

## USPS Considers Moderate, Short-Term Increase

Rumors in the mailing industry lately are indicating that the U.S. Postal Service is now considering filing the next rate case sometime in February or March for an increase averaging around 6 percent.

With the USPS now operating on a surplus (announced 12-29-04), a 6 percent increase could offer short-term relief throughout the period of Congressional debate over the CSRS escrow situation (and postal reform legislation). The USPS would postpone filing the anticipated general "omnibus rate case" for about one year (until Spring 2006) and instead file an "expedited" case seeking a negotiated settlement with an across-the board 6 percent increase (about the same for all mail subject to rounding and other complications).

Then, the USPS would file a second case in Spring 2006, with a second set of rates going into effect in Spring 2007. The amount of those 2007 increases would depend on Congressional action

on escrow and reform as well as future USPS financial performance.

The 6 percent settled increase, even if it came a few months earlier than expected (January 2006), could be very attractive to mailers who currently anticipate a Spring 2006 average increase in the 12 to 15 percent range. A moderate short-term increase should also be very good for mail volume.

However, it is important to emphasize that at this point, the aforementioned information is based only on speculation. The ultimate outcome of the rate increase is, of course, intertwined with postal reform legislative proposals, including the disposition of the existing escrow provision and how quickly the USPS can cover its long-term, unfunded liabilities. Furthermore, any settlement would still require approval from the Postal Rate Commission, which could take up to 10 months. No postal rate changes will take place until 2006. ■

## Does Your Mail Still Qualify as Standard Mail?

The U.S. Postal Service recently announced revisions to the Domestic Mail Manual (DMM) section E610 that describes which mail containing "personal" information qualifies as Standard Mail, as opposed to First Class Mail. Prior these revisions, the following mail was required to mail as First Class Mail.

- » Mail that is handwritten, typewritten or sealed against inspection
- » Mail having the characteristics of personal correspondence, bills or statements of accounts
- » Mail that includes "personal" information specific to the addresses but not necessarily unique to the addressee

However, the U.S. Postal Service has not been consistently enforcing these requirements for many years. Consequently, some mailers have "crossed the line" as technology

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## Does Your Mail Still Qualify? (Cont.)

made it easier to include "personal" information in advertising mail. For these reasons, the USPS felt a clarification of the rule was necessary.

Effective as of June 1, 2005, the new rule will allow for an exception to the general standard described above. The goal of this filing was to clarify the specifications qualifying mail containing "personal" information as Standard Mail. Following are the criteria:

- » The mail piece must contain explicit advertising for an item that is for sale or solicitation for a donation
- » All of the personal information in the piece is directly related to the advertisement or the request for donation
- » The personal information is included in the mail piece for the exclusive purpose of supporting the advertisement or solicitation

The USPS received over 400 comments to the federal register in its proposed form, 350 of which were from nonprofit organizations. The major concerns with the new ruling were that it would (1) require pieces to mail as First Class if they included *any* information unrelated to the solicitation and (2) require Postal employees to make many subjective judgments that could result in inconsistencies with the definition of "personal information" being so unclear.

To the first issue, the USPS responded by saying that the inclusion of information unrelated to the solicitation for a donation or advertisement should not disqualify the piece from mailing as Standard Mail. As long as all the "personal information" included is for the sole purpose of supporting the request or advertisement, it should not be an issue.

The USPS does feel that the concern regarding subjective judgment is a valid argument. The USPS reiterated that the "exclusive purpose test", which was designed to identify "personal information" in the mail piece that supports the advertisement or solicitation, will allow for consistent decision making by its employees.

Those who commented on the ruling asked that a list of acceptable Standard Mail examples be provided to obtain a clear understanding of the definition of "personal information." However, the USPS

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## Canada Post Implements New Changes

### *Publications Mail™*

On January 17, 2005, Publications Mail™ implemented a general price increase. The new Publications Mail™ price sheet can be obtained at [www.canadapost.ca](http://www.canadapost.ca) or you can contact Kim Greene, QWL's Manager of International Mail, at 810-220-8855. Additionally, changes have been made to the current discount structure and their percentages.

The maximum width for Machineable S/L Publications has increased from 150 mm to 156 mm, allowing for greater flexibility in Publications layout design. Adjustments were also made to the volume commitment ranges and their associated price discount levels. If you mail more than three million pieces annually, you may be affected by changes to the volume discount structure. Additionally, heavier and larger publications saw a price adjustment that reflects the increased cost to serve, taking into consideration rising transportation costs.

### *Addressed Admail™*

#### *(Catalogs and Direct Mail)*

Addressed Admail™ had a general price increase. You can obtain the Addressed Admail™ price sheet at [www.canadapost.ca](http://www.canadapost.ca) or contact Kim Greene. Recall that in July 2004, Canada Post introduced a new service call Track a Mailing (TaM) to

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# Logistic Solutions

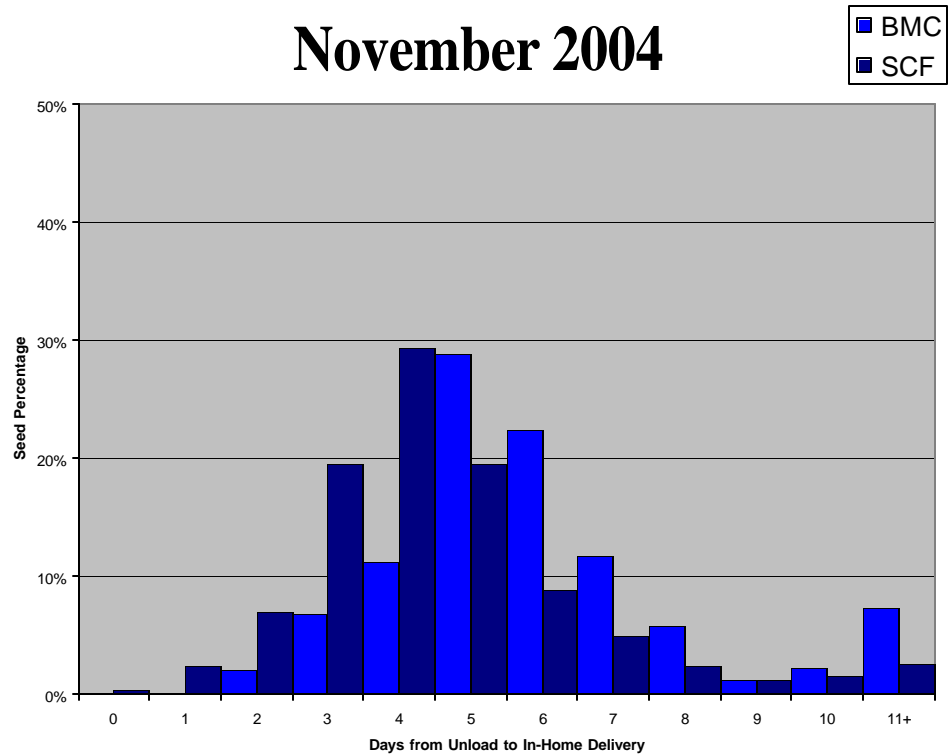
## USPS Processing and Delivery Trends During the Holidays

These performance charts are based on the variance between individual seed responses and the corresponding unload dates in the U.S. Postal Service. The charts illustrate USPS processing and delivery trends by postal entry facility type (BMC and SCF).

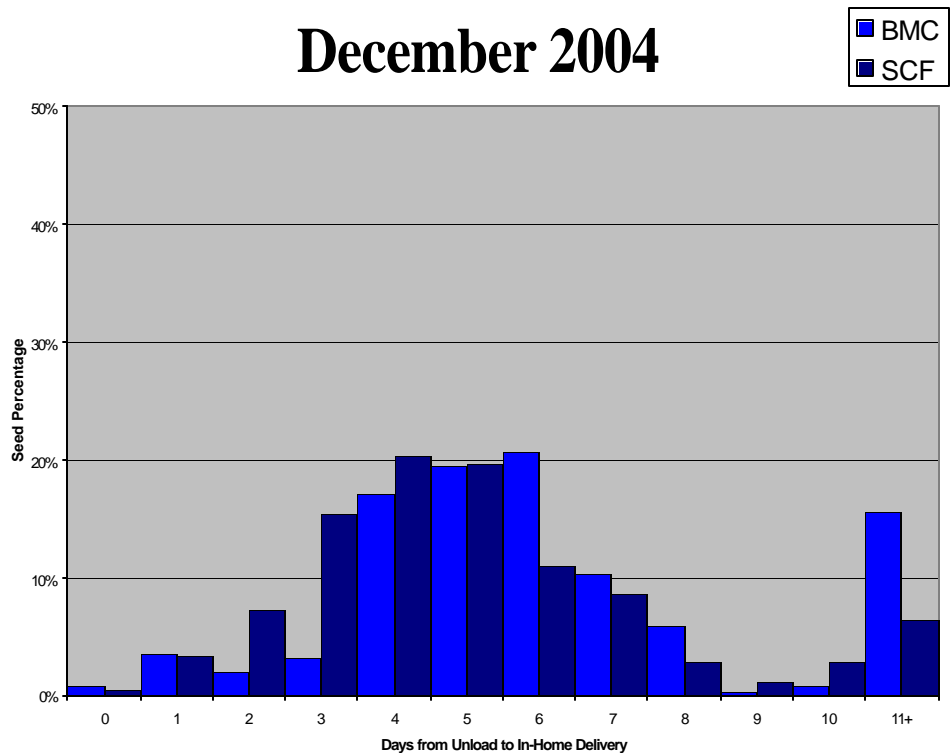
This month's graphs illustrate a bell curve for December that is both wider and flatter than we see for November. December's BMC peak was on day six at 20 percent whereas November peaked on day five at 28 percent. In December, the SCFs peaked on the fourth day at 20 percent while November's peak occurred on day four at 29 percent. In addition to a flatter extended peak, the December data also shows an unusually large percentage of mail in-home 11+ days after being unloaded at the postal facility. These curves clearly illustrate that the mail was moving considerably slower throughout the month of December with a longer in-home window as well.

Be sure to check the next issue of *Logistic Solutions* for this comparison of monthly mail processing data. ■

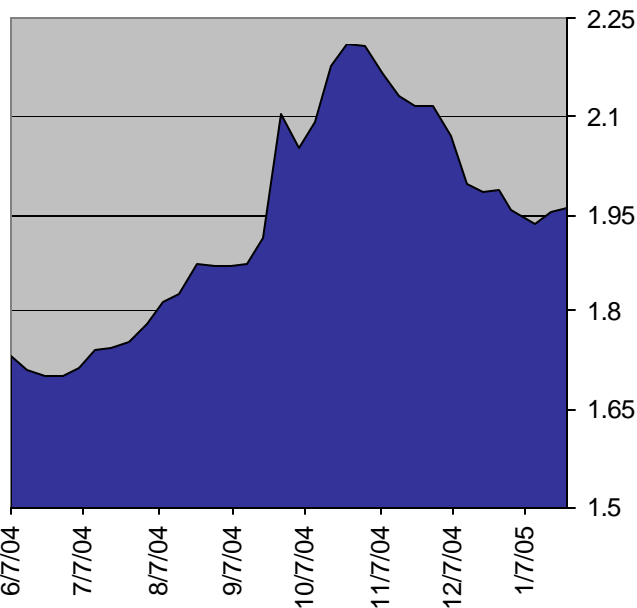
### November 2004



### December 2004



## Downward Trend through Fall 2004 but Diesel Prices Back on the Rise



## Canada Post Changes (Cont.)

help manage Addressed Admail™ Letter Carrier Presort (LCP) mailings. TaM uses bar code technology to provide you with the actual deposit date of your mailing and all associated planned container destination processing dates.

TaM offers the following new capabilities:

- Use SERP (Software Evaluation Recognition Program) presortation software, which includes bar code recognition to create the required bar code labels and bag tags
- Apply these bar code labels to your containers, monotainers and pallets
- Prepare and submit your Addressed Admail™ Letter Carrier Presort Orders using the desktop version of Canada Post's Electronic Shipping Tools (EST) software.

Frequently Asked Questions pertaining to all Canada Post postage and service changes are available at [www.canadapost.ca/business/rates/2005/faq-e.asp](http://www.canadapost.ca/business/rates/2005/faq-e.asp). ■

## Does Your Mail Still Qualify? (Cont.)

denied their request, saying it would be difficult to maintain, while providing little benefit. The USPS did offer one example, which was the inclusion of a number of proxy shares, not labeled as "shares." According to the USPS, the numbers used but not labeled cannot be defined as "personal information." However, since there are still many other cases that remain unclear, the full impact and implication of this ruling is uncertain.

In order to assess the impact of the new rule, mailers may obtain advance rulings by submitting samples for Standard Mail approval to the USPS during the planning or pre-production stage of a mailing. Pieces previously approved must also be resubmitted for approval under the new rule, though current DMM standards will be applied until it takes effect June 1, 2005. For additional guidance, mailers can visit the Postal Service's Explorer Web site (<http://pe.usps.gov>), where the CSRs (Customer Service Rulings) are being updated as the new rule takes effect.

The USPS just issued the second revised CSR, PS-238 (revised December 2004), which addresses whether a mail piece containing "personal" information as part of a subscription renewal notice is eligible as Standard Mail under current rules as well as the revised standards. The USPS concluded that if the mail piece contains personal information in the form of an expiration date of a current subscription, and no other personal information is included in the mail piece, then mailing is considered eligible for the Standard Mail rates of postage under the new ruling.

Mailers are being encouraged to submit their samples for advance rulings. Assumptions should not be made that attempt to extend what the USPS has published thus far to other types of mail pieces that do not exactly match those described. For more information, please contact Marjann Caldwell, QWL's Manager of Postal Affairs, at 703-455-1563. ■

Questions/Comments?  
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