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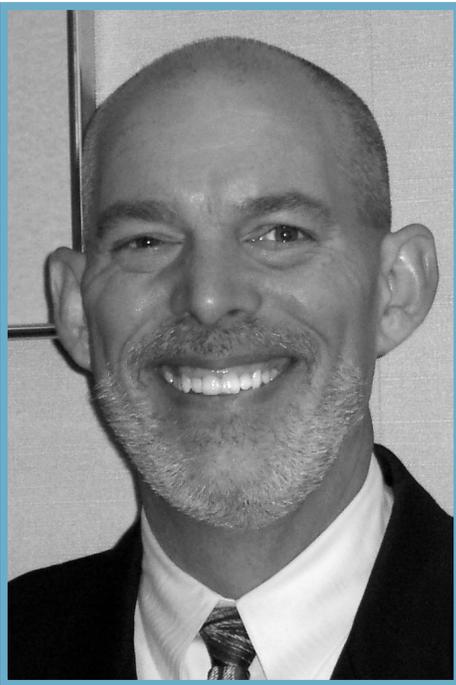
the Communicator

Baltimore Postal Customer Council

Winter 2006 Volume 6.5

A HAPPY NEW YEAR AND A HAPPY NEW BALTIMORE OIC

PCC welcomes the new officer in charge of Baltimore



The Baltimore Postal Customer Council is excited and pleased to welcome the new Officer in Charge Mr. Carlton Michael Harlow. We would like you to know a little about Mr. Harlow.

Mr. Harlow, a native of Virginia, began his Postal Career as a mail handler in Merrifield, VA in September of 1979. He quickly changed crafts and became

a letter carrier in McLean VA, in December of 1979.

He was promoted to Supervisor Mails and Delivery in 1983, and then became a Delivery Service Analyst in 1985. In 1988 he was promoted to Postmaster of Centreville, VA, and in 1991 was once again promoted to Postmaster of Winchester, VA. He became Postmaster of Alexandria, VA in 1993, a position he currently holds. Mr. Harlow is presently on detail as Officer-In-Charge of the Baltimore Post Office.

Mr. Harlow studied Law Enforcement at the University of Maryland, and Business Management at Northern Virginia Community College. He served in the United States Army for six years and is married to Diane and has a daughter, Jennifer. He has recently been blessed with a grandson named Jake and he is an avid marathon runner and likes to ride motorcycles in his spare time.

The Baltimore PCC is looking forward to working with Mr. Harlow and his staff.

USPS Annual Report available online

The Postal Service's 2005 Annual Report is now available on the Web. Look for the link under Blue's Hot Topics, and from USPS.com's "About USPS and News" page, at:
<http://www.usps.com/history/anrpto5/>.

You can read the report online — including photos, financial highlights, the year in review, reports from the Postmaster General and Chief Financial Officer, and a preview of 2006 stamps



Events

Education Seminar
APRIL 21, 2006
University of Baltimore



Governors vote to accept rate change New rates go into effect January 8

The Governors of the U.S. Postal Service voted November 14 to accept the Postal Rate Commission's recommendation to increase most postal rates and fees by approximately 5.4 percent.

This price increase – the first since 2002 – is needed to fulfill a federal law passed in 2003 that requires the Postal Service to place \$3.1 billion in an escrow account by October 1, 2006. Without this federal mandate, it would not have been necessary to raise prices in 2006. Among the adjustments, the single-piece rate for First-Class Mail will increase from 37 cents to 39 cents, and the postcard rate will increase by one cent, to 24 cents.

The Board of Governors set Sunday, January 8, 2006, as the effective date for the new rates and fees.

New rate and fee tables are available online at usps.com/rate-case. Downloadable tables will be available shortly.

Following are selected rate and fee changes:

<u>Rate</u>	<u>Current</u>	<u>New</u>
First-Class Mail Letter (1 oz.)	37¢	39¢
First-Class Mail Letter (2 oz.)	60¢	63¢
Postcard	23¢	24¢
Priority Mail (1 lb.) and Flat Rate Envelope	\$3.85	\$4.05
Priority Mail Flat Rate Box	\$7.70	\$8.10
Express Mail (1/2 lb.) and Flat Rate Envelope	\$13.65	\$14.40
Express Mail (over 1/2 lb., up to 2 lb.)	\$17.85	\$18.80
<u>Fee</u>	<u>Current</u>	<u>New</u>
Certified Mail	\$2.30	\$2.40
Delivery Confirmation Retail (Priority Mail)	45¢	50¢
Delivery Confirmation Retail (First-Class Mail Parcels)	55¢	60¢
Return Receipt (Original Signature)	\$1.75	\$1.85
Return Receipt (Electronic)	\$1.30	\$1.35
Money Orders (Up to \$500)	90¢	95¢
Premium Forwarding Service (Weekly Fee)	\$10.00	\$10.40

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Baltimore PCC Education Committee

by Jim Barlow,
Mail Systems Management Consultants, Education Committee Chairperson

The Education Committee strives to provide education opportunities for PCC members in partnership with the US Postal Service. Education events facilitate the exchange of ideas about new and existing Postal Services products, programs, services and regulations that affect all businesses that use the mail.

Currently, we are working on plans for 2006. April 21, 2006 is the date for our Annual Education Seminar and Business Expo. We are in the process of planning another day of exciting education opportunities with the latest critical mail related topics, vendor booths and great food. Our preliminary agenda for the education filled day is featuring the Postal Service's Chief Marketing Officer, Anita J. Bizzotto as the keynote speaker. The eight sessions plus a SUPPER SESSION planned are:

- Mail Piece Design
- Intelligent Mail
- Advertising and Direct Mail
- Serving Small Businesses More Effectively
- Non-Profit Standard Mail
- Address Management/Ancillary Endorsement
- Mail Security
- Core and New Products
- SUPER SESSION – Rate Case 2005 and 2006

The Super Session will cover the latest 2005 Rate Case to be implemented January 8, 2006 and the NEW 2006 Rate Case that is expected to be filed in the Spring of 2006. R2006 will likely feature a number of classification, product, and service changes; and will be the first chance in five years for the Postal Service to not only increase rates to cover growing operating expenses but to adjust discounts and rate relationships. Please make a point to put the 2006 Education Seminar and Business Expo on your calendar.

Our plans for Postal Plant Tours for 2005 were not possible because of the installation of the new Automated Package Processing System (APPS) this past Summer. Future plant tours are in the plans for early Summer 2006. The Baltimore Post Office is one of the most automated USPS Production Plants in the country and well worth the time to see how your mail is handled and the awesome APPS. We will keep you posted on the exact dates.

Please let us know if you have any ideas about possible future events for our planning process such as, tours of local commercial mailers, printers and mail center operations. You can reach me at jamesbarlow@comcast.net or call 410-321-8821.

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USPS Strategic Transformation Plan; 2006-2010

By Charley Howard, Postologist

This past September, the USPS published their latest five year plan. This is a “**must Read.**” If you have not received a copy from the USPS you may download it at: http://www.usps.com/strategicplanning/stp2006_2010/contents.htm

The Post Office clearly sets out many of their goals. These are important as they represent several overlapping paradigm changes. Key to the plan is driving revenue growth, continue to cut costs, and increase steady productivity growth. Against the first savings will have exceeded \$13B and six straight years of total productivity growth.

The new plan continues from this performance.

I'll try to set some of these out here:

One thing the USPS wants to do is add value to the mail. This is similar to what the mailing industry has done - maintain price by increasingly adding value to the service/product.

In the case of First Class Mail 4-State barcodes and information-based indicia will build a data platform of data about the mail using in-process passive scanning. Periodicals and Standard Mail will have similar add-on capabilities. This will be possible due to the deployment of 300,000 “Intelligent Mail devices/scanners during 2006. This device with electronic signature capture will allow tracking in-process through delivery.

One reason for this effort is to make a better differentiation between First Class and Standard Mail. **(Now, if I could only get them to split First Class into Consumer and Commercial and allow drop ship entry for the latter.)**

The USPS intends to bundle traditional offering with special services - especially as regards round-trip products (both outgoing and reply pieces) and cross product initiatives - bundle pricing.

Now for a paradigm shift:

Value Based Pricing and Annual Rate Cases

The experimental rate case on Repositional Notes marks the first of these changes. By allowing businesses to place these post-it notes on mail pieces which do not effect postal processing, hence no cost added, the USPS saw that these businesses gained a higher rate of return - more value, not cost. To-date, postal rates are based on costs. This will change.

One reason for this is the expanding postal delivery network and reduction in First Class volumes. First Class is no longer the volume dominant class - Standard Mail is. However, First Class contribution to covering overhead costs is far higher than any other class of mail. One way to handle this is by using or applying a market demand component to pricing. You need to understand that the USPS views this as a way to increase price, not lower it.

However, the USPS intends to pursue more NSAs to promote volume based pricing and create simplified pricing for consumers and low volume mailers - promoting ease of use and value.

Finally, in order to bring predictability to commercial volume mailers the USPS will adopt annual price changes. To bring consistent rates for longer periods for consumers and low volume mailers their rates will not change annually.

Using PostalOne!, FAST/Surface Visibility, and the scanning capabilities being deployed throughout the USPS the Postal Service will migrate to a “risk-based verification” of mail acceptance. Over the next five years the USPS will move to a totally electronic system that allows the mailer to transact the business of entering mail without paper. A MTAC Work Group is already working on all of that right now.

One item on the Marketing side is interesting. The USPS will make it extensive market research library available to the

mailing industry to help in marketing mail.

The next major paradigm shift comes with automation. This is enhanced by the END, Evolutionary Network Development, and flats delivery point automation. Flats consume an enormous amount of space and currently manual labor hours. As 80% of postal costs are labor and the delivery network increases by nearly two million households per year it becomes imperative to make efficient use of automation. This result will be that flats processing plants with FSS, Flat Sequencing Sorters, will be logically located to where the bulk of the mail is. Once the change becomes reality the mail preparation into bundles based primarily on postal carrier routes becomes obsolete. Machine based mail preparation and drop ship entry location to those machines will predominate. Ideally, discrete bundles will no longer be required. It may be a situation where we simply fill trays of flats for pallets of mail to specific plants. This is a little similar to the loose filled #3 sacks allowed prior to the 125 piece/15 pound sack rule of the 1980's. FSS combined with existing letter automation will reduce in-office carrier time and allow the expansion of route size. Projections are ambitious to say the least but are totally attainable.

Undated Meter Mail Refunds Now Available

The USPS has issued a change for the P014 section of the Domestic Mail Manual that will now allow undated metered mail (Standard Mail and Package Services) to qualify for refunds if the mailer can provide sufficient documentation from their records and submit at least 500 pieces or \$500 worth of postage from a single mailing. If more than one meter is used in the production of the mailing then a separate PS Form 3533 must be used for each meter.

This change should make it easier for mailers who use undated metering (which allows large volumes to be built up over several days or longer) to deal with costly spoilage issues. All current refund procedures and time limitations apply, says USPS.

General Commentary

By Charley Howard, Postologist

The Postal Rate Commission submitted their 2005 Rate Case recommendations on 11/1/05. For the most part they left the rates as requested unchanged. They did significantly ramp-up Media Mail rates over those requested as well as institute major changes to Standard Mail Non-Profit, lowering the non-ECR rates and raising the ECR rates. The USPS Board of Governors approved the PRC recommendations but decided to ignore industry requirements for implementation of 60 days and went for a 1/8/2006 implementation. This poses a real problem for the postage meter manufacturers as there rate tables are hard coded into the computer chips and one can imagine the number of chips required to implement new postage.

Postal Reform should have occurred by now. It is highly unlikely we will see USPS legislated reform in 2005. Congress has made it very clear that the same congressional cast of characters will not likely take the effort up again anytime soon either.

I recently attended a PCC Advisory Board meeting. As with the Mailer's Technical Advisory Committee the USPS sees very real potential benefit through effective use of cooperative efforts with the PCCs.

What is the current push in efforts to raise new sources of revenues (?), small businesses? Getting small businesses to effectively use the mail to grow their businesses is not an easy task. If they have tried the mail before it was likely to be a bad experience.

To this end it is felt that to better engage this segment of the industry we need to go to them. Working with local postal management and local Chambers of Commerce, it is thought that small introduction sessions, after hours, would work best. To be even more effective I emphasized the need to have PC tools that pretty much do everything for them, built-in knowledge. This would include mailpiece design, content formatting, message, list work, presorting, etc. The USPS has the required tools scattered about in different programs. We will be working with USPS-HQ to unify these tools into an easy to use mail starting kit. I hope to be able to have several of the small business after-hour sessions during 2006. I believe there is real potential for mutual benefit here.

We will have a very full plate for 2006. We are looking at the various Postal Certification programs available and will likely sponsor one of these next year as well. We on the Executive Committee really look forward to your participation and assistance.

Pricing & Classification goes Electronic

The Pricing & Classification DMM Advisory, an electronic message board that keeps customers informed about the prices and mailing standards of the USPS, continues to receive praise from customers:

Lisa Bowes, Window Book, wrote: "I just wanted to let you know that I find the DMM Advisory most useful! As a provider of mailing software solutions, keeping track of all of the changes and alerts in such a clear, concise manner is very helpful." And, if you can't wait for this newsletter for your DMM updates.

Whether the news is labeling list changes or new prices for products and services, DMM Advisory places information crucial to businesses right at their fingertips. Customers who want to be "in the know" may subscribe to DMM Advisory by sending an e-mail to dmmadvisory@usps.gov. It is also available online at <http://pe.usps.com/dmmadvisory.asp>



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Cruisin with the Baltimore PCC

The Baltimore PCC celebrated the annual PCC Day on September 14th. Held on the "Bay Lady", the celebration was a Thank You to members and an opportunity to hear Postmaster General Jack Potter's address to all PCC's across the country. Over 120 people, members and their guests, enjoyed great food and beautiful weather for the event.

The Postmaster General shared information regarding the USPS Strategic Transformation Plan. The value of the mail and the future of the United States Postal Service remain strong, Postmaster General John E. Potter told thousands of business customers gathered at more than 200 venues throughout the country. "I can assure you that we'll continue to work hard and to stay the course. Our employees are on board when it comes to keeping service performance high and helping us keep our costs down.

National PCC Day showcases the work of PCCs and includes a series of awards recognizing outstanding service and individual achievement. Potter delivered the coast-to-coast satellite broadcast live, addressing topics directly affecting business customers and identifying a number of products and services designed to streamline mail service processes.

A single, 4-State barcode soon will replace the more than 30 barcodes and labels mailers now use to sort and track mail and PCC members will be the first to learn about such new products. The Postmaster General shared information about the second phase of the Strategic Transformation Plan, the blueprint for the Postal Service through 2010. It builds on the successes achieved with the plan implemented in 2002, Potter said, and focuses the entire organization on a single objective: transforming the Postal Service into a more customer-focused, service-oriented and technologically advanced delivery service. In the process, the Postal Service will reduce costs by an additional \$1 billion a year for the next five years.

"It's simply the next step as we continue to transform, to modernize. For the industry to be successful in the future, we must change. We cannot stand still," he said.



The Baltimore PCC had a somber moment during the dinner cruise when they said goodbye to Kathleen Adams. Co-Chair Mr. Charles Howard seen above presents Kathy with a token of appreciation from the Baltimore PCC. Kathy's official title was Customer Relations Coordinator for the USPS. Unofficially no title could be placed behind her name because she did so many things for the PCC. Always willing to help and take on any task; to say she will be missed will not capture the true essence of her importance. We wish her the very best in her retirement from the USPS.

More happy cruisers with big smiles



Fall Membership Meeting

The Baltimore PCC fall membership meeting was held on December 2nd and as proved by the following pictures; this event turned out to have the usual high level of excitement, good food, and great opportunities for good conversation. The Keynote speaker was Carlton B Shufflebarger, USPS Program Manager for Direct Mail. He spoke to the many benefits of direct mail and enlightened the group as to the many marketing benefits of Direct Mail. The afternoon was highlighted by a mail trivia game which has come to be known as "Frank Price is Right." Frank Price shown below is our local mail design expert and is the final authority on mail design matters as well as the Baltimore PCC mail trivia game. The Toys for Tots program was successful again this year as hundreds of gifts for children were donated by the attendees. Baltimore PCC members and attendees can feel a little better about themselves knowing that they have contributed to making some less fortunate children's holiday season a little brighter.



Flanked by two United States Marines Yvette Singh of the USPS proudly displays the many Toys for Tots that were collected by the PCC.



Larry and Paul from the University of Baltimore share a camera moment with other attendees.



Frank Price, second from right, had the distinction of having the main event named after him "Frank's Price is Right", shown here flanked by three attendees.



Carlton B. Shufflebarger, Program Manager USPS, shown here in the center was the main speaker. He is being presented with a gift from the PCC by the Baltimore USPS OIC and Co-chair Charles Howard of Harte-Hanks.