

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

Consideration of Technical Methods to Be)
Applied in Workshare Discount Design)

Docket No. RM2010-13

**COMMENTS OF
IMMEDIATE MAILING SERVICES, INC. (IMS, INC.)
ON CONSIDERATION OF TECHNICAL METHODS TO BE APPLIED IN
WORKSHARE DISCOUNT DESIGN**

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The following comments are being submitted by Joel Thomas, Executive Director of the National Association of Presort Mailers, at the request of and on behalf of John D. Mashia Jr. the President & Chief Operating Officer of Immediate Mailing Services, Inc. a member of the National Association of Presort Mailers.

Immediate Mailing Services, Inc. (IMS, Inc.) is pleased to submit these comments in response to the Postal Regulatory Commission's Order 537 and the notice that appeared in the *Federal Register*, Vol. 75, No 185, on Friday, September 24, 2010 at pp. 58440-50.

My name is John D. Mashia Jr. and I am the President & Chief Operating Officer of Immediate Mailing Services, Inc. (IMS, Inc.) headquartered in Liverpool, NY. (A suburb of Syracuse, NY).

IMS, Inc. opened for business in 1986 and is one of the oldest and largest presort mailing companies serving the North East & Mid-Atlantic Region of the United States. IMS, Inc. has four offices throughout Upstate New York and one in Northern Virginia. Our organization provides daily pre-sort services for upward of one thousand clients in numerous states across the country and in Canada as well. IMS, Inc. automated its mail processing in the late eighties and currently processes an average of over two million

pieces of mail per day. The aforementioned volume would put IMS, Inc. in the category of a large presort bureau.

These comments explain the work that presort bureaus perform and the type of First-Class mail we are currently converting to workshared mail. Based on my extensive years of experience in the mailing industry, the First-Class Mail pieces that are now converting to workshared First-Class Mail have the characteristics of metered collection mail. Hence, if, as the Commission has stated, the proper benchmark for First-Class workshared mail is the type of mail that is currently converting to First-Class workshared mail, then the proper bench mark for workshared First-Class Mail is First-Class, metered mail and the discounts offered for workshared First-Class mail should reflect the full cost differences between workshared First-Class Mail and collection mail.

As I understand it, the rates for presort First-Class Mail have been calculated by first determining the costs incurred by the USPS to process and deliver an average piece of something called Bulk Metered Mail (“BMM”) and then subtracting from that the estimated cost savings from the worksharing performed by mailers or mail processors. I also understand that BMM is a hypothetical category of mail defined as First-Class mailpieces entered in bulk, in trays, properly addressed, uniformly and correctly faced, and with the proper postage already applied by mailers or mail processors who receive no discount for these preparatory steps. IMS, Inc. has a very real financial incentive to find mailers with that sort of mail, but, in our experience, they simply do not exist.

The truth is most customers do not know what envelopes are acceptable for automation mail or what typefaces can and cannot be read by optical character readers, much less what typefaces are required by USPS regulations; so they would use whatever

typeface they fancied and whatever color envelope they like, without regard to whether it would provide adequate contrast for a USPS applied POSTNET or Intelligent Mail barcode to be readable by the USPS's automated sorting equipment.

Most mailers do not know what a barcode clear zone is, and, absent a discount, would have no reason to provide one.

Most mailers do not know what Move Update is, and, again, absent any discount, these mailers have no reason to comply with Move Update especially since the USPS forwards First-Class Mail, without charge.

Most mailers do not understand “loop mail” (i.e., mail that is designed in a way that causes an optical character reader—whether owned by the Postal Service or a presort bureau—to read the return address and send the mailpiece back to the sender) much less how to avoid it.

Nor, absent a discount, would mailers have any reason to be concerned if some of their envelopes are stuck together or are unsealed when presented to the USPS or their presort bureau.

There is certainly no reason to assume that most mailers would consistently put mail in postal trays if they didn't have to to get a discount. I have seen mail presented to us in bags, tubs, and even boxes. Some mailers would tray their mail some of the time, a few might do it most of the time, but it is unlikely that any would present all their mail in trays all of the time. Moreover, even if mail is presented in trays, there is no basis for assuming that all the mail in these trays would be properly faced, Move Update

compliant, sealed, but not stuck together, and have machine readable addresses and be in envelopes that provide the needed contract or have a barcode clear zone.

If one assumes mailers will consistently present First-Class letter mail in mail trays, where would they obtain the trays? Our customers get their trays from us. Without us, they might get letter trays from the Postal Service if they thought of it and if the Postal Service did not mind taking time to hand out empty trays during the late afternoon and early evening when most mailers want to deposit their mail. On many occasions, we have replaced the USPS delivering the trays to clients, or leaving them in office building lobbies.

Second, why would mailers with less than full trays of mail want to use USPS trays anyway? IMS, Inc. has a daily minimum of 400 mail pieces per customer. This is can be substantially less than a full tray of mail depending on the size and weight of the piece. We simply do not get full trays from many of our customers, especially the new-to-presort customers we have recruited in the last couple of years. While mailers with incoming mail presented to them in tray may use those trays for outgoing mail, most of our customers have more outgoing mail than incoming mail. So incoming mail would not provide enough trays even if their outgoing mail is prepared at the same site that incoming mail is processed. In view of this how can anyone assume that these mailers would deliver mail to the USPS in letter trays?

Third, why would mailers present mail properly orientated? Single-piece mail may be unbundled or bundled. The mail may be placed in bags or cardboard boxes in which case it is frequently placed there with every other handful inverted, which increases the ease of putting letters into boxes without flared ends.

So where does the BMM some observers claim to have seen in postal facilities come from? The answer in many if not most cases is from presort bureaus because the Postal Service requires presort bureaus to put “full-paid” mail in trays and do a lot of other preparation—i.e., to convert it into BMM.

Every one of our locations winds up every day with some mail that is already at full rate, or has to be paid up to the full single-piece rate. Despite the fact that we do not make any money from processing this mail, the Postal Service insists that when we present this “full-paid mail” with: (1) stamped mail separated from business reply (“BRE”) mail, (2) stamped mail and BRE mail separated from metered mail, (3) flats separated from letters, (4) Express and Priority mailpieces separated from other First-Class Mail, as well as from packages, and (5) International Mail segregated from all domestic mail

The bottom line is that the mail we receive from our new-to-presort customers (and indeed, most of our existing customers) needs considerable processing, not just bar-coding, before it can tender it to the Postal Service. The full-paid mail the Postal Service gets from us may look like BMM because we were required to convert it to something like BMM. But this mail is not a candidate for conversion to workshared mail. These are mailpieces we tried, but could not convert to First-Class workshared mail.

It is not a question of the rate. Both IMS, Inc. and its customers wanted to qualify these mail pieces for workshare discounts and tried to do so; but there was something that made that impossible. The most common reason mailpieces fail to qualify for workshared discount is because the address won't “code”—i.e., our MLOCs cannot assign 11-digit delivery point for these mailpieces and thus cannot qualify them for workshare discounts.

About seven percent (over 150,000 mail pieces a day) that IMS, Inc.'s presents to the USPS consists of residual, full-paid mailpieces that we tried, but could not qualify for a discount, but still had to tray up to present to the USPS. Seven percent of our mail equates to over Five Hundred trays of mail or over Seventeen Pallets on a daily basis. So if one were to walk into a processing plant one might find what might appear to be a lot of "BMM" but it would not be mail that might convert to workshared mail, it is mail that couldn't be converted to workshared mail.

The point is if there ever was any BMM it converted to worked shared mail a long, time ago. Today, IMS, Inc, and like every other presort bureau, has to work hard to find new customers with untapped single-piece mail. And, when we do find new mail, it does not appear in trays of nice clean, properly oriented mailpieces with typed addresses and a barcode clear zone, etc. It takes us many, many hours of work with our customers at the beginning and constant monitoring, reminding, and counseling to get our customers to submit mail to us that we can process and qualify for workshare discounts. Our clients make an effort to comply with our requests not because it is easy or they like doing it but because we require it of them to attain the cost saving solution IMS, Inc. offers to their organization.

Respectfully Submitted,

John D. Mashia Jr.

President & Chief Operating Officer

Immediate Mailing Services, Inc. (IMS, Inc)