

USPS-T-4

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

**EXPERIMENTAL CHANGES TO IMPLEMENT
CAPITAL ONE NSA**

Docket No. MC2002-2

**DIRECT TESTIMONY
OF
JAMES D. WILSON
ON BEHALF OF
UNITED STATES POSTAL SERVICE**

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1 AUTOBIOGRAPHICAL SKETCH

2 My name is James D. Wilson. I am employed by the United States Postal
3 Service within the Office of Address Management, which is domiciled at the National
4 Customer Support Center (NCSC) in Memphis, Tennessee. For the past 15 years, I
5 have worked for the Postal Service on addressing technology and addressing-related
6 systems that focus on the improvement of mailer address data. During most of this
7 time, I was employed at the NCSC as a contractor. In November 1997, I was hired by
8 the Postal Service as a career employee. From 1989 through 1999, I was the project
9 manager or otherwise oversaw the development of the delivery address databases. In
10 October 1999, I became the program manager of the National Change-of-Address
11 (NCOA) system. In that capacity I was also responsible for the management of the
12 Address Change Service (ACS) program and its interface with the Computerized
13 Forwarding System (CFS) program.

14 Currently, I am the manager of the change-of-address data services department
15 at the NCSC. I manage the flow of information related to undeliverable-as-addressed
16 (UAA) mail among various postal processing systems and programs administered by
17 the NCSC. I am also responsible for the Postal Automated Redirection System (PARS)
18 work performed within the NCSC.

19 I am listed as an inventor on a number of patent applications for addressing
20 system products including:

- 21 • Delivery Point Validation System
- 22 • Method for Correcting Mail Delivery Sequence - Enhanced Line-of-Travel
23 Product

- 1 • Residential Delivery Indicator Product
- 2 • Method and System for Storing and Retrieving Data Using Hash-Accessed
3 Multiple Data Stores
- 4
- 5 • Method for Correcting a Mailing Address – Intelligent ZIP+4 Coding
- 6 • Method for Preventing ZIP+4 Miscoding – Early Warning System Product.
- 7
- 8 I attended Skyline College in San Bruno, California.

1 **I. PURPOSE OF TESTIMONY**

2
3 My testimony provides background relating to the address quality features of the
4 Capital One Negotiated Service Agreement (NSA). I describe the handling and
5 processing of UAA First-Class Mail. I focus on the Address Change Service (ACS)
6 program, describing the particular option that will be used as part of the Capital One
7 NSA. I also provide an estimate, for use by witness Crum, of the proportion of ACS
8 mail that will result in a hard copy notice of updated address information, during FY
9 2003.

10 No workpapers or library references are associated with my testimony.

11 **II. HOW UNDELIVERABLE-AS-ADDRESSED FIRST-CLASS MAIL IS**
12 **TYPICALLY PROCESSED**

13
14 Attributes of First-Class Mail include 1) delivery to the recipient name shown in
15 the delivery address, 2) forwarding service to the recipient's new address for up to one
16 year following a move by the recipient from the mailpiece's original delivery address, or
17 3) return-to-sender service when the mailpiece cannot be delivered as addressed or
18 forwarded. Whenever a First-Class Mail piece is UAA, the postal carrier must
19 determine if the customer has moved, or if a deficiency in the address prevents the
20 mailpiece from being delivered to the recipient or address shown on the piece. If the
21 customer has moved, the delivery unit is instructed to send the piece to the CFS unit for
22 redirection to the customer's new address. The CFS units have been established to
23 provide centralized handling of mail forwarding service.

24 If an address deficiency makes the mail piece undeliverable, the carrier typically
25 notes on the mailpiece the reason for non-delivery and indicates that the mailpiece

1 should be returned to the sender. The carrier then returns the piece to the mailstream.
2 This non-move-related UAA mail is commonly known as Nixie mail.

3 A First-Class Mail customer may choose to have a mailpiece handled differently
4 from the standard handling described above. For example, a customer may prefer to
5 have UAA mail returned, rather than forwarded, when the recipient has moved. Or,
6 when a mailpiece is forwarded, the mailer may also want notice of the customer's new
7 address. The Postal Service provides a number of alternative handling options to meet
8 these needs.

9 **III. ANCILLARY SERVICE ENDORSEMENTS AND ADDRESS CORRECTION** 10 **SERVICE**

11 A mailer can select alternative handling options for UAA mailpieces by placing an
12 endorsement on the mailpiece. The ancillary service endorsement tells the Postal
13 Service how the mailpiece should be handled. A complete description of the five
14 allowable endorsements is contained in Domestic Mail Manual Section F, *Forwarding*
15 *and Related Services*. DMM 57 F010.5.0.

16 For certain endorsements, an address correction service fee may be charged.
17 Initially, the Postal Service provided address correction service manually by adding
18 address information to the mailpiece, and returning it to the mailer. Starting in the
19 1980s, the Postal Service added an option of electronic address correction service,
20 through which updated address information is provided electronically.

1 **IV. THE ADDRESS CHANGE SERVICE (ACS) PROGRAM.**

2 **A. How The ACS Program Works**

3 The ACS program is the means by which the Postal Service provides address
4 corrections electronically. A complete description of the ACS program is provided in
5 Publication 8, *Address Change Service*, available at
6 <http://www.usps.com/cpim/ftp/pubs/pub8.pdf>.

7 To participate in the ACS program, a mailer must first be enrolled and activated
8 as an authorized participant by the Postal Service's National Customer Support Center
9 (NCSC) in Memphis, Tennessee. The service representatives at the NCSC assign the
10 mailer a unique ACS Participant Code.

11 When preparing a mailpiece, the mailer inserts its ACS Participant Code and in
12 many cases, its keyline, into the address block above the addressee's name. The ACS
13 Participant Code identifies the mailer to the Postal Service as an ACS participant and
14 the keyline is used by the mailer to identify a specific address record in its address file,
15 i.e., an account number. Keylines are required if the mailer wants to receive electronic
16 ACS notifications for UAA mail pieces that are not move-related.

17 If the mailpiece is UAA, the Postal Service typically provides the mailer with an
18 electronic record of the keyline, and either the new address, if available, or the reason
19 for non-delivery. The mailer then can use this information to identify and update the
20 particular UAA address in its address database.

21 There are two endorsements that mailers may use on their mail pieces as part of
22 their participation in the ACS program: "Address Service Requested" and "Change
23 Service Requested." As witness Plunkett describes, under the Capital One NSA

1 agreement Capital One will apply the endorsement “Change Service Requested” to its
2 First-Class Mail solicitations.

3 **B. “Change Service Requested” Endorsement**

4 The Change Service Requested endorsement indicates that the mailer does not
5 want the UAA mailpiece returned. Instead the mailer has elected to receive an
6 electronic address correction notice. Use of the endorsement also tells the Postal
7 Service that the UAA piece may be discarded.

8 Currently, all UAA mail bearing the endorsement “Change Service Requested”
9 (CSR) is discarded after the address correction information has been provided to the
10 mailer electronically, even if the mail otherwise could have been forwarded. Capital
11 One will take advantage of a new option that the Postal Service will make available to all
12 mailers in January 2003. Under Change Service Requested, Option 2, mail for
13 customers that have a valid change-of-address order on file (i.e. one that is less than 12
14 months old) will be forwarded to the new address, rather than discarded.

15 **C. How the Postal Service Processes UAA Mail Bearing the “Change**
16 **Service Requested” Endorsement.**

17
18 **1. Carrier Handling**

19 For CSR-endorsed mail, the carrier separates UAA mail pieces related to a move
20 from those that are not related to a move. For the latter group the carrier marks the
21 reason for non-delivery on each piece. Next, the Nixie unit collects the mail from each
22 of the carriers, keeping the move-related mail separate from the other UAA mail. Each
23 day, the mail is then sent to the CFS processing center.

1 **2. CFS Handling**

2 At the CFS processing center, CSR-endorsed mail is typically loaded onto a
 3 mechanized terminal desk that feeds the mailpieces to the CFS operator's computer
 4 terminal. For move-related mail, the operator manually keys enough information from
 5 the mailpiece to retrieve the recipient's new address. For non-move-related mail, the
 6 operator inputs the reason for the non-delivery, as noted by the carrier on the cover of
 7 the mailpiece. The operator also inputs the ACS participant code and the keyline from
 8 the mailpiece. An ACS record is created for each mail piece and stored on the CFS unit
 9 computer system.

10 Under Change Service Requested, Option 2, for mail with a valid forwarding
 11 order on file, the CFS center would process it, and then forward the piece to the
 12 addressee. Mail without a valid forwarding order is processed and then discarded.

13 Chart 1 shows how Change Service Requested; Option 2 mail will be handled.

14 **Chart 1**

	Move Related	Non-Move Related/Nixie
CHANGE SERVICE REQUESTED OPTION 2	Months = 1 – 12: The mailpiece is forwarded and the mailer receives electronic notice of the customer's new address.	Months = Any: The mailpiece is discarded at the CFS office and the mailer receives electronic notice indicating the reason for non-delivery.
	Months = 13 – 18: The mailpiece is discarded at the CFS office and the mailer receives electronic notice of the customer's new address.	
	Months = 18 and later: Treated as Nixie mail.	

3. ACS Record Handling at the NCSC

Each night, the NCSC polls all CFS units in the country and retrieves all ACS records created during the CFS units' daily operations. The information is consolidated by participant code and stored on the NCSC system. The ACS participant then can download the information and perform an automated process to update its address files. The billing information for the address correction fees is transmitted from the NCSC to the postal computer operations center in San Mateo California where an invoice is printed and sent to the participant for payment.

V. THE PERCENTAGE OF MAIL BEARING ACS ENDORSEMENTS THAT RECEIVE ELECTRONIC VS. HARD COPY NOTICES

The normal processing of UAA mail bearing an ACS endorsement such as "Change Service Requested" results in an electronic notification to the mailer. However, in a number of circumstances, an electronic notice cannot or is not provided. An example is where the recipient is deceased. Postal policy is for the carrier to manually apply the "Deceased" markings as a matter of sensitivity and compassion. Another example is when the mailpiece is addressed to a location from which the Postal Service does not provide forwarding services, such as a mail receiving agent or a military base. In this example, forwarding and return-to-sender services are the responsibility of the recipient institution and not the Postal Service. The recipient institution typically marks UAA mail pieces as return-to-sender and re-deposits them into the mailstream. Because these UAA mailpieces bypass the postal carrier, no ACS notification is generated. Thus, the processing is similar to the processing of return-to-sender First-Class Mail when electronic address correction service has not been requested.

1 The Postal Service does not track the percentage of electronic notifications
2 versus hardcopy notices that are provided to ACS participants. Based upon my
3 knowledge of what the typical percentage reported by ACS customers has been, and
4 recent enhancements to the ACS program, I estimate that in FY2003, 85 percent of mail
5 bearing an ACS endorsement, including the CSR, Option 2 endorsement, will receive
6 electronic notification.