

## Postal Bulletin

*DMM Revision*

### **Negotiated Service Agreements**

Effective [DATE], *Domestic Mail Manual* (DMM) G100 is added to provide requirements for Negotiated Service Agreements (NSAs) that would be treated as comparable to those which form the basis for experimental mail classifications established in accordance with Chapter 36 of Title 39 of the United States Code. An NSA is an agreement between the Postal Service and a single mailer that requires changes to the established rates, fees, or classifications for that mailer only. To establish such changes, the Postal Service must adhere to the process set forth in Chapter 36 of Title 39.

On \_\_\_\_\_, after proceedings before the Postal Rate Commission, and a Recommended Decision by the Commission, the Governors of the Postal Service approved the Commission's recommended experimental changes in the classification, rates, and fees applicable to Capital One, in accordance with the Capital One NSA. Pursuant to 39 U.S.C. § 3625(f), the Board of Governors set \_\_\_\_\_ as the effective date. Section G101 of the DMM briefly describes the Capital One NSA and sets forth elements that would identify a comparable agreement with another mailer that could lead to additional experimental classification changes. Section G101 describes general requirements of comparability, factors to be considered in entering into a comparable agreement, data and documentation requirements, as well as other

matters. To be effective, each comparable NSA must be established as experimental classifications by decisions of the Board of Governors, the Commission, and the Governors under Chapter 36 of Title 39, and the Commission's rules of practice and procedure. The Postal Service issues these regulations as guidance in negotiating comparable agreements with other mailers.

We will incorporate these revisions into the printed version of DMM 58 and into the monthly update of the online DMM available via Postal Explorer at <http://pe.usps.gov>.

***Domestic Mail Manual (DMM)***

**G General Information**

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**G100 Experimental Negotiated Service Agreements**

**G101 Capital One Services, Inc. NSA**

**Summary**

G101 describes general requirements for negotiated service agreements (NSAs) that would be considered comparable to the NSA that was the subject of Docket MC2002-2 and effective 2003 through 2006. G101 also explains the purpose of such agreements and factors to be considered in entering into comparable agreements with other mailers.

**1.0 BASIC INFORMATION**

The Negotiated Service Agreement (NSA) that was the subject of Docket MC2002-2 requires Capital One Services, Inc. (Capital One) to receive electronic notification about its undeliverable First-Class Mail solicitations instead of physical return of the pieces. The notices will be provided through the Address Change Service (ACS) program and the usual electronic address correction fee will be waived. Capital One also agrees to maintain and enhance address and mail preparation quality. In exchange for its receipt of the electronic notice for its First-Class Mail solicitations and its compliance with the Agreement's terms, Capital One would have available declining block rates of postage for volumes

above stated thresholds. A copy of the Agreement is filed with the Postal Rate Commission in Docket No. MC2002-2 as Attachment G to the Postal Service's Request for a Recommended Decision and can be found at [www.prc.gov](http://www.prc.gov).

## **2.0 FEATURES**

### **2.1 Requirements**

To be considered comparable to the NSA in 1.0, the following features are required:

- a. Use of First-Class Mail for matter that qualifies for Standard Mail rates.
- b. Waiver of seal against postal inspection of mail as agreed to by the mailer.
- c. Computation of First-Class Mail postage by the use of declining block rates specified in the service agreement and based on particular volume requirements that define incremental discount thresholds. The mail subject to the agreement must relate only to the mailer's products and services.
- d. Preparation of mail under applicable standards unless otherwise specified in the service agreement.
- e. Adherence to the following address quality standards for the rates claimed:

- (1) Participation in Address Change Service (ACS) under F030 using the endorsement "Change Service Requested" as described in F010.5.1 for undeliverable-as-addressed (UAA) mail.
  - (2) Use of National Change of Address (NCOA), *FASTforward*, or other premailing USPS-approved method for meeting the move update standards in E130 for Presorted First-Class Mail and E140 for automation-rate First-Class Mail. In addition to those standards, addresses used on mailings must be updated more frequently than 180 days or as required by the service agreement.
- f. Overall positive financial impact on the USPS. A minimum payment or transactional penalty is required to ensure a positive contribution.
- g. Agreement to make necessary records and data available to the USPS to facilitate and monitor compliance.
- h. Ability of the USPS to cancel the agreement for any failure or, where appropriate, material failure of the mailer:
- (1) To provide accurate data .
  - (2) To present properly prepared and paid mailings.
  - (3) To comply with a material term of the agreement.
  - (4) To use the agreement.

## **2.2 Candidate Factors**

The following factors are considered by the USPS in evaluating a proposal for a comparable NSA under G101:

- a. Presentation by the mailer of at least 3 years of historical data to document mail volumes (including undeliverable-as-addressed mail), mailing systems and postage payment systems in use, and quality control procedures. The effect on mail volumes of any corporate mergers, acquisitions, divestitures, and similar events must also be provided.
- b. Ability to make and present in an acceptable format accurate forecasts of future mail volumes for USPS products and services proposed for the NSA.
- c. Ability to collect necessary data in an acceptable format to support the service agreement.
- d. Willingness to establish and maintain an active Centralized Automated Payment System (CAPS) for postage payment and generate records monitoring mail volumes and discounts.
- e. Production of mail using an automated system to ensure proper mail preparation and accurate postage calculations.
- f. Implementation of a quality control program to ensure proper mail preparation and to provide accurate documentation of mailings and postage payment.

### **3.0 APPLICATION**

#### **3.1 Initial Request**

A mailer seeking to enter into an NSA with the USPS comparable to the NSA under 1.0 must submit a written proposal to the USPS, together with appropriate supporting documentation, to the USPS manager of Pricing Strategy (see G043 for address). The proposal must contain a general statement of the reasons for requesting the NSA, and a summary of the information addressing the elements of comparability described in 2.1 and 2.2.

#### **3.2 Negotiations**

As a result of the proposal, the mailer and the USPS may negotiate a service agreement comparable to the NSA under 1.0, but with terms and conditions specific to the mailer. To take effect as an experimental mail classification, the comparable NSA must be recommended and approved pursuant to Chapter 36 of Title 39 of the United States Code, and the Commission's rules of practice and procedure. A mailer may withdraw its proposal for an NSA that is comparable to the NSA under 1.0 at any time prior to agreement. Once concluded, a comparable NSA is controlled by its terms and conditions. Nothing in these regulations prohibits a mailer from seeking an NSA not comparable to the NSA under 1.0.

### **3.3 Determination Not to Conclude a Comparable NSA**

If negotiations between the mailer and the USPS end without the parties' reaching an agreement comparable to the NSA under 1.0, the mailer may request that the manager of Pricing Strategy explain the determination in writing. The mailer may ask for reconsideration of the decision to end negotiations within 15 days from the receipt of the written explanation. The request for reconsideration may include additional information and reasons why negotiations for a comparable NSA should be resumed, and should be submitted through the manager of Pricing Strategy to the Vice President, Pricing and Classification, (see G043 for address).

*--Mailing Standards,  
Pricing and Classification, [date]*