



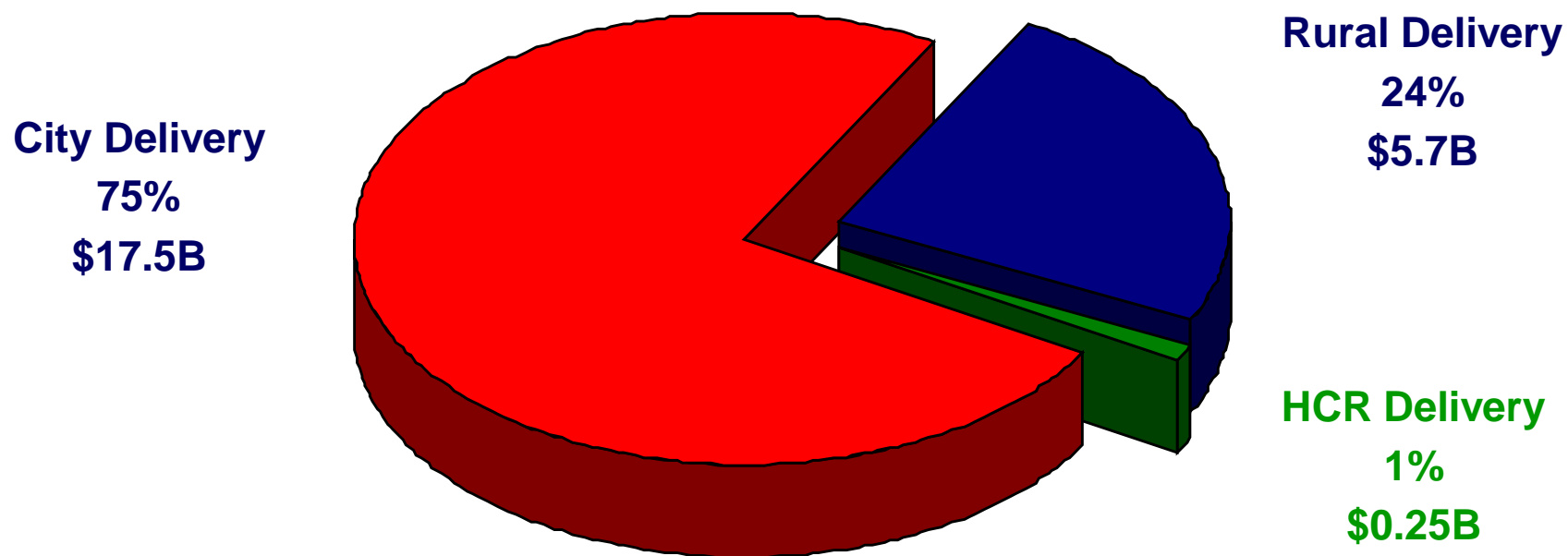
DELIVERY OPERATIONS

FY 2009 Cost Containment Strategies

Jordan Small
Vice President, Delivery Operations



Delivery – Largest Cost Center in USPS

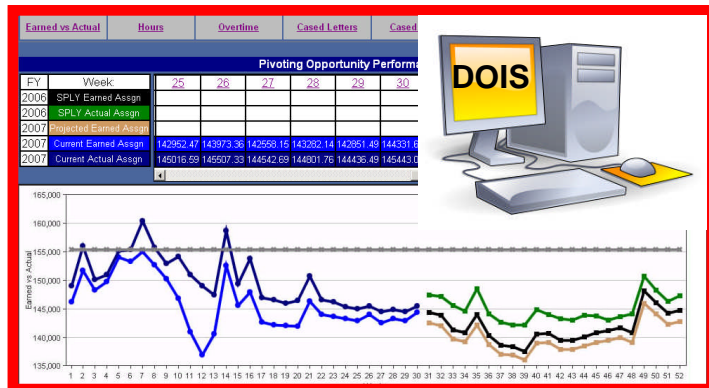


Total Delivery Costs: \$23.5 Billion

GROWING



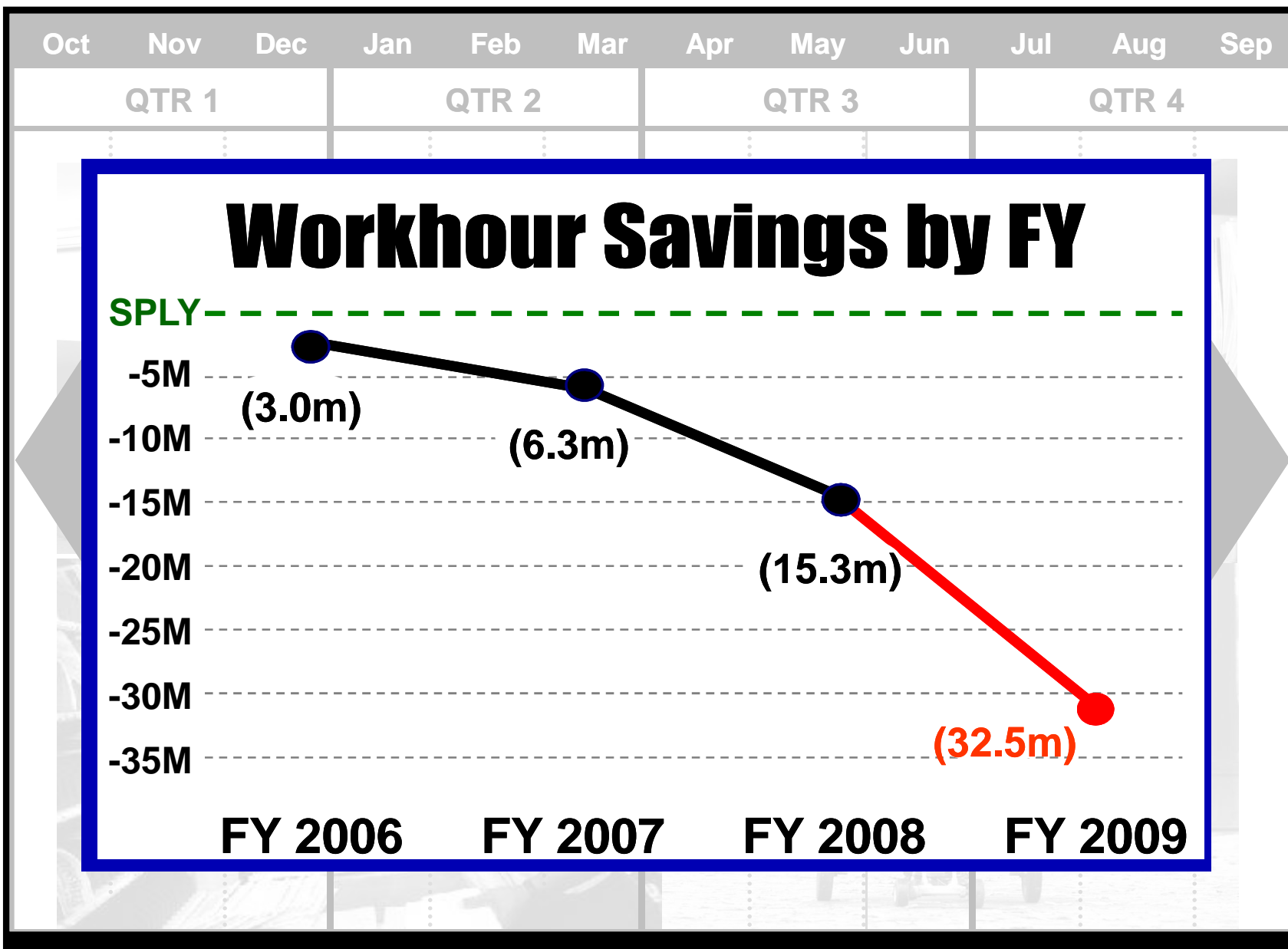
Delivery Network Growth



Ease Rate Pressure Through Aggressive Cost Reductions

2009 Delivery Challenge:

- ◆ React to Unprecedented Volume Loss
- ◆ Address Route Structure
 - ◆ City Carrier Route Adjustment Process
 - ◆ Collection Operations
- ◆ Reduce our Vehicle Fleet
 - ◆ Reduce our Carbon Footprint
- ◆ Implement FSS Technology





FY 2009 Challenge

FY 2009

2009 FUNDING

Based on 161,400 Current Rts



Avg Hrs per Rt **7hrs 30min's**

Avg Street Hrs

5.6

Avg Office Hrs

1.9

FY 2009

Day 1 FTE Route Reductions Required to Fund 8 Hours per Route in 2009 - 9,200



Alternate Adjustment Process

- ◆ **A Joint USPS/NALC Agreement for an Expedited Route Evaluation and Adjustment Process**
- ◆ **Allows Swift Reaction to Unprecedented Volume Loss**
 - ◆ **Quick, Simple Less Contentious Process**
 - ◆ **Data Driven**
 - ◆ **Jointly Administered**
- ◆ **Opportunity to evaluate the process & potential to continue for 2 years**



Alternate Adjustment Process

- ◆ **Evaluations Currently in Progress**
- ◆ **Service-Wide Implementations to Occur in Jan**
- ◆ **Expected Impacts**
 - ◆ **USPS - Significant Operational Savings**
 - ◆ **Mailing industry – Need for Address File Updates**



Alternate Adjustment Process

◆ Scope of this Effort:

- ◆ Nationwide – Significant Changes in Every District**

◆ Impact:

- ◆ 5,000 Delivery Zones**
- ◆ 85 – 90k Carrier Routes**
- ◆ 50 million addresses potentially impacted**



Mailer Product Schedule

- ◆ **Significant changes in Carrier Route data each month through April 09**
- ◆ **AMS Updates available at end of each month**
- ◆ **RIBBS Posting of Affected Zones**
- ◆ **Please update your data**

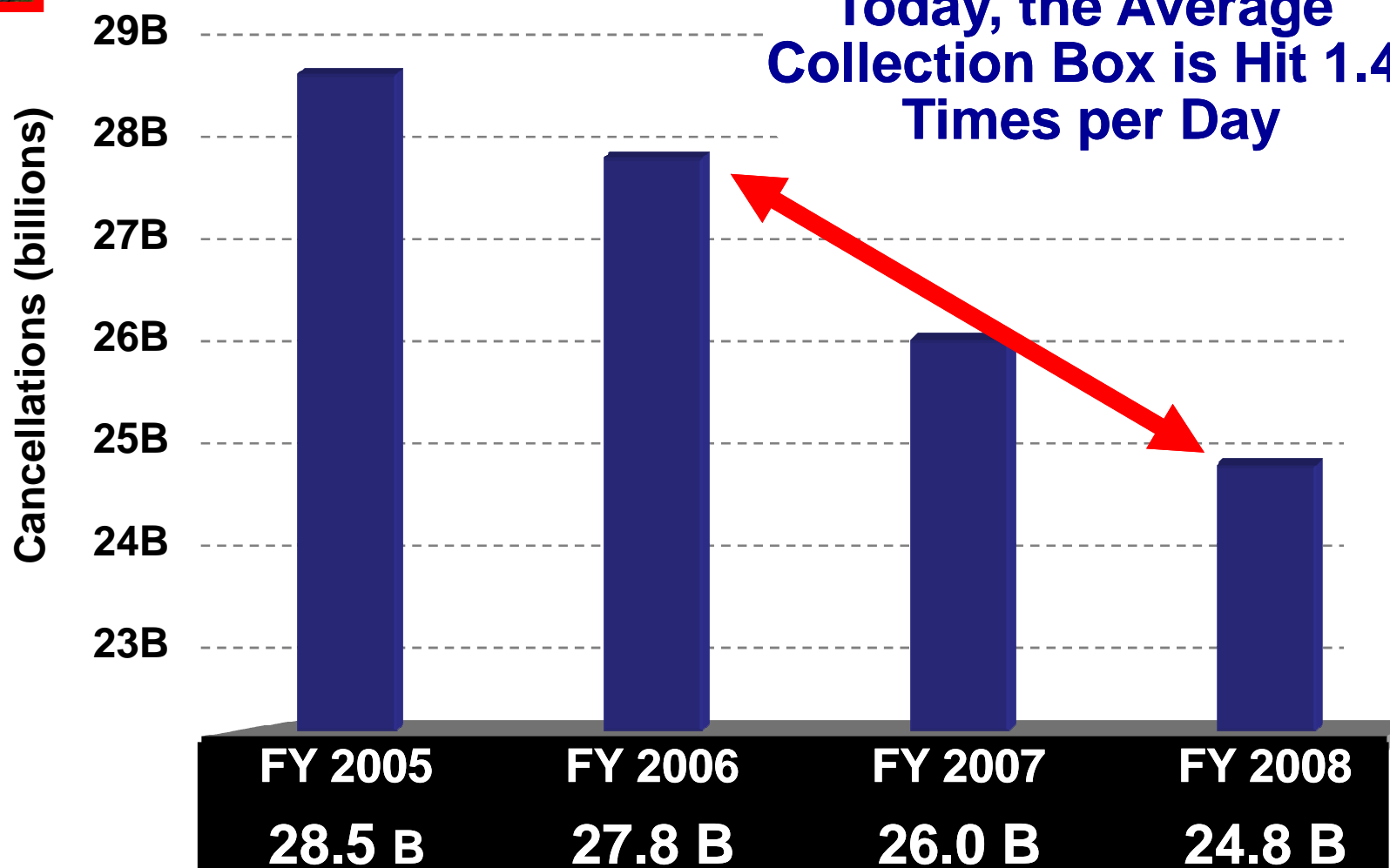


Collection Standardization



**9.9 Million Less
Pieces per Day**

**Today, the Average
Collection Box is Hit 1.4
Times per Day**





Residual Benefits of Rt Reductions

◆ SERVICE

- ◆ Greater Consistency of Delivery
Less Pivoting / Carriers Out Past 1700

◆ COSTS

- ◆ Facility Space
- ◆ Delay/Eliminate the Need for Career Hires

◆ EMPLOYEE SATISFACTION

- ◆ Employee Morale
- ◆ Easier to Manage

◆ REDUCED CARBON FOOTPRINT

- ◆ Vehicle Mileage/Fuel Reductions
- ◆ Excess Vehicles to Cover Rural Mandate



Meeting Expanding Vehicle Requirements

Delivery Challenge:

- ◆ Limited capital funds to acquire new vehicles
- ◆ Extending LLV service life
- ◆ 15,000 additional vehicles on rural routes
- ◆ Meeting federal fuel reduction mandates
- ◆ Address parts obsolescence issues



Fleet Reduction Target

Today's Postal Fleet – 220K

Target - < 200K

Delivery Strategies to Reduce Carbon Footprint

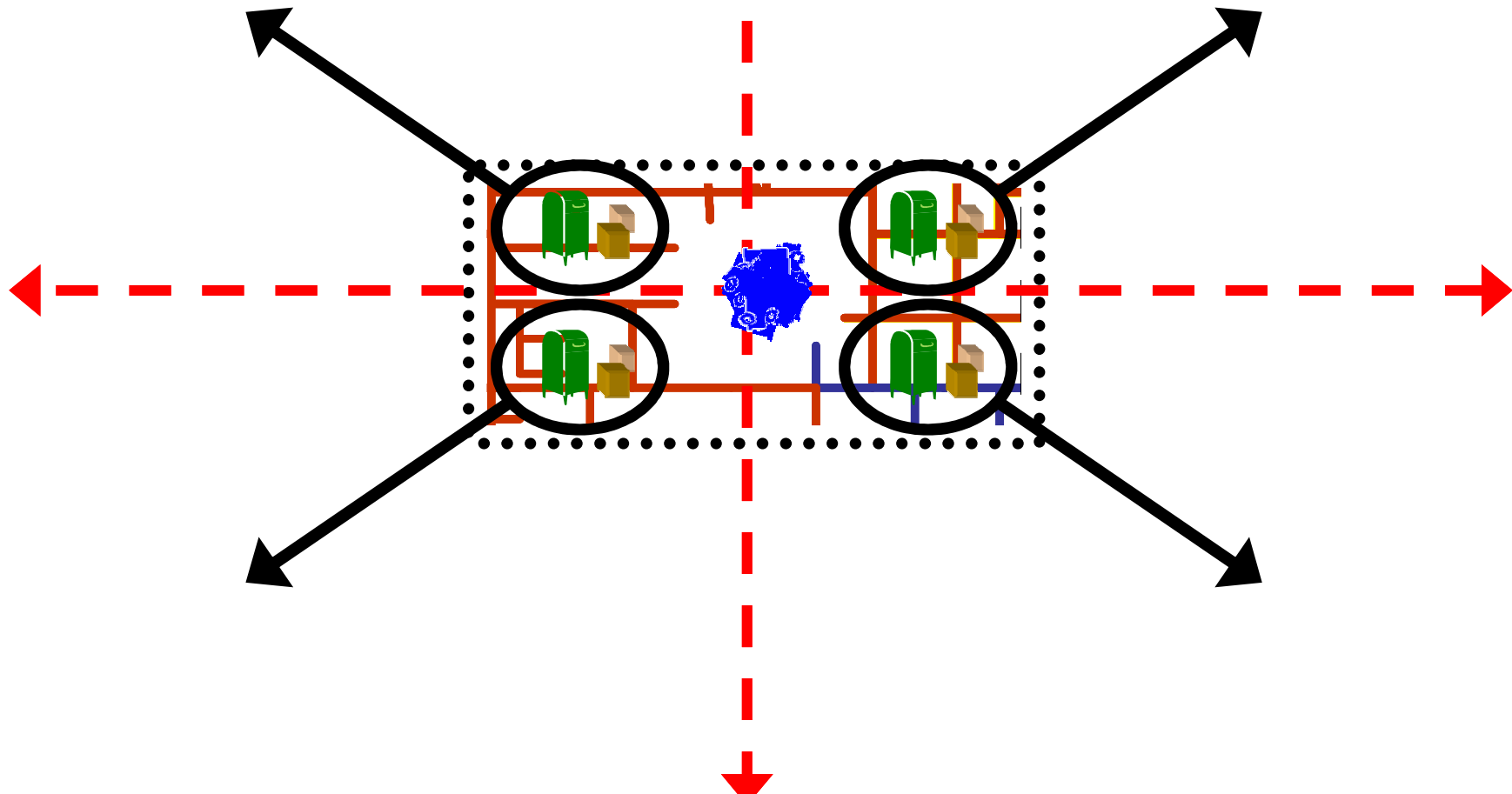
- ◆ **Route Reduction Strategy**
- ◆ **Route Optimization with COR**
- ◆ **Growth Management Program**
- ◆ **Pursue Opportunities for Green Routes**



Motorization



**F Create Foot Route(s) Within the “De-motorized Zone”.
Adjust the Territory on the Remaining Motorized Routes.**





Test Various Methods / Concepts

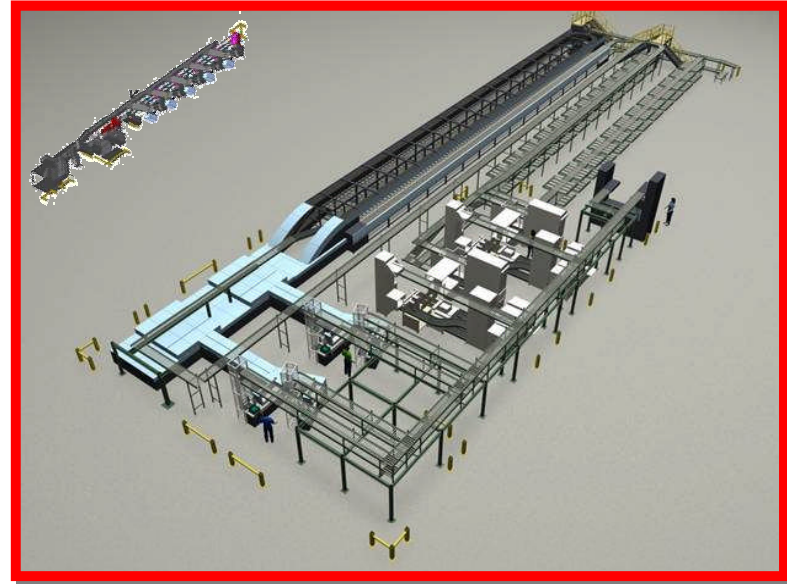


☐ **Labor Agreement**

☐ **Work Methods**

☐ **Delivery Unit Preparedness**

☐ **Route Adjustment Process**



Adjustment Results – Reston Annex

- ❑ Routes - Eliminated 9 full time routes, 2 T6 position and added 2 Aux routes**
- ❑ CC Complement Reduction – 7 Full-Time Reg + 1 TE**
- ❑ Clerk Complement Reduction – 1 Full-Time Regular**
- ❑ Vehicles Reduced – 7 (reallocated to Rural)**
- ❑ Casing Equipment – 56 pieces of equipment removed**
- ❑ Space – additional 960 sq ft of available space created**