

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268

DSCF STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**UNITED STATES POSTAL SERVICE REQUEST FOR AN ADVISORY  
OPINION ON CHANGES IN THE NATURE OF POSTAL SERVICES**  
(December 27, 2013)

The United States Postal Service (Postal Service) intends to change the manner in which it processes and dispatches Standard Mail that qualifies for a Destination Sectional Center Facility (DSCF) discounted rate. This 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). Therefore, as a precautionary measure, the Postal Service files this request for an advisory opinion from the Postal Regulatory Commission (Commission) regarding whether such a change would conform to applicable policies in Title 39, United States Code.<sup>1</sup>

Because of the relationship between mail entry patterns for DSCF Standard Mail and the applicable 3-day service standard, the Postal Service delivers a disproportionate amount of DSCF Standard Mail on Mondays.<sup>2</sup> This Request addresses the Postal Service's plan to more evenly distribute the volume of DSCF Standard Mail pieces delivered by carriers throughout the week

---

<sup>1</sup> See 39 U.S.C. § 3661(b), as implemented by 39 C.F.R. § 3001.72. Moreover, the Postal Service will likewise be pursuing a conforming amendment to the service standard for DSCF Standard Mail published in 39 C.F.R. § 121.3(b)(2)-(3). Accordingly, the Postal Service has transmitted a notice of proposed rulemaking to the Federal Register and plans to conduct a notice-and-comment rulemaking regarding the service standard change identified in this Request.

<sup>2</sup> Docket No. N2014-1, Direct Testimony of Linda M. Malone on Behalf of the United States Postal Service (USPS-T-1) at 3 and Table 2.

(Load Leveling Plan). By changing the service standard for DSCF Standard Mail, the Postal Service can adjust operations in a manner that will level the load of the DSCF Standard Mail that it delivers throughout the week, thereby removing the disproportionate burden associated with Monday Standard Mail delivery that is currently placed on the Postal Service network.

Consistent with 39 C.F.R. § 3001.73, the Postal Service is filing the direct testimony of two witnesses simultaneously with this Request. The direct testimony of witness Linda M. Malone (USPS-T-1) describes the details of the Load Leveling Plan, including the basis for the plan, the process through which the plan was developed, and the future implementation of the plan. The testimony of witness Malone (USPS-T-1) describes the Postal Service's consultations with mailers regarding the load leveling issue and its collaboration with mailers in designing and conducting a test of the Load Leveling Plan in the service area of the South Jersey administrative district of the postal network (3-digit ZIP Code areas 080-084) (South Jersey Operations Test). Witness Malone also summarizes the results of the South Jersey Operations Test. Witness Malone's testimony further describes the Postal Service's expectations regarding a national roll-out of the Load Leveling Plan. The direct testimony of witness Mark H. Anderson (USPS-T-2) offers observations about the effects of the South Jersey Operations Test and also discusses the expected impact that the Load Leveling Plan would have in the South Jersey District.

The earliest that the Postal Service intends to make the changes discussed in this Request is March 27, 2014—90 days after the date of this filing.

## I. The Present Nature of the Distribution of DSCF Standard Mail and the Proposed Changes

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.<sup>3</sup> 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.<sup>4</sup> Among other requirements, to qualify for a DSCF rate, a mailing must contain at least 200 addressed pieces or 50 pounds of addressed pieces;<sup>5</sup> mailers must make an appointment to deposit DSCF Standard Mail;<sup>6</sup> and mail must be prepared and tendered in a specific manner.<sup>7</sup> 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.<sup>8</sup> This means that qualifying mail that is accepted by the Postal Service at a DSCF before the Critical Entry Time (CET) is delivered based on the following schedule:

---

<sup>3</sup> (Draft) Mail Classification Schedule §§ 1200.1(a) and 1200.2, revised December 5, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> Domestic Mail Manual (DMM) § 246.2.2(a).

<sup>6</sup> DMM § 246.2.6.3.

<sup>7</sup> DMM § 246.4.0.

<sup>8</sup> 39 C.F.R. § 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 C.F.R. § 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. For ease of explanation, however, this Request describes the proposed service change as it will impact processing and delivery per 39 U.S.C. § 121.3(b)(2).

### Current Acceptance and Expected Delivery Days for DSCF Standard Mail

Acceptance Day	Expected Delivery Day
Sunday	Wednesday
Monday	Thursday
Tuesday	Friday
Wednesday	Saturday
Thursday	Monday
Friday	Monday
Saturday	Tuesday

As illustrated above, Monday is the expected delivery date for the DSCF Standard Mail entered on Thursday and Friday, which happen to be two of the three heaviest days for acceptance of such mail.<sup>9</sup> Moreover, DSCF Standard Mail represented approximately 62 percent of all Standard Mail and about 32 percent of overall mail volume in FY2013.<sup>10</sup> Accordingly, DSCF Standard Mail has a significant impact on processing and delivery operations through which it passes.

The Load Leveling Plan would change the delivery day for DSCF Standard Mail accepted on Friday and Saturday. The proposed schedule is represented below, with the changes from the current schedule italicized.

---

<sup>9</sup> USPS-T-1 at Table 2.

<sup>10</sup> *Id.* at 3.

## Proposed Acceptance and Expected Delivery Days for DSCF Standard Mail

Acceptance Day	Expected Delivery Day
Sunday	Wednesday
Monday	Thursday
Tuesday	Friday
Wednesday	Saturday
Thursday	Monday
Friday	<i>Tuesday</i>
Saturday	<i>Wednesday</i>

DSCF Standard Mail that is accepted before the 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. 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.<sup>11</sup>

In September 2013, the Postal Service conducted an operations test of the Load Leveling Plan in the service area of the South Jersey Processing & Distribution Center located in Bellmawr, New Jersey. The testimony of witness Malone (USPS-T-1) explains the South Jersey Operations Test and its results and implications.<sup>12</sup> The testimony of witness Anderson (USPS-T-2) provides

---

<sup>11</sup> Under the proposed schedule, Wednesday becomes the expected delivery day for DSCF Standard Mail entered on both Saturday and Sunday. The Postal Service does not believe this poses a problem regarding its ability to more evenly distribute mail volume throughout the week given the relatively small volume of mail accepted on those days. See USPS-T-1 at Table 2.

<sup>12</sup> USPS-T-1 at 11-16. In December 2013, the Postal Service initiated a second test of the Load Leveling Plan in the Capital District. The testimony of witness Malone describes the Postal Service's plan to report its results in this docket. USPS-T-1 at 16.

insight regarding the impact of the Load Leveling Test on mail processing and delivery operations in the South Jersey District.<sup>13</sup>

As evidenced by the South Jersey Operations Test results, load leveling will ease the burden currently placed on the network by the convergence of current mail entry patterns and applicable service standards. For example, through load leveling, the South Jersey District was able to reduce mail processing work hours and carrier overtime hours.<sup>14</sup> Moreover, the South Jersey Operations Test resulted in additional benefits, including earlier completion of carrier routes, and earlier return of mail collected on carrier routes.<sup>15</sup> These additional benefits resulted in earlier delivery for customers, and earlier cancellation and processing of collection mail picked up by carriers along their routes.<sup>16</sup> These results can have a positive ripple effect on downstream operations and service.<sup>17</sup>

## **II. The Scope of the DSCF Standard Mail Load Leveling Plan**

The Postal Service intends to implement the Load Leveling Plan throughout its network. As a result, Standard Mail pieces that qualify for a DSCF rate and are accepted after the Critical Entry Time on Thursday, anytime on Friday, or before the Critical Entry Time on Saturday at the proper DSCF, will

---

<sup>13</sup> Docket No. N2014-1, Direct Testimony of Mark H. Anderson on Behalf of the United States Postal Service (USPS-T-2).

<sup>14</sup> USPS-T-1 at 14-15; USPS-T-2 at 3-6.

<sup>15</sup> USPS-T-1 at 16-18; USPS-T-2 at 5-6.

<sup>16</sup> USPS-T-1 at 16-18.

<sup>17</sup> *Id.*

have a 4-day service standard.<sup>18</sup> DSCF Standard Mail pieces that are accepted before the Critical Entry Time on Sunday through Thursday will not be affected by the Load Leveling Plan. No other Standard Mail will be affected.

**III. The Reasons and Basis for the Postal Service’s Determination that the DSCF Standard Mail Load Leveling Plan Is In Accordance with and Conforms to the Policies in Title 39, United States Code**

Pursuant to 39 U.S.C. § 403(b), the Postal Service has a responsibility to “maintain an efficient system of collection, sorting, and delivery of the mail nationwide”<sup>19</sup> and “provide types of mail service to meet the needs of different categories of mail and mail users.”<sup>20</sup> For the reasons explained above and illustrated in the testimony of witness Malone (USPS-T-1) and witness Anderson (USPS-T-2), the Load Leveling Plan allows the Postal Service to increase efficiencies in the collection, processing, and delivery of the mail. As also explained in the testimony of witness Malone (USPS-T-1), the Load Leveling Plan will allow the Postal Service to continue to provide adequate and efficient service to DSCF Standard Mail users, as required by 39 U.S.C. § 3661(a).<sup>21</sup> As such, the Postal Service believes that the Load Leveling Plan helps to fulfill its duty to “plan, develop, promote, and provide adequate and efficient postal services at fair and reasonable rates and fees.”<sup>22</sup>

---

<sup>18</sup> Except for mail dropped on Friday or Saturday at the SCF in Puerto Rico and destined to the U.S. Virgin Islands, or mail destined to American Samoa, which will have a 5-day service standard.

<sup>19</sup> 39 U.S.C. § 403(b)(1).

<sup>20</sup> 39 U.S.C. § 403(b)(2).

<sup>21</sup> See, e.g., USPS-T-1 at 16-18.

<sup>22</sup> 39 U.S.C. § 403(a).

Moreover, 39 U.S.C. § 404(a)(1) specifically empowers the Postal Service “to provide for the collection, handling, transportation, delivery, forwarding, returning, and holding of mail . . . .” This authority is bolstered by 39 U.S.C. § 401(10) which provides the Postal Service with “all other powers incidental, necessary, or appropriate to the carrying on of its functions or the exercise of its specific powers.” The Load Leveling Plan falls within the scope of this authority.

With respect to the adjustment to the DSCF Standard Mail service standard, 39 U.S.C. § 401(2) empowers the Postal Service “to adopt, amend, and repeal such rules and regulations, not inconsistent with this title, as may be necessary in the execution of its functions . . . .” Further, the proposed changes to the DSCF Standard Mail service standard are consistent with the objectives laid out in 39 U.S.C. § 3691(b)(1). By significantly increasing processing and delivery efficiencies with minimal changes to the current standards, the Load Leveling Plan will help to “enhance the value of postal services to both senders and recipients” and “reasonably assure Postal Service customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices,” as articulated in 39 U.S.C. §§ 3691(b)(1)(A) and (C) respectively. This will all be achieved without hampering the Postal Service’s ability to provide “regular and effective access to postal services in all communities” consistent with 39 U.S.C. § 3691(b)(1)(B).

Finally, when establishing or revising service standards, the Postal Service must take into account a number of factors, including “mail volume and

revenues projected for future years”<sup>23</sup> and “the current and projected future cost of serving Postal Service customers.”<sup>24</sup> It is with such factors in mind that the Postal Service has determined that it is necessary to take steps to level the load on the network now to help reduce current and future costs.

#### **IV. Rules of Practice and Procedure**

The Postal Service files this Request in compliance with the existing Rules of Practice and Procedure; however, this docket provides the Commission with an opportunity to evaluate the procedures currently under consideration in PRC Docket No. RM2012-4 regarding Modern Rules of Procedure for the Issuance of Advisory Opinions in Nature of Service Proceedings. Thus, the Postal Service urges the Commission to establish special rules of practice to achieve an effective and efficient schedule for this docket.

#### **V. Conclusion**

In accordance with 39 U.S.C. § 3661 and 39 C.F.R. § 3001.71 *et seq.*, based upon the testimony and materials otherwise reflected in the record of this proceeding, the Postal Service requests that the Commission issue an advisory opinion that affirms that the DSCF Standard Mail Load Leveling Plan, and the changes in the nature of postal services that may result from it, conform to the policies in Title 39, United States Code.

---

<sup>23</sup> 39 U.S.C. § 3691(c)(4).

<sup>24</sup> 39 U.S.C. § 3691(c)(6).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno  
Chief Counsel  
Global Business & Service Development

Caroline R. Brownlie  
Kyle R. Coppin  
James M. Mecone  
Keith C. Nusbaum  
Michael T. Tidwell  
Laura Zuber

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260  
(202) 268-3010; Fax -5402  
December 27, 2013