

## FREQUENTLY ASKED QUESTIONS FOR MAILERS AND THE MAILING INDUSTRY

### What is Network Rationalization?

The Postal Service is responsible for maintaining an efficient mail processing and transportation network. The pace of change affecting the Postal Service has accelerated due to the ubiquity of computer-based communications, both for business and personal use. Stamped letter mail volume has been declining for a decade and will continue to decline.

These factors, along with efficiencies brought about by investment in automation, have created various ranges of excess capacity at the local level in our mail processing facilities and transportation network. To ensure that the Postal Service continues to deliver on its universal service commitment, our processing network has to be efficient, affordable, and flexible. To accomplish this, we have to successfully adjust our network locally to match our resources with a declining mail volume.

### What criteria were used to make the consolidation decision?

The decision to consolidate a facility is not made lightly. There is a standardized process by which the Postal Service must follow in order to consolidate a facility. This process is called Area Mail Processing study. Area Mail Processing (AMP) is the consolidation of all originating and/or destinating distribution operations from one of more facilities into other automated processing facilities for the purpose of improving operational efficiency and/or service. There is also a standardized process for the communication of any plan under consideration. Every proposal for consolidation is evaluated, employee, congressional, mailing industry and public input is sought and considered prior to any decision being made. Once a consolidation is approved, two after cost studies are performed to ensure that savings and expect service impact are realized.

### Why is a particular facility included in the study?

There are two ways in which a particular facility can be included in a study. The bottom up approach is where the process begins with the District Manager or Senior Plant Manager notifies the Area Vice President about their intention to conduct an AMP feasibility study. The AVP then informs Headquarters. The top down approach is used when Headquarters contacts the AVP about initiating a feasibility study. When either one of the approaches is used, communication to stakeholders must occur when there is clear intent to proceed with an AMP feasibility study. The notification of intent to perform the study will include an invitation to the public to submit any comments or concerns to a Postal Service representative.

### How soon could a mail processing facility be closed?

Phase 2 consolidations will begin in early January 2015 and are expected to be completed by the fall mailing season.

### How many different types of processing facilities are there? What's the difference among them?

There are eight different types of processing facilities:

**Processing and Distribution Centers** — P&DCs process and dispatch mail from Post Offices and collection boxes within a region.

**Customer Service Facilities** — CSFs are Post Offices, stations and branches that contain processing equipment. Also known as Customer Service Mail Processing Centers (CSMPCs)

**Network Distribution Centers** — NDCs consolidate mail processing, increase operational efficiency, decrease costs and maintain service while expanding the surface transportation reach.

**Annexes** — Annexes provide the larger facilities with additional capacity for processing and distribution.

**Surface Transfer Centers** — STCs distribute, dispatch, consolidate and transfer First-Class Mail, Priority Mail and Periodicals within a specialized surface transportation network.

**Air Mail Centers** — AMCs process and distribute inbound and outbound domestically flown mail for a specific geographic location.

**Remote Encoding Centers** — RECs process video images of letter mail to determine a barcode for the envelope.

**International Service Centers** — ISCs process and distribute inbound and outbound international mail.

### **What is an Area Mail Processing study?**

An Area Mail Processing (AMP) study is the consolidation of mail processing operations to improve operational efficiency and/or service. An AMP study may involve the consolidation of originating operations (canceling and sorting locally generated mail at a facility close to where the mail originates), destination operations (sorting and preparing mail received from more distant areas for local delivery) or both. The intent is to more efficiently use Postal Service equipment, facilities, staff, work hours and transportation.

Additional information can be found at <http://about.usps.com/streamlining-operations/area-mail-processing.htm>

### **How long do AMP studies take?**

Study times vary depending on the complexity of each location; however, the average AMP study time takes between three and five months to analyze financial information, collect public feedback, review the information and render a decision.

### **Can some processing facilities be closed without going through this AMP process?**

Yes. The Postal Service can close annexes and partial mail processing operations within facilities without going through the AMP process.

### **Does the Postal Service intend to add additional sites to the Phase 2 list that were not previously announced?**

At this time, there are no new sites being added to Phase 2.

### **If a processing facility closes, will the related postmark be gone as well?**

Yes. However, Post Offices have the postmark available for customers who wish to have their mail hand-cancelled.

## **SERVICE**

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

Yes, Phase 2 will affect the existing service standards for First-Class Mail and Periodicals Mail. The changes may be seen by comparing Tables 1 and 3 with Tables 2 and 4 at the following *Federal Register* notice link: <http://www.gpo.gov/fdsys/pkg/FR-2014-01-24/pdf/2014-01382.pdf>

### **What will be the new CETs for First-Class Mail (FCM) entered at SCF? Would it be eligible for overnight service?**

Properly prepared and containerized intra-SCF Presort FCM volume entered at the SCF plant by the 08:00AM CET for mixed Intra-SCF and by the 12:00PM CET for 5-Digit/Scheme containers will receive overnight service.

### **What are the proposed service standard changes for Priority Mail and Express Mail?**

The Postal Service is not planning any changes to the Priority Mail/Priority Mail Express 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.

### **What are the proposed service standard changes for Periodicals mailings?**

Phase 2 will affect the existing service standards for First-Class Mail and Periodicals Mail. The changes may be seen by comparing Tables 1 and 3 with Tables 2 and 4 at the following *Federal Register* notice link: <http://www.gpo.gov/fdsys/pkg/FR-2014-01-24/pdf/2014-01382.pdf>



**What is the CET for destination entered Periodicals to receive overnight service?**

Properly prepared and containerized destination entered non-FSS Periodical volume entered at the SCF plant by the 11:00AM CET for mixed Intra-SCF containers, by the 14:00PM CET for 5-Digit/Scheme containers, and by 17:00PM CET for direct 5-digit Carrier Route pallets will receive overnight service. Properly prepared and containerized destination entered FSS Periodical volume entered at the plant by the 08:00AM CET for mixed Intra-SCF containers and by the 11:00AM CET for 5-Digit/Scheme containers will receive overnight service.

**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.

**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.

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

No service changes associated with the request will be implemented earlier than January, 2015

**How much mail will be delivered overnight once Phase 2 is implemented?**

Current estimates indicate approximately 25% of the Single Piece First-Class Mail volume is expected to be delivered overnight. Overall 13% of First Class Mail volume is estimated to be delivered overnight, about 35% expected to be delivered in 2 days and about 52% delivered in 3 days.

The graphic below illustrates an approximate breakdown of First-Class Mail service performance after Phase 2 implementation:



Data Source: ODIS & RPW FY15 PQ2

**The Postal Service is consolidating its network. How will this impact mail and package delivery?**

The consolidation of the processing network will not impact the delivery process.

**Won't this slow down service?**

Overall, the time it takes First-Class Mail to reach its destination will increase slightly from an overall average of 1.8 days to an overall average of 2.1 days.

**How will military mail be impacted by these changes?**

Military mail worked domestically will follow the same service standards as domestic mail.

**PRICING - SAVINGS**

**Will there be a price increase?**

There is no price increase associated with this change.

**Will discounts be offered for overnight service for mail deposited before 8 a.m.?**

No.



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### **How much will this effort cost the Postal Service?**

Realigning the network will cost a minimal amount. The Postal Service does not plan any expansions due to the current capital constraints of the organization.

### **What are the estimated cost savings resulting from the proposed changes?**

Phase 2 is projected to save the Postal Service approximately \$750 million per year in savings.

### **Will mailers who currently induct their mail at a BMEU that is co-located within a USPS Plant on the PHASE II lose their SCF discount?**

Effective January 2015 to qualify for DSCF pricing mailers will be required to enter mail at the SCF (Federal Register Dec. 18, 2013). BMEU/PVDS Mailers should prepare mail according to the effective Labeling Lists, abide by the grace periods built into the Labeling Lists, and enter mail in accordance with Mail Direction Files

### **What were the savings captured by the Postal Service for Phase 1 consolidation for FY12, FY13 and FY14 year to-date?**

As part of the network rationalization process, there is a Post-Implementation Review (PIR) that is performed for each consolidation to evaluate the specific implementation. These reviews are conducted twice: once at six months after the consolidation and then again after a full year has elapsed. At this time, based upon either the interim or the final review as available, the Postal Service is projected to save approximately \$865 million per year.

## **PREPARATION**

### **What are the roles of the Labeling Lists and Mail Direction File in conjunction with facility changes?**

Labeling Lists and the Mail Direction File will be adjusted to reflect the changes in the network. The updates will comply with the published schedule. Mailers are encouraged to continue to prepare and enter mail utilizing the updated Label Lists and Mail Direction File as they do today.

### **How will the Postal Service work with customers who use software and need time adopting labeling list changes?**

All label list changes include a 1 month grace period to facilitate the changes. If not updated by the end of the grace period, the mail would lose the applicable discount.

### **Will USPS provide adequate adjustment time when changes occur?**

As happened in Phase 1, mailers will be updated regarding pending changes to mail processing at least 30 days in advance via the RIBBS website.

### **Will there be any changes to metered mailing date/re-dating requirements as a result of changes to the mail entry locations?**

No.

## **MAIL ENTRY**

### **What about Business Mail Entry units?**

The Postal Service has Business Mail Entry Units in a significant portion of our processing facilities nationwide. Virtually all of the plants that will be studied have Business Mail Entry Units. The Postal Service will determine the best method to manage the impact on business mailers. This may include increasing the use of plant loads, creating additional detached mail units, or allowing bulk mail entry at larger Post Offices around the country. BMEUs will remain in place until further notice.

### **How will the AMP studies affect BMEU locations and hours?**

BMEU hours and locations will not change in the near-term. As we begin to understand changes in mailer behavior, consideration will be given to adjustments in BMEU operations.

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**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.

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

To accommodate changes in facility functions, the Postal Service has been allowing destination sectional center (DSCF) facility pricing at some former SCFs. Advance notice was provided on December 18, 2013 when the Federal Register published "Changes for Letters, Flats, and Parcels", stating that "effective January 2015, to qualify for DSCF pricing, mailers would be required to enter mail at an actual SCF". BMEU/PVDS Mailers should prepare mail according to effective Labeling Lists, abide by the Grace Periods built into the Labeling Lists, and enter mail in accordance with Mail Direction Files

**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.

**Has a list of impacted DMUs been published?**

No.

**Could entry procedures be different if these changes are implemented?**

The Postal Service expects that facilities will be able to handle the volume they receive, particularly as more standardization, and thus consistency will be made possible with fewer entry points.

**Will timely clearing of mail still occur when DMU is staffed by a BMEU that is relocated further away?**

Yes.

**How will issues at BMEU be addressed such as impact, administrative services, consultation etc.?**

There is no change to the BMEU process and operation in the near future. Customers seeking further information or assistance may request to speak with the BMEU supervisor or Manager of Business Mail Entry for the district.

**How will these changes impact Caller Services and Remittance Mail that was provided by the BMEU?**

At some locations, the Caller Service and Remittance Mail was picked up through the BMEU operation. This is not a part of the normal BMEU operations. If a BMEU is closed or relocated, alternate arrangements will be made locally to handle Caller Service and Remittance Mail pickup as needed.

## **MAIL PROCESSING**

### **Will there be a period of the day when no mail processing equipment is running? Any idea what the electricity savings could be?**

The Postal Service expects most equipment to be idle between the hours of 0600 and 0800. In addition, there will be rolling periods of time in which equipment will not be running for maintenance purposes. The electricity savings potential is currently being quantified and will be considered during the study process.

### **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.

### **Where will all the excess mail processing machinery go? Can the Postal Service sell it?**

The Postal Service has a responsible disposition plan for all excess mail processing equipment. Part of the plan includes eliminating mail processing equipment that has reached its end-of-life but is still maintained with the inventory due to lack of capital to make significant investments for replacements. In addition, the Postal Service will maintain some equipment for contingency planning purposes. The remainder of the equipment may be utilized for spare parts or sold.

### **Will Flats Sequencing System (FSS) machines be relocated?**

Yes, a few FSS machines will be relocated.

## **TRANSPORTATION/LOGISTICS**

### **How will the potential closing processing facilities impact transportation? Logistics?**

It is expected that the Postal Service will be able to better optimize transportation across the board. The transportation network will be realigned to meet the needs of the realigned mail processing network. The logistics network will be set up to take advantage of the new operational window and will meet new critical entry times based on that new processing window.

### **Will the Postal Service be increasing its use of contract transportation? If so, by how much?**

The Postal Service will assess each contract to determine whether it aligns with the realigned mail processing network, as well as whether the routing in place supports the new requirements.

### **How much will it cost the Postal Service to make such wide-spread transportation / logistics changes?**

It is expected there will be minimal cost to make these changes. The Postal Service currently has clauses in its contracts to allow for service changes, as well as the cancellation of routes.

### **Will these changes result in increased fuel use?**

No, these changes will decrease the amount of fuel required. It is expected the amount of transportation will be reduced, which will lead to lower fuel use.