

Mailers. Companion



MAY/JUNE 2004

Kearney: “NSAs Deliver Customized Pricing for Customers”

Stephen M. Kearney is Vice President of Pricing and Classification. His group prepares cases to be filed with the Postal Rate Commission (PRC) in support of new products, services, and price changes; and helping to implement them nationwide. We sat down with Kearney to talk about Negotiated Service Agreements (NSAs), the success of the Capital One NSA, and future NSAs.

MC: Some of our readers may not be familiar with the term “Negotiated Service Agreement.” Could you tell us what it is?

Kearney: Sure. “Negotiated Service Agreement,” or “NSA,” simply means negotiating pricing with our customers. It’s a contractual agreement between the Postal Service and a customer to provide pricing incentives to the customer in exchange for a shift in their business mailing

practices. In many cases, the customer’s behavior change may result in a substantial increase in their mail volume that benefits both the customer and the Postal Service.

(Kearney interview continued on page 6)



Stephen M. Kearney (right) with USPS employee Tom Scherer



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National Postal Forum coming to Washington D.C., September 19-22, 2004. Registration on page 13.



CSRS LEGISLATION

OIG report says plan unfair to customers

Congress passed Civil Service Retirement System (CSRS) legislation last year, and while it saved the Postal Service from overfunding the retirement system by billions, the law's funding plan is unfair to postal customers, according to a report by the Postal Service Office of Inspector General (OIG).

The OIG concluded that any CSRS overpayments being held in escrow should be released to the Postal Service, and that USPS shouldn't be saddled with pension costs for military service. Such a requirement constitutes a "hidden tax" on Postal Service customers, the OIG said. Those costs

aren't borne by any other federal agency.

The report noted that Postal Service revenues shouldn't be subject to outside control, since these revenues are essentially "other people's money" — not tax dollars — and should be used for operations and capital investment. "We believe postal customers must be the beneficiaries of lowered payments," the OIG's report said.

Additionally, the report supported a review of the Office of Personnel Management's calculation of CSRS

retirement costs, including reevaluating whether the costs associated with postal employees' prior government service should be included in the calculation. The Postal Service was scheduled to overpay the CSRS fund by \$105 billion, primarily due to higher than expected interest earnings, when Congress passed CSRS legislation. However, the legislation added a new requirement that the Postal Service fund \$27 billion to cover military service time for its employees.

Each issue features a message from Chief Marketing Officer Anita Bizzotto

CMOcorner

"Delivering Results" is a theme the Postal Service is using internally to recognize employee efforts that yield bottom-line success. However, it's just as important that you, our customers, know that our products and services are succeeding, producing revenue that translates into low, stable prices for you.

Halfway through 2004, service and customer satisfaction scores are the highest in our history. Smaller retailers are flocking to Click-N-Ship and Carrier Pickup, bringing with them thousands of new Priority Mail packages. The Capital One NSA is delivering results, too, producing new First-Class revenue and saving millions of dollars in costs. And more NSAs are on the way as Vice President Steve Kearney explains in our cover feature.

Yet, we know we can do more to help American businesses succeed. With Postmaster General Jack Potter leading the way, we are revitalizing Postal Customer Councils, equipping them to provide the highest quality mailer education and training, and supporting them with a new PCC website and dedicated resources to help councils access and share best mailing practices with member businesses.

We are creating effective tools to help businesses reduce costs, reach new customers, and increase sales. For example, "Maitown, USA" — our free CD-Rom direct mail tutorial — just received two top international awards for multi-media communications excellence. "Maitown, USA" helps companies learn to use direct mail, sharing secrets that ad agencies and corporations have invested millions of dollars to develop. And the price is right. If you would like a copy, email the editor of *Mailers Companion* at john.nagla@usps.gov and we will send "Maitown, USA" to you absolutely free.

USPS services and mailing tools represent quality and excellence, delivering results for millions of mailers. We look forward to our next opportunity to deliver for you.

Anita



Mailers Companion

Volume 9, Issue 5 May/June 2004

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Mailers Companion is published by U.S. Postal Service Pricing and Classification. The USPS eagle and logotype are registered trademarks. **Send subscription requests and address changes with original mailing label to:**

MAILERS COMPANION
DATA ENTRY
UNITED STATES POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

Fax: 901-681-4542

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Printed on Recycled Paper

POTTER: MAIL IS THE BEST VALUE

PMG Jack Potter addressed the New England Mail EXPO on May 26.

Following are his comments about the value of mail.

Today's Postal Service is excited about the future. We're ready to deliver your growing business! Mail is still very much a vital part of this nation's economy. And mail will remain valuable for years to come!

How do I know that? Because it's all about economics - and reliable, convenient and affordable service. And when you come right down to it, it's all about dollars.

Dollars count in this business. But it's also about who offers the better deal.

I'm here to tell you, mail is still the better deal.

A while back, we did research on what consumers thought about the mail. We learned that the American public still has a love affair with hard copy mail.

Nine out of 10 households actually sort and review the mail the same day it's received. We also found that advertising mail - First Class or Standard - has value for most households. Seventy-four percent of direct mail is read by the consumer. Fifty-two percent of households order products and services based on the direct mail pieces they receive.

In fact, 21 percent of all consumers have actually taken a direct mail piece with them when shopping at a store.

And get this: over twice as many households order products and services from catalogs than from information received on the internet.

Overall, mail was - and is - the highest rated medium when compared with magazine, newspaper, radio, billboard and Internet advertising.

So what about television? Let me share this datapoint. In 1965, a

business could reach 85 percent of American households by placing three prime-time ads on TV. Today, to reach that same 85 percent saturation, you would have to place 115 prime-time ads on the networks - 115 prime-time ads on networks!! If you think the internet has had impact on our business, look what cable and other technologies have done to broadcast television advertising.

AND THE WINNER IS . . .

Postal Service earns 19 Communicator Awards

Lord of the Rings might have won 11 Oscars, but the Postal Service was a big winner in the 2004 Communicator Awards international competition — picking up 19 awards in the Print Media category.



Communicator Awards honor outstanding work in the communication field. The Postal Service won 10 Crystal Awards of Excellence — more than any other participant. Crystals are the competition's most prestigious award.

Marketing made an impressive showing, winning five Crystal Awards of Excellence, six Awards of Distinction and three Honorable Mentions.

Government Relations picked up three Crystal Awards and the Postal Inspection Service earned two Crystal Awards of Excellence.

The Postal Service is delivering results — writing, designing, and producing award-winning communications that are setting standards for the industry.

CUSTOMIZED MARKETMAIL Shaping the future of direct mail

Last August, the Postal Service introduced Customized MarketMail (CMM), bringing to life the dreams of creative advertising mail designers nationwide. Perhaps you have seen the donuts, jet airplanes, giant



quarters, or reindeer antlers in your mailbox, promoting products and services in your community. These creative mailpieces can take virtually any shape and design to demand attention, deliver high impact, and generate greater response rates.

CMM is now an even more effective marketing tool for businesses. As of March 4, 2004, business mailers can attach Standard Mail matter — such as business reply cards and envelopes, coupons and coupon booklets, thin merchandise samples, promotional magnets, and other marketing material — to their CMM pieces.

Another enhancement to CMM allows mailers to use standard delivery addresses in addition to the "Occupant" and "Exceptional" address formats. Changes in the CMM mail preparation procedures also have recently taken effect.

CMM is just one of the value-added services that the Postal Service provides to meet the direct mail needs of business customers. Other direct mail products and services from the Postal Service include repositionable notes and reply mail services.

Ease of Use

Making it easier for customers to use the Postal Service

Speedy Service Express Mail Corporate Accounts

They've been around for awhile. They're a favorite. And they're quick, easy, and convenient. They're Express Mail Corporate Accounts.

They let you charge Express Mail shipments to one central account. And, now, businesses have the option of charging Express Mail expenses to a credit card, a handy solution for those who use Express Mail daily.

There are perks aplenty with this program. Not only do corporate account customers get the speed of Express Mail

for their packages, they also don't have to wait in line to have an Express Mail package weighed and charged. They simply drop their shipments in any Express Mail collection box or at their Post Office. Customers can even arrange for package pickups on more than 204,000 routes nationwide.

Need more information about Express Mail Corporate Accounts? Call Stamp Fulfillment Services at 800 STAMP-24 (800-782-6724).

Pick, Click, and Charge The Postal Store's Newest Feature Means More Value

Quick! Name the one-stop e-shop where you can buy stamps, mailing products, philatelic collectibles and gift items, order free shipping supplies and more?



You guessed it — The Postal Store on USPS.com. Savvy online shoppers are discovering that The Postal Store is quick, easy, and convenient.

And now the online site that has everything is even better. A new credit card retention feature lets customers pick, click, and charge their orders, breezing through online purchases faster than ever.

"Our goal is to provide key services to our customers when, where, and how they want them," said Public Affairs and Communications VP Azeezaly Jaffer. "This is just one more way we're adding value for our customers."

The Postal Store boasts a lofty 2.5 million registered customers and more than a million hits a month. In 2003, sales soared to more than \$64 million. Revenue is expected to top \$100 million in 2004.

And who can argue with a 95 percent satisfaction rating from The Postal Store's return customers. More than 3,300 subscribers to the Postal Store's Stamp Subscription service — a program that delivers stamps automatically when customers need them — come back again and again to shop at The Store.



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SMALL BUSINESS TOOLS

Get new customers.
Meet customer demand.
Around town or around the world.
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SIMPLE FORMULAS

Use the mail to grow your business.
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1-800-THE-USPS, ext. AD443

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QUESTIONS?

We have answers.
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ZIP Codes.
Post Office locations.
Much, much more.
1-800-ASK-USPS

SHIPPING INFORMATION

Express Mail, Priority Mail, and package support line.
1-800-222-1811

PRINT LABELS

Your shipping label is just a Click-N-Ship away.
www.usps.com/clicknship

Click-N-Ship:

It's Easy and Convenient and ... Improved!

Click-N-Ship lets you mail without leaving your home or office. All you need is a computer, a printer, and an Internet connection to print Priority Mail, Express Mail, Global Express Mail, and Global Express Guaranteed labels, with or without postage. Click-N-Ship can:



- Calculate postage rates, find ZIP Codes, and standardize and save addresses.
- Send an e-mail to your friends, family, or customers, letting them know your package is on its way.
- Print labels on regular paper or on self-adhesive label sheets.
- Provide no-cost Delivery Confirmation service or specially priced Signature Confirmation service for Priority Mail pieces.
- Process and store credit card information for easy online postage payment.

Plus, new features make Click-N-Ship even better. Enjoy the following enhancements during your next visit:

Shipping Cart. Print and pay for up to 10 Priority Mail and Express Mail labels with a single credit card transaction. Your labels will be stored in the cart up to seven days if you need to print at a later date.

Shipping History. View reports on all postage-paid labels you printed within the past six months. You can see information at the transaction level, or drill down to an individual label view. Check package delivery status at Track & Confirm with a simple click!

My Account. This central point provides access to all of your online information, from your profile to stored credit cards to your address book.

Order Scales Online. Just click on one of the convenient links to order your scale online, or visit the Postal Store at usps.com.

Carrier Pickup. This convenient service is available in most areas. After printing your label simply click the link to the Carrier Pickup page on usps.com and enter your ZIP Code to let your carrier know you have packages for pickup the next delivery day.

Find all of these great features at www.usps.com/clicknship and make convenience your priority by shipping with Click-N-Ship.

Are Your Mailing Standards Up-To-Date?



Customers and employees are reminded that using our most up-to-date mailing standards not only makes sense, but is a sound business practice. Printed publications are useful references but do not always reflect the most current information.

The online DMM at <http://pe.usps.gov> is updated monthly and includes (in I010) a summary of changes by effective date and by module. When using a printed publication, including the printed version of the DMM, don't forget to cross-reference to the online DMM to ensure the information you use is correct.

Mailers Companion
It's a Pickup...
Free Package Pickup From Your Home or Office

Mailers Companion
available online at www.usps.com/

Delivering results. That's what we do every day as we work to transform the Postal Service. And whenever you see the "Delivering Results" symbol, you'll know it's about how we're making the Transformation Plan a part of everything we do.

MC: We understand that you have some good news about new NSAs?

Kearney: Yes, I'm pleased to report that we recently received authorization from the Postal Service Board of Governors to file two new NSA cases with the PRC. Both of these NSAs are with large financial institutions and are modeled after the Capital One NSA we implemented last year. We will ask the PRC for expedited consideration and hope to have its recommended decision and the Postal Governors' approval as quickly as possibly.

MC: Can you tell us about the design of the Capital One NSA?

Kearney: This NSA provides pricing incentives to Capital One if they send more First-Class Mail than they typically do in a year. It also promotes the extra value of First-Class Mail as a customer acquisition tool with its built-in features of free forwarding and consistent speed-to-market, while at the same time eliminating the need and expense of another key attribute — the physical return of undeliverable letters. Capital One converted its systems to use Address Change Service (ACS) — electronic notification of forwarded mail and undeliverable pieces. This means that Capital One no longer has to open returned pieces and enter data manually to update bad addresses on their mailing list, and the Postal Service no longer has to sort and return millions of undeliverable pieces of mail.

MC: What will be covered in the two new NSAs to be filed with the PRC?

Kearney: The two new agreements are modeled after the Capital One NSA. Both customers would receive pricing incentives on any First-Class Mail they generate above their typical annual mail volume. They also have agreed to convert to ACS for handling of their undeliverable First-Class Mail pieces. In addition to the expected new First-Class Mail volume and resulting net revenue, the Postal Service will be able to avoid the costs of collecting, packaging, and delivering millions of return pieces to them. Ultimately, these NSAs can be worth millions of dollars to the Postal Service over the three-year test periods.

MC: Why negotiate pricing through NSAs? And why does the Postal Service want to do it?

Kearney: Today more than ever, the marketplace is very competitive. Businesses need to negotiate pricing to retain customers, to reflect customer needs (such as volume or ease of service), to encourage customer reliance for long-

term growth, and to encourage customers to try new products or services.

There are many alternatives to mail, and most of them claim to offer better economics, either in cost or return on investment (ROI). Many Postal Service competitors negotiate pricing to win business. The Postal Service needs to negotiate pricing in order to retain and grow its business.

MC: As the Postal Service continues to transform itself, how important are NSAs?

Kearney: NSAs are one of the corporate goals of our Transformation Plan, so putting them to work is an important step forward for our organization.

Contractual agreements similar to NSAs are commonplace in the private sector. Even though NSAs are new to the Postal Service in terms of selling our products and services, it's not all that dramatic a change. For decades, we have worked with mailers to identify and address their needs in ways that improve service, reduce costs, and increase mail volume and net revenue. As a result, we have come up with many new products and services that save and make money, and benefit all parties.

Adding pricing incentives to the mix is the next logical step for the Postal Service. NSAs will allow us to partner with mailers to strengthen mail volume, keep existing customers from diverting their messages to alternative media, and even acquire new customers.

MC: What makes a good NSA?

Kearney: A good NSA benefits both the customer and the Postal Service. It provides customized prices to the customer in exchange for extra mail volume from them — volume and revenue that we otherwise might not get. For us, it lowers our costs and it focuses on retaining and growing an area of the business that is in play, that could grow or decline depending on how well we perform.

MC: Does an NSA put the Postal Service at any risk?

Kearney: For the Postal Service, an NSA involves little risk other than "opportunity cost" in exchange for potential significant value. Opportunity cost means the risk that we could have gotten more revenue from the customer by not negotiating prices. In other words, the main risk is that

customers really would not be influenced to change their behavior by the unique prices we negotiate with them.

Pricing incentives negotiated by the Postal Service are much safer than those used in the private sector. Our pricing incentives begin only after a high threshold of mail volume is reached and also require a mailer to adopt new behaviors, such as using ACS, which in turn has a positive impact on the efficiency of our processing operations.

MC: What is involved in putting together an NSA?

Kearney: At least for now, NSAs are complex and time-consuming to create. In the private sector, if the opportunities are there, the two organizations work to negotiate the details of the agreement and that would be it. You'd have an NSA. For us, that's just the first step.

Once negotiated, the NSA is presented to the Board of Governors and authorization is requested to file the case with the PRC. The Postal Service and the customer then litigate the case before the PRC, presenting documentation and evidence that the agreement is in the best interest of the mailing public. This process can take 10 months. If the NSA is recommended by the PRC, it is returned to the Board of Governors for final approval and implementation.

Mailers and the Postal Service want to make the NSA process easier and less expensive. We are working with the PRC to try to improve the NSA process.

MC: Are there any other NSAs in the pipeline?

Kearney: A handful of other possible agreements are in negotiations at this time, all at different stages in the process. I can't say anything specific about these discussions, but I am encouraged and optimistic.

MC: How does a company propose an NSA?

Kearney: Mailers interested in entering into a Negotiated Service

Agreement can get more information by contacting Pricing Strategy at NSA@usps.com, going to www.usps.com/nsa, calling (202) 268-7284, or writing to Pricing Strategy, U.S. Postal Service, 475 L'Enfant Plaza SW, Room 3616, Washington, DC 20260-3616. Interested parties will receive a company profile form and other preliminary documents to complete and apply for NSA consideration. The Postal Service will review the information and contact the applicant to discuss any appropriate further steps.

Mail Quality

MPTQM-Certified Mailers

The mailers listed below are certified by the Postal Service. Each has met all the standards of the Mail Preparation Total Quality Management (MPTQM) program. The program is based on ISO 9000, TQM, and the Malcolm Baldrige criteria.

Companies are added to this list when they pass a quality assurance review and deleted from the list if they fail a subsequent review.

For information, visit the MPTQM Web site at www.usps.com/mptqm or send an email to mptqm@email.usps.gov.

Location	Company	Location	Company
Akron, OH	Centurion of Akron	East Hartford, CT	PSI Group, New England
Baltimore, MD	Ancora Presort Partners	Farmingdale, NY	Fala Sorting Services, Inc.
Brockton, MA	JLS Mailing Services	Federal Way, WA	Capital One Mailing Services of Pittsburgh
Cedar Rapids, IA	PSI Group, Inc.	Freedom, PA	Harte-Hanks
Charlotte, NC	PSI Group, Inc.	Fullerton, CA	Capital One
Chesapeake, VA	Chesapeake, First Data Resources	Glen Allen, VA	Harte-Hanks
Chicago, IL	ZIP Mail Services, Inc.	Grand Prairie, TX	Presort Services, Inc.
Cincinnati, OH	Harte-Hanks	Grand Rapids, MI	Excalibur Presort Service
Cleveland, OH	Midwest Direct, Inc.	Greensboro, NC	Horizon Blue Cross
Des Moines, IA	Mail Services, L.C.	Harrison, NJ	Xerox Offsite
Dallas, TX	PSI Group, Inc.	Hillboro, OR	Facilities Management
Denver, CO	Rocky Mountain Mail	Houston, TX	PSI Group, Inc.
Detroit, MI	ZIP Mail Services, Inc.	Jefferson City, MO	AAA Mailing Service
Downers Grove, IL	Automated Presort, Inc.	Kansas City, KS	PSI Group
		Lansing, MI	Presort Services, Inc.
		Las Vegas, NV	PSI Group, Inc.
		Lincoln, NE	PSI Group, Inc.
		Minneapolis, MN	Impact Mailing
		Omaha, NE	First Data Resources
		Omaha, NE	PSI Group, Inc.
		Phoenix, AZ	PSI Group, Inc.
		Pine Brook NJ	PSI Group, Inc.
		Pittsburgh, PA	Pittsburgh Mailing
		Roanoke, VA	Automated Mailing Sys.
		St. Louis, MO	St. Louis Presort, Inc.
		St. Louis, MO	ZIP Mail Services, Inc.
		San Fernando, CA	Ancora Presort Partners
		San Francisco, CA	PSI Group, Inc.
		Seattle, WA	PSI Group, Inc.
		South Bend, IN	On Line Data
		Topeka, KS	American Presort, Inc.
		Weston, FL	American Express GMS
		Wilkes Barre, PA	Harte-Hanks

What's New in the Domestic Mail Manual?

The online DMM is updated monthly and is available via Postal Explorer at <http://pe.usps.gov>.



DMM Revisions

Permissible Barcode Symbology for Confirmation Services Labels/Mailings

Effective April 1, 2004, DMM S918 and S919 were revised to establish a required use date of the UCC/EAN Code 128 barcode symbology for all electronic option Delivery Confirmation and Signature Confirmation services mail and for retail rate Delivery Confirmation service used with Merchandise Return Service. As of January 31, 2005, the UCC/EAN Code 128 barcode symbology will be the only permissible barcode for items mailed with electronic option Delivery Confirmation and Signature Confirmation services. This standard also applies to Merchandise Return Service labels with Delivery Confirmation service.

Since January 10, 2004, the UCC/EAN Code 128 barcode is the only symbology acceptable for postal routing barcodes on Standard Mail and Package Services parcels to qualify for the \$0.03 barcode discount.

Machinable Parcel Testing Changes

Effective April 17, 2004, the DMM was revised to require requests for testing parcel machinability to be sent to Bulk Mail Center (BMC) Operations at Postal Service Headquarters.

Some parcels may be successfully processed on BMC parcel sorters even though they do not conform to the general machinability criteria in 4.1. The manager, BMC Operations, USPS Headquarters, may authorize a mailer to enter such parcels as machinable parcels rather than irregular parcels if the parcels are tested on BMC parcel sorters and prove to be machinable. Mailers who wish to have parcels tested for machinability on USPS parcel sorting machines must:

a. Submit a written request to: Manager, BMC Operations, 475 L'Enfant Plaza SW, Washington, DC, 20260-7367. The request must list mailpiece characteristics for every shape, weight, and size to be considered. If the letter requesting testing describes a mailpiece that falls within the specifications of pieces that were tested previously, the mailpiece will not be tested.

b. Describe mailpiece construction, parcel weight(s), estimated number of parcels to be mailed in the coming year, and preparation level (e.g., destination BMC pallets).

c. Send 100 samples to the test facility designated by the manager, BMC Operations, at least 6 weeks prior to the first mailing date. The manager, BMC Operations, will recommend changes, to ensure machinability, of parcels that do not qualify.

Standard Mail Low-Weight Flats — 15-Piece Minimum for 5-Digit and 5-Digit Scheme Packages

Effective August 1, 2004, DMM E620.2.0, E640.1.5, M610.4.2, M820.5.1, and M950.3.2 are revised to raise the required minimum number of pieces from 10 to 15 at which 5-digit and, for certain automation-compatible mail, optional 5-digit scheme presort destination packages are prepared in a Standard Mail job consisting of flat-size pieces each weighing no more than 5 ounces (0.3125 pound) and measuring no more than 3/4 inch thick.

The long lead time provided with this notice will permit mailers, software developers, and Postal Service employees to make the necessary adjustments to existing equipment and systems. Mailers are advised to consider production runs and mailing dates to ensure that Standard Mail flats entered for verification and acceptance on Sunday, August 1, 2004, meet the new standards. Mailers may begin using the 15-piece minimum immediately under the current standards now available and explained in the section "Current Standards."

New Standards

When the changes take effect on August 1, 2004, mailers will not be permitted to prepare 5-digit packages until there are 15 or more pieces to a 5-digit ZIP Code or optional 5-digit scheme destination for Standard Mail mailings of flat-size pieces that each weigh no more than 5 ounces and measure no more than 3/4 inch thick.

For mailings that contain any pieces that weigh more than 5 ounces, and for upgraded flat sorting machine (UFSM) 1000 automation rate flats measuring more than 3/4 inch thick, regardless of weight, mailers will be required to prepare 5-digit packages whenever there are 10 or more pieces to a destination. For ease of administration, mailers will use the 10-piece package minimum for mailings of nonidentical-weight pieces if any pieces in the mailing weigh more than 5 ounces.

Current Standards

Under current mailing standards, mailers have the option to prepare 5-digit and 5-digit scheme presort destination packages (collectively referred to in this article as 5-digit packages) of Standard Mail flat-size pieces not more than 3/4 inch thick, regardless of the piece weight, whenever there are as few as 10 pieces to the same 5-digit ZIP Code or to the same 5-digit scheme destination in DMM L007.

Under these same current standards, mailers must prepare such packages when there are 17 or more pieces to these destinations. If a mailer selects an optional minimum 5-digit package size from 10 to 16 pieces, that same package size must be used consistently throughout the mailing job for all 5-digit packages.

The current mailing standards allowing the variable package minimums were implemented on September 5, 2002, and gave mailers the option to select a number from 10 to 17 as the minimum number of pieces at which 5-digit packages are prepared in a Standard Mail job of flat-size pieces no more than 3/4 inch thick, without regard to the weight of the individual pieces. Prior to that date, mailers were required to prepare 5-digit packages whenever there were 10 or more pieces to the same 5-digit ZIP Code destination.

Effective January 9, 2003, mailing standards were further amended to permit the preparation of optional 5-digit scheme packages under DMM L007 using the same flexible minimum of 10 to 17 pieces. Under current mailing standards, mailers may still prepare 5-digit packages with as few as 10 pieces.

Productivities

The Postal Service had adopted the current optional 5-digit package minimum (optional with 10 to 16 pieces, required with 17 pieces) based in large part on an examination of the productivities and piece processing efficiencies of the automated flat sorting machine (AFSM) 100, which can handle flat-size pieces up to 3/4 inch thick. Furthermore, as a result of the combined 3/5 rate, a change to the 5-digit package minimum would have little impact on postage.

Initial analysis of piece, package, and container handling costs indicated that the appropriate minimum for 5-digit packages of Standard Mail flat-size pieces is, on average, above 10 pieces, and that the minimum could be further increased for flats likely to be processed on the AFSM 100. AFSM 100-compatible flats are limited to pieces measuring no more than 12 inches high, 15 inches long, and 3/4 inch thick. (Only flat-size pieces claimed and prepared at automation rates and meeting the standards for the UFSM 1000 may measure up to 1-1/4 inches thick. All other flat-size pieces may not measure more than 3/4 inch thick.)

Increasing the minimum for 5-digit packages of such pieces could help reduce overall Postal Service processing costs, with the additional AFSM 100 piece handlings for pieces moving from 5-digit to 3-digit packages more than offset by reduced package handling costs. Package handling costs include processing the packages, either on a small parcel and bundle sorter (SPBS) or manually, and opening the packages in preparation for piece processing.

Applying the Nonmachinable Surcharge

DMM E130.3 states that the nonmachinable surcharge applies to First-Class Mail letter-size pieces (except card-rate pieces) that weigh 1 ounce or less and meet one or more of the nonmachinable characteristics in C050.2.2. Nonletters (flats and parcels) that weigh 1 ounce or less are subject to the nonmachinable surcharge if any one of the following applies (see C010.1.3 for how to determine the length and height of a mailpiece):

- a. The piece is greater than 1/4 inch thick.
- b. The length is more than 11-1/2 inches or the height is more than 6-1/8 inches.
- c. The aspect ratio (length divided by height) is less than 1.3 or more than 2.5.

The nonmachinable surcharge also applies to letter-size pieces that weigh 1 ounce or less for which the mailer has chosen the MANUAL ONLY ("do not automate") option. For card-rate pieces and pieces weighing over 1 ounce, a mailer can specify manual handling but is not assessed the nonmachinable surcharge.

For Standard Mail letters, the nonmachinable surcharge under E620.4 applies to Presorted letter rate mail (including card-size pieces) weighing 3.3 ounces or less that have one or more of the characteristics in C050.2.2, or for which the mailer has chosen the MANUAL ONLY option. Customized MarketMail pieces, automation rate letters, and enhanced carrier route letters are not subject to the nonmachinable surcharge.

The nonmachinable surcharge *never* applies to:

- First-Class Mail card-rate pieces.
- First-Class Mail weighing over 1 ounce.
- First-Class Mail automation rate letters.
- Customized MarketMail.
- Enhanced Carrier Route Standard Mail.
- Standard Mail automation rate mail.
- Standard Mail nonletters.

Compliance Date for New Customs Forms

Customers and employees are reminded that the compliance date for using the January 2004 editions of the following forms is **June 5, 2004**.

- PS Form 2976, *Customs Declaration CN 22 - Sender's Declaration* (green label)
- PS Form 2976-A, *Customs Declaration and Dispatch Note - CP 72*
- PS Form 2976-E, *Customs Declaration Envelope - CP 91*

(DMM continued from page 10)

First-Class Mail Eligibility

DMM E110 states all mailable matter may be sent as First-Class Mail except for Customized MarketMail or other items prohibited by our mailing standards, such as hazardous materials and nonmailable written, printed, and graphic material.

The following is a list of material described in E110 that must be mailed as First-Class Mail:

- **Items Closed Against Postal Service Inspection.** Material intended to be closed against postal inspection or wrapped/packaged so it cannot be examined easily.
- **Written or Typewritten Material.** Material wholly or partially in handwriting or typewriting, except for authorized additions as permitted in E610.3.0 for Standard Mail and E710.1.4 for Package Services.
- **Actual and Personal Correspondence.** Material is considered to have the character of actual and personal correspondence if it contains current information (e.g., timely, updated) that is related to and intended for a specifically identified individual.
- **Bills.** Any request for payment of a definite sum of money claimed to be due by the addressee either to the sender or to a third party. The mere assertion of indebtedness in a definite sum combined with a demand for payment is sufficient to make a “message” a “bill.”
- **Statement of Account.** An assertion of a debt in a definite amount owed by the addressee to the sender or a third party; it does not necessarily contain a request or a demand for payment. The amount may be immediately due or may become due after a certain time or on demand.

It is important to note that both a bill and a statement of account must have an assertion of debt; however, they do not need to state the precise amount if they contain enough information to enable the debtor to determine the exact amount of the claim asserted.

Additionally, a bill or statement of account must be mailed as First-Class Mail whether or not the amount claimed is actually owed or legally collectible.

Packages of Standard Mail Flats on Pallets

Customers and employees are reminded that, in addition to the required sortation for rate eligibility, DMM M045.2.4 requires a minimum of 10 Standard Mail pieces per palletized package, with a maximum of 20 pounds per package, except that all pieces for the same presort destination must be in one package if the package weighs less than 10 pounds. Otherwise, packages must weigh

10–20 pounds each. Additionally, the last package to a presort destination may weigh less than 10 pounds. We do not limit the height of these packages because package size is based on weight. These preparation standards are not new.

Mailers who prepare packages that do not meet these standards — specifically, creating multiple packages when only one should have been made for a presort destination — create additional handling costs for the Postal Service.

Please note that the preparation standards for packages of Standard Mail flats in sacks are different and can be found in DMM M020.1.8.

Mailing Cigarette Lighters

Cigarette lighters that are equipped with an ignition element and contain either flammable fuel or gas are permitted in the domestic mail via surface transportation only with prior written approval under the conditions in DMM C023.4.4.

Cigarette lighters presented for mailing require specific package markings. The address side of the mailpiece must prominently display:

1. The T-Number.
2. The proper shipping name “Lighter(s),” or “Lighter(s) for Cigarette.”
3. The marking “Surface Only” or “Surface Mail Only.”
4. A complete return address and delivery address.

Improperly packaged and/or marked material is subject to refusal.

Mailing Succeeding Issues of a Periodical

Publishers have asked if they may routinely mail copies of two (or more) succeeding issues of a Periodicals publication together as one addressed piece. An example would be a publication with a frequency of “monthly, plus an extra issue in December (13 issues per year),” with the 13th issue being a “buyer’s guide” that the publishers want to mail along with the regular December issue (the 12th issue).

Basic standards for Periodicals in DMM E211.2.1d state: “The primary distribution of each issue [of a Periodicals publication] must be made before that of each succeeding issue.” In the above example, it would appear that the regular December issue and the “extra” December issue are planned for simultaneous distribution. That does not comply with DMM E211.2.1d. The two issues must be mailed separately.

Alternatively, if the publishers still want to mail the items together, they may change the authorized frequency to monthly (12 times a year) and properly prepare the “buyers guide” material (for example) as a part or section under DMM C200.1.2 or as a supplement under DMM C200.1.5. If the material cannot be prepared to qualify for mailing at Periodicals rates as a part, section, or supplement, it still may be mailed with the issue of the Periodicals publication as a Standard Mail enclosure or, possibly, as a Ride-Along piece (in accordance with DMM E260).

Procedures for Submission of Periodicals Marked Copies

A publisher must submit a marked copy of every issue that is mailed at the Periodicals rates. The publisher has the option to submit the marked copy to the Original Entry office or Additional Entry office(s) of mailing.

The marked copy must contain on the first page the following items displayed clearly:

1. Total units (column inches/square inches/total pages) in the publication.
2. Units of advertising in the publication.
3. Units of nonadvertising in the publication.
4. Percentage of space devoted to advertising.
5. Percentage of space devoted to nonadvertising.
6. If more than one edition for the issue, the edition code must also be included.

If there are multiple editions of an issue, the publisher has the option to submit all editions or one edition (main/national/basic edition) along with a listing of the remaining editions. The listing must contain each edition and the corresponding advertising and nonadvertising percentages of each edition. If a publisher elects not to submit a marked copy for every edition for an issue and submits an edition listing along with a marked copy of the main edition, they must retain, for six months, a copy of all editions not submitted and must be able to produce and submit a marked copy of each of these editions, within 10 days upon request by the Postal Service.

The publisher must always submit a copy (marked or unmarked) of each issue of the publication to the Original Entry Office for proof of publishing.

MERLIN Update

Effective July 31, 2004, the Postal Service will raise the barcode readability threshold to 90 percent for automation rate mailings of flat-sized pieces. This change will make the barcode readability threshold for mailings of flat-sized pieces consistent with mailings of letters. Mailings that result in a barcode readability score from 80 to 89 percent will have postage recalculated at the non-automation rates based on the actual percentage of error. Mailings that fall below 80 percent will not be eligible for automation rate discounts.

In 2001, the Postal Service implemented the Mail Evaluation Readability Lookup INSTRUMENT (MERLIN) as a new process for verification of discount rate mailings. The deployment of MERLIN was completed in November 2003. Since the beginning of implementation, a tolerance of 80 percent has been maintained for barcode readability of automation rate flat-size mailings. Mailings that fell below the 80 percent tolerance were not eligible for the automation rates. The tolerance for letter mailings has been 90 percent.

Since mailings were first verified on MERLIN, mailers have greatly improved the quality of barcodes printed on flats. Nationwide, only a small percentage of mailings evaluated by MERLIN receive readability scores between 80 and 90 percent. Therefore, the Postal Service believes it is time to raise the threshold for the quality of barcodes printed on flat-sized pieces to the same level as for barcodes printed on letters.

The Postal Service appreciates the continued cooperation of the mailing community in supporting our quality improvement efforts.

Delivery Confirmation and Signature Confirmation Service: Eligible Mailpieces Table

Customers and employees can reference this table to easily determine class-specific Delivery Confirmation and Signature Confirmation service standards.

Priority Mail

Parcels	Flats	Letters
Yes	Yes	Yes

All Priority Mail pieces, regardless of mail processing category, are eligible for Delivery Confirmation or Signature Confirmation service.

First-Class Mail

Parcels	Flats	Letters
Yes	No	No

Only First-Class Mail parcels are eligible for Delivery Confirmation or Signature Confirmation service as specified in DMM S918.1.2c and S919.1.2c. Parcels that measure 1/4 inch to 3/4 inch thick must be machinable according to DMM C050.4 (except there is no minimum weight restriction for First-Class Mail) and must be relatively rigid or inflexible either because of the mailing container or because of the item itself. A parcel over 3/4 inch thick at its thickest point is eligible and need not be rigid. The address side of parcels must be large enough to contain all address, endorsement, postage, and label elements. Complete information can be found in DMM S918.1.2. and S919.1.2.

Package Services

Parcels	Flats	Letters
Yes	No	No

Only Package Services parcels are eligible for Delivery Confirmation or Signature Confirmation service as specified in DMM S918.1.2c and S919.1.2c. Parcels that measure 1/4 inch to 3/4 inch thick must be machinable according to DMM C050.4 (minimum piece weight for Package Services is 6 ounces) and must be relatively rigid or inflexible either because of the mailing container or because of the item itself. A parcel over 3/4 inch thick at its thickest point is eligible and need not be rigid. The address side of parcels must be large enough to contain all address, endorsement, postage, and label elements. Complete information can be found in DMM S918.1.2. and S919.1.2.

Standard Mail

Parcels	Flats	Letters
*Yes	No	No

Only Standard Mail pieces subject to the residual shape surcharge are eligible for Delivery Confirmation service (and only for the electronic option). *Standard Mail pieces, regardless of mail processing category or whether a residual shape surcharge is applied, are not eligible for any form of Signature Confirmation service.

USPS, FedEx join forces to deliver Global Express Guaranteed

The Postal Service has selected FedEx as its new alliance partner for delivery of Global Express Guaranteed (GXG), our date-certain international shipping product. The new contract with FedEx takes effect on July 1, 2004, replacing a previous agreement with DHL Worldwide Express.

The alliance offers more direct transportation links for GXG and adds service to countries like Japan and Brazil. More countries will be added in the future. See the *International Mail Manual* (IMM) available online at <http://pe.usps.gov> for specific countries and territories served.

The new GXG labels, which feature both the USPS and FedEx logos, are easier to complete and affix. The Postal Service will continue to provide guaranteed, high quality service, and there is no increase in prices as a result of the new alliance.





National Postal Forum

DEPARTMENT 946, McLEAN, VA 22109-0946

PHONE 703/218-5015 FAX 703/218-5020

Registration Form

Washington, D.C. ■ September 19-22, 2004

For NPF Use Only

Batch _____
 CK No. _____
 Amount _____

Reg6

Name: _____ E-Mail: _____
First M.I. Last

Title: _____ Company: _____

Address: _____

City: _____ State: _____ ZIP Code: _____

Telephone number: (_____) _____ Ext.: _____ Fax number: (_____) _____

LEVEL: Please indicate the categories which BEST represent your Job Level and Function. (*CHOOSE ONLY ONE FROM EACH.*)

- | | | | |
|---|---|---|--|
| <input type="checkbox"/> CEO/President | FUNCTION: | <input type="checkbox"/> Fulfillment | <input type="checkbox"/> Sales & Marketing |
| <input type="checkbox"/> Vice President | <input type="checkbox"/> Administration | <input type="checkbox"/> Human Resources | <input type="checkbox"/> Trans/Logistics |
| <input type="checkbox"/> Director | <input type="checkbox"/> Consultant | <input type="checkbox"/> Information Technology | <input type="checkbox"/> USPS |
| <input type="checkbox"/> Manager | <input type="checkbox"/> Database | <input type="checkbox"/> Mailing Services | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Supervisor | <input type="checkbox"/> Financial | <input type="checkbox"/> Operations | _____ |
| <input type="checkbox"/> Non-Management | | | |

SELECT ONE OF THE FOLLOWING. (*Registration will be accepted ONLY if accompanied by full payment OR Government Training Forms.*)

REGISTRATION OPTIONS (No Discounts Onsite)	Early Bird Through July 1	Regular Rate July 2-Sept. 1	Onsite Rate After Sept. 2	
<input type="checkbox"/> Full Registration	\$800	\$850	\$900	\$ _____
<input type="checkbox"/> US Postal Service Employee	\$650	\$650	\$700	\$ _____
(No other discounts apply.)				
<input type="checkbox"/> Three-Day Registration	\$700	\$750	\$800	\$ _____
<input type="checkbox"/> Sun/Mon/Tues <input type="checkbox"/> Mon/Tues/Wed.....				
<input type="checkbox"/> Two-Day Registration.....	\$650	\$700	\$750	\$ _____
<input type="checkbox"/> Sun/Mon <input type="checkbox"/> Mon/Tues <input type="checkbox"/> Tues/Wed.....				
<input type="checkbox"/> One-Day Registration	\$400	\$450	\$500	\$ _____
<input type="checkbox"/> Sun <input type="checkbox"/> Mon <input type="checkbox"/> Tues <input type="checkbox"/> Wed				

AFFILIATION DISCOUNTS (If a member of a PCC or a MTAC represented association) (*Only one applies.*)
 Please indicate affiliation _____ Subtract 10% from above amount (\$ _____)

MULTIPLE EMPLOYEE DISCOUNTS
 All additional employees from same company, \$50 off any registration except Spouse/Guest. (\$ _____)
 Please indicate names: _____

OPTIONAL FEES

Spouse/Guest (Food and social functions only) Guest name required: _____ \$195 \$ _____

NPF Golf Tournament, Saturday, Sept. 18, 2004\$115 \$ _____

PAYMENT OPTIONS TOTAL REGISTRATION FEES DUE: \$ _____

Check (Make Checks Payable to NPF) VISA Mastercard American Express Discover

Card Number: _____ Expiration Date: ____/____

Cardholder Name _____ Signature _____

HOTEL ASSIGNMENTS WILL NOT BE MADE WITHOUT A PAID AND COMPLETED FORUM REGISTRATION.
 INDICATE HOTEL SELECTION. CIRCLE CATEGORY PREFERRED. HOTEL ASSIGNMENTS ARE SUBJECT TO AVAILABILITY.

Preference (1, 2 & 3)		Single/Double	Club
	Grand Hyatt	\$215/\$240	_____
	Renaissance-Wash.	\$215/\$240	\$235/\$255
	JW Marriott	\$179/\$179	_____
	Marriott Metro Center	\$179/\$179	_____
	Four Points Sheraton	\$169/\$169	_____

ARRIVAL Date _____ **DEPARTURE Date** _____

HOTEL GUARANTEE
 AmExpress MasterCard VISA Discover Diners
 Card # _____ Expiration ____/____

See reverse of this form for more information about hotel reservations.
Special Requests (handicapped, non-smoking, crib, King, 2 doubles, government rates, etc.): _____

Visit us on the Internet at npf.org

(Over)

Registration and Housing Policies and General Information

Note: Housing and transportation are not included in the Registration Fees.

Travel Information

Airline Information. United Airlines and Delta Airlines are offering special discounted rates for travel to the National Postal Forum in Washington, D.C. Call United at 800-521-4041 **code 550WS** or Delta at 800-241-6760 **code DMN204641A**.

Car Rental Discounts. Hertz and Avis are offering special discounted rates for travel to the National Postal Forum in Washington, D.C. To take advantage of these discounts, call call Hertz at 800-654-2240 **code CV#02XU0002** or Avis at 800-331-1600 **code J818581**.

Registration Descriptions

ADMISSION TO ALL SESSIONS AND EVENTS WILL BE LIMITED TO APPROPRIATE REGISTRATION TYPE.

Full: Workshops and General Sessions, Exhibits, Industry and Exhibit Hall Closing Receptions, PCC Event, Continental Breakfasts, Lunches, Wednesday evening event.

U.S. Postal Service: Same as Full Registration.

Three-day Registration: When applicable includes Workshops and General Sessions, Exhibits, Continental Breakfast, Lunch and Social Events on the days chosen

One- or Two-day Registration: When applicable includes Workshops and General Sessions, Exhibits, Continental Breakfast, Lunch and Social Events on the day(s) chosen.

OPTIONAL FEES

Guest/Spouse: (Food and social functions only)

NPF Golf Tournament, Saturday, Sept. 18, 2004: Includes a shotgun start at 1 p.m., greens fees, cart, transportation, awards, lunch, reception and prizes. Forms will not be accepted after Sept. 2. Reservations accepted first-come/first-served.

Register Now

Registration Forms and Fees must be received by Sept. 2, 2004: You will receive your full confirmation IN THE MAIL.

For Registration Forms and Fees after Sept. 2: DO NOT MAIL. Bring your forms and fees to register on-site.

Cancellations

Cancellations received by the National Postal Forum prior to Aug. 20, 2004 are subject to a \$25 processing fee. Cancellations received between Aug. 21, 2004 and Sept. 2, 2004 are subject to a \$100 processing fee. No refunds, full or partial, will be issued for cancellations received by the National Postal Forum after Sept. 2, 2004. All cancellations *must be received in writing by the National Postal Forum*. Cancellation of NPF registration will also cancel your hotel room.

Send completed Registration Form as follows:

Paying Registration by check, send to: National Postal Forum
Department 946, McLean, VA 22109-0946

Overnight must be mailed via U.S. Postal Service Express Mail

Paying Registration by credit card, fax to: Fax 703/218-5020 — ***Do not fax if paying by check.***

Questions?

Call **703/218-5015**

Hotels

Check-in time 4:00 p.m. Cancellation policy for hotels varies.

First night deposit or credit card guarantee is required. DO NOT SEND HOTEL PAYMENT TO THE POSTAL FORUM.

All suites will be assigned by the National Postal Forum. Call 703/293-2317 for further information on rates and availability of suites only.

A limited number of government rate rooms are available at the Grand Hyatt and Renaissance on a first-come, first-served basis. Please write in "government rate room" under Special Requests on front of form.

Confirmation: Hotels will send confirmations to you within 14 working days of receiving the housing form from NPF.

Suggested USPS Area Hotel Assignments

WestGrand Hyatt
Great LakesGrand Hyatt
PacificGrand Hyatt
SouthwestGrand Hyatt
SoutheastGrand Hyatt
EasternRenaissance Washington
New York MetroRenaissance Washington
NortheastRenaissance Washington
Capitol MetroRenaissance Washington

REGISTER NOW AND SAVE
at www.NPF.org/reg6



There may be a handful
of people in this country
who know more about
mail than you.

Guess where they're going to be on September 19th?

This year's National Postal Forum isn't just taking place in the most powerful city on Earth, it promises to be our biggest blockbuster show ever. Can't-miss speakers, must-see innovations, and more networking opportunities than you've ever seen under one roof. And if you register now, you'll get a special low rate. To register or find out more, log on now to www.NPF.org/reg6 or call (703) 218-5015.



*Where knowledge
and innovation connect.*

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Washington D.C. Convention Center | September 19 - 22, 2004

Dr. Barcode

Instead of fielding questions this month, I'll take the opportunity to let all readers know that our office has moved. The new address to contact Dr. Barcode is:

EDITOR
MAILERS COMPANION
475 L'ENFANT PLAZA SW RM 3658
WASHINGTON DC 20260-3658
FAX# 202-268-4954

Subscription information has not changed; the address, phone, fax, and e-mail remain as listed on the subscription form below:



Send questions regarding mail preparation, standards, or regulations to
"Ask Dr. Barcode"
via e-mail to drbar@usps.gov or fax to 202-268-4954. The good doctor will select one or two of the most challenging questions for publication.

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MEMPHIS TN 38188-0001

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- Change Address Information*
- Cancel Subscription

Name _____

Title _____

Company Name _____

Delivery Address _____

City _____ State _____ ZIP+4 _____

* Clip and enclose a complete address block from the back of your *Companion* — or enclose at least the long number at the top (such as "1234 5678 9012 3456").

MAILERS COMPANION
DATA ENTRY
US POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

PRSR STD
POSTAGE & FEES
PAID
USPS
PERMIT NO. G-10

CHANGE SERVICE REQUESTED