

**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
PRESORT SERVICES, 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, Paula M. Favreau General Manager – Presort Bureau, Presort Services Inc., a member of the National Association of Presort Mailers:

Presort Services Inc. is pleased to submit these comments by Paula M. Favreau General Manager – Presort Bureau, Presort Services Inc., 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 experience in mail processing dates back to June of 1984 when discounts were available for presorting the mail by hand. Presort Services Inc. opened for business in December of 1982. It now has two locations, one in Grand Rapids and another in Lansing, Michigan and is one of the oldest and largest presort mailing companies in the Greater Michigan District. Presort Services Inc. automated its mail processing in 1991 and currently processes an average of approximately one million pieces of mail per day.

The purpose of these comments is to explain the work that our presort bureaus perform and the type of First-Class mail we are currently converting to workshared mail.

Based on my 27 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, the proper benchmark for First-Class workshared mail is First-Class, metered First-Class collection mail and the discounts offered for workshared First-Class mail should reflect the full cost differences between workshared First-Class metered, collection mail.

As I understand it, the rates for presorted 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 by mail processors for mailers. 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. Unfortunately, mail that is submitted by our customers quite often is far from perfect for automation processing.

Most mailers do not know:

1. What sizes of envelopes are acceptable for automation mail:
2. What typefaces can and cannot be read by optical character readers, much less what typefaces are required by USPS regulations;
3. What a barcode clear zone is;
4. What “loop mail” is, (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; and

5. How to use tabs and wafer seals properly.

Absent a discount, what reason would mailers have any 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 no reason to assume that most mailers would put mail in postal trays if they didn't have to in order to get a discount. And then 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, have machine readable addresses, or be in envelopes that provide the needed contrast or have a barcode clear zone.

If one assumes that mailers will consistently present First-Class letter mail in mail trays, where would the mailers obtain the trays? Our customers get their trays from us. But why would mailers with less than full trays of mail want to use USPS trays anyway?

Presort Services, Inc. has a daily minimum of 50 mail pieces per customer. This is far less than a full tray of mail. If our customers do not have full trays of mail to give us, they certainly wouldn't have full trays of mail to present to the USPS.

And why would mailers present mail properly orientated? Single-piece mail may be unbundled or bundled, faced or unfaced. The individual pieces may be placed in pasteboard boxes in which case it is frequently placed there with every other handful inverted to increase the ease of putting letters into boxes without flared ends.

The bottom line is that the mail received by presort bureaus from their new-to-presort customers (and indeed, most of their existing customers) needs considerable processing, not just barcoding, before it can tender it to the Postal Service.

So where does, what some observers assert is BMM they have seen in postal facilities, come from? The answer in many if not most all cases is from presort bureaus or

in-house mail processing operations. Why is that? It is 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 day presort bureaus have some mail that is already at stamped or metered at the full single-piece 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, and (4) Express and Priority mailpieces are separated from other First-Class Mail, as well as from packages.

The full-paid mail the Postal Service gets from presort bureaus when they present it to the USPS is not a candidate for conversion to workshared mail. This mail consists of mailpieces that we tried, but were unable to convert to First-Class workshared mail.

It is not a question of the rate. We wanted to qualify these mailpieces 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 MLOCRs cannot assign 11-digit delivery point for these mailpieces. Without a delivery point barcode the mailpieces do not qualify for workshare discounts.

About 15 percent of the mail Presort Services, 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. Fifteen percent of our mail equates to some 30 trays of mail. So if one were to walk into a processing plant one could find what might appear to

be a lot of “BMM” but it would not be mail that might convert to workshared mail – just the opposite. This is mail that can’t be converted.

Today, Presort Services Inc, and every other presort bureau has to work hard to find new customers with 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 working 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. They make an attempt to do what we need them to do because they want their discount. However, mail is not the core of their business nor in most cases a top priority. Presort Services Inc. prides ourselves on the extra steps that we do to work with our clients to develop and submit mail that is not only automation compatible, but optimal for MLOCR processing. Even so, there is still a lot of work to be done when the mail enters our buildings.

Respectfully Submitted

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