

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Mark Acton, Vice Chairman;
Ann C. Fisher;
Ashley E. Poling; and
Robert G. Taub

Public Inquiry on Changes Associated
with the Delivering for America Plan

Docket No. PI2023-4

NOTICE AND ORDER INITIATING PUBLIC INQUIRY
ASSOCIATED WITH THE DELIVERING FOR AMERICA PLAN

(Issued April 20, 2023)

I. INTRODUCTION

The Commission establishes Docket No. PI2023-4 to examine the recent and planned network changes associated with the Postal Service's Delivering for America strategic plan.¹

II. BACKGROUND

On March 23, 2021, the Postal Service published a 10-Year Strategic Plan announcing potential changes intended to achieve financial stability and service

¹ See United States Postal Service, Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence, March 23, 2021, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf (Postal Service Strategic Plan).

excellence. See Postal Service Strategic Plan. The Plan contains 11 key strategies for achieving these goals and discusses, at a high level, various initiatives it intends to undertake in furtherance of each strategy. *Id.* at 5, 22-39. The Plan also states that the Postal Service will provide opportunities for stakeholder input and engagement, including by the Postal Service requesting advisory opinions from the Commission.²

Subsequently, the Postal Service filed three requests with the Commission for advisory opinions on proposed service standard changes related to the strategic plan that involved First-Class Mail, Periodicals, First-Class Package Service, Retail Ground, and Parcel Select Ground.³ After providing an opportunity for a formal on-the-record hearing, pursuant to 5 U.S.C. 3661(c), the Commission issued advisory opinions on the Postal Service's proposed service standard changes, analyzing the estimated impact of the proposals on the Postal Service's service performance, financial condition, operational flow, transportation network, customer satisfaction, and mail volume.⁴

Most recently, the Postal Service announced plans to create sorting and delivery centers (S&DCs).⁵ The purpose of the S&DCs is to "reduce transportation and mail

² *Id.* at 26-27, 35, 41, 52. See United States Postal Service, Delivering for America, Responses of the United States Postal Service to the Reporting Requirements Specified in the Postal Service Reform Act of 2022, FY 2022 3rd and 4th Quarter, December 2, 2022, at 23 n.4, available at https://www.prc.gov/docs/124/124453/REDACTED_Final_DFA-PSRA_Section_207_Report_12.02.2022.pdf (Postal Service DFA PSRA Responses).

³ See Docket No. N2021-1, United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, April 21, 2021; Docket No. N2021-2, United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, June 17, 2021; Docket No. N2022-1, United States Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, March 21, 2022.

⁴ Docket No. N2021-1, Advisory Opinion on Service Changes Associated with First-Class Mail and Periodicals, July 20, 2021, at 2; Docket No. N2021-2, Advisory Opinion on the Service Standard Changes Associated with First-Class Package Service, September 29, 2021, at 3; Docket No. N2022-1, Advisory Opinion on the Service Standard Changes Associated with Retail Ground and Parcel Select Ground, June 9, 2022, at 2.

⁵ See United States Postal Service, *Video and Transcript of Postmaster General Louis DeJoy's Keynote Address During the 2022 National Postal Forum*, May 18, 2022, available at <https://about.usps.com/newsroom/national-releases/2022/0518-video-and-transcript-of-pmg-louis-dejoys-keynote-address-during-2022-national-postal-forum.htm>.

handling costs”⁶ by aggregating delivery units into “larger Sort and Delivery Centers with adequate space, docks and material handling equipment to operate more efficiently.”⁷ The daily operating function of the S&DC will be essentially the same as a destination delivery unit (DDU), “except on a larger scale and with much greater efficiency, operational reliability and staffing flexibility.”⁸ The first S&DC opened in Athens, Georgia in November 2022.⁹ Likewise, the Postal Service anticipates transforming its network through standardized Regional Processing and Distribution Centers (RPDCs) and Local Processing Centers (LPCs). See Postal Service DFA PSRA Responses at 9, 20.

The Commission discussed potential impacts to flats operations and costs due to the new S&DCs in its Flats Operations Study Report, largely based on information provided to stakeholders and Postal employees.¹⁰ However, the Commission notes that stakeholders have expressed concerns regarding a lack of a forum to explore the impacts of these proposed changes.¹¹ The Commission previously found that an

⁶ See United States Postal Service, Letter to Edmund A. Carley, National President, United Postmasters and Managers of America from James Lloyd, Director, Labor Relations Policies and Programs, July 29, 2022, available at https://www.unitedpma.org/docs/default-source/default-document-library/resources/notification-0729202246b67af2-353b-48a5-9ca8-87cf43e95d81.pdf?sfvrsn=6055688d_3.

⁷ See United States Postal Service, *The Eagle Magazine*, Volume 1, Issue 4, July 2022, at 11, available at <https://about.usps.com/resources/eaglemag/em20220802.pdf>.

⁸ See United States Postal Service, *The Eagle Magazine*, Volume 2, Issue 2, Feb. 2023, at 11, available at <https://about.usps.com/resources/eaglemag/em20230131.pdf>.

⁹ See KBTX 3 News, *Proposed USPS sorting & delivery plan could impact mail delivery across the region*, Jan. 23, 2023, available at <https://www.kbtx.com/2023/01/24/proposed-usps-sorting-delivery-plan-could-impact-mail-delivery-across-region/>.

¹⁰ See Docket No. SS2022-1, Flats Operations Study Report, April 6, 2023, at 198-99.

¹¹ See, e.g., Steve Hutkins, *The S&DC rollout rolls on: Implementation & Impacts of Delivery Network Transformation*, Save the Post Office, Jan. 26, 2023, available at <https://www.savethepostoffice.com/sdc-rollout-rolls-on-implementation-impacts-of-delivery-network-transformation> (“Some details about the plan have been revealed over the past several months, but the Postal Service has, for the most part, been reluctant to share much with stakeholders and the public.”); Bill McAllister, *USPS outlines plans for new sorting and delivery centers*, LINN’s Stamp News, Sep. 6, 2022, available at <https://www.linns.com/news/us-stamps-postal-history/usps-outlines-plans-for-new-sorting-and-delivery-centers> (“Postal officials have disclosed few specifics about DeJoy’s plans...”).

advisory opinion on the entirety of the Postal Service Strategic Plan was not warranted.¹² The instant docket is not intended as an advisory opinion process on the Postal Service Strategic Plan. However, the Commission finds it beneficial to the interest of transparency to provide a forum to learn more about these strategic plan initiatives that may have a significant impact on the postal community. Accordingly, the Commission opens this Public Inquiry to provide a forum to seek additional information about the planned S&DCs, as well as other planned initiatives associated with the Postal Service Strategic Plan.

III. PUBLIC INQUIRY

The Commission establishes this proceeding to provide a forum to garner information regarding proposed changes related to the Postal Service's Strategic Plan. The Commission anticipates that it will issue information requests to gather information about the proposed changes to the network and the impact of recent changes to the postal network. Interested parties also may propose questions by filing motions seeking information requests following the procedures listed at 39 CFR part 3010.170(e).

Materials filed in this proceeding will be available for review on the Commission's website, unless the information contained therein is subject to an application for non-public treatment. The Commission's rules on non-public materials (including access to documents filed under seal) appear in 39 CFR part 3011. Additional information may be accessed via the Commission's website at <http://www.prc.gov>. Pursuant to 39 U.S.C. 505, Kenneth R. Moeller will serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

¹² See Docket No. C2022-1, Order Granting Motion to Dismiss Complaint, December 17, 2021 (Order No. 6067).

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. PI2023-4 to review issues related to the Postal Service's Delivering for America Strategic Plan.
2. Pursuant to 39 U.S.C. 505, Kenneth R. Moeller will serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
3. The Secretary shall arrange for publication of this Notice in the *Federal Register*.

By the Commission.

Erica A. Barker
Secretary