



The Rise and fall of Postage

Posted on Jun 29, 2015 by BCC Software – Mail Quality Solutions

After what seemed like an eternity, the US Court of Appeals, DC Circuit finally came back with a decision on the exigent surcharge of 4.3% that was approved and implemented in 2014. Like many decisions, there is good news and there is bad news. The good news is that the Court agreed with the Postal Regulatory Commission that the exigent increase is temporary and must be removed at some point. The bad news is that the Court remanded back to the PRC the financial impact the Great Recession had on the USPS mail volume. Thus, we still don't know when the exigent increase will be removed.

At question is what is referred to as the "count once" rule. Under the PRC "count once" rule, volume loss was only counted in the year in which it occurred, but not in subsequent years. The Postal Service had argued that the calculations should carry forward losses from one year to the next. For example, volume losses suffered in 2008 should be counted again in 2009, as they still constituted lost volume to the agency. The example in the decision is an individual who was laid off and has to cancel their cable service and no longer pays that monthly bill. Under the "count once" rule the PRC calculated this example as a loss for only 12 months rather than taking into consideration the fact that it took this individual four years to find work.

The USPS took no time in filing their calculations of what the corrected amount should be in the wake of the Court's ruling and came up with needing an additional \$1.4 billion. However, industry associations such as Postcom were quick to respond that it should be the PRC that determines the corrected amount and that in no certain terms should the issue of allowing the exigency rates to remain permanent be considered in this remand.

Since the Postal Accountability and Enhancement Act requires the USPS to announce price changes at least 45 days in advance, the PRC was quick to waive this requirement while they prepare their remand. This will allow the PRC to determine the correct exigency recovery amount and require the USPS to remove the 4.3% increase as soon as possible.

The challenge, of course, for software providers and mailing service providers is implementing price changes with potentially less than 45 days of notice. Fortunately, BCC Software is prepared to respond as soon as we hear from the PRC. We are anticipating only a price change, and are committed to continuing to deliver the timely, high quality software updates our customers rely on from BCC Software. At this time we plan to leverage the web update process used to implement the May 31 price adjustment to deliver this next release in a timely manner.

Many mail owners have reported that they budgeted their postage amounts assuming the exigent rates would not come off this year. That could mean unspent budgets in the latter half of 2015; a great time to consider new advances in address quality, mail sortation discounts, mail tracking services, and promotions that bridge the high-touch of mail to high-tech devices like smartphones.

Address quality is still the foundation for timely, predictable, and ultimate delivery of a mail piece. With on-demand services such as proprietary change of address and address resolution service readily accessible, you can achieve more complete, correct, and current addresses than ever before. Each incremental ZIP+4 assignment means better sortation, lower postage, and improved deliverability of your mail.

The USPS recently reported that 87% of all mail volume now has an Intelligent Mail barcode. That's great news for anyone looking to strategically time multichannel messaging and improve their overall response rates by two to three times. Track N Trace services provide the accountability, visibility, and predictability that fully leverage IMb, enabling mailing service providers new and exciting ways to demonstrate incremental value to their customers and open new direct marketing channels.

Finally, keep a watchful eye on some of the exciting new promotions the USPS has in store for late 2015 and into 2016. At the National Postal Forum, the USPS handed out a booklet containing some amazing ways high-touch mail can connect to high-tech devices. Near Field Communication (NFC), for example, was one such interesting piece. Embedded into the paper is a small device that when placed in close proximity to a smartphone with NFC enabled would automatically start playing a video. Very powerful and creative messaging is sure to emerge with NFC technology.

For more information on this topic and all Mail Center operations, please contact us at 513-429-9526 or e-mail us at info@omgservices.com.