

**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  
UNITED MAILING 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 Mark Kolb Vice President, United Mailing Services, Inc., a member of the National Association of Presort Mailers.

United Mailing Services, Inc. has five Locations in Wisconsin. Our home office is in Brookfield, a suburb of Milwaukee. We have branch offices in Madison, Green Bay, Wausau and Oshkosh. We currently process over 520 million pieces of FCM annually and have over 1,000 customers. We have been in business in the mailing industry from the early 1980s and have been through many different postal changes. In the early 1990's United Mailing Services automated it's mail processing. We now have over 20 pieces of Mail automation processing equipment in our fleet.

I am submitting comments in response to Postal Regulatory Commissions Order 537: Proposals concerning technical issues related to workshare discounts design. These comments are intended to explain who our customers are and what type of mail they present to us. With over 20 years of experience in the mailing industry, I believe that the benchmark being used to establish workshare discounts should be full-rate First Class Mail prices—i.e., the discounts being offered should reflect the

full cost difference between Full rate First class mail, and the discounted automation rates being offered.

From what I understand the discounts being offered today are established by taking the full cost difference between “Bulk Metered Mail” and the estimated costs savings of work share performed by mailers. As long as I have been doing business with the USPS , I have yet to see a price for “Bulk Metered Mail” in the rate fold. I simply do not know what this mail is, and have NEVER found a customer that understands it either. I have been told that “Bulk Metered Mail” is a hypothetical category of mail, defined as: “FCM entered in bulk, in trays, properly addressed, uniformly and correctly faced, and with the proper postage already applied by mailers or by mail processors who receive no discount for these preparatory steps”. THIS MAIL SIMPLY DOES NOT EXSIST.

If this is truly how the cost differential is established, then the formula is incorrect. If the formula is incorrect then the answer to that formula is consequently incorrect as well. If Bulk Metered Mail does not exist, how can it be used as the benchmark within the formula? The benchmark needs to be FCM full-rate pricing. This is the type of mail we convert into workshare discounts daily, not a fictitious mail described as “Bulk Metered Mail.”

Complexity of USPS rules and regulations is one of the strategies we base the success of our company upon. It is written in my Job Description to be the liaison between the USPS and United Mailing Services. Within that job duty, I have to spend endless hours on MTAC, industry and association calls, educating myself on rules and regulations and following all the changes the USPS implements on continuing bases. I would estimate that 50% of my job is spent on this duty. I have two people who work for me that also participate in these responsibilities, and who also dedicate a good portion of their work day to learning and following the USPS rules and regulations.

This is important because United Mailing Services holds an annual meeting with our customer base to bring them up to speed on what they need to do to meet the rules and regulations. Simplicity is

our selling point; “Helping you with your mailing needs” is one of our tag lines. 90% of our customer base does not care about what the USPS is doing, because THEY HAVE US. The truth is that without us they would be lost.

The mail that we pick up from our customers is not trayed, properly addressed, uniformly and correctly faced, as described in the Bulk Metered Mail definition. We pick up mail in cardboard boxes and in flat tubs, as well as mail that is rubber banded, unsealed, unfaced, and upside-down. The process of preparing the mail as the USPS wants to receive it is part of our mailing services.

Here are some of the services that we provide that I feel strongly are often overlooked and are not taken into consideration when creating the formula to establish workshare discount design:

#1 – United Mailing Services Picks Up mail from the customer. What are the associated costs the USPS would incur if we did not perform this workshare duty? We move over 520 Million pieces of mail for the USPS annually. We have customers throughout the State of Wisconsin. We have 91 vehicles on the road daily, running 133 different routes. These vehicles travel 7,573 miles every day, that is an average of 56.9 miles per route. If we did not go to each customer and pick up their daily mail volume, the USPS would have to perform that process and in turn incur the expense.

# 2- It is true that many of our customers prepare the mail for us ready to process. It arrives in trays or tubs or in other proper USPS supplies. However who provided the supplies to the customers to prepare the mail? United Mailing Services did. We make supply runs to the USPS every day. During these supply runs we pick up trays, tubs, sleeves, APC's, pallets, gaylords, etc. We then deliver these supplies to our customers on their daily route so they can use these supplies to prepare the mail for us. However, even though we provide supplies to our customers they still will not always use them. We receive mail in cardboard boxes, letters in tubs, or sometime just rubber banded and left on the mailroom counters for our drivers to pick

up. The bottom line is the mail arrives in many different unorganized manners. We then prepare the trays and tubs according to the USPS rules and regulations as part of our service. Is the USPS ready to create morning routes to simply drop off supplies on a daily basis? If a customer does not have supplies, and receives no incentive to use them, they will use envelope boxes, or whatever is handy to organize the mail to get it to a USPS delivery unit or Blue Box.

# 3 – Would the mail be faced? The very simple fact is NO. If our customer base did not receive savings by having us process the mail, the USPS would never receive mail faced, and in proper containers. This is again a service we provide to the customers. We receive unfaced mail daily; we face it as part of our service.

Many of our customers are multi departmental customers with one centralized mail pick up. As the department leads bring their mail to a central location, it is placed in one general tub. No one ever looks to see how the previous mail was placed in the tub, they just throw the mail in the tub on top of what is already in there. This results in a very unfaced mail container. We get multiple mail containers like this daily.

# 4 – United Mailing Services spend endless hours educating customers on how to make the mail automation compatible. Many customers do not understand all the rules and regulations associated with the automation compatibility. We make sure the mail that comes to us meets those regulations in order to get into an automation mainstream. We have a quality control program that checks for proper addressing, move update compliance, a barcode clear zone, proper postage applied, folding and tabbing on self mailers, inserts and tap testing, and many more. These are things that customers do because they get savings by having the mail go through a presort house.

Many of the customers have mail room supervisors who rely on United Mailing Services as their sole means of education on mailing needs. Who would explain these issues to our customers if

the savings was not there and they did not use us? What incentive would the customer have to provide a clear zone or properly formatted address if the mail was not discounted? The simple answer is: the customer would not do any of these things if the mail did not receive a discount.

# 5 – Before processing every day we have a quality process in place to look for “sticky” mail.

Metering equipment can become sticky due to the sealing feature on the machines. Most equipment utilizes a wet brush which hits the glue on the envelope stock. As this process takes place the equipment gets sticky because of the overflow glue comes off the envelopes and transfers to the machine and in turn to the next envelope. This then causes the envelopes to stick together. We offer the service of unsticking that mail every day as part of our process.

Would customers really care about this if they did not receive savings for the mail? The answer is: No. We receive hundreds of stuck pieces daily, if they do it to us while receiving discounts, I believe the USPS would receive even more sticky mail every day, if the customer did not receive discounts. This process would result in misdirection of mail. This would cause delays and additional expense to redirect the mail to the proper recipient.

# 6 – United Mailing Services finalizes the mail and prepares it for delivery to the USPS. Again we deliver to the USPS 520 million of pieces annually. Mail arrives to the USPS containerized, ready for dock transfer, in APC's or pallets. The mail is trayed or tubed, sleeved, tagged and strapped. Inside of all those trays and tubs the mail is faced as well. If we did not provide this service the USPS would incur the expense of picking up the mail and containerizing it as well.

We currently have 21 different dispatches of mail to the USPS performed by our 26 foot Straight truck daily. That comes to an additional 504 miles a day, 131,040 miles annually. This is often an overlooked expense as well.

If our customers did not utilize our services, the USPS would need to pick up the mail at the customers site and then transport it to its processing centers. If the USPS did not pick up the mail most of the mail would end up being placed in USPS Blue Boxes throughout the State of Wisconsin, and the USPS would need to transport it anyways. Mailers would not have proper USPS supplies and therefore would need to find an easy way to send the mail to the USPS. The mail would be placed in cardboard boxes and/or rubber banded, just as we receive some of it today. For those larger customers the USPS would provide supplies to, the USPS would now incur the cost of providing supplies to the customer as well. However without incentives there would be no guarantee that customer would use the proper supplies or follow any regulations. Once the mail was received by the USPS it would need to be faced before being processed. The customers would have no incentive to follow rules and regulations such as tabbing, move update, barcode clear zone, folding, tap test, proper addressing, placing delivery point barcodes (much less IMB's) on the piece. Customers would have no reason to look for mail that had become stuck together, was metered incorrectly or had postage applied with stamps that would have to be canceled. Mail for certain would not arrive to the USPS as presorted or containerized by zip code, without savings why would anyone spend the time to do that. Finally why would anyone switch to the Intelligent Mail Barcode, without incentives?

Rates and discounts drive customers behavior, without proper rates and discounts customer have no incentive to change.

*"FCM entered in bulk, in trays, properly addressed, uniformly and correctly faced, and with the proper postage already applied by mailers or by mail processors who receive no discount for these preparatory steps"*, this is Bulk Metered Mail. This is what is being used as the benchmark in the formula to establish work share discounts design. As I have just explained, I truly do not believe this mail exists. No one will do these steps if the savings are not present. These steps take time, time is money. In the definition it says: "WHO RECEIVE NO DISCOUNTS FOR THESE PREPARATORY STEPS." So what incentive

would mailers have to do all the things need to create bulk metered mail? The incentive is the discounts; the discounts are the mail owner's savings. Those savings are the justification to do the work.

Eight of our last ten NEW customers were customers who were metering at FCM Full rate. Someone at our company received a full rate piece of mail in their personal mailbox at home and handed it to the sales rep as a lead. These are the type of customers we are turning into presort customers. If we cannot show the customer a savings they will continue to meter at full rate and place the mail in blue boxes.

The formula to establish workshare discounts needs to reflect the full cost difference between Full rate First class mail and the discounted workshare rates. The formula has a mistake, there is no such thing as Bulk Metered Mail. If there is a problem with the formula, there is a problem with the answer. Please reconsider the benchmark to establish workshare discounts and include all costs avoided by USPS as part of the overall savings gained from workshare discounts.

Respectfully submitted,

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