

TABLE 1 TO § 165.151—Continued

	<ul style="list-style-type: none"> <li>• Location: Waters of Gardiner Bay, Shelter Island, NY in approximate position 41°04'39.11" N, 072°22'01.07" W (NAD 83).</li> </ul>
7.35 Groton Long Point Yacht Club Fireworks .....	<ul style="list-style-type: none"> <li>• Date: Saturday, July 14, 2012.</li> <li>• Rain date: Sunday, July 15, 2012.</li> <li>• Time: 8:30 p.m. to 10:30 p.m.</li> <li>• Location: Waters of Long Island Sound, Groton, CT in approximate position 41°18'05" N, 072°02'08" W (NAD 83).</li> </ul>
8.0	August
8.2 Port Washington Sons of Italy Fireworks .....	<ul style="list-style-type: none"> <li>• Date: Sunday, September 9, 2012.</li> <li>• Time: 8:30 p.m. to 10:30 p.m.</li> <li>• Location: Waters of Hempstead Harbor off Bar Beach, North Hempstead, NY in approximate position 40°49'48.04" N, 073°39'24.32" W (NAD 83).</li> </ul>
8.6 Town of Babylon Fireworks .....	<ul style="list-style-type: none"> <li>• Date: Saturday, August 25, 2012.</li> <li>• Rain date: Sunday, August 26, 2012.</li> <li>• Time: 8:30 p.m. to 10:30 p.m.</li> <li>• Location: Waters off of Cedar Beach Town Park, Babylon, NY in approximate position 40°37'53" N, 073°20'12" W (NAD 83).</li> </ul>
9.0	September
9.1 East Hampton Fire Department Fireworks .....	<ul style="list-style-type: none"> <li>• Date: Saturday, September 1, 2012.</li> <li>• Rain date: Sunday, September 2, 2012.</li> <li>• Time: 8:30 p.m. to 10:30 p.m.</li> <li>• Location: Waters off Main Beach, East Hampton, NY in approximate position 40°56'40.28" N, 072°11'21.26" W (NAD 83).</li> </ul>

TABLE 2 TO § 165.151

1.1 Swim Across the Sound .....	<ul style="list-style-type: none"> <li>• Date: Saturday, July 28, 2012.</li> <li>• Time: 8:30 a.m. to 6:30 p.m.</li> <li>• Location: Waters of Long Island Sound, Port Jefferson, NY to Captain's Cove Seaport, Bridgeport, CT in approximate positions 40°58'11.71" N 073°05'51.12" W, north-westerly to the finishing point at Captain's Cove Seaport 41°09'25.07" N, 073°12'47.82" W (NAD 83).</li> </ul>
1.3 Maggie Fischer Memorial Great South Bay Cross Bay Swim .....	<ul style="list-style-type: none"> <li>• Date: Friday, July 20, 2012.</li> <li>• Time: 7 a.m. to 11 a.m.</li> <li>• Location: Waters of the Great South Bay, NY. Starting Point at the Fire Island Lighthouse Dock in approximate position 40°38'01" N, 073°13'07" W, northerly through approximate points 40°38'52" N, 073°13'09" W, 40°39'40" N, 073°13'30" W, 40°40'30" N, 073°14'00" W, and finishing at Gilbert Park, Brightwaters, NY at approximate position 40°42'25" N, 073°14'52" W (NAD 83).</li> </ul>

Under the provisions of 33 CFR 100.100 & 33 CFR 165.151, the fireworks displays, swimming event and regatta listed above are established as safety zones or special local regulations. During these enforcement periods, persons and vessels are prohibited from entering into, transiting through, mooring, or anchoring within the safety zones or special local regulations unless they receive permission from the COTP or designated representative.

This notice is issued under authority of 33 CFR part 100, 33 CFR part 165 and 5 U.S.C. 552(a). In addition to this notice in the **Federal Register**, the Coast Guard will provide the maritime community with advance notification of this enforcement period via the Local

Notice to Mariners or marine information broadcasts. If the COTP determines that a regulated area need not be enforced for the full duration stated in this notice, a Broadcast Notice to Mariners may be used to grant general permission to enter the regulated area.

Dated: May 10, 2012.

**J. M. Vojvodich,**

*Captain, U.S. Coast Guard, Captain of the Port Sector Long Island Sound.*

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**POSTAL SERVICE**

**39 CFR Part 121**

**Revised Service Standards for Market-Dominant Mail Products**

**AGENCY:** Postal Service™.

**ACTION:** Final rule with phased implementation dates.

**SUMMARY:** The Postal Service is revising the service standards for market-dominant mail products, as part of its Network Rationalization initiative. Some portions of the new standards will be implemented in two phases.

**DATES:** *Effective date:* July 1, 2012.

Please see **SUPPLEMENTARY INFORMATION**

section for phased implementation dates.

**FOR FURTHER INFORMATION CONTACT:**

Wendy Hocking, Industry Engagement and Outreach, at 202–268–8149.

**SUPPLEMENTARY INFORMATION:**

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**I. Introduction**

On September 21, 2011, the Postal Service published an advance notice of proposed rulemaking (the Advance Notice) in the **Federal Register** to solicit public comment on a conceptual proposal to revise service standards for market-dominant products.<sup>1</sup> After considering comments received in response to the Advance Notice, the Postal Service decided to develop the concept into a concrete proposal, termed Network Rationalization. The basic logic of Network Rationalization is that falling mail volumes and the resultant excess capacity in the Postal Service's mail processing network necessitate a major consolidation of the network, and this task in turn is contingent on revisions to service standards, particularly the overnight standard for First-Class Mail.

On December 5, 2011, the Postal Service submitted a request to the Postal Regulatory Commission (PRC) for an advisory opinion on the service changes associated with Network Rationalization, in accordance with 39 U.S.C. 3661(b).<sup>2</sup> On December 15, 2011, the Postal Service published proposed revisions to its market-dominant service standards in the **Federal Register** and sought public comment (the Proposed Rulemaking).<sup>3</sup> The comment period for the Proposed Rulemaking closed on February 13, 2012.

Having considered comments responsive to the Proposed Rulemaking, informal advice that the Postal Service has received through other channels, and the results of its market research, the Postal Service has decided to implement Network Rationalization in a

phased manner. The Postal Service believes that the initiative will help ensure its long-term viability, and that it complies with all applicable statutory requirements. This Notice explains the new rules and their phased implementation.

**II. Comments**

The Postal Service received 101 written comments in response to the Proposed Rulemaking. These responses came from a variety of sources, including retail and residential customers, businesses, periodicals publishers, mailer trade associations, postal unions, members of Congress, and others. As was the case for the Advance Notice, the majority of written comments received in response to the Proposed Rulemaking opposed Network Rationalization. Some commenters questioned various aspects of the initiative but ultimately supported it. A few supported it without reservation.

Commenters focused on the following concerns. They stated that the lengthened service standards would unreasonably burden many customers. They said, for example, that rural customers who depend on the Postal Service for vital deliveries, such as prescription medicines and paychecks, would be hurt, that businesses that receive remittance mail would suffer financial losses, and that periodicals would see their subscriptions decline. Commenters feared that the proposal could delay mailed election ballots from reaching their destinations, potentially causing some ballots not to be counted. Some mailers stated that it would not be possible for them to meet the new Critical Entry Times set forth in the Proposed Rulemaking. Overall, many commenters cautioned that Network Rationalization could accelerate mail volume declines, with customers abandoning the postal system for electronic alternatives. Accordingly, they suggested that the Postal Service achieve financial stability through other means, such as eliminating discounts, shifting to five-day or even three-day delivery, and seeking legislative relief from having to prefund the Retiree Health Benefits Fund.

Some commenters did not oppose the proposal but nevertheless questioned aspects of its planning, communication, and implementation. This was especially true for businesses and larger customers. For example, some characterized the Postal Service's current performance in meeting service standards as poor, and they wondered whether the Postal Service would improve performance under the new standards. Others expressed skepticism

as to the Postal Service's ability to achieve its projected cost reductions. Moreover, they inferred that the initiative would shift costs to mailers, and asked why the Postal Service had not analyzed such cost impacts. Commenters also pointed out that increased costs to customers and decreased service levels are analogous to price increases. Some mailers expressed concerns about potentials for loading dock shortages and longer waiting times at mail entry locations, given the smaller number of mail processing facilities after implementation of Network Rationalization.

More generally, some commenters stated that the proposed implementation dates are too early, and they questioned the prudence of the Postal Service implementing the initiative before receiving the PRC's advisory opinion. In addition, some criticized the Postal Service's communication of its plans, particularly of details such as new mailing eligibility and software requirements.

A small minority of written comments supported Network Rationalization without reservation, encouraging the Postal Service to take whatever steps are necessary for it to remain a viable, self-supporting entity. One commenter noted that Network Rationalization could provide significant cost savings and could improve the attributable cost coverage of the Periodicals class of mail.

In addition to the written comments, the Postal Service received informal opinions and advice from commercial mailers, mailer associations, and members of Congress. The mailers and associations mostly supported Network Rationalization, while Congressional opinion was mixed.

**III. Decision To Conduct Phased Implementation**

After considering the formal rulemaking comments, the range of other informal advice it has received, and the results of its market research, and after considering the requirements of 39 U.S.C. 3691 and other applicable provisions of title 39, the Postal Service has determined to implement Network Rationalization, but on a more gradual timeline than it initially envisioned. The Postal Service is adopting new rules for market-dominant service standards, with an interim version that will apply from July 1, 2012, through January 31, 2014, and a final version that will apply on February 1, 2014, and thereafter. From the outset, the Postal Service has understood that implementation of Network Rationalization will require more than one year. The phased

<sup>1</sup> Proposal To Revise Service Standards for First-Class Mail, Periodicals, and Standard Mail, 76 FR 58433 (Sept. 21, 2011).

<sup>2</sup> PRC Docket No. N2012–1, Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services (Dec. 5, 2011). Documents pertaining to the Request are available at the PRC Web site, <http://www.prc.gov>.

<sup>3</sup> Service Standards for Market-Dominant Mail Products, 76 FR 77942 (Dec. 15, 2011).

application of the new rules accommodates this reality and also provides the Postal Service with enough flexibility that, should subsequent events or changed circumstances so warrant, the Postal Service will be able to revisit the final version before February 1, 2014, and amend or withdraw it, as appropriate, through a new notice-and-comment rulemaking.

On July 1, 2012, coinciding with the effectiveness of the interim version of the new rules, the Postal Service will begin implementing the first phase of Network Rationalization. It will suspend Phase One from September 1, 2012, through December 31, 2012, to avoid disrupting the fall election and holiday mailing cycles, and resume it thereafter. The Postal Service will begin implementing the second phase on February 1, 2014, coincident with the application of the final version of the new rules.

The interim version of the new rules differs from the final version in three respects: (1) The interim version applies an overnight service standard to all intra-Sectional Center Facility (SCF) First-Class Mail, regardless of the point of entry or level of preparation, whereas the final version applies it only to intra-SCF First-Class Mail pieces that are entered at the SCF and meet specified preparation and entry time requirements; (2) the interim version applies a two-day service standard to First-Class Mail pieces if there is a six-hour or less driving time between the pieces' origin Processing and Distribution Center or Facility (P&DC/F) and destination Area Distribution Center (ADC), whereas the final version applies it if there is a six-hour or less driving time between the pieces' origin P&DC/F and destination SCF; and (3) the interim version modifies the delivery day range for end-to-end Periodicals in the contiguous forty-eight states from the current one to nine days to two to nine days, while the final version modifies it further to three to nine days (under both the interim and final versions, there will continue to be an overnight service standard for qualifying destination-entry Periodicals).

Operationally, the principal benefit of the new rules is that they will allow the Postal Service to expand its nightly processing window, smoothing out the peak volume load over more of the workday, thereby reducing the number of processing locations needed in the network. Presently, the Postal Service's delivery point sequencing (DPS) operations are generally run for six and one-half hours per day, from 12:30 a.m. to 7 a.m. Once implementation of Phase

One is complete, the DPS window will expand to up to ten hours, from 8 p.m. to 6 a.m. This change will facilitate the consolidation of the mail processing operations of approximately 140 facilities. Then, once implementation of Phase Two is complete, the DPS window will expand to up to sixteen hours, from 12 p.m. to 4 a.m. This will make possible the consolidation of the mail processing operations of approximately 230 facilities (inclusive of the approximately 140 consolidated in Phase One).

As discussed in the sections below, the Postal Service is convinced that Network Rationalization is vital to its long-term viability. At the same time, the Postal Service is well aware that sudden changes to systems as complex as its mail processing network can precipitate unintended consequences. Accordingly, the Postal Service has decided on the extended, phased implementation schedule outlined above to help ensure that Network Rationalization proceeds in a steady, measured fashion, with a minimal level of disruption.

Of course, the Postal Service's phased implementation schedule by its nature builds in time for additional deliberation and consideration. As noted above, the Postal Service recognizes the possibility that subsequent events or changed circumstances could cause it at a future date to revisit the final version of the new rules that will apply beginning on February 1, 2014, and to alter or withdraw those rules through a new notice-and-comment rulemaking. At this time, however, the Postal Service expects to implement the new rules and Network Rationalization as set forth in this Notice.

#### IV. Response to Comments

As the Postal Service implements Network Rationalization, it will remain mindful of the concerns expressed by commenters and will work to minimize those concerns. In response to commenters who stated that Network Rationalization may lead to accelerated volume declines, the Postal Service notes that the initiative is largely focused on First-Class Mail, a mail class that has seen and will continue to see significant volume declines. These declines are linked, in large part, to electronic diversion, a secular trend that is outside the Postal Service's control. The Postal Service has conducted market research to estimate the additional volume that could be lost due to Network Rationalization, and it believes that the estimated losses are

acceptable when compared to the initiative's likely benefits.

The Postal Service observes that the alternatives proposed by commenters would not, by themselves, restore the Postal Service to lasting financial viability. Furthermore, many of the suggested alternatives require the enactment of legislation. The Postal Service has diligently sought such legislation, particularly with regard to the Retiree Health Benefits Fund and five-day delivery, but progress has been slow, and the prospects for timely enactment, if any, remain unclear. On the revenue front, customers have strongly opposed the Postal Service's pursuit of an exigent rate increase, and the PRC has thus far rejected it. As for cost reductions outside of Network Rationalization, the Postal Service is pursuing other cost-saving initiatives simultaneously with Network Rationalization, but neither Network Rationalization nor any of the other initiatives is sufficient in itself to secure the Postal Service's financial stability. Rather, they are all necessary. And, even in the realm of mail processing, the Postal Service has continually pursued consolidation opportunities wherever feasible, but it is now reaching the limit of consolidations that can be effected without altering service standards nationwide.

Though it is true that Network Rationalization will burden some customers, most of these burdens can be minimized through relatively minor changes on the part of customers. For example, pharmaceutical companies can minimize gaps in prescription fulfillment by continuing to remind customers to place their refill orders in a timely manner. Likewise, customers who mail bill payments and are concerned that their payments may arrive late can mail their payments one or two days earlier than they do now. In addition, businesses that rely on remittance mail can still obtain overnight First-Class Mail service for their outgoing mail by meeting the new preparation and entry requirements outlined in Section VI below, and they can speed their receipt of incoming mail by using Caller Service at the destinating processing facility. Indeed, the Postal Service expects overnight Caller Service at destinating processing facilities to improve, given the larger mail processing operating windows.

The Postal Service believes that its cost savings estimates for Network Rationalization are, generally speaking, somewhat conservative, and it is confident that it can achieve the

savings.<sup>4</sup> It also recognizes that the initiative will cause additional costs for some customers, as most major service changes do. In the Advance Notice, the Postal Service requested that customers provide information on “the nature and extent of costs or savings they might experience,” including “empirical data supporting any cost-benefit analysis.” The Postal Service did not receive any responsive information, and it does not itself possess such information.

Furthermore, the Postal Service would point out that the decision to pursue Network Rationalization does not hinge on a particular level of savings in the short term. Rather, the initiative is driven substantially by the reality that falling mail volumes have created significant excess capacity in the Postal Service’s mail processing network. Network Rationalization is aimed at realigning the network with current mail volume trends. As time goes on, and mail volumes continue to decline, the cost savings will grow.

In response to mailers’ concerns about potentials for loading dock shortages and longer waiting times at mail entry locations, the Postal Service will expand appointment windows at facilities and modify volume restrictions. Further, the Postal Service plans to retain all current business mail entry units (BMEUs) for the time being. Should the Postal Service decide to relocate or consolidate any BMEU operations, it will notify mailers 120 days beforehand, and it will relocate or consolidate the units to nearby locations that minimize impacts on mailers. As the Postal Service moves forward with implementation, it is committed to communicating any changes simply and clearly.

Finally, with respect to the Postal Service’s decision to move forward with Network Rationalization before receiving the PRC’s advisory opinion, it is notable that the Postal Service filed its advisory opinion request more than 160 days before the publication of this Notice and more than 200 days before the July 1, 2012, implementation date. The PRC’s rules require that such requests be filed at least ninety days before implementation.<sup>5</sup> The time between the filing of the Postal Service’s request and the implementation of Phase One has provided the PRC with a reasonable period within which to issue an opinion. It appears now, however, that the PRC will not be able to issue an opinion before Phase One

implementation commences. Nevertheless, the ongoing proceedings have enhanced the Postal Service’s deliberations, and, given the extended implementation schedule that the Postal Service has adopted, the PRC’s advisory opinion, when issued, can still provide valuable guidance to postal management during the implementation process.

#### V. Statutory Considerations

In addition to considering comments, the Postal Service has considered the requirements of 39 U.S.C. 3691 and other applicable provisions of title 39. Section 3691(b) sets forth objectives that the Postal Service’s market-dominant service standards must serve, and Section 3691(c) sets forth factors that the Postal Service must take into account when revising the service standards. The Postal Service believes that it has properly considered the subsection (c) factors, and that the revised service standards achieve the subsection (b) objectives.

Since the passage of the Postal Reorganization Act (PRA), the Postal Service has been required to be largely self-supporting. The PRA established a cost-of-service system, which allowed the Postal Service to set prices at levels necessary to fully cover its costs. This system was dramatically altered in 2006 with the passage of the Postal Accountability and Enhancement Act (PAEA). In contrast to the PRA, the PAEA established a price cap system, with strict limitations on price increases for market-dominant product classes. As the PRC has observed, a primary goal of the price cap system is “to incent the Postal Service to reduce costs and improve efficiency.”<sup>6</sup>

Section 3691 is situated within this larger context of inducing efficiency gains, and the subsection (c) factors are aligned with that goal in that, taken together, they balance levels of service for customers with the Postal Service’s operational and business needs. From the formal rulemaking comments that the Postal Service has received, it is clear that some customers view the current service standards as vitally important, and that some customers would experience difficulties if service standards are lengthened. On a broader level, however, it appears that the public as a whole does not view the current service standards as an essential element of the mail.

The Postal Service has conducted market research into potential consumer and business reactions to the proposed

service standard changes.<sup>7</sup> Most of the surveyed consumers and small businesses stated that the service standard changes would have a limited impact on their mailing behavior. Importantly, these customers believed that they could easily adapt to the proposed changes by, among other things, mailing earlier than they do now. Moreover, many customers were unaware of the current service standards, and mistakenly believed that the current service standards are of longer duration than they actually are. Larger commercial mailers were also accepting of the service standard changes and generally indicated that they would be able to adapt. Of course, some commercial mailers, such as remittance mailers, have a significant financial interest in sustained local overnight First-Class Mail service. The new rules make it possible for many of them to retain such service.

In its market research, and through its ongoing dialogue with mailers, the Postal Service found that most consumers and businesses would not prefer a significant price increase in lieu of the proposed service standard changes. Thus, their views seem to align with the PAEA’s overall framework of limiting price increases to induce efficiency gains. Overall, then, while the revised service standards will burden some customers, it appears that they will satisfy most customers’ mailing needs and will be broadly acceptable to the mailing public.

In regard to the subsection (c) factors that relate to the Postal Service’s operational and business needs, the Postal Service has already set forth, in the Proposed Rulemaking, the mail volume and financial realities that necessitate Network Rationalization. Annual First-Class Mail volume peaked in 2001 at 103.7 billion pieces, and since then it has fallen by about 30 billion pieces, or 29 percent. Because the Postal Service’s mail processing network was principally designed to achieve First-Class Mail service standards, the decline in First-Class Mail volume has made it difficult for the Postal Service to consolidate the network quickly enough to align with current volumes. The Postal Service expects the declines to continue into the foreseeable future, with First-Class Mail forecast to drop from 74 billion pieces in 2011 to 39 billion pieces in 2020, a

<sup>4</sup> One reason for the estimates’ conservatism is that the underlying calculations hew to PRC methodologies, some of which incorporate assumptions that are, in the Postal Service’s view, unrealistic.

<sup>5</sup> 39 CFR 3001.72.

<sup>6</sup> PRC Docket No. R2010-4, Order No. 547 (Sept. 30, 2010), at 80.

<sup>7</sup> See PRC Docket No. N2012-1, Direct Testimony of Rebecca Elmore-Yalch on Behalf of the United States Postal Service (USPS-T-11) (Dec. 5, 2011); and PRC Docket No. N2012-1, Direct Testimony of Greg Whiteman on Behalf of the United States Postal Service (USPS-T-12) (Dec. 5, 2011), available at <http://www.prc.gov>.

further 47 percent decline. Over this time, the number of addresses that the Postal Service serves will only grow, meaning that the Postal Service's revenue per delivery point will fall significantly. It is imperative, then, for the Postal Service to streamline its mail processing network.

The Postal Service believes that the revised service standards are designed to achieve the Section 3691(b) objectives. First-Class Mail and Periodicals should retain most of their value to customers, because the service standards for most such mail will increase by only one day. Further, the network consolidations made possible by the service standard changes will result in a more nimble and sustainable Postal Service. The stability of the Postal Service should, to some degree, enhance the value of First-Class Mail and Periodicals, by allowing customers to depend on the affordability of these products into the foreseeable future.

Network Rationalization will also help improve the Postal Service's performance in meeting service standards, by significantly enlarging the daily mail processing operating window. While the speed of delivery of First-Class Mail and Periodicals will diminish, somewhat reducing the value of the mail, this should be mitigated to some extent by the enhanced reliability of the service standards.

## VI. Final Revisions to Service Standards

The Postal Service's market-dominant service standards are contained in 39 CFR Part 121. The new version of 39 CFR part 121 appears at the end of this Notice. The following is a summary of the revisions.

### A. Service Standards Generally

The service standards contained in 39 CFR Part 121 for each mail class can be divided into two elements: (1) A delivery day range within which all mail in a given class is expected to be delivered;<sup>8</sup> and (2) business rules that determine the specific number of delivery days for each mail piece. Business rules are based on Critical Entry Times (CETs). The CET is the latest time on a particular day that a mail piece can be entered into the postal network and still have its service standard calculated based on that day (this day is termed "day-zero"). In other words, if a piece is entered before the CET, its service standard is calculated from the day of entry, whereas if it is

<sup>8</sup> There are separate delivery day ranges for mail within the contiguous forty-eight states and mail that originates or destines outside the contiguous forty-eight states.

entered after the CET, its service standard is calculated from the following day.<sup>9</sup> For example, if the applicable CET is 5:00 p.m., and a letter is entered at 4:00 p.m. on a Tuesday, its service standard will be calculated from Tuesday, whereas if the letter is entered at 6:00 p.m. on a Tuesday, its service standard will be calculated from Wednesday.

CETs are not contained in 39 CFR Part 121, because they vary based on where mail is entered, the mail's level of preparation, and other factors. The CETs at retail collection points are generally listed at those points. For example, blue collection boxes list the time of day when mail is collected from them by the Postal Service; if a blue collection box lists three pick-up times on one day, the CET for that day is the latest listed pick-up time.

The Postal Service will institute several new CETs on February 1, 2014, when the final version of the new rules begin application, as described below. Of course, the CETs could be modified again in the future, as the operating environment that the Postal Service faces evolves.

### B. First-Class Mail

The Postal Service is not changing the general delivery day ranges for First-Class Mail. The delivery day range for First-Class Mail that originates and destines in the contiguous forty-eight states will remain one to three days, and the delivery day range for First-Class Mail that originates or destines in Alaska, Hawaii, American Samoa, Guam, Puerto Rico, or the U.S. Virgin Islands will remain one to five days. The Postal Service is, however, changing the First-Class Mail business rules.

#### 1. Overnight Rule

Under the current overnight business rule for First-Class Mail, the overnight service standard is applied to all intra-SCF mail, as well as to some inter-SCF mail pieces if a specified minimum level of mail volume regularly flows between the pieces' origin and destination SCFs.<sup>10</sup> Under the interim version of the overnight business rule, the overnight service standard will be

<sup>9</sup> If the following day is a Sunday or holiday, the service standard is calculated from the next Postal Service delivery day.

<sup>10</sup> The current overnight rule has an exception that excludes from overnight service some mail outside the contiguous forty-eight states, specifically: mail between Puerto Rico and the U.S. Virgin Islands; and mail originating and destinating in the Alaska 3-digit ZIP Codes 996, 997, 998, and 999, and in the Alaska 5-digit ZIP Codes 99540 to 99591.

applied only to intra-SCF mail.<sup>11</sup> It will no longer apply to any inter-SCF mail.<sup>12</sup>

Under the final version of the overnight business rule for First-Class Mail, the overnight service standard will be applied only to intra-SCF Presort mail that is entered at the actual SCF. The overnight service standard will not apply to mail that is entered anywhere other than the designated SCF, nor will it apply to mail that does not meet all of the preparation requirements for Presort mail. Pursuant to these revisions, the overnight service standard for First-Class Mail will no longer apply to mail sent by retail customers, regardless of where they enter the mail.<sup>13</sup>

On February 1, 2014, when the final version of the rule takes effect, the CET at the SCF will become 8 a.m., with a 12 p.m. exception that will be available only to intra-SCF Presort First-Class Mail that is sorted and containerized to the 5-digit ZIP Code or 5-digit scheme level.

#### 2. Two-Day Rule

Under the current two-day business rule for First-Class Mail, a two-day service standard is applied to mail pieces for which the driving time between the applicable P&DC/F and ADC is twelve hours or less. The interim version of the two-day business rule will revise this metric to six hours. The final version will revise it to six hours between the applicable P&DC/F and SCF.<sup>14</sup>

#### 3. Three-, Four-, and Five-Day Rules

The current three-, four-, and five-day service standards for First-Class Mail will remain unchanged. All First-Class Mail that qualifies for a two-day service standard under the current two-day business rule, but does not qualify for a

<sup>11</sup> The new overnight rule will expand the exception described in footnote 10, *id.*, to include American Samoa and the Alaska 5-digit ZIP Codes 99592 to 99599. These ZIP Codes are currently unassigned, but they may be assigned in the future.

<sup>12</sup> Both the current and new rules use the terms "intra-SCF" and "inter-SCF" as they are defined in the Domestic Mail Manual (DMM). So, with respect to a particular SCF, intra-SCF mail is mail that originates and destines within the 3-digit ZIP Code areas assigned to that SCF in the DMM, while inter-SCF mail is mail that originates or destines outside those 3-digit ZIP Code areas.

<sup>13</sup> Some First-Class Mail pieces entered by retail customers may, under limited circumstances, continue to receive overnight service, but the applicable service standard will not be overnight.

<sup>14</sup> After the Phase Two consolidations, the Postal Service will be able to sort First-Class Mail at the origin to the SCF level, which is typically closer to the destination of the mail piece than the ADC level. Therefore, mail will generally bypass ADCs and be transported directly to SCFs. It is for this reason that the final version of the two-day business rule measures the driving time based on the destination SCF.

two-day standard under the new rule, will qualify for a three-day standard.

#### 4. First-Class Mail International

The new domestic service standards for First-Class Mail International will mirror the new service standards for domestic First-Class Mail, just as the current domestic service standards for First-Class Mail International mirror the current service standards for domestic First-Class Mail.

#### C. Periodicals

The Postal Service is changing the delivery day range for end-to-end Periodicals mailed within the contiguous forty-eight states, from the current one to nine days, to two to nine days in the interim version of the new rules, and three to nine days in the final version. The Postal Service is also changing the delivery day range for end-to-end Periodicals that originate or destinate outside the contiguous forty-eight states, from the current one to twenty days, to two to twenty-six days in the interim version, and three to twenty-six days in the final version.<sup>15</sup>

The Postal Service is changing the delivery day range for destination-entry Periodicals mailed within the contiguous forty-eight states, from the current one to two days, to one to three days in both the interim and final versions. The Postal Service is changing the delivery day range for destination-entry Periodicals that originate or destinate outside the contiguous forty-eight states, from the current one to seven days, to one to eleven days in both the interim and final versions.<sup>16</sup>

The changes to the Periodicals business rules are described below. There are separate business rules for end-to-end Periodicals and destination-entry Periodicals.

#### 1. End-to-End Periodicals

Under the current overnight business rule for end-to-end Periodicals, an overnight service standard applies to intra-SCF mail for which the origin P&DC/F and SCF are located in the same building. The new rules will not apply

<sup>15</sup> The proportion of mail affected by this change is less than one percent of total mail volume. The change is being made so that the rules more accurately reflect, and better inform customers of, the actual service that the Postal Service's network is presently capable of providing for such mail. Outside the contiguous forty-eight states, mail is often dependent on transportation that does not run daily (e.g., some boat and air-taxi services used by the Postal Service operate only on certain days of the week). For this reason, the service accorded to such mail varies widely and is often longer than stated in the current service standards.

<sup>16</sup> See *id.* for why this change is being made. The proportion of mail affected is less than one percent of total mail volume.

an overnight service standard to any end-to-end Periodicals (though they will apply an overnight standard to qualifying destination-entry Periodicals, as described below).

The current two- to four-day business rule covers most end-to-end Periodicals mail pieces that are mailed within the contiguous forty-eight states and do not qualify for the overnight service standard.<sup>17</sup> The rule calculates the specific standard for each such piece by adding one day to the comparable First-Class Mail service standard that the piece would qualify for if it were a First-Class Mail piece. The interim version of this rule will remain two to four days, but the final version will be three to four days, as a result of the reduced scope of the overnight First-Class Mail service standard.

The current five- to nine-day business rule covers end-to-end Periodicals mail pieces that are mailed within the contiguous forty-eight states, do not qualify for the overnight service standard, and cannot be merged with First-Class Mail. This rule will be retained.

The remaining business rules for end-to-end Periodicals cover mail pieces originating or destinating outside the contiguous forty-eight states. In the new business rules for these pieces, the current eight- to twenty-day service standard will become a twelve- to twenty-six day service standard, to more accurately reflect, and better inform customers of, the service that the Postal Service's network is presently capable of providing for mail outside the contiguous forty-eight states. The other end-to-end service standards for these pieces will not change.

#### 2. Destination-Entry Periodicals

The new rules make three significant changes to the service standards for destination-entry Periodicals. First, they revise the overnight service standard to exclude Periodicals entered at Network Distribution Centers (NDCs) and Auxiliary Service Facilities (ASFs). This revision is being made to reflect the capabilities of the Postal Service's transportation network.

Second, the new rules revise the seven-day service standard to an eleven-day service standard. And third, the new rules revise the five- to eight-day service standard to an eight- to eleven-day service standard. The second and third changes are being made so that the rules more accurately reflect, and better inform customers of, the service that the

<sup>17</sup> Mail pieces qualify for this rule based on whether they can be merged with First-Class Mail, as determined by criteria set forth in the DMM.

Postal Service's network is presently capable of providing.

On February 1, 2014, the CETs for destination-entry Periodicals at facilities that do not employ the Flats Sequencing System (FSS) will change from 4 p.m. for mailings that require a bundle sort, and 5 p.m. for mailings that do not require a bundle sort, to 11 a.m. and 2 p.m., respectively. The CETs at FSS facilities will not change.

#### D. Standard Mail and Package Services

The new rules do not revise the service standards for Standard Mail and Package Services pieces mailed within the contiguous forty-eight states. They do, however, revise service standards for pieces that originate or destinate outside the contiguous forty-eight states, to more accurately reflect the service that the Postal Service's network is presently capable of providing.<sup>18</sup> The new rules revise Standard Mail's maximum delivery expectation from the current twenty-two days to twenty-seven days. Within the business rules, they revise the end-to-end nine- to twenty-two-day service standard to twelve to twenty-seven days, and the destination-entry nine- to twelve-day service standard to twelve to fourteen days.

Likewise, the new rules revise Package Services' maximum delivery expectation from the current twenty days to twenty-six days. Within the business rules, they revise the end-to-end seven- to twenty-day service standard to ten to twenty-six days, and the destination-entry seven- to eight-day service standard to eleven to twelve days.

#### E. Non-Substantive Changes

Apart from the substantive changes explained above, the Postal Service has also reworded and reorganized portions of rules, particularly the First-Class Mail and Periodicals sections, in a manner that does not change the substantive effects of the rules but will, the Postal Service hopes, make the rules clearer and easier to understand.

#### List of Subjects in 39 CFR Part 121

Administrative practice and procedure, Postal Service.

Accordingly, for the reasons stated, the Postal Service adopts the following revisions to 39 CFR Part 121:

<sup>18</sup> The proportion of mail affected by these changes is less than one percent of total mail volume.

## PART 121—SERVICE STANDARDS FOR MARKET DOMINANT MAIL PRODUCTS

■ 1. The authority citation for 39 CFR Part 121 continues to read as follows:

**Authority:** 39 U.S.C. 101, 401, 403, 404, 1001, 3691.

■ 2. Section 121.1 is revised to read as follows:

### § 121.1 First-Class Mail.

(a)(1) Until February 1, 2014, a 1-day (overnight) service standard is applied to intra-Sectional Center Facility (SCF) domestic First-Class Mail® pieces properly accepted before the day-zero Critical Entry Time (CET), except for mail between Puerto Rico and the U.S. Virgin Islands, mail between American Samoa and Hawaii, and mail destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(2) On and after February 1, 2014, a 1-day (overnight) service standard is applied to intra-SCF domestic Presort First-Class Mail pieces properly accepted at the SCF before the day-zero CET, except for mail between Puerto Rico and the U.S. Virgin Islands, and mail destined to American Samoa and the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(b)(1) Until February 1, 2014, a 2-day service standard is applied to inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin Processing & Distribution Center or Facility (P&DC/F) and destination Area Distribution Center (ADC) is 6 hours or less; or if the origin and destination are separately in Puerto Rico and the U.S. Virgin Islands; or if the origin or destination is in American Samoa or one of the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(2) On and after February 1, 2014, a 2-day service standard is applied to inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin P&DC/F and destination SCF is 6 hours or less; or if the origin and destination are separately in Puerto Rico and the U.S. Virgin Islands; or if the origin or destination is in American Samoa or one of the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(c) A 3-day service standard is applied to domestic First-Class Mail pieces properly accepted before the day-zero CET, if the 1-day and 2-day service standards do not apply, and:

(1) Both the origin and the destination are within the contiguous 48 states;

(2) The origin is in the contiguous 48 states, and the destination is in any of the following: the city of Anchorage, Alaska (5-digit ZIP Codes 99501 through 99539); the 968 3-digit ZIP Code area in Hawaii; or the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico;

(3) The origin is in the 006, 007, or 009 3-digit ZIP Code areas in Puerto Rico, and the destination is in the contiguous 48 states;

(4) The origin is in Hawaii, and the destination is in Guam, or vice versa;

(5) The origin is in Hawaii, and the destination is in American Samoa, or vice versa; or

(6) Both the origin and destination are within Alaska.

(d) A 4-day service standard is applied to domestic First-Class Mail pieces properly accepted before the day-zero CET, if the 1-day, 2-day, and 3-day service standards do not apply, and:

(1) The origin is in the contiguous 48 states and the destination is in any of the following: any portion of Alaska other than the city of Anchorage (5-digit ZIP Codes 99501 through 99539); any portion of Hawaii other than the 968 3-digit ZIP Code area; or the U.S. Virgin Islands;

(2) The destination is in the contiguous 48 states and the origin is in Alaska, Hawaii, or the U.S. Virgin Islands; or

(3) The origin and destination are in different non-contiguous states or territories, excluding mail to and from Guam and mail between Puerto Rico and the U.S. Virgin Islands.

(e) A 5-day service standard is applied to all remaining domestic First-Class Mail pieces properly accepted before the day-zero CET.

(f) The service standard for Outbound Single-Piece First-Class Mail International™; pieces properly accepted before the day-zero CET is equivalent to the service standard for domestic First-Class Mail pieces originating from the same 3-digit ZIP Code area and destined to the 3-digit ZIP Code area in which the designated International Service Center is located.

(g) The service standard for Inbound Single-Piece First-Class Mail International pieces properly accepted before the day-zero CET is equivalent to the service standard for domestic First-Class Mail pieces destined to the same 3-digit ZIP Code area and originating from the 3-digit ZIP Code area in which

the designated International Service Center is located.

■ 3. Section 121.2 is revised to read as follows:

### § 121.2 Periodicals.

(a) *End-to-End.*

(1)(i) Until February 1, 2014, a 2- to 4-day service standard is applied to Periodicals pieces properly accepted before the day-zero Critical Entry Time (CET) and merged with First-Class Mail pieces for surface transportation (as per the Domestic Mail Manual (DMM)), with the standard specifically equaling the sum of 1 day plus the applicable First-Class Mail service standard;

(ii) On and after February 1, 2014, a 3- to 4-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET and merged with First-Class Mail pieces for surface transportation (as per the DMM), with the standard specifically equaling the sum of 1 day plus the applicable First-Class Mail service standard.

(2) A 3-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET if: the origin and destination are separately in Puerto Rico and the U.S. Virgin Islands; or if the origin is in Alaska, the service standards set forth in paragraphs (a)(1)(i) and (ii) do not apply, and the destination is in the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(3) A 4-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET if: the origin and destination are separately in Hawaii and Guam; or the origin and destination are separately in Hawaii and American Samoa.

(4)(i) A 5- to 8-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET if they originate and destinate within the contiguous 48 states, they are not merged with First-Class Mail pieces for surface transportation (as per the DMM), and the Area Distribution Center (ADC) and Sectional Center Facility (SCF) are co-located, with the standard specifically equaling the sum of 4 days plus the number of additional days (from 1 to 4) required for surface transportation between the applicable 3-digit ZIP Code origin-destination pairs;

(ii) A 6- to 9-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET if they originate and destinate within the contiguous 48 states, they are not merged with First-Class Mail pieces for surface transportation (as per the DMM),

and the ADC and SCF are not co-located, with the standard specifically equaling the sum of 5 days plus the number of additional days (from 1 to 4) required for surface transportation between the applicable 3-digit ZIP Code origin-destination pairs;

(5) A 12- to 26-day service standard is applied to all remaining Periodicals pieces properly accepted before the day-zero CET, with the standard specifically equaling the sum of 5 days plus the number of additional days (from 7 to 21) required for intermodal (highway, boat, air-taxi) transportation outside the contiguous 48 states for the applicable 3-digit ZIP Code origin-destination pairs.

(b) *Destination Entry.*

(1) *Destination Delivery Unit (DDU) Entered Mail.* A 1-day (overnight) service standard is applied to Periodicals pieces that qualify for a DDU rate and are properly accepted before the day-zero CET at the designated DDU.

(2) *Destination Sectional Center Facility (DSCF) Entered Mail.*

(i) A 1-day (overnight) service standard is applied to Periodicals pieces that qualify for a DSCF rate and are properly accepted before the day-zero CET at the designated DSCF, except for mail entered at the SCF in Puerto Rico and destined to the U.S. Virgin Islands, mail entered at the SCF in Hawaii and destined to American Samoa, and mail destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999;

(ii) A 3-day service standard is applied to Periodicals pieces that qualify for a DSCF rate and are properly accepted before the day-zero CET at the designated DSCF, if they are entered at the DSCF in Puerto Rico and destined to the U.S. Virgin Islands, entered at the DSCF in Hawaii and destined to American Samoa, or destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(3) *Destination Area Distribution Center (DADC) Entered Mail.*

(i) A 1-day (overnight) service standard is applied to Periodicals pieces that qualify for a DADC rate and are properly accepted before the day-zero CET at the designated DADC, if the DADC and DSCF are co-located;

(ii) A 2-day service standard is applied to Periodicals pieces that qualify for a DADC rate and are properly accepted before the day-zero CET at the designated DADC, if the DADC and DSCF are not co-located, unless the mail

is entered at a DADC within the contiguous 48 states and destined outside the contiguous 48 states, or entered at the DADC in Puerto Rico and destined to the U.S. Virgin Islands, or destined to either American Samoa or the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999;

(iii) A 4-day service standard is applied to Periodicals pieces that qualify for a DADC rate and are properly accepted before the day-zero CET at the designated DADC, if they are entered at the DADC in Puerto Rico and destined to the U.S. Virgin Islands, or if they are destined to American Samoa or the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999;

(iv) An 11-day service standard is applied to Periodicals pieces that qualify for a DADC rate, are properly accepted before the day-zero CET at the designated DADC in the contiguous 48 states, and are destined to the 998 or 999 3-digit ZIP Code areas in Alaska.

(4) *Destination Network Distribution Center (DNDC)/Auxiliary Service Facility (ASF) Entered Mail.*

(i) A 2-day service standard is applied to Periodicals pieces that qualify for a DADC containerized rate, are properly accepted before the day-zero CET at the designated DNDC or ASF in the contiguous 48 states, and are destined within the contiguous 48 states, if the DADC and DSCF are co-located;

(ii) A 3-day service standard is applied to Periodicals pieces that qualify for a DADC containerized rate, are properly accepted before the day-zero CET at the designated DNDC or ASF in the contiguous 48 states, and are destined within the contiguous 48 states, if the DADC and DSCF are not co-located;

(iii) An 8- to 10-day service standard is applied to Periodicals pieces that qualify for a DADC containerized rate, are properly accepted before the day-zero CET at the designated DNDC or ASF in the contiguous 48 states, and are destined outside the contiguous 48 states, if the DADC and DSCF are co-located, with the specific standard being based on the number of days required for transportation outside the contiguous 48 states;

(iv) A 9- to 11-day service standard is applied to Periodicals pieces that qualify for a DADC containerized rate, are properly accepted before the day-zero CET at the designated DNDC or ASF in the contiguous 48 states, and are destined outside the contiguous 48 states, if the DADC and DSCF are not co-

located, with the specific standard being based on the number of days required for transportation outside the contiguous 48 states.

■ 4. Section 121.3 is revised to read as follows:

#### § 121.3 Standard Mail.

(a) *End-to-End.* (1) The service standard for Sectional Center Facility (SCF) turnaround Standard Mail® pieces accepted at origin before the day-zero Critical Entry Time is 3 days when the origin Processing & Distribution Center/Facility (OPD&C/F) and the SCF are the same building, except for mail between the territories of Puerto Rico and the U.S. Virgin Islands.

(2) The service standard for Area Distribution Center (ADC) turnaround Standard Mail pieces accepted at origin before the day-zero Critical Entry Time is 4 days when the OPD&C/F and the ADC are the same building, unless the ADC is in the contiguous 48 states and the delivery address is not, or the mail is between Puerto Rico and the U.S. Virgin Islands, or the mail is between Hawaii and American Samoa.

(3) The service standard for intra-Network Distribution Center (NDC) Standard Mail pieces accepted at origin before the day-zero Critical Entry Time is 5 days for each remaining 3-digit ZIP Code origin-destination pair within the same Network Distribution Center service area if the origin and destination are within the contiguous 48 states; the same standard applies to mail that is intra-Alaska or between the state of Hawaii and the territory of Guam or American Samoa.

(4) For each remaining 3-digit ZIP Code origin-destination pair within the contiguous 48 states, the service standard for Standard Mail pieces accepted at origin before the day-zero Critical Entry Time is the sum of 5 or 6 days plus the number of additional days (from 1 to 4) required for surface transportation between each 3-digit ZIP Code origin-destination pair.

(5) For each remaining 3-digit ZIP Code origin-destination pair, the service standard for Standard Mail pieces accepted at origin before the day-zero Critical Entry Time is the sum of 5 or 6 days plus the number of additional days (from 7 to 21) required for intermodal (highway, boat, air-taxi) transportation outside the contiguous 48 states for each 3-digit ZIP Code origin-destination pair.

(b) *Destination Entry.* (1) Standard Mail pieces that qualify for a Destination Delivery Unit (DDU) rate and that are accepted before the day-



zero Critical Entry Time at the proper DDU have a 2-day service standard.

(2) Standard Mail pieces that qualify for a Destination Sectional Center Facility (DSCF) rate and that are accepted before the day-zero Critical Entry Time at the proper DSCF have a 3-day service standard, except for mail dropped at the SCF in the territory of Puerto Rico and destined to the territory of the U.S. Virgin Islands, or mail destined to American Samoa.

(3) Standard Mail pieces that qualify for a Destination Sectional Center Facility (DSCF) rate, are accepted before the day-zero Critical Entry Time at the SCF, and are either entered in Puerto Rico and destined to the U.S. Virgin Islands, or are destined to American Samoa, have a 4-day service standard.

(4) Standard Mail pieces that qualify for a Destination Network Distribution Center (DNDC) rate, and that are accepted before the day-zero Critical Entry Time at the proper DNDC have a 5-day service standard, if both the origin and the destination are in the contiguous 48 states.

(5) Standard Mail pieces that qualify for a Destination Network Distribution Center (DNDC) rate, and that are accepted before the day-zero Critical Entry Time at the proper DNDC in the contiguous 48 states for delivery to addresses in the states of Alaska or Hawaii or the territories of Guam, American Samoa, Puerto Rico, or the U.S. Virgin Islands, have a service standard of 12–14 days, depending on the 3-digit origin-destination ZIP Code pair. For each such pair, the applicable day within the range is based on the number of days required for transportation outside the contiguous 48 states.

■ 5. Section 121.4 is revised to read as follows:

**§ 121.4 Package Services.**

(a) *End-to-End.* (1) The service standard for Sectional Center Facility (SCF) turnaround Package Services mail accepted at the origin SCF before the day-zero Critical Entry Time is 2 days when the origin Processing & Distribution Center/Facility and the SCF are the same building, except for mail between the territories of Puerto Rico and the U.S. Virgin Islands, and mail destined to American Samoa.

(2) The service standard for intra-Network Distribution Center (NDC) Package Services mail accepted at origin

before the day-zero Critical Entry Time is 3 days, for each remaining (non-intra-SCF) 3-digit ZIP Code origin-destination pair within a Network Distribution Center service area, where the origin and destination is within the contiguous 48 states and is not served by an Auxiliary Service Facility; and for mail between the territories of Puerto Rico and the U.S. Virgin Islands, and for mail destined to American Samoa.

(3) The service standard for intra-Network Distribution Center (NDC) Package Services mail accepted at origin before the day-zero Critical Entry Time is 4 days for each remaining 3-digit ZIP Code origin-destination pair within a Network Distribution Center service area, where the destination delivery address is served by an Auxiliary Service Facility; the same standard applies to all remaining intra-Alaska mail and mail between the state of Hawaii and the territory of Guam, and mail destined to American Samoa.

(4) For each remaining 3-digit ZIP Code origin-destination pair within the contiguous 48 states, the service standard for Package Services mail accepted at origin before the day-zero Critical Entry Time is between 5 and 8 days. For each such 3-digit ZIP Code origin-destination pair, this is the sum of 4 days, plus the number of additional days (from 1 to 4) required for surface transportation between each 3-digit ZIP Code origin-destination pair, plus an additional day if the destination delivery address is served by an Auxiliary Service Facility.

(5) For each remaining 3-digit ZIP Code origin-destination pair for which either the origin or the destination is outside the contiguous 48 states, the service standard for Package Services mail accepted at origin before the day-zero Critical Entry Time is between 10 and 26 days. For each such 3-digit ZIP Code origin-destination pair, this represents the sum of 3 to 4 days, plus the number of days (ranging from 7 to 22) required for intermodal (highway, boat, air-taxi) transportation between each 3-digit ZIP Code origin-destination pair.

(6) The service standard for Inbound Surface Parcel Post® pieces (subject to Universal Postal Union rates) is the same as the service standard for domestic Package Services mail from the 3-digit ZIP Code area in which the International Network Distribution

Center is located in the 3-digit ZIP Code in which the delivery address is located.

(b) *Destination Entry.* (1) Package Services mail that qualifies for a Destination Delivery Unit (DDU) rate, and that is accepted before the day-zero Critical Entry Time at the proper DDU, has a 1-day (overnight) service standard.

(2) Package Services mail that qualifies for a Destination Sectional Center Facility (DSCF) rate, and that is accepted before the day-zero Critical Entry Time at the proper DSCF, has a 2-day service standard, except for mail dropped at the SCF in the territory of Puerto Rico and destined to the territory of the U.S. Virgin Islands, and mail destined to American Samoa.

(3) Package Services mail that qualifies for a Destination Sectional Center Facility (DSCF) discount, is accepted before the day-zero Critical Entry Time at the SCF, and is destined to either American Samoa or the U.S. Virgin Islands, has a 3-day service standard.

(4) Package Services mail that qualifies for a Destination Network Distribution Center (DNDC) rate, and is accepted before the day-zero Critical Entry Time at the proper DNDC or Destination Auxiliary Service Facility, and originates and destines in the contiguous 48 states, has a 3-day service standard.

(5) Package Services mail that qualifies for a Destination Network Distribution Center (DNDC) rate, and that is accepted before the day-zero Critical Entry Time at the proper DNDC in the contiguous 48 states for delivery to addresses in the states of Alaska or Hawaii, or the territories of Guam, American Samoa, Puerto Rico, or the U.S. Virgin Islands has a service standard of either 11 or 12 days, depending on the 3-digit ZIP Code origin-destination pair. For each such pair, the applicable day within the range is based on the number of days required for transportation outside the contiguous 48 states.

■ 6. The Appendix to Part 121 is revised to read as follows:

**Appendix A to Part 121—Tables Depicting Service Standard Day Ranges**

The following tables reflect the service standard day ranges resulting from the application of the business rules applicable to the market-dominant mail products referenced in §§ 121.1 through 121.4:

Table 1. Prior to February 1, 2014, end-to-end service standard day ranges for mail originating and destinating within the contiguous 48 states and the District of Columbia.

CONTIGUOUS UNITED STATES	
Mail class	End-to-end range (days)
First-Class Mail .....	1-3
Periodicals .....	2-9
Standard Mail .....	3-10

CONTIGUOUS UNITED STATES—  
Continued

Mail class	End-to-end range (days)
Package Services .....	2-8

Table 2. On and after February 1, 2014, end-to-end service standard day ranges for mail originating and destinating within the contiguous 48 states and the District of Columbia.

CONTIGUOUS UNITED STATES

Mail class	End-to-end range (days)
First-Class Mail .....	1-3
Periodicals .....	3-9
Standard Mail .....	3-10
Package Services .....	2-8

Table 3. Prior to February 1, 2014, end-to-end service standard day ranges for mail originating and/or destinating in non-contiguous states and territories.

NON-CONTIGUOUS STATES AND TERRITORIES

Mail class	End-to-end								
	Intra state/territory			To/From contiguous 48 states			To/From states of Alaska and Hawaii, and the territories of Guam, Puerto Rico and the U.S. Virgin Islands		
	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI
First-Class Mail .....	1-3	1-3	1-2	3-4	3-5	3-4	4-5	4-5	4-5
Periodicals	2-4	2-4	2-3	13-19	12-22	11-16	21-25	21-26	23-26
Standard Mail .....	3-5	3-5	3-4	14-20	13-23	12-17	23-26	23-27	24-27
Package Services	* 2-4	2-4	2-3	12-18	11-21	10-15	21-26	20-26	20-24

\* Excluding bypass mail.

Table 4. On and after February 1, 2014, end-to-end service standard day ranges for

mail originating and/or destinating in non-contiguous states and territories.

NON-CONTIGUOUS STATES AND TERRITORIES

Mail class	End-to-end								
	Intra state/territory			To/From contiguous 48 states			To/From states of Alaska and Hawaii, and the Territories of Guam, Puerto Rico and the U.S. Virgin Islands		
	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI
First-Class Mail .....	1-3	1-3	1-2	3-4	3-5	3-4	4-5	4-5	4-5
Periodicals	3-4	3-4	3	13-19	12-22	11-16	21-25	21-26	23-26
Standard Mail .....	3-5	3-5	3-4	14-20	13-23	12-17	23-26	23-27	24-27
Package Services	* 2-4	2-4	2-3	12-18	11-21	10-15	21-26	20-26	20-24

\* Excluding bypass mail.

Table 5. Destination-entry service standard day ranges for mail to the contiguous 48 states and the District of Columbia.

CONTIGUOUS UNITED STATES

Mail class	Destination entry (at appropriate facility)			
	DDU (days)	SCF (days)	ADC (days)	NDC/ASF (days)
Periodicals .....	1	1	1-2	2-3
Standard Mail .....	2	3	.....	5
Package Services .....	1	2	.....	3

Table 6. Destination entry service standard day ranges for mail to non-contiguous states and territories.

NON-CONTIGUOUS STATES AND TERRITORIES

Mail class	Destination Entry (at appropriate facility)									
	DDU (Days)	SCF (Days)			ADC (Days)			NDC (Days)		
		Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI	Alaska	Hawaii, Guam, & American Samoa	Puerto Rico & USVI
Periodicals .....	1	1-3	1	1-3	1-4 (AK) 11 (JNU) 11 (KTN)	1 (HI) 2 (GU)	1-4	10-11	10	8-10
Standard Mail .....	2	3	3-4	3-4	.....	.....	.....	14	13	12
Package Services .....	1	2	2-3	2-3	.....	.....	.....	12	11	11

AK = Alaska 3-digit ZIP Codes 995-997; JNU = Juneau AK 3-digit ZIP Code 998; KTN = Ketchikan AK 3-digit ZIP Code 999; HI = Hawaii 3-digit ZIP Codes 967 and 968; GU = Guam 3-digit ZIP Code 969.

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**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[EPA-R09-OAR-2012-0140; FRL-9669-8]

**Revision to the South Coast Air Quality Management District Portion of the California State Implementation Plan, South Coast Rule 1315**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Final rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is taking final action to approve a State Implementation Plan (SIP) revision for the South Coast Air Quality Management District (District) portion of the California SIP. This SIP revision incorporates Rule 1315—Federal New Source Review Tracking System—into the District’s SIP approved New Source Review (NSR) program to establish the procedures for demonstrating equivalency with federal offset requirements by specifying how the District will track debits and credits in its Offset Accounts for Federal NSR

Equivalency for specific federal nonattainment pollutants and their precursors. EPA is approving this SIP revision because Rule 1315 provides an adequate system to demonstrate on an on-going basis that the rule requires offsets in amounts equivalent to those otherwise required by the Clean Air Act (CAA) and that the emission reductions the District is crediting and debiting in its Offset Accounts meet the CAA’s NSR offset requirements for federal major sources and modifications.

**DATES:** *Effective Date:* This rule is effective on June 25, 2012.

**ADDRESSES:** EPA has established docket number EPA-R09-OAR-2012-0140 for this action. Generally, documents in the docket for this action are available electronically at [www.regulations.gov](http://www.regulations.gov) and in hard copy at EPA Region IX, 75 Hawthorne Street, San Francisco, California. Some docket materials, however, may be publicly available only at the hard copy location (e.g., voluminous records, maps, copyrighted material), and some may not be publicly available in either location (e.g., CBI). To inspect the hard copy materials, please schedule an appointment during normal business hours with the contact listed in the **FOR FURTHER INFORMATION CONTACT** section.

**FOR FURTHER INFORMATION CONTACT:** Laura Yannayon, EPA Region IX, (415) 972-3534, [yannayon.laura@epa.gov](mailto:yannayon.laura@epa.gov).

**SUPPLEMENTARY INFORMATION:** Throughout this document, “we”, “us”, and “our” refer to EPA.

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**I. Background**

EPA allows and encourages local authorities to tailor SIP programs, including new source review permitting programs, to account for that community’s particular needs provided that the SIP is not less stringent than the Act’s requirements. See generally CAA Section 116, 42 U.S.C. 7416; *Train v. Natural Res. Defense Council*, 421 U.S. 60, 79 (1975); *Union Electric Co. v. EPA*, 427 U.S. 246, 250 (1976). The District’s SIP-approved nonattainment permitting rules are contained in District Regulation XIII. See 61 FR 64291 (December 4, 1996) (final rule approving SCAQMD’s NSR program) and 40 CFR 52.220(c)(240)(i)(1).

When EPA approved Regulation XIII in 1996, we noted that Rule 1304 exempted certain major sources from