

USPS T-1

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

EXPERIMENTAL PREMIUM
FORWARDING SERVICE

Docket No. MC2005-1

DIRECT TESTIMONY
OF
ARNETTA L. COBB
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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1 **AUTOBIOGRAPHICAL SKETCH**

2 My name is Arnetta L. Cobb. I am employed by the Product Management –
3 Direct Mail Group within Marketing at the Postal Service as a Marketing Specialist. My
4 responsibilities include the development and management of programs intended to
5 improve or increase the use of mailing services.

6 I hold a Bachelor’s degree in Sociology from Florida A&M University and a
7 Master’s degree in Administration with an emphasis in Marketing from the University of
8 Maryland, University College. I have also studied at the Kellogg School of Management
9 and taken a variety of developmental courses from professional associations.

10 My employment with the Postal Service began as a Letter Sorting Machine Clerk
11 in 1983. From there I progressed to the position of Management Trainee where for two
12 years I worked in numerous support functions and in mail processing and delivery
13 supervisory positions, including Officer-In-Charge of a United States Post Office®.
14 Once concluding that program, I became an Affirmative Action/Equal Employment
15 Opportunity Programs Coordinator for the Jacksonville, Florida Division. Following this
16 work in the field, I accepted my first position in Headquarters as an Employee
17 Development Specialist. From there I served in permanent and temporary positions as
18 the National Women’s Program Manager, trainer, workshop facilitator, Management
19 Intern, eCommerce Specialist and Marketing Specialist. I have roughly fifteen years of
20 program management experience with the Postal Service, in which I have taken ideas
21 from concept to implementation and managed the early stages of development and
22 operations.

1 **I. PURPOSE AND SCOPE OF TESTIMONY**

2 The purpose of my testimony is to describe the Postal Service's proposed
3 experimental special service—USPS® Premium Forwarding Service (PFS)—both in
4 terms of its product definition and how it would work operationally. In providing this
5 description of PFS, this testimony also discusses the rationale for its structure, who the
6 customers would be, and the alternatives to the service both within and without the
7 Postal Service.

8 **II. REVIEW OF PREMIUM FORWARDING SERVICE**

9 **A. Proposed Service**

10 PFS is being proposed as a special service for sending nearly all classes of mail
11 from a primary address to a temporary address through a weekly Priority Mail®
12 shipment. This contrasts with existing piece-by-piece forwarding options. Designed for
13 customers who want to receive all of their mail at a temporary address, PFS would
14 package and reship mail to a temporary address while customers are away from their
15 primary addresses for no less than two weeks and no more than one year. A PFS
16 customer would not file a formal temporary or permanent Change of Address (PS Form
17 3575). Each customer's mail would be reshipped once a week to a temporary address.

18 This service is designed to provide a convenient way for customers at a
19 temporary address to receive, for a fee, substantially all of their mail in one package,
20 rather than receiving only certain pieces sporadically. The Postal Service would reship
21 the mail for an entire delivery address, or for one or more individual addressees, to a
22 temporary address for the period of time indicated on each PFS application.

1 Substantially all classes of mail would be reshipped, regardless of any endorsement, as
2 described in the next section. PFS would only be available to and from domestic
3 addresses.

4 PFS would be a uniform, nationwide service. Some offices and districts have
5 provided customers with reshipping arrangements conceptually similar to PFS, but
6 without any consistency or uniformity. In some respects these informal arrangements
7 have guided the product definition of PFS, especially considering they demonstrate
8 customer interest in such a service. PFS would replace these informal arrangements.

9 **B. Contents of PFS Shipments**

10 Substantially all classes of mail would be reshipped in the PFS package,
11 regardless of any endorsement, except for mail pieces requiring a scan at delivery,
12 Priority Mail (as described below), and large packages. Accordingly, accountable mail,
13 which includes all Express Mail[®], plus mail using Delivery Confirmation[™] or Signature
14 Confirmation[™], would not be held for shipment within the PFS package. Instead, such
15 mail would be rerouted immediately to the temporary address. No additional fee would
16 be due for reshipping this mail.

17 The treatment of Priority Mail would depend on its size and when it arrives at the
18 primary address' delivery unit. Large Priority Mail parcels that are incapable of fitting
19 into the PFS shipment would be treated like accountable mail and rerouted immediately.
20 Small Priority Mail pieces, meanwhile, would also be rerouted immediately unless they
21 are capable of fitting in the PFS shipment and such inclusion would not further delay
22 delivery to the temporary address.

1 Other packages and parcels capable of fitting inside the Priority Mail packaging
2 sizes typically used for a customer's PFS shipments would be included in the shipment.
3 All pieces that do not fit would be reshipped postage due at the Priority Mail rate,
4 regardless of the subclass in which each was entered by the mailer, with appropriate
5 postage collected upon delivery. Standardized instructions would be developed to
6 guide the decision whether to include a package in the PFS shipment.

7 **C. Standard Operating Procedures**

8 Sales and Service Associates (SSAs) and carriers would explain PFS to all
9 customers who inquire about Temporary Change of Address service. If a customer is
10 interested in PFS, the SSA would explain how to complete the PFS application.

11 **i. Customer Sign-Up**

12 Customers must complete and sign a four-part hardcopy PFS application and
13 present it to their delivery post office, along with proper identification. A customer would
14 need to supply, among other things, the following information on the application:

- 15 • Customer's name
- 16 • Primary address from which mail would be reshipped
- 17 • Temporary address to which PFS shipments would be sent
- 18 • Contact numbers for both primary and temporary locations
- 19 • Fax number and email, if applicable
- 20 • Beginning and ending dates for PFS.¹

¹ The last shipment date would be added by the SSA based on the Wednesday of the week of the last desired shipment.

1 The customer must also pay in advance all postage and fees for the expected
2 duration of the service: the \$10.00 enrollment fee and the sum of the weekly per-
3 shipment charges (based on the duration of service specified on the application). The
4 weekly \$10.00 per-shipment charge is the sum of the proposed re-packaging fee
5 (\$2.85) plus postage, which is fixed at the 3-pound, zone 6 Priority Mail rate (\$7.15).
6 Witness Koroma (USPS-T-4) explains the pricing of PFS in detail. Payment can be
7 made using cash, check, credit card, or debit card.

8 **ii. Verification Procedures**

9 The PFS customer identification and verification process is modeled after Post
10 Office box application procedures. SSAs who accept a PFS application would review
11 the application and personal identification to ensure the accuracy of the application,
12 verify the identity of the applicant, confirm that the application is signed, add the last
13 shipment date, and collect all fees and postage in advance for the entire service period.
14 SSAs would also question each customer ordering PFS to ensure that the customer has
15 no active forwarding order (PS Form 3575) in effect. If a PS Form 3575 is currently on
16 file, the forwarding order must be terminated before the PFS application is accepted,
17 since they are operationally incompatible with one another. The SSA would then follow
18 appropriate accounting procedures and give the application to the office's PFS
19 coordinator.²

² I use the term "PFS coordinator" as a generic reference to the postal employee who would take the lead in administering PFS in each local office. The individual performing this function would likely vary over time, but would be a carrier or clerk.

1 **iii. Mail Collection and Dispatch**

2 Each local post office would set up procedures to accommodate PFS. These
3 procedures would be similar in many respects to existing hold mail, Post Office box
4 reshipping, or Express Mail Reship operations. There would necessarily be some
5 variation among offices since their size, existing procedures, and number of PFS
6 customers would vary.

7 The local post office copy of the PFS application would be given to the office's
8 PFS coordinator, who would be responsible for maintaining a Master Log of PFS
9 customers, including a copy of each customer's PFS application, and entering each
10 customer's reshipping information into the Master Log. This employee would also
11 provide the PFS Application Card (the last copy of the four-part application, which
12 becomes the PFS Tracking Log) to the appropriate carrier or box clerk, who would hold
13 out a PFS customer's mail and notate the back of the card each time mail is reshipped.
14 The carrier or box clerk would review his or her records to verify that the PFS applicant
15 has no active temporary or permanent Change of Address on file. The regular carrier
16 and the unit supervisor would also ensure substitute carriers and relief clerks are aware
17 of the PFS order, as they do now for hold mail orders.

18 The PFS coordinator would also ensure that PFS shipments are prepared.
19 Specifically, the coordinator would ensure that all mail for a given shipment is
20 aggregated, packaged, labeled, and entered into the outgoing Priority Mail stream.
21 Machine-printed labels would typically be generated, and the labels would clearly

1 identify a piece as PFS mail for which postage has been paid.³ The coordinator would
2 also ensure that accountable mail and other mail requiring a scan is forwarded
3 separately and that parcels too large to be placed in the PFS shipment are entered into
4 the Priority Mail stream postage due (except as noted in Section II.B). Finally, the
5 coordinator would be responsible for ensuring PFS starts and stops on the appropriate
6 dates.

7 All PFS shipments would be processed and mailed on Wednesdays, with each
8 customer's PFS Tracking Log updated to reflect each shipment. On Wednesdays, the
9 responsible employee would verify that all PFS mail for each shipment is included in an
10 appropriate container, sealed and labeled properly, and entered into the outgoing
11 Priority Mail stream.

12 **iv. Service Rules and Restrictions**

13 As with temporary and permanent forwarding, PFS would not be available to
14 individuals who receive their mail at a central delivery point. Also, while PFS would not
15 be available to individuals whose primary address is a commercial mail receiving
16 agency (CMRA), it would be available to customers who specify a CMRA as their
17 temporary address. Finally, customers whose primary address is a size 3, 4, or 5 Post
18 Office box are ineligible for PFS. PFS is designed for household customers; as noted in
19 witness Koroma's testimony (USPS-T-4), the price is developed using estimates of
20 volume received by households. Post Office boxes of these larger sizes are generally
21 not used by households. However, because some box size 3 customers may be using

³ The presence of the PFS label would allow employees, including data collectors, to identify and report on PFS shipments.

1 that size because smaller sizes are unavailable, the Postal Service does plan to allow
2 for the waiver of this box size preclusion.

3 **III. RATIONALE FOR THE PROPOSAL**

4 **A. Product Definition**

5 PFS was defined by a cross-functional team that included personnel from field
6 offices and headquarters. A primary design goal was simplicity. By minimizing the
7 complexity of PFS during an experiment, the Postal Service would be able to determine
8 whether PFS has realistic potential as a permanent service. The following paragraphs
9 in this subsection identify critical elements of the product definition, and explain why
10 each was chosen.

11 **Substantially All Mail Classes:** Unlike temporary forwarding, which forwards
12 only certain types of mail (primarily First-Class Mail[®]), PFS would extend to substantially
13 all classes of mail. PFS thus effectively relocates a customer's delivery receptacle to a
14 temporary location, which is what we understand many customers want. Qualitative
15 market research conducted in 2003 found that customers were interested in receiving
16 all their mail, including Periodicals, certain advertisements, and perhaps a church or
17 school newsletter. While the research showed customers did consider First-Class Mail
18 more important, the forwarding of First-Class Mail is already available. The inclusion of
19 essentially all mail thus distinguishes PFS from existing options, and also allows the
20 Postal Service to avoid engaging in costly sortation by class.

1 **One Shipment a Week:** Limiting shipments to once a week aids in maintaining
2 the design goal of simplicity and keeping the cost of the experimental service low. PFS
3 shipments would be dispatched each Wednesday.

4 **Two Week Minimum, One Year Maximum:** The minimum of two weeks means
5 that the post office would have sufficient time to accumulate and send two shipments;
6 also, the likelihood that a customer would want a single shipment is thought to be low.
7 The maximum time period of one year was adopted from the current ceiling on the
8 duration of temporary forwarding.

9 **Mail Requiring a Scan at Delivery:** Mail requiring a scan upon delivery would
10 not be included in PFS shipments because doing so would preclude the requisite scans,
11 while delaying delivery to the addressee. Consequently, mail for a PFS customer that
12 requires a scan is rerouted immediately to the temporary address. Operationally, such
13 handling is similar to forwarding, except that such mail is not considered “undeliverable-
14 as-addressed” [UAA], as discussed below. This choice maintains the higher level of
15 service expected by mailers and by PFS customers; mailers of Express Mail, for
16 example, would expect such pieces to remain in the Express Mail stream.

17 **Domestic Addresses Only:** PFS mail may be redirected to domestic delivery
18 points only. This limitation is consistent with Priority Mail, whose rates are only for
19 domestic use, and with the cost estimates underlying the Request. This limitation is
20 also appropriate for an experiment; any demand for non-domestic use may be
21 considered when developing any permanent classification language.

1 **Entire Household or Individual Addressee(s):** PFS would offer customers a
2 choice between the reshipment of mail for an individual (two or more individual PFS
3 orders could apply to a single household’s mail) and the reshipment of mail for the
4 entire household at a given address. This feature conforms to customer options for
5 temporary and permanent forwarding.

6 **Exclusive Reliance on Priority Mail:** Given the typical weight and volume of a
7 household’s weekly mail, Priority Mail provides the best compromise of low price and
8 quick service. The exclusive use of Priority Mail also helps keep PFS simple and easy
9 to price; both customers and employees should quickly understand how the service
10 works, which facilitates a customer’s decision whether to use it.

11 **Mailer Endorsements:** The Postal Service has chosen to handle mail
12 addressed to a PFS customer’s primary address as instructed by the customer on his or
13 her written PFS application, in conformity with the last clause of Domestic Mail
14 Classification Schedule (DMCS) § 2021:

15 [E]xcept⁴ as provided in section 2022, 2030, and 3030, mail
16 will be delivered as addressed *unless the Postal Service is*
17 *instructed otherwise by the addressee in writing.* (emphasis
18 added)

19 The three cross-referenced sections pertain to Refusal of Delivery (§ 2022),
20 Forwarding and Return (§ 2030), and Payment of Postage and Fees (§ 3030). PFS
21 does not implicate § 2030, which applies only to UAA mail, because PFS mail is not,
22 strictly speaking, “UAA.” Accordingly, the Domestic Mail Manual (DMM®) regulations

⁴ The Commission recently published an updated DMCS via its website, dated October 3, 2004. Section 2021 contains a typographical error consisting of the omission of the capital “E” that should begin the word “Except.”

1 that describe temporary and permanent forwarding, and how UAA pieces are treated
2 based on their class and whether they bear a mailer endorsement, are wholly
3 inapplicable to PFS mail.

4 **B. Product Name**

5 The Postal Service chose “USPS Premium Forwarding Service” as the full name
6 for PFS. This name likens PFS to existing forwarding options, with which PFS shares
7 some attributes. Forwarding is something both our customers and employees
8 understand; thus, including the term in the product name should encourage service
9 awareness and early adoption. In addition, inclusion of “Premium” in the product name
10 accurately signals to customers their need to pay for the service.

11 **IV. CUSTOMER ALTERNATIVES**

12 Alternatives to PFS exist both within and outside the Postal Service. Temporary
13 and permanent forwarding are both available to individuals and households. Under
14 both options, First-Class Mail is forwarded, while Periodicals are forwarded for 60 days
15 and parcels are forwarded locally. Standard Mail[®] is not forwarded, but is discarded
16 unless the mailer agrees via an endorsement to pay forwarding charges. In addition to
17 these forwarding options, the Postal Service will also, upon request, hold the mail of a
18 household for up to 30 days. An individual within a household cannot have his or her
19 mail held separately from the household’s. Finally, nonpostal alternatives to PFS range
20 from customers using a commercial mail receiving agency to having friends or family
21 hold, filter, open, and/or reship their mail.

1 **V. CONCLUSION**

2 PFS would provide customers who temporarily relocate with a simple means of
3 receiving all their mail at a modest price. PFS expands upon the existing options for
4 customers who temporarily relocate. Rather than receiving pieces sporadically as
5 under the existing forwarding options, PFS customers would receive a weekly Priority
6 Mail shipment containing all of their mail (except as noted in Section II.B). As such,
7 PFS effectively relocates a customer's delivery receptacle to a temporary location. The
8 simple design of the service should also be attractive to customers. Overall, the Postal
9 Service believes that PFS would likely prove to be an attractive service to many
10 customers who temporarily relocate. An experiment would verify whether this is true,
11 while also providing opportunities to evaluate assumptions regarding the weight and
12 zone of PFS pieces, to validate the propriety of the planned operational procedures, and
13 to consider what form a possible permanent service might take.