

NPPC 
National Postal Policy Council

Ms. Lizbeth Dobbins
Manager
Mailing Standards
U.S. Postal Service
475 L'Enfant Plaza, SW
Rm. 4446
Washington, DC 20260-5015

October 21, 2010

Dear Ms. Dobbins:

The National Postal Policy Council (NPPC) hereby respectfully submits its comments in response to the notice proposing changes to Part 111 of Title 39 of the Code of Federal Regulations, entitled: *Address Correction Notices for Letters and Flats Qualifying for Full-Service Intelligent Mail and Changes to Move Update Standards*, 75 F.R. 57410, et seq. (September 21, 2010). NPPC is a trade association for large business users of letter mail, primarily in First Class, including members from the banking and financial services, telecommunications, insurance and mail services industries.¹

NPPC endorses the thoughtful and detailed comments of both the Major Mailers Association (MMA) and the Association for Mail Electronic Enhancement (AMEE). Both organizations have clearly pointed out specific areas which create operational problems, either in internal preparing and processing or in direct connection with USPS, and/or substantial additional costs for mailers to comply with the proposed rules changes. Whether it is MLNA/BCNO issues, or reversing course to begin to charge for First Class Address Correction Services, for example, both MMA and AMEE have identified the problems and offered constructive recommendations to address them, or asked for clarifications from the Postal Service (e.g., on the Move Update Guide), all of which we support.

NPPC would like to take this opportunity, however, to address a trend at USPS that is not only burdensome and challenging to its customers, but is counterproductive to the longer term interests of the Service itself: imposing rules that require major investment by mailers for little or no return. This lack of ROI creates additional, “hidden” costs that are functionally increases in postage; increases without benefit of review by the Postal Regulatory Commission. They are essentially unfunded mandates that financially challenged customers cannot discount when trying to make budgetary ends meet. In an era when alternatives to the mail, prominently communications via the Internet, are readily available, affordable and credible, the virtually certain result is increased pressure on mailing company executives to reduce their exposure to

¹ A full list of our members can be found on our website, url below.

the mail: i.e., move even more of their product online. NPPC believes that that result is reflected, in part, in the decline of both single piece and presort First Class mailings.

In recent years, initiatives such as the IMb, Move Update, the various CASS Cycles, and more have required a radical upward revision of mailer investment and IT budgets in order to comply with new requirements. The current proposal is yet the latest in this spate of additional expenditures imposed on mailers in order to comply with mailing rules. None, with the exception of a very modest allowance under IMb, has been offset by new or additional discounts in postage.

NPPC understands the statutory and business imperatives for USPS to become more efficient, including specifically technologically, and in general supports the efforts of the Service to do so conceptually. However, no one truly contemplated the burden these steps would impose, especially cumulatively, on the mailing community, including NPPC members. To give a sense of the scale involved here, one NPPC member, for example, estimates that it has spent approximately \$40 million in the last five years to improve address quality to the various standards prescribed. Another projects it will spend into the seven-figures for the adjustments mandated by *this* proposal, because of the necessity for “substantial technological change.” In general for NPPC members, the aggregate cost burden, notably in IT resources, is a multiple of what it was three years ago.

NPPC believes there is no easy solution to this problem which transcends this or any other particular rules change. However, we strongly recommend that USPS pause and take stock, in concert with its customers, of the impact of the burdens inherent in the costs associated with these rules changes. Perhaps ways can be found to reduce the customer impact, starting with a realistic assessment of the costs associated with the rules change.² At the very least, some greater period of time between rules changes, phasing them in, or other practical approaches might be considered. Taking stock would benefit both USPS and its customers, because the only choice on the current path is between improving efficiency and losing volume.

Finally, NPPC wishes to take note of the evident disparate standards in enforcement of certain rules between the Postal Service and the Postal Inspection Service. As cogently set forth by MMA, USPS rules and audits conducted by the PIS on Move Update Performance Based Verification, do not reflect the same requirements. Not only is this disparity demoralizing to customers who thought they were fully in compliance with the rules, but once again substantial costs, including sizeable assessments, may be involved. No one plays any game by two sets of rules. NPPC member companies and others want to play by the rules, but there should be only

² Perhaps USPS could approach new rules such as the instant one in the spirit of Executive Order 12866 and the Regulatory Flexibility Act, 5 U.S.C. §601, et seq. The former requires federal agencies to, among others, evaluate the costs and benefits of any new regulation. The latter requires a review of the potential impact on small businesses from any proposed regulation. While supporting significant flexibility for USPS to manage its business and hardly arguing whether the Postal Service is subject to either of the foregoing, NPPC believes that obtaining a sound grasp in advance of the costs to its customer base from imposing new requirements perhaps would help USPS more effectively, and in more user-friendly fashion, shape and temper their imposition.

one, clearly defined, publicized and enforced, set. We believe it is imperative that USPS and the USPIS should have their respective standards of measurement and enforcement fully aligned.

Thank you.

Sincerely,

A handwritten signature in black ink, reading "Arthur B. Sackler". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Arthur B. Sackler
Executive Director
National Postal Policy Council