

**MEMORANDUM OF UNDERSTANDING
BETWEEN
UNITED STATES POSTAL SERVICE
AND THE
NATIONAL RURAL LETTER CARRIERS' ASSOCIATION**

Re: Delivery Point Sequence Flats

The substantial investment in the Flat Sequencing System (FSS) presents the means to provide flats to some rural routes in Delivery Point Sequence (DPS) order. As a result, the creation of a standard credit for the amount of time associated with the handling of DPS flat mail by rural carriers is anticipated. To remain efficient and competitive, and to provide the appropriate credit for rural route evaluations, the Postal Service will look at the necessity of establishing a new standard credit for routes receiving DPS flats.

Accordingly, the United States Postal Service (USPS) and the National Rural Letter Carriers' Association (NRLCA) agree to jointly examine the methods and procedures associated with DPS flats related to the rural carrier evaluated compensation system, to establish a standard credit(s) for routes receiving DPS flat mail and to consider the impact on rural carrier compensation. It may also be necessary to study any modifications to the rural carrier's duties and responsibilities as a result of DPS flats, including but not limited to the effect on the rural carrier's office and route functions; and further, to modify handbook language to reflect any method changes the parties agree are necessary.

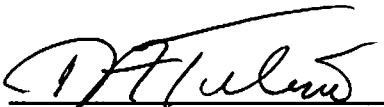
Therefore, effective with the signing of this Memorandum, the Future Developments Task Force will review concerns, issues and recommendations from committees which are to be established, and proceed as follows:

District Review Committee: Consisting of two union representatives designated by the executive committeeman; and two management representatives designated by the district manager of those districts that have rural delivery. The district review committee will meet to discuss concerns, issues and recommendations related to the implementation of DPS flats on rural routes. The committee should submit a list of concerns, issues and recommendations to their area review committee no later than March 1, 2008. If the district review committee cannot agree on the list of concerns, issues and recommendations, union and management representatives may submit separate lists.

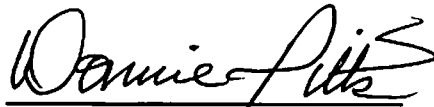
Area Review Committee: Consisting of an NRLCA executive committeeman and one other union representative designated by the executive committeeman; and two management representatives designated by the area vice president. The area review committee will meet to review and discuss the district review committees' submissions, as well as any additional concerns, issues and recommendations the area review committee may have, related to the implementation of DPS flats on rural routes. The area review committee should submit a list of their concerns, issues and recommendations to the Future Developments Task Force no later than May 1, 2008, c/o Vice President, Labor Relations, U.S. Postal Service, 475 L'Enfant Plaza, S.W., Washington, DC 20260-4100 and President, NRLCA, 1630 Duke Street, Alexandria, VA 22314-3467. If the area review committee cannot agree on the list of concerns, issues and recommendations, union and management representatives may submit separate lists.

The Future Developments Task Force will meet within 60 days of the date of this agreement to begin discussions concerning necessary studies, methods and standard changes, as well as implementation and operating procedures. Additionally, the Task Force will review the Area Review Committees' concerns, issues and recommendations related to the implementation of DPS flats on rural routes when received to assist in finalizing related agreements. The Task Force will attempt to reach agreement on necessary studies, methods and standard changes, as well as implementation and operating procedures prior to the 2009 national mail count. In the event agreements are not reached by the 2009 national mail count, a temporary DPS flat credit for routes receiving DPS flats will be established.

In the event the Future Developments Task Force is unable to reach agreement on any or all of the issues, the parties may proceed with the provisions outlined in Article 34 of the National Agreement. However, inasmuch as the parties have been part of mutually agreeable work and time studies associated with this Memorandum, the parties agree that no duplication of steps in Article 34 or studies on these issues will be required. Further, if the parties are unable to reach agreement on any or all of the issues, the parties agree that discussions, considerations and submissions by district or area committees will not be referenced or cited by either party, for any reason, in the grievance procedure or any arbitration hearing.



Doug Tulino
Vice President
Labor Relations
U.S. Postal Service



Donnie Pitts
President
National Rural Letter Carriers'
Association

Date: 12-21-07