



March 11, 2021

The Honorable Gary C. Peters
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-2205

The Honorable Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform
House of Representatives
Washington, DC 20515-3212

The Honorable Rob Portman
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-3506

The Honorable James R. Comer
Ranking Member
Committee on Oversight and Reform
House of Representatives
Washington, DC 20515-1701

Dear Chairman Peters, Chairwoman Maloney, Ranking Member Portman, and Ranking Member Comer:

On February 23, the Postal Service announced the contract award to Oshkosh Defense LLC for production of the Next Generation Delivery Vehicle (NGDV). On the same day, a \$482 million commitment was made under the contract to provide for pre-production efforts necessary to execute the contract.

The Postal Service awarded the contract in accordance with competitive Postal Service procurement policies after extensive testing of prototype vehicles, evaluation of offered production proposals, and discussions of technical specifications with the offerors. The first vehicles are estimated to be on the street in 2023.

Our contract is flexible, designed to allow the Postal Service to order vehicles throughout a 10-year performance period, and for a minimum of 50,000 vehicles. Since the award announcement questions have been raised about the contract's provisions regarding the production and mix of electric vehicles.

The Postal Service is firmly committed to a future that includes electric vehicles in its delivery vehicle fleet. To explain how we will implement that commitment, I would like to clarify a number of key points about the award and the steps necessary to successfully design, build, deploy and finance an electric vehicle fleet.

- **As we have expressed it, the initial ten percent electric vehicle quantity is a floor—not a ceiling—based upon our current financial condition and the resources that we believe we will have available to invest in our NGDV fleet.** Media reports have suggested 10 percent is the extent of our delivery fleet electrification plan. That is incorrect. To the contrary, even with regard to our initial vehicle order, which is not planned until February of 2022, we have the ability under the contract to continue to evaluate our opportunities for electrification. If our financial condition changes or we receive additional funding for the purpose, we have the ability to accelerate our electric vehicle strategy by increasing the

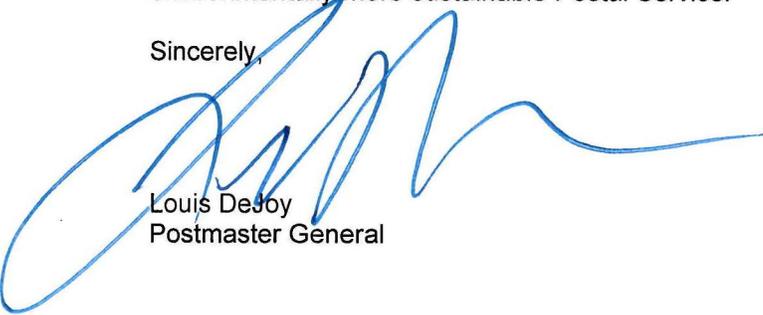
percentage of electric vehicles ordered. Further, we can increase this percentage without any changes to the existing contract, although electric vehicles have a higher acquisition cost than internal combustion engine (ICE) vehicles. Finally, we have broad flexibility to evaluate further opportunities for electrification in any subsequent orders we may place throughout the 10-year life of the contract.

- **The Oshkosh vehicle platform, with its maximum flexibility, is designed today with electric vehicle technology.** This means the first NGDVs produced can be battery electric vehicles (BEVs). However, powertrain and battery technology will undoubtedly evolve and improve over the available 20-year life of the NGDV. The Postal Service selected a flexible design platform that can accommodate advancements in powertrain technology, including BEV and ICE drivetrain alternatives, and even the vehicles we purchase with ICE drivetrains are capable of being retrofitted to alternative powertrain technology if we determine that it is advantageous to do so.
- **The Postal Service's current fleet of aging trucks compels us to act with urgency.** These outdated delivery vehicles – many as much as 30 years in operation – are inefficient, increasingly unreliable, costly to maintain and do not include current safety and operational features for our employees. We owe it to our employees to modernize our vehicle fleet, and that is part of the reason why I moved to finalize the current contract and end years of prior delays to get this process moving forward.
- **While fully supporting environmentally sustainable technology in our fleet, there are operational limitations to electric-only vehicles and in certain postal delivery environments.** This includes a lack of available infrastructure, and as many as 12,500 postal routes where distance, environmental conditions, or facility limitations make electric vehicles unfeasible or impractical. The flexible NGDV design platform however will allow us to replace our aging fleet, match technology to operational needs, keep control of costs and avoid costly delays and setbacks.
- **With the right level of congressional support, we can commit to a majority of the Postal Service's delivery fleet being electric within ten years.** We have estimated an additional cost of approximately \$8 billion is needed to electrify our delivery vehicle fleet in a shorter time frame to the maximum extent that is operationally feasible. We will be communicating our estimate of vehicle mix for our first order to the supplier in July 2021. 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.

In closing, this historic investment is part of our broader Postal Service strategy to transform our financial performance and customer service over the next 10 years through significant investments in people, technology, and infrastructure. Details of this plan will be released in the coming weeks.

I look forward to working with you in advancing our shared goals of a financially self-sufficient and environmentally more sustainable Postal Service.

Sincerely,



Louis DeJoy
Postmaster General

cc: U.S. Senate
U.S. House of Representatives