

POSTAL SERVICE**39 CFR Part 111****Classification Reform; Implementation Standards**

AGENCY: Postal Service.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: This document provides information on the rulemaking process the Postal Service plans to follow to implement pending mail classification reform proposals, and to obtain comments and proposals on current implementation plans.

DATES: Comments on the proposed implementation plans must be received on or before July 31, 1995.

ADDRESSES: Mail or deliver written comments to the Manager, Mailing Standards, USPS Headquarters, 475 L'Enfant Plaza SW, Room 6800, Washington DC 20260-2419. Copies of all written comments will be available for inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday, in Room 6800 at the above address.

FOR FURTHER INFORMATION CONTACT: Leo F. Raymond, (202) 268-5199.

SUPPLEMENTARY INFORMATION: On March 24, 1995, pursuant to its authority under 39 U.S.C. 3621, *et seq.*, the Postal Service filed with the Postal Rate Commission (PRC) a request for a recommended decision on a number of mail classification reform proposals. The PRC designated the filing as Docket No. MC95-1 and proceedings are currently under way before the PRC in accordance with 39 U.S.C. 3624 and the PRC's rules of practice under 39 CFR 3001. A notice of the filing, with a description of the Postal Service's proposals, was published on April 3, 1995, in the **Federal Register** by the PRC. 60 FR 16888-16893.

In its classification reform Request, the Postal Service proposed the reform of four current subclasses of mail: the current regular First-Class Mail and First-Class postal and post cards subclasses would be replaced by Automation and Retail subclasses of First-Class Mail; the current regular rate bulk third-class mail subclass would be replaced by Regular, Automation, and Enhanced Carrier Route subclasses of Standard Mail; and the current regular second-class mail subclass would be replaced by Regular and Publications Service subclasses of a Periodicals class.

These proposals were developed through nearly 4 years of collaborative work by the Postal Service and

approximately 100 customers, many of whom are also representatives of the Mailers Technical Advisory Committee (MTAC), a group of mailing industry and trade association representatives who advise the Postal Service on a variety of mailing issues.

One of the areas on which the Postal Service sought advice was the simplification of mailing rules by, among other things, the standardization of basic requirements and preparation methods for the various classes, subclasses and categories of mail. This effort is reflected in the proposed mailing standards set out below.

The Postal Service also is seeking customer involvement in the development of its classification reform implementation plans and in the development of the mailing standards that it will implement if the classification changes pending before the PRC are adopted. To do so, the Postal Service has again sought the assistance of MTAC in establishing a mechanism to identify and advise the Postal Service on implementation issues.

With the participation of MTAC, the Postal Service established four Implementation Advisory Groups (IAGs), each tasked with a specific area of interest related to the classification reform proposals before the PRC—Letters, Flats, Periodicals, and Addressing. Each IAG is composed of responsible Postal Service managers and staff and members of MTAC and other mailers who have specific interest and expertise in the mailing areas being addressed by the IAG.

Each IAG has been asked to identify and advise the Postal Service on significant implementation issues. Each IAG has met at least twice and has provided advice on the Postal Service's planned implementation proposals and has identified other issues to be considered in the implementation rulemaking process. These issues are included in the discussion of the implementation proposals below.

The next steps in the Postal Service's implementation rulemaking process will be to consider the comments and proposals received in response to this advance notice of proposed rulemaking, along with further input from the IAGs, and formulate and publish a second advance notice that will request further comments and proposals on the planned implementation requirements.

The Postal Service expects to publish this second notice prior to the opening of the National Postal Forum in Philadelphia on August 27, 1995. The National Postal Forum is a semiannual gathering of mailing industry

representatives and representatives of the Postal Service that is sponsored by the National Postal Forum, Inc. This second notice of the planned implementation requirements also will be provided to Forum attendees and will be the subject of Forum presentations.

Following receipt and review of comments on this second notice, the Postal Service will incorporate its proposed implementation requirements, with any revisions made as a result of the comments, into restructured Domestic Mail Manual (DMM) provisions and publish those proposed DMM provisions as a proposed rule for notice and comment.

Assuming that the second advanced notice of proposed rulemaking is published in late August 1995, with 30 days for comments and a reasonable time period for review of those comments and revision of the DMM provisions, the Postal Service expects that the DMM proposed rule will be published in late October or early November 1995. Further comments will be sought and reviewed on this proposed rule, in anticipation of the completion of the classification reform docket before the PRC.

Pursuant to 39 U.S.C. 3624, the PRC will issue a recommended decision on the Postal Service's Request to the Governors of the Postal Service. This recommended decision is expected in January 1996. Pursuant to 39 U.S.C. 3625, the Governors will issue a final decision on the PRC's recommendations.

The Board of Governors then will set an implementation date. Publication of a notice announcing the Governors' decision and the issuance of final Domestic Mail Classification Schedule and Rate Schedule changes will be made immediately after the Governors act. A final rule adopting implementing DMM regulations will be published either with the notice of the Governors' decision or as soon thereafter as possible.

The remainder of this notice sets forth the implementation provisions that the Postal Service is currently considering for adoption if its classification reform proposals are recommended by the PRC and approved by the Governors. For the reasons noted above, the provisions have not yet been drafted in DMM language.

For ease of review, this information is organized by the classes, subclasses, and rate categories proposed by the Postal Service in its classification reform Request to the PRC. Each heading is followed by one or more statements of the pertinent classification language

proposed by the Postal Service for inclusion or retention in the Domestic Mail Classification Schedule (DMCS). A DMCS section reference is included in parentheses at the end of each statement for identification and reference purposes. (Because these proposed DMCS provisions are under review before the PRC as prescribed by 39 U.S.C. 3623, they are not subject to comment in this rulemaking process.) Where appropriate, following each DMCS statement, and indented under it, are statements of the mailing standards the Postal Service currently plans to implement through DMM changes if the pending classification changes are adopted.

The Postal Service has also included statements of pending issues related to these proposals. It is these planned DMM provisions and pending issues on which the Postal Service is seeking comment. The Postal Service also would like to know whether there are any additional proposals or issues that interested parties believe should be included in these classification reform implementation plans.

Neva R. Watson,

Acting Chief Counsel, Legislative.

I. FIRST-CLASS MAIL

A. GENERAL

- Any matter eligible for mailing (6000) may, at the mailer's option, be mailed as First-Class Mail (210).
- First-Class Mail may not exceed 70 pounds or 108 inches in length and girth combined (231).
- Certain matter must be sent as First-Class Mail (210).
- Postage for First-Class Mail must be paid in accordance with 240 (240).
- First-Class Mail must be deposited at places and times designated by the Postal Service (251).

B. RETAIL SUBCLASS (221)

1. General

- Each piece must weigh 11 ounces or less (221.1).

2. Single-Piece Rate Category

- All mailable matter may be mailed at the single-piece rates (210, 221.2).

3. Presort Rate Category

- Must be prepared in a mailing of at least 500 pieces (221.3a).
- Must be presorted, marked, and presented as prescribed by the Postal Service (221.3b).

—Nonupgradable letters and all flats and parcels must be packaged if there are 10 or more pieces to a 5-digit area, to a 3-digit area, or to an ADC; all remaining mail must be in mixed

ADC packages. Packages must be placed in 5-digit, 3-digit, ADC, and mixed ADC trays (letters and flats) or sacks (parcels).

- For flats and nonupgradable letters, all possible 5-digit packages must be prepared before 3-digit packages; same for preparation order for ADC and mixed ADC packages.
- Optional make-up for upgradable letters is full trays to 5-digit (optional), 3-digit, AADC, and mixed AADC (no minimum) sort levels.
- For letters, 1- and 2-foot trays must be used; for flats, flat trays must be used; for parcels, sacks must be used.

• The Postal Service prefers the use of both 1- and 2-foot trays to ensure optimum tray utilization. Industry concerns include the efficiency and cost of a production environment where both sizes are intermingled.

• For flats, a full tray is defined as one that contains at least a single stack of pieces lying flat that reaches the bottom of the hand-holds, but no more than can be contained in the tray with the cover secured in place. Trays of flats must be secured with two straps.

—Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation must be provided. Unresolved issues include whether PAVE will be mandatory for those categories where it is available, whether standardized documentation may be used instead, and what time period will be allowed for compliance when PAVE does become available.

—Mailing must be entered at an acceptance point designated by the Postal Service.

—Presort rate applies to all pieces in the mailing.

• Must meet the machinability, addressing, and other preparation requirements prescribed by the Postal Service (221.3c).

—Upgradable letters must be letter-size, automation-compatible physical pieces, with machine-printed nonscript addresses, an OCR read area and a barcode clear zone meeting reflectance requirements, and paper that can accept ink.

—Customer moves must be updated at least every 6 months (permissible methods are expected to include National Change of Address (NCOA) verification, Address Correction Service, and Address Change Service. The vendor community has developed several other ideas that could be used to meet this requirement. The Postal Service anticipates that formal proposals will be offered soon for evaluation.

—A certified process must be used at least once a year to ensure the accuracy of 5-digit ZIP Codes.

—A recommended checklist of possible ZIP Code verification options for address lists that are not computerized could be signed as a part of the verification process. Items to appear on the checklist might include manual verification using the most recent ZIP Code directory, a survey of the addressees currently in the address list to inquire about changes to ZIP Code information, participation in the current manual list correction service, turning the list over to someone else to verify, and use of approved software.

—Standardized address element format must be used. Standardized address element format does not refer to guidelines in USPS Publication 28, Postal Addressing Standards.

—Specifically, address element standardization means that the city name, state name, and ZIP Code or ZIP+4 are each elements of an address and must appear as the bottom line in the address block, in that order. The delivery address line must appear on the line immediately above the city, state, and ZIP Code line. For city-style addresses, the order of elements should be street number, predirectional (e.g., N, S, SW), street name, suffix (e.g., ST, AVE, RD), postdirectional (e.g., W, S, NE), and any necessary secondary unit designator (e.g., APT, STE, RM, UNIT) and number. For rural route or highway contract routes with box numbers in the address, the delivery address must contain the route number and box number in that order. With post office box addresses, the box number must follow the designation "PO BOX" or "POST OFFICE BOX." When any delivery address line information exceeds the space allowed, secondary information must be placed on the line above. This overflow information may not be placed on the line below the delivery address line. Address element standardization also means that the delivery address line elements should appear in the correct order.

—To help further clarify and respond to questions on the use of standardized address block format, the following information is provided:

• "Prestigious" city names may be used if associated with the correct ZIP Code.

• A state name may be fully spelled out or abbreviated according to the abbreviations in the USPS City State File.

- A city name must be spelled correctly enough not to create a duplicate within the state.
- Missing elements (e.g., directional or suffix) are not required if their omission does not create an ambiguous match.
- Street names must be spelled correctly enough not to create an ambiguous match.
- Abbreviations of words in street names may be used. (For recommended abbreviations, see USPS Publication 28, Postal Addressing Standards.)

4. Retail Discounts and Surcharges

a. Postal Card and Postcard Discount

- Matter must be a postal card or postcard (221.4) (232).
- Postal card or postcard must be of uniform thickness and must not exceed any of these dimensions: 6 inches long; 4.250 inches wide; 0.016 inch thick (232.1).

b. Nonstandard-Size Surcharge (221.5)

- If the mailpiece weighs 1 ounce or less and its aspect ratio (length of the mailpiece divided by its height) is less than 1.3 or more than 2.5; or if the mailpiece exceeds any of these dimensions: 11.500 inches long; 6.125 inches wide; or 0.250 inch thick (233).

c. Additional Presort Discount

- Applies to each piece weighing more than 2 ounces (221.6).

C. AUTOMATION SUBCLASS (222)

1. General

- Must be prepared in a mailing of at least 500 pieces (222.1).
 - Each piece must weigh 11 ounces or less (222.1).
 - Must be presorted, marked, and presented as specified by the Postal Service (222.1).
- All mailings must be presorted and presented in trays as described under the appropriate rate categories.
- Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation provided.
- Mailings must be entered at an acceptance point designated by the Postal Service.
- For flats, a full tray is defined as one that contains at least a single stack of pieces lying flat that reaches the bottom of the hand-holds, but no more than can be contained in the tray with the cover secured in place. Trays of flats must be secured with two straps.
- Must bear a barcode representing no more than 11 digits (not including

correction digits) as prescribed by the Postal Service (222.1).

- For letters, the mailing must be 100 percent delivery point barcoded. Production of 100 percent delivery point barcode (DPBC) mailstream requires resolving such issues as preprinted envelopes with less than a DPBC and the coding of destinations assigned a unique 5-digit ZIP Code or ZIP+4. A pure DPBC mailstream is needed to eliminate costly backflow of uncoded or non-DPBC pieces.
- For flats, the mailing must be 100 percent ZIP+4 or delivery point barcoded. For flats, the delivery point barcode will be optional; the ZIP+4 barcode, required. 100 percent barcoding for flats requires that each piece in a mailing (or segment or other subunit of a job) bear a ZIP+4 or DPBC.
- Must meet the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service (222.1).
- The current machinability requirements in DMM C810 must be met for letters, and those in DMM C820 must be met for flats.
- Coding Accuracy Support System (CASS) certified software must be used within 6 months of the mailing date or Multiline Accuracy Support System (MASS) certified equipment must be used to apply the barcode. This simply changes the current requirement for use of such software from within 1 year of mailing to within 6 months of mailing.
- Certified software used must match addresses to current CRIS file within 90 days of mailing date for letter-size carrier route rate mail. The “within 90 days of mailing” standard may require some mailers to update the carrier route codes in their address lists more frequently than every 90 days. This condition is influenced by the mailers’ production schedule and when, during that cycle, they would normally update carrier route codes.
- Customer moves must be updated at least every 6 months (permissible methods are expected to include National Change of Address (NCOA) verification, Address Correction Service, and Address Change Service. The vendor community has developed several other ideas that could meet this requirement. The Postal Service anticipates that formal proposals will be offered soon for evaluation.
- Barcoded tray or sack labels must be used. It is proposed that all sack and tray labels be barcoded (as specified in DMM M032), but it is not resolved

whether this requirement will be phased in.

- Barcoding must meet the current requirements in DMM C840.
- Courtesy or business reply envelope or card included in an Automation subclass mailing must be automation-compatible and bear a facing identification mark and a correct barcode for the return address. This will be phased in, in the future.

2. Basic Rate Category (Letters) (222.2)

- Must be letter-size mail (222.2).
- Must be presorted to AADC and mixed AADC in trays. A definition will be developed for the sequence of pieces in mixed AADC trays (for example, in 3-digit or AADC groups).

3. Three-Digit Rate Category (Letters) (222.3)

- Must be letter-size mail (222.3).
- Must be presorted to single or multiple 3-digit ZIP Code destinations as prescribed by the Postal Service (222.3).
- The Postal Service will allow 3-digit scheme sortation (that is, preparation of combinations of two or more 3-digit areas processed together in Postal Service schemes). Development of a national matrix is to be completed in the near future.
- Minimum of 150 pieces is required per 3-digit destination.
- Overflow trays are allowed when a full tray for the same destination is already prepared.
- A 3-digit make-up is required if sufficient volume.

4. Five-Digit Rate Category (Letters) (222.4)

- Must be letter-size mail (222.4).
- Must be presorted to single or multiple 5-digit ZIP Code destinations as prescribed by the Postal Service (222.4).
- Minimum of 150 pieces is required per 5-digit destination.
- Overflow trays are allowed when a full tray for the same destination is already prepared.
- A 5-digit scheme sort might be developed at a later date.
- A 5-digit make-up is optional.

5. Carrier Route Rate Category (Letters) (222.5)

- Must be letter-size mail (222.5).
- Must be presorted to carrier routes prescribed by the Postal Service (222.5).
- At least 10 pieces are required per route within 5-digit ZIP Code areas that are manually sorted to walk sequence by letter carrier or are processed on CSBCS equipment to delivery point sequence.

- A system is being developed to allow mailers access to the list of ZIP Codes for which carrier route presort will be allowed; monthly updates are proposed.
- The Postal Service will examine the number of routes that have fewer than 10 possible deliveries and determine whether to allow carrier route rates when pieces are prepared for all stops on such routes.
- Preparation in carrier route and 5-digit carrier routes trays is required.
- Carrier route make-up is optional.

6. Basic Flats Rate Category (222.6)

- Must be flat-size mail (222.6).
- Mail must be presorted to ADC and mixed ADC destinations.
- At least 10 pieces per destination must be prepared in packages.

- Flats trays must be used. For flats, a full tray is defined as one that contains at least a single stack of pieces lying flat that reaches the bottom of the hand-holds, but no more than can be contained in the tray with the cover secured in place. Trays of flats must be secured with two straps.

7. 3/5-Digit Flats Rate Category (222.7)

- Must be flat-size mail (222.7).
- Must be presorted to single or multiple 3- and 5-digit ZIP Code destinations as specified by the Postal Service (222.7).
- At least 10 pieces per destination must be prepared in packages.
- Flats trays must be used. For flats, a full tray is defined as one that

contains at least a single stack of pieces lying flat that reaches the bottom of the hand-holds, but no more than can be contained in the tray with the cover secured in place. Trays of flats must be secured with two straps.

8. Automation Discounts

- a. Postal Card and Postcard Discount
 - Must be a postal card or postcard (222.8).
 - Must be of uniform thickness and must not exceed any of these dimensions: 6 inches long; 4.250 inches wide; 0.016 inch thick (232).
- b. Additional Presort Discount
 - Applies to each piece weighing more than 2 ounces (222.9).

I-1 FIRST-CLASS MAIL
[Automation Subclass—Letters]

Sort level	Opt./req.	Rate qualification minimum	Tray levels	Rates letters ¹	Rates cards (cents)
Carrier route ²	Opt	10 pieces per route ...	Carrier route (full, no overflow)	23.2	13.7
Carrier route ² .....	.....do	10 pieces per route ...	5-digit carrier routes (no min.)	23.2	13.7
5-digit .....	.....do	150 pieces	5-digit (full, overflow allowed)	23.5	14.0
3-digit	Req .....	.....do	3-digit (full, overflow allowed)	25.0	15.5
AADC .....	.....do	N/A	AADC (full, overflow allowed)	27.0	17.5
Mixed AADC .....	.....do .....	.....do	Mixed AADC (no min., grouped by AADC) ...	27.0	17.5

¹ First-ounce rate. Each additional ounce is 23.0¢. Additional presort discount for pieces over 2 ounces 4.6¢.

² Carrier route sortation and rates limited to nonautomated and CSBCS sorted ZIP Codes

I-2 FIRST-CLASS MAIL
[Automation Subclass—Flats]

Sort level	Optional/required	Package/rate qualification minimums ¹	Tray levels	Rate ² (cents)
5-digit	Required	10 pieces	5-digit (full, no overflow)	27.0
3-digit .....	.....do .....	.....do	3-digit (full, no overflow)	27.0
ADC .....	.....do .....	.....do	ADC (full, no overflow)	29.0
Mixed ADC .....	.....do	No min	Mixed ADC (no min.)	29.0

¹ Rate based on package without regard to the tray in which it is placed.

² First-ounce rate. An additional nonstandard surcharge of 5¢ applies to each piece weighing 1 ounce or less that falls outside the standard letter dimensions. Each additional ounce is 23.0¢. An additional presort discount of 4.6¢ applies to each piece weighing over 2 ounces.

I-3 FIRST-CLASS MAIL
[Retail Subclass—Presort Letters]

Sort level	Opt./req.	Package minimum	Tray levels	Rate letters (cents) ¹	Rate cards (cents)
5-Digit	Required	10 pieces	5-Digit (full, no overflow)	30.0	19.0
3-Digit .....	.....do .....	.....do	3-Digit (full, no overflow)	30.0	19.0
ADC .....	.....do .....	.....do	ADC (1/2 full, no overflow)	30.0	19.0
Mixed ADC .....	.....do	No min	Mixed ADC (no min.)	30.0	19.0

OPTIONAL MAKE-UP FOR UPGRADABLE PIECES

5-Digit	Optional	N/A	5-Digit (full, no overflow)	30.0	19.0
3-Digit	Required .....	.....do	3-Digit (full, no overflow)	30.0	19.0
AADC .....	.....do .....	.....do	AADC (full-sequenced by 3-digit ZIP Code, no overflow).	30.0	19.0

I-3 FIRST-CLASS MAIL—Continued
[Retail Subclass—Presort Letters]

Sort level	Opt./req.	Package minimum	Tray levels	Rate letters (cents) ¹	Rate cards (cents)
Mixed AADC .....	.....do .....	.....do	Mixed AADC (no min., sequenced by 3-digit ZIP Code).	30.0	19.0

¹ First-ounce rate. Each additional ounce is 23.0¢. Additional presort discount for pieces over 2 ounces 4.6¢. Single-Piece Rates: No presort, no minimum.

I-4 FIRST-CLASS MAIL
[Retail Subclass—Flats, Parcels Under 11 Oz.]

Presort rate

Sort level	Optional/required	Package minimum	Tray levels (Sacks for parcels)	Rate ^{1,2} (cents)
5-Digit	Required	10 pieces	5-Digit (full, no overflow)	35.0
3-Digit .....	.....do .....	.....do	3-Digit (full, no overflow)	35.0
ADC .....	.....do .....	.....do	ADC (full, overflow allowed)	35.0
Mixed ADC .....	.....do	No min	Mixed ADC (no min., sequenced by 3-digit ZIP Code).	35.0

¹ First-ounce rate of 30¢ plus the 5¢ nonstandard surcharge applicable to pieces weighing 1 ounce or less.

² Each additional ounce is 23.0¢. An additional presort discount of 4.6¢ applies to each piece weighing over 2 ounces. Single-Piece Rates: No presort or minimum.

II. STANDARD MAIL

A. GENERAL

- Any matter eligible for mailing (6000) may, at the mailer's option, be mailed as Standard Mail except certain matter required to be sent First-Class Mail or Periodicals class (311).
- May include printed matter not having the character of actual or personal correspondence (312).
- May have certain written additions (313).
- May not exceed 70 pounds (332).
- Postage must be paid in accordance with 340 (340).
- Must be deposited at places and times designated by the Postal Service (351).

B. REGULAR SUBCLASS

1. General

- Each piece must weigh less than 16 ounces (321.31).
 - Must be prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces (321.31a).
 - Must be presorted, marked, and presented as prescribed by the Postal Service (321.31b).
- Nonupgradable letters, flats, and irregular parcels must be packaged if there are 10 or more pieces to a 5-digit area, to a 3-digit area, or to an ADC; all remaining mail must be in mixed ADC packages. Packages must be placed in 5-digit, 3-digit, ADC, and mixed ADC trays (letters) or sacks (flats and irregular parcels). Current exceptions to packaging of irregular

parcels in DMM M306.2a and M306.2b apply.

- Machinable parcels must be sacked to 5-digit destinations (optional if 3/5 rates are not claimed) and destination BMCs when there are 10 or more pounds of mail for a sack destination, with remaining parcels sacked to the origin BMC.
- Palletization of flats is permitted and preferred.
- “Fletters” (larger letter-size pieces that are barcoded and claimed at the barcoded rates for flats) may receive the option of being prepared in packages on pallets.
- Optional make-up for upgradable letter pieces is full trays to 5-digit (optional), 3-digit, AADC, and mixed AADC (no minimum) sort levels.
- For letters, 1-foot and 2-foot trays must be used; for flats and parcels, sacks must be used. The Postal Service prefers both 1- and 2-foot trays as a means to ensure optimum tray utilization. Industry concerns include the efficiency and cost of a production environment where both sizes are intermingled.
- Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation must be provided. Unresolved issues include whether PAVE will be mandatory for those categories where it is available, whether standardized documentation may be used instead, and what time period will be allowed for compliance when PAVE does become available.

—Mailings must be entered at an acceptance point designated by the Postal Service.

- Must meet machinability, addressing, and other preparation requirements prescribed by the Postal Service (321.31c).
- Upgradable letters must be letter-size, automation-compatible physical pieces, with machine-printed nonscript addresses, an OCR read area and a barcode clear zone meeting reflectance requirements, and paper that can accept ink.
- A certified process must be used to ensure the accuracy of 5-digit ZIP Codes at least once a year.
- A recommended checklist of possible ZIP Code verification options for address lists that are not computerized could be signed as a part of the verification process. Items to appear on the checklist might include manual verification using the most recent ZIP Code directory, a survey of the addressees currently in the address list to inquire about changes to ZIP Code information, participation in the current manual list correction service, and turning the list over to someone else to verify use of approved software.
- Standardized address element format must be used. Standardized address element format does not refer to the guidelines in USPS Publication 28, Postal Addressing Standards.
- Specifically, address element standardization means that the city name, state name, and ZIP Code or

ZIP+4 are each elements of an address and must appear as the bottom line in the address block, in that order. The delivery address line must appear on the line immediately above the city, state, and ZIP Code line. For city-style addresses, the order of elements should be street number, predirectional (e.g., N, S, SW), street name, suffix (e.g., ST, AVE, RD), postdirectional (e.g., W, S, NE), and any necessary secondary unit designator (e.g., APT, STE, RM, UNIT) and number. For rural route or highway contract routes with box numbers in the address, the delivery address must contain the route number and box number in that order. With post office box addresses, the box number must follow the designation "PO BOX" or "POST OFFICE BOX." When any delivery address line information exceeds the space allowed, secondary information must be placed on the line above. The overflow information may not be placed on the line below the delivery address line. Address element standardization also means that the delivery address line elements should appear in the correct order.

—To help further clarify and respond to questions on the use of standardized address block format, the following information is provided:

- "Prestigious" city names may be used if associated with the correct ZIP Code.
- A state name may be fully spelled out or abbreviated according to the abbreviations in the USPS City State File.
- A city name must be spelled correctly enough not to create a duplicate within the state.
- Missing elements (e.g., directional or suffix) are not required if their omission does not create an ambiguous match.
- Street names must be spelled correctly enough not to create an ambiguous match.
- Abbreviations of words in street names may be used. (For recommended abbreviations, see USPS Publication 28, Postal Addressing Standards.)

2. Basic Rate Category (321.22)

—Must be presorted to ADC or mixed ADC trays (letters) or sacks (flats and irregular parcels).

—Under the optional sortation for upgradable letters, this mail may be presorted to AADC and mixed AADC trays. Machinable parcels are presorted to origin BMC sacks and, if 5-digit sacks are not prepared, presorted to destination BMC sacks.

3. 3/5-Digit Rate Category (321.23)

- Must be presorted to single or multiple 3- and 5-digit ZIP Code destinations, as prescribed by the Postal Service (321.23).

—Must be presorted to 5-digit and 3-digit trays (letters) or sacks (flats and irregular parcels) and to 5-digit and destination BMC sacks (machinable parcels).

4. Destination Entry Discounts (321.24)

- Applies to mail prepared as prescribed by the Postal Service and entered at the destinating BMC or SCF (321.24).

C. AUTOMATION SUBCLASS (321.3)

1. General

- Each piece must weigh less than 16 ounces (321.3).
 - Must be prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces (321.3a).
 - Must be presorted, marked, and presented as prescribed by the Postal Service (321.3b).
- Presort must conform to that specified under rate categories.
- Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation must be provided.
- Mailings must be entered at an acceptance point designated by the Postal Service.
- Separately prepared packages of 100 percent barcoded, 5-digit barcoded, nonbarcoded, and carrier route presort flats may be palletized together in identified and segregated groups, and reported together on mailing statements and supporting documentation.
- Must bear a barcode representing no more than 11 digits (not including correction digits) as prescribed by the Postal Service (321.3c).
- For letters, mail must be 100 percent delivery point barcoded.
- For flats, mail must be 100 percent ZIP+4 or delivery point barcoded. The delivery point barcode will be optional, but the ZIP+4 barcode will be required. This standard requires that each piece in a mailing (or segment or other subunit of a job) bear a ZIP+4 or delivery point barcode.
- Must be letter-size or flat-size as defined by the Postal Service and must meet the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service (321.3d and 321.3e).
- The current machinability requirements in DMM C810 must be met for letters, and those in DMM C820 must be met for flats.

—Coding Accuracy Support System (CASS) certified software must be used within 6 months of the mailing date or Multiline Accuracy Support System (MASS) certified equipment must be used to apply the barcode. (This simply changes the current requirement for use of such software from within 1 year of mailing to within 6 months of mailing.)

—Certified software used must match addresses to current CRIS file within 90 days of the mailing date for letter-size carrier route rate mail. Updating carrier route information within 90 days of the mailing date may require some mailers to update carrier route codes monthly because of the length of their mail production cycles.

—Standardized address element format must be used. Standardized address element format does not refer to the guidelines in USPS Publication 28, Postal Addressing Standards.

—Specifically, address element standardization means that the city name, state name, and ZIP Code or ZIP+4 are each elements of an address and must appear as the bottom line in the address block, in that order. The delivery address line must appear on the line immediately above the city, state, and ZIP Code line. For city-style addresses, the order of elements should be street number, predirectional (e.g., N, S, SW), street name, suffix (e.g., ST, AVE, RD), postdirectional (e.g., W, S, NE), and any necessary secondary unit designator (e.g., APT, STE, RM, UNIT) and number. For rural route or highway contract routes with box numbers in the address, the delivery address must contain the route number and box number in that order. With post office box addresses, the box number must follow the designation "PO BOX" or "POST OFFICE BOX." When any delivery address line information exceeds the space allowed, secondary information must be placed on the line above. This overflow information may not be placed on the line below the delivery address line. Address element standardization also means that the delivery address line elements should appear in the correct order.

—To help further clarify and respond to questions on the use of standardized address block format, the following information is provided:

- "Prestigious" city names may be used if associated with the correct ZIP Code.
- A state name may be fully spelled out or abbreviated according to the abbreviations in the USPS City State File.

- A city name must be spelled correctly enough not to create a duplicate within the state.
 - Missing elements (e.g., directional or suffix) are not required if their omission does not create an ambiguous match.
 - Street names must be spelled correctly enough not to create an ambiguous match.
 - Abbreviations of words in street names may be used. (For recommended abbreviations, see USPS Publication 28, Postal Addressing Standards.)
 - Must use barcoded tray or sack labels. For flats, sack and tray labels must be barcoded as specified in DMM M032.
 - Barcoding must meet the current requirements in DMM C840.

2. Basic Rate Category (Letters)

- Must be letter-size mail (321.32).
- Mail must be presorted in AADC and mixed AADC trays.
- A definition will be developed for the sequence of pieces in mixed AADC trays (for example, in 3-digit or AADC groups).

3. Three-Digit Rate Category (Letters)

- Must be letter-size mail (321.33).
- Must be presorted to single or multiple 3-digit ZIP Code destinations as prescribed by the Postal Service (321.33).
- The Postal Service will allow 3-digit scheme sortation by customers (that is, preparation of combinations of two or more 3-digit areas that are processed together in Postal Service operating schemes). Development of a national matrix is to be completed in the near future.
- Minimum of 150 pieces is required per 3-digit destination.
- Overflow trays will be allowed when a full tray for the same destination is already prepared.
- A 3-digit make-up is required if sufficient volume.

4. Five-Digit Rate Category (Letters)

- Must be letter-size mail (321.34).
- Must be presorted to single or multiple 5-digit ZIP Code destinations as prescribed by the Postal Service (321.34).
- A minimum of 150 pieces is required per 5-digit destination.
- Overflow trays will be allowed when a full tray for the same destination is already prepared.
- A 5-digit scheme sort may be developed at a later date.
- A 5-digit make-up is optional.

5. Carrier Route Rate Category (Letters)

- Must be letter-size mail (321.35).

- Must be presorted to carrier routes prescribed by the Postal Service (321.35).
- A system is being developed to allow mailers access to the list of ZIP Codes for which carrier route presort is allowed; monthly updates are proposed.
- Must have at least 10 pieces per route within 5-digit ZIP Code areas that are manually sorted to walk sequence or are processed on CSBCS equipment to delivery point sequence.
- The Postal Service will examine the number of routes that have fewer than 10 possible deliveries and determine whether to allow carrier route rates when pieces are prepared for all stops on such routes.
- Mail must be prepared in carrier route and 5-digit carrier routes trays.
- A carrier route make-up is optional.

6. Basic Flats Rate Category

- Must be flat-size mail (321.36).
- Mail must be presorted to ADC and mixed ADC destinations. At least 10 pieces per destination must be prepared in packages.

7. 3/5-Digit Flats Rate Category

- Must be flat-size mail (321.37).
- Must be presorted to single or multiple 3- and 5-digit ZIP Code destinations as specified by the Postal Service (321.37).
- At least 10 pieces per destination must be prepared in packages.

8. Destination Entry Discounts

- Applies to mail prepared as prescribed by the Postal Service and addressed for delivery within the service area of the destination BMC (or ASF), SCF, or DDU. The DDU discount applies only to Carrier Route rate category mail (321.28).

D. ENHANCED CARRIER ROUTE SUBCLASS

1. General

- Each piece must weigh less than 16 ounces (321.3).
- Must be prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces (321.3a).
- Must be prepared, marked, and presented as prescribed by the Postal Service (321.3b).
- Mailing must be entered at an acceptance point designated by the Postal Service.
- Must be presorted to carrier routes as prescribed by the Postal Service (321.3c).
- Mail must be packaged if there are 10 or more pieces to a carrier route.

- The Postal Service will examine the number of routes that have fewer than 10 possible deliveries and determine whether to allow enhanced carrier route rates when pieces are prepared for all stops on such routes.
- Packages must be placed in carrier route sacks when 125-piece or 15-pound minimum per carrier route is met; remaining packages must be placed in 5-digit carrier routes sacks. Palletization of flats is preferred.
- The Postal Service will carry forward the current provisions applicable to 125-piece walk-sequence rates and allow the high-density rates when pieces are prepared for all possible deliveries on those routes that have fewer than 125 stops.
- Separately prepared packages of 100 percent barcoded, 5-digit barcoded, nonbarcoded, and carrier route presort flats may be palletized together in identified and segregated groups, and reported together on mailing statements and supporting documentation.
- Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation must be provided.
 - Must be sequenced as prescribed by the Postal Service (321.3d).
 - Must meet the machinability, addressing, and other preparation requirements prescribed by the Postal Service (321.3e).
- Certified software used must match addresses to current CRIS file within 90 days of the mailing date for carrier route rate mail. Updating carrier route information within 90 days of the mailing date may require some mailers to update carrier route codes monthly due to the lengths of their mail production cycles.
- Standardized address element format must be used. Standardized address element format does not refer to the guidelines in USPS Publication 28, Postal Addressing Standards.
- Specifically, address element standardization means that the city name, state name, and ZIP Code or ZIP+4 are each elements of an address and must appear as the bottom line in the address block, in that order. The delivery address line must appear on the line immediately above the city state and ZIP Code line. For city-style addresses, the order of elements should be street number, predirectional (e.g., N, S, SW), street name, suffix (e.g., ST, AVE, RD), postdirectional (e.g., W, S, NE), and any necessary secondary unit designator (e.g., APT, STE, RM, UNIT) and number. For rural route or

highway contract routes with box numbers in the address, the delivery address must contain the route number and box number in that order. With post office box addresses, the box number must follow the designation "PO BOX" or "POST OFFICE BOX." When any delivery address line information exceeds the space allowed, secondary information must be placed on the line above. Such overflow information may not be placed on the line below the delivery address line. Address element standardization also means that the delivery address line elements should appear in the correct order.

—To help further clarify and respond to questions on the use of standardized address block format, the following information is provided:

- "Prestigious" city names may be used if associated with the correct ZIP Code.
- A state name may be fully spelled out or abbreviated according to the abbreviations in the USPS City State File.
- A city name must be spelled correctly enough not to create a duplicate within the state.
- Missing elements (directional or suffix) are not required if their omission does not create an ambiguous match.
- Street names must be spelled correctly enough not to create an ambiguous match.

- Abbreviations of words in street names may be used. (For recommended abbreviations, see USPS Publication 28, Postal Addressing Standards.)

2. Basic Rate Category

- Mailings must be in line-of-travel sequence.
- This is not exact walk-sequence arrangement of the mailpieces. For line-of-travel sequence, the mailpieces are first sorted into the sequence in which the ZIP+4s are delivered by the carrier. The mailpieces are further sorted into ascending or descending numerical sequence within the number range associated with the ZIP+4.
- The Postal Service will examine the number of routes that have fewer than 10 possible deliveries and determine whether to allow enhanced carrier route rates when pieces are prepared for all stops on such routes.

3. High-Density Rate Category

- Applies to mail presented in walk-sequence order and meeting high-density requirements prescribed by the Postal Service (321.43).
- Mail must be at least 125 pieces per carrier route sorted to carrier walk-sequence.
- The Postal Service will examine the number of routes that have fewer than 10 possible deliveries and determine whether to allow carrier route rates when pieces are prepared for all stops on such routes.

- The current methods for walk-sequence address lists in DMM M304.5 may be used.
- It has been suggested that the Postal Service use line-of-travel sequence as an alternative to exact walk sequence.

4. Saturation Rate Category

- Applies to mail presented in walk-sequence order and meeting the saturation requirements prescribed by the Postal Service (321.44).
- There must be addressed pieces for at least 90 percent of the total active residential deliveries per route, or for at least 75 percent of the total active deliveries per route.
- The current methods for walk-sequence address lists in DMM M304.5 must be used.
- Further instructions will be developed for the preparation of letter-size pieces in this rate category (for example, use of sacks or trays).

5. Destination Entry Discounts

- Applies to mail prepared as prescribed by the Postal Service and addressed for delivery within the service area of the destination BMC (or ASF), SCF, or DDU (321.45).
- The Postal Service is working to align SCF, ADC, and BMC service area boundaries.
- Destination entry will not be required to mail at high-density or saturation walk-sequence rates.

II-1 STANDARD MAIL

[Automation Subclass—Letters (Third-Class)]

Sort level	Opt./req.	Rate qualification minimum	Tray levels	Rate ¹ (cents)
Carrier Route ²	Opt.	10 pieces per route	Carrier Route (full, no overflow)	14.1
Carrier route ² .....	.....do .....	.....do	5-Digit Carrier Routes (no min.)	14.1
5-Digit .....	.....do	150 pieces	5-Digit (full, overflow allowed)	15.5
3-Digit	Req. ....	.....do	3-Digit (full, overflow allowed)	16.8
AADC .....	.....do	N/A	AADC (full, overflow allowed)	17.5
Mixed AADC .....	.....do .....	.....do	Mixed AADC (no min., grouped by AADC)	17.5

¹ Destination discounts will also be available.

² Carrier Route sortation and rates limited to nonautomated and CSBCS sorted ZIP Codes.

II-2 STANDARD MAIL

[Automation Subclass—Flats (Third-Class)]

Sort level	Optional/required	Package minimum	Sacks ²	Rate ¹ (cents)
5-Digit	Required	10 pieces	5-Digit (min. 125 pieces or 15 lbs.)	19.0
3-Digit .....	.....do .....	.....do	3-Digit (min. 125 pieces or 15 lbs.)	19.0
ADC .....	.....do .....	.....do	ADC (min. 125 pieces or 15 lbs.)	23.7
Mixed ADC .....	.....do	No min	Mixed ADC (no min.)	23.7

¹ Rate is based on type of package regardless of sack in which, or pallet on which, it is placed. Destination discounts will also be available.

² Palletization preferred. Pallet destinations are not the same as sack levels shown.

II-3 STANDARD MAIL
[Regular Subclass—Letters (Third-Class)]

Sort level	Opt./req.	Package min.	Tray levels	Rate ¹ (cents)
5-Digit	Required	10 pieces	5-Digit (full, no overflow trays)	21.9
3-Digit .....	.....do .....	.....do	3-Digit (full, no overflow trays)	21.9
ADC .....	.....do .....	.....do	ADC (½ full, no overflow trays)	26.1
Mixed ADC .....	.....do	No min	Mixed ADC (no min.)	26.1

OPTIONAL MAKE-UP FOR UPGRADABLE PIECES ¹

5-Digit	Optional	N/A	5-Digit (full, no overflow)	21.9
3-Digit .....	.....do .....	.....do	3-Digit (full, overflow allowed)	21.9
AADC .....	.....do .....	.....do	AADC (full, sequenced by 3-digit ZIP Code)	26.1
Mixed AADC .....	.....do .....	.....do	Mixed AADC (no min., sequenced by 3-digit ZIP Code).	26.1

¹ Destination discounts will also be available.

II-4 STANDARD MAIL
[Regular Subclass—Flats and Parcels (Third-Class)]

Presort rate				Minimum piece rate ^{3,4} (cents)
Sort level	Optional/required	Package minimum ¹	Sacks ^{1, 2}	
5-Digit	Required	10 pieces	5-Digit (min. 125 pieces or 15 lbs.)	23.7
3-Digit .....	.....do .....	.....do	3-Digit (min. 125 pieces or 15 lbs.)	23.7
ADC .....	.....do .....	.....do	ADC (min. 125 pieces or 15 lbs.)	30.5
Mixed ADC .....	.....do	No min	Mixed ADC (no min.)	30.5

¹ No packaging will be required for machinable parcels. Machinable parcels will be sacked to 5-digit and destination BMC whenever there are 10 pounds or more of mail for a sack destination, with remaining parcels sacked to the origin BMC. The 5-digit sacks will be optional for mail claiming basic rates.

² Palletization permitted and preferred. Pallet destinations are different from the sack destinations shown.

³ Rate is based on sack level for sacked mail. For packages on pallets, the rate is based on the package level.

⁴ Destination discounts will also be available.

II-5 STANDARD MAIL
[Enhanced Carrier Route Subclass (Third-Class)]

Sort level	Opt./req.	Package Minimum	Sacks ¹	Minimum per-piece rate (cents)
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SATURATION

Carrier route	Required	90% total active residential deliveries or 75% total active all deliveries per route (100% if simplified address).	CR (min. 125 pcs. or 15 lbs.)	13.5
			5D CR-RTS (no min.)	13.5

HIGH DENSITY

Carrier route	Required	125 pcs. per route	CR (min. 125 pcs. or 15 lbs.)	14.8
			5D CR-RTS (no min.)	14.8

BASIC

Carrier route	Required	10 pieces per route	CR (min. 125 pcs. or 15 lbs.)	15.5
			5D CR-RTS (no min.)	15.5

¹ Trays preferred for letters. Palletization preferred for flats.
No Residual.

III. PERIODICALS

The classification reform proposal changes the name for second-class mail to Periodicals. Second-class regular rate mail will be split into two subclasses: Publications Service and Regular Periodicals. Preferred second-class mail preparation rules and rates, including those for in-county mail, will not change as a result of the pending classification reform case.

A. GENERAL

1. Basic Requirements

The requirements listed below represent no change to current standards governing eligibility for second-class rates.

- Must qualify as General Publication, Requester Publication, Publication of Institution and Society, or Publication of a State Department of Agriculture (411.1).
- Must be mailable matter consisting of newspapers and other periodical publications (411.2).
- Must be regularly issued at stated intervals at least four times a year, bear a date of issue, and be numbered consecutively (411.3).
- Must have a known office of publication (411.4).
- Must be formed of printed sheets (411.5).
- No size or weight limits (430).
- Postage must be paid in accordance with 441 (441).
- Must be presorted as prescribed by the Postal Service (442).
- Must be identified as prescribed by the Postal Service (444).
- May have certain attachments and enclosures (443).
- Must file certain information (445).
- May contain enclosures and supplements as prescribed by the Postal Service (446).
- Must be deposited at places and times designated by the Postal Service (451).

2. General Publications

These requirements are the same as current standards for second-class mail.

- Must be for the purpose of disseminating information of a public character or must be devoted to literature, the sciences, art, or some special industry (412.2).
- Must have at least 50 percent paid circulation (412.31).
- Must have a legitimate list of subscribers (412.32).
- Must meet tests to ensure that it is not designed primarily for advertising purposes (for example, advertising may not exceed 75 percent in more than one-half of its issues during any 12-month period) (412.4).

3. Requester Publications

These requirements are the same as current standards for second-class mail.

- Must contain at least 24 pages (413.2).
- Must contain at least 25 percent nonadvertising (413.31).
- Must meet ownership and control test for advertising purposes (413.32).
- Must have a legitimate list of requesters, with at least a 50 percent distribution to requesters (413.41).

4. Publications of Institutions and Societies

These requirements are the same as current standards for second-class mail.

- Must meet General Publications advertising requirements (414.1).
- Must contain only publisher advertising unless certain conditions are met (414.1, 414.2).
- Must be published by an institution or society (414.1).

5. Publications of State Departments of Agriculture

These requirements are the same as current standards for second-class mail.

- Must be issued by a state department of agriculture (415).
- Must contain no advertising and must further the objective of the department (415).

6. Foreign Publications

These requirements are the same as current standards for second-class mail.

- Must have same character as domestic Periodicals (416).

B. REGULAR SUBCLASS

1. General Requirements

With the exception of the change in the description of rate categories, and possible presort changes explained below, the requirements for the Regular subclass have not changed from those currently applicable to regular second-class mail.

- Must be presorted, marked, and presented as prescribed by the Postal Service (421.1).
- Mail must meet current requirements in DMM M010, M020, M030, M041, M042, M200, M800, D200.
- Must meet machinability, addressing, and other preparation requirements prescribed by the Postal Service (421.1).
- Mail must meet current requirements in DMM A200, A800, C200, C800.

2. Regular Subclass Pound-Rate Category

These requirements are the same as current standards for second-class mail.

- An unzoned pound rate applies to nonadvertising portion of the publication (421.2).
- A zoned pound rate (rates are based on 9 zones) applies to the advertising portion (421.2).

3. Regular Piece-Rate Categories (421.3)

—Regular piece-rate categories include basic, 3- and 5-digit, and carrier route. These proposed categories eliminate the rate levels A, B, and C, making the presortation structure for Periodicals more consistent with other classes. The new 3- and 5-digit rate category replaces the current B3 and B5 rates. Mail presorted to all 3-digit destinations (not just to unique 3-digit destinations) will qualify for the 3- and 5-digit rate. This represents a change from today's regular second-class rate structure.

—Industry members of the Periodicals Implementation Advisory Group have suggested that the presort requirements for Regular and Publications Service rates be made the same for simplicity. Although the Postal Service did not anticipate making changes, except as noted to the current presort requirements for Regular Periodicals, it agrees that a single presort scheme would make sense and will evaluate the suggestion. Such changes would include eliminating the optional city, SCF, state, and SDC sortation levels. The Publications Service chart at the end of this section contains additional information on the proposed sortation scheme. The Postal Service is interested in the comments from publishers and other parties on whether the sortation requirements for Regular Periodicals should be the same as those for Publications Service.

4. Basic Rate Category (421.31)

a. Three- and Five-Digit Rate Category

- Must be presorted to single or multiple 3- and 5-digit ZIP Code destinations as prescribed by the Postal Service (421.32).

—In nonautomation rate mailings, rates apply to pieces in 5-digit, optional city, and 3-digit packages of six or more addressed pieces each that are correctly sorted to 5-digit, optional city, or 3-digit sacks.

—In packaged-based automation-rate letter-size mailings, rates apply to pieces in 5-digit packages of 10 or more pieces, and in optional city and 3-digit packages of 50 or more pieces, that are placed in 5-digit, optional city, 3-digit, SCF, or AADC trays.

—In barcoded rate flat-size mailings, rates apply to pieces in 5-digit, optional city, and 3-digit packages of six or more addressed pieces that are sorted to 5-digit, optional city, 3-digit, SCF, ADC, or SDC sacks.

b. Carrier Route Rate Category

These requirements are the same as current standards for second-class mail.

- Must be presorted to carrier routes as prescribed by the Postal Service (421.33).

—Mail must be prepared in packages of six or more addressed pieces each.

5. Regular Subclass Discounts (421.4)

a. Barcoded Letter Discounts

These requirements are the same as current standards for second-class mail.

- Must bear a barcode representing not more than 11 digits (not including correction digits) as prescribed by the Postal Service (421.41).

- Must meet the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service (421.41).

b. Barcoded Flats Discounts

These requirements are the same as current standards for second-class mail.

- Must bear a barcode representing not more than 11 digits (not including correction digits) as prescribed by the Postal Service (421.42).

- Must meet flats machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service (421.42).

c. High-Density Discount

High density refers to the current 125-piece walk-sequence category.

- Must be presented in walk-sequence order (421.43).

- Must meet high-density and preparation requirements prescribed by the Postal Service (421.43).

d. Saturation Discount

These requirements are the same as current standards for second-class mail.

- Must be presented in walk-sequence order (421.44).

- Must meet the saturation and preparation requirements prescribed by the Postal Service (421.44).

e. Destination Entry Discounts

These requirements are the same as current standards for second-class mail.

- Must be entered at the destinating SCF or DDU (421.45).
- DDU discount applies only to Carrier Route mail (421.45).

f. Nonadvertising Discount

These requirements are the same as current standards for second-class mail.

- A discount applies, based on the proportion of nonadvertising content (421.46).

C. PUBLICATIONS SERVICE SUBCLASS

1. General Requirements

There are three primary criteria that must be met in order to mail under Publications Service (each is further explained in this section):

(1) At least 75 percent of the mailed volume must be paid (for General Publications) or requested (for Requester circulation);

(2) At least 30 percent of the content in each issue must be nonadvertising matter; and

(3) At least 90 percent of each issue must be presorted to carrier-route, 5-digit, or 3-digit destinations.

The requirements that periodicals must meet to be eligible to mail at Publications Service rates are based on the entire mailed volume of the publication. These standards are based on mailed volume, rather than the entire circulated volume of the publication (that is, the volume that must be accounted for when a publication is audited for eligibility as Periodicals mail).

This change responds to publishers' requests that the Postal Service concern itself with only the mailed portion of a publication's circulation. Mailed volume for the purposes of these proposals includes all mailed copies (including mailed newsstand copies) except for those claimed at in-county, foreign, or First-Class, Priority Mail, or Express Mail rates.

2. 75 Percent Paid or Requester Circulation

- At least 75 percent of the mailed volume must be paid or requested (422.1).

—This differs from current second-class requirements in two ways: it is an increase in the paid/requested

requirement from 50 percent to 75 percent and it is applied against the mailed volume, not total circulation.

—Failure to meet this requirement will result in revocation of Publications Service eligibility.

3. 30 Percent Nonadvertising Content

- Must have at least 30 percent nonadvertising content in each issue (mailed volume except within county rate volume) (422.1).

—The 30 percent nonadvertising criterion applies to all mailed copies in the mailed volume (this does not include copies mailed at the in-county, foreign, First-Class, Priority Mail, or Express Mail rates.

—Failure to meet the 30 percent nonadvertising requirement will result in a 40 percent postage penalty assessment on the noncomplying issue.

4. 90 Percent Presorted to 3-Digit or Finer

- Must have at least 90 percent of each issue presorted to 3-digit or 5-digit destinations or to carrier routes (mailed volume except within county rate volume) (422.1).

—Copies count toward the 90 percent density criterion if they are part of a minimum of 24 pieces to a 3-digit destination all of which are properly presorted in packages of six pieces or more to carrier-route, 5-digit, or 3-digit destinations, as appropriate.

—Failure to meet the 90 percent presortation requirement will result in a 40 percent postage penalty assessment on the noncomplying issue.

- Must be presorted, marked, and presented as prescribed by the Postal Service (422.1).

—Barcoded letter mail must be prepared in trays.

—Flats must be packaged if there are six or more pieces to a 5-digit area, to a 3-digit area, or to an ADC; remaining mail prepared in mixed ADC packages. Packages may be placed on pallets or in 5-digit, 3-digit, ADC, and mixed ADC sacks. Flats may be optionally packaged to carrier route when there are six or more pieces per carrier route. Carrier route packages may be placed on pallets or in carrier route sacks or in 5-digit carrier routes sacks.

EXAMPLE OF 90 PERCENT CRITERION

Sort Levels	Publications 90% Criterion ZIP Codes						
	102	202	302	402	502	602	Total
Carrier Route	6	0	18	12	6	124	166
5-Digit	6	6	34	40	56	124	266
3-Digit	18	17	28	2	8	75	148
Total	30	23	80	54	70	323	580
Quantity Toward 90%	30	0	80	52	70	323	555
							95.69

The 23 pieces to ZIP Code 202 do not count toward the 90 percent requirement because there are fewer than 24 pieces to the 3-digit destination.

Two of the pieces to ZIP Code 402 do not count because they are not part of a package of six or more pieces. Because carrier route is an optional sortation level, the customer may choose to move four pieces from the carrier route qualifying portion to the 3-digit level to meet the six-piece minimum (this assumes that the finest level of sort for those four pieces is a 3-digit destination and not part of the 5-digit).

Although firm packages will continue to be considered a single addressed

piece for presort and postage purposes, all copies in firm packages of six or more and all copies in firm packages of fewer than six that are included in packages of six or more will count toward meeting the 90 percent presortation requirement.

For the purposes of the 90 percent criterion, an issue is considered to consist of all copies in the mailed volume that are mailed with that window of time during which the main file and most supplemental mailings for a particular title are deposited with the Postal Service. The mailing "window" includes all copies, regardless of cover

date, that are mailed between cover dates.

For example, the first copy of the January cover date of *XYZ Monthly* mails on January 1 and the first copy of the February cover date mails on February 1. During January, the issue might include the full main file of the January cover date, at least one supplemental run of the January cover date, at least one supplemental run of the December cover date, and possibly even a supplemental run of the November cover date. The following example shows how this determination is to be made:

Activity	Total pieces	Qualifying pieces	Qualifying percent
January main file	250,000	240,000	96
January supplement ¹	42,000	38,000	90
Do	15,000	14,000	93
January supplement	2,000	800	40
December supplement ¹	23,000	18,000	78
Do	9,000	8,000	89
December supplement	150	0	0
November supplement	1,300	800	62
Do	200	0	0
	342,650	319,600	93

¹ Comailing

In a comailing situation—for purposes of administering the 90 percent criterion—the Postal Service proposes to look at what happened to the individual title within the comailing. In other words, the qualifying pieces in the comailing are added to the qualifying pieces in the main file and any qualifying pieces in supplemental runs that were not comailed, and the final qualifying percentage is derived by dividing the total number of qualifying pieces by the total number of mailed pieces. Each individual PS Form 3541 will not have to meet the 90 percent criterion.

Publications Service titles may be comailed with Regular Periodicals. If a decision is made not to align the presort requirements in Regular Periodicals with that of Publications Service, if

Publications Service and Regular Periodicals are comailed, the entire comailing is to be prepared using the Publications Service sortation criteria.

In a comailing, penalties apply to the publication that fails to meet the requirements, not to the publications with which it is comailed.

- Must be presorted, marked, and presented as prescribed by the Postal Service (422.1).
- Barcoded letter mail must be prepared in trays.
- Flats must be packaged if there are six or more pieces to a 5-digit area, to a 3-digit area, or to an ADC; remaining mail prepared in mixed ADC packages. Packages may be placed on pallets or in 5-digit, 3-digit, ADC, and mixed ADC sacks. Flats may be

optionally packaged to carrier route when there are six or more pieces per carrier route. Carrier route packages may be placed on pallets or in carrier route sacks or in 5-digit carrier routes sacks.

- Barcoded container labels must be used (tray and sack labels that are either postal-provided or mailer-provided).
- Deposit times must be scheduled.
- Presort Accuracy Verification and Evaluation (PAVE) software must be used or standardized documentation must be provided.
- Mailings must be entered at an acceptance point designated by Postal Service. This requirement is the same as current standards for second-class mail.

- Must meet the machinability, addressing, barcoding, postage payment, containerization, and other preparation requirements prescribed by the Postal Service (422.1).
- For nonautomation compatible, non-carrier route rate mail, must use a certified process to verify the accuracy of mailing lists against USPS 5-digit ZIP Code file at least once a year.
- A recommended checklist of possible ZIP Code verification options for address lists that are not computerized could be signed as a part of the verification process. Items to appear on the checklist might include manual verification using the most recent ZIP Code directory, a survey of the addressees currently in the address list to inquire about changes to ZIP Code information, participation in the current manual list correction service, and turning the list over to someone else to verify, and use of approved software.
- For automation-compatible pieces other than carrier route rate flats, Coding Accuracy Support System (CASS) certified software must be used within 6 months of mailing date or Multiline Accuracy Support System (MASS) certified equipment must be used to apply the barcode. This simply changes the current requirement for use of such software from within 1 year of mailing to within 6 months of mailing.
- Must match addresses to current CRIS file using certified software within 90 days of mailing for carrier route rate mail.
- Standardized address element format must be used. The standard address element format refers to the positioning of elements within the address block, not to address placement on the piece itself. This requirement will apply to nonbarcoded pieces only, however, the Postal Service strongly recommends that all mailpieces contain an address that meets these standards.
- Address Change Service (ACS) must be used.
- Computer-based electronic payment systems must be used when those systems are developed. Electronic

- payment systems will not be required in the final rule, but they will be strongly recommended.
- New containerization requirements will be developed with mailers. For the purposes of this rulemaking, although sacks may be used, palletized sacks or packages (palletized trays for letter mail) will be the preferred containerization method.
 - Must bear a barcode representing not more than 11 digits (not including correction digits) on automation-compatible pieces other than carrier-route rate flats as prescribed by the Postal Service (422.1).
- If a mailpiece meets all machinable requirements, every piece (other than the carrier route flat qualifying portion) must be barcoded. All pieces must bear at least a 5-digit barcode and no less than 85 percent of the pieces must bear a 9-digit or delivery point barcode. If a piece is not machineable, barcoding is not required.
- Barcodes are defined by the current requirements in DMM C840.
- Automation compatibility is defined by the current requirements in DMM C810 for letters and in DMM C820 for flats.
- Must use a certified system or software to determine and document advertising and editorial percentages in each edition/issue when available.
- The Postal Service does not plan to require a certified system to audit advertising/nonadvertising percentages in these implementation rules. When such systems are developed in the future, and the Postal Service has reason to believe that they will be, the Postal Service expects to propose their use in a future rulemaking.
 - Must have a legitimate list of subscribers or requesters (422.1). (This requirement is the same as the current standard for second-class mail.)
 - Must be audited by a certified public accountant or a national circulation audit service as prescribed by the Postal Service (422.1).
 - Must be authorized to mail at Publications Service rates, and, if so authorized, may mail only at

- Publications Service and Within County rates (483).
- There will be an application process for authorization to mail in Publications Service with a proposed \$305 application fee. The application process has yet to be developed; however, it is expected to be similar to the current second-class procedures. A publisher will first have to show that the basic requirements for entry into Periodicals are met (such as frequency of issue). Then, compliance with the additional Publications Service criteria must be shown.
 - If a Publications Service authorization is withdrawn or revoked, a new authorization is not issued for 1 year (483).

5. Publications Service Pound-Rate Category

- A zoned pound rate applies to the entire publication (422.3). (This differs from current second-class standards in which only the advertising content of the publication is zone rated.)
- Rates apply to five zones. (This differs from current second-class and Regular Periodicals, which have 9 zones.)

6. Publications Service Piece-Rate Categories (422.4)

7. Basic Rate Category (422.41)

8. Carrier Route Rate Category

- Applies to mail prepared and presorted to carrier routes as prescribed by the Postal Service (422.42).
- Carrier route mail must be prepared in line-of-travel sequence.
- This is not exact walk-sequence arrangement of the mailpieces. For line-of travel sequence, the mailpieces are first sorted into the sequence in which the ZIP+4s are delivered by the carrier. The mailpieces are further sorted into ascending or descending numerical sequence within the number range associated with the ZIP+4.

9. Destination Entry Discounts

- Applies to mail entered at the destination SCF or DDU (422.5).
- DDU discount only applies to Carrier Route mail (422.5).

III-1 PUBLICATIONS SERVICE SUBCLASS—LETTERS

Sort level	Opt./req.	Package minimum	Tray levels	Rate
CR	Opt.	10 pieces per route ...	CR (full, no overflow)	Pub. Svc. CR
CR .....	.....do .....	.....do	5D CR-RT (no min.)	Do.
5-Digit .....	.....do	N/A	5-Digit (full, overflow allowed)	Pub. Svc.
3-Digit	Req. ....	.....do	3-Digit (full overflow allowed)	Do.

III-1 PUBLICATIONS SERVICE SUBCLASS—LETTERS—Continued

Sort level	Opt./req.	Package minimum	Tray levels	Rate
AADC .....	.....do .....	.....do	AADC (full, overflow allowed)	Do.
Mixed AADC .....	.....do	No minimum AADC sequence (with separations).	Mixed AADC (no min.)	Do.

III-2 PUBLICATIONS SERVICE SUBCLASS—FLATS

Sort level	Opt./Req.	Package minimum	Sacks	Rate
Firm	Opt.	2 copies .....	.....	Pub. Svc. or Pub. Svc. CR (depending on further packaging & sacking)
Carrier route .....	.....do	6 pieces per route	Carrier route (min., one 6-pc. pkg., required if 24 or more pieces).	Pub. Svc. CR
5-Digit	Req. ....	.....do	5-Digit carrier routes (no min.)	Do.
3-Digit .....	.....do	6 pieces	5-Digit (min., one 6-pc. pkg., required if 24 or more pieces).	Pub. Svc.
ADC .....	.....do .....	.....do	3-Digit (min., one 6-pc. pkg., required if 24 or more pieces).	Do.
Mixed ADCdo	6 pieces (fewer permitted).	ADC (min., one 6-pc. pkg., required if 24 or more pieces).	Do.
		No minimum	Mixed ADC (no min.)	Do.

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