BUSINESS MAILERS REVIEW

Monitoring the Postal Service, Private Carriers and Suppliers
Published by PNMSI Publishing Co.

Volume 39, Number 4 **February 12, 2018**

USPS 1Q/FY2018 Financial Results—Business as Usual

The Postal Service reported Friday morning controllable income for the first quarter of fiscal year (FY) 2018 (Oct. 1, 2017 – Dec. 31, 2017) of $353 million, compared to controllable income of $522 million for the same period last year (SPLY). This decrease was largely driven by volume declines in First-Class and Marketing Mail, higher normal cost of retiree health benefits expenses of $140 million and higher transportation expenses of $109 million, partially offset by a reduction in compensation and benefits expenses of $91 million.

Revenues

Total revenue for the quarter was $19.2 billion, essentially unchanged compared to the SPLY. Revenue from First-Class Mail and Marketing Mail decreased $309 million and $248 million, respectively, due largely to lower volumes. Revenue from the Shipping and Packages business increased $505 million, or 9.3%, during the quarter. *(See Table 1.)*

Q1/FY2018 Opertaing Revenues and Service Volumes				
	Revenue		Volume	
$ millions; volume millions	2017	2016	2017	2016
Service Category				
First-Class Mail	$6,683	$6,992	$15,248	$15,894
Marketing Mail	$4,448	$4,696	$21,048	$22,361
Shipping and Packages	$5,917	$5,412	$1,718	$1,607
International	$838	$770	$279	$285
Periodicals	$338	$361	$1,316	$1,369
Other	$928	$961	$93	$104
Total Operating Revenue and Volume	$19,192	$19,192	$39,702	$41,620

Operating Expenses

Operating expenses for the quarter were $19.7 billion, an increase of $2.0 billion, or 11.0%, compared to the SPLY. This was largely driven by an increase in workers' compensation expense of $1.4 billion, resulting from changes in interest rates. Also contributing to this increase were increases in unfunded retirement benefit costs and retiree health benefits expense of $293 million and $210 million, respectively, driven by changes in actuarial assumptions.

Net Loss

Net loss for the first quarter totaled $540 million, compared to net income of $1.4 billion, for the SPLY. The first quarter, which includes the holiday mailing season, is typically the Postal Service's strongest quarter of the fiscal year.

Package v. Mail Volumes

In the first quarter of FY2018, package volumes grew by 111 million pieces, or approximately 7%, while mail volumes declined by approximately 2.0 billion pieces, or approximately 5%, continuing a multi-year trend of increasing package volume and declining letter volumes. *(See Table 1.)* The Postal Service set a record on Dec. 18 when more than 37 million packages were delivered, the most packages delivered in a single day in the organization's more than 240 year history.

"Although we continue to win customers and grow our package business, these gains are not sufficient to offset continuing declines in our mail business, which is our main source of revenue and contribution," said Postmaster General and CEO Megan J. Brennan. "We will continue to do everything within our control to improve operating efficiencies, manage expenses, expand our use of technology and keep mail affordable, but these actions must be combined with regulatory and legislative changes."

Solutions Require Reform

Brennan added that the Postal Service's abilities to react to declining volumes by controlling costs or growing revenue through pricing flexibility are constrained by current law. These legal constraints are widening a systematic financial imbalance.

The Postal Service's long-term financial stability also depends on the Postal Regulatory Commission (PRC) establishing a new pricing system that enables the organization to generate sufficient revenues to cover our costs. The Postal Service agrees with the conclusion of the PRC that

(Continued on Page 3)

Short Takes

A self-driving truck operated by tech startup Embark recently made a test run from Los Angeles to Jacksonville, Fla., which the company described as the first coast-to-coast journey by an automated truck. A return trip was scheduled to return to Los Angeles on Feb. 6.

Using a Peterbilt tractor that it modified and outfitted with sensors and self-driving software, the truck traveled 2400 miles along the length of Interstate 10 across the southern United States. Embark's onboard technology operated for nearly all of the distance covered on highways while a driver sat behind the wheel to take over if needed.

The next step in Embark's plan will be the making of a transition from what Embark calls Level 2 autonomous operation to Level 4 automation, where the vehicle can travel on limited, specific highway routes without a driver.

Transport Topics interviewed representatives from Embark and writes: "Embark envisions these Level 4 driverless trucks operating as part of a redesigned freight system, where trailers are exchanged between local drivers and driverless trucks at freight hubs situated along highways."

The same article explains that Level 4 technology will capture cost savings not possible now as long as a driver sits ready to take over: "Embark's first coast-to-coast run took the normal five days to complete because the driver was still operating within hours-of-service limits. A truly autonomous Level 4 truck, however, would be able to complete the same trip in just two days by operating around the clock . . . ." *http://www.ttnews.com/articles/embark-self-driving-truck-completes-coast-coast-test-run*.

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The trial to determine whether Uber engaged in anticompetitive behavior by taking trade secrets—as well as key personnel—from Waymo, a Google business, may not be going as well as legal analysts predicted. According to *The Verge*, "It's day 4 of Waymo v. Uber and I'm still not entirely clear on what Waymo's case is."

The odds of success seemed to favor Waymo after news got out that a former Google engineer might have taken over nine gigabytes of data from company servers, transferred it to his laptop, backed it up onto disks, seemed to admit in several texts to shredding evidence, and then deleted texts about shredding the evidence. There were rumors that the same engineer would plead the Fifth Amendment rather than admit at trial that he had the data to share with Uber—his new collaborator. The matter was complicated by the allegation that Uber acquired the former Google engineer, his company, and those allegedly misappropriated files, and indemnified him for intellectual property claims as part of the acquisition.

The Verge's reporter, seated in the courtroom for the proceedings appears to think the book was better than the movie. "But even with all that, I'm not sure Waymo is going to win, because I can't figure out the case they're putting on," the writer says.

Of course, the spoiler here is not the intelligence leaked before the trial took place. The spoiler in this case is the testimony taken when the public was excluded. If the entire body of stolen trade secrets were revealed in testimony that was provided behind closed doors, then why did it take so little time to lay out the breadth of the materials taken?

As explained in *The Verge*: "But, uh, it's a little weird that we have literally no idea even what general ballpark they're in? I mean, given that only 45 minutes of Waymo time have been under seal? Can you really explain eight self-driving car trade secrets in 45 minutes?"

Apparently the plaintiff also has yet to show that Uber, as well as the former Google engineer, engaged in wrong-doing. As of early last week, testimony about Uber's role had yet to get on the record. Stay tuned. *https://www.theverge.com/2018/2/8/16993208/waymo-v-uber-trial-trade-secrets-lidar*.

Assessing the Status Quo... ***(cont. from page 1)***

the current Consumer Price Index price cap does not work and needs to be changed, because it does not enable the Postal Service to achieve its mission of providing prompt, reliable, and efficient universal postal services to the American people in a financially sustainable manner.

"Continuing mail declines that totaled 2 billion pieces in this quarter place additional financial pressure on us, underscoring the need for change," said Chief Financial Officer Joseph Corbett.

Q1/FY2018 Analysis of Net Income (Loss) v. Controllable Income		
$ millions	**2017**	**2016**
Net Income (Loss)	$ (540)	$ 1,438
PSRHBF unfunded liability amortization expense	$ 297	$ 227
Change in workers' compensation liability resulting from fluctuations in discount rates	$ -	$ (1,670)
Other changes in workers' compensation liability	$ (67)	$ 157
CSRS unfunded liability amortization expense	$ 434	$ 308
FERS unfunded liability amortization expense	$ 229	$ 62
Controllable Income	$ 353	$ 522

Controllable Income

While the USPS does not calculate and present controllable income in accordance with accounting principles generally accepted in the United States (GAAP), it does release data relevant to the agency's performance. Controllable income is a non-GAAP financial measure defined as net (loss) income adjusted for items outside of management's control and non-recurring items. These adjustments include workers' compensation expenses caused by actuarial revaluation and discount rate changes, and the amortization of Postal Service Retiree Health Benefits Fund (PSRHBF), Civil Service Retirement System (CSRS), and Federal Employees Retirement System (FERS) unfunded liabilities.

Table 2 reconciles the Postal Service's GAAP net (loss) income to controllable income and illustrates the income from ongoing business activities without the impact of non-controllable items for the three months ended Dec. 31, 2017, and 2016. *(See Table 2.)*

View the complete financial report at *http://about.usps.com/who-we-are/financials/welcome.htm.*

Postal Regulatory Commission Proposes New Rule

The Postal Regulatory Commission (PRC), has proposed a new rule after evaluating whether the existing 5.5% appropriate share of the institutional cost requirement for Competitive Products should be retained in its current form, modified, or eliminated. The law requires that Competitive Products collectively cover what the PRC determines to be an appropriate share of the Postal Service's institutional costs. The PRC must, by law, revisit the appropriate share regulation at least every five years.

Product Classes

Competitive Products are those products, including Priority Mail, Priority Mail Express, and First-Class Package Service, which are not regulated by a price cap, unlike Market Dominant Products. Market Dominant Products, such as First Class Mail, USPS Marketing Mail, and Periodicals classes, are those over which the Postal Service exercises sufficient market power to effectively set prices substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.

Pricing Authority

Over Competitive Products, the Postal Service is given the flexibility to price these products competitively, as long as they are not subsidized by Market Dominant Products, cover costs attributable to them, and contribute an appropriate share to institutional costs. Attributable costs were most recently considered in Docket No. RM2016-2, wherein the PRC examined the concept of reliably identifiable causally related costs and expanded the scope of Postal Service cost attribution. Attributable costs were addressed in Docket No. RM2016-2, Order Concerning United Parcel Service, Inc.'s Proposed Changes to Postal Service Costing Methodologies (UPS Proposals One, Two, and Three), Sept. 9, 2016 (Order No. 3506). This case is currently pending before the United States Court of Appeals for the District of Columbia Circuit.

In general terms, institutional costs are those costs not caused by any particular product (e.g., the Postmaster General's salary, building project expenses, and area administration expenses). Statute provides three separate elements that the PRC must consider during each review: (1) the prevailing competitive conditions in the market; (2) the degree to which any costs are uniquely or disproportionately associated with Competitive Products; and (3) all other relevant circumstances.

The appropriate share provision is key to preserving competition and ensures that the Postal Service is balancing the concerns of all groups—customers, competitors, Market Dominant mailers, shippers, and the general public—in fairly setting its Competitive Product prices.

Rationale for Change

The Postal Service's market share, competitive volumes, and competitive contribution as a percentage of institutional costs have increased steadily since 2007. As a result, the PRC determines that the static 5.5% appropriate share should be modified to better reflect the modern competitive market. Given that the PRC now has over eleven years of data related to Competitive Products, a formula-based approach that more directly, accurately, and frequently incorporates prevailing competitive conditions in the market and other relevant circumstances can be constructed and applied.

Proposed Formula

The PRC's rulemaking proposes to modify the appropriate share based on market conditions and its analysis of all relevant conditions under the law. The proposed modification uses a formula-based approach to calculate the minimum share of the Postal Service's institutional costs that Competitive Products, as a whole, are required to contribute to institutional costs annually.

The proposed formula consists of two major components that 1) capture the overall size of the competitive market in which the Postal Service operates (Competitive Market Output) and 2) measure the Postal Service's market power in that competitive market (Postal Service Lerner Index). The formula would be used annually to generate the requirement for the following year.

The PRC found that the formula-based approach adapts to changes in market conditions, mitigates risks associated with changes in the market, and is responsive to the provisions of the law that require including the prevailing competitive conditions in the market and other relevant circumstances.

Consequently, the PRC proposes that modifying the appropriate share to capture market conditions on an annual basis is the best approach at this time, and proposes revisions to the existing rule.

Competitive Market Output

As the PRC explains, evaluating the overall size of the market provides context for assessing prevailing competitive conditions. Capturing the overall size of the competitive market is also important because the Postal Service's ability to increase contribution for Competitive Products should increase when the competitive market grows and decrease when the competitive market shrinks. The appropriate share should balance the Postal Service's ability to increase contribution in a growing market with the need to adjust for the realities of a declining market. Therefore, capturing the overall size of the competitive market is an important part of the appropriate share formula.

The PRC determines that revenue, rather than volume, is the better measure of the overall size of the competitive market. Therefore, the data sources for both groups are revenue based. Revenue data for both the Postal Service's Competitive Products and competitors offering similar products are directly comparable, as they constitute the value of all transactions. In contrast, volume data would have to be adjusted for intra industry transactions. The revenue data are also available for all firms in the relevant market, whereas volume data for the Postal Service's competitors is unavailable.

Lerner Index

Because the Postal Service is a multi-product firm, it does not have a single marginal cost and price; rather, it consists of many products, each with its own marginal cost and set of prices. Therefore, to create a Lerner Index specific to the Postal Service's Competitive Products, the general formula must be adapted to capture all Competitive Products. To do so, the PRC developed a Lerner Index for the Postal Service's Competitive Products as a whole using the average unit volume-variable cost and revenue-per-piece for all competitive mail.

For the marginal cost variable, marginal cost data for the Postal Service are available through the Postal Service's Cost and Revenue Analysis (CRA) report. The Postal Service submits the CRA report each year as part of its Annual Compliance Report (ACR), and the PRC uses the CRA as an input to its Postal Service Product Finances analysis (PFA), which the PRC produces every year as part of its Annual Compliance Determination (ACD).

The CRA calculates marginal costs using volume-variable costs. The volume-variable costs of the Postal Service are the costs of specific Postal Service operations (e.g., mail processing, delivery), which vary with respect to the operation's cost driver (e.g., volume, weight). These volume variable costs are then distributed to Postal Service products.

Dividing the total volume-variable cost of a product by the product's volume results in unit volume variable costs, which are equivalent to marginal costs. Applying this methodology, the PRC divides the sum of all competitive product volume-variable costs in the PFA by the sum of all Competitive Product volume to calculate competitive product unit volume-variable cost.

For the price variable, the PRC uses average revenue-per-piece, which incorporates all of the prices for all Competitive Products. The PFA presents revenue data by product. The PRC divides the sum of all Competitive Product revenue by the sum of all Competitive Product volume to calculate competitive product revenue per-piece.

Historical Index Movement

A typical Lerner Index ranges from 0 to 1. At 0, revenue-per-piece equals unit volume-variable cost, which represents a perfectly competitive environment in which a firm makes no profit. Thus, the PRC explains, Lerner Index numbers close to 0 are evidence of highly competitive environments. The further a firm's Lerner Index shifts away from 0 and towards 1, the more market power that firm possesses. Network industries, including the delivery industry in which the Postal Service competes, contain significant barriers to entering the market. These barriers prevent perfect competition, and firms within a network industry naturally possess some degree of market power. As a result, Lerner Index values in excess of 0 should be expected for the Postal Service.

As shown in the table, the Postal Service Lerner Index has increased from 0.228 in FY 2007 to 0.356 in FY 2017. Within this time period, there have been some relatively large year-over-year shifts, particularly in FY 2009, FY 2010, and FY 2016. These reflect global economic market changes as well as domestic ones.

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$ millions	2017	2016
Net Income (Loss)	$ (540)	$ 1,438
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Other changes in workers' compensation liability	$ (67)	$ 157
CSRS unfunded liability amortization expense	$ 434	$ 308
FERS unfunded liability amortization expense	$ 229	$ 62
Controllable Income	$ 353	$ 522

New Formula

The Postal Service Lerner Index and Competitive Market Output are given equal weight in the calculation because the PRC considers both to carry equal importance in assessing the appropriate share of institutional costs. This is because it is necessary to balance changes in the competitive market with changes in the Postal Service's market power.

The PRC proposes to adjust the appropriate share annually by using the formula to calculate the minimum appropriate share for the upcoming fiscal year. Because the data necessary to calculate the minimum appropriate share for an upcoming fiscal year (which begins each Oct. 1st) are not final until the most recent ACD is issued (typically at the end of March), the PRC proposes to report the new appropriate share level for the upcoming fiscal year as part of its ACD. The adjusted appropriate share would then be applicable for the upcoming fiscal year.

Market Protection

As a part of legislative reforms enacted in 2006, Congress directed the Federal Trade Commission (FTC) to prepare a report identifying federal and state laws that apply differently to the Postal Service's Competitive Products than similar products offered by private competitors.

The FTC issued its report in Dec. 2007, which considered both the implicit subsidies enjoyed by and legal constraints imposed on the Postal Service's Competitive Products due to the Postal Service's unique legal status. The FTC completed its net economic effect analysis by specifically identifying those implicit subsides and legal constraints that could be quantified in order to calculate any impact on the Postal Service. The FTC concluded that the Postal Service's unique legal status placed it at a net competitive disadvantage in offering Competitive Products relative to private competitors.

As part of its comments in the instant proceeding, the Postal Service asserted that no credible study has undermined the fundamental validity of the FTC's findings, and that, if anything, the FTC Report significantly understates the Postal Service's net competitive disadvantage because it fails to consider all of the legal differences between the Postal Service and its private competitors.

In its updated analysis of the FTC report, the PRC found no reason for questioning the Postal Service's net competitive disadvantage as a result of subsidies or differing legal constraints applicable to the mail system, the United Parcel Service, Inc.'s and others' comments notwithstanding.

Process To Date

Addressing the appropriate computation of institutional costs is a process that began some time ago. On Nov. 22, 2016, the PRC issued an Advance Notice of Proposed Rulemaking establishing the instant docket, appointing a Public Representative, and providing interested persons with an opportunity to comment on the PRC's examination of the appropriate share.

The PRC heard comments from a number of sources: The Postal Service, the Public Representative, Amazon Fulfillment Services, Inc. (Amazon), the American Catalog Mailers Association (ACMA), Former Utility Regulators (FUR), the Greeting Card Association (GCA), the National Association of Letter Carriers, AFL-CIO (NALC), the Association for Postal Commerce (PostCom), *Stamps.com*, United Parcel Service, Inc. (UPS), and a collective group of Market Dominant mailers and competitive shippers filed initial comments. In addition, representatives for Amazon and UPS filed declarations supporting the initial comments.

Business Optimization Services, eBay, Inc., the National Postal Policy Council (NPPC), National Association of Presort Mailers (NAPM), GCA, MDMCS, the Postal Service, the Public Representative, Amazon, and UPS filed reply comments. In addition, representatives for Amazon and UPS filed declarations supporting the reply comments.

Several motions were filed by Amazon and UPS between Jan. 4, 2017, and Feb. 9, 2017, relating to access to non-public materials. In addition, on Jan. 26, 2018, UPS filed a motion to supplement the record in this docket.

Process to Follow

Parties interested in submitting comments on the PRC's proposed rule may do so no later than sixty days from the date of publication of the PRC's notice in the Federal Register.

The proposed rule in its entirety is located on the PRC's website, *www.prc.gov* under Docket No. RM2017-1. The proposed rule would appear in 39 C.F.R. part 3015 when final.

UPS Poses Weak Case on USPS Pricing Dispute

United Parcel Service, Inc. (UPS) made its best case at oral arguments before a panel from the U.S. Court of Appeals for the D.C. Circuit panel against new federal rules governing what shipping costs the Postal Service can pass on to consumers. The arguments did not appear to persuade the panel.

Conflicting Interpretations

UPS is challenging a costing rule issued by the Postal Regulatory Commission (PRC) requiring that the USPS' inframarginal shipping costs, or those variable costs that do not fluctuate directly with volume, be calculated in relation to individual products. The main thrust of UPS arguments was that USPS pricing of Competitive Products *(see BMR 02/12/2018, p. 3)*, positions the federal independent agency to compete unfairly with shippers like UPS because it allocates some of its costs from some Competitive Products to other products.

The shipping giant and USPS competitor's counsel made little headway as the judges questioned the basis for his characterization of the PRC's stated rationales as illogical. While counsel argued those rationales "don't make sense," the panel seemed unswayed.

"I don't see the basis for your argument that it would violate the statute," Circuit Judge David S. Tatel said when UPS counsel argued that the PRC improperly excludes some costs from its math and only ties in costs that can be directly attributed, thus producing a cheaper pricing floor for the Postal Service.

The statute, by its own terms, according to the judge, refers both to direct as well as indirect costs not traceable to a single product, and the PRC contends its methodology only excludes costs that cannot be reliably linked up to delivery.

UPS's argument is that the PRC underestimates the inframarginal costs. "That's because it attributes only the minimum inframarginal costs the product could possibly have incurred," counsel said, an approach that is inconsistent with the intent of the statute. The judge commented that counsel overly simplified, saying "the statute is more complex than that." Faced with limitations inherent in the calculation of costs attributable to a specific product, the PRC has maintained allocated costs must be based on relationships that can be reliably identified, and the PRC is at the limits of that "verifiable methodology."

UPS also argued the PRC omitted from its rulemaking a definition of indirect costs, a factor affecting the fairness of any cost-allocation. Absent rigorous examination of such costs, UPS posits that cost allocation could be injurious to the Postal Service's competitors. "Because the agency hasn't even explained its decisions, much less attempted to reconcile them with statutory purpose, we think the judgment must be reversed," he said.

Counsel for the PRC was a U.S. Department of Justice attorney who defended the PRC's use of the same methodology for over forty years. "The challenged orders are fully consistent with the commission's long-held view of what a reliably-identified causal relationship entails," he said. "The order simply refines the methodology the commission uses to calculate marginal costs by including some inframarginal costs not included in the previous method of calculation."

The parties' different constructions of the statute stem in part from their willingness or unwillingness to trace a cost to a specific product. The PRC would not mix inframarginal costs with indirect costs in allocating costs. The PRC reads the statute in a manner that characterizes some costs as "piggybacking" on the institutional cost of servicing all products in the mix. For example, the PRC reasoned that extra, institutional cost factors, like the number of supervisors working a shipping line, are not directly predicated on the number of parcels being handled. Such costs are inframarginal rather than indirect but attributable to a specific product. Some, but not all inframarginal costs should be attributed, because some but not all such costs can be traced to a specific delivery service product.

Back Story on Dispute

UPS initiated its dispute with the PRC back in late 2016 after the PRC refused to delay its rulemaking on costing regulations, despite the comments made then that the rule was "premature" and would likely need to be revised again for a related review of an earlier order on how the Postal Service accounted for the costs of its services in periodic reports. This related review also was initiated by UPS, according to court records.

UPS proposed that the Postal Service calculate and attribute its inframarginal costs for products, in addition to the currently attributed "volume-variable and product specific fixed costs." The PRC said that only a portion of inframarginal costs have a "reliably identifiable" relationship to products. The case is titled *United Parcel Service, Inc. v. Postal Regulatory Commission*, case number 16-1354, before the D.C. Circuit. *https://www.law360.com/articles/1004465/dc-circ-skeptical-of-ups-claims-in-shipping-cost-dispute*.

Amazon Patents Wristband for Checking Up on Staff

Amazon has received patent approval for a wristband system able to measure the accuracy of warehouse workers' item and picking location, *Geek Wire* reports. The band identifies the correct placement of a worker's hand in relation to the item being chosen, while software confirms its accuracy versus the location of the inventory item being processed.

It is too soon to say whether Amazon will use the wristband in its distribution and fulfillment centers, but the device's potential could be more far-reaching. Within the Postal Service and shipping industry, businesses seek methods for monitoring the performance of their workers and their efficiency in completing tasks conducted without direct surveillance. Some use scanning devices that provide periodic updates as to an individual worker's progress in completing a route. This development could have applications beyond warehouse operations.

Additionally, warehouse technology is advancing the process of tracking inventory, reducing errors in selecting and packaging items, and improving workplace safety.

While some of the advances focus on removing workers from the process, e.g., drones and robots, some work with employees to keep them in the process. *Geek Wire* updated its original report with the following insights provided by Amazon: "Amazon released the following statement about its patents for a wristband tracking system, saying that such a device is aimed at making it easier for warehouse workers to do their jobs. 'The speculation about this patent is misguided. Every day at companies around the world, employees use handheld scanners to check inventory and fulfill orders. This idea, if implemented in the future, would improve the process for our fulfillment associates. By moving equipment to associates' wrists, we could free up their hands from scanners and their eyes from computer screens.'" *https://www.geekwire.com/2018/amazon-wins-patents-wireless-wristbands-track-warehouse-workers/*.

Briefs

ABC TV out of New York carried the following report of how USPS reorganization affected one nonprofit's costs of providing care packages to troops based overseas:

"The cost of sending a package to active military members overseas has gone up for people in the Tri-state sending so-called care packages to their loved ones and friends serving abroad. When is a bag of candy more than just a snack? When it's part of a care package sent to troops in combat zones. They can serve as a reminder to soldiers, about why they sacrifice."

Nancy Ardis-Wolfe and her husband Mark started Supplies For Soldiers, a non-profit organization shipping donated goods to troops. "But something happened last month. The cost for shipping these packages via the US Postal service from New Jersey doubled."

"'We got no warning. We thought it was a mistake,' says Nancy's husband Mark Wolfe. Supplies for Soldiers sends 2,000 pounds of donations a month. For an all volunteer organization, that adds up.

"'Oh I was furious,' said Mark.

"So why the increase in shipping costs? The Postal Service says it consolidated hubs on the East and West coasts into one hub in the Midwest. So some customers will pay less for shipping and some will pay more, based on their distance from Chicago.

"In a statement the Postal Service says the changes were made to – 'better service our military . . . and so we can reduce costs and remain competitive in the marketplace.'

"'It can be unrung. This bell can be unrung,' says Mark. But the Wolfes are reaching out to members of Congress with the hope of changing things back to the way they were.

"'The soldiers will get less. They are the ones who will suffer. And nobody seems to care,' says Nancy." *http://abc7ny.com/society/postal-service-changes-raise-cost-of-sending-care-packages-to-troops-/3050391/*.

Amazon soon will add groceries from Whole Foods to its Prime Now high-speed delivery service in four markets — Dallas, Virginia Beach, Cincinnati, and Austin. Amazon Prime members in those markets may order groceries for delivery within one or two hours; two-hour delivery is free, while one-hour delivery costs $7.99 on orders above $35.

Whole Foods goods available through Prime Now will include "fresh and organic produce, bakery, dairy, meat and seafood, floral, and everyday staples" along with "select alcohol," according to a press release. Prime Now VP Stephenie Landry tells *The Wall Street Journal* that Amazon plans to offer the service in more markets, although the service is not yet available. *https://www.theverge.com/2018/2/8/16989866/amazon-whole-foods-prime-now-groceries*.

As this issue went to print, we awaited news from a meeting of the Temporary Emergency Committee of the Board of Governors of the U.S. Postal Service ("TEC"). The TEC is expected to discuss the following items: 1) remarks of TEC Chairman/Postmaster General & CEO; 2) USPS Quarterly Financial Report; and 3) Quarterly Service Performance Report.

Three hours after the conclusion of the open session meeting, a recorded audio file will be available for listening on the USPS website for those seeking that information.

BUSINESS MAILERS REVIEW (ISSN: 0739-3873) is published biweekly by PNMSI Publishing Co., an independent newsletter firm. Subscriptions to **BUSINESS MAILERS REVIEW** are $497/year in the U.S., Canada and Mexico; delivered airmail for $527 elsewhere. **BUSINESS MAILERS REVIEW** is available electronically via e-mail. Contact the circulation department at 301-528-7777, or email to -support@pnmsi.com.

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POSTMASTER: Send address changes to ***BUSINESS MAILERS REVIEW***, PO Box 335, Boyds, MD 20841.