

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

DSCF-STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**BRIEF OF THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO
(February 20, 2014)**

In accordance with the Commission's Notice and Order on the Request for an Advisory Opinion on changes in the above-captioned case, Intervener American Postal Workers Union, AFL-CIO (APWU), hereby submits its opening Brief.

The APWU strongly objects to the Postal Service's proposal to change the service standard for Destination Sectional Center Facility (DSCF) Standard Mail. We object both categorically and specifically. Our categorical objection is that the proposed cut in service standards is one of a series of service cuts by the Postal Service that have reduced service to mailers and imposed higher costs on mailers without a corresponding benefit to the Postal Service sufficient to justify the change.

We also object to the proposal because the Postal Service has done no cost-benefit analysis to support the proposed service reduction. APWU/USPS-T-1-3; APWU/USPS-T-1-5; PR/USPS-T-1-9; PR/USPS-T2-4a-b. We disagree with the Postal Service's contention that "an advisory opinion regarding whether the service change comports with Title 39 can be issued without an estimate of what those cost savings are expected to be." PR/USPS-T-1-21a-b. It is amply clear that substantial service cuts and cost increases will be imposed on mailers. PostCom, for example, expressed the following objections on behalf of its members:

PostCom believes that this change will greatly disrupt the current mail flow through the USPS system to an extent that the Postal Service cannot imagine which will in turn have

a serious impact on meeting the delivery expectations of mailers. Our members believe that there will be an increase in overall logistics costs to meet in-home dates.

USPS-LR-N014-1/12, at 17. And the Association for Mail Electronic Enhancement expressed similar concerns:

The proposal could drive an increase in logistics costs and make it challenging to further target in-home dates, which is already difficult – resulting in either early or late mail.

Id. at 12. It is, therefore, incumbent on the Postal Service to show that the proposed service cuts are justified by cost savings to the Postal Service.

In this case the Postal Service not only cannot estimate cost savings, it cannot estimate how much volume will be lost as a result of the service reduction. See APWU/USPS-T-1-5; PR/USPS-T1-28.a. Based on the comments of some large mailers, the possibility of significant volume losses is real and cannot properly be ignored by the Postal Service. Thus, for example, Publishers Clearing House stated that “[c]ombining this proposed reduction in service on the heels of a steep price increase creates a recipe for an even faster decline in mail volumes.”

Id. at 5; emphasis original. In the same vein, ECHO stated that it believes that “relaxing the service standard will cheapen Presorted Standard mail, in the eyes of the customer. Delivery could become less reliable even as postage rates go steadily upward.” Id. at 10

The Postal Service cannot even estimate how much “load levelling” actually will occur as a result of the service reduction, because it cannot estimate the amount of mail that would be entered on a different day in order to preserve the current delivery days for that mail.

APWU/USPS-T-1-6; PR/USPS –T1-4. See also USPS-LR-N2014-1/18, data collected from the DODS relevant to Southern Maryland.¹

¹ We observe that the Postal Service has not argued that the Maryland data provide a basis for a cost/benefit analysis, nor could they. Among other problems, the data were collected over the busiest mailing season of the year. Id.

Comments from some mailers and their representatives seem to confirm that mailers will change their mailing habits to reserve their original delivery days, thus frustrating the purpose of the service reduction. The Saturation Mailers Coalition has expressly requested that Saturation Mail not be affected by the service reduction:

We are requesting that any modification... Preserve and incorporate the June 2012 Customer Service Ruling for Non--Machineable, Non-Barcoded Mail with Requested In-Home Dates entered at the or DDU as Saturation Mail.

Id. at 8. And QuadGraphics has strongly indicated that Monday delivery is an important feature of the clients it serves, stating that “a large segment of our Standard Mail client base requires Monday delivery within the current service standards...” Id. at 13

In our view, these comments by large mailers and their representatives in response to the Postal Service’s proposal in this case show that, by making the proposal in this case without sufficient justification, the Postal Service has exhibited a regrettable lack of consideration for the needs and opinions of postal customers.

Accordingly, there is ample reason in this record to believe that the Postal Service’s failure to perform a cost-benefit analysis will be consequential if this change is permitted to go forward. The Postal Service may not save costs, mailers will incur higher costs, the amount of load-levelling that results may be significantly less than the USPS has anticipated, and volume and revenue may be lost.

We observe that, despite the fact that it has proposed a nationwide cut in service, the USPS has failed even to acknowledge its obligation to seek an advisory opinion from the Commission. It states that “[t]his operational change will arguably result in a nationwide change in the nature of postal services within the meaning of 39 U.S.C. § 3661(b).” Request for an Advisory Opinion at 1. We can only surmise that this reluctance to admit the obvious

applicability of Section 3661 to this case reflects a realization by the Postal Service that it has utterly failed to justify the proposed nationwide cut in service. We urge the Commission to make a clear declarative finding that Section 3661 applies to the cuts proposed in this case.

On the record in this case, the proposed service reduction does not comply with Section 3661(a) of the Act, nor does it comport with or bear scrutiny under the objectives and factors established by Section 3691 of the Act. 39 U.S.C. §§ 3661(a); 3691(b), (c). We respectfully submit that, on this record, no Commissioner will be able to certify an opinion that the proposed change is in accordance with and conforms to the policies of the Act. See 39 U.S.C. §3661(c); Rule 74, Commission Rules of Practice.

Respectfully submitted,

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