

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

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

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Docket No. RM2010-13

**COMMENTS OF  
TC DELIVERS, INC.  
ON CONSIDERATION OF TECHNICAL METHODS TO BE APPLIED IN  
WORKSHARE DISCOUNT DESIGN**

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February 18, 2011

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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 Terry Freeman President, TC Delivers, Inc., a member of the National Association of Presort Mailers.

TC DELIVERS 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.

I am the President of TC Delivers in Jacksonville, Orlando and Tampa, FL. My experience in mail processing dates back to 1978 when I opened my first facility in Coudersport, Pennsylvania.

We opened for business in Jacksonville, FL in 1994, and are one of the oldest and

largest presort mailing companies in Florida. TC Delivers automated its mail processing in 1991, and currently processes an average of approximately 650,000 pieces of mail per day. This volume makes TC Delivers a medium-sized presort bureau.

These comments address the work that presort bureaus perform and the type of First-Class mail TC Delivers is currently converting to workshared mail. Based on my 30+ 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. So, if 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 First-Class metered collection mail.

The rates for presort First-Class Mail are, I believe, 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 by mail processors. I also believe 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. TC Delivers would really like to find a mailer with that sort of mail, it is in our interest to find that kind of mail but, in our experience, that kind of mail simply does not exist.

The simple truth is most customers do not know what sizes of envelopes are acceptable for automation mail. Nor do most customers know what typefaces can and cannot be read by optical character readers or that are allowed by USPS regulations. 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 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.

Most mailers do not know how to properly use tabs and wafer seals.

And, there is certainly no reason to assume that the majority of mailers would consistently put mail in postal trays if they didn't have to. Some would do it some of the time, a some might even do it most of the time, but it is unlikely that any would do it all time.

Even if mail is presented in trays, there is no reason to assume that 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 contrast, or have a barcode clear zone.

To assume that mailers will consistently present First-Class letter mail in mail trays, one must explain where the mailers 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 at the busiest part of the day to hand out empty trays.

Second, why would mailers with less than full trays of mail want to use USPS trays

anyway? TC Delivers has a daily minimum of 200 mail pieces per customer. This is substantially less than a full tray of mail. So, we 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 in trays might use those trays for outgoing mail, most of our customers have considerably more outgoing mail than incoming mail. So, incoming mail would not provide enough trays. Moreover outgoing mail may not be prepared at the same place that incoming mail is processed.

Third, why would mailers present mail properly oriented? Single-piece mail may be bundled or unbundled. The individual pieces do not have to be sequenced. Mail may be placed in bogs or cardboard boxes, When mail is presented in boxes, it is frequently placed there with every other handful inverted.

So where does BMM come from? The answer in many if not most all 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 presort bureau 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”: (1) stamped mail is separated from business reply (“BRE”) mail, (2) stamped mail and BRE mail is separated from metered mail, (3) flats are separated from letters, (4) Express and Priority mailpieces are separated from other First-Class Mail, as well as from packages.

The reality is that the mail we receive from our new-to-presort customers (and indeed, most of our existing customers) needs a lot of work, not just barcoding, before it can be tendered to the Postal Service. While the full-paid mail the Postal Service gets from presort bureaus may, when we present it to the USPS, it no longer resemble collection box mail, because we were required to convert it to something like BMM. But this mail is not a candidate for conversion to workshared mail. This mail consists of mailpieces that we were unable to convert to First-Class workshared mail.

It is not a question of the rate. Both TC Delivers and its customers wanted to qualify these mailpieces for workshare discounts; but there was something that made that impossible. The most common reason is our inability to “code” the address—i.e., our MLOCs cannot assign 11-digit delivery point barcodes for these mailpieces, so we cannot qualify them for workshare discounts.

About five percent of the mail TC Delivers 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. Five percent of our mail equates to some 60 trays of mail. 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.

What you need to understand is: if there ever was any BMM it converted to workshared mail a long, long time ago. Today, TC Delivers, and 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 and reminding to get our customers to submit mail to us that we can process and qualify for workshare discounts. But they do what we need them to do because they want the discount. They don’t do it just to make us happy.

Respectfully Submitted,  
Terry Freeman  
President, TC Delivers, Inc.