

Mailers Hub News

July 2024 Summary *From the July 1, 15, and 29 issues*

[July 1] *USPS Data Reveals Continued Service Impact of RPDC Activation*

To evaluate the service impact associated with the activation of four regional processing and distribution centers (Atlanta, Charlotte, Portland, and Richmond), intra-district service scores for the corresponding districts (Georgia, North Carolina, Idaho/Montana/Oregon, and Virginia, respectively) for the eight weeks preceding the RPDC's activation were compared to service scores four, eight, twelve, and sixteen weeks after activation. Two RPDCs, Richmond and Charlotte, have been open longer but the sixteen week comparison is a more apples-to-apples way to compare how the four RPDCs performed at a time about four months after each began to operate.

In the chart below, each score is an aggregate for all First-Class Mail letters and cards, all First-Class Mail flats, all Marketing Mail letters, all Marketing Mail flats, and all Periodicals, both for the applicable period and for the same week last year. Also noted were the "days to deliver" figures, similarly segmented.

| Facility (launch date) | Period | First-Class Mail ltrs/crds | | | | First-Class Mail flats | | | | Marketing Mail letters | | | | Marketing Mail flats | | | | Periodicals | | | |
|---------------------------|---------|----------------------------|-------|-------------|------|------------------------|-------|-------------|------|------------------------|-------|-------------|------|----------------------|-------|-------------|------|-------------|-------|-------------|------|
| | | Score | | Days to del | | Score | | Days to del | | Score | | Days to del | | Score | | Days to del | | Score | | Days to del | |
| | | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY | Week | SPLY |
| Richmond (7/29/2023) | -8 wks | 94.11 | 94.53 | 1.24 | 1.34 | 81.51 | 74.47 | 2.23 | 2.36 | 96.90 | 96.48 | 1.98 | 2.15 | 93.97 | 88.96 | 2.30 | 2.66 | 87.95 | 85.47 | 1.23 | 1.33 |
| | +4 wks | 92.16 | 94.41 | 1.35 | 1.40 | 75.41 | 74.76 | 2.50 | 2.45 | 93.40 | 97.03 | 2.05 | 1.85 | 83.04 | 91.75 | 2.93 | 2.58 | 80.09 | 87.84 | 1.68 | 1.35 |
| | +8 wks | 92.54 | 94.80 | 1.34 | 1.39 | 74.95 | 76.43 | 2.48 | 2.36 | 93.82 | 96.84 | 2.19 | 1.99 | 81.86 | 90.99 | 3.01 | 2.60 | 79.48 | 86.88 | 1.63 | 1.34 |
| | +12 wks | 92.44 | 94.74 | 1.38 | 1.39 | 74.98 | 76.98 | 2.43 | 2.29 | 94.68 | 96.83 | 2.17 | 2.01 | 82.94 | 90.69 | 2.97 | 2.61 | 79.54 | 86.52 | 1.66 | 1.33 |
| | +16 wks | 92.05 | 94.66 | 1.44 | 1.41 | 72.38 | 76.52 | 2.48 | 2.33 | 94.60 | 96.68 | 2.23 | 2.04 | 83.61 | 90.21 | 2.96 | 2.63 | 78.22 | 85.92 | 1.66 | 1.34 |
| Charlotte (12/29/2023) | -8 wks | 94.19 | 95.47 | 1.31 | 1.51 | 76.75 | 77.17 | 2.38 | 2.28 | 97.31 | 97.38 | 2.39 | 2.34 | 90.82 | 87.35 | 2.89 | 3.14 | 82.36 | 86.40 | 1.48 | 1.28 |
| | +4 wks | 94.87 | 95.95 | 1.25 | 1.53 | 77.38 | 81.11 | 2.33 | 2.20 | 97.75 | 98.08 | 2.53 | 2.33 | 91.51 | 91.35 | 2.90 | 2.75 | 88.43 | 88.80 | 1.13 | 1.13 |
| | +8 wks | 95.65 | 96.34 | 1.21 | 1.54 | 76.19 | 81.54 | 2.39 | 2.23 | 97.99 | 98.29 | 2.43 | 2.24 | 92.06 | 91.53 | 2.78 | 2.78 | 89.51 | 89.71 | 1.43 | 1.13 |
| | +12 wks | 94.52 | 96.54 | 1.33 | 1.53 | 74.81 | 81.90 | 2.41 | 2.21 | 97.99 | 98.38 | 2.41 | 2.19 | 91.66 | 91.61 | 2.78 | 2.78 | 87.81 | 89.22 | 1.47 | 1.13 |
| | +16 wks | 94.79 | 96.52 | 1.37 | 1.53 | 74.76 | 82.27 | 2.41 | 2.19 | 98.06 | 98.35 | 2.37 | 2.18 | 92.39 | 91.85 | 2.74 | 2.81 | 88.30 | 88.55 | 1.49 | 1.19 |
| Atlanta (2/24/2024) | -8 wks | 85.60 | 90.42 | 1.93 | 1.69 | 69.44 | 77.89 | 2.64 | 2.39 | 94.06 | 95.85 | 2.79 | 2.58 | 86.62 | 88.16 | 3.20 | 3.14 | 83.76 | 87.07 | 1.88 | 1.30 |
| | +4 wks | 48.65 | 91.71 | 3.35 | 1.48 | 27.10 | 73.75 | 6.00 | 2.48 | 62.08 | 96.71 | 3.95 | 2.40 | 50.90 | 87.53 | 5.45 | 3.23 | 48.68 | 87.53 | 4.08 | 1.20 |
| | +8 wks | 57.39 | 92.41 | 2.84 | 1.38 | 24.31 | 75.65 | 6.58 | 2.38 | 57.87 | 95.99 | 4.29 | 2.51 | 46.92 | 87.69 | 6.56 | 3.26 | 47.88 | 86.88 | 4.26 | 1.21 |
| | +12 wks | 64.02 | 93.00 | 2.56 | 1.29 | 23.54 | 71.99 | 6.90 | 2.37 | 66.39 | 95.67 | 3.95 | 2.55 | 50.79 | 88.70 | 6.31 | 3.22 | 52.54 | 87.08 | 4.12 | 1.28 |
| | +16 wks | 67.86 | 93.13 | 2.36 | 1.28 | 23.94 | 73.73 | 6.83 | 2.32 | 70.26 | 95.70 | 3.79 | 2.55 | 50.91 | 88.88 | 6.18 | 3.21 | 52.50 | 87.05 | 3.94 | 1.28 |
| Portland (2/24/2024) | -8 wks | 92.78 | 94.58 | 1.35 | 1.23 | 83.86 | 84.50 | 2.21 | 2.10 | 94.15 | 97.56 | 2.40 | 1.96 | 90.77 | 94.66 | 2.74 | 2.28 | 86.50 | 91.23 | 1.75 | 1.30 |
| | +4 wks | 94.82 | 94.47 | 1.25 | 1.20 | 78.45 | 85.08 | 2.40 | 2.10 | 97.38 | 97.42 | 2.10 | 1.95 | 95.76 | 93.72 | 2.38 | 2.45 | 89.61 | 90.35 | 1.73 | 1.28 |
| | +8 wks | 93.94 | 95.48 | 1.29 | 1.18 | 78.94 | 86.64 | 2.35 | 2.10 | 97.61 | 97.68 | 2.10 | 1.91 | 96.23 | 94.90 | 2.36 | 2.29 | 90.34 | 90.00 | 1.71 | 1.16 |
| | +12 wks | 94.07 | 95.83 | 1.28 | 1.18 | 78.56 | 86.45 | 2.35 | 2.13 | 97.42 | 97.72 | 2.13 | 1.88 | 95.48 | 95.70 | 2.42 | 2.23 | 90.66 | 91.34 | 1.69 | 1.08 |
| | +16 wks | 94.56 | 95.82 | 1.28 | 1.20 | 79.26 | 87.17 | 2.33 | 2.09 | 97.50 | 97.83 | 2.14 | 1.87 | 94.95 | 96.17 | 2.48 | 2.17 | 90.68 | 91.57 | 1.71 | 1.06 |

As the figures indicate, for the eight weeks before activation as an RPDC, the service scores and "days-to-deliver" for the Richmond facility were better than the corresponding period a year before; that was less true for Charlotte. For Atlanta and Portland, however, scores and "days to deliver" for the eight week pre-activation period were already worse (in red) than a year earlier. At sixteen weeks after activation, for the four RPDCs, all but one of the service scores, and all but one of the "days to deliver" figures, are worse than they were a year earlier.

A practice that the USPS has adopted on its service performance dashboard, presumably to mitigate the significance of an unflattering reported score, is the parallel reporting of a "Day +1" score. The Postal Service claims that the "+1 day measurement is a helpful demonstration that mail is missing its service standard by a matter of hours, not days." How "+1 Day" means "hours not days" wasn't explained, nor is it clear why it's "helpful" for ratepayers to know what the score *would have been* under another set of circumstances.

It's noteworthy that the Postal Service can calculate the sometimes significant difference between the actual score and the hypothetical "Day +1" estimate, suggesting the USPS is aware of the contributing factors. Given the PMG's preference for less expensive (but slower) ground (rather than air) transportation, it's reasonable to theorize that contributing factors could include highway construction or traffic delays, or delays in cross-docking or transfer on route. Other factors contributing to delay could include yard or dock congestion, untimely processing, or missed dispatches or connections.

Also somewhat misleading is that the data available from the USPS scoreboard isn't really point-to-point but rather a homogenized district score. As a result, the intra-district score is always the same if the origin and destination are in the same district, and the inter-district score is the same from anyplace in the origin district to anyplace in the destination district. Obviously, developing the intra- or inter-district scores requires underlying point-to-point data, but revealing that would provide more visibility than the USPS would like.

[July 1] *Union Seeking Pay Changes, Shorter Work Week*

According to a June 26 article in People's World, the American Postal Workers Union, representing 190,000 Postal Service retail and processing clerks, drivers, and maintenance employees, is making demands for changes to pay scales and the length of the work week in its ongoing contract talks with the USPS. According to the article:

"APWU President Mark Dimondstein emphasized raising wages, eliminating two tiers, and expanding the USPS into new lines of business to increase its revenues. 'The two-tier structure makes it harder to hire and retain workers. We have to overcome some of the gaps created,' said Dimondstein. Other goals included 'stronger safety rules' and 'return of all retail sales to the clerical staff.' Dimondstein had one final goal 'With all the technological changes' at the USPS, which Postmaster General Louis DeJoy brags about as ways to speed up the mail, 'It's time for a shorter workweek with no loss in pay,'"

The Postal Service has a record of granting concessions to labor and passing the resulting costs on to ratepayers. As a result, it can be expected that the APWU will get continued periodic raises, cost-of-living adjustments, and no-layoff guarantees, and it may secure changes to the two-tier pay structure. Ratepayers can only hope that USPS negotiators draw the line at the 25% raise inherent in a shortened work week.

[July 1] *May Financials: More Red Ink*

The Postal Service's monthly financial report for May showed a return to the pattern pointing toward another significant annual loss. The culprit cited by the chairman of the USPS Board of Governors in March – the workers' comp liability – swung a full \$1 billion, from -\$623 million last month to +\$377 million in May, but other expenses didn't help, either. Volume for the four market-dominant classes was slightly higher (+0.4%) than May 2023, while competitive product volume was 2.7% higher.

Total revenue was 2.9% higher than May 2023, but total expenses were 12.1% higher, resulting in a \$1.306 net loss for the month, more than twice the loss reported in May 2023. In turn, this pushed the net loss for the year to \$4.898 billion – on pace for a \$7.3 billion loss for the year.

First-Class Mail volume was down 2.3% but Marketing Mail grew 2.6% compared to the same period last year. Total USPS volume was 9.191 billion pieces, up 0.5% from SPLY.

First-Class Mail: 3.535 bln pcs, **-2.3%**; 30.721 bln pcs, **-3.5%** YTD
Marketing Mail: 4.761 bln pcs, **+2.6%**; 38.727 bln pcs, **-6.1%** YTD
Periodicals: 251.9 mln pcs, **-1.0%**; 1.883 bln pcs, **-7.6%** YTD
Total Mkt Dom: 8.604 bln pcs, **+0.4%**; 71.933 bln pcs, **-5.0%** YTD
Total Competitive: 566.8 mln pcs, **+2.7%**; 4.630 bln pcs, **+4.2%** YTD
Total USPS: 9.191 bln pcs, **+0.5%**; 76.770 bln pcs, **-4.5%** YTD

Despite price increases on market-dominant totaling over 7.3% since May 2023, market-dominant mail revenue increased only 4.6% compared to last May. USPS operating revenue for the month was \$6.432 billion, with the classes higher as well:

First-Class Mail: \$1.990 bln, **+2.4%**; \$17.350 bln, **+3.4%** YTD
Marketing Mail: \$1.258 bln, **+6.8%**; \$10.308 bln, **-0.0%** YTD
Periodicals: \$81.442 mln, **+5.2%**; \$615.66 mln, **-0.2%** YTD
Total Mkt Dominant: \$3.636 bln, **+4.6%**; \$30.794 bln, **+1.9%** YTD
Total Competitive: \$2.692 bln, **+1.6%**; \$22.340 bln, **+2.6%** YTD
Total USPS: \$6.433 bln, **+3.0%**; \$54.208 bln, **+1.9%** YTD

Total "controllable" compensation and benefit costs in May were \$5.162 billion, 2.3% over plan and 3.9% higher than May 2023; total expenses were \$7.802 billion, 4.6% over plan and 12.2% higher than a year earlier. Work-hour usage was 1.7% over plan but 0.2% lower than a year earlier. Total workhours for the year-to-date were 1.1% over plan and only 0.8% below SPLY YTD. Moreover, despite less work, the USPS workforce is larger, and with *more* career employees.

Month's end complement: 644,102 employees (533,048 career, 111,054 non-career) **+0.62%** compared to May 2023 (640,123 employees: 521,309 career, 118,814 non-career), but **2.25% more** career workers.

Compared to May 2021, total USPS volume was down 7.03% (market dominant 7.43% lower; competitive up 1.95%); after price increases totaling nearly 25%, operating revenue was up only 6.93%; and total workhours were up 0.89% from three years ago.

[July 15] *PRC "Acknowledges" Parcel Select Price Increase*

As has become its custom, the Postal Service coordinates price changes for market-dominant and competitive products so both can be implemented on the same day; the price change implemented yesterday was no exception. What was different – in both – was that the Postal Regulatory Commission did not silently go through the motions of checking compliance with statutory and regulatory requirements and issuing an approving decision.

Rather, the commission was outspoken in questioning the Postal Service's decisions.

By statute, the PRC's authority over competitive price changes – which can be established by the Governors of the USPS on their own authority – is more limited than for market-dominant price changes. As the commission stated in its July 9 order:

“Despite significant concerns with the potential impacts of the proposed price changes, the Commission recognizes that its role in reviewing proposed Competitive product rate changes is limited by law. The Commission acknowledges the proposed price changes to be consistent with applicable law and finds that it lacks a legal basis to reject the proposed price changes.”

As noted above, however, that was not all the commission had to say. Expressing its concerns openly, it added:

“However, the Commission's approval is not an endorsement of the proposal. Indeed, the Commission is concerned that the Postal Service's proposal may have a negative and disruptive impact on the affected markets, to include the individual consumer. The concerns expressed in the record by stakeholders merit full consideration. The Commission has several specific concerns with the Postal Service's proposal and approach in this proceeding The Commission is concerned that the absence of thorough data and complete analysis may lead to unintended consequences.

“The Commission also recognizes that the concerns raised by commenters may call into question whether the Parcel Select product (both as a whole product and its subordinate units) is correctly classified as Competitive pursuant to [statute]. As a result, the Commission intends to establish a new proceeding addressing that issue as well as the legal standard for classifying Postal Service products as Market Dominant or Competitive pursuant to [that statute].”

After discussing the input of commenters and the legal boundaries of its authority, the commission stated at the end of its 33-page order that it “acknowledges the proposed price changes to be consistent with applicable law.”

Since it was established in 2006 as a reformation of the Postal *Rate* Commission, the Postal *Regulatory* Commission usually did little more than assure legal compliance. However, whether in reaction to persistent criticism from Postmaster General Louis DeJoy – or from industry observers who urged the PRC to be more assertive – the commission has found its voice more consistently in recent decisions.

In three recent orders –on March 22 regarding the “Zone 10” price structure, on May 30 approving market-dominant price changes, and July 9 for Parcel Select – the PRC has not simply issued a legal ruling, but rather has expressed its reservations to the governors about the Postal Service's pricing decisions, the adequacy of the Postal Service's data, and the potential impact of the price changes on the marketplace.

[July 15] PRC Opens Rulemaking About USPS Service Measurement

In an order issued July 2, the Postal Regulatory Commission opened a rulemaking to evaluate the Postal Service's service performance measurement system.

As is reported regularly in *Mailers Hub News*, the current system does not measure service on a significant portion of the mailstream. In PQII/FY2024 (January-March), for example, only 63.81% of First-Class Mail (all commercial rate), 72.37% of Marketing Mail (mostly destination-entered), 51.60% of Periodicals (mostly outside-county), and 23.44% of Package Services (only Bound Printed Matter flats) was in measurement. Most of the remainder was excluded from measurement for one of fifteen reasons prescribed by the USPS.

Twenty of the order's 53 pages were used to detail the commission's concerns with the current system, including:

- “the continued validity of a specific aspect of the design of First Mile sampling, which is that the current system was designed to exclude from direct sampling all mail that is entered at customer mailboxes, rather than collection boxes or retail facilities”;
- “the percentage of eligible mail that is excluded from measurement; the persistent causes of exclusion that are attributable to the Postal Service's operations and data systems; and the lack of information on mail that is processed outside the automation mailstream”;
- “the reported explanation for why billions of pieces of First-Class Mail Presort letters and flats and USPS Marketing Mail have been excluded from measurement”;
- “the Postal Service has made little progress in addressing the issues surrounding reasons for exclusion from measurement”;
- “the possibility of non-sampling error caused by the intentional exclusion of mail that is not processed in the automation mailstream”;
- “when the “Start-the-Clock” event occurs for purposes of Processing Duration measurement”;
- “a seeming disconnect between the number of delivery points selected for inclusion in Last Mile sampling and the number of delivery points with sample responses that were deemed valid”;
- the possibility of non-robust measurement results due to the Last Mile Sample size and the possibility of bias due to the considerable number of delivery points that are excluded from it”;
- “the continued exclusion of all mail that does not have a last processing operation scan to establish a timeline for the Last Mile”;
- “how the segments collectively interact to produce an end-to-end measurement of service performance”; and

- “the possibility that the reported end-to-end measurements could be biased towards mail volume with characteristics that make it disproportionately likely to receive better service.”

The commission noted that comments – due September 11 – can address any matter “within the scope of this proceeding,” and it offered “specific topics on which it would particularly appreciate comment”:

1. Is SPM in its current state producing accurate, reliable, and/or representative measurements of the Postal Service’s service performance? If not, what specific aspect of SPM’s design and/or implementation is causing service performance measurement to be inaccurate, unreliable, and/or unrepresentative?
2. Are there modifications that could be made to SPM in its current state that would result in it being more accurate, reliable, and/or representative?
3. Are there alternative measurement systems (either external or internal) that would be more accurate, reliable, and/or representative than SPM?

Given ratepayers’ interest in USPS service, and the gap between what the agency claims and what’s reported by external entities that measure performance independently, the PRC’s attention to the USPS service performance measurement process is both timely and welcomed.

[July 29] *USPS Announces New S&DCs*

In a July 26 *Industry Alert*, the Postal Service announced the September 7 opening of fifteen new sorting and delivery centers. As the USPS stated:

“Seven of these S&DCs will open with multiple 5-Digit ZIP Codes being moved into them [1]. Eight S&DCs will open without additional 5-Digit ZIP Codes moving into them [2]. Two existing S&DCs will expand with additional 5-Digit ZIP Codes [3] and one additional previously activated S&DC will become fully operational without additional 5-Digit ZIP Codes moving into it [4].”

| [1] New S&DC | ZIP Codes Being Added |
|--------------------|---|
| Acworth GA | 30101, 30102, 30152 |
| Carbondale IL | 62901 – 62903, 62918, 62924, 62966 |
| Olympia WA | 98303, 98327, 98501, 98512, 98579 |
| Severna Park MD | 21144, 21146 |
| Shawnee Mission KS | 66103, 66105, 66119, 66160, 66201, 66202, 66204, 66205, 66208, 66222, 66250, 66251, 66576 |
| Wallingford CT | 06450, 06451, 06473, 06492 – 06495 |
| York East PA | 17302, 17309, 17313, 17322, 17345, 17347, 17356, 17360, 17364, 17366, 17368, 17402, 17405 – 17407 |
| [2] New S&DC | No ZIP Codes Being Added |
| Oakland Park OH | 43211, 43219, 43224, 43231 |
| Washington TWP OH | 45440, 45441, 45448, 45458, 45459, 45475 |
| High Point NC | 27260 – 27263, 27265, 27268 |
| La Crosse WI | 54601 – 54603, 54650 |
| Lake Charles LA | 70601, 70602, 70615, 70629 |
| Sarasota FL | 34230, 34234, 34236, 34237, 34243 |
| Vineland NJ | 08310, 08322, 08326, 08328, 08341, 08344, 08346, 08350, 08360, 08361 |
| Wilkes-Barre PA | 18602, 18701 – 18711, 18762, 18764 – 18767, 18769, 18773 |
| [3] Existing S&DC | ZIP Codes Being Added |
| Everett WA | 98012, 98021, 98036, 98037, 98082, 98087, 98203, 98204, 98208, 98275 |
| Columbus GA | 31804, 31807, 31808, 31901, 31903, 31904, 31906, 31907 – 31909, 31993, 31997 - 31999 |
| [4] Existing S&DC | No ZIP Codes Being Added |
| Macon GA | 31201, 31205, 31206, 31211, 31216, 31217 |

The USPS added that “Commercial customers should drop their flat bundles or packages for drop shipment at the S&DC serving the respective destinating ZIP Codes.”

[July 29] *New RPDC to Open Near Phoenix*

According to a July 15 report by *Save the Post Office*, the Postal Service has signed a lease for a 450,260 square foot building in the Fairway Commerce Center. Located at 12250 West Corporative Drive in Avondale, a suburb west of Phoenix, the new building will serve at the Phoenix Regional Processing and Distribution Center when it opens in October. As the report noted,

“This will be the fourth RPDC installed in a newly leased building, the others being in Atlanta, Charlotte, and Indianapolis. Most of the other 60 RPDCs are being located in currently operating P&DCs owned by the Postal Service.”

Save the Post Office added that

“The Postal Service says no existing facilities in the area are closing, so the RPDC will presumably consolidate some operations (outgoing mail and packages) from the area’s P&DCs and convert them to Local Processing Centers, which handle incoming local mail and packages for local ZIP codes. These P&DCs may eventually also house Sorting & Delivery Centers. The impacted facilities could include the Phoenix P&DC, the West Valley P&DC, and the Tucson P&DC.”

Of course, it remains to be seen whether the Phoenix RP&DC will benefit from the Postal Service’s previous experience opening new facilities. Reportedly, some of those activations occurred without sufficient complement or adequate training, or before all equipment was in place and operational. The Atlanta (Palmetto) RP&DC also has been cited for lacking space to stage trailers, leading to lengthy backups of incoming shipments. Phoenix’s service performance before and after activation will answer the question.

[July 29] *Hearings Held on Some Vacancies, Others Remain*

A chronic problem impacting the dozens of departments, agencies, commissions, and other functional organizations within any level of government is the turnover in term-limited leadership positions where individuals are appointed subject to legislative confirmation. Two such situations directly affect the Postal Service.

The **Postal Regulatory Commission** is a panel of five individuals, appointed by the president and confirmed by the Senate to six year terms. No more than three may be from the same political party; currently there are two commissioners from each, with one independent.

For reasons lost to history, three of the commissioner terms expire on October 15; the other two on November 23. The incumbent in each can serve an additional (“grace” or “carryover”) year beyond the term’s expiration.

Two commissioners’ terms expire this fall: Ann Fisher in October and Ashley Poling in November. Fortunately, both were renominated by the president on April 11, and the Senate Homeland Security and Governmental Affairs Committee held a hearing on those nominations on July 25. If the committee favorably reports out the nominations, and the Senate, in turn, confirms them, the PRC will continue to have a full complement of commissioners until the next possible vacancy in November 2026.

The **Postal Service’s Board of Governors** consists of eleven members: the Postmaster General, Deputy Postmaster General, and nine governors who are nominated by the president and confirmed by the Senate to seven year terms. Again for unknown reasons, all terms end on December 8.

Some authorities lie with the nine governors alone, including the selection, hiring, (or firing) of the PMG, the filing of proposed price changes for market dominant products, and the establishment of prices for competitive products.

No more than five governors may be from the same political party; currently there are three governors from each, with one independent, and two vacancies. Like on the PRC, an incumbent can serve an additional year beyond the end of a term. An increasing number of governor seats were vacant from 2010 through 2020, reportedly because of political conflicts in the Senate, and in 2017, during the tenure of PMG Megan Brennan, there were *no* sitting governors after the carryover year of Governor Jim Bilbray expired.

The two current vacancies resulted from the departures of Donald Moak and William Zollars; their terms expired in December 2022 and both left the board in 2023 when their grace years ended. Another vacancy will occur this December when Anton Hajjar’s carryover year ends.

The president nominated Martin Walsh at the end of February to fill Moak’s vacancy, and on July 26 submitted two more names: former Representative Val Demmings (FL) (to replace Hajjar) and William Zollars (to retake his old seat). Though those three would eliminate the existing vacancies, another vacancy will occur when the term of current board chairman Roman Martinez IV expires in December.

Now that the necessary nominations have been submitted, the political calendar is the challenge. Whether the Senate committee will hold hearings and, after that, whether the Senate will confirm them, all between now and the end of the session in January, is unknown.

The pending election season will only contribute to the uncertainty over what will ensue when the vacancies are filled. Meanwhile, it remains to be seen whether there will be any change in the remaining governors’ deference to the PMG.

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