

FREQUENTLY ASKED QUESTIONS FOR MAILERS AND THE MAILING INDUSTRY

On the USPS Proposal for Network and Service Standard Changes Announced Dec. 5, 2011

1. What are the proposed service standard changes for First-Class Mail (FCM)? Is the FCM delivery day range changing?

Under the proposed First-Class Mail service standards, overnight service will be limited to intra-sectional center facility* (SCF) presort mail entered at the SCF prior to 8:00 a.m., with a 12:00 p.m. exception for mail that is sorted and containerized to the 5-digit level.

Two-day service will be accorded to all other intra-SCF mail, as well as inter-SCF mail for which the driving time between the mail's origin processing and distribution center or facility (P&DC/F) and its destination SCF is four hours or less.

All other First-Class Mail originating and destinating within the contiguous 48 states will have a service standard of 3 days.

The proposed rule, which was published in the *Federal Register* on Dec. 15, 2011, is the best source for this information. The Postal Service's "Information for Mailers" web page provides a link to the rule at: <http://www.about.usps.com/news/facility-studies/welcome.htm>.

* "Intra-SCF" means mail that destimates within its designated SCF's local delivery area.

2. What are the proposed service standard changes for Priority Mail and Express Mail?

The current service standards associated with Priority Mail range from 1-3 days based on origin-destination 3-digit ZIP Code pairs. The Postal Service will continue to provide a 1-3 day Priority Mail service after network consolidation is implemented. Overnight delivery will continue to be provided to local service areas, with 2-day and 3-day standards from each origin zone to the remainder of the country defined by the capability of the realigned mail processing network.

The current service commitments associated with Express Mail are generally 1-2 days based on origin-destination 5-digit ZIP Code pairs. The Postal Service will continue to provide overnight Express Mail service. The standards from each origin zone to the remainder of the country will be defined by the capability of the realigned mail processing network.

3. What are the proposed service standard changes for end-to-end (origin) Periodicals mailings?

Currently, origin end-to-end Periodicals mail that is intra-SCF is accorded overnight service if its origin P&DC/F and SCF are located in the same building. Under the proposed service standards, overnight service for Periodicals will be limited to pieces that are: (1) intra-SCF; (2) presort; (3) not mixed with any inter-SCF pieces, and (4) entered at the SCF prior to the critical entry time (CET).

This means that, in contrast to the current overnight rule, the proposed rule for overnight service adds requirements that Periodicals mail be presort, not be mixed with inter-SCF mail, and be entered at the designated SCF. The new CETs are listed under question 5, below.

Any Periodicals mail that is intra-SCF but does not meet the requirements of the overnight rule will receive 2-day service.

There are no other anticipated changes to the service standards for origin end-to-end Periodicals within the contiguous 48 states. Any changes for the service standards for Periodicals outside the contiguous 48 states are unrelated to network rationalization.

4. What are the proposed service standard changes for destination-entry Periodicals mailings?

There are no anticipated changes to the service standards for destination-entry Periodicals within the contiguous 48 states. The CETs, however, will change, as described under question 5, below.

5. What will be the new CETs for Periodicals to receive overnight service?

The new CETs will be:

- 0800 for Flats Sequencing System (FSS) – Bundle Sort Required
- 1100 for FSS – No Bundle Sort Required
- 1100 for Non-FSS – Bundle Sort Required
- 1400 for Non-FSS – No Bundle Sort Required
- 1700 for Non-FSS Carrier Route and/or 5-digit Pallets with no processing required

6. What are the proposed service standard changes for Standard Mail?

The Postal Service is not planning any changes to the Standard Mail service standard business rules as a result of network rationalization. However, there will be changes in the service standards applicable to specific 3-digit to 3-digit ZIP Code origin-destination pairs based on the reconfiguration of the network, and changes to the labeling lists which implement the current service standard business rules. Relatively minor Standard Mail service standard business rule changes unrelated to network rationalization are being proposed for mail addressed to noncontiguous U.S. destinations.

7. What are the proposed service standard changes for Package Services?

As is the case with Standard Mail, the Postal Service has no plans for any changes to service standard business rules for Package Services as a result of network rationalization. However, there will be changes in the service standards applicable to specific 3-digit to 3-digit ZIP Code origin-destination pairs based on the reconfiguration of the network, and changes to the labeling lists which implement the current service standard business rules. Relatively minor service standard business rule changes for Package Services unrelated to network rationalization are being proposed for mail addressed to non-contiguous U.S. destinations.

8. How soon will the Postal Service implement the proposed service standard changes?

No service changes associated with the request will be implemented earlier than May 15, 2012.

9. What are the estimated cost savings resulting from the proposed changes?

The Postal Service estimates the net annualized savings made possible by the proposed changes to be at least \$2.1 billion. By potentially consolidating over half of the Postal Service's mail processing facilities, the initiative will result in a smaller mail processing network that when fully implemented will make much more efficient use of equipment and facilities, and will better align with current and projected mail volumes, particularly for First-Class Mail.

10. Will customers continue to be able to enter bulk mail at business mail entry units (BMEUs) currently located in impacted facilities?

Where practicable, a BMEU will remain in the impacted facility. In situations where this is not feasible, acceptance units will be located within relatively close geographic proximity to the impacted facility.

11. What about designated sectional center facility (DSCF) entry discounts? Will they still be available for mailings entered at BMEUs that remain in impacted facilities?

In an effort to mitigate concerns about the potential loss of the SCF discount, the Postal Service will continue, as the network is transitioned, to allow mailers to claim the SCF discount at the specified new entry unit location for mailings that previously had been entered at the BMEU of an impacted facility.

12. How will Detached Mail Units (DMUs) / Plant Load Agreements be impacted?

DMUs/Plant Load Agreements will be determined based upon the new network and related impact on postal transportation and logistics. Communication with large volume mailers at DMUs will help to identify any changes required in mail preparation, separation or transportation. Customers will be given adequate time to prepare for any change required to their plant load agreements or customer-supplier agreements because of a plant closure or operational relocation.

13. Will entry procedures be revised if these changes are implemented?

Standard operating procedures have been established to ensure that when a facility is being studied for closure, the Postal Service understands the potential impact of closure on business mail entry customers. Consistent with operational consolidations and/or other changes planned for implementation, the Postal Service will ensure mailers are informed of any necessary mail preparation and entry changes, and will collect proper postage for the mail whenever and wherever it is entered.

14. If facilities are consolidated, how will the Postal Service minimize bottlenecks at those remaining open?

Processing facilities will manage their operating plans, volume arrival profiles and critical entry times to ensure adequate dock space and work floor space is maintained and available to meet mailers' needs. In addition, Plant-Verified Drop Ship appointment windows in the Facility Access and Shipment Tracking (FAST) system will be adjusted as necessary to support shifting volumes across the network.