

**Questions for Mr. Louis DeJoy
Postmaster General, United States Postal Service**

Questions from Chairman Gerald E. Connolly, Subcommittee on Government Operations

February 24, 2021, Hearing: “Legislative Proposals to Put the Postal Service on Sustainable
Financial Footing”

1. In the midst of the COVID-19 pandemic, the Postal Service has continued to discuss reducing postal services from six days per week to five. I have introduced H. Res. 114 to have Congress urge the Postal Service not to reduce delivery days, which would slow down delivery and increase the cost of postal services. How can you ensure that a reduction in postal delivery days per week would not result in longer delivery times and greater need for overtime pay to compensate for the shorter delivery week?

Response:

In order to confront the Postal Service’s long-standing financial and service performance issues, we have been developing a ten-year strategy that will reinforce the Postal Service’s strengths and address our weaknesses. As part of the plan, we commit to six-day a week delivery service for mail to every address in the nation, and an expansion of seven-day a week package delivery. This will include meaningful growth in our service offerings for small and mid-sized businesses so they can take full advantage of our network and participate in the digital economy. Based upon our commitment to six-day mail and seven-day package delivery, we have not discussed reducing delivery to five days in quite some time.

2. You were in front of the Postal Service’s congressional committee of jurisdiction one week ago and never mentioned your intention to initiate significant operational changes on March 3rd. In two recent inspector general reports, you were criticized for “incomplete” communications with Congress. Specifically, one of the reports concluded the following:

Although information provided by the Postal Service was generally accurate, the responses to Congress and the public on the extent and impacts of operational changes were incomplete. The Postal Service did not:

- Fully respond to questions and document requests made by members of Congress in July 2020.
- Share information on many of the specific initiatives implemented, including the additional cost-reduction actions that were initiated during the last several months, beyond those the Postmaster General initiated directly or was specifically asked about by members of Congress.

- Indicate that some of the initiatives that started prior to the arrival of the Postmaster General were being accelerated to more quickly achieve projected savings.
- Broadly communicate the planned changes with mailing industry customers or coordinate on potential service impacts.¹

Did you inform Congress about these operational changes before announcing their implementation?

Response:

The March 3 announcements were the third phase of the organizational changes first initiated on August 7, 2020. Government Relations notified its stakeholders on March 3rd prior to the formal organization announcements. As was noted in the public statements on March 3, and committee notifications prior to public announcement, the third phase of the changes were natural extensions of the creation of three organizational functions: Retail and Delivery, Logistics and Processing Operations, and Commerce and Business Solutions. By aligning functions in 50 rather than 67 districts and aligning with state boundaries, we will be better aligned with the communities the Postal Service serves and provide familiar boundaries for employees, customers and stakeholders. The roles affected are administrative, not mail handling, so are not expected to impact service performance other than to improve efficiency through improved operational precision to respond to our customer needs. This organization design drives greater line-of-sight accountability and streamlined decision making for administrative functions and provides greater focus on supporting core business functions.

Each of the 50 Postal Districts has a Manager, Marketing and a Manager, Consumer and Industry Contact who stand ready and able to assist both residential customers and small businesses with shipping and mailing problems and concerns. Recent organizational changes within the Postal Service have better aligned the roles of these individuals as advocates for the customer. They now report up to the VP of Customer Experience and have increased their emphasis on care of our customers and resolution of the problems they encounter. We encourage any customer who is having issues with shipping or delivery of their mail and packages to contact us for a resolution.

¹ Office of Inspector General, United States Postal Service, *Operational Changes to Mail Delivery* (Oct. 19, 2020) (online at www.uspsoig.gov/sites/default/files/document-library-files/2020/20-292-R21.pdf).

3. Please provide a list of all the stakeholders you engaged when developing these operational changes, the dates on which you met them, and which individuals were in these engagements.

Response:

Dating back to last summer, the Executive Leadership Team was consulted and involved in the decision-making processes for the reorganization. Internally, the Human Resources department consulted with operational subject matter experts to provide consultation support to the leadership during the decision-making process.

With regard to the third phase of the organizational changes, the Chief Retail & Delivery Officer, the Chief Logistics & Processing Officer and key members of their leadership teams were engaged with developing the new District organizational structure. Similar to the August announcements, Human Resources provided consultation support to the leadership during the decision-making process.

4. Did you provide the Board of Governors or the Postal Regulatory Commission with the details of these operational changes prior to announcing their implementation?

Response:

Yes, the Board of Governors was briefed with the details of these organizational changes prior to announcing implementation.

5. I recently had a constituent reach out to me, concerned over the lapses in postal service. This constituent said:

We ship our coffee to customers by Priority 2-day mail using USPS boxes. Our mail order business has grown exponentially since COVID and has been the lifeline that has kept Beanetics afloat. In December, more than 30% of our priority shipments were late by over a month. It has improved to about 20% being late, with late arrivals showing up 5-8 days after shipment instead of the expected 2 days. The boxes sent to customers in the local region seem to have the highest percentage of delays. Given that our customers are attracted to our product because it is freshly roasted, and they shop anticipating a 2- to 3-day delivery timeframe, we have received many complaints and are concerned that some of our customers will migrate away from us.

What is the USPS doing to improve package service performance, and how can small businesses like this one seek assistance from the USPS in resolving

consistently delayed and missing packages?

Response:

The Postal Service, like other businesses, has been facing a hardship during the pandemic. However, unlike other major shipping companies, we did not turn customers away and did not refuse additional package volume during the peak months. This caused a significant increase in our workload while we were also struggling with staffing our operations amidst the pandemic.

In order to continue providing American consumers with reliable service, the Postal Service has addressed the capacity issue by acquiring additional space in 46 locations to accommodate package growth. We also purchased 38 additional large package sorting machines this year and added over 14,000 permanent positions to our workforce. This will allow us to handle additional package volume in our processing network.

Similar to what we successfully accomplished prior to the pandemic, we continue our daily review and analysis of service failures. The analysis allows us to promptly address root causes of our process failures including efficiency and opportunity to maximize our machine utilization.

We are also addressing bottlenecks in our logistics networks by contracting additional Surface Transportation Centers to increase our capacity to distribute mail throughout our ground networks. We perform daily mitigation of our air networks capacity shortfall and have begun our K9 project (using canines to screen packages) to alleviate bottlenecks in moving our packages through the commercial air network.

As part of our just released Delivering for America plan to restore service excellence and financial sustainability. We are taking substantial steps to improve our mail package service, including adding package handling machines and making our network more accessible to small and medium size businesses.

<https://about.usps.com/what/strategic-plans/delivering-for-america/>

The Postal Service commits to provide exceptional service to over 160 million American households daily and despite the hardship during this COVID-19 Pandemic, our 644,000 employees are making a great effort to return our service to normal levels as seen during the past months.

Each of the 50 Postal Districts has a Marketing Manager and a Consumer and Industry Contact Manager who stand ready and able to assist both residential customers and small businesses with shipping and mailing problems and solutions. Recent organizational changes within the Postal Service have better aligned the roles of these individuals as advocates for

the customer. They now report to the Customer Experience Vice President and have increased their emphasis on care of customers and resolution of the problems they encounter. We encourage any customer who is having issues with shipping or delivery of their mail and packages to contact us for a resolution.

<https://www.prc.gov/postal-service-information-and-contacts>

<https://usps.force.com/emailus/s/>

Email: [USPS® Customer Service](#)

Call: 1-800-ASK-USPS® (1-800-275-8777)

6. How will you ensure that any hike in rates will not result in reducing the customer base and harming the Postal Service's long-term financial viability, when mailers seek alternatives to using the Postal Service?

Response:

Pricing decisions are based on carefully weighing volume loss in response to price increases with additional revenue necessary to fund universal service. While we cannot predict impact on any individual customer, we do consider the cost of alternatives and the value of mail in meeting customers' needs when determining price levels. We seek both formal and informal feedback and market research to inform pricing decisions.

7. How does the recent \$482 million Postal Service contract for a modern delivery vehicle fleet ensure that the fleet is electric or hybrid?

Response:

The initial delivery order of \$482 million under the terms of the Next Generation Delivery Vehicle (NGDV) contract covers the non-recurring engineering costs to finalize the production design for both Internal Combustion Engine (ICE) and Battery Electric Vehicle (BEV) vehicles, as well as tooling and build out of the production facility. Among other things, this will allow BEV and ICE vehicles to be produced simultaneously once production deliveries begin in late 2023. This investment provides us with needed flexibility and reflects our commitment to support an electric vehicle future.

8. As of receipt of these questions for the record, how many Postal Service employees have been vaccinated for COVID-19?

Response:

The Postal Service does not know how many Postal Service employees have been vaccinated for Coronavirus 2019 (COVID-

19). Although postal employees may voluntarily disclose that they have received a COVID-19 vaccination as part of contact tracing or if asked, there is no requirement for them to report receiving the vaccine in part or whole.

9. Are there states or jurisdictions that are unwilling to prioritize vaccines for frontline Postal Service employees? If so, which ones?

Response:

The Postal Service is not aware of any states or jurisdictions that are unwilling to prioritize COVID-19 vaccines for frontline Postal Service employees.

The Centers for Disease Control and Prevention (CDC) recommends that Postal Service employees and other frontline essential workers be vaccinated as part of the Phase 1b COVID-19 vaccination rollout phase. See <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/recommendations.html>

However, while the CDC makes recommendations regarding who should be offered COVID-19 vaccines, all states have their own plans that outline who should receive COVID-19 vaccines first and how they can receive them. And the tiered vaccination schedule recommended by the CDC has not necessarily been adopted by individual states and jurisdictions.

The Postal Service utilized the most recent data provided by the Kaiser Family Foundation (KFF), dated January 21, 2021 and individual state reporting as of February 18, 2021, to determine how these states developed their COVID-19 vaccination plans and where Postal Service employees fall within these plans for receiving COVID-19 vaccinations. Findings indicate that 35 states do follow the CDC's recommended phase approach and do include Postal Service employees in Phase 1b or above. However, not all of these states have reached the Phase 1b stage in administering vaccines. The remaining states have either placed postal employees in lower phases, do not have updated phase information, or have not clearly specified where postal workers are tiered within their COVID-19 vaccination plans.

10. Will you remain committed to sharing regular updates to Congress on the number of COVID-related infections and employee absences related to COVID?

Response:

Yes, the Postal Service commits to continuing to provide weekly updates to the Committee on Oversight and Reform regarding Postal Service employee

COVID-19 related absences. Recently, we have noted a significant reduction in COVID-19-related absences and infections.

Case Load - 5/9/2021		Today	Last Week	Difference	% Change
Confirmed Cases	Active	4, 147	3,984	163	4.09%
Presumptive Positive Cases	Active	873	887	-14	-1.58%
Total Potential Cases	Active	5,020	4,871	149	3.06%
Out of Work	Active	8,366	8,020	346	4.31%

11. Mr. DeJoy, in your November 2, 2020, and December 3, 2020 periodic transaction reports filed with the Office of Government Ethics, you disclosed numerous sales of interests in XPO Logistics. Who did you sell these interests to, and what were the terms of the sales? Where these stocks transferred for cash or through a note such as an I.O.U?

Response:

The stocks were sold on the open market by Postmaster General DeJoy’s financial advisors.

12. Mr. DeJoy, did you roll over the proceeds of the sales of your XPO interests into diversified mutual funds, as required by your receipt of a Certificate of Divestiture?

Response:

Yes, the proceeds were rolled over into diversified mutual funds as required by Postmaster General DeJoy’s receipt of a Certificate of Divestiture.

13. Mr. DeJoy, an increasing number of Americans are receiving their medications by mail. In recent months, the United States Postal Service has faced criticism for delays affecting customers receiving their medications on time. Your periodic transaction reports filed with the Office of Government Ethics in July and September 2020, shows purchases, some of which are fairly large, of stocks and stock options of pharmaceutical companies such as Merck, Gilead, Abbvie, Bristol Myers Squibb, Eli Lilly, Pfizer, and GlaxosmithKline. While many of

these holdings are individually under the de minimis exemption level, many exceed the threshold when your interest in any one company is aggregated with your interest in other companies affected directly by a particular matter in which you participate. Would you agree that given that a number of your new holdings are in the same industrial sector in which the Postal Service operates could create the potential for conflicts of interest, or at the very least the appearance of a conflict of interest? Why did you decide to purchase these new holdings after becoming Postmaster General?

Response:

The Postmaster General’s financial advisors make investment decisions in order to ensure that he has a diversified portfolio. With regard to the conflicts of interest question, the Postal Service Ethics Office states the following:

Mr. DeJoy’s holdings in these pharmaceutical companies have not caused any current conflict of interest or appearance of a conflict of interest concerns. We disagree with the proposition that these pharmaceutical companies are “in the same industrial sector in which the Postal Service operates.” Rather, the pharmaceutical companies are customers of the Postal Service in the same way that members of the general public and other organizations are our customers. Mr. DeJoy has not been asked to be involved in any particular matters involving any of these pharmaceutical companies, nor has he been asked to be involved in any decision-making that would affect the pharmaceutical industry as a whole. To the extent that such a matter would arise in the future, Mr. DeJoy is aware that he would have to either recuse himself from the matter or to divest of the holdings in order to participate.

14. Have you at any time ever either given someone money or anything of value in an assumption that it would be used for a political contribution in their name, either in advance of their making a contribution or as a reimbursement after they made a contribution?

Response:

Postmaster General DeJoy has always taken his personal responsibility to abide by all campaign finance laws very seriously and never knowingly violated them.

**Questions for Mr. Louis DeJoy
Postmaster General, United States Postal Service**

Questions from Representative Katie Porter

February 24, 2021, Hearing: “Legislative Proposals to Put the Postal Service on Sustainable
Financial Footing”

1. The Washington Post recently reported that the Postmaster General intends to introduce a new strategic plan for the Postal Service in the near future, a fact that the Postmaster General confirmed in his recent comments to the Board of Governors. What underlying analysis has the Postal Service conducted to assess the impacts of your proposed Strategic Plan? Will you commit to providing to this Committee any analysis or assessments of the Strategic Plan? If not, why?

Response:

***Delivering for America – Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence* was released on March 23, 2021. To build our plan, we studied market research, prior internal plans and proposals, and reports from the Office of the Inspector General (OIG), the Government Accountability Office (GAO), the Postal Regulatory Commission (PRC), and many white papers and documents authored by postal stakeholders.**

Through exhaustive diagnostic analysis across the postal enterprise, we quantified the many compounding challenges that have come with long-term declines in mail volume and resulted in unacceptable financial and operational underperformance.

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 PRC, findings from the OIG, and feedback from our customers. We will adhere to legal, statutory, contractual, and regulatory requirements as we implement the initiatives within the plan.

2. Please provide for the Committee documents related to the development of the soon to be published strategic plan for the United States Postal Service, including:

- Any contracts with consulting firms or other entities outside of the United States Postal Service who contributed to this report either in the form of research, data, recommendations, writing, or other forms of work;

Response:

The Postal Service engages with consulting firms on a regular basis to provide supplemental expertise, skills, and/or knowledge. In the preparation of the strategic plan, we utilized consulting firms who primarily supported us in one of two ways: (1) editorial and graphic layout assistance; and (2) support in financial modeling and analysis.

We used ongoing indefinite delivery, indefinite quantity (IDIQ) contracts to issue task orders to support the editorial and graphic layout assistance and financial modeling and analyses from the following consulting firms:

- **For editorial and graphic layout assistance we engaged Weber Shandwick and Booz Allen Hamilton.**
- **Global Insights provided much of the macro-and microeconomic forecasts contained within our econometric model,**
- **RCF Consulting supported the econometric model used in our volume and revenue forecasts,**
- **PRM Consulting Group who provided data input and analysis for modeling of our Civil Service Retirement System (CSRS) and Medicare integration financial benefits,**
- **Colography Inc, which provided historical and forecasted package market share analysis.**
- **Zeno Group provided communication support.**

We have provided copies of the requested contracts under separate cover. Please note that portions of the contracts contain commercially sensitive business information and/or privileged information that is subject to 39 U.S.C. § 410 and 5 U.S.C. § 552 and have been marked accordingly. Because of the confidential nature of this information, the Postal Service requests that the Committee take the appropriate steps necessary to maintain confidentiality of the information and to ensure that the information is used only in relation to the Committee's work. The Postal Service also requests that the Committee either destroy the materials or return them to the Postal Service once the

Committee no longer needs them.

- The divisions of staff who contributed to the report, including any individuals embedded in the United States Postal Service from outside entities who took part in researching, writing, advising, or compiling the report;

Response:

An essential component in developing the strategic plan was obtaining a diverse and inclusive perspective by leveraging the knowledge and expertise of senior Postal executives. Hundreds of contributors throughout the Postal Service’s management structure were involved in developing the plan, which reflects a remarkable collaboration across the Postal Service organization.

Throughout the development of this plan, the Postal Service’s Governors provided guidance and direction to preserve our mission while transforming our business and operations. Their collective expertise in logistics; leading and working with unions; leading and serving on boards that oversee finance and restructurings; and working with political parties on both sides of the aisle, provided a solid foundation for the plan.

- Any outside entities who provided input in the development of the report, including but not limited to consultants, academics, political figures, elected officials, union leaders and members, and postal employees; and

Response:

To build our plan, we studied market research, prior internal plans and proposals, and reports from the Office of the Inspector General (OIG), the Government Accountability Office (GAO), the Postal Regulatory Commission (PRC), 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 the plan, the Postal Service’s 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.

In addition, we relied on input from the following consulting firms:

- **Global Insights provided much of the macro-and microeconomic forecasts contained within our econometric model,**
 - **RCF Consulting supported the econometric model used in our volume and revenue forecasts,**
 - **PRM Consulting Group who provided data input and analysis for modeling of our Civil Service Retirement System (CSRS) and Medicare integration financial benefits, and**
 - **Colography Inc, which provided historical and forecasted package market share analysis.**
- Any strategic analysis that was conducted of the report that details how the implementation of the recommendations in the report will or will not save money for the Postal Service and will or will not alter services provided by the Postal Service in any way.

Response:

To build our plan, we studied market research, prior internal plans and proposals, and reports from the Office of the Inspector General (OIG), the Government Accountability Office (GAO), the Postal Regulatory Commission (PRC), and many white papers and documents authored by postal stakeholders.

Through exhaustive diagnostic analysis across the postal enterprise, we quantified the many compounding challenges that have come with long-term declines in mail volume and resulted in unacceptable financial and operational underperformance.

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- **Colography Inc, which provided historical and forecasted package market share analysis.**

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 PRC, findings from the OIG, and feedback from our customers. We will adhere to legal, statutory, contractual, and regulatory requirements as we implement the initiatives within the plan.

3. Prior to publishing the report, will you provide it to the Board of Governors for their feedback and incorporate said feedback into the report? If not, please detail your reasoning for choosing not to do so.

Response:

Yes. The Postal Service’s Governors played an active role in representing the public interest throughout the development of the strategic plan as we sought to preserve our ability to fulfil our universal service mission while transforming our business and operations. The collective expertise of the Governors—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—provided a solid foundation for the strategic plan.

4. Were any Congressional leaders given the opportunity to provide substantive feedback on the specific details of this plan before it was approved by management and the Board? If so, who and how were these members selected? If not, why did you not provide opportunities for Congressional feedback?

Response:

Yes. Leadership of the Senate Homeland Security and Government Affairs and House Committee on Oversight and Reform (Chairs and Ranking members), and members of oversight committees and postal issue champions who requested it, were briefed on the plan during its formulation, especially in the weeks leading up to its finalization and release March 23rd. Chairs and ranking members of both committees were given a high-level briefing by the Postmaster General prior to approval by the Board of Governors. Any members of Congress who asked for a briefing were granted one and the Chairs each were offered or received multiple briefings.

5. Will you commit to releasing your strategic plan and giving the public time for feedback before it is implemented, similar to the procedure for notice and rulemaking required under the Administrative Procedure Act? If not, please explain why.

Response:

As stated in the strategic plan, 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 the 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.

The Postal Service will adhere to all 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; and adhere to all applicable collective bargaining and consultation requirements. Different initiatives will trigger different legal requirements, including processes that require public notice and feedback.

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.

**Questions for Mr. Louis DeJoy
Postmaster General, United States Postal Service**

Questions from Representatives Jackie Speier and Jimmy Gomez

February 24, 2021, Hearing: “Legislative Proposals to Put the Postal Service on Sustainable
Financial Footing”

1. The USPS announcement states that the vehicles under this contract will be designed to be upgraded as better technology becomes available. How much would those upgrades cost per vehicle?

Response:

The NGDV can be initially delivered with an ICE or BEV drivetrain. The platform was specifically designed with a common unibody that allows for interchangeability between ICE and BEV powertrains with minimal modifications. Vehicles initially deployed with ICE drivetrain can be converted to a BEV drivetrain at a later date as technology develops and electric vehicles and infrastructure becomes more prevalent. Conversion costs are still being discussed with the supplier at this time.

2. Did you consider the social cost of carbon in comparing fuel costs to electric charging infrastructure costs?

Response:

As a matter of policy, the Postal Service embraces sustainable practices and improved environmental responsibility in our own operations and encourages suppliers to improve their environmental and sustainability practices. That policy includes making alternative fuel vehicles a growing part of our fleet. The fact that the selected NGDV supplier’s design allowed for production of both highly efficient internal combustion and battery-electric drivetrains was considered advantageous for that reason.

The Postal Service chose to make a commitment to move toward an electric vehicle future, despite a cost model advising the contrary. We have a year before placing the first production delivery order. In that time, we will continue to evolve the cost model, considering additional factors and market developments as we evaluate the initial order composition.

3. Can you explain how a 'total cost of ownership' comparison between gas-powered and EVs resulted in a 10% EV fleet recommendation?

Response:

The 10% figure is a reference only to the *first* vehicle order under the contract and is an initial figure included for purposes of our financial planning and reflecting the Postal Service's financial condition. Multiple orders are planned and will be necessary through the contract's 10-year period of performance.

Our route-by-route (Total Cost of Ownership) TCO model does not justify acquiring any electric vehicles immediately as our low average route mileage distance (approximately 18 miles) does not offset the significant differential of acquisition cost between ICE and BEV vehicles or the electrical infrastructure costs. However, current projections predict the cost of EVs and infrastructure will continue to drop, making more routes potential candidates for EVs in the future.

The Postal Service is committed to greening our fleet and stated that we will purchase a minimum of 10% EVs in our initial order. We are supportive of a higher proportion of electric vehicles; and consistent with that position have proactively funded the necessary development costs up front in order to support greater flexibility and a more aggressive stance. However, we have an immediate need to begin to replace our aging fleet, and simply do not have the financial resources to support a greater percentage without external funding. Financial support from Congress will allow us to move more quickly to electric vehicle implementation.

Under any mix, there is time needed to build out EV infrastructure and introduce electric technology into our fleet to gain experience with the technology.

4. If 10% of the fleet being electric makes 'total cost of ownership' sense, can you explain why it is not 100%?

Response:

Please see response to previous question.

5. Can you please provide detailed information on the bidding process for the new vehicle contract, including a list of companies who submitted bids, what criteria was used to evaluate the bids, and whether a company's ability to manufacture electric vehicles was considered in the selection process?

Response:

Following is a response to each of the four issues in this question:

- 1). **The Postal Service began the NGDV competitive procurement process in January 2015, when we published a Request for Information (RFI) to prequalify suppliers and gauge interest in the program. We then issued a Request for Proposals (RFP) in October 2015 for Prototype NGDVs. The prototypes were received in September 2017 and run through a broad range of safety, efficiency, and durability tests until May 2019. Following this testing, in December 2019, the Postal Service issued the NGDV Production RFP, incorporating into the Production vehicle requirements the lessons learned during Prototype testing, as well as feedback from carriers who participated in the testing. After production proposals were received in July 2020, the Postal Service evaluation team, which included subject matter experts from throughout the organization, extensively reviewed and evaluated the technical and cost aspects of all offerors' proposals during the next several months. This evaluation included providing all offerors with an opportunity to answer questions and address any deficiencies raised by the evaluation team, as well as to give an oral presentation to the evaluation team on their proposed vehicle. Based on results of this thorough evaluation process and the terms of the Production RFP, the Postal Service determined that Oshkosh Defense LLC provided the best value and awarded it the NGDV Production contract.**
- 2). **The Postal Service cannot disclose details about any of the proposals received.**
- 3). **The Postal Service awarded the NGDV Production contract to the offeror whose proposal presented the overall best value. Best value was determined after the completion of the evaluation phase by weighing the total cost of ownership and technical evaluation results. Technical factors were considered more important than price, and included: Design Quality & Technical Approach, Supplier Capability, and Past Performance.**
- 4). **A company's ability to manufacture electric vehicles was considered in the technical evaluation process.**
6. OshKosh Defense makes a Joint Light Tactical Vehicle (JLTV), but we are unaware of their electric vehicles prototype. Please provide specs on this vehicle.

Response:

The specifics of any offeror's proposal are proprietary and confidential information which cannot be disclosed at this time. However, the NGDV Production Request for Proposal (RFP) included a comprehensive statement

of work (SOW) which contained the technical specifications that all proposed vehicles were required to meet. All proposals underwent a thorough and comprehensive evaluation based upon this SOW. The Postal Service will certainly make the SOW publicly available as certain post-award matters are completed.

7. How did OshKosh demonstrate the feasibility of retrofitting electric technology?

Response:

The specifics of any offeror's proposal are proprietary and confidential information which cannot be disclosed at this time.

8. Will OshKosh be able to domestically source the parts for electric vehicles, especially the batteries?

Response:

Yes - the significant majority of Oshkosh BEV NGDV components will be domestically sourced, and the batteries will be assembled in the U.S. While not asked, we can also confirm that the significant majority of the cost of components of the Oshkosh ICE NGDV will also be domestically sourced.

9. How did OshKosh demonstrate that it has the software engineering capabilities to produce electric vehicles?

Response:

The specifics of any offeror's proposal are proprietary and confidential information which cannot be disclosed at this time.

10. Our understanding is that most postal routes are less than 20–30 miles and make them a natural choice for even EVs with modest ranges. Can you explain how gasoline fueling is preferable to electric charging given the short-range requirements for postal routes?

Response:

Please see response to your Question 3. Additionally: one of the main advantages of electric vehicles are their lower operating costs, which are partly attributable to the use of electricity for fuel. Our average route is approximately 18 miles, as such we use very little fuel of any kind on those routes. Because our routes are short and consume little fuel, this makes it very difficult to recover the higher acquisition and infrastructure cost investments associated with electric vehicles. At the other end of the spectrum, though the average route is 18 miles in length, there are still

12,500 routes that cover significantly longer distances each day (up to 70 miles). These high-mileage routes are not currently candidates for electric vehicles.

11. What will the USPS response be when Congress conditions additional USPS funds on fleet electrification?

Response:

We welcome support from Congress that advances the goal of a Postal Service vehicle fleet with zero emissions and the necessary infrastructure that will be required to support it. With the right level of Congressional support, we can commit to at least 70 percent of the Postal Service's delivery fleet being electric within ten years and a fully electric delivery fleet by 2035. An additional investment of approximately \$8 billion is needed to electrify our delivery vehicle fleet to the maximum extent that is operationally feasible.

Questions for Postmaster General Louis DeJoy
United States Postal Service

February 24, 2021

Hearing with Postmaster General and Stakeholders on Legislative Proposals to Help Postal Service

Questions from Rep. Jake LaTurner

- 1) Do you support the so-called Postal Banking initiatives discussed in today's hearing? If no, please elaborate your concerns.

Response:

The Postal Service currently provides certain financial services appropriate to our existing infrastructure including money orders, electronic funds transfers and U.S. Treasury check cashing to meet customers' needs. The Postal Service's mission is to provide the American public with trusted, affordable, universal mail service. Our core function is delivery, not banking.

To the extent our research concludes that we can legally provide additional services at a profit and without distracting from our core business, we would consider these. However, public policy and regulatory discussions must be addressed before the Postal Service invests in an area outside our core function.

- 2) Would the Postal Service be required to hold significant capital to back up its operations, like banks do? Or is it just assumed that the US Government will assume all the risk?

Response:

The Postal Service does not plan on getting into banking.

- 3) Would deposits enjoy FDIC insurance? If so, would the FDIC supervise the Postal Service?

Response:

The Postal Service does not plan on getting into banking.

- 4) How would consumers be protected? Would the same consumer protection rules that apply to banks apply to the Post Office? What would be the role of the CFPB? Who would oversee this?

Response:

The Postal Service does not plan on getting into banking.

- 5) How would the Postal Service carry deposits on its balance sheet? Would it lend against them? Invest them? Given deposits are treated as an obligation—a debt to consumers—would consumer success cause the Postal Service’s debts to balloon?

Response:

The Postal Service does not plan on getting into banking.

- 6) What happens to consumer deposits if the Postal Service is ever put through a bankruptcy proceeding to wipe away its legacy obligations?

Response:

The Postal Service does not plan on getting into banking.