



# Selected Mail Delivery Provisions in the Postal Service Reform Act of 2022 (H.R. 3076)

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The Postal Service Reform Act of 2022 (H.R. 3076) passed the House on February 8, 2022. It proposes a series of large- and small-scale changes to the Postal Service's organization and operations in order to "put the USPS on the path towards fiscal sustainability and efficiency." This Insight provides a summary of the operational reforms proposed in Sections 202, 206, and 208 of the Postal Service Reform Act of 2022.

### Section 202. Integrated Delivery Network

Section 202 would require USPS to maintain an integrated network for the delivery of mail, to the extent practicable, at least six days a week. The bill provides an exception to the six-day delivery mandate for (1) weeks with federal holidays; (2) emergencies; and (3) geographic areas where the U.S. Postal Service (USPS) has already established a policy of delivering mail fewer than six days a week as of the date of enactment.

The term *integrated network* is not defined in the bill, nor is it defined in USPS guidance, such as the Domestic Mail Manual. The House report that accompanies the bill states that the integrated network must be used for mail and packages, perhaps suggesting postal vehicles must be capable of delivering all categories of mail. By having a single vehicle deliver all mail, the USPS might avoid the increased costs associated with having various mail types delivered separately to the same address.

## Section 206. Flats Operational Study and Reform

Section 206 would require the Postal Regulatory Commission (PRC), in coordination with the USPS Inspector General, to conduct a study to identify the causes of inefficiencies in the collection, sorting, transportation, and delivery of flats. The study must quantify the effects of volume trends, investment decisions, excess capacity, and operational inefficiencies on the direct and indirect costs attributable to flats. The PRC would be required to submit a report on the study to Congress and the Postmaster General not later than one year after the bill is enacted. Not later than six months after the PRC submits the report, the Postal Service would be required to develop and implement a plan to remedy each inefficiency identified in the study. If the Postal Service determines a remedy is not practical, it would be required to submit an explanation of this determination to Congress and the PRC. Prior to implementing the plan, the

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Postal Service would need to obtain the PRC's approval and allow ample time for public comment. The Postal Service would be required to notify Congress and the PRC once the plan was fully implemented.

This section would also require the Postal Service to consider the findings of the report when adjusting the rate of any market-dominant product in the five years subsequent to the plan's implementation. A *market-dominant product* in this section is defined by reference to the Domestic Mail Manual as

- 1. first-class mail letters and sealed parcels;
- 2. first-class mail cards;
- 3. periodicals;
- 4. standard mail;
- 5. single-piece parcel post;
- 6. media mail;
- 7. bound printed matter;
- 8. library mail;
- 9. special services; and
- 10. single-piece international mail.

#### Section 208. Postal Service Transportation Selection Policy Revisions

This section would require the Postal Service to select modes of transportation that "increase operational efficiency and reduce complexity" and ensure that the delivery of all mail is "prompt, economical, consistent, and reliable." In addition, this section would require overnight transportation to be cost-effective. In the context of the bill, "modes of transportation" refers to ground (highway, rail, or bus), air, or water transportation.

In 2021, the USPS awarded a multibillion-dollar contract for the acquisition of up to 165,000 Next Generation Delivery Vehicles (NGDVs) to replace aging Long Life Vehicles (LLVs). Compared to LLVs, NGDVs have expanded cargo capacity, thereby facilitating the efficient delivery of both packages and mail from a single vehicle. NGDVs may enhance the postal fleet's overall reliability as well, given that many LLVs have exceeded their expected lives and are experiencing mechanical problems at an increasing rate.

USPS has stated that the NGDVs may be equipped with either "fuel-efficient internal combustion engines (ICEs) or battery electric powertrains," but it has not indicated how many vehicles it will order with each engine type. New internal combustion and electric vehicle (EV) NGDVs may both be more fuel-efficient than the current LLVs. However, some policymakers have argued that as part of the government's efforts to reduce emissions, USPS should acquire mostly electric postal vehicles. The Postal Vehicle Modernization Act of 2021 (H.R. 1636) would authorize \$6 billion for the purchase of NGDVs, of which at least 75% must be electric or zero-emission vehicles. The Postal Service Electric Fleet Authorization Act of 2021 (H.R. 3521) would authorize \$8 billion for the USPS to convert its diesel trucks to electric power and would require USPS to purchase only zero-emission vehicles after 2030. In January 2021, President Biden signed an executive order that required his climate and energy advisory team to develop a plan for transitioning the entire civilian federal fleet, including postal vehicles, to "clean and zero-emissions vehicles."

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