

Intelligent Mail[®] Barcode



The next generation of USPS[®] barcode technology

TRACEABLE MAIL — IDENTIFIABLE MAIL — PREDICTABLE MAIL —
RELIABLE MAIL —
“Provide end-to-end visibility and a seamless process for mail acceptance and delivery using standardized intelligent barcodes, continuous mail tracking, and mail quality feedback in real time to position Letters and Flats as Key Communications Medium.”
QUALITY MAIL —
RESPONSIVE MAIL — EFFICIENT MAIL — ACCOUNTABLE MAIL —

Intelligent Mail® Barcode

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1. "The Intelligent Mail Barcode: Key to the USPS' Future"

By Gene Del Polito, Pres. of the Association for Postal Commerce

2. "Survey Results Reveal Businesses Waiting on USPS Before Implementing IMB System

As published in Mailing Systems Technology

3. "USPS Issues Proposal for Intelligent Mail Barcodes

As published in Mailing & Fulfillment Service Association Postal Points – April 25, 2008

4. "MFSA Joins in Comments on IMB Rule"

As published in Mailing & Fulfillment Service Association Postal Points – June 27, 2008

I What is the Intelligent Mail Barcode?

In 2003, the United States Postal Service published the Intelligent Mail Corporate Plan. This plan identified several key strategies including:

- Uniquely Identify Mail and Mail Aggregates
- Develop and Deploy an Enabling Infrastructure
- Enhance Address Quality

- The Intelligent Mail® Barcode, formerly referred to as the 4-State Customer Barcode, is a new Postal Service barcode used to sort and track letters and flats. It expands the ability to track individual mailpieces and provides customers with greater visibility into the mailstream.

- The Intelligent Mail barcode was designed with innovation in mind enabling additional USPS services, new applications and future benefits.

II How does it work?

- The Intelligent Mail barcode combines the data of the existing POSTNET™ and the PLANET Code® barcodes, as well as other data, into a single, unique barcode to route and track domestic mail.

- The 31-digit Intelligent Mail barcode (65 bars) is slightly longer than the 11-digit POSTNET barcode (62 bars). In July 2007, in response to concerned mailers about mailpiece real estate, the Postal Service published a revised specification for the Intelligent Mail barcode with even shorter bar heights with the full bar ranging in height between 0.125 and 0.165 inches.

- The code is made up of four distinct vertical bar symbols (which is why it was once referred to as the 4-State Barcode): Tracker, Ascender, Descender, and Full (TADF).

- Key specification tolerances:
 Overall barcode length between 2.667 & 3.225 inches
 Overall barcode height between 0.125 & 0.165 inches
 Vertical barcode clearance at least 0.028 inch
 Horizontal barcode clearance at least 0.125 inch



III What are the attributes of the IM® barcode compared to other barcodes?

Attribute	11-digit POSTNET Barcode	13-digit PLANET Code Barcode	31-digit Intelligent Mail Barcode
Number of bars	62	72	65
Bar Width	0.020 +/- 0.005 inch	0.020 +/- 0.005 inch	0.020 +/- 0.005 inch
Horizontal Pitch	22 +/- 2 bars per inch	22 +/- 2 bars per inch	22 +/- 2 bars per inch
Height of Full Bar	0.125 +/- 0.010 inch	0.125 +/- 0.010 inch	0.145 +/- 0.020 inch*
*NOTE: Barcode height is based on Specification USPS-B-3200 Revision E. Earlier Specification USPS-B-3200 Revision C stipulated Intelligent Mail barcode Full Bar height at 0.182 +/- 0.048 inch.			

IV What are the Fields in the Intelligent Mail barcode?

Field Name **Length**

BARCODE IDENTIFIER **2 digit Tracking Code**

This field is reserved for future use to specify the presort makeup. If you currently do not use an Optional Endorsement Line (OEL), you will simply populate this field with "00".

SERVICE TYPE IDENTIFIER **3 digit Tracking Code**

This field is used to request special services such as tracking or address correction. Example: "040" is First-Class Mail with Destination Confirm. If you are not requesting special services on the mailpiece, you would use one of the following codes depending upon the class of mail to which the Intelligent Mail barcode is applied: 700 for First-Class Mail; 702 for Standard Mail; 704 for Periodicals; 706 for Bound Printed Matter.

MAILER IDENTIFIER (MID) **6 or 9*-digit Tracking Code** *depending on annual mail volumes

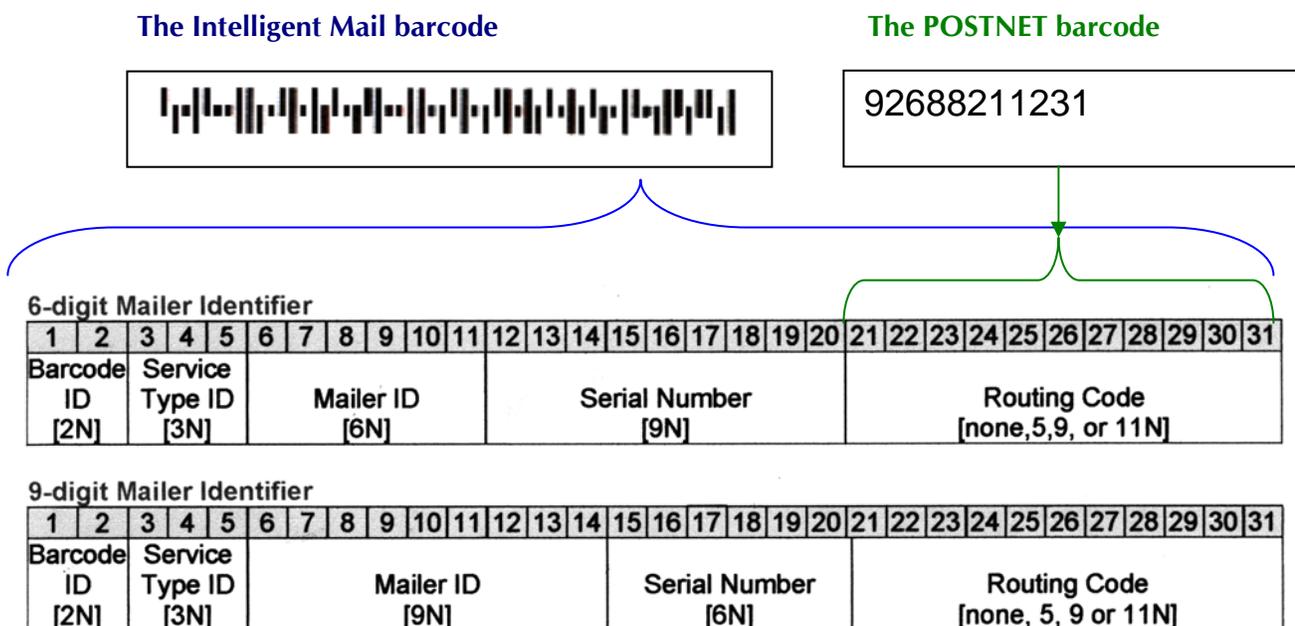
A number assigned by the USPS that identifies the specific mailer or subscriber. The USPS will issue you a 9-digit or a 6-digit Mailers ID based on your mail volume. See section XIII for more information on Mailer ID.

SEQUENCE or SERIAL NUMBER **9 or 6*-digit Tracking Code** *depending on annual mail volumes.

You can use this field to uniquely identify your individual mailpieces. If you are assigned a 9-digit MID, you will have 6 digits to identify and number your mailpieces. If you are assigned a 6-digit MID, you will have 9 digits to identify and number your mailpieces. This mailpiece ID must remain unique for each 45-day period.

DELIVERY POINT ZIP CODE **0, 5, 9 or 11-digit Routing Code**

The same data used to generate the current POSTNET barcode. Populate this field with delivery point ZIP Code of the mailpiece.



v **What services use the Intelligent Mail barcode?**

- The Intelligent Mail barcode now supports the following services for automation-rate letters and flats:
 - OneCode Confirm
 - OneCode ACS
- The Postal Service allows mailers to use the Intelligent Mail barcode on automation-rate First-Class Mail®, Standard Mail®, Periodicals, and Bound Printed Matter letters and flats for rate eligibility in lieu of POSTNET barcodes.
- The Postal Service allows First-Class Mail, Standard Mail, and Periodicals letters and flats with Intelligent Mail barcodes to participate in OneCode Confirm and OneCode ACS.
- The Postal Service will continue to support the use of POSTNET barcode for encoding the delivery point barcode, the PLANET Code barcode for encoding tracking information for Confirm, and alphanumeric characters for conveying participant code and Keyline information for ACS.
- To facilitate the adoption of the Intelligent Mail barcode, the USPS has developed, and is making available at no charge, a web-based, interactive encoder-decoder tool, and an extensive library of encoding software and fonts suitable for encoding and printing the Intelligent Mail barcode in mail production environments using selected operating systems and printing architectures.
- The new requirement not only covers mailpiece barcodes, but also new codes for trays and containers, plus the electronic submission of postage statements using Mail.dat®, Wizard Web Services, or Postage Statement Wizard®.

vi **What about automation discounts?**

- Mailers using the Intelligent Mail barcode can qualify for automation discounts as long as all other automation requirements are met including meeting addressing, readability, and other requirements for processing on automated equipment.
- The Intelligent Mail barcode must contain a proper routing ZIP Code™ and a valid Mailer ID* to satisfy the automation discount criteria. *See Mailer ID section XI for details.
- Mailers printing the Intelligent Mail barcode solely to qualify for the automation discount must populate the Service Type ID field with one of the following values:
 - 700 for First-Class Mail
 - 702 for Standard Mail
 - 704 for Periodicals
 - 706 for Bound Printed Matter
- Remittance and reply mail, such as CRM, MRM, and QBRM may use the Intelligent Mail barcode by populating the Service Type ID field with the First-Class Mail designation.
- Mailers not using the IM barcode could be paying up to an extra nine cents for every piece mailed.

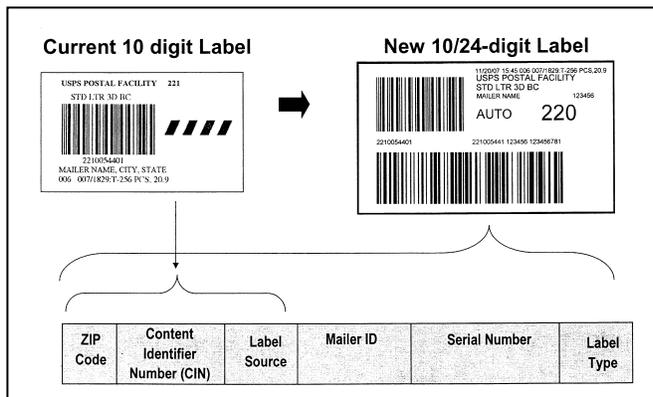
vii **W**hat is necessary to generate the Intelligent Mail barcode on Mailpieces?

- Work with your mail service providers
- Decide what data will be included in your Intelligent Mail barcode
- Download Encoding Software to translate your data into the Intelligent Mail barcode*
- Download the appropriate font to print the barcode on your mailpiece*
- Be sure your printer is ready
- Get more help from <http://ribbs.usps.gov/> or
- Talk to your Mailpiece Design Analyst

*(not necessary if using mailing software that already includes this).

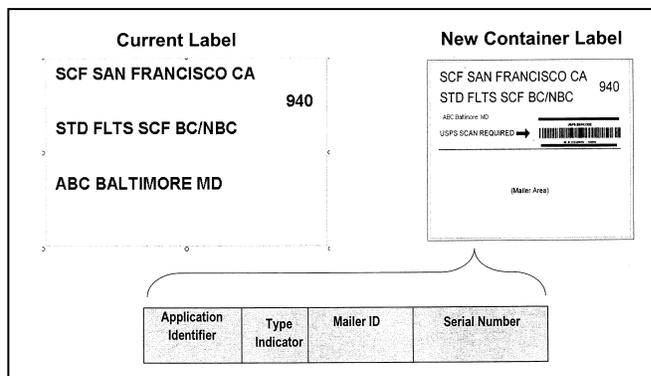
viii **W**hat is necessary to generate the Intelligent Mail Tray barcode?

- Work with your presort software vendor or mail service provider
- Check size of label stock
- Get more help from <http://ribbs.usps.gov/> or
- Talk to your Mailpiece Design Analyst



ix **W**hat is necessary to generate the Intelligent Mail Container barcode?

- Work with your presort software vendor or mail service provider
- Get more help from <http://ribbs.usps.gov/> or
- Talk to your Mailpiece Design Analyst



“To capitalize on the value of information about mail, the Postal Service and its customers will place an information-rich code on all mail, aggregates of mail, and business forms, enabling end-to-end visibility into the mailstream.”

x **W**hat are the different types of Intelligent Mail barcodes?

The Postal Service and its customers will place an information-rich code on all mail, aggregates of mail, and business forms, enabling end-to-end visibility into the mail stream that will:

- Uniquely identify the sender
- Uniquely identify the mailpiece or aggregate
- Include a ZIP Code for sortation & routing
- Include Product, Special Service, or other Unique indicators



xi **W**hat is the Mailer ID?

- The Mailer ID (MID) is a field within the Intelligent Mail barcodes that is used to identify Mail Owners and/or Mailing Agents. Mailer IDs are used in the Intelligent Mail barcode, Intelligent Mail Tray barcode, Intelligent Mail Container barcode, and Intelligent Mail Package barcode.
- The USPS assigns the Mailer ID—either a 9-digit field or a 6-digit field—based on the annual mail volume:
 - A Mail Owner who mails 10 million or more pieces annually will be assigned a 6-digit MID.
 - A Mail Owner who mails less than 10 million pieces annually will be assigned a 9-digit MID.
 - A Mailing Agent at a location which mails 10 million or more pieces annually will be assigned one 6-digit MID.
 - A Mailing Agent at a location which mails less than 10 million pieces annually will be assigned one 9-digit MID.
- Mailers who do not plan to subscribe to OneCode Confirm or OneCode ACS, can obtain their Mailer IDs by contacting one of the following:
 - For letters and flats: Mailpiece Design Analyst (MDA) via http://pe.usps.gov/mpdesign/mpdfr_mda_intro.asp
 - For packages: Confirmation Services Help Desk: 1-877-264-9693
- To subscribe to one of the services, contact the appropriate toll-free number:
 - OneCode Confirm 1-877-640-0724
 - OneCode ACS 1-800-331-5746

xii What options are available for using the Intelligent Mail barcode?

Mailers will be required in May 2009 to meet one of two options using Intelligent Mail barcodes to access automation prices for letters and flats.

- **Full Service Intelligent Mail** will require the use of unique Intelligent Mail barcodes applied to letter and flat mailpieces, trays, sacks, and containers, such as pallets.
 - Mailers will also be required to submit their postage statements and mailing documentation electronically using Mail.dat, Wizard Web Services, or the Postage Statement Wizard – all transmitting data through the Postal Service’s PostalOne! system.
 - For drop-ship mailings and all origin-entered mail verified at a detached mail unit (DMU), mailers will be required to schedule appointments online using the Facility Access and Shipment Tracking (FAST®) system or may submit appointment requests through PostalOne! FAST Web Services using the Transaction Messaging (TM) specifications. The convenient messaging protocol allows customers to automate the appointment scheduling process and receive electronic information about their appointments from the Postal Service.
- **Basic Intelligent Mail** will only require mailers to apply Intelligent Mail barcodes on letter and flat mailpieces in place of the POSTNET barcode.
 - Automation prices will no longer be available for the use of POSTNET barcodes (May 2010).
 - Intelligent Mail barcodes are not required for trays and containers.

xiii What are the requirements for Basic Intelligent Mail option?

Mailpiece barcode: The 31-digit Intelligent Mail barcode will be required on letter and flat mailpieces.

Mailers will be required to include the delivery point routing code in the barcode. The USPS will issue a Mailer ID to each mailer for use in the Intelligent Mail barcodes. Mailers must include this USPS-assigned Mailer ID in all Intelligent Mail barcodes. In most circumstances, mailers will be expected to use the mail owner’s ID in their Intelligent Mail barcodes.

Mailers will not be required to uniquely number their mailpieces. Mailers will simply populate the Intelligent Mail barcode with the Mailer ID, delivery point routing code, the class of mail (service type identifier), and OEL – if an OEL is printed on the mailpiece.

Mailers using pressure sensitive barcoded presort labels will not be required to include this information in the Intelligent Mail barcode.

Mailers will be required to schedule an appointment electronically using the FAST system for drop-ship mailings. Mailers may schedule appointments online using the FAST web site, or they may submit appointment requests through PostalOne! FAST Web Services using the Transaction Messaging (TM) specifications.

xiv **W**hat are the requirements for Full Service Intelligent Mail option?

Mailpiece barcode: The 65-bar Intelligent Mail barcode, which accommodates 31-digits of data, will be required on letter and flat mailpieces.

This barcode is used to sort and track letters and flats and will include the delivery point routing code. Unlike the POSTNET barcode that only contains the routing code, the Intelligent Mail barcode contains additional fields that encode special services, identify the mailer and the class of mail, and uniquely number the mailpiece.

The USPS will issue a Mailer ID to each mailer for use in their Intelligent Mail barcodes. In most circumstances, mailers will be expected to use the mail owner's Mailer ID in all Intelligent Mail barcodes.

Mailers will be required to uniquely number each mailpiece in a mailing and the number cannot be reused for a period of 45 days from the date of induction.

Alternatives to this requirement, such as using the same number on all mailpieces in a mailing or the same number on all mailpieces in a handling unit (tray, sack or bundle) may allow for the collection of similarly-detailed data, but will require USPS approval.

Tray barcode: An Intelligent Mail tray barcode will be required on letter trays, flat trays and sacks. Unlike the current 10-digit tray barcode that only contains routing information, the 24-digit Intelligent Mail tray barcode includes additional fields to identify the mailer and uniquely number each tray or sack. Mailers will be required to uniquely number each tray or sack in a mailing, and the number cannot be reused for a period of 45 days from the date of induction.

Container barcode: An Intelligent Mail container barcode will be required on all containers used to transport mail such as pallets, all purpose containers (APCs), rolling stock, gaylords, etc. This 21-digit Intelligent Mail container barcode includes fields to identify the mailer and uniquely number each container. Mailers will be required to uniquely number each container in a mailing, and the number cannot be reused for a period of 45 days from the date of induction.

Additional available mailing information with Full-Service Option:

- Offers mailers better visibility into the mailstream
- Expand the ability of mailers to track individual pieces, handling units and containers
- Receiver information about mail preparation and address quality
- Determine when a mailing was inducted to the postal system

xv **W**hat are the deadlines for implementing the Intelligent Mail barcode?

Currently, the use of the Intelligent Mail barcode is optional. Because it offers significant advantages over POSTNET and PLANET Code barcodes, most customers have found it makes good business sense to adopt this new format now. Postal Service's current plans are to require use of the Intelligent Mail barcode to qualify for automation discounts beginning May 2009. This date was pushed back from January of 2009 to May of 2009 by Postmaster General John Potter on March 5th with the added recommendation that use of the **POSTNET barcode remain eligible for an automation price until May 2010**. Those prices will be announced with the May 2009 change.

xvi **W**hat methods are available for electronic data transfer?

The Postal Service has been enhancing its ability to exchange data with customers electronically. Its proposal for the Full Service option includes the requirement to submit postage statements and mailing documentation electronically using one of three methods: Mail.dat, Wizard Web Services, or the Postage Statement Wizard – all transmitting data through the Postal Service’s PostalOne! System. That system also can use mailer-supplied information to automate postage payment and give the mailer 24/7 access to mailing documentation and financial transaction information. Electronic information is used for verification, acceptance, and payment.

1. **Mail.dat** is the most advanced method. Mail.dat information uses industry-standard electronic file formats developed by IDEAlliance to facilitate communication of mailing information to the Postal Service. Mailing information is sent over a secure connection to the PostalOne! System where it is stored and used to generate documentation to support verification and payment.
2. The **Wizard Web Service** is part of the overall PostalOne! application and provides customers with the capability of submitting mailing documents through the Internet using a Web service over a secure connection with the Postal Service. The Wizard Web Service uses a Simple Object Access Protocol (SOAP) to submit information in an extensible Markup Language (XML) format that ensures that the data can be sent and received by applications written in various languages and deployed on various platforms. Mailing information is sent via Wizard Web Services to the PostalOne! System where it is stored and used to generate documentation to support verification and payment.
3. The **Postage Statement Wizard Service** is an online tool that allows mailers to enter their postage statement information using a secure PostalOne! account. The Postage Statement Wizard verifies completed information for an online postage statement and automatically populates the Permit Holder section of the postage statement based on the account number provided. It guides the user through the items needed to complete the statement. The Postage Statement Wizard automatically calculates the postage and validates information entered. Once the postage statement is completed online, the electronic statements will be submitted directly to the acceptance unit.

“Just as the POSTNET barcode ushered in a new mailing era in the early ‘90s, you can expect the IMB to bring another level of intelligence, tacking and ACS into the mailing world.”

Dave Lewis, president & cofounder of trackmyemail.com

xvii **H**ow does the USPS benefit from the Intelligent Mail barcode?

- The new barcode creates a platform for intelligence-based services that add value to the mailstream, and makes it easier to access OneCode ACS and OneCode Confirm.
- The Intelligent Mail barcodes provide the USPS with better visibility into each mailer’s operation. As each mail piece can now be tracked back to a specific sender, the USPS will be able to accurately assess which mailers are updating their lists for changes of address, and properly sorting, traying and preparing their mail according to USPS specifications.
- Additional costs to the Postal Service for redirecting mail can be tracked back to the specific mailers.

XIX **W**hat are some of the most frequently asked questions and concerns expressed by mailers?

Question: What is the cost of utilizing the IM[®] barcode program?

Answer: Right now, there is no set cost. But full implementation of the IM barcode will require considerable investment, notes the MFSA. But stay tuned ... the Postal Service will most likely address the cost issue later this year.

Question: Do OneCode Confirm[™] subscribers have to obtain a new Mailer ID (MID) for use with the IM barcode?

Answer: According to the USPS, no. The Postal Service is transitioning all systems to support the 6-digit and 9-digit MID formats for use with the IM barcode. Those who are currently OneCode Confirm subscribers will have a "0" appended to the beginning of the subscriber ID for use as an MID in the IM barcode. You can use the Service Type indicator in the IM barcode to selectively enable the OneCode Confirm service.

Question: What if I'm not a OneCode Confirm subscriber, but have been assigned a 9-digit Mailer ID for use with the IM barcode, can I use this same ID to obtain tracking information on my mailpieces if I later purchase the OneCode Confirm service?

Answer: No, says the Postal Service. According to the USPS, it's working to support this issue in the future. Currently, the Postal Service assigns a new 6-digit Confirm subscriber ID when you purchase the OneCode Confirm service and you will need to use this subscriber ID for pieces that you wish to enable for Confirm tracking.

Question: If I'm already signed up for OneCode ACS[™] and have received a 6-digit subscriber ID, can I use this same ID on my IM barcode even if I don't want to subscribe to OneCode ACS for all mailpieces?

Answer: Yes. According to the USPS, you can use your OneCode ACS subscriber ID as the MID in your IM barcode and use the "Service Type Identifier" field in the IM barcode to turn on and off OneCode ACS.

Question: I've been assigned a 9-digit ID for use in the IM barcode, but can I buy OneCode ACS and continue to use this 9-digit ID to purchase OneCode ACS for my mailpieces?

Answer: The USPS notes that yes, you will be able to use your 9-digit MID in your IM barcode to purchase OneCode ACS. The Postal Service says it will accommodate 9-digit Mailer ID's for use in OneCode ACS.

Question: I'm a OneCode ACS subscriber and uniquely barcode my mailpiece and it undergoes a change of address, will I get the original barcode information in addition to the changed barcode?

Answer: Yes and maybe, says the USPS. The Postal Service explains that OneCode ACS notices provided to you are designed to provide the entire 31 digits from the original IM barcode. Right now, a small percentage of OneCode ACS notices may not include the original barcode ID, Service Type and Delivery Point ZIP Code values. But this will all change – according to the USPS, the OneCode ACS notices will have all 31 digits from the original IM barcode by fall of 2008. In addition, both the new and old address information provided in the OneCode ACS record will be returned to you.

Question: I have DUNS number that I use for my Intelligent Mail[®] Package barcodes, do I have to get a different MID?

Answer: No. The USPS states that existing mail owners and mailing agents using their DUNS Numbers for identification in their Intelligent Mail Package barcodes will be allowed to continue their use of their 9-digit DUNS as their MID. These existing DUNS will be grand-fathered for mail owners and mailing agents to use only on their parcel mailings. The grand-fathered 9-digit DUNS who first digit is '0' through '8' is not allowed for use on mail owner and mailing agents letter or Flat mail volume. If needed, a new MID will be assigned for use in the IM barcode on Letter and Flat mailings.

Question: What is the difference between "full service" and "basic service"?

Answer: According to the MFSA, the Postal Service does not explain what they expect "full service" mailers to have regarding planned vs. actual pieces in the mailing. The MFSA suggests that the exact requirements and error tolerances need to be detailed, as do other topics such as formats and postal systems that would supply address corrections and "start-the-clock" scans. The MFSA also states that "basic service" users should have access to features like "Confirm." The MFSA says it's concerned that having "basic" and "full service" tiers will foreshadow an eventual distinction in rates. Some MFSA members note that a service provider or mail owner will be mandated to always operate in one tier, or if operation for different mailings will be allowed.

xx **W**here can you find more information on the Intelligent Mail barcode, the the latest updates, and contributing editorials?

- **OneCode Solution™ Intelligent Mail® Barcode Technical Resource Guide:**
Published Sept 25, 2007 by the United States Postal Service Intelligent Mail Planning and Standards.
- **OneCode Solution™ RIBBS Intelligent Mail® Barcode Resource Download Site**
www.ribbs.usps.gov/OneCodeSOLUTION
- **The Domestic Mail Manual (DMM)** http://pe.usps.com/text/dmm300/dmm300_landing.htm
- **The Help Desk for Confirm Service:** 800-238-3150
- **The Help Desk for ACS:** 877-640-0724
- **The Help Desk for PostalOne!:** 800-522-9085
- **PostalOne! at:** www.usps.com/postalone
- **The Mailpiece Design Analyst Lookup Tool** for non-Confirm or ACS IM barcode usage:
[http://pe.usps.gov/mpdesign/mpdfr_mda_intro .asp](http://pe.usps.gov/mpdesign/mpdfr_mda_intro.asp)
- **Melissa Data Postal Pickups -** <http://www.melissadata.com/postal/postal-links.htm>
- **Mailing & Fulfillment Services Association (MFSA)**
Postal Points - http://www.mfsanet.org/pages/index.cfm?pageid=923#Postal_Points
PostScripts - <http://www.mfsanet.org/pages/index.cfm?pageid=923#PostScripts>
- **Business Mailers Review -** <http://www.businessmailersreview.com/>

Mar 10, 2008

The Intelligent Mail Barcode: Key to the USPS' Future

By Gene Del Polito

The following is a contribution from postal commentator Gene Del Polito for OutputLinks. The comments are solely the author's, and the responsible expression of opposing points of view is welcomed. Del Polito also serves as the President of the Association for Postal Commerce (<http://postcom.org>).

A key provision imposed by Congress within the Postal Accountability and Enhancement Act of 2006 was the requirement that the U.S. Postal Service (USPS) monitor and report on the timeliness and quality of mail services over which it exercised dominant market control. This was a requirement postal officials had expected, and, fortunately, they had spent considerable time contemplating how this could be accomplished. It was clear that the USPS needed a cost-efficient way for gathering information on the intake, processing, and delivery of mail. The mechanism the USPS has chosen is a four-state iteration (the Intelligent Mail Barcode, or IMB) of the two-state Postnet and Planet bar codes that are used today.



As far as mailers are concerned, the four-state IMB is vastly preferable to the two-dimensional PDF417 barcode that once had been under USPS consideration. The high-speed production of a readable PDF code presented a formidable technical challenge, and would have required substantial capital investment to devise the kind of equipment that would have been required.

The Postal Service itself felt that the IMB could serve as the backbone to a whole new information system that could be used to monitor and improve internal operations as well as provide mailers with the kind of timely, readily available, and transparent service performance data that it had long requested. Consequently, the USPS mapped out a strategy for deploying IMB-based technology and for enlisting mailer support to produce IMBs that could be used on mail pieces, mail sack tags, and pallet placards. Just recently, it took the first official steps toward implementing that strategy with the publication of a Federal Register notice of its intent to issue a proposed rule governing the role and use of the IMB with automation-rated mail.

In that notice, the USPS made clear that it intended to have the IMB serve in lieu of the Postnet and Planet barcodes that had been used in the past. The IMB would provide the framework for all USPS mail monitoring and service performance functions, as well as serve as a key plank in the platform upon which all future mail processing and distribution would be based.

This is probably the most important Postal Service undertaking since the development and implementation of the delivery point barcode. Getting this right is extremely important, particularly since in today's rapidly changing marketplace the USPS' margin for error is razor-thin. A full-scale implementation of the intelligent mail barcode represents a significant capital investment to both the Postal Service and its customers, and there still are many issues that need to be addressed before several IMB-based programs can be implemented.

For their part, mailers have many questions that they will need to have answered before they are willing to make the kind of commitment to IMB that the Postal Service so sorely needs. For instance, those who have tried to reproduce readable IMBs and full production speed have reported that the specs the USPS has proposed for this barcode are particularly tight, especially for flat mail. For many mailers, reproducing a production-based IMB may be impossible using today's most commonly used printing and addressing technologies.

Producing the IMB on all mail pieces, sack tags, tray labels, and pallet placards represents a significant new cost to mailers. Recognizing mailer worksharing with rates that fully reflect the production and processing costs the USPS can avoid is a long-standing American postal tradition. Mailers want to know how these cost-avoidances are likely to be reflected in postal rates. Mailers also are eager to learn whether they will be the beneficiaries of new information-related services based on the full-scale implementation of IMB. The last thing the mailing community

expects to see is that their investment and participation in IMB programs adds little to making mail the kind of compelling proposition that merits continued business investment in mail as a medium for communication and commerce.

The Postal Service has just completed its first round inquiry with business mailers regarding some of the USPS' preliminary ideas on how IMB can be made a fixture in future mail preparation, processing, and delivery. It got an earful of mailer concerns, and, to its credit, the USPS has recognized the need to adopt a more deliberate pace in pursuit of its IMB goals.

The Postmaster General himself has published an open letter to all business customers regarding the many implementation concerns that need to be addressed. At his direction, the planned implementation of the IMB program has been pushed back several months to May 2009, and he has promised to continue to recognize through May 2010 the cost savings the Postal Service appreciates from mailer-applied postnet codes--a step that is sure to be greeted with a sign of relief from those who have said they needed more time to work through their own production transitions to the IMB.

Despite the challenges that still remain, a full-scale use of intelligent mail barcodes in lieu of today's postnet and planet codes is vital to the development needed for monitoring and improving the quality of mail service. Likewise, mailers stand to gain greatly not only from improved mail service but also from a greater degree of operational transparency that could greatly enhance mail's value as a business transactional tool.



Survey Results Reveal Businesses Waiting on USPS Before Implementing IMB System

(3/26/2008)

A survey of more than 294 executives and IT managers in the high-volume mailing industry shows that 42 percent of respondents are waiting on the announcements regarding further mailing discounts from the United States Postal Service (USPS) before making major purchasing decisions on how to implement the new Intelligent Mail® Barcode (IMB) system. The survey was conducted jointly by Pitney Bowes Group 1 Software and *Mailing Systems Technology*, the industry's leading publication, on March 18, 2008 as part of a webinar on the business impact of IMB.

Starting in May 2009, mailers will be required to use the Intelligent Mail Barcode to earn the greatest automation discounts on postage, according to the latest USPS proposal. This barcode will replace the current POSTNET™ and PLANET® barcodes. IMB will have a tremendous impact on business operations depending on whether companies strive to meet the minimum Intelligent Mail requirements, or reach for maximum efficiency improvements by making the most of this mandate to add value to the mailstream.

The March 2008 survey asked 294 respondents to provide feedback on current mailing operations and future plans for Intelligent Mail Barcode implementation.

- **Average mailing volume per year:** 23 percent of respondents handle more than 25 million pieces of mail per year, and 40 percent handle less than one million pieces of mail per year. Given the wide range in annual mailing volumes, the new postal mandate should offer more options for both large and small businesses.
- **Average spending on mailings:** 28 percent of respondents spend more than \$5 million on mailings, and 35 percent spend less than \$250,000 annually.
- **Intelligent Mail Barcode options:** 42 percent of respondents are awaiting future announcements regarding USPS postal discounts before deciding on an Intelligent Mail Barcode option (basic vs. full service). Only nine percent of respondents plan to continue using the POSTNET barcode until it is officially phased out in 2010.
- **Timeline for implementation:** 39 percent of respondents will begin Intelligent Mail Barcode implementation over the next 12 months. Only six percent do not have plans to implement Intelligent Mail.
- **Biggest benefits outside of mail operations:** The top three business areas that are expected to benefit from implementation of the Intelligent Mail Barcode—outside of mail operations—include marketing (45 percent), financial (23 percent) and billing (22 percent).

The results of the survey show that companies are already thinking about migrating to the new Intelligent Mail Barcode, but they require more information and discount incentives to help guide the investments in the technology that will enable them to meet the new postal mandate in 2009.

For complete survey results, please contact Jenny Ng or Steve Marquis at 781-684-0770 or G1@schwartz-pr.com.

USPS Issues Proposal for Intelligent Mail Barcodes

Mailing & Fulfillment Service Association Postal Points – April 25, 2008

After digesting the comments it received on last January's advance notice of proposed rulemaking about intelligent mail barcodes (see the January 11 issue of *Postal Points*), the Postal Service has taken the next step in the process. On April 16, the agency released the text of the proposed rule it has sent for publication in the *Federal Register*. Comments on that proposal will be due within thirty days of its publication.

An overview

In its notice, the Postal Service stated it is proposing two options for using IMBs:

- A basic option, under which mailers simply would use the IMB on letter- and flat-size mailpieces instead of the current POSTNET barcode.
- A full-service option (which the agency hopes most volume mailers will choose), under which mailers would use unique IMBs on mailpieces; intelligent mail tray and container barcodes; and electronically submit postage statements and mailing documentation and make appointments for drop shipments. As an incentive to get mailers to move to the full-service option, the Postal Service said it would offer such customers free start-the-clock information (i.e., when the Postal Service takes possession of mailings) and free address correction information.

Addressing comments about the "mailer ID," the Postal Service stated that "under the full-service option, when mail owners elect to use their own six-digit or nine-digit mailer ID and unique serial numbers for mailpieces, mail preparers would be required to honor the six-digit or nine-digit mailer ID and unique numbering as architected by the mail owner."

Reinforcing earlier information, the agency added that, as of the implementation of new prices in May 2009, IMB-coded letters and flats mailed at First-Class Mail, Periodicals, Standard Mail, or Bound Printed Matter rates that require a barcode and may be eligible for full-service prices – which will be lower than the prices for mail at basic service (or bearing a POSTNET barcode) – subject to the applicable standards.

Comments and responses

The Postal Service said it received over 400 letters and email messages in response to the advance notice, plus over 2,000 additional comments during "outreach sessions" it conducted at district offices.

Looking at such a volume of reaction in a positive light, the agency said it was "encouraged by the interest in our Intelligent Mail vision," but admitted that commenters "were concerned about our communication efforts, the timing of the changes, and the specifics of the program such as pricing and Mailer IDs."

The Postal Service then responded in more detail, including:

- *Implementation.* "A number of commenters questioned the readiness of mailers and the Postal Service" to use IMBs by the original January 2009 implementation date so, as was subsequently announced, the agency pushed the effective date back to be concurrent with the implementation of the annual price change in May 2009. Also, POSTNET barcodes will remain acceptable for automation letters and flats until May 2010. When the May 2009 price adjustment is announced, it will include separate prices for the basic and full-service options, with full-service prices being lower.
- *Mailer ID.* Commenters were concerned about the requirement to use the "mail owner's" mailer ID in the barcode for full-service mailings. In response, the proposed rule "includes an alternative way to identify the mail owner through electronic documentation."
- *Using FAST.* Many commenters questioned the need to make appointments through FAST for First-Class Mail or for origin-entered mailings of all classes when accepted at a DMU. The Postal Service responded that "at this time" it is not proposing to require FAST appointments for First-Class Mail or for any origin-entered mailings.
- *Reply mail.* In response to commenters requests for more information on barcode requirements for reply mail, the Postal Service stated it is proposing that IMBs be used on letter- and flat-size reply mail and that a mailer ID and a BRM Service Type ID be included as of May 2010.

- *Basic option.* The agency said that “some commenters were concerned about the longevity of the basic option” but responded that it is “not proposing that the basic option be temporary,” adding that IMBs have value even when not used in full-service mailings.”
- *Unique mailpiece ID.* The Postal Service considered but rejected suggestions that unique numbering of mailpieces be achieved by linking the delivery routing code with the serial number ID. Rather, the agency maintained that “for most full-service mailings, the serial number ID in combination with the Mailer ID and Service Type ID will be required for mailpiece uniqueness.”
- *Tray labels.* The Postal Service stated that mailers will be able to use the 10/24 intelligent mail tray label before May 2009, but will not be allowed to use the 24-digit barcoded label until then. Specifications for the 24-digit label “will be available in the near future.”

Changes since the proposed rule

The complete text of the proposed DMM standards follows; the Postal Service summarized what it changed since the advance notice was published:

- Effective May 2009:
 - o Updated requirements for IMBs, or POSTNET barcodes, with delivery point routing information on letters and flats requiring a barcode.
 - o Separate prices for the full-service and basic options. Full-service mailings would also enjoy the benefits of free address correction information, and “start-the-clock” information documenting when the Postal Service has taken possession of a mailing.
- Effective May 2010:
 - o Requirements for IMBs with delivery point routing information on all letters and flats requiring a barcode.
 - o IMBs would also be required for Business Reply Mail, and for other reply mail when a barcode is required.



Postal Points

Timely information of interest to mailing and fulfillment service companies ... and their suppliers

June 27, 2008
Issue #08-09

[MFSMA Joins in Comments on IMB Rule.](#) Several associations speak as one. *Page 1.*

[Comments on the Proposed Rule on IMB Implementation.](#) A brief summary of the joint comments. *Page 3.*

["Move Update" is Moving Closer.](#) The time to start preparing is now. *Page 7.*

[PRC's USO Contractor Provokes Concerns.](#) Allegations of bias worry some observers. *Page 11.*

[USPS Files List of "Nonpostal Services," Part 1.](#) The PRC sees how many more postal revenue sources there are for it to regulate. *Page 13.*

[Competitor Files Complaint About B-of-A NSA.](#) CapOne alleges discriminatory treatment. *Page 14.*

[Postal Bulletin Stuff.](#) Highlights of the latest issue. *Page 15.*

[Short Subjects.](#) *Pages 2, 7-8, 11-15.*

[Calendars.](#) *Page 16.*

The calculated price cap for **Market-Dominant Products** is

3.5%

as of

6/13/2008

using the PRC's formula.
(39 CFR 3010.12 and 3010.21)

The cap will be recalculated following release of the next monthly CPI-U data on

7/16/2008.

MFSMA Joins in Comments on IMB Rule

On May 30, MFSMA joined with the Association for Postal Commerce (PostCom), the Direct Marketing Association, IDEAlliance, the Printing Industries of America, the Alliance of Nonprofit Mailers, and the American Catalog Mailers Association to submit comments to the Postal Service on the agency's proposed rule on "Implementation of New Standards for Intelligent Mail Barcodes," published in the April 30 *Federal Register*.

Not there yet

The 38-page document repeated the commenters' general support for the IMB and its implementation, but detailed a lengthy list of issues about which the commenters remained concerned. Based on those concerns, on the scope of unresolved issues, and the work required to get the Postal Service and the mailing industry ready to fully engage in IMB usage, the commenters concluded that, even though the Postal Service has already pushed back implementation from January to May 2009, too little time may remain to attain the necessary readiness.

In their opening statement, the commenters wrote:

[We] continue to support the concepts underlying the implementation of Intelligent Mail Barcodes (IMB), but we are gravely concerned about the manner in which the requirements are being developed and implemented.

The design, development and implementation of IMB capabilities has already imposed significant new costs on, and demanded significant capital investments of mailers and mail service providers. Implementation of Postal Service IMB requirements threatens to shift significant new costs burdens to, and demand additional investment of these same entities. To avert a potentially devastating impact on businesses already weakened by the existing economic environment, the Postal Service must flesh out its IMB proposal well in advance of implementation. If this necessitates further adjustments to the implementation schedule, so be it. But the Postal Service does itself, as well as to the industry, a disservice by failing to provide a coherent, definitive and complete program well in advance of implementation. The proposed "final" rules meet none of these tests.

The Postal Service should not rush toward an arbitrary IMB implementation deadline if the result is a "band-aid" approach to developing IMB requirements and technical support systems. →

Short Subjects

USPS finalizes pallet rule.

The Postal Service issued a final rule in the June 6 *Federal Register* to require mailers preparing palletized bundled flats to place the bundles on the pallets with the addresses facing up.

The Postal Service explained that the new requirement is necessary "to improve efficiencies in today's processing environment and for automated preparation and induction" on the flats sequencing systems that will be deployed starting later this year. The agency added that having the bundles positioned address-side-up also "will aid in validating that bundles are placed on the correct pallet, improving the manual distribution of these bundles."

Only one comment was received in response to the proposed rule issued on March 4.

The revised standards (below) will be effective September 11, but mailers are urged to implement them as soon as possible.

705.8.5.6 Mail on Pallets

[Add new item i, as follows:]

- i. All presort bundles on pallets must be placed with the addresses facing up.

Food drive sets record.

The annual food drive conducted by the city letter carriers' union gathered a record volume this year – 73.1 million pounds.

Members of the National Association of Letter Carriers held their sixteenth "Stamp Out Hunger" drive on Saturday, May 10, collecting non-perishable food donations from patrons along their routes. The donated material was delivered to local food banks and similar institutions.

The union's West Coast Florida branch, in the St. Petersburg area, collected the most (1.7 million pounds), besting five-year champion Buffalo/Western New York, who came in second.

Sponsors of the annual event include the Postal Service, Campbell Soup Company, and MFSA member Cox Target Media/Valpak. [TOP](#)

The development of the technical requirements and solutions to comply with the proposed IMB Full Service option already have put tremendous strain on the mailing industry and the Postal Service. [We] urge the Postal Service to issue a more complete proposal, and reevaluate its ability, and the ability of its customers, to comply with a May 2009 IMB implementation date in a cost-effective and successful manner.

The commenters then expanded on a variety of points, summarized on the following pages. Generally, the comments emphasized the inadequacy of detail in the mailing standards for mail prepared bearing an IMB and of the remaining time (before the May 2009 deadline) for these standards to be issued and incorporated into mail producers' software and operations. In conclusion, the commenters stated:

In sum, the requirements included in the Postal Service's proposed rule, as well as in supporting documentation, continue to raise numerous questions and concerns that must be resolved before a successful implementation of Intelligent Mail Barcodes can occur. While we appreciate and support the need to finalize these requirements, the process must provide sufficient lead time for mailers to make the necessary system and process changes, not to mention capital investments. It benefits neither the Postal Service nor its customers to rush this process or to implement on an ad hoc basis. IMB implementation must be based on a considered and mature set of requirements that provide mailers with flexibility, incentive, and a return on investment.

Achieving the lowest combined costs must be our mutual goal in designing these processes and requirements, so that the end result adds value to the mail and encourages volume growth. Shifting significant cost burdens to customers in order to comply with IMB requirements will not achieve this goal and could have a devastating impact on our industry and the Postal Service.

Based on the comments and concerns discussed above, in our previous comments, and in the individual comments of various members of PostCom et al. and IDEAlliance, [we] strongly urge the Postal Service to work with the industry to take the necessary time to craft a complete and cohesive set of IMB requirements that can be implemented in a reasonable time frame. We urge the Postal Service to re-evaluate the May 2009 implementation date. In addition, we strongly recommend that the Postal Service extend beyond 2010 the transition period for allowing use of POSTNET barcodes to obtain access to automation prices.

Meanwhile

MFSA members and others in the mailing industry likely share the anxiety and concerns expressed in the associations' joint comments. Just as few would argue with the IMB concept or its potential value to mailers, their clients, and the Postal Service, fewer may claim to be any more ready now for IMB implementation than they were four months ago when the go-date for IMB was pushed back to May 2009. In effect, any benefit from the added five months seems to have been nullified by the continued inadequacy of details about preparation and price, for example, that are essential to complete mail production software and make business decisions about the costs of full-service IMB participation compared to whatever benefits or opportunities that might enable. Ironically, the Postal Service seems to recognize these circumstances to some degree, but how such recognition will translate into purposeful action remains to be seen. [TOP](#)

COMMENTS ON THE PROPOSED RULE ON IMB IMPLEMENTATION

• **The Proposal is Incomplete, and Leaves Mailers Without the Ability to Make Rational Investment Decisions.** The Postal Service has presented proposed rules for comment that do not reflect a complete or cohesive IMB implementation plan. Additional information defining or supporting the proposed rule was published subsequent to the issuance of the proposed rule, and changes to both the proposed rule and the additional information continue to be informally circulated by the Postal Service. Not only is it difficult for mailers to stay abreast of the Postal Service's varied, vague and not always consistent communications of its developing IMB vision, but the information that is currently available is inadequate. Customers lack service, pricing, and technical information that is needed in order to make the business decisions necessary to make the capital investments and develop the technical infrastructure needed for IMB implementation.

• **The Benefits to Customers of Full Service IMB Have Not Been Defined.** In the proposed rule, the Postal Service provides limited information regarding the specific service benefits of its proposed Full Service IMB option, but indicated that the option would include "free start-the clock" information and "free address correction information." The Postal Service now proposes, however, that additional benefits will be provided in phases. Mailers cannot rationally be expected to comply with the costly technical requirements of Full Service IMB implementation without knowledge of the full benefits of this service, and when the Postal Service intends to make these benefits available.

• **The Postal Service Must Provide Comprehensive and Centralized Communication of Requirements.** All of the associations joining the Comments have the advantage of having numerous members that are active in each of the venues where these issues are being explored, but we still need to assess many pieces of sometimes conflicting information, to determine the full extent and nature of the Postal Service's proposal. But there are many mailers that are not participating and cannot participate in all of these initiatives, and they are not aware of the full extent of the proposed requirements.

The Postal Service's proposed rule is full of references to other sources for more information on the proposed requirements. But these other sources are a moving target. We urge the Postal Service to provide a central repository for all the necessary information on the proposed IMB requirements, with notices through the *DMM Advisory* and other communications venues when documents or requirements are updated. It is imperative that **all** mailers and service providers have access to this information as soon as possible in order to make the appropriate business decisions.

• **The Technical Requirements Continue to Evolve.** The technical requirements that support IMB implementation are complex and, in many cases, represent new ground for both mailers and the Postal Service. It must be recognized that many issues and questions remain unresolved. Without complete, detailed information on the proposed requirements, it is difficult for mailers to fully and accurately assess the necessary changes to comply with the requirements. Most importantly, the cost of compliance is inextricably combined with the issues of prices and benefits.

• **The Latest Proposal Fails to Reflect the Structure of the Mail Services Industry.** IMB requirements must be as flexible as possible, to accommodate the many diverse types of businesses in the mailing supply chain. In addition, the requirements must recognize the relationships between entities in the supply chain and the business practices used between those entities.

Technical designs must be developed carefully so as not to disenfranchise segments of the market. The proposed rules and phased implementation approach appear to restrict distribution of the address correction service and induction data within the customer supply chain. The Postal Service needs to modify its rules to accommodate the complexity of the mailing supply chain and provide data to all entities acting as agents for and on behalf of the mail owner, if authorized by the mail owner.

Mailers Need to Know How Other Requirements Will Change. The proposed rule states that separate rulemakings will be published for changes to other mail preparation requirements that are integrally linked to mailers' evaluation of and ability to comply with the proposed IMB rules (e.g., containerization requirements). Mailers need to be aware of all the changes to mail preparation requirements the Postal Service anticipates making during the period of IMB implementation, and →

COMMENTS ON THE PROPOSED RULE ON IMB IMPLEMENTATION

whether these changes apply equally to non-automation mail categories, because these changes will affect their business planning and decision-making with respect to IMB implementation.

There are also questions as to whether any IMB requirements will be imposed on pieces mailed at *non-automation* letter and flat rates. The revised rules must recognize this business need. The Postal Service must also describe how mailers can instruct the Postal Service not to process pieces on automated equipment.

There are a host of technical support systems and processes that the Postal Service has acknowledged will not be ready by the May 2009 implementation date. Many mailers may prefer to plan toward longer-term systems and processes. For mailers making considerable investments to meet Full Service IMB requirements, working toward the processes and systems that will be in place in 2010, for instance, may be more preferable to them than an *ad hoc* approach of making changes to accommodate the May 2009 environment, only to revisit the same systems again in the following year.

- **A Complete IMB Proposal Must Include More Pricing Information.** The only pricing information that the Postal Service has provided in its proposed rule (or anywhere else) is that the IMB Full Service prices “will be lower than the basic service (and POSTNET) prices.” That information alone is insufficient to drive mailers towards the Full Service option. The Postal Service must offer pricing options that provide its customers with the incentive to assume the significant costs mail owners and mail service providers will incur to comply with the proposed requirements. And the Postal Service must inform customers of the anticipated pricing in advance in order to enable customers to make the investment decisions necessary to be in the position to utilize the IMB options.

It is unreasonable to expect mailers and mail service providers to invest huge sums of money into revamping software, equipment and mail preparation programs on the basis of a vague unspecified representation as to price benefits.

- **IMB Pricing Must Be Affordable.** In today’s economic environment, it is critical that the Postal Service look at the long-term impacts of its IMB pricing structures on its revenue and volume growth, rather than focusing merely on operational savings.

Incurring substantial additional expenses to comply with Full Service IMB requirements, only to maintain existing automation price levels, would have the same effect on the marketplace as a postage rate increase of epic proportions. Not only must the price differential between today’s relative automation prices and the new Full Service IMB prices reflect the additional burdens being placed on mailers, but the price differential between Basic and Full Service IMB options must be sufficient to compensate mailers for the additional costs of compliance with the Full Service requirements.

The proposed IMB Full Service requirements encompass a host of preparation activities not currently performed or subject to error tolerances. The IMB Full Service option includes many additional preparation activities that may be subject to postage adjustment if error tolerances are exceeded. The Postal Service must establish error tolerances, and clarify the postage consequence for mailings that exceed these tolerances.

- **The Postal Service Must Clarify Any Impacts on IMB-Based Ancillary Services.** In addition to the IMB Basic and Full Service options, Intelligent Mail Barcodes are the foundation for other services, including OneCode ACS and OneCode Confirm service. We are gravely concerned about the Postal Service’s plans to re-configure the existing Confirm service and pricing structure. OneCode Confirm service and the Full Service IMB option are separate and distinct in terms of their technical requirements and pricing structures. It is imperative that these services remain separate and distinct in terms of their requirements and the flexible options they provide mailers. A cost-effective service option for obtaining visibility data at the mailpiece-level must continue to be available to mailers. The proposed IMB Full Service requirements should not impact the continued availability of the OneCode Confirm service offering and data it provides. →

COMMENTS ON THE PROPOSED RULE ON IMB IMPLEMENTATION

- **The Proposal Has Not Adequately Addressed Data Security and Competitive Issues.** We recognize and support both the need to keep IMB security safeguards from becoming unduly costly, and the need to design safeguards that permit exchange of data between authorized entities in the mailing supply chain. But there is a balance between policies that permit legitimate access to sensitive data and policies that protect against unauthorized disclosure. There are cost effective solutions that will maintain data security using commonly accepted business practices without impairing legitimate access. The Postal Service should clarify what steps it intends to take to maintain data security and prevent the type of competitive breaches that can arise when this kind of very detailed information is being handled.
- **IMB Technical Specifications Are Still in Development.** We urge the Postal Service to carefully review and respond to the technical questions and concerns raised by its customers. The Postal Service must also specify where the technical specifications will be maintained and how the process for revisions to the specifications will occur. Most importantly, the Postal Service must commit not to make revisions to any such guide without first soliciting and considering mailer input.
 - Mailer ID. We urge the Postal Service to more fully develop these requirements. We find the separation of the Mailer ID and code assignment processes for OneCode ACS, OneCode Confirm, and others to be unnecessarily complex and conflicting. We urge the Postal Service to consolidate the three Mailer ID process and assignment systems, and use the Service Type ID code in the IMB to determine services requested. In this manner, one Mailer ID could be used for all three types of mailings, with the services requested through the Service Type ID code.
 - Intelligent Mail Tray/Sack Label. While the Postal Service had said in its proposed rule that the 10/24-digit interim barcode can be used before May 2009, and published those specifications, many mailers plan to move directly to the 24-digit barcode rather than make two sets of process and programming changes to use the 10/24-digit barcode on an interim basis, and then to meet the 24-digit barcode specifications in the longer term. We encourage the Postal Service to allow use of the 24-digit IM tray/sack barcode label earlier than the planned IMB implementation date if its equipment has been fully enabled to read the new barcode before the IMB implementation date.
 - Intelligent Mail Container Barcodes. In its proposed rule, the Postal Service maintained the requirement for IM barcode container labels to be placed on three sides of the container for all plant-loaded and drop-shipped mailings. This requirement will result in additional and unnecessary costs for mailers in order to compensate for the Postal Service's abysmal barcode scanning performance. The Postal Service has not documented that applying three separate labels is necessary in order to improve its container scan rates. Until such time as the Postal Service has exhausted alternatives for improving container barcode scanning, mailers should not be burdened with additional costs.
 - Electronic Documentation Requirements. On May 16, 2008, the Postal Service published online its *Guide to Electronic Documentation and Appointments for Full-Service Mailings*. Because much of the information contained in the *Guide* describes in detail requirements only superficially laid out by the Postal Service in its proposed rule, we urge the Postal Service to extend the comment date for issues relative to the e-Documentation requirements. Since it is plain that more changes are to come, customers and vendors cannot yet begin to program software and systems to the specifications included in the document. It is imperative that the Postal Service allow sufficient lead time between the publication of the final specifications and the required implementation date.
 - IMB and Co-Mailing. Co-mailing and similar techniques where service providers can combine pieces from different mailings/mail owners has become an integral part of today's mail preparation business. All requirements for IMB implementation must support the continued growth of these options. We urge the Postal Service to clarify how POSTNET-barcoded pieces in these mailings should be prepared. We urge the Postal Service to allow mailers to combine POSTNET-barcoded pieces with Basic and Full Service IMB pieces in these situations as well, with no change to the physical mail preparation requirements. →

COMMENTS ON THE PROPOSED RULE ON IMB IMPLEMENTATION

- IMB Full Service and Move Update Requirement. The Postal Service needs to clarify whether use of the Full Service IMB option fulfills the Move Update requirements [and] if so, what process must be used and how would the mailer demonstrate that the requirements have been met.
- Error Correction. The Postal Service needs to define a process for correcting errors for IMB mailings. There currently are no user-friendly processes in place to correct errors in PostalOne, for example, nor are there ways to intelligently and easily make changes in instances such as an incorrect Mailer ID included in the IMB, or change in service type ID code, etc. Technology could support such changes if processes were developed.
- IMB and Uniqueness. We urge the Postal Service to further explore this issue collaboratively with industry in an effort to form a viable and cost-effective solution both for the Postal Service and its customers.
- 11-Digit Code and IMB. In its comments on the Advance Notice of Proposed Rulemaking, PostCom *et al.* raised the concern that an 11-digit delivery point code cannot be returned by USPS databases for every address. In such cases, PostCom *et al.* asked the Postal Service, how should the piece be coded? In its proposed rule, the Postal Service responded, stating that the “[c]urrent standards in DMM 708.4 apply when mailpieces are addressed for delivery to an address with a unique 5-digit ZIP Code or unique ZIP+4 Code.” We find this response confusing, however, in that the language in that section of the *Domestic Mail Manual* (DMM) is ambiguous.
- IMB Quality. We are concerned that the increased need for quality control of the IMB barcode printing will have the unintended consequence of significantly increasing mailer costs. Mailers producing IMBs at production speeds likely will need to purchase in-line barcode verifiers to ensure that quality is maintained. These costs, coupled with the potential increased risk of postage assessment for errors (depending on what error tolerance policy the Postal Service adopts), may present barriers to IMB participation.
- Address Correction Service Information. The Postal Service needs to clarify and make consistent its intentions on address correction service data distribution. It is not acceptable to offer the ability to grant access to data to third parties at some undefined future point in time. In addition, we request that the Postal Service clarify if and when it plans to retire the traditional ACS program.
- Induction Information. As with the address correction services information, we urge the Postal Service to clearly and completely articulate its plans and timeline for the provision of induction data with the Full Service IMB option. Customers cannot assess the net value of this “benefit” to Full Service IMB without complete information on the requirements, fees, and feedback that will be provided.
- **The Postal Service Must Publish Realistic Implementation Plan and Related Schedule.** Changes to mailer support systems, software, and computer systems need to be finalized well in advance of the implementation date in order to allow vendors to bring the solutions to marketplace, and to allow users to implement and test those systems. The Postal Service also needs to ensure that appropriate software certification processes are set to follow a timeline that will allow lead time for mailers to implement and test the software once it has been certified and made available by vendors. In light of the overwhelming range of concerns with respect to the IMB proposal, many of which are articulated in these comments, we conclude that a May 2009 implementation date is neither realistic, nor in the best interests of the mailing industry. Mailers need more complete information to enable them to plan a more incremental implementation of IMB.

Equally importantly, we do not believe that the Postal Service itself will be ready to implement the IMB full service option by May 2009 in a cost-effective and meaningful manner. We urge the Postal Service to re-evaluate the May 2009 IMB implementation date and work collaboratively with the industry to form an implementation strategy that will benefit both the Postal Service and its customers in the long term as well as the short term. In its proposed rule, the Postal Service stated that, “POSTNET barcodes will be accepted on automation letters and flats until May 2010.” We urge the Postal Service to reconsider the May 2010 implementation date for the same reasons that we urge the Postal Service to re-evaluate the May 2009 IMB implementation date. [\[TOP\]](#)

“Move Update” is Moving Closer

Less than five months remain before the “move update” standards announced last year take effect on November 23 (see the October 19, 2007, issue of *Postal Points*). Published in the September 28, 2007, *Federal Register* after a four-month rulemaking, the revised standards expand the original “move update” rules implemented on July 1, 1997, in two ways:

- The maximum interval between “move update” processing and the date of mailing is reduced from 185 to 95 calendar days.
- The standards now apply to all Standard Mail, as well as to automation- and presort-rate First-Class Mail (to which the 1997 rules applied).

Tackling a stubborn problem

Despite the decade of address improvement that was supposed to be occurring since the first rules were adopted, the volume of undeliverable-as-addressed mail persisted. In 2004, for example, about 4.7% of the mailstream – 9.7 billion mailpieces – was UAA. As if the resources wasted in preparing that mail – and in disposing of it – weren’t bad enough, the Postal Service had to spend about \$1.9 billion handling it.

It’s arguable that the chronic UAA problem resulted from both a wholesale lack of compliance by list owners, who perhaps resisted the cost of better address management practices, and the absence of any detectable USPS enforcement of the rules. Regardless, the persistent volume of UAA motivated the Postal Service to revisit its “move update” rules about five years later, though another five years passed before a proposed rule was published.

Ready or not

In its final rule, which was essentially the same as what it had proposed, the Postal Service set an implementation date eighteen months from when the proposal was issued. As a result, mailers – or, more precisely, list owners and managers – will have had over a year to take the necessary steps to be ready to comply with “move update” in November (not counting the first ten years that “move update” was in effect). Whether all will be ready, of course, remains to be seen.

In practice, compliance will require action in advance. Because the rule requires the address to have been updated within no more than 95 days of when it’s used on a mailing, the mail owner, mailing service provider, and list source must cooperate to ensure that not only is an appropriate address update method used in a timely manner, but that the results of that process are incorporated into the address file ultimately used for the mailing.

A common suspicion is that, while mailing service companies prepared mail bearing the necessary “move update” endorsements, or processed lists through an approved update tool, list owners would avoid the cost and trouble of using information received to actually update the source lists – meaning the whole exercise was done for naught. Obviously, if the volume and cost of UAA are to be driven down, as ratepayers and the Postal Service intend, the objective of the “move update” process may need to be restated: Don’t just *get* an address correction, *make* the address correction in the source file. →

USPS finalizes label change.

In a final rule announced in the June 5 *Federal Register*, the Postal Service announced new mailing standards to require the use of a concatenated UCC/EAN Code 128 Service barcode, with a unique Service Type Code “55” on Priority Mail Open and Distribute container address labels.

The agency published a proposed rule on May 24, 2007, requiring only the use of a concatenated UCC/EAN Code 128 Delivery Confirmation service barcode; no comments were received on that proposal. A second proposed rule was issued on April 21 because of subsequent changes to the original rule; no comments were received on the second proposal either.

In the final rule, the Postal Service explained that the requirement will enable the Postal Service to verify the arrival at the destination facility for all Priority Mail Open and Distribute containers, and that the text, “USPS SCAN ON ARRIVAL” above the barcode will help facilitate correct scan behavior. Use of the Service barcode instead of the Delivery Confirmation barcode also will provide better visibility to the customer and enable the Postal Service to monitor service performance based on the product.

The agency added that it also was amending the effective date (previously announced as May 12) to July 1.

Road impasse resolved.

After delays and squabbles, there may be no further roadblocks to the construction of a new mail processing facility to serve the St. Paul (MN) area.

As reported by the St. Paul *Pioneer Press*, the Postal Service has dropped its demand that a traffic light be installed at a busy intersection near the facility, while agreeing to the completion of an adjacent street, ending a three-way argument with the City of Eagan and Dakota County.

The Postal Service has 18 months to move out of its current plant in downtown St. Paul which will become part of a transit hub. [TOP](#)

APWU loses DHL vote.

In a three-way contest to determine who will represent DHL employees at the company's Wilmington (OH) hub, the American Postal Workers Union lost to the Teamsters and "no union." However, while the Teamsters had the most votes, they did not get the 50%+1 share required by NLRB rules, so a run-off between them and the "no union" option will be scheduled. The Teamsters already represent personnel at DHL Express and other facilities.

DHL recently announced plans to use UPS as its North American air carrier, putting thousands of Wilmington jobs at risk (see the June 6 issue of *Postal Points*). The Teamsters claimed they won the vote because employees there wanted that union's "bargaining, contractual, and political clout."

Ex-DM drops bid in NH.

According to the Manchester (NH) *Union Leader*, after meeting with state party officials, Jim Adams, the former manager of the Postal Service's New Hampshire/Vermont district has decided not to seek the Republican nomination for governor. Adams retired at the end of February and said in May he was considering a run for the state's top job (see the May 16 issue of *Postal Points*). In announcing his change of plan, Adams said he would instead "do anything he can to help Republican candidates win."

Ex-PM sentenced.

As reported by Paducah's *WPSD-TV*, the former postmaster of nearby Ledbetter (KY), has been sentenced to two years probation after pleading guilty to embezzling over \$3,800 in USPS funds. The money was allegedly diverted to her personal use over a year-long period by manipulating revenue from money order and stamp sales. All the embezzled money was repaid, however, after an internal audit revealed the discrepancies. [\[TOP\]](#)

Tools and their uses

The mechanics of "move update" may have evolved over time but the basic tool set remains largely unchanged. For example, USPS-authorized methods for Standard Mail to meet the "move update" standards include:

- NCOA^{Link} processing.
- *FASTforward* MLOCR processing (for letter mail only).
- OneCode Address Change Service in conjunction with an intelligent mail barcode and business entity ID.
- ACS used with an ACS participant code and an appropriate on-piece ancillary service endorsement.
- Use of an appropriate on-piece ancillary service endorsement without ACS.

Of course, to *truly* complete the "move update" process, list owners who rely on ACS or on-piece ancillary service endorsements without ACS must incorporate any address changes received into the source list prior to its use for a subsequent mailing. And such a mailing cannot be made more than 95 calendar days after the update was received. As in the past, an address updated with an approved method may be used during the following 95 days for mailings at either First-Class or Standard Mail rates.

And, also as in the past, the "move update" standards do not apply to mailpieces prepared with an alternative addressing format (e.g., "John Doe or Current Resident," "Occupant," or "Postal Customer").

What to do

In the May/June issue of *MailPro*, the Postal Service provided some Qs-and-As (reprinted below with permission) to help mailers and list owners better understand how the "move update" standards will work. MFSA members can use this material to educate their clients about what must be done to prepare for and comply with the new standards in a timely manner.

But therein may lie the toughest challenge facing mailing service providers: convincing clients, especially those with their own lists, that not only does action need to be taken, but that it can't wait much longer. This challenge may be even greater in institutions, government agencies, and large corporations where lists are fragmented across departments, mailing responsibilities are assigned to an in-house operation, and postage costs are seldom reconciled with mailing practices. In such situations, the "it's-not-my-problem" attitude can result in not only poor address quality but unnecessary mailing costs. If a mailing service company has such a client, the need to educate that client about quality addressing – aside from "move update" compliance – first must tackle the task of finding the right person or office to contact.

However, on balance, "move update" still represents a significant business opportunity for mailing service companies, especially those that offer list management services to clients. MFSA members who have been attentive to the approaching deadline and made preparations accordingly will have software solutions in place to help clients get their lists ready for November 23.

The Postal Service has not yet announced how it will deal with noncompliant mailings after that date, but the discovery of those consequences by unprepared mailers and list owners may then be a rude reminder of what should have been done in these preceding months. [\[TOP\]](#)

“MOVE UPDATE” Q&A

For Standard Mail mailers, does updating have to begin on Nov. 23?

Mailers do not begin their updating process on Nov. 23, but rather, on this date mailers must begin using addresses that were updated within the previous 95 days. For example, a mailing entered on Nov. 23, must bear addresses that were updated no earlier than Aug. 20.

My business does not maintain a mailing list with an address-update cycle. How does the Move Update standard apply when my customer provides an address?

In most instances, a mailpiece sent shortly after the address was provided by the addressee will not require forwarding, and the mailpiece will be delivered as addressed. If you send a mailpiece to the address within 95 days of the date the address was provided, the address complies with the Move Update requirement. If you use the address 95 or more days after it was provided, you must, at a minimum, use an on-piece ancillary service endorsement for address correction or other authorized method.

In addition to the address list, what documentation must a list owner furnish to a mailer obtaining an address list?

The list owner is obligated to prove it is aware of the Move Update standards and that the addresses on the list comply. The list owner should keep the following for two years:

- Move Update output reports documenting that the address list went through an authorized Move Update process within 95 days before the mailing was submitted to the Postal Service.
- Proof that names on the list added since the last update came directly from customers (if applicable).

I am a mailing agent (for example, presort bureau). When I accept mail, if my clients cannot prove that they have updated their addresses within 95 days of the scheduled mailing date, can I still include those mailpieces in automation rate or presort rate First-Class Mail or Standard Mail mailings?

No, unless you are a *FASTforward* licensed multiline optical character reader (MLOCR) user using *FASTforward* to update the addresses. Otherwise those mailpieces must be mailed at the First-Class Mail single-piece rate.

If my mail is processed for Move Update using FASTforward MLOCR, which mailpiece design issues, other than general automation compatibility, do I need to be concerned about?

The name and address must be in the optical character reader (OCR) read area, and all mailpieces must have a lower-right barcode clear zone so the MLOCR can spray the appropriate barcode and the new address in the barcode clear zone if a move is identified. Mailpieces with exceptional address formats (for example, “Or Current Resident”) are not eligible for *FASTforward* processing.

If I use an exceptional address format (for example, “Jane Doe or Current Occupant”) on my mailings, must the recipient name have been updated within the previous 95 days?

No. Each mailpiece will be delivered to the address appearing on the mailpiece whether or not the named recipient resides at that address. The physical elements of the addresses, however, must have been updated using an appropriate process for the rates claimed.

I have Coding Accuracy Support System (CASS)-certified address-matching software that ensures I have good addresses. Does this meet the standards for new names and addresses?

No. Address-matching software looks up addresses to standardize, correct and validate the physical address elements and append ZIP+4 Codes. It does not perform a name lookup to determine whether the addressee is still at that address and, therefore, does not meet the Move Update standard.

How do I meet Move Update requirements when mailing to an address recently added to my address list?

The Move Update process is individual name-and-address-based, not “list-based.” When a customer contacts a business and as a result is added to the list, the newly added address can “ride” with the list until the next cycle for update. The address can be added to the list only if the customer has requested services or literature or has purchased merchandise.

I am a Standard Mail mailer and rent solicitation lists for mailing. Since these addresses are newly acquired, do they have the same 95 day grace period as addresses received directly from customers?

No. Only addresses received directly from customers have the initial 95-day grace period until the next scheduled update cycle. Addresses obtained from other sources (for example, list brokers) must have →

“MOVE UPDATE” Q&A

undergone processing using NCOALink or *FASTforward* MLOCR prior to mailing. If one of the customers from the solicitation list responds to your mailing by requesting services or literature or purchasing merchandise and is added to your house list, then that address can be mailed to for the next 95 days without any Move Update processing. After 95 days, any one of the approved methods — NCOALink, ACS/OneCodeACS, *FASTforward*, Ancillary Service Endorsements or alternative methods — can be used for that address.

Does a list or an address have to be updated every 95 days?

An address can be updated any time, provided it is within 95 days before the address is actually used for a mailing. For example, if a mailer mails using a list once every two years, that list would have to be updated using one of the authorized Move Update methods no more than 95 days before the mailing.

I am preparing my very first direct mail campaign under Standard Mail. I bought a mailing list. The broker said I need to do Move Update processing before I mail and I can't use either an ancillary service endorsement, ACS or OneCode ACS on my mailpieces to meet the Move Update requirement. Is this true?

Your broker is correct. An ancillary service endorsement or ACS/OneCode ACS cannot be used for the first mailing to an address, unless you received that address directly from your customer within 95 days of your mailing. You must use a pre-mailing Move Update method, such as NCOALink or *FASTforward* MLOCR, to catch potentially UAA addresses due to customer moves before you mail. For all of your subsequent mailings to that address, you can use a post-mailing Move Update method, such as ancillary service endorsement or ACS/OneCode ACS, as long as no more than 95 days has transpired until your next mailing. When you receive a change of address notification from your ancillary service endorsement or ACS/OneCode ACS, simply update your customer's record within your mailing list and use that new address for future mailings.

OK. Once I use a pre-mailing Move Update method for all addresses I am mailing to for the first time, then I can use ancillary service endorsements or ACS/OneCode ACS for subsequent mailings. Can I use any ancillary service endorsement on my mailpieces to meet the Move Update requirement for those mailings?

No. There are certain endorsements that can be used as a “stand-alone” method for meeting the Move Update requirement. Only the endorsements: “Address Service Requested,” “Return Service Requested,” “Temp-Return Service Requested” (First-Class Mail only), and “Change Service Requested” (Standard Mail only) meet the requirement as a “stand-alone” method. “Electronic Service Requested” must be used in conjunction with ACS/OneCode ACS. “Forwarding Service Requested” does not meet the Move Update requirement. For more information about the use of each endorsement, see DMM 507 at pe.usps.com.

Must entire lists be updated each time updating is done?

Entire lists do not have to be updated at once. The update requirement applies to individual addresses, not to entire lists. Only those addresses that will be used in a mailing need to meet the Move Update standard. If a portion of a list used for a mailing was not updated within 95 days of mailing, the list could not be used with an ancillary service endorsement as the method to comply with the Move Update standard, because some of the addresses would not have been updated within 95 days prior to the mailing. However, the list could be used if processed using NCOALink or *FASTforward* MLOCR prior to mailing.

Will a mailpiece that bears the ancillary service endorsement “Change Service Requested” meet the standard?

Printing an appropriate ancillary service endorsement on a mailpiece does not, by itself, satisfy the standard. A Standard Mail piece being mailed on or after Nov. 23, does not meet the standard if an approved Move Update process was not used in the prior 95 days.

Is any Move Update documentation required at the time of mailing?

No, the mailer's signature on postage statements submitted in hard copy or in electronic format, such as *PostalOne!* or Mail.dat, certifies that the mailing complies with all relevant standards, including Move Update, and that the mailing qualifies for the prices and fees claimed. Mailers are encouraged to check the “Move Update Method” boxes on the postage statement. [\[TOP\]](#)

PRC's USO Contractor Provokes Concerns

As the old saying goes, "Facts are funny things." That's usually taken to mean that a "fact" can be produced or used in a variety of ways depending on the skill of the producer or user. That skill, usually called "spin," is relatively basic to Beltway types working in or near the world of politics.

Spin and counter-spin

Sensitized to the effects of "spin," some of the panelists representing the postal unions who testified at the May 8 hearings held by the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia (see the June 6 issue of *Postal Points*) criticized the contractor hired by the Postal Regulatory Commission to help prepare a report on the Postal Service's Universal Service Obligation. For example, the legislative director of the American Postal Workers Union said he was

"very concerned about the direction being taken by the Postal Regulatory Commission, which has undertaken, through private contractors, to study the Postal Service's Universal Service Obligation. My concern is that the PRC has selected as its contractors people who are on record as favoring privatization and as believing that the postal monopoly is not needed. One of these individuals is someone who has written extensively on postal topics, including presenting testimony before the presidential commission. He also prepared a controversial 'analysis' of the PAEA that has been widely criticized. In his testimony before the presidential commission, he characterized the postal monopoly as having 'insidious effects' stating that the postal monopoly:

- Makes the Postal Service a victim
- Corrodes labor relations
- Intimidates customers
- Excuses endless political interference from members of Congress; and
- Is the 'chain that binds the Postal Service hand and foot.'"

Learning of the union's criticism, PRC Chairman Dan Blair wrote the subcommittee the next day, explaining that, "because of the breadth of this issue, the Commission solicited expert assistance through [an RFP] that carefully tracked the various requirements of the broad assignment given us by Congress." Trying to dismiss any perceptions that the PRC has farmed out the fundamental objective of its task, Blair emphasized that while the commission has hired a consultant to help with the research, "any conclusions, findings, recommendations or policy determinations will be those of the Commission, not of a consultant."

Another whirl

The next round of point-counterpoint started when the APWU wrote to the subcommittee, reprising portions of its testimony that it said showed that the "partisan positions [of two PRC contractors] are well-known."

The union also countered Blair's claim that the PRC, not its contractor, will produce the conclusions in the report, noting that "the RFP requires contractors to 'include an estimate of the ... value of the postal monopoly and a discussion of the ability of the current postal monopoly to sustain the current universal service obligation.'" In addition, the APWU wrote, "the commission's RFP identifies 15 separate tasks to be undertaken by the commission's contractors. In describing those tasks, the RFP uses the phrase 'The written document shall be suitable for incorporation into the final report to the President and Congress' 9 times."

Finally, the union cites the RFP requirement that "The contractor shall blend the written documents from the applicable tasks listed above →

Good plan backfires.

The search for alternatives to gasoline, both for environmental and cost reasons, has led motorists and fleet operators to select vehicles that can burn blends of ethanol. However, as reported by *Bloomberg.com*, what seemed like a good idea hasn't produced the intended results.

As the nation's largest fleet operator, the Postal Service has been conspicuous in its efforts to use "green" vehicles and, accordingly, purchased over 30,000 ethanol-capable trucks over a six-year span. However, contrary to expectations, the agency's fuel usage rose about 1.5 million gallons as a result.

Postal officials note that the Ford minivans purchased to replace older Jeeps as delivery vehicles had larger engines. Further, 85/15 or 90/10 ethanol fuel is less efficient than pure gasoline and is harder to find. As a result, when the larger power plants were not fueled as originally envisioned, net mileage for the delivery fleet worsened compared to that of the Jeeps.

Reflecting on his agency's experience, one senior USPS official said the Postal Service may be considering electric vehicles instead for delivery operations.

Conspirators charged with fraud.

The Mount Pleasant (MI) *Morning Sun* reports that a bulk mail technician at the local post office and the owner of a direct mail service have been named in a 38-count indictment on charges of conspiring to defraud the Postal Service.

According to the US Attorney's office, the pair is charged with 25 separate counts related to mailings submitted between 2005 and late 2007. The clerk is charged in 12 further counts for "manipulating internal records" that resulted in bulk mailings by Central Michigan University being "mailed for free."

The US Postal Inspection Service said the charges resulted from an eight-month investigation. [\[TOP\]](#)

Siemens wins USPS contract.

According to the company, Siemens has been awarded a \$245 million contract by the Postal Service for the production and installation of 550 Advanced Facer Cancellor Systems, plus spare parts, training, and other support.

The AFCS 200 model to be deployed will replace the current generation equipment that's been in service for almost twenty years. Siemens stated that the new machines have improved technology for address reading, mailpiece distribution, and faster overall throughput.

The contract calls for the new AFCS equipment to be in place by March 2011.

PhotoStamps to continue.

According to the company, the Postal Service has awarded Stamps.com an extension for the PhotoStamps program through mid-May 2009.

In what will be the fourth phase of the market test of the product, customers will continue to be able to upload personal artwork to the Stamps.com website for use in producing customized postage. The company reported that it has sold over 58 million PhotoStamps under the USPS-licensed program.

Carrier charged with mail theft.

South Bend (IN) station *WNDU* reports that a letter carrier in nearby Middlebury has been indicted by a federal grand jury on charges of mail theft following last month's discovery of about 21,000 pieces of undelivered mail in her home.

Authorities uncovered the accumulated mail after patrons on the carrier's route complained about expected mail not arriving. Nonetheless, investigators suspect the carrier may have been storing mail for over a year before her failure to deliver it was detected. Whether any contents were taken from the mail was not clear. Delivery of the diverted mail has begun with the help of additional resources.

The carrier has resigned but faces up to five years in prison and a \$250,000 fine if convicted.

[\[TOP\]](#)

into a comprehensive report to be delivered to the President and Congress." As a result, the APWU argued that "no amount of rationalization or polite phraseology ... should mislead the subcommittee to believe that the report has been prepared with an objective or non-partisan view of the issues."

A separate opinion

Joining the fray through written comments to the PRC was Murray Comarow, a veteran Washington insider with forty years' experience on postal matters. Comarow wrote that last year he had urged Blair

"to seek a contractor whose views were not tilted pro- or anti-privatization. From three proposals, the Commission selected a George Mason University team that includes several individuals who have taken pro-privatization positions, as well as academics with no postal background. ... The Commission will therefore be supported by a group arguably tilted in one direction.

"The GMU role has been described solely as one of support and data collection, not one of drafting a report. The Commission itself, Chairman Blair said, will develop its recommendations. I have absolutely no doubt that this is true, but data collection is not a neutral activity. In studying a mass of documents and data, reviewers select the most relevant and useful material. These are judgment calls.

"Common sense and a host of experiments have revealed 'confirmation bias,' that is, researchers tend to select data that support their beliefs, despite evidence to the contrary. The data that GMU selects may be perceived as influencing the Commission, especially by those disagreeing with its recommendations."

At the conclusion of his comments, Comarow added that

"The Commission will undoubtedly recommend changes to Congress. ... I trust that the Commission, grappling with these complex issues, will recommend changes only if supported by objective evidence and sound analysis[;] ... changes based on ideology or conviction, however sincere, are not worthy of consideration."

Why this matters

The average citizens – or mailing companies – from outside the Beltway may be wondering why this arcane debate is newsworthy, let alone why they should read or be concerned about it.

The reason is simple: the major shifts in government policy that result in institutional change, such as to the Postal Service or its basic functions, don't begin with a presidential declaration but with subtle and almost invisible decisions, such as who will prepare a report that will be used to educate legislators. By imprinting the content of such a report with a particular bias at the outset, such as by the selection of data or facts to be presented, or by how they're interpreted (there's the "spin"), those who control the preparation of the report can influence its readers toward a preferred conclusion. That's how it's done inside the Beltway.

So, aware of this, it's worrisome that the PRC – itself a political creature with its own agenda and biases – has engaged experts with visible biases of their own to "study" the postal universal service obligation. The Postal Service and its functions are emblematic of what private sector/public sector advocates debate, but there's more at stake here than who takes the economic or social policy high ground. Rather, the outcome of the debate and decisions that will be shaped ever-so-subtly by the contents of the PRC's report will decide the future of the Postal Service and, in turn, of the mailing industry that depends on it. [\[TOP\]](#)

USPS Files List of “Nonpostal Services,” Part 1

In the ongoing exercise through which the Postal Regulatory Commission is trying to identify every source of postal revenue so that it can be categorized as under its regulatory purview (or not), the Postal Service has submitted the first installment of its list of “nonpostal services.”

The June 9 submission was in compliance with an April 29 order issued by the PRC in response to a motion to compel filed by the PRC’s Public Representative (an approximate successor function to the former Postal Rate Commission’s Office of Consumer Advocate). In turn, that motion followed earlier exchanges between the PRC and the Postal Service over the definition of “nonpostal service” and how broadly the net should be cast to identify candidates for that definition (see the April 4 and May 16 issues of *Postal Points*).

Soup to nuts

The Postal Service admitted in its filing that it was still gathering revenue sources for its list and so filed a concurrent motion for a two-week extension to complete its work. Nonetheless, it was able to submit a 44-page listing that detailed the nature and revenue for over three dozen activities and programs that generate USPS income (see box). In its filing, the Postal Service stated:

“Broadly speaking, the material requested in Order No. 74 can be split into two categories. The first category is a complete listing and description of, and FY06 and FY07 annual revenue for, each activity that generates revenue and is not currently classified as a postal service, regardless of the statutory authority claimed for such activity. The second category is material intended to support whatever future treatment (e.g., continued as a ‘grandfathered’ nonpostal service, reclassified as a postal service, etc.) the Postal Service proposes for these activities. This initial response ... is intended to provide the first category of materials – identification of the universe, so to speak, of revenue generating activities that are not postal services. The Postal Service will respond with respect to the second category of materials as soon as it can, hopefully within the next two weeks.”

Attachments to the Postal Service’s submission broke down revenue from these programs and activities to finance numbers and general ledger entries, revealing that few of what the PRC is thinking of regulating amounted to more than a blip in the agency’s overall revenue picture. As the Postal Service explained:

“The ineluctable conclusion is that the vast majority of the HQ finance numbers identified as sources of revenue in this account are reporting non-material amounts of revenue, and many are reporting quite trivial amounts of revenue. It would be difficult to discern a rational basis to attempt to probe the source of each and every one of these entries, with what would inevitably be a labor-intensive manual inquiry process. Instead, the Postal Service has tried to focus on those entries that truly merit attention for one of two reasons explained above – either the amount of revenue seems significant, or the nature of the activity is known to fall within the range of historical interest for “nonpostal” activities. If, however, there are specific entries which are subsequently deemed to warrant particular attention, the Postal Service will seek to obtain whatever additional information can be obtained.”

As noted, the Postal Service will be adding to, and presumably completing, its list shortly. At that time, if it is satisfied that every stone has been turned in USPS HQ, the PRC will set about the process of deciding which of the list is within its statutory authority to regulate as a “nonpostal service.” [\[TOP\]](#)

USPS “Nonpostal Services”

Some of the activities and programs producing USPS income:

- Asset Forfeiture Fund
- Inspection Service Reimbursements from other Law Enforcement Agencies
- Parking fees
- Electronic Postmark
- Real property sales
- Non-sale leases and disposal of real property
- Vehicle supplies and services to government agencies
- Readypost
- Stamp Fulfillment Services shipping and handling charges
- Philatelic sales
- Officially licensed retail products
- Greeting cards
- Migratory Bird Stamps
- Passport application acceptance
- Passport photos
- FedEx dropboxes
- Meter manufacturers marketing program
- Photocopying service
- Notary Public service
- Stored value cards
- Dinero Seguro/Sure Money
- Training facilities (Norman Training Center and WFBolger Center For Leadership Development)
- Licensing programs (USPS inventions and trademarks)
- EEO processing
- Consumer Fraud Fund
- Service-wide costs (Unused FSA contributions, Unclaimed meter refunds and old inactive accounts, uncashed checks (Including payroll))
- CMC Transportation Asset Management
- Customized Postage
- Imagitas (Moversource)
- Sexually oriented advertising list
- Warranty repairs
- Affiliates
- Address management
- Nascar [\[TOP\]](#)

New plant for OKC.

According to the Oklahoma City *Oklahoman*, the Postal Service has opened a new processing and distribution facility, consolidating operations previously at three other sites. The new complex – covering nearly 831,000 square feet – is located just west of downtown and close to the international airport. In addition to moving all mail processing under one roof, the new facility also houses administrative offices – formerly at yet another location – as well as a vehicle maintenance facility.

Despite the challenges of moving in without disrupting operations, a postal spokesman said that simply ending the need to shuttle mail should improve service performance significantly.

Misery loves company.

The current economic stress isn't hurting just the Postal Service and the mailing industry. Usually profitable Federal Express reported a fourth quarter loss of \$241 million, its first quarterly loss in eleven years. According to *Bloomberg.com*, FedEx attributed the loss to one-time charges for the rebranding of its FedEx Kinko's unit, which will now be called FedEx Office.

Meanwhile, United Parcel Service has lowered its profit forecast because of decreased volume and sharply higher fuel costs, challenges also facing FedEx, the Postal Service, and other carriers.

In a separate report by the *Associated Press*, USPS Deputy PMG Pat Donahoe noted that the Postal Service faces an increase of \$8 million in fuel costs for each one cent jump in fuel prices. His agency operates a fleet of over 210,000 vehicles, and also faces pass-through fuel costs from road and air contractors, including FedEx and UPS.

Employee COLAs rising.

The APWU has announced that the contractual cost-of-living adjustment for its members stands at \$936, so far. Mailhandler craft employees are in for the same, while city carriers' COLA is \$956, so far. Final COLA calculations will be made after the July CPI is announced. [\[TOP\]](#)

Competitor Files Complaint About B-of-A NSA

Last October, the Postal Regulatory Commission issued a favorable decision on a negotiated service agreement with Bank of America that had been proposed by the Postal Service in February 2007. In that decision, the PRC expressed reservations about the agency's data and the conclusions that were based on it in support of the proposal. Generally, the commission felt that the data was outdated and inaccurate and presented an overly optimistic assessment of the benefits of the proposed NSA. Nonetheless, just before Christmas, the Postal Service's governors accepted the PRC's decision and implemented the NSA effective April 1, 2008.

No sauce for the gander

As early as February 2007, CapitalOne Services, with whom the Postal Service had an NSA for four years (2003-2007), indicated an interest in a new NSA comparable to B-of-A's. It engaged in more substantive discussions through a string of correspondence and meetings beginning early this year. In that dialogue, CapOne asserts that it tried to persuade the Postal Service to enter into a "functionally equivalent" NSA, along the lines of that just implemented with B-of-A, but was repeatedly rebuffed.

Apparently frustrated, CapOne filed a complaint with the PRC on June 19, alleging "discrimination and other violations of law" by the Postal Service. In its 25-page complaint, CapOne states that it used the assertions and proffers made by the Postal Service in the B-of-A case to seek its own NSA, even meeting with senior USPS officials to make its arguments. However, CapOne says it was told repeatedly that, despite what the record of the B-of-A case would suggest would be available to later NSA candidates, similar terms would not be offered to CapOne.

Two-pronged attack

CapOne attacks the Postal Service in two ways, disputing the agency's claim that the B-of-A agreement is based on "pay for performance" as well as claiming discrimination for being denied an equivalent deal. The complainant states that "discounts based on read/accept rates control the bulk of the quantified Postal Service cost savings and mailer discounts and were thus the focus of the Commission's review and, similarly, are the focus of this Complaint." (The "read/accept" rate data was among the most heavily criticized data presented in the case.)

CapOne uses passages from the Postal Service's record testimony against it, noting that the agency's assurances about future equal treatment for other NSA candidates, as well as the agency's responses when CapOne later asked for just such an equivalent deal. It also states that it "relied on the Postal Service's representations and changed its position for the worse by not intervening or otherwise contesting the original Bank of America NSA."

The complaint makes five claims of violation of the law and the PRC's rules, saying "the Postal Service unreasonably or unduly discriminated against Capital One," "granted an undue or unreasonable preference to Bank of America," and violated the legal provisions for new classifications. As relief, CapOne asked that the PRC direct the Postal Service to implement – without further negotiation – an NSA with CapOne that is "substantively identical" to what is in effect with Bank of America.

The PRC has docketed the complaint as C2008-3 and should be issuing a procedural schedule shortly. [\[TOP\]](#)

Postal Bulletin Stuff

In the June 5 issue:

- Effective **June 5**, DMM 235.6.6 and 245.7.5 are revised to allow mailers preparing automation First-Class Mail or Standard Mail letters to place overflow pieces in the front or back of trays when merging overflow pieces into trays made at the next sortation level, instead of making separate overflow trays.
- Effective **June 5**, DMM 503.13.2.3 and 503.13.3.1 are revised to clarify the standards for Confirm service. Currently, mailers have the option to use an intelligent mail barcode when requesting Origin Confirm service; in this case, a POSTNET barcode is not required. Until May 2010, use of a PLANET Code barcode in conjunction with a POSTNET barcode will be allowed, but a POSTNET barcode will not be required for mailpieces bearing an IMB. DMM 503.13.4 also is revised to make reference to the use of a preshipment notification with Destination Confirm service.
- Effective **June 5**, DMM 508.5 is revised to clarify standards that apply to application and payment of fees for caller service and reserve caller numbers.
- Effective **June 5**, Publication 431, *Post Office Box Service and Caller Service Fee Groups*, is revised with the changes noted.
- Effective **July 1**, *Postal Operations Manual* is revised to delete 826.2 concerning Split Forwarding, a service that allows the temporary forwarding of specified classes of mail to a new address while other specified classes of mail are either held or delivered as addressed. Split Forwarding for letters ceased to be available in August 2007 when rollout of the Postal Automated Redirection System was completed; PARS for flats will be available soon. In operation, PARS rejects as waste nonforwardable pieces at the point of induction at the processing and distribution center, resulting in no mail being received by the delivery unit to be held or delivered.
- Effective **July 1**, Publication 91, *Confirmation Services Technical Guide* (May 2008), is revised to reflect the implementation of additional enhancements to Priority Mail Open and Distribute service. This updates revisions announced in the April 10 and May 8 editions of the *Postal Bulletin*.

In the June 19 issue:

- Effective **June 5**, DMM L002, L005, L006, L007, L009, L010, L011, L201, L601, L603, L604, L606, and L801 are revised to reflect changes in mail processing operations. Mailers are encouraged to label according to these revised lists immediately but must comply with these changes no later than August 17, 2008.
- Effective **June 19**, Publication 431, *Post Office Box Service and Caller Service Fee Groups*, is revised with the changes noted.
- Effective **July 3**, DMM 335, 345, 365, 375, 385, 705, 707, 709, L007, and L009 are revised to reflect a new option available to mailers who prepare flat-size mail bundled for 5-digit scheme or 3-digit scheme presort levels. Currently, the presort level of such bundles must →

Personnel changes.

Board of Governors. The Postal Service has announced that President Bush has appointed Ellen Williams of Kentucky to another term on the Postal Service Board of Governors. Williams was originally appointed in August 2006 to complete a term that expired last December; the full term to which she has just been appointed will expire on December 8, 2014.

Williams was active in Republican party activities nationally and in Kentucky, and operates her own government affairs and lobbying firm. She currently serves as vice chair of the Board's Compensation and Management Resources Committee and is a member of its Government Relations and Regulatory Committee.

Postal Regulatory Commission. Nanci Langley has been sworn in as the newest commissioner. The President nominated her last February, and she was confirmed by the Senate earlier this month; her term runs through November 22, 2012. Langley was appointed as the PRC's first Director of the Office of Public Affairs and Government Relations fifteen months ago following decades of staff service on Capitol Hill, including work for two Senators from Hawaii, her native state.

Meanwhile, the commission announced that Ann Fisher will serve as Acting Director of the Commission's Office of Public Affairs and Government Relations pending the completion of a search for a permanent replacement for Nanci Langley. Fisher has been the PRC's Chief of Staff since January 2007. Before that, she served as deputy staff director for the Senate Committee on Homeland Security and Governmental Affairs, was the principal advisor to Senator Susan Collins on postal matters, and served as the chief staff architect of the Postal Accountability and Enhancement Act. Earlier in her career, she worked for the Postal Service in government relations. [\[TOP\]](#)

MFSA Calendar

Professional Management Conference

Charlotte, NC
September 4-6, 2008

MFSA Leaders Conference

Charlotte, NC
September 6-7, 2008

USPS Calendar

Mailers Technical Advisory Committee (MTAC)

(At USPS Headquarters)
August 6-7, 2008
November 19-20, 2008

Board of Governors

(At USPS Headquarters)
(No published 2008 schedule.)

National Postal Forum

Washington, DC
May 17-20, 2009
Nashville, TN
April 11-14, 2010
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be identified by an optional endorsement line. With this change, the Postal Service is making 3-digit scheme and 5-digit scheme pressure-sensitive barcoded bundle labels available, which can be affixed to the top piece in a bundle in place of an OEL. The new labels are red for 5-digit scheme bundles, green for 3-digit scheme bundles, and bear the letters "SCH."

Although the Postal Service recommends that the labels be placed to the lower left of the address area, they may be placed anywhere on the address side of the top piece in the bundle, provided they do not obscure the delivery address block and are not obscured by banding or shrinkwrap. The new bundle labels will be available from the Postal Service (through existing procurement and supply sources, such as post offices and BMEUs) beginning this month; there will be no automatic distribution.

- Effective **July 3**, DMM 423.1.1.1 is revised to include the availability of commercial base prices for Priority Mail Open and Distribute customers using permit imprint with the Service barcode.
- Effective **September 11**, DMM 705.8.5.6 is revised to require that presort bundles placed on pallets must be oriented with the addresses facing up. Such placement is needed for efficient processing and the eventual automated preparation and induction of flats on flats sequencing system equipment. The new standard also facilitates verifying that the contents are on the correct pallet and enhance manual bundle distribution. Mailers are encouraged to adopt the revised pallet preparation standard as soon as possible.

The complete text of current and back issues of the *Postal Bulletin* is available at www.usps.com/cpim/ftp/bulletin/pb.htm. [TOP](#)

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