

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

**Six-Day to Five-Day Street Delivery and Related Service Changes**

**Docket No. N2010-1**

**Prepared Testimony of Mury Salls on Behalf of the  
Major Mailers Association**

My name is Mury Salls. I am Senior Vice President at DST Mailing Services, Inc. and President of the Major Mailers Association (MMA). I appreciate the opportunity to present testimony on the U.S. Postal Service's Six-Day to Five-Day Street Delivery initiative. This testimony will focus on First-Class mail and the association's views and concerns about what impact this imposes to our businesses and the anticipated response from the consumers that we serve.

MMA's membership is comprised of large businesses and service providers in the telecommunications, utility, banking, financial services, insurance, and healthcare industries. Each month our membership sends billions of statements, invoices and other critical communications to consumers throughout the United States and its territories. Most of these mail pieces include reply envelopes for payments, response correspondence, purchases, etc. The Postal Service is the primary distribution and payment channel. As you are aware, this is gradually shifting to electronic channels. Competition is intense and MMA members must take advantage of lower cost solutions and meet consumer demand for internet and mobile presentment and payment capabilities.

Even with the shift to electronic channels, MMA believes that the Postal Service can continue to provide a vital service to mailers and the public for years to come. However, we believe that the Postal Service is at pivotal point with its largest customers. The Postal Service, Congress and this Commission have roles that will potentially accelerate or slow the diversion of mail to electronic delivery. Unfortunately, it took an economic downturn for the matter to gain its deserved attention.

MMA's initial reaction to the Postal Service's proposal to drop Saturday delivery was negative. We had many questions and concerns. The Postal Service has

attempted to minimize the impact to businesses and consumers. We have taken the specific changes back to our individual companies to assess the business consequences. Although the impact has been lessened, we expect a reduction in service will lessen the value of the Postal Service and cause a jump and most likely an acceleration, in electronic adoption.

Given sufficient time, businesses and consumers can adapt to five-day delivery. The most troublesome area is the remittance payment mail stream. Despite the Postal Service commitment to providing lockbox services on the weekend, there will be an impact as the collection of mail is halted on Saturday. A large segment of the population pays bills on the weekend. Loss of Saturday pick up will probably shift volumes out a day, but the consumer may view the risk of a payment arriving late unacceptable. Businesses expect the Postal Service to provide appropriate notification and education to the public regarding the elimination of Saturday delivery. Additional education to the consumer by business may also help to mitigate this, but the reduced service will still be seen as one more reason to “Go green” and encourage customers to pay electronically. It is expected that most First-Class mailers are likely to advertise and encourage the use of electronic payment channels.

MMA sees that eliminating Saturday street delivery will impose new costs on mailers. These expenses span the customer service and communication systems and functions. Some expense will be one-time expenses to reprogram due dates, collection notices, billing cycles, confirmation notices, etc. and will require adequate time for development and testing. There will be increased ongoing costs for customer support. Print centers and remittance sites will be forced to expand peak processing capacity. The timing of such a change couldn't be worse for business. Resources are tight. The Postal Service has enacted new rules, such as changes for PO BOX closed or Moved Left No Address (MLNA), that have left the mailing industry scrambling for solutions and more changes are waiting in the wings! Many initiatives pushed by the Postal Service offer businesses little value or improvement, but extensive cost burdens. Mailers are examining every opportunity to reduce these financial pressures. Reduced delivery and other burdensome requirements are increasing the sentiment that businesses would be

better off investing in electronic solutions instead of pouring more money into capital and software in order to mail.

It is MMA's belief that more effort should be made by the Postal Service to explore cost savings and revenue generation. For example, is First-Class overnight (one-day Service Standard) local delivery really needed? Generally, businesses don't establish billing due dates based upon a bill being delivered overnight. This might be an area for the Postal Service to reevaluate cost savings. On the revenue side, MMA is pleased that the Postal Service is looking into incentives for mailers that include a reply piece. This initiative could, with reasonable rules, provide further value to the mail and potentially slow the diversion of electronic payments. However, any impact to remittance delivery by the Postal Service under five-day delivery could negate the overall benefit.

The results from the Postal Service's poll regarding the choice between five-day street delivery versus a postage increase aren't very different from MMA's own assessment. MMA members would opt for reduced delivery. However, that choice doesn't appear to be on the table. The Postal Service has stated that it will seek the Commission's approval for an exigent increase in postage in the near future. Given this direction, I would ask how much understanding does the Postal Service have of the business and consumers reaction to both a service reduction and a price increase? Combined with the pressure of other changing mailing requirements this doesn't make good business sense! Does the much touted ten-year plan have a realistic volume assessment? MMA believes that Postal Service suggested pricing strategies and reduced delivery will increase electronic adoption greater than the rate projected by the Postal Service and its consultant.

Doesn't the biggest opportunity to balance the financials reside with Congress and the Postal Service to resolve the overpayment to the retirement fund and other overpayments identified by the Office of the Inspector General? MMA advocates that the Commission recommend against decreasing delivery services and encourage the USPS and Congress to resolve the overpayment. At some point in time, mail volumes may not justify six-day delivery, but we don't see that the moment is at hand.

Thank you for the opportunity to present MMA's testimony.