United States Postal Service
INDUSTRYALERT

Advisory Opinion Concerning Load Leveling-Attachment (December 27, 2013)

7710-12

POSTAL SERVICE

39 CFR Part 121

Service Standards for Destination Sectional Center Facility Rate Standard Mail

AGENCY: Postal Service™.

ACTION: Proposed rule.

SUMMARY: The Postal Service seeks public comment on proposed revisions to the service standards for Standard Mail that is eligible for Destination Sectional Center Facility (DSCF) rates. The revisions would change the service standard (a) from three days to four days for Standard Mail pieces that are eligible for a DSCF rate and that are properly accepted before the day zero Critical Entry Time on a Friday or Saturday, and (b) from four days to five days for DSCF Standard Mail properly accepted at the SCF in San Juan, Puerto Rico and destined to the United States Virgin Islands, and properly accepted DSCF Standard Mail destined to American Samoa.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Written comments should be mailed to the Manager, Industry Engagement and Outreach, United States Postal Service, 475 L'Enfant Plaza, SW, Room 4107, Washington, DC 20260-4107, or transmitted by email to *industryfeedback@usps.com*. Copies of all comments will be available for inspection and photocopying at the Postal Service Headquarters Library, 475 L'Enfant Plaza, SW, 11th Floor North, Washington, DC 20260, between 9 a.m. and 4 p.m., Monday through Friday, by appointment (please call 202-268-5585 to schedule an appointment).

FOR FURTHER INFORMATION CONTACT: Anthony Frost, Industry Engagement and Outreach, at 202-268-8093; or Prathmesh Shah, Processing and Distribution Center Operations, at 404-792-3195.

SUPPLEMENTARY INFORMATION:

I. Introduction.

Standard Mail may include any mailable matter weighing less than 16 ounces that is not otherwise required to be mailed as First-Class Mail or Periodicals mail. Of the Standard Mail products, High Density and Saturation Letters, High Density and Saturation Flats/Parcels, Carrier Route, Letters, Flats, and Parcels are eligible for the DSCF rate, provided that the mail meets the standards for such a rate.[1] Among other requirements, to qualify for a DSCF rate, a mailing must contain at least 200 addressed pieces or 50 pounds of addressed pieces;[2] mailers must make an appointment to deposit DSCF Standard Mail;[3] and mail must be prepared and delivered in a specific manner.[4] DSCF Standard Mail primarily consists of direct mail letters, catalogs, flyers, and other advertising mail.

Currently, DSCF Standard Mail has a 3-day service standard.[5] Monday is the expected delivery date for the DSCF Standard Mail entered on Thursday and Friday, which are two of the three heaviest days for acceptance of such mail. Moreover, in Fiscal Year 2013, DSCF Standard Mail comprised 62 percent of Standard Mail volume

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[1] (Draft) Mail Classification Schedule secs. 1200.1(a) and 1200.2, revised December 5, 2013.

[2] Domestic Mail Manual (DMM) 246.2.2(a).

[3] DMM 246.2.6.3.

[4] DMM 246.4.0.

[5] 39 CFR 121.3(b)(2). DSCF Standard Mail that is dropped at the SCF in Puerto Rico and destined to the U.S. Virgin Islands, or mail destined to American Samoa has a 4-day service standard. 39 CFR 121.3(b)(3). The proposed changes will also apply to the service standard for mail that is dropped at the SCF in Puerto Rico and destined to the U.S. Virgin Islands, and mail that is destined to American Samoa.

and 32 percent of overall mail volume. Accordingly, DSCF Standard Mail has a significant impact on processing and delivery operations through which it passes.

The Postal Service faces an uneven workload for postal delivery operations and extraordinary allocations of resources to meet Monday delivery expectations, based on current service standards. Specifically, the high volume of Standard Mail with a service standard that creates a Monday delivery expectation contributes to the significant challenge faced by the Postal Service in seeking to achieve efficient and timely completion of delivery operations on Monday, and to make dispatch of collection mail picked up by carriers to mail processing plants for timely cancellation. This general imbalance in the proportion of volume with a Monday delivery expectation contributes significantly to increased overtime workhours in delivery operations at a time when the Postal Service is faced with increased costs while revenues decline as a result of the overall reduction in mail volumes.

The Postal Service seeks to address these issues by proposing an adjustment to the service standard applicable to DSCF Standard Mail entered on designated days of the week. Realization of a more balanced distribution of DSCF Standard Mail across delivery days requires a modification to the current service standards for that mail. Accordingly, the Postal Service is exploring a proposal (the Proposal) to revise service standards applicable to DSCF Standard Mail that is entered on a Friday or Saturday. The Proposal would change the delivery day for DSCF Standard Mail accepted on Friday and Saturday. DSCF Standard Mail that is accepted before the Critical Entry Time (CET) on Friday will have a Tuesday delivery expectation, rather than Monday. DSCF Standard Mail that is accepted before the CET on Saturday will have a

Wednesday delivery expectation, rather than Tuesday. The proposed changes will apply to DSCF Standard Mail that is dropped at the SCF in Puerto Rico and destined to the U.S. Virgin Islands, or mail destined to American Samoa, which currently has a 4-day service standard and would have a 5-day service standard under the Proposal. By adjusting the processing and delivery of DSCF Standard Mail accepted on Friday and Saturday, the Postal Service seeks to achieve a more even distribution of mail volume delivered throughout the week.[6] Pursuant to 39 U.S.C. 3661(b), the Postal Service has also requested an advisory opinion from the Postal Regulatory Commission regarding these changes in the nature of DSCF Standard Mail service.[7]

II. Proposed Revisions to Service Standards.

Before describing how service standards will be revised, it is important to explain how service standards are structured. Service standards are comprised of two components: (1) a delivery day range within which all mail in a given product is expected to be delivered; and (2) business rules that determine, within a product's applicable day range, the specific number of delivery days after acceptance of a mail piece by which a customer can expect that piece to be delivered, based on the 3-digit ZIP Code prefixes associated with the piece's point of entry into the mail stream and its delivery address.

Business rules are based on the CET. The CET is the latest time on a particular day that a mail piece can be entered into the postal network and still have its service

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[6] Under the proposed schedule, Wednesday becomes the expected delivery date for DSCF Standard Mail entered on both Saturday and Sunday. Due to the relatively small volume of mail accepted on Saturdays and Sundays, the Postal Service does not believe that the Proposal will present a challenge regarding the ability to more evenly distribute mail volume throughout the week.

[7] Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services, Docket No. N2014-1 (Dec. 27, 2013). Documents pertaining to the Request are available at the Postal Regulatory Commission (PRC) website, *http://www.prc.gov*, under Docket No. N2014-1.

standard calculated based on that day (this day is termed "day-zero"). In other words, if a mail piece is entered before the CET, the mail piece's service standard is calculated from the day of entry, whereas if the mail piece is entered after the CET, its service standard is calculated from the following day. For example, if the applicable CET is 4:00 p.m., and a letter is entered at 3:00 p.m. on a Tuesday, its service standard will be calculated from Tuesday, whereas if the letter is entered at 5:00 p.m. on a Tuesday, its service standard will be calculated from Wednesday.

The Postal Service is proposing to revise the Standard Mail service standards for pieces that qualify for a DSCF rate and are accepted before the day zero CET at the proper DSCF on Friday or Saturday, to enable a more balanced distribution of Standard Mail volume across delivery days. For these Standard Mail pieces entered on Friday or Saturday at the DSCF rate, the Postal Service is proposing to change the current three-day delivery expectation to a four-day delivery expectation. And for pieces entered at the SCF in San Juan, PR and destined for the U.S. Virgin Islands, as well as all DSCF entry pieces destined for American Samoa, the delivery expectation for pieces entered on Friday or Saturday would change from four days to five days.

The Postal Service is not proposing any other revisions to its service standards in this notice.

III. Request for Comments.

Although exempt from the notice and comment requirements of the Administrative Procedure Act [5 U.S.C. 553(b), (c)] regarding proposed rulemaking by 39 U.S.C. 410(a), the Postal Service invites public comment on the proposed revisions to 39 CFR part 121 and on the Proposal generally. A more extensive discussion of the

Proposal and its associated operational and service implications is available in the materials filed by the Postal Service with the Postal Regulatory Commission in Docket No. N2014-1, available at *http://www.prc.gov*. If the Postal Service determines to implement the Proposal, it will publish a final rule in the *Federal Register*.

Accordingly, for the reasons stated, the Postal Service proposes the following amendment to 39 CFR part 121:

PART 121 – SERVICE STANDARDS FOR MARKET DOMINANT MAIL PRODUCTS

1. The authority citation for 39 CFR part 121 continues to read as follows:

Authority: 39 U.S.C. 101, 401, 403, 404, 1001, 3691.

2. In part 121, revise § 121.3(b) to read as follows:

PART 121—SERVICE STANDARDS FOR MARKET-DOMINANT MAIL PRODUCTS

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§ 121.3 Standard Mail.

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(b) ***

(2) Standard Mail pieces that qualify for a DSCF rate and that are accepted before the day-zero Critical Entry Time at the proper DSCF have a 3-day service standard when accepted on Sunday through Thursday and a 4-day service standard when accepted on Friday or Saturday, except for mail dropped at the SCF in the territory of Puerto Rico and destined to the territory of the U.S. Virgin Islands, or mail destined to American Samoa.

(3) Standard Mail pieces that qualify for a Destination Sectional Center Facility (DSCF) rate and that are accepted before the day zero Critical Entry Time at the SCF in the territory of Puerto Rico and destined for the territory of the U.S. Virgin Islands, or are destined to American Samoa, have a 4-day service standard when accepted on Sunday through Thursday and a 5-day service standard when accepted on Friday or Saturday.

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APPENDIX A TO PART 121 – TABLES DEPICTING SERVICE STANDARD DAY RANGES

The following tables reflect the service standard day ranges resulting from the application of the business rules applicable to the market-dominant mail products referenced in §§ 121.1 through 121.4:

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Table 5. Destination entry service standard day ranges for mail to the contiguous 48 states and the District of Columbia.

	CONTIGUOUS UNITED STATES			
	Destination Entry (at appropriate facility)			
Mail Class	**DDU (Days)**	**SCF (Days)**	**ADC (Days)**	**NDC (Days)**
Periodicals	1	1	1–2	1–2
Standard Mail	2	3-4		5
Package Services	1	2		3

Table 6. Destination entry service standard day ranges for mail to non-contiguous states and territories.

Mail Class	Destination Entry (at appropriate facility)									
	DDU	SCF (Days)			ADC (Days)			NDC (Days)		
	(Days)	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI
Periodicals	1	1–2	1	1–2	1–3 (AK) 11 (JNU) 11 (KTN)	1 (HI) 2 (GU)	1–2	10–11	10	8-10
Standard Mail	2	3-4	3-5	3–5				14	13	12
Package Services	1	2	2	2–3				12	11	11

AK = Alaska 3-digit ZIP Codes 995-997; JNU = Juneau AK 3-digit ZIP Code 998; KTN = Ketchikan AK 3-digit
ZIP Code 999; HI = Hawaii 3-digit ZIP Codes 967 and 968; GU = Guam 3-digit ZIP Code 969.
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