

POSTAL NEWS

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1. As snail mail declines, postal service in the red

by Randolph E. Schmid

Associated Press Writer

Article Last Updated; Sunday, August 09, 2009 WASHINGTON - Buffeted by the recession and the popularity of e-mail and electronic bill payment, the Postal Service lost \$2.4 billion from April through June, officials said Wednesday.

Anthony Ramirez manually types zip codes, as parcels are sorted at the United States Postal Service Leslie N. Shaw Sr. Processing and Distribution Center in Los Angeles on Jan. 28, 2008. Buffeted by the recession and the popularity of e-mail and electronic bill payment, the Postal Service lost \$2.4 billion from April through June, officials said Wednesday.

That brings the year's losses so far to \$4.7 billion. And the Postal Service expects to be \$7 billion in the red when the fiscal year ends Sept. 30.

"What has occurred in the economy is unprecedented, and it has created a much greater challenge than we can respond to quickly," Postmaster General John Potter said in a briefing. "We're trying to navigate our way through a challenging period of time."

Total mail volume has declined sharply, as businesses cut back on advertising during the recession. At the same time, people and businesses have been moving to e-mail to handle personal messages and send and pay bills.

In an effort to cope with the declining volume, the post office reduced work hours by 88 million in the first nine months of the fiscal year, which began Oct. 1.

Carrier routes have been combined as volume declines, hours of many offices were reduced and the post office has asked Congress for permission to cut deliveries from six days per week to five.

Mail managers also are looking at the possibility of closing several hundred offices or selling postal buildings in cities and relocating to leased space.

With salaries accounting for 80 percent of postal costs, office closings would produce only a modest benefit, Potter said.

A hiring freeze also is in place, early retirements have been offered and management salaries have been frozen.

A major burden, Potter said, is a requirement for the post office to make advance payments of between \$5.4 billion and \$5.8 billion annually to a retiree health-benefit fund. Without those payments - not required of other government agencies - the post office would have been in the black last year and would be looking at a loss of \$1.9 billion this year, rather than the projected \$7.3 billion.

Bills have been introduced in Congress to ease this requirement on a temporary basis.

Potter urged passage of those measures, but also noted that a fundamental look at how the post office does business in a changing society is needed.

Last year, mail volume fell by 9.5 billion pieces to a total of 203 billion pieces. It is expected to fall by 28 billion pieces this year to a total of 175 billion pieces.

At the same time, population growth and new business mean the post office has to serve 1.2 million new addresses every year.

There are 155,032 city delivery routes today bringing an average of 4.1 mail pieces to each stop. In 2000, there were 167,470 routes averaging 5.9 items per stop.

While Congress votes money for free mail delivery for the blind and to offer reduced rates to charities, the post office does not receive taxpayer funds for its operations.

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2. U.S. Postal Service Maintains High Levels of Performance and Customer Satisfaction

Published: August 9, 2009

COLUMBIA — Despite continuing economic challenges, the Postal Service continues to deliver high levels of service for customers.

The FY09 third-quarter national performance scores released today show notable improvements for two- and three-day Single-Piece First-Class Mail, and Single-Piece First-Class Mail International. On-time mail delivery was:

- § 94 percent for two-day delivery, up 1 percentage point over last quarter
- § 93 percent for three-day delivery, up 2 percentage points over last quarter
- § 93 percent for First-Class Mail International, an improvement of 4 percentage points over last quarter

Single-Piece First-Class Mail remained at 96 percent on-time overnight delivery. In addition, for the fifth consecutive quarter, 93 percent of customers surveyed rated satisfaction with the Postal Service as “excellent, very good or good.”

In the Greater South Carolina District, ZIP Codes 290-6, service scores for on-time delivery exceeded the national average with a score of 97 for Single-Piece First-Class Mail; 95 for two-day delivery and 95 for three-to-five day delivery. 95 percent of customers in the Greater South Carolina District surveyed rated satisfaction with the Postal Service as “excellent, very good or good.”

“Service may be our last name, but it’s our first priority when it comes to meeting the needs of our customers in the Greater South Carolina District,” said Nicholas L. Rinaldi, District Manager. “These successful delivery scores are the result of postal employees who remain focused on working together day in and day out to give the American public the best service possible. The fact that the Postal Service has maintained high levels of customer service during very difficult economic times demonstrates the commitment and dedication of our employees.”

Since 1990, the Postal Service has contracted with an independent agency to measure First-Class Mail service performance. IBM Global Business Services tracks First-Class Mail from the time it arrives in a collection box or lobby mail chute until it is delivered to a home or business, allowing the Postal Service to monitor performance and improve service for customers.

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Thursday, August 6, 2009

3. U.S. Postal Service loses \$2.4B

Denver Business Journal - by Washington Business Journal

A double-digit drop in mail volume helped pushed down third-quarter earnings at the U.S. Postal Service, which posted a loss of \$2.4 billion for the quarter ended June 30.

The service, which has lost \$4.7 billion so far this year, compared to a loss in the same period last year of \$1.1 billion, said it expects to lose more than \$7 billion by fiscal year’s end on Sept. 30.

Email usage and the recession has affected all classes of mail, resulting in a \$1.6 billion decrease in revenue for the quarter. The service could be left with a negative cash position of \$700 million by the end of the fiscal year, assuming no law changes.

It has an annual obligation to chock up to \$5.8 billion to pre-fund retiree health benefits, but is banking on passed legislation that would boost its ability to take from the Treasury Department.

The U.S. Postal Service is considering closing 681 offices nationwide, including several in the Denver area, as well as weighing whether to cut post office hours, consolidate processing centers and end Saturday delivery.

The service said it is on pace to achieve its 2009 target of more than \$6 billion in total cost reductions and reduce work hours by more than 100 million for the entire year.

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4. Postal closures spare smaller offices

BY CHRISTOPHER BEHNAN • DAILY PRESS & ARGUS • AUGUST 6, 2009

Larger post offices were targeted in an initial list of 27 Michigan branch buildings considered for closure in light of the U.S. Postal Service's projected loss of about \$7 billion this fiscal year.

That could be good news for Livingston County post offices, many of which — such as in Cohoctah and Hamburg townships — are smaller, and don't involve as much overhead, said Ed Moore, spokesman for the Detroit Postal District, which covers part of the county.

The initial list names branches in larger communities including Lansing, Ann Arbor, Detroit, Dearborn and Grand Rapids.

"We initially looked at larger offices because that's where we could probably first capture the largest savings," Moore said.

But the county's post offices aren't in the clear — yet, Moore said.

A final list of recommended branch closures for Michigan will be released in the coming days, which could include additions and subtractions, Moore said. The Postal Service will review recommendations from regional branches to make final decisions.

Factors such as building square footage and mail volume are being evaluated in picking branches for closure and consolidation with nearby branches. In most cases, the operations of two offices will be forged into one office, but ZIP codes will not change.

Moore said he was unaware if county post offices might be added to the list.

"I would hate to say on this round that nothing is going to happen until this list is actually finalized," he said.

County postmasters referred all comment to regional spokespeople when contacted by the Daily Press & Argus.

Customers will receive a mailed questionnaire seeking comments about the final list of proposed closures by mid-August, Moore said.

"There is a lot of concern out there amongst our customers, 'Is our post office going to close?' and we certainly understand that," Moore said.

Moore said the consolidation process may involve relocation of Postal Service employees and training in other capacities. He said postal employees' have a "no-layoff clause" in their union contract.

Some may question how the recent 2-cent hike in the cost of stamps hasn't staved off potential branch closings.

Moore said the hike hasn't been enough to offset sharp reductions in stamp purchases due to online bill paying, e-mailed financial statements and cutbacks in advertising and direct mailing.

He said it costs more than \$1 billion yearly to operate postal facilities nationwide. There are 32,741 post offices in the country.

No changes are expected before the end of the current fiscal year on Sept. 30.

The Associated Press contributed to this report.

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