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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes

Docket No. R2000-1

TESTIMONY OF
SHARON HARRISON
ON BEHALF OF
MAJOR MAILERS ASSOCIATION

May 22, 2000

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1 The following awards have been sponsored or supported by the Postal Service:

- 2 • 1997 - Quality Teamwork Award - Pacific Bell / USPS Returned Mail
3 (Pacific Bell Team Leader) – presented by Pacific Bell to the joint team
- 4 • 1998 - Mail Center Manager Award from the United States Postal Service
- 5 • 1999 – National Postal Forum: Presenter Selected as Sharing Ideas to Build
6 Success for Pacific Bell / SBC Web-Page Verification Process
- 7 • 1999 - SBC received the USPS Partnership for Progress Award
- 8 • 1999 – Postal Customer Council (PCC) Ambassador Award

9
10 As part of Pacific Bell / SBC's collaboration with the Postal Service and various
11 mailer organizations, I have led several team efforts working with the USPS including:

- 12 • Pacific Bell / USPS Quality Improvement Team Returned Mail (Team Lead)
- 13 • PCC Sacramento Customer / USPS Mail Transport Equipment (Customer
14 Team Lead)
- 15 • MMA Address Management / Move-Update (Team Lead)
- 16 • SBC / USPS Quality Improvement Teams (Team Lead)
 - 17 ♦ Consolidation of Facilities and Impact to USPS
 - 18 ♦ Classification Reform Trial
 - 19 ♦ Tray Label Testing
 - 20 ♦ Move-Update Telecommunications Testing
 - 21 ♦ USPS – SBC Web Verification Process
 - 22 ♦ PostalONE / Direct Link Electronic Connection

23
24 I received a Bachelor of Science degree in Organizational Behavior from the
25 University of San Francisco in 1990.

26 **II. PURPOSE AND SUMMARY OF TESTIMONY**

27 The purpose of my testimony in this case is to describe various programs the
28 Postal Service has implemented to correct the UAA problem as it relates to First Class
29 Mail and customer moves. I would also like to provide some insight on the efforts of
30 mailers to comply with the Move-Update programs, and to discuss the costs associated
31 with attaining and maintaining compliance with these standards.

1 **III. OVERVIEW OF THE POSTAL SERVICE'S PRESORTED MAIL**
2 **REQUIREMENTS**

3 Mailers seeking to qualify for discounted presort rates must comply with
4 numerous, complicated requirements covering *all* aspects of their mailings. In this
5 section, I will highlight and discuss some of the important, time consuming, and
6 expensive requirements that presort mailers face to qualify for discounted rates
7 available to First Class automation mail.

8 Postal Service requirements governing presort mailers activities begin with
9 creation of the mailpieces that mailers distribute through the postal system. Mail piece
10 design is a critical element in ensuring postal discounts are provided. The Postal
11 Service requires that mailers comply with all aspects of the USPS mail piece design
12 requirements. This is not an easy task, since there are multiple postal publications with
13 the mail piece design information, differences on matters of interpretation, and different
14 processes to validate USPS compliance.

15 Each product developed from SBC is reviewed by a USPS Mail Design Analyst
16 (MDA) to ensure compliance with all applicable USPS regulations. The design of a
17 typical mail piece requires extensive, exhaustive coordination between the Company's
18 Marketing and Remittance functions, paper and envelope vendors, and USPS MDAs
19 who assure compliance with USPS requirements.

20 Moreover, stringent Postal Service mailpiece design requirements apply not only
21 to the *outgoing* mail piece, but also to all courtesy/business reply envelopes enclosed
22 for customers' remittances or other purposes. Presort mailers such as SBC, expend
23 substantial time and money in meeting the Postal Service's courtesy reply envelope
24 ("CEM") requirements but receive no additional consideration in the form of increased
25 presort discounts even though such super clean reply envelopes provide obvious mail
26 processing benefits to the Postal Service. I understand that QBRM reply mail recipients
27 do receive a direct benefit in the form of a 3-cent discount from the First Class Mail rate
28 they pay on their returned QBRM reply pieces. While I recognize that other
29 considerations, such as the fact that our customers pay the First Class postage on CEM
30 pieces that are returned to us, may come into play, such considerations do not warrant

1 outright denial of any benefit to presort mailers who make cost savings from CEM reply
2 mail pieces possible.¹

3 MMA witness Bentley has informed me that he estimates total test year cost
4 savings due to prebarcoded CEM letters sent out at First-Class Automated rates and
5 returned at Single Piece rates to be .46 cents per originating First-Class automation
6 letter. I urge the Commission to reflect a portion of those cost savings in its
7 determination of the appropriate discount levels for workshare mail.

8 The Postal Service also has very specific guidelines regarding the address
9 placement and content on the mail piece. First-class mailers attempting to qualify for
10 automation discounts need to follow the Postal Service's Address guidelines for format
11 and content. Coding Accuracy Support System (CASS) certification of the address is
12 required and mailers must submit Form 3553 to the USPS to demonstrate compliance
13 with this requirement.

14 First Class mailers maintain quarterly or bi-annual updates of CASS software to
15 comply with USPS requirements. Many mailers, including Pacific Bell/SBC, have
16 determined that more frequent CASS updates help to reduce UAA mail. Thus, many
17 mailers have gone the extra mile by implementing *monthly* updates to improve address
18 quality and reduce UAA mail. Of course, more frequent updates require testing and
19 updating of the mainframe databases maintained for customer bill addresses, a
20 substantial additional expense for mailers. Mailers must also pay vendors several
21 thousand dollars annually for monthly CASS updates, another additional expense The
22 amount of time to implement these monthly CASS updates varies between 4-30 hours
23 a month to update production systems for each address database maintained.

24 The USPS implements annual updates to the CASS requirements to continue to
25 tighten the address data criteria. This requires CASS vendors and mailers to
26 reconfigure data elements or system connections to the CASS products at least once a
27 year to meet changing USPS addressing requirements. A quality implementation of the
28 annual CASS changes is critical to ensure customer address data is updated properly

¹ As I understand the current situation, the Postal Service shares the prebarcode savings with QBRM reply mail recipients who distribute prebarcoded QBRM envelopes; but for recipients who distribute prebarcoded CRM envelopes, the Postal Service does not share any of those savings with the mailers who create the mailpieces. I do not see how such a policy can be considered logical or fair

1 and not corrupted by inaccurate CASS/USPS information. Many large mailers spend
2 months of programming time working to reconfigure, test, and implement these
3 changes. In addition, changing address criteria may require that mailers implement
4 additional methods and procedures and retrain internal staff. Adequate time for the
5 mailer to implement system and process changes correctly is crucial. Unfortunately,
6 most mailers cannot accomplish annual updates in a quality manner within the
7 timeframe provided by the USPS.

8 Many large mailers have implemented CASS verification systems on the front-
9 end of their processing. Front-ending CASS makes it possible for verification of
10 customer delivery address information to occur simultaneously with the customers'
11 ordering process. This process enhances the ability to ensure the customer address is
12 a USPS deliverable address. This represents another additional expense for mailers
13 seeking to manage CASS verification on their front-end processes.

14 There are numerous other processes and systems that companies use to
15 improve addressing. For telecommunications companies, establishing and maintaining
16 accurate customer mailing address information is critical. Telecommunication
17 companies that provide local service support the Nations Enhanced 911 – Emergency
18 Notification (E911) address systems databases. Local governments/counties provide
19 up-to-date address information to telecommunication companies in order to update the
20 E911 database. Customer Billing Address information is closely linked to E911
21 information and in most telecommunication companies these data sources closely
22 mirror each other. The USPS receives the same information from the County for use
23 in its address information database.

24 Coordination between the County/911 Coordinators and the USPS is critical to
25 ensure addressing elements are provided to the telecommunication companies
26 correctly. Telecommunication companies spend numerous hours clarifying variances
27 that are identified between the County E911 records, the USPS address information
28 database, and the telecommunication address information.

29 In addition to address initiatives and improvements, mailers face numerous
30 challenges in working with the USPS requirements. Understanding the requirements of
31 the USPS Domestic Mail Manual (DMM) for mail preparation, verification, payment, and

1 acceptance is a complicated task. SBC and other MMA members work diligently to
2 develop and implement certified systems for mail processing to improve mail quality.
3 SBC developed a web-based application to be used by the USPS for mail verification
4 and acceptance to streamline and improve this process. SBC and other MMA
5 members actively seek to partner with the Postal Service on initiatives to improve mail
6 acceptance and processing. MMA member companies lead many efforts with the
7 USPS to improve mail service and reduce cost.

8 MMA has an active interest in educating mailers regarding new initiatives or
9 strategies with the USPS. Education of our members and other companies is crucial to
10 ensuing mailers are aware of changing USPS requirements. MMA members play an
11 active role in supporting and presenting educational sessions at USPS National Postal
12 Forums and other mailing industry conferences. Many MMA representatives maintain a
13 detailed understanding of USPS requirements, often educating USPS personnel on
14 their initiatives or requirements. Recently, I led several SBC team members through
15 the Mail Piece Quality Certification (MQC) exam. This is an example of what
16 companies do to continue efforts to further understand all applicable USPS
17 requirements and ensure USPS design requirements are maintained.

18 Postal Service requirements do not end when the mail leaves the mailer's
19 premises. Most large mailers provide the USPS with labeled mail pallets or cages
20 "rolling stock" that are presorted to 5-digit or 3-digit destinations. Labeling is an
21 additional process many mailers comply with to expedite mail further into the USPS
22 mailstream. ACT tagging is also used by many mailers for airmail. This eliminates the
23 need for the USPS to perform further scanning of airmail and can again expedite airmail
24 through the USPS processes. Despite this additional workshare effort,, the additional
25 costs that mailers incur in meeting these requirements are not offset by lower postal
26 rates.

27 In summary, even before considering the Postal Service's relatively new Move
28 Update requirements, it should be obvious that the job of a presort mailer is very
29 complex, time consuming, and expensive.

1 **IV. OVERVIEW OF THE POSTAL SERVICE'S MOVE-UPDATE REQUIREMENTS**

2 In order to qualify for available First-Class presort or automation postage rates,
3 mailers must demonstrate that, within 180 days prior to each mailing date, they have
4 updated the addresses in their mailing lists using a USPS-approved updating
5 methodology. This "Move Update" requirement was implemented beginning July 1,
6 1997 as part of Postal Classification Reform. The purpose of this requirement is to
7 reduce the amount of forwarded mail traveling through the postal system, thereby
8 saving money for the Postal Service. In this regard, the recent UAA study which is
9 included in the record as USPS Library Reference LR-I-82 indicates that the unit cost
10 the Postal Service incurs to forward or return UAA letters is approximately 28.6cents.
11 See USPS-LR-I-82 at 31.

12 The four basic USPS-approved methods of updating mailing lists are briefly
13 described below.

14 **A. Use of an Ancillary Service endorsement on the envelope**

15 Mailers can use one of several endorsements to meet the Postal Service's Move
16 Update requirement. Different endorsements invoke different actions on the part of the
17 Postal Service with regard to how that mailpiece is handled.

18 Possible endorsements consist of a keyword of "Address", "Forwarding",
19 "Return", or "Change" followed by the words "Service Requested". For example, if a
20 mailer uses the endorsement of "Address Service Requested", then for the first year,
21 the mailpiece will be forwarded, a separate notice of the new address provided and the
22 address correction fee charged. In months 13-18, the mailpiece is returned with new
23 address or reason for non-delivery attached at no charge.

24 In order to use any of these endorsements, the mailer must have used address
25 information provided by the Service to update their customer mailing lists within 180
26 days prior to her next mailing.

27 There are different costs associated with the different endorsements used.
28 Some companies utilize the endorsement option of either having the mailpiece returned
29 and not forwarded to the customer, or having the Change Of Address (COA)
30 information provided at a cost of .50 cents a piece. There is an additional cost to

1 mailers for processing and updating the customer address records. In some cases
2 companies will re-mail the returned product at an additional postage expense.
3 Analysis completed by Pacific Bell / SBC estimated that the cost to update customer
4 records and re-mail a customer bill is approximately \$2.00 per mailpiece. The costs for
5 handling returned mail include sorting, researching the address problem, determining
6 the correct address, contacting the customer directly if required, updating the
7 appropriate records, and re-mailing the mailpiece, if required. This can be an extensive
8 cost with little or no value provided to the company or the customer.

9 **B. FASTforward sm**

10 *FASTforward* is an online system that is available in two versions. The original
11 *FASTforward* application was developed to interface with commercial mail processing
12 equipment, such as multi-line optical character readers (MLOCs) and remote video
13 encoding (RVE) stations. In this scenario, updated address information is applied to
14 the mailpiece as the licensee processes each piece. *FASTforward* will apply updated
15 address and barcode information to the face of the mailpiece, in and above the barcode
16 clear zone. The second version, *FASTforward* for mailing list correction, provides *FAST*
17 *forward* licensees the ability to update computer-based name and address mailing lists
18 electronically prior to creation of the mailpiece. Pricing varies from provider to provider.
19 The cost is approximately \$10,000 annually for licensing of a FastForward system.

20 **C. Address Change Service (ACS)**

21 Use of Address Change Service requires that a "Participant Code" be placed on
22 the outgoing mailpiece in the address block to show through the window. ACS provides
23 the mailer with an electronic notice of new address information. Electronic notices cost
24 \$0.20 per piece and can be obtained on a variety of electronic media. Manually
25 prepared hardcopy notices cost \$0.50 each.

26 Mailers determine the frequency with which they use the ACS endorsement and
27 participant code. However, they must be able to certify that each address in a First-
28 Class mailing has been updated for customer moves within 180 days prior to the date
29 of the mailing. Use of a participant code is difficult for many mailers, since it requires a
30 process to link back to the customer specifically for updating address data. Many

1 companies do not feel it is in the best interest of their customers to automatically or
2 electronically update customer address data without clarification of this change. Some
3 companies are required by law to validate this information with their customer before
4 making an address update. In some cases the Postal Service cannot provide this
5 information electronically, or the Service inaccurately uses the COA returns. As a result
6 of these USPS-related errors the mailer has to pay for hard copy notices, at \$0.50 per
7 piece.

8 **D. National Change of Address (NCOA)**

9 The National Change of Address (NCOA) service is offered to mailers through a
10 network of individual businesses licensed by the USPS. NCOA licensees are
11 authorized to perform address-matching services on mailers' lists at prices that are
12 competitively determined by the market (prices may vary from licensee to licensee). On
13 a weekly basis, the NCOA licensees receive current change-of-address (COA)
14 information that is used to update the NCOA database provided by the USPS.

15 This option requires that 100% of the name and address file for the mailing(s) be
16 provided to the USPS or a licensed NCOA vendor. The USPS/NCOA vendor will run
17 the mailers name and address database through NCOA to provide updated address
18 information and other data as requested by the mailer. As with other options, mailers
19 must be able to certify that each address in a First-Class mailing has been updated for
20 customer moves within 180 days prior to the date of the mailing.

21 Costs of the NCOA service generally range from \$1.00 to \$5.00 per thousand
22 addresses examined, depending on the price schedule of the licensed vendor and the
23 size of the customer list to be run.

24 **V. DEVELOPMENT OF ALTERNATIVE COMPLIANCE METHODS –THE 99%** 25 **RULE**

26 In reviewing the Postal Service's proposed options for mailers to comply with the
27 Service's new Move-Update initiative during 1996 and 1997, I developed a test to
28 determine the impacts of the endorsement option on Pacific Bell's billing products. The
29 results of the test showed that 0.5% of Pacific Bell's outgoing customer bills was
30 returned on COA Cards. In turn, investigation of the COA cards established that a

1 majority of the customer addresses were already corrected within our system, or there
2 were errors in the information provided by the USPS.²

3 At the same time, several other MMA member companies were reviewing the
4 Service's Move-Update requirements and trying to assess the operational and cost
5 impacts of those requirements on their businesses. As a result, MMA's Move-Update
6 Team was established.

7 It soon became apparent that the standard Move updating options offered by
8 the Postal Service were very costly for mailers and, in many cases, did not produce
9 helpful results for the Service or the mailing community. For example,
10 telecommunication companies' and utilities' information regarding customer moves
11 and address changes often is much more up-to-date than information possessed by
12 the Postal Service and more timely than the information most mailers receive. There
13 is nothing remarkable about this state of affairs; people who move are most
14 immediately concerned about maintaining phone service and essential utility
15 services. Therefore, they generally are scrupulous about notifying their utility and
16 phone service providers of address changes, often more promptly than they file
17 change of address notifications with their local post office.

18 The MMA Move-Update Team met to analyze the USPS Move-Update
19 impacts and identify the potential options companies were pursuing. Further testing
20 with MMA companies identified that less than ½% of the outgoing mail received COA
21 cards indicating a customer move. The team also found that many of the COA
22 cards returned were inaccurate or not timely and the changes had already been
23 completed within the companies' systems. Companies were attempting to identify
24 the benefit to their customers and value to their business in this expense. Finally,
25 several of the telecommunication companies found that providing customer name
26 and address information to an NCOA vendor was not allowable – since it was
27 deemed to be providing customer name and address information to an agent of the
28 government.

29
² This information was shared with the USPS Address Management Team.

1 Over the next three years MMA's Move-Update Team worked closely with the
2 Postal Service's Address Management Team to identify reasonable alternatives to the
3 Move-Update requirements. This collaborative effort resulted in what has come to be
4 known as the 99% Rule or 99% Alternative Option.

5 Under the 99% Rule, mailers can apply for certification that their address
6 data/process meets the Move Update requirement. Certification can occur through an
7 on-site electronic audit of a mailer's methods and address records. Typically, Postal
8 Service representatives visit the mailer's site and bring with them hardware and
9 software necessary for certification testing. The mailer provides a locked workspace,
10 monitor, telephone and 100% of their active mailing list data on tape, in the format
11 specified by the Postal Service. The mailer's address data is run through modified
12 CASS and FAST*forward* systems and matched against NCOA information. If the move
13 "hit rate" on the mailer's data is 1% or less, the Postal Service temporarily certifies that
14 the mailer has met the Move Update requirement and does not have to comply with any
15 other USPS-approved method.

16 In three months Postal Service representatives return and repeat the on-site test
17 and confirm that results are still less than a 1% hit rate. Successful completion of both
18 tests results in certification of the mailer's compliance with the Move Update
19 requirement for a one-year period. This process then is repeated for two more years.
20 In the third year, upon completion of both initial and follow-up tests, certification may be
21 granted for two years.

22 Pacific Bell/Nevada Bell, Southwestern Bell Telephone, GTE, Bell Atlantic, and
23 Bell South have successfully completed the certification process under the 99% Rule.
24 Pacific Bell / Nevada Bell and Southwestern Bell Telephone have successfully
25 completed the three year requirement. Accordingly, they now undergo recertification
26 every two years. The results of the three-year testing proved the "hit rate" for Pacific
27 Bell / Nevada Bell and Southwestern Bell Telephone was less than .5%. SBC and
28 MMA members continue to partner with the USPS in an effort to gain expansion of the
29 certification period and/or exemption from the Move Update requirement.

30 Implementation of the Move-Update 99% Rule option and certification of the
31 process resulted in a savings to Pacific Bell / Nevada Bell and Southwestern Bell

1 Telephone of nearly \$1,000,000 annually. This expense would have been incurred by
2 SBC if they had been required to maintain the necessary staff to process and update
3 USPS COA cards. While the 99% Rule has provided telecommunication mailers some
4 relief from the other expensive compliance options discussed above, successful mailers
5 still spend substantial time and effort to meet the Move Update requirements. The
6 impact on a company of supporting the 99% Rule compliance option requires extensive
7 coordination and processing to create the test tape output, coordination with the USPS
8 Address Management team to schedule on-site testing, and time to support the test
9 itself. For the SBC companies alone, testing approximately 15,000,000 customer
10 addresses has taken between 2-5 days to complete.

11 Moreover, the Postal Service continues to "refine" the requirements of the input
12 and output records, which adds complexity and increases the types of data the
13 companies must accommodate. Even if there are no changes or "refinements" to the
14 Postal Service's requirements for the 99% Rule test, I estimate that a company such as
15 SBC can easily spend \$20,000 or more annually to test 15,000,000 address records.
16 That is equivalent to a cost of \$1.33 per thousand records tested. I should emphasize
17 that this cost estimate did not result from a formal cost study of the 99% Rule option.
18 Such a study doubtless would include substantially more direct and indirect expenses
19 that the mailer has to incur in order to prepare for and meet the requirements of the
20 Rule. It is also likely that the cost per thousand records checked would be larger for
21 smaller companies with fewer customer records, since they would also need to comply
22 with these testing requirements. Costs such as those that SBC incurs to meet the 99%
23 Rule option might be deemed reasonable costs of doing business if they actually
24 produced positive address quality improvements for the Postal Service and mailers. In
25 fact, however, there is no ongoing value to the businesses or customers of continuing
26 the Move Update certification process year-after-year.

27 Mailers who are billing customers, whether it be for phone service, for electric
28 and gas service, or for some product the customer has purchased have a very direct,
29 dollars and cents incentive to maximize the cleanliness and accuracy of their customer
30 address data. Such mailers do not need elaborate, expensive, and often ineffective

1 USPS programs to impress on them the importance of maintaining accurate, up-to-date
2 address information.

3 Once a company like SBC repeatedly proves through data verification tests that
4 its address accuracy and updating processes are valid, and the Postal Service certifies
5 the accuracy and effectiveness for 3 years in a row, there is no need to continue this
6 process. The USPS should exempt mailers from the Move Update requirement once
7 completing the 3-year testing process. Such perpetual testing represents a time
8 consuming, wasteful expense for both the company and the Postal Service and
9 provides no real value to our customers after the company has proven address update
10 quality and certification has been completed.

11 **VI. USPS ERRORS AND MAILERS' EFFORTS TO CORRECT THEM**

12 So far the primary focus of my testimony has been upon the various Postal
13 Service requirements, including Move Updates that apply to presort mailers. The
14 purpose of these requirements is to reduce costs for the Postal Service and to hold
15 down postage costs for mailers. The USPS and our companies have the same end
16 goal: "Get the mail to the customer in a timely, efficient manner and, in the process,
17 reduce costs to our businesses."

18 A review of the UAA Study and other similar publications gives the impression
19 that the UAA problem is attributable to address information errors that mailers either
20 neglect or cause. What is not readily apparent from the UAA Study and similar sources
21 is the extent to which the Postal Service is a root cause of UAA problems and how
22 systematic changes in postal procedures will serve to reduce the incidence of UAA.

23 **A. USPS/Pacific Bell Quality Improvement Team (Returned Mail):**

24 In 1994, the USPS/Pacific Bell Quality Improvement Team (Returned Mail) was
25 established as a joint quality initiative between the Sacramento District USPS and
26 Pacific Bell. The team included experts from Pacific Bell and the USPS on the mailing
27 process. The purpose of this effort was to reduce returned mail, thereby increasing
28 customer satisfaction, reducing delivery delays, and reducing operating costs for Pacific
29 Bell and the Postal Service. To achieve its goals, the team used Total Quality
30 Management ("TQM") tools and techniques to follow Pacific Bell's customer bills

1 through each important step of the entire mail creation and delivery process. These
2 steps included product ordering, address verification processes, creation of the mail
3 piece, entry of mail into the postal system, returned mail processing through the USPS
4 Centralized Forwarding System (CFS), return of mail to Pacific Bell's Bill Address
5 Correction Center (BACC) and re-mailing of the bill to the customer.

6 At the time, Pacific Bell received almost 80,000 pieces of returned mail per
7 month, approaching 1 million pieces per year. Moreover, both the Company and the
8 Postal Service were incurring significant costs to "rework" these returned pieces.
9 Pacific Bell and the Postal Service estimated annual reworking costs at over \$1.9
10 million and over \$600,000, respectively.

11 The Team found that both Pacific Bell and the USPS had errors in their
12 processes that resulted in UAA mail, as Table 1 shows:

13 Table 1
14
15 Returned Mail Total Study Analysis
16

Cause	Percentage Of Errors
USPS Errors	22%
Pacific Bell Errors	7%
Customer Errors	2%
Properly Returned	69%

17
18 Pacific Bell promptly implemented corrective changes in its internal processes to
19 correct the 7% error identified as being caused by the Company. That effort resulted in
20 an overall 5% reduction of returned mail and approximately 50% reduction in Pacific
21 Bell's error rate. The improvements implemented by Pacific Bell included:

- 22 • Moving from a quarterly to a monthly update of the Coding Accuracy Support
23 System (CASS).
- 24 • Establishing more process around monthly updates to manage oversight of
25 the vendor product and testing process of changes
- 26 • Creation of additional CASS reports for statistical / error analysis for
27 management review
- 28 • Updated Bill Address Methods and Procedures and re-trained service
29 representatives on the appropriate customer bill address input

- 1 • A follow-up study was developed and completed to confirm that implemented
2 changes actually reduced UAA mail

3
4 The study found the largest percentage of error --22%-- was caused by the
5 Postal Service. The USPS errors included 10% for use of inaccurate and outdated
6 endorsements, 4% representing pieces for which forwarding information was stated to
7 be on file but past the forwarding timeframe, and 8% for mail that was returned in error
8 and in fact was "good as addressed."³ In other words, 8% good as addressed strongly
9 suggested that, at Pacific Bell alone, the Company and the Postal Service uselessly
10 expended over \$200,000 per year reworking mailpieces that were correctly addressed
11 in the first place.

12 The Team recommended specific corrective actions to the Postal Service.
13 Initially the Team considered implementation of such changes only in the Pacific Area.
14 However, the Team recognized that the problems identified were systemic in nature
15 and could have a profound cost savings impact on the Postal Service's operations if
16 improvements were implemented nationally. Therefore, the Team's findings and
17 recommendations were shared with the Postal Service's National Address Management
18 Team, and disseminated within the Service at the Local, Area , and National levels.
19 Unfortunately, the Team's basic recommendations are still the focus of address
20 improvement initiatives that the mailing industry continues to propose for
21 implementation by the Postal Service. It is disappointing that recommendations made
22 five years ago by the USPS/Pacific Bell Returned Mail Team have not been
23 implemented throughout the USPS to improve the effectiveness of mail delivery and
24 processing of returned mail. In my opinion, there needs to be more effective
25 communication and coordination between the USPS Address Management and USPS
26 Delivery Operations so that existing and future address improvement initiatives
27 identified by the Postal Service and cooperating mailers, such as MMA members, can
28 be implemented in a timely manner.

³ The term "Good As Addressed" means that the address information is correct and the piece should be delivered as addressed, not returned to the mailer.

1 **B. MMA's Commitment To Implementing Mail Processing Improvements**

2 Despite problems in getting the Postal Service to implement effective return mail
3 strategies on a national basis, the Major Mailers Association Team continues to meet
4 with the USPS Address Management team to identify opportunities to improve
5 addressing nationally. Recently this team proposed additional address strategies that
6 are being reviewed with the MMA and USPS. Meetings are ongoing with the USPS to
7 determine opportunities for improvement. Address improvement initiatives continue to
8 be a critical issue to the MMA companies. MMA member companies actively share
9 their processes and recommendations with other mailers to facilitate improvements in
10 address quality. MMA companies also continue to refine their internal processes to
11 reduce returned mail and improve overall address quality.

12 The Postal Service's failure to implement recommended improvements to
13 problems and errors created with internal operations and processes is unfortunate. For
14 its part, MMA will continue to identify mutually beneficial changes and will not be
15 deterred. We will continue to work closely with the Postal Service to achieve our
16 common cost savings and efficiency goals.

17 In this case, the Commission has an opportunity to reward presort mailers for
18 their ongoing contributions to a more efficient postal system. The Postal Service's UAA
19 Study indicates that, due to Move Update requirements, the Service was able to avoid
20 the incurrence of approximately \$1.5 billion of UAA costs during 1998. There is no
21 doubt in my mind that mailer initiatives and cooperative efforts between mailers and
22 representatives of the Postal Service have contributed materially to the Postal Service's
23 achievements in the UAA area.

24 MMA witness Bentley has calculated that the cost savings relating to costs
25 avoided as a result of UAA programs is almost .9 cents per originating workshared
26 letter. Since presort mailers' active support has contributed to the success of the UAA
27 programs, it is only fair that the Commission recognize and tangibly reward presort
28 mailers' contributions by increasing presort discounts.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document, by First-Class Mail, upon the participants in this proceeding.

A handwritten signature in black ink, appearing to read "Michael W. Hall", written over a horizontal line.

Michael W. Hall

Round Hill, VA
May 22, 2000