

**BEFORE THE
MANAGER, MAILING STANDARDS
UNITED STATES POSTAL SERVICE**

IMPLEMENTATION OF NEW STANDARDS)
FOR INTELLIGENT MAIL BARCODES)

**COMMENTS OF
NATIONAL POSTAL POLICY COUNCIL
AND
FINANCIAL SERVICES ROUNDTABLE
ON PROPOSED RULE**

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The National Postal Policy Council (“NPPC”) and the Financial Services Roundtable (“FSR”) respectfully submit these comments on the revised standards proposed by the Postal Service for the use of Intelligent Mail barcodes in *Implementation of New Standards for Intelligent Mail® Barcodes*, 73 Fed. Reg. 23393 (April 30, 2008).

NPPC is a trade association representing large business users of First Class Mail, including those in the telecommunications, banking and financial services, utilities and insurance industries. Its mission is to support and encourage a robust and healthy postal system. Its members include both mail owners and mail services companies.¹

¹ The current members of NPPC are Aetna, American Express, Ameriprise, AT&T Services, Bank of America, Böwe Bell + Howell, Broadridge, Capital One, CIGNA, Citigroup, CSG, Datamatx, DST Output, Fidelity Investments, Fidelity National Information Services, First Data Resources, JP Morgan Chase, Merrill Lynch, National Grid, Nationwide Insurance, Pitney Bowes, Inc., PSI Group, RR Donnelley & Sons, Siemens Logistics and Assembly Systems, Inc., Sprint, State Farm Insurance, The Travelers, Transcontinental Direct USA d/b/a Mail+Gard, TSYS, Inc., Verizon, and Wachovia Corp.

The FSR is a national association that represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies are large business users of First-Class mail. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$66.1 trillion in managed assets, \$1.1 trillion in revenue, and 2.5 million jobs.

NPPC and FSR commend the Postal Service for its thoughtful and in-depth reaction in light of the virtually unprecedented response to its previous invitation to comment on the IMB. This second round of comments no doubt will yield similar progress, but it seems clear that not all issues can be resolved, or perhaps even emerge, without continuing USPS engagement with stakeholders beyond the comment deadline. We urge USPS to continue the discussion at the same level of intensity as to date, in order to implement IMB in a way that is truly in the mutual interests of the Postal Service and its customers as swiftly as practically possible.

SUMMARY OF COMMENTS

The Postal Service's revised proposals have allayed several of the most important concerns expressed by NPPC and commenters over the rules proposed in the Postal Service's advance notice of proposed rulemaking ("ANPR"), *Implementation of Intelligent Mail® Barcodes*, 73 Fed. Reg. 1158 (January 7, 2008). A number of major issues remain, however.

May 2009 Effective Date. The Postal Service's decision to delay the required use of Intelligent Mail Barcodes for automation rates from May 2009 to May 2010 is a

welcome first step. In order for mailers, service providers and vendors to complete the software development and systems engineering needed to conform even with the May 2009 date for implementation of mailing standards for IMBs, however, the Postal Service needs quickly to finalize and publish the IMB specifications and process requirements that will be in effect on that date. Failure to act promptly almost certainly will delay the necessary capital budgeting by the Postal Service's stakeholders, and thus delay their ability to play their necessary roles in IMB implementation. For similar reasons, the Postal Service also needs in the very near future to publish a detailed roadmap of the IMB technology path for several years *after* May 2010, and establish a timely mechanism for mailers to obtain technical support and issue resolution. In fact, given the magnitude and complexity of the tasks that both the Postal Service and its stakeholders face in implementing the new system, it is already appropriate for the Postal Service to consult with its stakeholders as to whether the implementation of mailing standards for IMBs should be later than May 2009 -- and even whether the date for mandatory use of IMBs for automation letters and flats should be later than May 2010 (particularly if the issues described herein are not resolved within a reasonable period of time).

Pricing Issues. To induce adequate and timely industry investment in full service IMBs, the Postal Service also needs to disclose IMB-related price differentials now, not in the first half of 2009. The inevitable uncertainties about the elasticities of mailer demand, billing determinants and the future rate of inflation need not prevent the Postal Service from determining appropriate rate differentials if the Service works openly and cooperatively with its stakeholders and the Commission to resolve these issues. The Postal Service likewise needs to disclose what ancillary services will be

bundled with the full service IMB option, and how much (if anything) will be charged for those ancillary services.

As previously explained by NPPC and others, the Postal Service needs to make sure that the quality-adjusted cost of its services—including the costs of unfunded mandates imposed on mailers through new mail-preparation requirements—comply with the CPI-based rate constraint established under 39 U.S.C. § 3622(d). Here again, the surest path to resolution of these issues is through timely and open discussion with the mailing industry and the Commission.

Mailer ID Numbers. The Postal Service’s decision to allow mailers the option of using the mailer ID of either (1) a presort bureau or other mail services company retained on behalf of the mail owner, or (2) the mail owner itself is sound and appropriate. A welter of unresolved questions about the standards and procedures for issuing mailer IDs remain to be resolved, however.

As previously explained by NPPC, the issuance of mailer IDs should not be conditioned on the disclosure by mailers of proprietary information about their customers, including information on their “business opportunities” and “business challenges,” and the identities of the customers and customer volumes of presort bureaus and other mail processors. Collection of such information would raise serious competitive issues under 39 U.S.C. § 404a. The Postal Service also needs to establish safeguards against the inadvertent disclosure of IMB-generated data to unauthorized third parties.

Barcode Requirements. The April 2008 Notice leaves unresolved a number of important issues relating the proposed barcode requirements. First, how mailers can satisfy the 45-day uniqueness requirement for mailpiece serial numbers remains uncertain—especially for mailers that generate multiple mailing campaigns simultaneously at multiple facilities. Second, the issue of how to qualify mail for addresses that lack a matching 11-digit ZIP Code in the CASS database remains unresolved. Third, an array of important issues involving labels for trays, pallets and containers also need resolution.

Electronic Documentation for Mail Entry. A number of major issues regarding electronic documentation for entry of IMB-barcoded mail remain unresolved before IMBs are ready to implement.

FAST Appointment Scheduling. The Postal Service also needs to resolve several issues involving FAST appointment scheduling, including start-the-clock requirements, the use of FAST at facilities with locally-negotiated plant load drop ship arrangements, and the effect of locally negotiated critical entry times (“CETs”) for destination-entered mail.

Application of IMB Requirements to Reply Mail. The Postal Service should reconsider its proposal to require IMBs for reply mail (including BRM, CRM and remittance mail) beginning in May 2010. Absent service performance requirements or measurement for reply mail, imposing the IMB requirements on reply mail is not cost justified.

COMMENTS

I. MAY 2009 EFFECTIVE DATE

A. **For The Mailing Industry To Meet Even The May 2009 Effective Date, The USPS Needs To Publish Now The IMB Specifications And Process Requirements That Will Be In Effect On That Date.**

In its January 2008 ANPR, the Postal Service proposed January 2009 as the date on which “mailers will be required to” use either Basic or Full Service Intelligent Mail as a condition for continued eligibility for automation prices for letters and flats. 73 Fed. Reg. at 1158. The January 2009 deadline was widely criticized by mailers as impractical. See, e.g., NPPC Comments at 4-10. In its April 2008 notice, the Postal Service proposes to delay implementing the mailing standards for IMBs until May 2009, and the mandatory use of IMBs for automation letters and flats until May 2010. 73 Fed. Reg. at 23394 col. 2.

This is a somewhat more realistic (although not necessarily attainable) deadline for applying the Basic IMB to outbound mail. For the Full Service version of IMB, however, even the May 2009 effective date soon will become unachievable unless the Postal Service moves quickly to finalize the specifications and systems that mailers, mail services providers and equipment vendors must develop and implement. As NPPC and other commenters emphasized in their February 2008 comments, both the Full Service and Basic versions of Intelligent Mail sketched by the Postal Service will impose complex and far-reaching obligations on mail owners, mail processors, and software and hardware vendors. These obligations include the development of infrastructure and, for the Full Service version of IMB, new systems for electronic

documentation and postage payment, modifications to mail.dat, and the development of new tray labels (for which specifications were published only two weeks ago).² The Postal Service will need to develop specifications for the new Postal Service systems and interface—e.g., the Mail.dat and Web Services versions of electronic documentation, and the requirements for the pallet placard, IMB unique numbering, and permit listings. After fully defining the performance standards and required functionalities, the USPS must write additional software files for each of these items.

A guide to IMB electronic documentation published by the Postal Service earlier this month, *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008), underscores the extent to which the required specifications and functionalities are still in flux. The guide emphasizes repeatedly that “all references to specifications in this document are subject to update as operational or pricing initiative details are finalized.” *Id.*, § 1 at 5. *Accord, id.*, § 3 at 13 (same); *id.*, § 3.6 at 18 (same).

Once the Postal Service requirements and software are finalized and frozen, vendors will need considerable further time to develop the third-party software code needed to work with the USPS software. This will require significant work to write, test, debug and document the software, and integrate it into existing software. Even if the Postal Service were to finalize requirements and software specs for Intelligent Mail by June 1, 2008—an obviously unlikely prospect—vendors would be unlikely to have their own application software ready to distribute to mailers until early 2009.

² See USPS Specification, *Labels, Tray and Sack, Barcoded, 24-Digit, Intelligent Mail (Mailer Users)* (released May 16, 2008).

Once the Postal Service and the software vendors finalize their specifications and software, mailers will need to undertake time-consuming work of their own. Deploying the necessary software is not a quick or easy process—especially for large, multi-facility mailers with dozens or hundreds of facilities served by mainframe-based computer networks. One large mail owner that belongs to NPPC estimates, for example, that just satisfying the requirements for the Basic options will require the modification of more than 120 software applications, at a cost of 20,000 programming hours and several million dollars.

The complexity of dealing with these requirements has been exacerbated by the unresolved state of the IMB specifications and requirements. A manager at a large mail owner that belongs to NPPC has explained the difficulties of dealing with this moving target:

If [we] had not started the [Basic IMB] nearly a year ago our company would not be in a position to implement “Basic IMB” this year. The project has been a painful process because as changes to IMB are made by the USPS, it causes the project team to back up and re-evaluate design, requirements, cost to implement and so forth. It has been a time consuming and expensive approach to managing a project. This method is not the desired method to manage/proceed with the project. Not typical at all. . . . I truly think that IMB has the potential to be worse than CASS Cycle L for many mailers.

Moreover, funding a project of this scale typically requires high level corporate budgeting approval. For large mail users whose primary line of business (e.g., banking, insurance and telecommunications companies) is not postal, mail preparation is only one of many activities that must compete for corporate funding, and often must defer to matters of urgency more directly in the primary line of business. Major capital expenditures typically must be budgeted three months before the start of the company's

fiscal year—with a long lead time to get management approval. Corporations operating on a fiscal year that coincides with the calendar year typically locked down their capital budgets for 2008 by September 2007, and will lock down their capital budgets for 2009 by September 2008. And the business cases required for approval of particular capital projects in the capital budgets were typically presented to management in the first quarter of the previous year.

The budgeting process cannot begin until the technical specifications of the Intelligent Mail functionalities and software are stabilized by the Postal Service and software vendors. Mailers cannot make rational planning and investment decisions without such information.

Once the project receives funding approval, approximately 6-8 months of work will be necessary to deploy the software throughout the network of a typical NPPC mail owner. The work typically consists of approximately six months of design work, two months of coding, and three months of testing before system-wide installations can occur. Moreover, large “mainframe” corporate mailers allow new software to be introduced into a network only during a handful of pre-scheduled installation windows throughout the year. Corporate IT departments typically insist that software be received three months in advance of the next installation window. And many large corporate IT departments freeze their system software—i.e., accept no new software or changes—during an annual period that often runs from November through early January.

The flowchart attached hereto as Attachment 1 illustrates the phases and timelines required by many large companies to support IT infrastructure structure projects comparable to Intelligent Mail. These time requirements are as real as the time

that has elapsed during the development of Intelligent Mail within the Postal Service itself.

For all of these reasons, even the extended deadlines now proposed by the Postal Service will quickly become unrealistic if the Postal Service's software and process requirements continue to be in flux. First, the delivery of full production-ready software (without patches) by vendors is likely to require at least six months after the Postal Service releases fully documented requirements for the software. Second, implementing the software once full-production-ready software (without patches) is actually made available by vendors is likely to require an additional 12 months. Moreover, if (as is not uncommon in projects of this complexity) either the Postal Service or software vendors slip in producing their deliverables, the realistic implementation dates for mailers will slip accordingly.

B. The Postal Service Also Needs To Provide A Detailed Roadmap Of The IMB Technology Path For The Next Several Years After May 2010.

The Postal Service also needs to publish a detailed roadmap of how the IMB technology will evolve for several years *after* the May 2009 effective date and the May 2010 compliance deadline. This roadmap needs to include a step-by-step definition of what changes the Postal Service contemplates for barcode and mailpiece design, various services, software and rule changes.³ Failure to provide this information quickly

³ For example, one of NPPC's members intends to place the IMB in the address block location of its outgoing mail. However, the member is concerned that if it places the IMB in that location, it may lose the ability to track or obtain information from the barcode because, when a second IMB is "sprayed" on the mail piece in the lower right-hand corner by a presort vendor or the Postal Service, the lower barcode will take

will deter the industry from making the investments needed to implement Full Service IMBs in May 2010, an outcome that would harm both the Postal Service and its customers.⁴

The Postal Service also should disclose when (and whether) existing services will be sunset. For example, electronic documentation of IMB mailings is a potentially superior alternative to traditional ACS endorsements. Mailers need to know when traditional ACS endorsements will be retired. It appears that this may occur in May 2010, when DPBC's (Delivery Point Bar Codes) are eliminated as options to claim discounts, but the Postal Service's position is unclear.

At the same time, the Postal Service should reconsider its apparent assumption that the implementation of the IMB will occur on a single day in May 2009, and the demise of the POSTNET will occur on a single day in May 2010. Technology changes of this magnitude, if implemented as a one-day "big bang," are likely to create chaos. A more gradual transition, during which POSTNET barcodes are allowed to coexist with Basic and Full Service IMBs, is less likely to overwhelm the Postal Service and its customers.

priority from the Postal Service's reading hierarchy. The Postal Service needs to clarify this issue.

⁴ Two of many examples of this uncertainty appears on page 26, § 3.8.2, of *A Guide to Electronic Documentation and Appointments for Full-Service Mailings*, *supra*, which states that the "Mail.XML's next version will support copalletization, combined mailing, comailing, manifest mailing, and business processes specific to MLOCR and continuous mailing environments." Similarly, Section 3.6.9 of the same *Guide* states (at p. 25) that "Mail Owner functionality is being modified to allow a Mail Owner to update a Mail.dat job filed by a Mail Preparer, so long as the Mail Owner's identification was provided by the Mail Preparer in the Mail.dat job." *When* these functionalities will be available to mailers is a critical and unanswered question.

C. Mailers Need A Timely Mechanism For Obtaining Technical Support And Issue Resolution.

Mailers also need a transparent and well-supported mechanism for obtaining technical support and issue resolution from the Postal Service with respect to IMB requirements. Mailers currently lack a procedure from obtaining timely answers from the Postal Service on questions of this kind. Indeed, the appropriate contact point within the Postal Service is often unknown. NPPC and FSR join in AT&T's request that the Postal Service develop a combination of on-line and human technical support systems with sufficient resources to provide timely answers to technical questions regarding IMB requirements and integration.

* * *

As the Postal Service knows, NPPC, FSR and their members wish to take maximum advantage of the potential of the IMB requirements. However, both NPPC and FSR, on the one hand, and the Postal Service, on the other hand, must accomplish numerous and complex tasks before the IMB system can be implemented smoothly and successfully. It is obviously in the interests of the Postal Service, as well as those of its stakeholders, that the process be implemented with a minimum of disruption or confusion. Given the magnitude of the tasks that will be required, NPPC and FSR urge the Postal Service to confer in the immediate future with its stakeholders as to whether, even as revised, the May 2009 date for implementation of the mailing standards for IMB is attainable, or whether the date should be postponed further. Such a discussion should also necessarily include the issue of whether even the date for mandatory use of IMBs for automation letters and flats should be postponed beyond May 2010, particularly if the various issues described herein are not resolved within a reasonable

time. The Service should consider delaying these implementation dates if, after consultation with its stakeholders, it concludes that a delay is necessary to ensure efficient, seamless implementation of IMB.

II. PRICING ISSUES

A. To Induce Adequate Industry Investment In Full Service IMBs, The Postal Service Also Needs To Disclose The IMB-Related Price Differentials Now.

As NPPC and other commenters noted in their February 2008 comments, the Postal Service needs to disclose, well in advance of Intelligent Mail deployment, the prices that the Postal Service proposes to charge for mail that (1) satisfies the Full Service Intelligent Mail option; (2) satisfies the Basic Intelligent Mail option; and (3) satisfies neither option. Qualifying for either the Full Service or Basic Intelligent Mail options clearly will require mailer owners and mail service providers to incur additional costs for hardware, software, data transmission and security, and process engineering. These costs will be justified only if the benefits to mailers from Intelligent Mail—whether from lower rates or higher quality of service (including new service offerings)—outweigh the additional costs. Stated otherwise, Intelligent Mail will be worth the cost and effort only if it reduces the combined costs of the system as a whole. Achieving this outcome, however, will require cooperation and communications between the Postal Service and its customers—including advance disclosure of the price differentials between the various IMB options. NPPC Comments at 10-11.

Armed with this information, mailers can work collaboratively with the Postal Service to determine which requirements are likely to reduce the combined costs (with

due adjustment for quality) of the system as a whole—and which are not. Without this exchange information, the outcome is likely to be needlessly costly and inefficient at best. *Id.*

The Postal Service has responded to these concerns by announcing that IMB-related price differentials will be disclosed as part of the annual rate adjustment scheduled to take effect in May 2009:

[W]e are proposing that the mailing standards and prices for Intelligent Mail barcodes become effective in May 2009 concurrent with the implementation of the annual price change for Mailing Services. . . . Many commenters sought more information about whether the two options for Intelligent Mail barcodes would be priced differently. The announcement of our May 2009 price adjustment will include separate prices for the two options, with full-service prices lower than the basic service (and POSTNET) prices.

73 Fed. Reg. at 23394 col. 1-2.

Unfortunately, this approach is unlikely to stimulate adequate timely investment in IMB technology by the industry. It is not enough to know that full-service IMB prices will be lower than basic IMB and POSTNET prices; mail owners and mail services providers need to know by how much. Mail owners cannot seriously evaluate the investments needed to qualify for the Full Service version of Intelligent Mail until the Postal Service discloses the actual price spreads between mail entered under the Full Service and Basic options, and the spreads between those prices and the prices for mail entered at non-automation rates. Until the USPS discloses these price differentials, its customers are unlikely to consider making investments needed for the

Full Service option. Most mailers, even the largest, will simply move toward deployment of the Basic option.

Postal Service officials have subsequently explained to the industry that prices cannot be set now because the Postal Service lacks sufficient information on elasticities and resulting billing determinants to be able to ensure that the resulting rates will comply with the CPI cap on class-average rate increases. This concern need not paralyze the price-setting process, however. The same issue is inherent in any change in the rate structure within a class. The reasonable way to deal with it is to make reasonable judgments about the likely volume responses to the rate changes, and to discuss them in advance, in a cooperative and transparent fashion, with both the industry and the Commission. NPPC and FSR do not believe that the Commission desires to obstruct the deployment of a technology as important as the IMB by imposing unreasonably strict requirements on Postal Service volume estimates. The best way to find out, however, is to discuss the issue with the Commission and the Postal Service's stakeholders.

The Postal Service likewise needs to clarify what optional services will be offered with the Full Service IMB option, and what (if anything) the Postal Service will charge for those ancillary services. Benefits such as full and detailed real-time disclosure of Intelligent Mail Tray and Container Scans, for example, would greatly increase the value of Full Service IMB. Likewise, free ACS information will have value for mailers if the return codes and reason codes are included in the base product, but will be largely valueless otherwise. And the Postal Service should also act without further delay to establish clearly defined start-the-clock requirements that provide for the induction of

pallet/container scans for mailer validation and tracking.⁵ Without incentives of this kind, mailers may have trouble justifying the internal investments needed to maintain hard-copy mail volume at current levels. NPPC and FSR specifically request that the Postal Service provide a crosswalk between the optional service endorsements available today and the matrix of service types published in Appendix A to *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008).⁶

The need for further explanation in this area is underscored by several actual or apparent inconsistencies and omissions, or simple lack of clarity, in the product descriptions that have been released to date. For example:

- Appendix A to *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008) states that Standard Mail identified with service type code 93, which the *Guide* describes as equivalent to the “change service requested” ancillary service endorsement, will have “No charge for address correction,” and that all “UAA mail [will be] disposed of.” *Id.* at 46. Section 2.2.2.1.1, page 8, of the same *Guide*, however, states that, for service type code 093, “the presence of a printed ancillary service endorsement on the mailpiece is the mailer’s indication that they agree to pay for any hardcopy address corrections and additional postage due fees to handle UAA mailings.” Although these two statements could be read consistently, it is not clear precisely what the Postal Service intends

⁵ The Postal Service’s May 2008 *Guide to Electronic Documentation*, *supra* at 26, does not reveal how quickly the Postal Service will post electronic data for a mailing on-line after its entry. In addition, for drop ship mailings, the *Guide* states that, if the electronic documentation does not net containers to specific trips, then the release time of the entire mailing will be defined as the moment of completion of the entire mailing, regardless of how many trips were required.

⁶ NPPC and FSR also concur in AT&T’s recommendation that the Postal Service provide a secure method of destroying undeliverable-as-addressed (“UAA”) mail for mailers that use IMB-based electronic notification of UAA mail. Availability of such a service would greatly increase the attractiveness of ACS for mailers who enter mail with proprietary customer information about the addressee. See discussion, pp. 26-27, *infra*.

with respect to fees for mail identified with service type code 093. NPPC and FSR ask that the Postal Service clarify this point.

- The third bullet in Section 2.2.1.2 of the *Guide* states that “Additional fees for hardcopy address correction notices” for First-Class Mail “may apply.” These are additional charges that do not exist today.
- On page 37 of the same *Guide*, a review of Figure 13 raises questions about the definitions of each field and the valid codes origin. For example, what is the definition and source of each Class/Notification Type? The sample report uses "B" as an illustration, but does not reveal what other options are valid or where may they be found.
- On page 38 of the *Guide*, the report illustrated in § 4.3.1, Figure 14, appears to be a measure of elapsed time. The report should provide the identity and date of the source file used when processing the results reported. The Postal Service provides a one-sentence explanation for this report sample: "The report will provide a change of address piece count within a certain number of days." This explanation is incomprehensible. There are 4 categories under Change of Address Piece Count, <90, 91-180,181-360,>360. Day Zero is not defined. The USPS needs to define the way it is "counting the Change of Address piece Count." Moreover, the 91- and 181-day time limits are inconsistent with the time periods codified in the existing current Move Update regulations. Why not use the 95-day interval for consistency with the Move Update regulations?
- On page 38, figure 15, of the *Guide*, the Postal Service states that “The report will provide mailers with a count of invalid delivery points on pieces.” Absent is a definition of how the piece count is distributed into the one of two buckets provided in the report (either Invalid Primary Delivery point or Invalid Secondary Delivery point). The sample provided has the same quantity in both columns. Surely this is not meant to indicate that all 513 pieces failed both the primary and the secondary sort. Moreover, where are the rest of the DPV failure categories reported ?
- On page 39, section 4.3.4, Figure 17, the *Guide* neither provides any definitions nor explains what will occur when the induction status isn't “accepted.” Stated otherwise, what other codes are valid?

- On page 40, section 4.4, the *Guide* states that mailers with USPS accounts may “view reports on line.” Viewing reports online has essentially no value, however. When will Phase II (automated data exchange) be ready ?
- Section 4.5 of the *Guide* suggests that a mailer will be able to make mailpiece scan information available to multiple partners by using the By/For relationships in eDoc. When will this functionality be supported? Moreover, why does the Postal Service propose to limit it to “Mail Owners or Mail Preparers”? In many circumstances, mailers will want the information available to list providers or presort bureaus.
- Likewise, mailers need to know when arrangements will be adopted to enable a mailer or mail consolidator to obtain start-the-clock information generated by a mailing with eDocs information submitted by another entity.
- Section 4.7 of the *Guide* indicates that a clerk may block the provision of address correction data if the clerk decides that the “Mail Preparer has not properly populated the By/For information.” How long will a clerk be authorized to hold mail in this circumstances?

In any event, mailer owners and their suppliers will not be able to make informed decisions about whether to incur the added costs of the Full-Service option until the Postal Service discloses, along with the rate differentials between the Basic and Full Service options, the nature of the “free” extra services that Full Service IMB users will receive, the fees that the Postal Service proposes to charge for optional services offered to Full-Service mailers (and the bases for those fees), and the rate differentials between automation and non-automation mail. The same information is also necessary to enable the Postal Service’s stakeholders to determine whether the new menu of rate and service offerings satisfies the lowest-combined-cost test and the rate constraints of 39 U.S.C. § 3622(d). See NPPC Comments at 26-27. NPPC and FSR urge the Postal

Service to disclose the relevant information and begin a dialogue with its stakeholders on these issues.

B. The Postal Service Must Comply With Constraints On Rate Increases Imposed By 39 U.S.C. § 3622(d).

As NPPC explained in its February 2008 comments, the Postal Service's implementation of Intelligent Mail must also comply with the statutory constraints on rate changes imposed by the Postal Accountability and Enhancement Act ("PAEA"). NPPC Comments at 11-13. As the Postal Service is well aware, average rates for each class of mail normally may not increase at a rate faster than the changes in the Consumer Price Index. 39 U.S.C. § 3622(d). In determining whether rates for mail classes with automation categories satisfy this constraint, the Postal Service and its customers must keep three considerations in mind:

First, changes in mail preparation requirements that forced substantial volumes of automation mail to migrate to higher-priced non-automation categories would amount to rate increases. See *AT&T v. Central Office Telephone, Inc.*, 524 U.S. 214, 223-24 (1998) (rates "do not exist in isolation," but "have meaning only when one knows the services to which they are attached"). If half of all First-Class Mail automation letters reverted to non-automation presort rates, Postal Service revenue would increase by approximately \$1.1 billion per year. If half of all Standard Commercial Regular automation letters (excluding ECR and Nonprofit) reverted to non-automation rates, Postal Service revenue would increase by approximately \$500 million per year. Those

rate increases would need to be considered in determining whether the overall rates for a given class of mail remained in compliance with the 39 U.S.C. § 3622(d) cap.⁷

Second, changes in mail preparation requirements that force mailers to incur substantial additional costs merely to *avoid* increases in postal rates are tantamount to rate increases in their own right.⁸ Examples of new mail preparation requirements of this kind are the new requirements for electronic documentation, nesting of trays and containers, matching of FAST information, and the extension of mailpiece accounting requirements for spoiled mailpieces—previously required only for First-Class Mail—to Standard Mail.⁹ The Commission, while declining to adopt specific advance rules on this issue, has made clear that it is sympathetic to the concerns raised by rule changes that would effectively shift substantial costs from the Postal Service to its customers, and the relationship of such cost shifting to the § 3622(d) index. See Docket No.

⁷ A related but separate issue would arise if the Postal Service uses the deployment of the IMB as an occasion to terminate existing services that mailers already have paid for. Mailers have paid several times for a performance measurement system: ID Sort Tag, Confirm, the IMB pilot. The justness and reasonableness of withdrawing the tracking services offered by those systems, while charging mailers for obtaining aggregations of their own IMB-based performance data, is a serious question.

⁸ See, e.g., Docket No. RM2007-1, ANM-NAPM-NPPC Comments (April 6, 2007) at 7-9; DMA Comments (April 6, 2007) at 6; Mulford Associates (April 6, 2007) at 3; NNA Comments (April 6, 2007) at 10-12; OCA Comments (April 6, 2007) at 18-20; Pitney Bowes Comments (April 6, 2007) at 9; McGraw-Hill Reply Comments (July 30, 2007) at 6-7; Transcript of Kansas City field hearing (June 22, 2007) at 40 (Randy Stumbo testimony for Meredith Corporation); Transcript of Los Angeles field hearing (June 28, 2007) at 38 (John Carper testimony for Pepperdine University); Transcript of Wilmington field hearing (July 9, 2007) at 19-20 (testimony of Sr. Georgette Lehmutz for National Catholic Development Conference); *id.* at 30 (testimony of Daniel C. Emens for J.P. Morgan Chase).

⁹ See *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008), § 3.5 at 17.

RM2007-1, *Regulations Adopting A System of Ratemaking*, Order No. 26 (Aug. 15, 2007) at ¶¶ 2066-2067.

Third, *improvements* in the quality of mail service (e.g., through the improvement of read/accept rates, the reduction of UAA rates, and the availability of better and/or less costly information on mail performance and tracking) may warrant adjustments to § 3622(d) rate caps in the opposite direction.

Adjusting the § 3622(d) index to reflect both the increased costs and the benefits to mailers from Intelligent Mail will be a complex undertaking. NPPC and FSR renew NPPC's prior request that the Postal Service begin a collaborative dialogue with mailers on this issue as soon as possible.

III. MAILER IDENTIFICATION NUMBERS

A. Choice Of Entity—Mail Owner Or Mail Services Provider

The Postal Service proposed in its January 2008 ANPR that each mail owner normally would be required to obtain its own mailer ID, even for compliance with the Basic Intelligent Mail requirements. 73 Fed. Reg. at 1159 col. 2 and 1160 col. 1. This proposed generated concerns from NPPC and many other commenters. 73 Fed. Reg. 23394 col. 2; see NPPC Comments at 13-15. In response to these concerns, the Postal Service now proposes “an alternative way to identify the mail owner through electronic documentation.” 73 Fed. Reg. 23394 col. 2. Proposed DMM 705.21.3.1.c would allow the mailer ID field to be “populated with the Mailer ID of the mail owner or mail preparer, based on what information is included in the electronic documentation.” 73 Fed. Reg. at 23400.

The revised proposal is a major improvement. The Postal Service needs to clarify the proposed standards and procedures in several respects, however:

- (1) The specific rules for both mail owners and mail service providers to obtain mailer IDs need to be finalized and published. See, e.g., *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008) at 34, § 3.10.4 (suggesting that application process is still unfinalized, and stating that the Postal Service contact information is “TBD” (presumably “to be determined”).
- (2) The Postal Service needs to clarify when a mailer must obtain separate mailer IDs for ancillary services such as ACS and Confirm.
- (3) Rules need to be issued for mailer IDs for co-mailed and co-palletized mail. Section 3.3 of the Postal Service’s recent *Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008) states that “Copalletized pallets may contain a mixture of any combination of full-service, basic automation, POSTNET automation and nonautomation trays.” But the very next sentence states that “Electronic documentation as described below must be provided for all copalletized bundles/trays regardless of whether a full-service bundles/trays are included.” To what documentation “described below” the Postal Service intended to refer is unclear.
- (4) The Postal Service recognizes that business rules will be needed to establish an order of preference when two or more mailer identifiers

associated with a mailing conflict. See *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008) at 33, § 3.10.3. The Postal Service has not stated when these priority rules will be established, however.

- (5) The Postal Service needs to establish rules for managing the inventory of ID codes to avoid shortages or hoarding. Experience with the allocation of telephone numbers to telephone carriers in the past 15 years indicates that these are not trivial issues.

B. Issuance Of Mailer IDs Should Not Be Conditioned On The Needless Disclosure Of Proprietary Customer Information To The Postal Service.

As NPPC explained in its February 2008 comments, the Postal Service should refrain from asking for commercial information about its customers' businesses beyond the minimum requirements of implementing Intelligent Mail. Failure to limit such information requests would raise serious competitive issues. NPPC Comments at 16-19. For example, draft applications for Mailer IDs circulated by the Postal Service have asked mailers to provide sensitive business information:

- “For what business opportunity are you planning to use the MID in addressing?”
- “Describe the business challenge that you are trying to address through the use of an MID.”
- If applicant is seeking to obtain MID for mail owners or agents, the identities of those downstream customers.

We also understand that Postal Service employees involved in the Intelligent Mail project have been trained to ask for similar information in phone conversations with mailers.

The problem with inquiries of this kind is that the Postal Service is an actual or potential competitor to third-party mailer service providers as well as a supplier to them. Postal Service sorting services compete with presorting performed by mail owners or outsourced to their third-party mail processors. Transportation services provided by the Postal Service compete with transportation services supplied by mailers or third-party vendors. Value-added resellers of Confirm service provide data compilation, interpretation and reporting services that the Postal Service may be tempted to offer itself in competition with those vendors. Commercial information about the identities and volumes of the customers of third-party mail processors, and the “business opportunities” or “business challenges” that prompt mailer owners to adopt IMBs, would enable the Postal Service to position its products and rate—and mail preparation requirements—to leverage its market power over mail delivery into adjacent services such as mail sorting, mail transportation, Confirm reporting and other ancillary services currently provided by third-party vendors.

The Postal Service has recognized the competitive sensitivity of customer-specific volume information when the proposed disclosure was in the other direction. In Docket Nos. R2001-1, R2005-1 and R2006-1, for example, the Postal Service argued successfully that the daily volume information associated with a Postal Service-FedEx transportation contract should be subject to protective conditions because “Postal Service competitors could use such [volume-related] information to transport or

otherwise position their products in such a way as to compete unfairly against the Postal Service. The same holds true for competitors of FedEx.”¹⁰ “Also, both the Postal Service’s and FedEx’s ability to enter into transportation alliances with others may be adversely affected if knowledge of such things as Postal Service volumes carried by FedEx and planned volume growth rates under the contract are widely disseminated.”¹¹ The same logic applies to disclosure to the Postal Service of volumes and other proprietary information relating to contracts between mail owners and mail service providers that compete with the Postal Service.

Section 403 of PAEA, codified at 39 U.S.C. § 404a(a)(2) and (3), bars the Postal Service, unless specifically authorized by law, from (1) compelling the “disclosure” of “proprietary information” or (2) “obtain[ing] information from a person that provides (or seeks to provide) any product, and then offer[ing] any postal service that uses or is based in whole or in part on such information, without the consent of the person providing that information, unless substantially the same information is obtained (or obtainable) from an independent source or is otherwise obtained (or obtainable).” More generally, Section 404a of PAEA forbids the Postal Service from

¹⁰ Docket No. R2006-1, Motion of the USPS for Waiver and For Protective Conditions For Library Reference That Includes Costs And Other Data Associated With The FedEx Transportation Agreement (filed May 3, 2006) at 2; Presiding Officer’s Ruling Granting Motion For Waiver And Protective Conditions (June 15, 2006) (granting motion for protective conditions); *accord*, Docket No. R2005-1, Motion of USPS for Waiver And For Protective Conditions (filed May 9, 2005); Docket No. R2001-1, Motion of USPS for Waiver and For Protective Conditions (filed Sept. 24, 2001), at 3; Presiding Officer’s Ruling No. R2001-1/5 (Oct. 31, 2001) (granting motion); Docket No. IM99-1, Order Approving Requested Access to Global Package Link Data (issued April 21, 1999).

¹¹ Docket No. R2001-1, Motion of USPS for Waiver and For Protective Conditions (filed Sept. 24, 2001), at 3.

establish[ing] any rule or regulation (including any standard) the effect of which is to preclude competition or establishing the terms of competition unless the Postal Service demonstrates that the regulation does not create an unfair competitive advantage for itself or any entity funded (in whole or in part) by the Postal Service.

Id., codified at 39 U.S.C. § 404a(a)(1).

NPPC and FSR, like many other mailers, seriously doubt that these provisions allow the Postal Service to require its customers to disclose competitively sensitive information such as the “business opportunity [for which] are you planning to use the MID in addressing”; “the business challenge that you are trying to address through the use of an MID”; or the identities of the downstream customers served by the presort bureaus, letter shops and other firms to which mail owners outsource their mail preparation responsibilities. If the Postal Service disagrees on this point, we strongly urge it to enter into a dialogue on this issue before proceeding further.

C. The Postal Service Needs To Establish Safeguards Against The Inadvertent Disclosure Of IMB-Generated Data To Unauthorized Third Parties.

The Postal Service also needs to engage in dialogue with the mailing industry over the establishment of safeguards to protect against the unauthorized disclosure of proprietary information to third parties. Many NPPC members, for example, use the automation categories of First-Class Mail to send invoices, statements, and other personal information to borrowers, account-holders and policy holders. Much of this information is personal and sensitive, and unauthorized disclosure of such information can subject the mailer to liability under financial privacy laws, the Health Insurance Portability and Accountability Act of 1996 (“HIPPA”), and other laws. Disclosure of the addressees of a particular mailer by the inadvertent disclosure of IMB-generated data to

the wrong mailer could have serious consequences. Accordingly, NPPC and FSR urge the Postal Service to work with mailers to develop additional safeguards against such disclosure as expeditiously as possible.

The Postal Service also should engage in a dialogue with the mailing industry to develop a secured destruction process for First-Class mail that is undeliverable as addressed (“UAA”), so that it can be disposed in an environmentally sensitive way without disclosing proprietary information in such mail to third parties. For example, under some NSAs, the Postal Service, rather than return UAA mail, simply provides electronic notice. Other mailers would like to have the option of not receiving physical UAA returns. The Postal Service should consider issuing a notice, and inviting comments, regarding a methodology that (for example) permits recycling of portions of such mail while protecting against disclosure of proprietary information in such mail.

The need for such a dialogue is also necessary in view of the absence of a specific definition, to date, by the Postal Service of the electronic data transmission that it needs from mailers. Currently the Postal Service expects First-Class mailers to transmit mailing data to the Service, which then makes the data available within its systems before the DMU clerks accept mail through their verification processes. This procedure has raised not only security concerns, but numerous issues with significant implications for the Postal Service’s data processing. These concerns and issues need to be resolved as soon as possible.

IV. BARCODE REQUIREMENTS

A. Uniqueness Requirement For Mailpiece Barcodes

In its January 2008 ANPR, the Postal Service proposed that mailers generally would be required to “uniquely number each mailpiece in a mailing” with a serial number that could not “be reused for a period of 45 days from the date of induction.” See 73 Fed. Reg. at 1159 col. 1. In response, many commenters expressed concern that this uniqueness requirement would be difficult to satisfy, particularly for mailers that generated multiple mailing campaigns simultaneously at multiple in-house facilities and outside letter shops or other mail services providers. Accordingly, NPPC and other commenters requested that the “uniqueness” requirement for entering a mailpiece at full-service IMB rates be satisfied by considering the 11-digit routing code in conjunction with the mailpiece serial number, rather than considering the latter alone. See, e.g., NPPC Comments at 19-20.

The Postal Service, in its April 2008 Notice, has declined to accept this alternative:

We have considered that proposal, but have determined that for most full-service mailings, the serial number ID in combination with the Mailer ID and Service Type ID will be required for mailpiece uniqueness. It should be noted, however, that when mailers separate trays and containers by price category for mailings of less than 10,000 pieces, mailpieces may have the same serial number on all pieces.

73 Fed. Reg. at 23394 col. 3.

This conclusion is unwarranted. Six-digit serial numbers for mailers with 9-digit mailer IDs would be exhausted after only 999,999 pieces, a number that is likely to be

insufficient for a sizeable share of the mailers who receive 9-digit mailer IDs. This is a major issue for MLOCR mailers who generate large mailings that combine the mail of both large and small customers. Moreover, these mailings are likely to exceed the 10,000-piece maximum allowed for the exception offered by the Postal Service.

Furthermore, many of the members of NPPC and FSR have hundreds of jobs running simultaneously or in a short period, and simply cannot provide a unique identifying number to each mailpiece without additional flexibility in numbering. One alternative that would greatly mitigate the problem would be to allow a mailer to identify each piece with a combination of mailer ID, Julian date,¹² and job number with the POSTNET barcode information. In the absence of any practical obstacle to allowing mailers to use other methods for assigning a unique identifier to each mailpiece, the Postal Service should refrain from specifying in advance how mailers must achieve this result.

¹² “The Julian day or Julian day number (JDN) is the integer number of days that have elapsed since the initial epoch defined as noon Universal Time (UT) Monday, January 1, 4713 BC in the proleptic Julian calendar. That noon-to-noon day is counted as Julian day 0. Thus the multiples of 7 are Mondays. Negative values can also be used, although those predate all recorded history.

* * *

“The Julian date (JD) is a continuous count of days and fractions elapsed since the same initial epoch. Currently the JD is 2454615.78047. The integral part (its floor) gives the Julian day number. The fractional part gives the time of day since noon UT as a decimal fraction of one day or fractional day, with 0.5 representing midnight UT. Typically, a 64-bit floating point (double precision) variable can represent an epoch expressed as a Julian date to about 1 millisecond precision.” “Julian day,” Wikipedia, http://en.wikipedia.org/wiki/Julian_day (website visited May 30, 2008).

B. Addresses That Lack 11-Digit ZIP Code In CASS Database

A number of comments submitted in response to the January 2008 ANPR expressed concern about the infeasibility of populating IMBs with 11-digit ZIP codes for addresses that lack an 11-digit ZIP code match in the CASS database. In its April 2008 notice, the Postal Service stated that “Current standards in DMM 708.4 apply when mailpieces are addressed for delivery to an address with a unique 5-digit ZIP Code™ or a unique ZIP+4™ Code.” 73 Fed. Reg. 23394 col. 2.

This response does not explain how an address may satisfy the IMB requirements when it lacks a matching 11-digit ZIP code in the CASS database. First, CASS-certified software does not always return 11-digit ZIP codes for valid addresses. Generating an 11-digit IMB is not possible for address that lacks an associated 11-digit ZIP code in the CASS database. NPPC and FSR respectfully request that the Postal Service specifically address this issue.

C. Tray Labels

Several issues relating to tray barcodes still warrant clarification:

(1) The Postal Service still needs to publish final specifications for tray labels for the Full Service version of Intelligent Mail. The Postal Service published changes in the requirements as recently as January 28, 2008. It is unclear whether the revised requirements are the final ones. For most NPPC and FSR members to obtain management approval of the necessary investments, the requirements need to be finalized and fully documented.

(2) The Postal Service needs to determine whether IMB tray labels have acceptable read/accept rates. Tests of such labels by sophisticated vendors have revealed that current read rates are low. See NPPC Comments at 20.

(3) It is unclear how the Postal Service intends to ensure adequate supplies of label holders for trays and sacks.

(4) The Postal Service should allow mailers to begin using 24-digit tray levels at least 4-6 months before the date when compliance with the IMB Full Service requirements becomes a mandatory condition for automation discounts. Doing so would enable mailers to avoid the need to implement the transitional 10/24 digit tray label, which will impose large and unnecessary costs on mailers that could be avoided by a direct transition to 24-digit tray labels.

D. Container And Pallet Labels

The Postal Service has decided to exclude consideration of new containerization requirements of general applicability from this proceeding. 73 Fed. Reg. 23394 col. 2. This is a wise choice. As several commenters have noted, development of specifications for containers and container labels still requires considerable developmental work. See, e.g., NPPC Comments at 20-21. The April 2008 Notice leaves several significant issues unresolved, however.

(1) The Postal Service's qualification that container barcodes and labels will be required "when mailers prepare containers required by standards or a customer/supplier agreement with the USPS," 73 Fed. Reg. 23394 col. 2, is troublesome, however. Large mailers that enter mail at multiple sites typically have

entry agreements with the Postal Service at multiple sites. It is not apparent how mailers can obtain consistent rulings from local officials before the Postal Service establishes governing national standards.

(2) The IMB container barcode lacks fields for destination data, and provides such data only in human readable format. As AT&T notes, this is a major omission. Without the ability to track scanned pallets by destination, evaluate pallet destination trends, and determine appropriate transportation modes for pallet destinations, it is difficult to imagine how the Postal Service can improve operational and transportation efficiencies.

(3) Software needs to be developed to link mailpieces to virtual trays to physical pallets, or to reconcile physical and virtual trays in the mail.dat files in an MLOCR environment. NPPC Comments at 21. The Postal Service's April 2008 notice acknowledges that, in some instances, "an exact match of physical mail to electronic documentation is challenging," 73 Fed. Reg. 23394-95, but states that in those cases "a postage payment system will govern the relationship between physical mail and electronic documentation." This is not an adequate solution. Failure to establish automated processes for generating electronic documentation information could force mailers to scan trays manually to a pallet in order to generate the required containerization and nesting data. And mailers are unlikely to be able to meet the local Postal Service requirements without well-defined pallet requirements and vendor solutions, integrated into mailer environments for container separations, labeling and reporting. Accordingly, the Postal Service needs to publish detailed specifications for the PostalOne! Transportation system enhancements to support the container-pallet

labeling and production of nesting information within the electronic documentation requirements.

V. ELECTRONIC DOCUMENTATION FOR MAIL ENTRY

Apart from the mailer ID issues discussed above, a number of other issues relating to electronic documentation still need clarification. See NPPC Comments at 23-24.

(1) The mail.dat and .xml requirements are not finalized.¹³ Updated files and system enhancements are not expected to be available until Spring 2009. The requirements and specifications for the required electronic documentation and IMB-compliant mail.dat files need to be finalized and made public. Until this is done, vendors cannot make much progress on the necessary software. Moreover, failure to allow adequate time for software development and testing after the requirements are finalized is likely to overload the Postal Service's testing resources, and thereby limit the mailers able to complete quality testing.

(2) Once the mail.dat specification is finalized, the Postal Service needs to verify that its own *PostalOne!* and business mail acceptance processes will be ready for a May 2009 implementation date, and that the Postal Service will have the capacity to process and store the resulting files, which will be very large.

¹³ See, e.g., *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008), § 3 at 13 ("This document references proposed changes for Mail.dat version 09-1 which have not been finalized by IDEAlliance and are, therefore, subject to change."); *id.*, § 3.6 at 18.

(3) Electronic documentation also requires the implementation of electronic postage statements. That in turn requires significant vendor support to integrate the Postal Service software with the computer systems and software of equipment manufacturers, mail services providers, and mail owners. Given the other major software development work that will be needed to implement Full Service IMB, NPPC and FSR support AT&T's request that the Postal Service eliminate the development of electronic postage statements from the IMB Full Service requirement, and defer the development of electronic postage statements for a separate initiative.

(4) Documentation procedures need to be developed for several major existing mail entry arrangements not explicitly covered by the proposed rules:

- Mail that is entered continually through the Postal Service's Optional Procedures ("OP").
- Mail that is presorted through a combination of MLOCR sorting and manifesting presort software.
- Mail entered through other customized acceptance and payment arrangements developed by agreement with the Postal Service over the past several decades.

In these environments, much of the data required by the proposed rules would not be available until after close out or at the time of loading the mail on the dock. Moreover, mail that is collected through standing pickup arrangements should not require scheduling through a website.

(5) The Postal Service needs to specify how on-site verification processes will change for a Full Service IMB provider. In particular, will Postal Service clerks have

access to the *PostalOne!* information? And will the mailer still need to provide hard copy reports and documentation?

(6) The Postal Service needs to specify when verification will close, and how mailers and the Postal Service will manage errors that are first identified shortly after verification is complete.

(7) The Postal Service needs to identify the planned roles for eDoc and for withdrawing funds from CAPS, and how those systems will be affected by IMB. Likewise, the future role of MERLIN in an Intelligent Mail environment should be clarified.

(8) As a general matter, automation and electronic documentation should create flexibility for both the Postal Service and its customers. The design of the IMB code and the electronic document requirements, however, seem to be rigid. For example, mailers should be able to enter a mailpiece as Standard Mail and upgrade it to First-Class through electronic notification. The proposed system design does not appear to allow for this.

(9) The policies for managing the data generated by IMBs and electronic documentation need be considered further. Neither the April 2008 notice nor the more detailed guide subsequently released by the Postal Service, *A Guide to Electronic Documentation and Appointments for Full-Service Mailings* (May 2008), provide a timetable for e-documentation functionality. Moreover, even the latter publication offers only a sketchy description of Phase II functionality. *Id.* at 37-39. Both a more specific description of the functionality and a timetable for its deployment are needed.

VI. FAST APPOINTMENT SCHEDULING

In its April 2008 notice, the Postal Service has proposed to exempt First-Class Mail and origin-entered mailings of other mail classes from a requirement to use FAST appointment scheduling as a component of Intelligent Mail. 73 Fed. Reg. at 23394 col. 2. This exemption is appropriate for the reasons previously noted by NPPC and others. See NPPC Comments at 25. Several important issues remain, however.

(1) The start-the-clock requirements for First-Class Mail are undefined. NPPC and FSR request that the Postal Service (a) clearly define those requirements and (b) provide details on what information will be reported to mailers.

(2) The obligation to use FAST for appointments at local USPS plants covered by existing plant load drop ship agreements also needs to be clarified. We specifically request that the Postal Service explain the following:

- How will the use of FAST improve the management of Postal Service and mail transportation resources?
- Will this information be required in each mail.dat file?
- What happens when truck on multi-stop route is delayed at previous facility on route?

(3) As previously noted, many mailers have worked out agreements with local officials re Critical Entry Times for destination-entered mail based on the mailers' volumes and time-of-day volume profiles. NPPC Comments at 26. How will those locally-negotiated arrangements be handled? And how will FAST accommodate them? NPPC and FSR concur in the request of AT&T that the Postal Service establish an

escalation process for centralized resolution of any issues that arise from local requirements that are overly complex or burdensome compared with the corresponding requirements in other locations.

(4) The Postal Service's *Guide to Electronic Documentation and Appointments for Full-Service Mailings*, *supra*, states (in § 3.6.7) that mailers have two ways to "create, update, cancel, and management appointment scheduling": Mail.XML (formerly known as TM Specification) and requesting an appointment through the FAST website at <https://fast.usps.com>. The very next sentence states, however, that "Appointments created online must be updated via Mail.XML to provide container information via pure Web services or via Web services with Mail.dat for full service." *Id.* If so, the two options are effectively one: Mail.XML. This needs to be clarified.

VII. APPLICATION OF IMB REQUIREMENTS TO REPLY MAIL

Responding to the concerns of NPPC and other commenters, the Postal Service has proposed to defer until May 2010 any requirement for barcodes for letter- and flat-shaped reply mail. 73 Fed. Reg. 23394 col. 3. Moreover, the Postal Service appears to contemplate that the IMB required beginning in May 2010 need only be a basic IMB. We ask the Postal Service to confirm that this interpretation is correct.

NPPC and FSR respectfully request, however, that the Postal Service reconsider requiring even a basic IMB for reply mail after May 2010. As NPPC explained in its February 2008 comments:

1. Unless a mailer is tracking inbound mail, requiring the use of IMBs on reply mail offers no meaningful advantages to mailers over existing

barcodes—particularly if, as appears likely, the Postal Service does not measure the service performance of Courtesy Reply Mail (“CRM”).

2. There is no way to give a unique identifier to preprinted stock so as to tie it to a specific customer account. Hence, the only way to put a unique identifying number on each mailpiece would be to migrate to window reply mail. That would require massive programming changes for some applications.
3. The lead time for ordering and exhausting the inventory of mailpiece stock can be as much as six months for outer envelopes. Some mailers have over a year of inventory on hand.
4. Envelope manufacturers will not be able to fulfill the demand for new stock if the required specifications are not finalized until later in 2008.
5. The equipment used for payment processing will need to be modified as well. It is unclear when the major vendors will be able to do so.
6. Mailer owners and mail processors have not budgeted for this expense. Those costs still need to be justified to corporate managements.

NPPC Comments at 22-23. For these reasons, the Postal Service should delay imposing any IMB requirements for reply mail until the Postal Service establish service measurement for such mail, or offers other benefits for placing IMBs on reply mailpieces. Moreover, AT&T has proposed that the Postal Service create an incentive for large mailers to maintain Courtesy Reply Mail by offering a rebate of five cents per piece for CRM with Full Service IMBs. The Postal Service should seriously consider such a proposal, which could be mutually beneficial for both the Postal Service and its customers by encouraging the use of CRM.

CONCLUSION

As noted at the outset of these comments, NPPC and FSR are appreciative of the Postal Service's willingness to engage in a second formal round of comments with the mailing community. The issues, as outlined above, are many and quite significant for effective implementation of IMB, which is so pivotal to the future of the postal system. As is evidenced by the overwhelming response to the Postal Service's January 2008 Advance Notice of Proposed Rulemaking, resolution of these issues in a way that constructively reconciles the needs of the USPS and mailers is critical. Decisions on a system that is so fundamental and "game-changing" should and must be in the mutual interests of the Postal Service and its customers. Therefore, NPPC and FSR respectfully request that the Postal Service not treat the comments it receives responding to this notice as the end of customer input, but that the Service instead

continue to work intensely with its stakeholders to resolve as quickly as possible both the general process and specific technical issues raised in these comments.

Respectfully submitted,

/s/

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May 30, 2008

ATTACHMENT 1

An Example of a Mailer's Project Life Cycle

- Economic Impact
- Opportunity Cost

