAREER DEVELOPMENT AND EMPLOYEE RETENTION

We will provide an engaging workplace that supports employee development and retention through the following strategies:

- Cut non-career employee turnover by half.

- Expand programs that support career planning, expanded training and self-development, and opportunities for growth, advancement, and promotion.

- Improve and expedite the hiring process.

- Build and retain a diverse pipeline of candidates through enhanced employee development, strengthening succession planning and improved retention strategies.

- Implement programs that improve the non-career employee experience.

- Elevate front-line leadership capabilities.

PROMOTE DIVERSITY AND EQUITY

Diversity has been a long-standing value and tradition of the Postal Service. We have grown alongside this country and within our communities, and our workforce is representative of the diverse communities we serve. At the direction and under the guidance of the Postmaster General, the Postal Service has established an Executive Diversity Council (EDC). The EDC consists of a diverse

BETTER UTILIZE COMPETITIVE MARKET PRICING

We will conduct a review across the breadth of our postal products and services to determine opportunities to drive higher revenues based on organizational and market needs. As one example, sales of Post Office Boxes (PO Boxes) generate approximately $1 billion in annual revenues. We maintain two pricing tiers for PO Box services: competitive market prices and market dominant prices.

Because our ability to utilize competitive market pricing is based on the PRC's determination of the availability of competitive alternatives in the defined geographic markets, we will petition the PRC to expand the number of PO Boxes that are defined as competitive. In areas where we are authorized to implement competitive PO Box pricing, we also will add new features, such as street-style addressing. We will also holistically review our pricing strategy with regard to our package products, and more appropriately optimize our prices.

Legislative and Administrative Framework Aligned to Organizational Needs

We will continue to seek legislative and administrative actions to address unwarranted retiree health benefit and pension funding obligations. These actions will eliminate an estimated $57 billion in liabilities over the next 10 years, without reducing the benefits received by our employees or retirees under existing law.

WE REQUEST CONGRESS REQUIRE THE INTEGRATION OF MEDICARE WITH POSTAL SERVICE-SPECIFIC HEALTH PLANS AND ELIMINATE PRE-FUNDING OBLIGATIONS IMPOSED BY PAEA

- Under our proposal, health plans specific to the Postal Service would be established within FEHBP. These plans would be fully integrated with Medicare. Postal retirees would then have Medicare as their primary payer and FEHBP as their secondary payer. This strategy aligns with the practice of nearly every state and local government and private-sector entity that still offers RHB to Medicare-eligible retirees.
- To protect the financial interests and health care relationships of current retirees who may not have enrolled in Medicare, only current employees would be required to enroll in Medicare Parts A and B when they retire and become eligible for Medicare.
- Medicare Part D would be implemented through an Employer Group Waiver Plan (EGWP) so that our retirees and employees can benefit from subsidies for prescription drug benefits.
- The existing requirement to prefund RHB would be eliminated. This requirement is not imposed on private or public entities.
- OPM would be directed to calculate RHB liability only for those employees and retirees currently eligible to receive RHB (vested liability).
- These legislative changes would drastically reduce or eliminate our unfunded RHB liabilities. They would also significantly reduce our expenses and improve our net income.

WE WILL REQUEST THAT THE ADMINISTRATION CORRECT THE LONGSTANDING, UNFAIR ALLOCATION OF CSRS BENEFITS FOR LEGACY POST OFFICE DEPARTMENT EMPLOYEES

- The Administration should require OPM to use a simple and fair method to apportion government contributions to CSRS annuities for employees who transitioned to the Postal Service with prior creditable service at the pre-1971 Post Office Department.

In the near term, we recognize that the continuing impacts of the COVID-19 pandemic and years of underinvestment severely impacted our performance during the 2020 holiday season. Therefore, this plan commits to quickly improving service performance and earning back the trust and support of our stakeholders as we move forward.

Additionally, we never forget for a moment that the Postal Service is a public institution, and that we have responsibilities to a wide range of internal and external stakeholders. We look forward to discussing this Plan and its many strategies to create a future for the organization that exceeds the needs of the public, our residential and business customers, America's communities, and our employees. As we move forward, we will work closely with our stakeholders through sustained dialogue and partnership.

We will also adhere to legal, statutory, and regulatory requirements as we implement the initiatives within this Plan. These processes will provide opportunities for stakeholder input and engagement. In particular, the Postal Service will:

- File a request for an advisory opinion from the PRC prior to implementing any initiative that constitutes a "change in the nature of postal services on a nationwide or substantially nationwide basis," as required by statute (39 U.S.C. 3661).
- Adhere to all applicable regulations governing the implementation of any initiative, including those enacted by the PRC as well as internal regulations enacted by the Postal Service.
- Adhere to all applicable collective bargaining and consultation requirements.

In addition, as the Postal Service implements the initiatives in this Plan, we will remain in full compliance with any court orders that may be in effect, and we will keep the Administration and Congress fully informed of our progress.

Most importantly, in the years to come, we will continue to have a meaningful impact in the daily lives of the American public—more valued and

used more often at every home and business. We envision our carriers delivering more packages, collecting more returns, and providing more solutions on the ground to drive commerce and connect our communities. We will strengthen the mail channel, providing greater value for senders and receivers. At every touchpoint with our brand—in our Post Offices, at our entry units, on our digital platforms, and at the point of delivery—we intend to create excellent experiences that build value and deepen the loyalty of those we serve.

We hope you will agree that our Plan provides an important path forward for an organization in crisis—and positions the Postal Service to successfully meet the evolving mailing and shipping needs of the nation. We look forward to working with you to achieve this worthy goal.

FIGURE 25: FY2021 revenue and expenses and FY2021 Integrated Financial Plan (IFP) targets, FY2021 - FY2030

PRICE ASSUMPTIONS	• FY2021 prices at base plan levels prior to PRC ruling • FY2022 - FY2030 Market Dominant prices increase at CPI based on PRC regulations in effect in FY2020 • FY2022 - FY2030 Competitive prices increase at CPI+1 percent
WORK HOUR ASSUMPTIONS	• 100 percent capture of earned work hour declines due to volume decline • Mix of Tier 1 / Tier 2 / non-career workers assumes that non-careers are hired up to work hour cap, then Tier 2 hired to replace Tier 1 workers lost to attrition up to the amount needed to fulfill workload requirements • Overtime rates assumed to be the same as FY2019 levels
INFLATION ASSUMPTIONS	• General and COLA increases taken from contracts and Global Insight inflation projections • General increase of 1.25 percent (career) and 2.25 percent (non-career) assumed when contracts expired • Non-personnel costs (transportation, supplies and services and other) based on Global Insight inflation projection, generally ranging from 2 percent to 5 percent per year

begins to diminish, 2) the loss of market share due to our inability to make the investments necessary to compete with other package delivery companies as they increase delivery densities across more geography due to the post COVID-19 volume growth, and 3) the ongoing insourcing of delivery operations from competitors and major e-commerce retailers. This trend is consistent with the period prior to the start of the COVID-19 pandemic when we experienced flat or declining volumes.

We project prices over the forecast period to increase on market dominant products at CPI and competitive products at CPI+1 percent. Taken together these inputs produce flat revenue over the forecast period.

Unfortunately, total expenses are expected to grow at 1.8 percent per year. This growth in expenses is the result of wage growth consistent with the terms in existing union contracts, cost inflation for federally mandated benefits and non-personnel costs as per inflation projections provided by Global Insight, and the additional cost of serving approximately one million additional delivery points per year.

It is important to note that the base case expense projections assumes that we will capture 100 percent of the work hours associated with projected volume declines, which equates to a reduction in annual hours of 162.7 million by 2030 or $48.7 billion in cumulative cost savings. Achieving this will require extensive management efforts to capture these work hour savings and will have to rely primarily on process improvements that capture reductions in overtime and absorb attrition, since the base case does not enable optimum investments to modernize and maintain efficient infrastructure and equipment. Failure to achieve these reductions would make our financial results worse than those shown here.

Our cash projection assumes we will repay existing debt as it matures with no additional borrowing.

FIGURE 27: USPS 10-Year Net Income Outlook for the Base Case Scenario

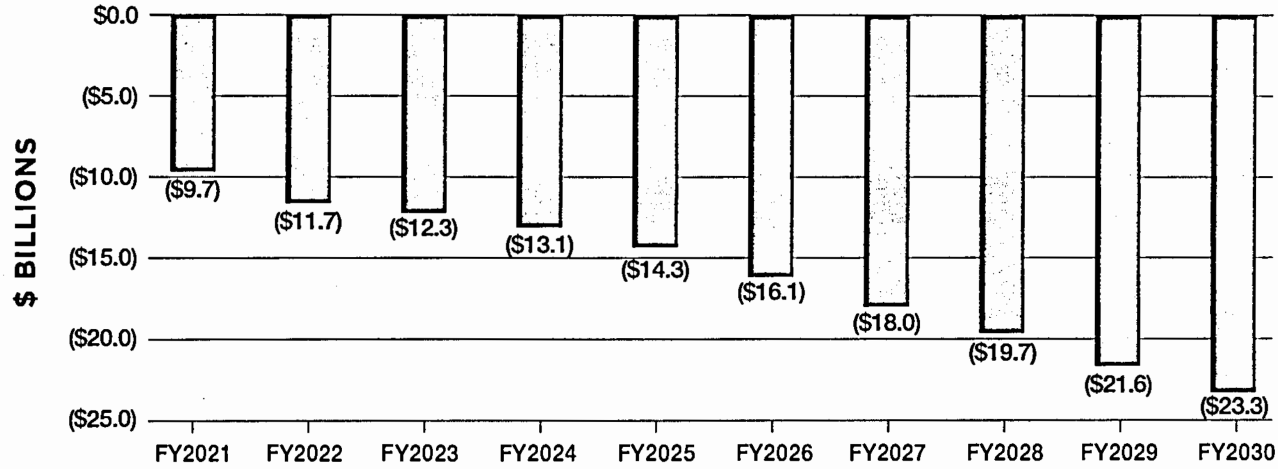


Figure 28 provides additional detail for our projected financial results for FY2021–FY2030 absent additional efficiency initiatives or changes to legislation and regulations that were in place at the end of FY2020. As shown, we estimate that by FY2022 we will have inadequate cash flow to meet all financial obligations, including year-end, lump-sum retiree health benefit (RHB), Federal Employee Retirement System (FERS) and Civil Service Retirement System (CSRS) payments.

Under this status-quo forecast by FY2024, we would not have cash to operate even if we were to continue to default on RHB normal cost and RHB, FERS and CSRS amortization payments and fully exhaust our borrowing authority. If we receive and use the full $10 billion in funding from the CARES Act, this would delay our operational insolvency by just over one year.

Estimates of future net income and liquidity in the base plan are of course subject to considerable uncertainty. We will work to reduce work hours and restrain wage growth within the confines of collective bargaining agreements. Reductions in non-personnel expenses, particularly transportation, depend on our ability to negotiate with a large number of suppliers and contractors while such resources are in high demand. Future business environments may or may not favor negotiations for competitive rates. Furthermore, our business, like any other, is subject to adverse economic shocks. Unlike most businesses, however, we are expected by both the government and citizens to operate as usual even in the event of severe adverse shocks, which limits our ability to temporarily scale down or shutdown operations, as many private sector companies can choose to do.

While reasonable people may disagree on particular assumptions, the overall conclusion is inescapable: the status quo is not sustainable and unless we undertake a comprehensive plan to address our challenges, the Postal Service as we know it cannot survive.

10-year Financial Projection for the Postal Service Delivering for America Plan

The strategies and initiatives outlined in this plan represent our commitment to achieve service excellence, realize cost savings and revenue growth, modernize postal infrastructure, and enhance our employees' wellbeing.

FIGURE 29: Summary of Revenue Improvement Initiatives

INITIATIVE	KEY ELEMENTS	FY2021 - FY2030 FINANCIAL IMPACT RANGE (LOW TO HIGH $B)[1]
COMPETITIVE REVENUE GROWTH	• Offer innovative commercial services to grow package volumes • Leverage assets to expand digital and government services • Identify opportunities for margin improvement • Align pricing zones to distance traveled	**$19 - $29**
MARKET DOMINANT PRICE INCREASE	• Implement authority under PRC price regulations allowing above CPI increases for market dominant and underwater products	**$35 - $52**
	TOTAL FINANCIAL IMPACT	**$54 - $81**

Notes: 1) The initiative financial impacts shown include a proportional allocation of interest savings achieved from these initiatives. 2) These estimates do not include the reduction of the retirement rate authority from the PRC 10-year review ruling due to the reduction of amortization payments. This has been factored in the legislative and administrative action initiative estimates.

COST IMPROVEMENTS - MANAGEMENT INITIATIVES

As described in this Plan, our infrastructure is both outdated and not properly configured to meet current and projected customer demands. In addition, we have underinvested in facility modernization and have lagged in implementing operational best practices. The initiatives in this Plan will rationalize and modernize mail and package processing, transportation, and retail and delivery networks and improve service reliability and cost efficiency. In addition, these initiatives will result in a rationalized organizational structure that will improve accountability and reduce both personnel and non-personnel expenses. Combined, these initiatives are expected to reduce our projected operational expenses by an estimated $28 billion to $40 billion, as shown in Figure 30.

COST IMPROVEMENTS - LEGISLATION AND ADMINISTRATIVE ACTION REQUIRED

For this Plan to achieve financial sustainability, we need Congress to allow us to integrate our health benefits plans with Medicare on a prospective basis. Virtually all private and public-sector entities that offer RHB require that all eligible retirees enroll in Medicare at age 65 as a precondition for receiving employer-sponsored benefits. In addition, we propose that our RHB liability be estimated based on employees and retirees who are fully vested and eligible to receive RHB immediately upon their retirement. The anticipated savings from this prospective Medicare integration proposal based on vested participants, combined with an elimination of the requirement to prefund, will increase our cash flow while reducing the amount of RHB costs.

We are also asking the Administration to direct OPM to use a fair and simple method of allocating responsibility for government contributions to CSRS annuities for employees who transitioned to the Postal Service with prior creditable service at the pre-1971 Post Office Department. This will lead to a fully funded CSRS pension system and elimination of CSRS amortization payments over the 10-year projection period.

Combined, these initiatives are expected to reduce projected operational expenses by approximately $58B as shown in Figure 31.

FIGURE 31: Summary of Requested Legislative and Administration Actions

REQUESTED ACTIONS	KEY ELEMENTS	FY2021 - FY2030 FINANCIAL IMPACT (LOW TO HIGH $B)[1]
MEDICARE INTEGRATION	• Integrate USPS FEHBP plans with Medicare, calculate the liability based on vested employees and require future retirees enroll[2] • Eliminate RHB prefunding	**$44**
CSRS ADJUSTMENT	• Correct the longstanding, unfair allocation of CSRS benefits for legacy "Post Office Department" employees[2]	**$14**
	TOTAL FINANCIAL IMPACT	**$58**

Notes: 1) The estimated financial impacts shown include a proportional allocation of interest savings achieved from these initiatives. Actual savings will depend on final legislative language and OPM implementation. 2) These estimates include the reduction of the Retirement Rate Authority from the PRC 10-year review ruling due to the reduction of amortization payments.

significant investments in creating modern automated processing facilities and transportation networks by accelerating the deployment of parcel automation, autonomous material handling technologies, and advanced transportation management systems.

To transform our Post Offices and retail facilities into convenient and modernized retail destinations, the plan includes significant investments in order to offer expanded government and digital services, enhance our services for small- and medium-sized businesses and expand deployment of contactless retail and locker technologies for mail and package pickup and drop-off.

Our Plan includes investments to improve commercial parcel fulfillment businesses access to our processing facilities and upgrade our Informed Delivery mobile application to enhance its value to commercial mailers and shippers.

FIGURE 32: Critical Strategic Investments in Plan ($ Millions)

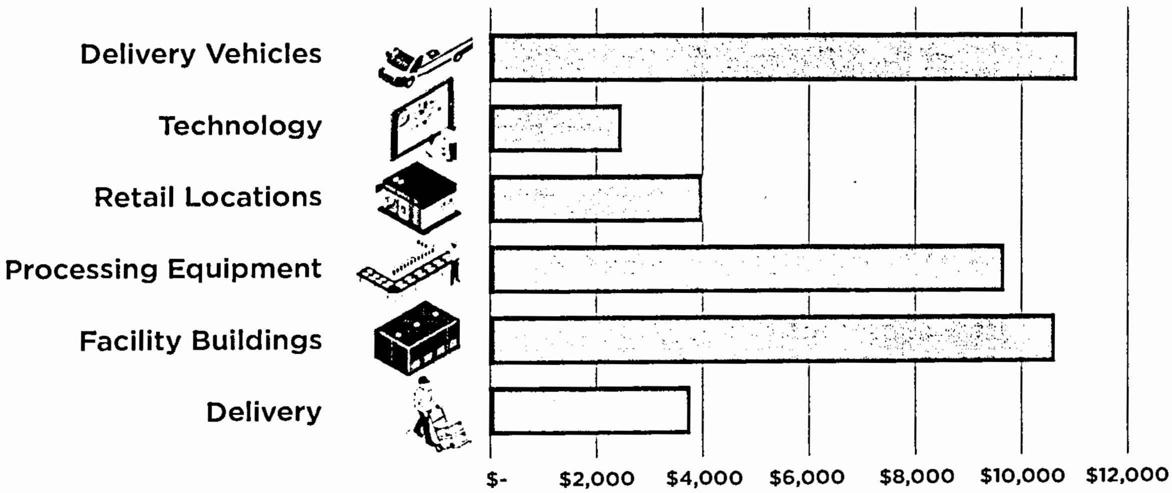


FIGURE 34: Total Liquidity Before and After Impact of the Plan ($Billions)

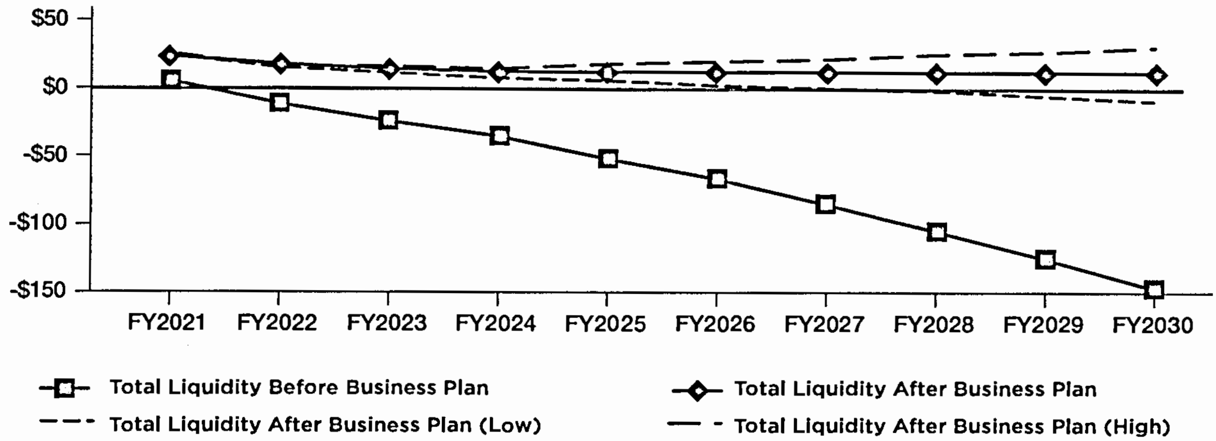
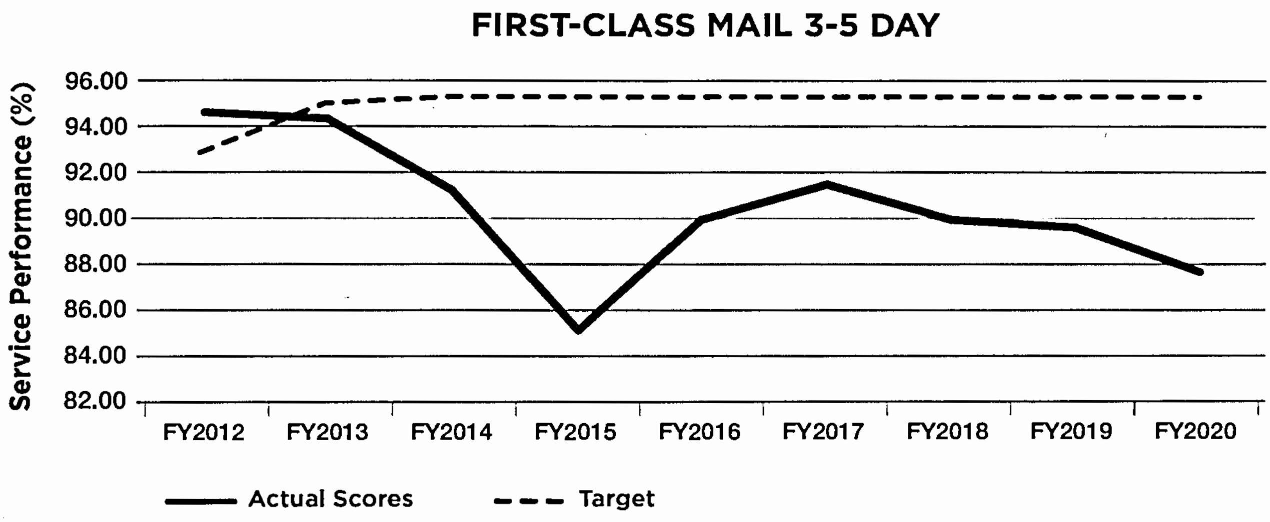


FIGURE 35: 10-Year Delivering for America Projected Profit and Loss Statement – With USPS Initiatives

($ In Billions)	Projected										Total
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Market Dominant Revenue	39.6	40.5	40.9	40.8	40.0	39.2	38.5	38.1	37.7	37.2	392.5
Competitive Revenue	31.5	30.9	32.8	34.8	36.4	38.0	39.8	41.8	43.5	45.2	374.6
Total Revenue	$ 71.1	$ 71.3	$ 73.7	$ 75.5	$ 76.4	$ 77.2	$ 78.3	$ 79.9	$ 81.2	$ 82.5	$ 767.2
Salary & benefits	49.5	48.9	48.9	48.9	49.0	49.4	50.2	51.2	52.1	53.0	501.1
FERS normal cost	4.1	4.2	4.3	4.3	4.3	4.3	4.4	4.4	4.5	4.5	43.2
RHB normal cost (Controllable) / Top up payments	3.9	0.8	0.8	0.9	0.9	1.0	1.1	1.2	1.3	1.4	13.3
Transportation	8.7	8.3	8.3	8.3	8.6	8.9	9.2	9.5	9.7	10.0	89.6
Depreciation	1.7	1.7	1.8	2.0	2.1	2.3	2.4	2.5	2.5	2.5	21.5
Supplies & services	3.1	2.9	2.8	2.9	2.9	2.9	3.0	3.0	3.0	3.0	29.6
Rent, utilities & other	5.5	5.5	5.5	5.3	5.1	5.1	5.1	5.3	5.6	5.6	53.5
Controllable expenses [1]	76.5	72.2	72.4	72.6	73.0	73.9	75.3	77.1	78.7	80.0	751.9
Controllable income (loss)	(5.3)	(0.9)	1.3	2.9	3.3	3.3	2.9	2.8	2.5	2.4	15.2
Non-Controllable expenses	(4.1)	(1.3)	(1.3)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(15.1)
RHB Amortization	0.9	-	-	-	-	-	-	-	-	-	0.9
FERS Amortization	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	12.3
CSRS Amortization	1.8	-	-	-	-	-	-	-	-	-	1.8
Net income (loss)	$ (9.4)	$ (2.2)	$ 0.0	$ 1.7	$ 2.1	$ 2.0	$ 1.7	$ 1.6	$ 1.3	$ 1.3	$ 0.2
Debt [2]	$ 11.0	$ 10.0	$ 10.0	$ 9.0	$ 9.0	$ 8.3	$ 8.3	$ 8.3	$ 7.0	$ 7.0	
Year-End Cash (no default) (Unrestricted and Restricted)	$ 20.2	$ 12.5	$ 9.4	$ 6.8	$ 6.4	$ 5.1	$ 5.3	$ 5.6	$ 4.6	$ 4.2	
Liquidity	$ 24.2	$ 17.5	$ 14.4	$ 12.8	$ 12.4	$ 11.8	$ 12.0	$ 12.3	$ 12.6	$ 12.2	
Cash Flow - GAAP:											
Net Cash Used in Operating Activities	$ 0.5	$ (2.8)	$ 1.9	$ 3.5	$ 4.5	$ 4.5	$ 4.4	$ 4.1	$ 3.9	$ 3.8	
Net Cash Used in Investing Activities	$ (2.0)	$ (3.9)	$ (5.0)	$ (5.1)	$ (4.9)	$ (5.1)	$ (4.1)	$ (3.8)	$ (3.6)	$ (4.2)	
Net Cash Used in Financing Activities [3]	$ 7.0	$ (1.0)	$ -	$ (1.0)	$ -	$ (0.7)	$ -	$ -	$ (1.3)	$ -	
Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash	$ 5.5	$ (7.7)	$ (3.1)	$ (2.6)	$ (0.4)	$ (1.3)	$ 0.3	$ 0.3	$ (1.0)	$ (0.4)	
Year-End Cash (Unrestricted and Restricted)	$ 20.2	$ 12.5	$ 9.4	$ 6.8	$ 6.4	$ 5.1	$ 5.3	$ 5.6	$ 4.6	$ 4.2	

1) Includes $48.7B savings commensurate with workload decline.
2) Assumes we repay existing debt as it matures with no additional borrowing. By statute, we can borrow $3B incremental debt per year up to a maximum statutory level of $15B.
3) FY21 includes $10B CARES Act funding

FIGURE 37: First-Class Mail (3-5 Day) Service Standard Performance, FY2012 - FY2020



The following is a summary of the impacts of the new service standard:

- 61 percent of current First-Class Mail volume and 93 percent of current Periodicals volume will stay at its current standard.
- 81 percent of current 2-day First-Class Mail volume will retain its 2-day standard.
- 70 percent of First-Class Mail volume would receive a standard of 1- to 3-days.
- Current First-Class Mail 3-day volume will be subject to 3-, 4-, or 5-day service standard, depending on the distance between origin processing facility and destination processing facility.
- Of the current 3-day volume, 47 percent will remain 3-day, 36 percent moves to 4-day, and 17 percent moves to 5-day.
- First-Class Mail traveling within a local area (with up to a three-hour drive time) would still be delivered within two days. The change will not impact destination entry, overnight mail volume or other local service standards, which will continue to be delivered the next day.
- 43 percent of First-Class Mail volume that is transported through the air will shift to surface transportation.
- For the offshore states and territories, we propose to add a day to mail currently subject to a 3- or 4-day standard, while keeping 5-days as the outer bound. This will align service expectations with operational capabilities in those areas and enable the Postal Service to utilize lower cost air transportation.

In addition, the Postal Service will also propose to adjust the service standards for First-Class Package Service to enable more packages to be moved via the surface transportation network rather than on air transportation. The Postal Service will also request an advisory opinion from the PRC concerning this proposed change before it is implemented.

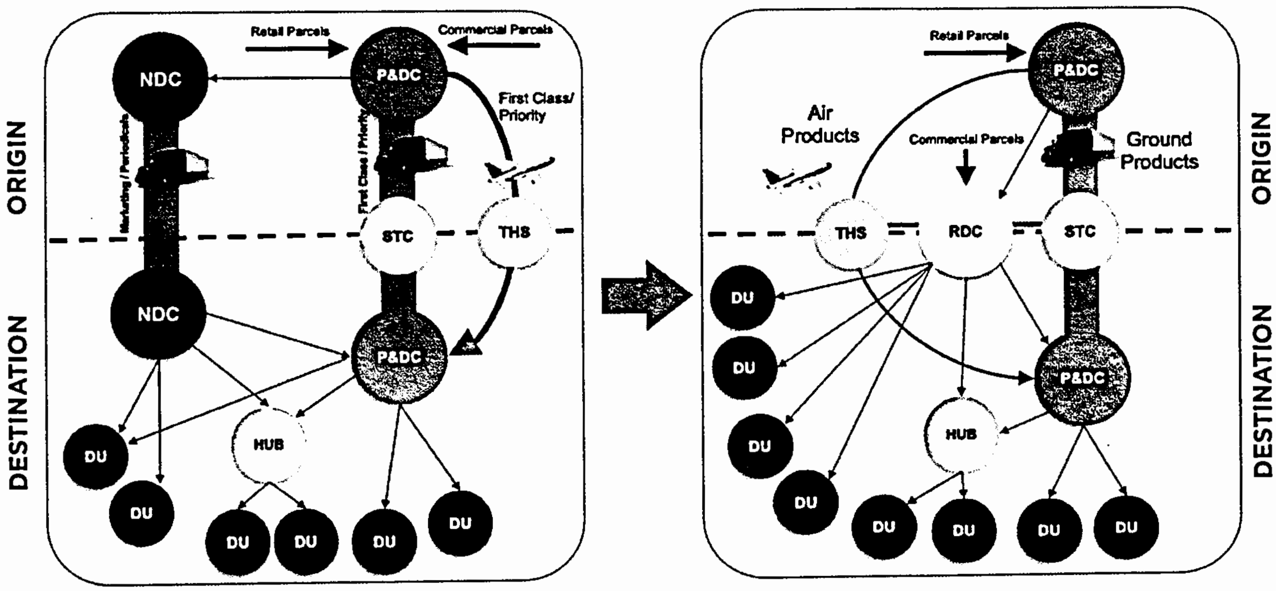
Changing service standards will facilitate the move of First-Class Mail and First-Class Package Service to a more predictable and reliable network allowing us to achieve a consistent service level of 95 percent on-time delivery against the revised standards. For instance, by moving volume to an optimized surface network, we will reduce the total number of touches for each mail piece and package—improving service reliability and reducing cost.

network, achieving additional savings. We will be able to create streamlined, simplified shape-based processes, improving efficiency and enabling us to meet our operating plans. For letters and flats, an expanded First-Class Mail network will enable the Postal Service to merge letter and flats processing into a consolidated network, centered on Processing & Distribution Centers (P&DCs). Network Distribution Centers (NDCs), which will be transformed into Regional Distribution Centers (RDCs) to expand reach, will focus on handling parcels. This concept is expected to reduce handlings, improve efficiencies in the processing centers and network, and optimize letter, flat, and package processing for predictable, reliable operations.

FIGURE 39: Simplified Transportation Network Promoting Increased Reliability

	NDC — RDC	PDC
CURRENT	• Marketing Mail letters and flats • Package Services • Periodical sacks and containers • FC Parcels • Priority Parcels	• FC Mail letters and flats • Periodical sacks and containers • Marketing Letters, Flats, Bundles • FC Parcels • Priority Parcels • Priority Mail Express
PROPOSED	• Parcels	• Letters and Flats • Trays, Tubs, Bundles, and Sacks • Parcels

FIGURE 19: Redesigned Network Distribution Center Network



Torreon/Star Lake Chapter

P.O. Box 1024 * Cuba, New Mexico 87013 *(505)731-233
torreon@navajochapters.org-Fax# 505-731-1514

EXHIBIT
B

George Tolth	Lydell Rafael	Mario P. Atencio	Sherry Begaye	Alex Sandoval	Evangeline Tachine	Cecelia Toledo
Council Delegate	*President*	*Vice President*	*Secretary/Treasurer*	*Land board*	*Coordinator*	*Accounts Maintenance Specialist*

RESOLUTION OF TORREON/STAR LAKE CHAPTER

RESOLUTION TSL# 06/2023-59

REQUESTING TO THE UNITED STATES POSTAL SERVICES TO ESTABLISH MAIL SERVICES AT THE TORREON/STAR LAKE CHAPTER.

01. The Torreon/Star Lake Chapter is a recognized Chapter of the Navajo Nation established and recognized by the Navajo Nation Council as a foundation of the Navajo Nation government vested with the authority to plan and implement projects in the best interest of the community. See generally Title 2 N.N.C. 4021 et seq. and Title 26 N.N.C. §102; and
02. Pursuant 2 N.N.C. §102 (a), the Navajo Nation Council is the governing body of the Navajo Nation, and by resolution CAP-24-98, the Navajo Nation Council approved the "Local Governance Act" wherein the Navajo Nation Council delegated governmental authority to the Torreon/Star Lake Chapter of the Navajo Nation to address matters of local concern with Navajo Law, Custom, and Tradition; and
03. The Torreon/Star Lake Chapter is a non-certified Chapter of the Navajo Nation established and recognized by the Navajo Nation Council as a foundation of the Navajo Nation government vested with the authority to plan and implement projects in the best interest of the community; and
04. The Torreon/Star Lake Chapter Officials and community are concerned and disappointed with the U.S. Postal Services that the Postal Services kept increasing to rent the mailboxes, and community people have to travel long distances to the city of Cuba, New Mexico, to get their mail; and
05. The Torreon/Star Lake Chapter and community would like to ask the United States Postal Department if it is feasible to establish postal services at the Torreon/Star Lake Chapter House. The Chapter has available space for this initiative; and
06. The Torreon/Star Lake Chapter and community have been advocating for Postal Services within their community, which would eliminate the long-distance travel to the city of Cuba, New Mexico.

NOW, THEREFORE BE IT RESOLVED THAT:

01. The Torreon/Star Lake Chapter, as a result, supports establishing and implementing the United States Postal Service mailboxes within the Torreon/Star Lake Chapter for the community's best interest.

Motion made by: BARBARA TOLEDO
Seconded by: RENA CASTILLO

C-E-R-T-I-F-I-C-A-T-I-O-N

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NAVAJO NATION

Naabik'iyati' Committee Regular Meeting

8/24/2023
01:09:51 PM

Amd# to Amd#

MOT Nez, R
SEC Jesus, B

New Business: CONSENT AGENDA
(5) Legislations: 0199-23, 0201-23, 0205-23, 0154-23 0152-23

PASSED

Yeas : 15 **Nays : 0** **Excused : 5** **Not Voting : 3**

Yea : 15

Arviso, S	Crotty, A	Nez, R	Slater, C
Aseret, L	Daniels, H	Notah, N	Tolth, G
Begay, H	Johnson, C	Parrish, S	Yanito, C
Begay, N	Nez, A	Simpson, D	

Nay : 0

Excused : 5

Charles-Newton, E	Jesus, B	Simonson, G	Yazzie, C
Claw, S			

Not Voting : 3

Tso, O	James, V	Damon, S

Presiding Speaker: Curley, C