

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

**AGENCY:** Postal Service.

**ACTION:** Second advance notice of proposed rulemaking.

**SUMMARY:** This notice provides updated information on the rulemaking process that the Postal Service is following to implement pending classification reform proposals, and to obtain comments and proposals on currently suggested implementing standards.

**DATES:** Comments on the implementation process or proposed standards must be received on or before September 29, 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 at the above address for inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday.

**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).

On June 29, 1995, the Postal Service published for public comment in the **Federal Register** an advance notice of proposed rulemaking (60 FR 34056-34069). That notice included an overview of the Postal Service's proposals in MC95-1, the process that was used in developing them, and the instant process being used to prepare for implementation of classification reform and to begin development of the standards to be used eventually in the Domestic Mail Manual (DMM). The notice also contained detailed information about issues that had been developed for consideration as part of the implementation process, prepared in a format that paralleled the listing of

requirements in the Domestic Mail Classification Schedule (DMCS) portion of the MC95-1 filing. Among the purposes for publishing the advance notice was the elicitation of comments on the proposed criteria under consideration for inclusion in DMM implementing standards, many of which had been developed with the advice of four Classification Reform Implementation Advisory Groups (IAGs), composed of appropriate Postal Service personnel and Representatives of the mailing community, convened as part of the process described in the notice. Readers who are unfamiliar with the content of the Postal Service's MC95-1 filing, or the process under way for implementation of MC95-1, are asked to review the June 29 notice for more details.

This second notice serves both to report a summary of the comments received from the earlier notice and to invite further comment from interested parties, both on the proposals shown below (that have been updated based on comments on the first notice and recent IAG discussions) and on the implementation process generally.

However, readers are reminded that this implementation rulemaking process is not a forum for dialogue about the contents of the Postal Service's filing; the merits of testimony, data, or evidence it has submitted in that case; or philosophical or public policy issues related to universal postal service, rate design, or the role of second-class mail. Those are among the issues being considered in the classification reform case pending before the PRC. As such, comments in those areas are beyond the scope of this rulemaking and will not be discussed if submitted.

Following receipt and review of comments on this second notice, the Postal Service will revise its proposed implementation criteria as appropriate and use them as the basis for developing the specific DMM standards that will be proposed for adoption if the changes proposed MC95-1 are adopted. The Postal Service plans to publish these DMM provisions as a proposed rule for notice and comment in the **Federal Register** in November.

Pursuant to 39 U.S.C. 3624, the PRC issues a recommended decision on the Postal Service's Request; this recommended decision is expected in January 1996. The PRC's decision is sent to the Governors of the Postal Service who, pursuant to 39 U.S.C. 3625, 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. After reviewing the comments received on the proposed rule published in the November notice in light of the PRC's recommendation and the Governors' decision, a final rule will be published adopting the appropriate DMM implementing standards. Publication of this notice will be either concurrent with publication of the Governors' decision or as soon thereafter as possible.

The succeeding section of the notice summarizes comment received on the first notice and discussions from recent IAG meetings. This material is organized by the subject areas represented by the IAGs letters, flats, addressing, and publications. Miscellaneous issues are reported thereafter.

Finally, the remainder of this notice presents the proposed implementation criteria in revised form to reflect changes that have been made based on the comments as well as new material. For ease of review, as in the first notice, this information is organized by the classes, subclasses, and rate categories proposed by the Postal Service in its MC95-1 filing. 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 DMCS. A DMCS section reference is included in parentheses at the end of each statement for identification and reference purposes. (Readers are reminded that, 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 that the Postal Service currently plans to implement through DMM changes if the pending classification changes are adopted. As in the earlier notice, the Postal Service has also included statements of pending issues related to these proposals. Readers are invited to comment on the proposed DMM provisions and the related issues that are shown, and to identify any additional proposals or issues that warrant inclusion in these classification reform implementation plans.

**Summary of Comments From First Notice**

The Postal Service received 89 pieces of correspondence offering a total of 538 comments on the June 29 notice.

Respondents included most major mailer associations, some individual publishers, printers, presort bureaus, mailers, and one private citizen. The comments do not lend themselves to easy categorization or direct association with specific provisions of the first notice's content. Rather, commenters tended to speak to general areas of concern, such as automation issues, or to common aspects of several proposed criteria, such as tray volumes for several different presort levels. Although the proposals were set forth in the first notice by class of mail or rate to which they pertained, comments tended to aggregate these into a single response.

The largest single area to which comments were generally directed was the preparation of automation subclass mail (First-Class and Standard); approximately 175 comments discussed issues in that area. Addressing issues were the focus of 88 comments, although most commenters mentioned addressing issues to some degree. Publications Service was the subject of 67 comments, with 7 other speaking about regular Periodicals as well. Nonautomation First-Class (Retail subclass) and Standard Mail (Regular and Enhanced Carrier Route subclasses) received a total of 25 and 87 comments, respectively. Another 89 comments discussed general issues, including some (like the role of second-class mail or the wisdom of classification reform) that are beyond the scope of this rulemaking. The specific points raised in the comments are presented below and, to the extent that changes have been made based on the comments, are reflected in the amended proposals that follow.

### Comments Regarding Letter Mail

#### General

Five comments were received that suggested changes to the minimum volume required for mailing at presort rates. Presort minimums are a matter before the PRC and are beyond the scope of this rulemaking.

Four comments were received concerning preparation of letter mail on pallets. Palletization issues (including the preparation of bundles and trays on pallets) are being considered as part of a separate rulemaking.

#### Automation Subclasses

**100% Barcoding.** Twenty-seven commenters responded to the proposal for 100% delivery point barcoded pieces within the Automation subclasses for First-Class and Standard letters. Two commenters supported this requirement. Seven commenters

indicated that splitting their mail lists into two separate mailstreams, one with delivery point barcodes and one without, will increase their mail preparation expenses and may result in more residual mail. One commenter was concerned that this could be a bigger problem for multiline optical character reader (MLOCR) combination/value added mailers. Three commenters were concerned about the need to re-meter pieces that could not be barcoded in an MLOCR environment; one indicated that the need to remeter could result in a 1-day delay of the mail. Two commenters indicated that this requirement would result in more single-piece rate mail, with one further stating that this was because smaller mailers may not have enough nonbarcoded pieces remaining after preparing the automation mailing to meet the separate 500- or 200-piece minimum quantity required for a separate mailing. Three commenters requested that single-piece rate mail be allowed to be included as "residual" to an Automation subclass mailing, thereby eliminating the need to re-meter and submit separate mailings with separate statements. Three commenters indicated that their organizations could not meet this requirement. Six commenters believed that this requirement should be phased in. One commenter recommended that the 100% requirement be revised to 95%. Two commenters wanted an explanation of what tolerance for error would be permitted. One commenter wanted an explanation of why this is needed because they believe that it will be more costly to the Postal Service to run nonbarcoded pieces through OCR equipment at origin to apply barcodes that it would be to sort nonbarcoded mail in with barcoded mail in destination trays and apply barcodes to nonbarcoded pieces at destination.

Seven commenters indicated the requirement for 100% barcoding for Automation subclass rate qualification should be deleted because the Postal Service cannot provide tools for customers to reach 100% barcoding. These commenters indicated that the postal databases do not contain information for new homes, rural addresses converted to street-style addressing, and some rural route post office boxes; and that the database contains uncodable addresses. One commenter was concerned that addressing conventions in Puerto Rico do not lend themselves to delivery point coding. The Postal Service developed and promoted the use of Address Element Correction service for the

purpose of assisting mailers to improve uncodable addresses. The Postal Service is currently exploring broader access to the service by licensing the address-matching software it has developed to commercial service providers. Recent meetings with representatives of the government of Puerto Rico are allowing the Postal Service to develop software that deals more easily with the unique addressing challenges found on the islands.

When mailers mix delivery point barcoded mail and non-delivery point barcoded mail within 3-digit and residual portions of their barcoded rate mailings, as is currently permitted, the non-delivery point barcoded mail is rejected from barcode sorters and must be rerun on MLOCRs or multiposition letter sorting machines (MPLSMs). Requiring mailers to prepare two separate mailstreams before presenting mail to the Postal Service eliminates these extra steps in handling non-delivery point barcoded mail and allows it to be directed properly from the start, resulting in more efficient Postal Service processing. If these requirements result in more nonbarcoded mail presented for OCR processing at the origin post office, the Postal Service believes that it has the operational capacity to process this mail. The processing efficiencies the Postal Service will gain from a 100% barcoded mailstream are reflected in the lower rates proposed for the Automation subclasses. In return for these larger discounts, mailers might have to perform the additional work of separating noncompatible mail. The Postal Service has noted the problems indicated by the commenters such as remetering the pieces and will work toward resolving these issues with mailers prior to implementation of classification reform.

"Heavy Letter Mail." Two commenters raised questions as to whether the maximum weight limit for automation letters would be increased to the "break point" for third-class bulk mail under classification reform. The maximum weight for automation-compatible letters is being studied as part of a separate program already under way using the "break point" for special third-class bulk mail. The results of this program will be announced separately and reflected in the implementing standards for MC95-1 as appropriate.

**Carrier Route Rates.** Nine comments were received regarding the carrier route barcoded rate. Two commenters indicated that limiting carrier route rates to areas where mail will be sequenced either manually or by carrier sequence barcode sorter (CSBCS) equipment allows some mailers an

unfair rate advantage over others based on geography rather than mail quality. One commenter mistakenly believed that carrier route rates would be unavailable to routes where the Postal Service did not have barcode sorters. Three commenters indicated that they needed to see the list before they could assess its impact on their operations. One commenter indicated that requiring mail to be matched against a list to split off pieces that cannot qualify for the carrier route rates will increase mailer processing costs. Two commenters indicated that monthly updates are not feasible, and that bimonthly update time frames could be met. One commenter indicated that the 5-digit carrier routes tray should be required to be full to limit the number of "air trays."

This requirement limits mailer preparation of carrier route packages of letter-size mail to those ZIP Codes where carrier route packages still provide some benefit to the Postal Service. For an increasing number of 5-digit ZIP Code areas, the Postal Service sorts mail for the entire 5-digit area to carrier routes and, within carrier routes, to the sequence that carriers use when delivering the mail, using two passes on delivery barcode sorters. Where this takes place, the carrier does not have to manually sort this mail into delivery or "walk" sequence. Accordingly, for these 5-digit ZIP Code areas, it does not make sense for the Postal Service to give mailers a discount for preparing carrier route packages that might have to be manually sorted to the carrier, and would always have to be manually cased by the carrier into delivery sequence. CSBCSs sort mail to delivery sequence, but the mail must already be sorted to the carrier route level before it can be processed on the CSBCS. Therefore it will still make sense for the Postal Service to offer carrier route discounts for mail that it sorts on CSBCSs and for mail on those routes that are sequenced manually. Over the next 2 years, the Postal Service will be deploying both delivery barcode sorter (DBCS) and CSBCS barcode equipment and implementing delivery point sequence (DPS) processing. This will result in frequent changes to the ZIP Codes that are processed by the different types of equipment. In some cases, 5-digit ZIP Codes may change from being DPS processed on DBCSs to being DPS processed on CSBCSs. Accordingly, during this period, frequent updating of the areas where carrier route sortation is permissible will be crucial to efficient postal processing of mail. However, the Postal Service will be mindful of the constraints that frequent updates

represent for its customers, as noted in the comments. The Postal Service can provide a list of the current 5-digit ZIP Codes where carrier route sortation will not be permitted for planning purposes. Due to its length, the list will not be published as part of this notice. However, mailers may request a copy by writing to the address at the beginning of this notice. Mailers should keep in mind that, for the reasons explained above, this list is likely to change by the time classification reform is implemented.

The Postal Service limited the traying requirements for the carrier route rate to carrier route and 5-digit carrier route trays to eliminate sortation of carrier route packages at the mail processing plant level. In the interest of mailer qualification levels, the Postal Service planned to allow the 5-digit trays to be less-than-full trays. However, the Postal Service will revisit this issue in light of the comment concerning the number of "air trays" that could result.

Scheme Sortation. Eight comments were received concerning scheme sortation of Automation Subclass First-Class and Standard letters. Two commenters requested clarification as to whether 150 pieces would be needed for each 3-digit ZIP Code area combined in the scheme, or only in total to all the 3-digit areas combined, in order to qualify for 3-digit Automation (barcoded) rates. Two commenters indicated that the proposed 5-digit and 3-digit schemes should be published for review by mailers. Two commenters stated that 5-digit scheme sort should be done promptly. Two commenters stated that the schemes should be available to mailers both in hard copy and electronic form. Three commenters believed that scheme sort should be optional; one stated that scheme sort could not be performed for his mailings because they could contain up to seven different thicknesses of pieces. Three commenters requested clarification as to whether 3-digit scheme sort is optional and, if optional, whether mailers can choose just to do scheme sort to certain ZIP Code combinations but not all. One commenter suggested that the 3-digit scheme sort list be the current labeling list in DMM L803.

Although the Postal Service is beginning work on a 5-digit scheme list for Automation subclass letters, it is not available at this time; a preliminary 3-digit scheme list for Automation subclass letters is provided in this notice for mailers' planning purposes. Upon implementation of classification reform, finalized listings of 5-digit and/or 3-digit schemes for Automation subclass letters will be available to

mailers in both electronic and hard copy form. Mailers should note that, because the 3-digit scheme list represents 3-digit ZIP Codes ranges that are processed simultaneously on the same incoming primary barcode sort scheme, it does not apply to upgradable mail in the Retail subclass, which will be initially processed on OCR equipment rather than barcode sorting equipment. For the same reason, the current DMM L803 AADC labeling list for ZIP+4 rate mail prepared under the automated site option (which is also processed initially through OCR equipment) is not appropriate as a 3-digit scheme list for the Automation (Barcoded) subclass. Regarding the volume needed per scheme group, because the 3-digit scheme list indicates 3-digit ZIP Code ranges that are processed at the same time, the proposed 150-piece tray standard for the 3-digit Automation subclass rate will be based on the total number of pieces destined for the combined ZIP Code range rather than on the volume to any individual 3-digit ZIP Code area.

Because the 3-digit scheme list represents instances in which the Postal Service always sorts a particular combination of 3-digit ZIP Codes at the same time on an incoming primary barcode sorter, the Postal Service prefers to require that Automation subclass letters be sorted according to the 3-digit scheme matrix. Discussion of this issue with the Letters IAG resulted in the interim position reflected in the implementation provisions in the latter half of this notice, i.e., that 3-digit scheme sort would be optional, but that if mailers choose to use it they would have to use it for all ZIP Codes. In view of the comments received requesting that 5-digit and 3-digit scheme sort be optional, the Postal Service hereby requests further comments from mailers, particularly explaining why making scheme sort a requirement would be burdensome.

Piece Sequencing. One commenter requested clarification as to what the sequencing requirements for pieces within mixed-AADC trays will be. The Postal Service has published an explanation of these requirements in the latter part of this notice, basically stating that the pieces must be grouped by AADC, and within the AADC groups by 3-digit ZIP Code or 3-digit scheme. In addition, a requirement to group mail in AADC trays by 3-digit ZIP Code or 3-digit scheme has been added for mailer comment. The required groupings within the trays do not have to be in any required sequence, i.e., although all the pieces for the same 3-digit ZIP Code would have to be grouped together in an

AADC tray, it is not required that these 3-digit groups be placed in the trays in ascending numerical order. These grouping requirements are for verifying that mail was presorted to the finest extent required.

**Banding Packages.** One commenter asked whether the banding of packages was being reconsidered and indicated a belief that moving away from banding of packages is in the best interest of both the Postal Service and mailers. For automation subclass letter mail, banding of packages will be required only when less-than-full trays are prepared in order to keep the pieces in the tray faced during transit. A less-than-full tray could result when 150 or more pieces physically fill less than three-fourths of a 1-foot tray, or when there is overflow from a physically full tray. However, because the banded groups in the tray will all be for the sortation level of the tray, the Postal Service will not need to sort the packages, just break the bands prior to processing the pieces on automated equipment.

**Full Trays.** Twenty-two comments were received concerning the full tray requirement of 150 or more pieces to obtain 5-digit and 3-digit Automation letter rates. Fourteen commenters indicated that the 150-piece quantity was too high; six of them indicated that this requirement will all but eliminate any postal discount for small mailers. One large mailer indicated that it will hurt qualification levels of off-cycle bills that form smaller mailings. Eleven commenters believed that this requirement will result in mail that is less finely presorted, thereby increasing the workload of the Postal Service. Two commenters requested a return to package-based presort, one suggesting uniform 50-piece package requirements for both 5-digit and 3-digit mail. One commenter stated that the 150-piece rule seemed arbitrary. Nine commenters indicated that the requirement should be 150 pieces or a physically full tray. Three of these commenters indicated that if the intent of the rule is to give discounts only for full trays of mail, that a physically full tray of mail that contains fewer than 150 pieces should still qualify for the rate. Four commenters indicated that mailers should have a choice of using either 150 pieces or a physically full tray similar to the current 125-piece/15-pound sacking rules for third-class mail. One commenter requested clarification that even if 150 pieces of mail do not fill a tray the pieces still qualify for the rate.

The Postal Service believes that the 150-piece minimum full tray requirement to qualify for Automation 5-digit and 3-digit letter discounts will

have a beneficial impact on its operations. Currently, there are three separate methods for presorting barcoded letter mail. When all the tray types for each of the three basic preparation methods are taken into account, there are currently 17 different tray configurations for barcoded letter mail. Sometimes these trays contain a mix of 5-digit and 3-digit packages; sometimes they contain only one or the other type of package; and sometimes they contain unpackaged pieces. Having a single method of preparing barcoded letter mail that requires only four tray levels for the non-carrier route portion will simplify postal operations as well as mailer preparation requirements. Having that method involve only handling trays of mail as a unit will further simplify and streamline postal operations. A study shows that currently for trays that contain packages, the packages are often not sorted by postal personnel because it is deemed more efficient simply to remove the packaging material and run the pieces in the tray through the appropriate barcode sorting operation. The Postal Service estimates that, overall, 44% of the packages in First-Class barcoded mailings are not used. Under current rules, if mailers do not have enough mail to fill a 2-foot tray to a particular 3-digit ZIP Code destination, the mail is prepared in 5-digit and/or 3-digit packages and placed in an AADC tray. A study shows that packages in First-Class AADC trays are not used 42.2% of the time. The Postal Service believes that any loss of presort that might result from the proposed full tray requirements will be offset by the permitted use of 1-foot trays and by the elimination of package sorting operations for this mail.

The Postal Service also believes that the Automation letter discount levels and preparation requirements will result in lower postage bills for barcoded mailings for most mailers. A study shows that under current Barcoded rate mailing rules, a large portion of mail qualifying for 5-digit and 3-digit rates is already prepared in full trays without packages. Specifically, it shows that 71.5% of First-Class pieces sorted to 3-digit destinations are placed in 3-digit trays that contain no packages, and 44.3% of First-Class barcoded letter mail sorted to 5-digit destinations is currently contained in 5-digit trays without packages. These figures are for 2-foot trays. Even more mail should be able to be placed in full 5-digit and 3-digit trays when preparation in 1-foot trays is allowed. Although several commenters indicated that even with

the use of 1-foot trays their 5-digit and 3-digit qualification levels will drop, they should consider that, if recommended by the PRC and adopted by the Governors of the Postal Service, they will still receive a 5-cent discount for mail sorted to AADC or mixed-AADC trays. This is only 6/10ths of a cent less than what they currently receive for 50-piece 3-digit packages. Furthermore, barcoded pieces in the residual portion of their current mailings that are receiving only a 1.5-cent discount will also receive a 5-cent discount under classification reform.

The number 150 represents the average number of pieces that fills three-fourths of a 1-foot tray. A number was chosen rather than use a standard requiring the actual physical filling of trays to make it easier for mailers using MLOCs to process pieces of varying thicknesses to determine how many pieces were sorted to particular tray levels when filling out mailing statements. This method also eases qualification problems for mailers of postcards and other thin pieces. Under the proposal, the 150-piece average is applied uniformly both for rate qualification purposes for the 5-digit and 3-digit Automation letter rates, and to determine when to prepare a particular sortation level of tray for presort purposes. The Postal Service is currently considering the comments requesting that this requirement be revised to either 150 pieces or a physically full tray. The result of that deliberation will be addressed in a subsequent proposed rule.

**Use of 1- and 2-Foot Trays.** Fifteen comments were received concerning the required use of both 1-foot and 2-foot trays. The commenters all indicated that using two different size containers in the same mailing will cause stocking and production problems. Six commenters requested that the rule be modified to allow use of all one size tray or both at the mailer's discretion. One commenter asked whether there will be a 1-foot extended managed mail (EMM) tray. One commenter asked what the procedures would be if the appropriate size trays are not available. Four commenters indicated that current presort software does not offer the option of using two different size trays. One commenter requested clarification that both sizes must be used in the same mailing where appropriate. Another commenter asked whether overflow from a 2-foot tray would be required to be placed in a 1-foot tray to the same tray level. Another commenter requested clarification as to which subclasses this requirement pertained.

The Postal Service plans to allow the rate qualification levels of Automation letters to be based on a 1-foot tray in order to make it easier for mailers to qualify for rates and to lessen any loss of presort. However, the Postal Service does not want to double its number of tray handlings by allowing a mailing to be prepared entirely in 1-foot trays. Furthermore, the Postal Service does not want to increase transportation costs by shipping an increased number of nearly empty 2-foot trays. Accordingly, the requirement to use both 1-foot and 2-foot trays where appropriate is considered necessary by the Postal Service. For example, when there is enough mail to fill a 2-foot tray, a 2-foot must be used. Overflow from that 2-foot tray that is not sufficient to fill another 2-foot tray must be placed in a 1-foot tray. The Postal Service expects that software developers will be able to take this into account when developing software for the new rules prior to implementation. It is planned that this requirement will pertain to all letter mail prepared in trays in all subclasses under classification reform. Currently, it is not projected that a 1-foot EMM tray will be available when classification reform is implemented. Accordingly, mail prepared in EMM trays will be prepared exclusively in 2-foot trays. Procedures will be developed at a time closer to implementation to deal with instances in which appropriate tray sizes are not available will be developed at a time closer to implementation. However, it is anticipated that there will be adequate supplies of both 1-foot and 2-foot trays at that time.

**Tray Sortation Levels.** Several comments were received concerning the tray level requirements. Two commenters suggested that the 3-digit tray level be made optional to allow mailers to make up just basic rate trays. Two commenters indicated that traying to AADCs is difficult. One commenter indicated that there should be a limit on the amount of mixed-AADC mail submitted in a mailing. A basic premise of the classification reform proposal is to encourage mailer use of technology and bulk bypass of postal operations. Accordingly, the Postal Service believes that requiring 3-digit tray preparation is necessary. Preparation of AADC trays requires sorting to a list that contains groups of 3-digit ZIP Codes served by the same AADC. (AADC sortation is an element of existing preparation standards.) Although this may be difficult for some mailers, this level of tray is necessary to facilitate consolidation of mail to points closer to destination and to limit the number of

pieces in mixed-AADC trays that must be sorted at origin. The Postal Service does not believe that any other limits on the number of pieces sorted to the mixed-AADC level is necessary.

**Tray Slewing and Strapping.** One commenter asked whether slewing and strapping will be required for all mailings, and another indicated that he believed this should be required for all nonlocal mail. Another commenter indicated a belief that First-Class mailers should also be required to place air contract transportation (ACT) tags on trays of mail. However, two commenters indicated that they are opposed to such a requirement. Slewing, strapping, and ACT-tagging trays have been discussed during Letter IAG meetings, but proposed requirements were inadvertently omitted from the June 29 notice. The Postal Service is adding proposed requirements for slewing of all trayed letter mail, for both slewing and strapping all Automation subclass letters, and for ACT-tagging of First-Class Automation subclass letters. Comments on these slewing, banding, and ACT-tagging proposals are encouraged.

**Barcoded Tray and Sack Labels.** Ten comments were received concerning the planned requirement to use barcoded tray and sack labels within the Automation subclass. Two commenters agreed with this requirement, three encouraged phasing it in, and two disagreed with it, indicating that it would require additional equipment purchases. One commenter indicated he did not believe the current Postal Service system could keep up with customer demand for barcoded labels. One commenter requested clarification as to whether this requirement applied to all classes of mail and wondered whether it applied to pallets as well as to trays and sacks. The requirement applies only to First-Class and Standard Automation subclass mail and Periodicals Publications Service mail. It applies only to trays of letters, and sacks of flats, not to pallets. The physical requirements for the barcoded tray and sack labels will be those contained in current DMM M032. The Postal Service plans to make this requirement effective at the time when classification reform is implemented, and to specify inclusion of the correct content identifier number (CIN) in the barcode. Additional comment is welcome on the basic requirement for a barcoded label, and, separately, on the inclusion of CIN information.

**Reply Envelopes.** Nine comments were received concerning the proposed requirement that courtesy and business reply mailpieces included within pieces in a First-Class or Standard Automation

subclass mailing be physically automation compatible, bear a facing identification mark (FIM), and bear the correct barcode for the preprinted address. Two commenters stated that they agreed with this proposed requirement; four commenters disagreed. One commenter indicated that the requirement was confusing, particularly in regard to what is a correct barcode. Two commenters indicated that this requirement must be phased in to allow time for mailers to deplete existing stocks of reply mailpieces. Two commenters requested that the requirement be clarified to make it clear that the barcodes could be printed on inserts that appear through windows. The requirement will be clarified in this proposed rule to indicate that barcodes that appear through inserts will qualify. The Postal Service also plans to phase-in this requirement.

#### *Retail and Regular Subclasses*

**Upgradable Mail.** Nine comments were received concerning various requirements for Retail and Regular subclass letter mail preparation, including the preparation option for upgradable mail. All but one of the comments seemed to revolve around a lack of understanding about upgradable mail and the difference between normal and optional preparation for upgradable mail. One commenter disliked the requirement for an AADC tray level in upgradable mail.

A 30-cent rate is proposed for presorted mail in the First-Class Retail subclass. This rate is the same whether mail is prepared according to the normal preparation that involves packaging and traying or whether the mail is prepared under the upgradable preparation option. A 21.9 cent rate for mail trayed to 5-digit and 3-digit trays and a 26.1-cent rate for mail trayed to other destinations is proposed for mail in the Standard Regular subclass. Again, the rates are the same for both normal and upgradable preparation.

Upgradable mail is mail that meets both the current physical preparation requirements in DMM C810 for automation compatibility and the current requirements in DMM C830 for an OCR clear zone, a barcode clear zone, for reflectance requirements, and for paper that will accept water-based ink. The detailed type font requirements in DMM C830.2 will not be required; however, the pieces must have a machine-printed address in a nonscrip font. A ZIP+4 code is not required on an upgradable mailpiece. In Summary, upgradable mail is mail that can be processed on MLOCRs and that is likely

to be upgraded during this processing to mail that bears a delivery point barcode. In return for preparing a piece that can be processed on MLOCR equipment, mailers will be allowed to use a simpler method of mail preparation—the upgradable preparation option. The upgradable preparation option does not require presort to the 5-digit level and does not require packaging. Because this mail will flow through an automated mailstream, it is trayed to AADCs, not to ADCs.

**Use of Trays.** Three comments were received concerning the use of trays for Standard mail. One commenter was in favor of it, and two commenters were against it, particularly for non-upgradable mail. In the near future, the Postal Service will be using only trays for letter mail in its internal operations. Accordingly, mailer preparation of letter mail in trays will be needed at the time when classification reform is implemented for smooth operations within postal facilities.

### Comments Regarding Flat Mail

#### General

Of the 89 commenters, 25 commented on issues pertaining to flats. Comments covered such areas as copalletization of pieces in different rate levels, the rates available for “fletters,” traying requirements, package sizes, and 3-digit and 5-digit ZIP Code schemes. These topics are discussed in more detail below.

#### Copalletization and Commingling

Nine commenters expressed their support for copalletization of separately prepared packages of delivery point barcoded, 5-digit barcoded, nonbarcoded, and carrier route presort pieces. One commenter expressed a desire to have options on how to segregate packages of flats on pallets, reacting to earlier proposals in that regard. Questions have arisen in IAG sessions as to the combination of packages in sacks as well as on pallets. The Postal Service is agreeable to both pallets and sacks containing separate packages of the types described, and that physical separation of packages by rate level would not be required. These mixed pallets and sacks would be acceptable if prepared to other than 5-digit destinations because their processing needs make combination counter-productive. The proposed criteria presented later in this notice reflect these positions.

One commenter wanted to include trays as well as packages on pallets. This comment is not within the scope of this rulemaking. However, as

information, the Postal Service is conducting a separate rulemaking related to palletization, and commenters and other interested parties are asked to review that notice as appropriate (see 60 FR 39080–39088).

#### “Fletters”

“Fletters” were discussed in many comments. (“Fletters” are mailpieces that are within the size range for both automated letter processing and automated flats processing. The mailer must choose at the time of mail preparation the processing category for which the pieces will be prepared; rate eligibility is determined accordingly. The Postal Service has generally held that the mailer’s letter-or-flat choice must be uniform for all mailings of the same piece from the same job or list.)

The Postal Service has previously determined that “fletters” could be prepared on pallets if the mailer had chosen to qualify for the Barcoded rates for flats because palletization is appropriate for flats but not for letter-size mail. (The above discussion of comments on mixing packagings of different rate levels on pallets applies to “fletter” mailings as well.)

One commenter proposed that for mailpieces in the “fletter” range, the mailer be given the option to produce the mailing job as flats or to produce the different subclasses as flats or letters to obtain the lowest overall postage rates. One commenter suggested that the Postal Service extend coverage of the palletization option to all “fletters,” whether prepared to qualify for a flats rate or not. Another commenter wants the option to palletize both automation and nonautomation “fletters.” Several commenters want the Postal Service to allow “fletters” to be claimed as flats in all three subclasses (Regular, Automation, and Enhanced Carrier Route). Preparation of “fletters” for flats-based rates (i.e., the Barcoded rates for flats or the Enhanced Carrier Route subclass rates) would entitle them to palletization, but that such an option would not be available for “fletters” prepared to qualify for letter-based rates. Preparation of letters, flats, and “fletters” remains linked to the most efficient methods of production and processing that will yield the lowest combined cost of mailing. Currently, the Postal Service does not find significant benefit or an opportunity for general benefit for mailers in allowing letter mail (or “fletters” prepared at letter-based rates) to be packaged and palletized. Preparation of letter mail in trays on pallets is being considered as part of the palletization rulemaking

mentioned earlier. The proposed criteria below reflect these positions.

#### Definition of Flats

One commenter stated that the Postal Service should provide a definition of flats will allow letter-shaped catalogs that can be processed on new flat sorting equipment (e.g., the FSM 1000) to be eligible for the flats Automation rates, thus offering an option that would avoid the tabbing requirement for the letter Automation rates. A second commenter projects that catalog in the popular 6 $\frac{1}{8}$  inch by 10 $\frac{1}{2}$  inch size will be entered at the Automation nonletter (flat) rate in order to avoid letter requirements and urges the Postal Service to restudy the rules and their impact on these catalogs. The physical mailpiece standards for Automation rates are based on the capabilities of Postal Service automated processing equipment now in use. The possible amendment of those standards, as new equipment is developed or deployed, is not an issue germane to this rulemaking. The proposed criteria presented below remain predicated on current equipment abilities and limitations.

#### Preparation Questions

It was believed by one commenter that further clarification is needed in several areas, such as the need to better define the size or thickness of packages, citing as an example uncertainty on the handling of 19 flat-size pieces, each  $\frac{1}{3}$  inch thick, for the same ZIP Code. A second question concerned the handling of remaining pieces if all required packages of 10 or more pieces have been prepared to 5-digit, 3-digit, and ADC destinations. Should a mixed-ADC package be prepared, a 5-digit package, or, if the latter, should this 5-digit package be placed in mixed-ADC container? A third question had to do with Enhanced Carrier Route presort and whether it is required to be packaged in full, direct trays. The Postal Service is not attempting to address every “what-if” scenario at this point in the rulemaking and believes that many hypothetical situations will be clarified as this process continues. Regardless, it is the Postal Service’s intention to develop simple implementation standards that, by design, will not seek to evaluate all conceivable applications. Accordingly, commenters are asked to help craft basic standards that can be easily applied rather than detailed rules tailored for a succession of specialized situations.

Two commenters pointed out a discrepancy between the text and exhibit for the proposed standards for the Standard Regular subclass Basic rate

category for flats. The text indicated that at least 10 pieces were required to prepare a mixed-ADC package; the exhibit showed no minimum. There is no minimum for mixed-ADC packages. This has been corrected in the material below.

One commenter questioned the rationale for the requirement that First-Class flats must be prepared in flat trays while Standard Mail flats must be prepared in sacks, asking whether this approach is being adopted to differentiate between the mail classes. Another commenter said that Standard Mail should have the option of using trays or sacks. Packaging of fletters on pallets and within sacks should be allowed; traying should not be required. Another commenter favored the option of traying flats as well as letters, specifically referring to Enhanced Carrier Route letters and flats. The Postal Service has attempted to standardize equipment use in this rulemaking as much as practicable, given current and expected equipment availability. Whether Standard Mail flats will eventually be allowed use of flat trays cannot be determined at this time. This rulemaking will continue to specify sacks for Standard Mail flats not prepared on pallets. Pieces prepared for Enhanced Carrier Route subclass rates are presumed to be flats, and those rates reflect the costs for handling such pieces. Mailers who prepare letter-size pieces or fletters for the Enhanced Carrier Route subclass rates will not be entitled to tray such mail, notwithstanding the availability of trays for such pieces if prepared at letter-based rates. The proposed standards shown below reflect these positions.

One commenter believed that the sorting requirement for flats to 5-digit destinations is very restrictive, saying that it will be difficult to meet the

required densities to qualify for the rate and that this should be optional for the presort or automation rates. Without addressing the merits of the comment, the rates offered for flats do not include separate 5- and 3-digit rates as would be necessary to permit an optional 5-digit sortation. Because this circumstance is part of the rate design of the Postal Service's filing now being considered by the PRC, it is beyond the scope of this rulemaking.

Several commenters expressed the opinion that the Postal Service should consider extending the option of presorting to 3-digit and 5-digit ZIP Code schemes to flats as well as letters. The Postal Service is currently developing a 3-digit "scheme sort" matrix for letter mail. A 5-digit matrix is being developed as well and will be announced at a later date. Scheme sorts are possible for barcoded letter mail because of how such mail is processed: on sorters each having more than of 100 separations (bins). When two or more 3-digit ZIP Code ranges have a total number of possible 5-digit ZIP Code separations that is less than the maximum number of available bins on the sorter, a combined or scheme sort preparation is possible. Flat sorting equipment is different and does not have the number of bins necessary to allow 3-digit scheme sorts for flats. The Postal Service would be amenable to reconsidering the restriction of scheme sorts to letter mail as the evolution of its flat sorting equipment makes that reasonable.

One comment was received concerning the 100% ZIP+4 or delivery point barcode requirement for flats. This commenter wanted clarification that a 5-digit barcode would count toward the 100% barcoding requirement in those areas where only a 5-digit barcode could be obtained. For purposes of this

rulemaking, the Postal Service will propose that only a ZIP+4 or delivery point barcode will be acceptable toward fulfilling the barcode requirement.

**Comments Regarding Addressing**

*Carrier Route Updates*

Twelve mailers responded to the proposal that carrier route information be updated within 90 days of the mailing date. Mailers expressed both support and opposition to the proposal. Three commenters believed that the 90-day limit should not be relaxed, whereas seven others questioned the need to update more frequently and cited mailpiece production difficulties that would preclude them from meeting a 90-day coding window. Three mailers suggested that the product cycle for the Carrier Route Information System (CRIS) (and all other AIS products) move from a fulfillment of four times a year to six times a year; the Postal Service is exploring this option. Five others suggested that coding should occur within 120 days of the date of mailing.

Representatives in the Addressing IAG acknowledged that the current cycle allows route data to be up to 8-1/2 months old at the date of mailing and that this can require the Postal Service to rework significant portions of a carrier route presorted mailing. More route adjustment activity is expected to occur from route inspection and the required route adjustments associated with the implementation of delivery point sequencing. Three mailers asked whether the National ZIP+4 file could be used to apply carrier route codes instead of the CRIS product. The National ZIP+4 or Line-of-Travel (LOT) products may be used to update carrier route codes.

**CARRIER ROUTE UPDATE PROPOSAL**

File release date	Beginning use date	Last coding date	Last mailing date
February 15 .....	April 1 .....	May 31 .....	August 31.
April 15 .....	June 1 .....	July 31 .....	October 31.
June 15 .....	August 1 .....	September 30 .....	December 31.
August 15 .....	October 1 .....	November 30 .....	February 28.
October 15 .....	December 1 .....	January 31 .....	April 30.
December 15 .....	February 1 .....	March 31 .....	June 30.

Mailings must be coded using CASS-certified software within 90 days of the mailing date. For example, if addresses are coded with carrier route information on May 15, the mailing must be entered by August 15.

*Line of Travel Requirement*

The primary reaction of mailers to the line-of-travel requirement for Enhanced Carrier Route subclass basic carrier route rate mail concerned the product releases. The LOT product will be released in the same schedule as the current AIS products, e.g., ZIP+4 and

CRIS. Two mailers also favored the use of LOT as a sequencing option for the High Density rate category in the Enhanced Carrier Route subclass. Others commenters questioned whether true walk-sequence would meet the sequencing requirement; the Postal

Service never meant to imply that it did not.

Four commenters asked about the need for certification of software and about documentation that might be required. The software vendor community has several options on where the LOT information can be placed, wrapping it into presort software or into ZIP+4 products. Final documentation requirements will be finalized once commercial product issues have been resolved.

#### *Move Updates*

Thirty-five comments were received on the move-update proposal. Overall the commenters felt the proposal would be difficult to implement or too costly. Questions were raised over the legality of changing address information without input from the customer (addressee). The Postal Service has suggested that mailers could use the update notice from the Postal Service as a mechanism to trigger a contact with the customer for updated information; such as request could accompany a regular mailing to the customer.

The move-update requirement can be met now through several established methods. These include the "Address Correction Requested" (ACR) endorsement, where the mailpiece is returned to the mailer with the new address included; participation in Address Change Service (ACS), which provides an electronic notice containing the new address; and processing the addresses from a list using the National Change of Address (NCOA) service of a Postal Service-authorized vendor. Another solution for some federal agencies may be the Federal Address Correction Service, currently being tested, providing acceptable response levels are achieved.

Because the addresses are what must be verified, mailers who choose to employ one of these methods may do so on a mailing in another class of mail (e.g., using ACS on a Periodicals class or Standard class mailing). The updated process would then qualify the addresses for use on pieces mailed at First-Class rates.

The ACR endorsement can be added to envelopes in a number of ways: it can be preprinted on the envelopes, added to existing envelope stock through the application of labels or use of a rubber stamp, or printed on the envelope using other printers such as those found in MLOCRs and encoding stations. Some mailers raised questions about the need for this requirement in "non-list" mailings because the addresses would be more current. The Postal Service believes that there is benefit in these

cases as well and notes that the use of the ACR endorsement in these cases would cost a mailer very little because the number of returns should be minimal. The ACR fee is charged only on pieces that bear addresses that must be corrected.

Five mailers commented that they have established internal address correction centers because of the nature of their business. They inquired whether the Postal Service could "certify" their internal operations every 6 months instead of their adding an endorsement to their mailpieces. Fourteen others felt that the move-update requirement would be too costly to meet and might offset any postage savings from qualifying for a lower rate. Another suggested that the Postal Service cease forwarding mail and return anything that did not have the correct address because mailers obtaining lists from outside sources should ensure that the list has already been processed to meet this standard.

#### *5-Digit Verification*

There were few comments on this proposed requirement. One commenter asked whether the preparer or presenter of the mail would be held responsible for verifying 5-digit ZIP Codes. The Postal Service would ask the preparer of the mail to verify the accuracy of 5-digit barcodes unless a presenter, such as a presort service bureau, chose to verify the ZIP Codes for a client by adding the correct 5-digit barcode to the mailpiece.

Two others commented that the Postal Service should not allow noncomputerized methods of verification because inexpensive technology is readily available in the commercial marketplace. It was also suggested that mailers obtaining lists from outside sources should ensure that these lists have already been processed to meet this standard.

#### *Uniform Address Placement*

This proposed quality standard relates specifically to the bottom two lines of the address block. It specifies that the elements in those lines appear in a regular order. Four mailers described antiquated internal systems and the need for expensive programming changes that would make compliance with this standard difficult to achieve. The Postal Service believes that there are ways to hold address information and print routines that might prove less costly than some believe. For example, mailers can use software print routines to identify particular elements or fields and the order in which they should be printed. In addition, mailers can maintain addresses in separate files

from their base customer records and extract that information at the time of printing.

Six commenters were concerned about the recipient's reaction to receiving mail with an address unlike that which was supplied. The Postal Service believes that consumers are not the sole source of problem addresses. List compilation and data entry systems are also sources of addressing deficiencies. Mailers obtaining lists from outside sources should ensure that these lists have already been processed to meet the uniform address placement standard.

Several mailers commented that this requirement should not apply to Standard Regular subclass mail. The Postal Service is still evaluating this issue and will reflect its decision in a future rulemaking.

#### *Update Barcodes Every 6 Months*

Only one mailer presented arguments against this requirement. Two others suggested that the matching requirements be made more stringent and coincide with the 90-day requirement that is proposed for carrier route updates.

For mailers with large lists, the use of Z4Change could provide a solution. By using the Z4Change process, mailers can limit the number of addresses that need to be reprocessed. Once a mailer has matched all addresses in a list using currently certified software, and meets other operational criteria to participate in the program, only new addresses and those addresses where changes have occurred need to be rematched to the National ZIP+4 product. More specific details on the program are available by calling the National Customer Support Center at 1-800-238-3150.

#### **Comments Regarding Periodicals**

##### *General*

A total of 23 comments were received concerning the proposed implementation procedures for Periodicals. Of that number, 12 commenters expressed disapproval of the classification reform proposal before the Postal Rate Commission as it relates to Periodicals; those comments are beyond the scope of this rulemaking and will not be addressed. One commenter favored the entire proposal as written. The comments of 10 additional parties concerned specific parts of the proposals in the first notice.

##### *Presort Standards*

For commenters were in favor of the proposal to align the sortation rules for Regular Periodicals with those proposed

for Publications Service. Conversely, one publisher commented that the sortation scheme proposed for Publications Service is very complicated and should not be used for Regular Periodicals. The Postal Service has determined that it will propose aligned sortation of Regular Periodicals and Publications Service mail when it publishes DMM standards for comment later this year.

In regard to the preparation rules proposed for 1/3 rate category mail, one commenter stated that the Postal Service should put mail processing equipment in place as soon as possible to handle flats not currently automatable (e.g., tabloids, newspapers, and heavyweight magazines). With the exception of the requirements governing polybags, the Postal Service is not anticipating that the regulations for machinables will change in the near future. Although 100 new FSM 1000 machines have been purchased by the Postal Service, this is not a sufficient quantity to cause machinability requirements to be altered. Automation equipment is being evaluated on a site-by-site basis. Although the Postal Service would like to be able to process all types of flats on automated equipment, new machines will not be purchased until the current ones have been properly positioned for optimum utilization.

Commenting generally, one commenter considered the requirements for Regular Periodicals to be more stringent in certain instances than those proposed for Publications Service. Another commenter believed that the auditing requirements for the industry, and substantiating compliance with the 85% barcoding and 90% presort density requirements, will be burdensome and add increased administrative costs.

#### *Circulation Criterion for Publications Service*

Regarding the proposed 75% circulation criterion, one commenter believed that it would be appropriate to demand that publishers provide certification of a publication's compliance with the 75% paid/requested circulation on a per-issue basis. It was suggested that this could be accomplished by the submission of a report of the number paid/requested on file at the time of each issue's file maintenance update or label run as part of required Centralized Postage Payment (CPP) System documentation, and by adding a certification block for the publisher's signature on each mailing statement. The Postal Service will evaluate the documentation, including a publisher's certification on mailing statements; verification could be

performed on the same frequency as circulation is verified today.

Another commenter requested that the Postal Service stipulate that all mailed newsstand copies (regardless of the number returned or destroyed) be considered paid circulation for the purpose of meeting the 75% paid requirement. The Postal Service will consider this proposal and address it in a future rulemaking.

#### *30% Nonadvertising Criterion*

In regard to the proposed 30% nonadvertising content requirement, particularly if it were not met by only a minor portion of copies of an issue, one commenter expressed the opinion that the proposed 40% penalty should be assessed only on those copies that do not meet the 30% requirement instead of on the entire issue. The Postal Service has concluded that such an application of the penalty would significantly reduce its effectiveness in ensuring compliance; the proposed rule will retain the original provision that it would apply to the entire issue.

One commenter expressed concern that his publication could erroneously be assessed the 40% postage penalty because of a miscalculation in the advertising/editorial percentage by an outside auditor. The Postal Service is proposing that this audit be used only to validate compliance with the proposed 75% paid/requested circulation requirement. To ensure compliance with the proposed 30% nonadvertising content requirement, the Postal Service is considering including on the mailing statement a certification block for signature by the publisher, certifying that the minimum has been met. The outside auditor will not be responsible for confirming the advertising/editorial ratio. In the event that the Postal Service determines that an issue is in excess of 70% advertising, the publisher will be given ample opportunity to demonstrate compliance with the requirement before any penalty is assessed. The same commenter suggested that the Postal Service allow copies with advertising in excess of 70%, such as a regional edition, to be mailed at the higher third-class or fourth-class bound printed matter rates as an alternative to the entire issue being assessed a 40% penalty. The current mail classification schedule restricts publications from being mailed at third- or fourth-class rates except under limited conditions. As a result, the Postal Service is not able to consider such an alternative in this rulemaking.

#### *90% Density Criterion*

Regarding the 90% density criterion, one commenter specifically welcomed and endorsed the definition presented in the proposal. Although supporting the proposed 90% criterion in general, another commenter suggested that the wording be changed to allow different treatment "when the main file of an issue meets the 90% presortation requirement but supplemental mailings result in the issue falling below the 90% requirement, but not below 85%." This proposal relates to classification proposals under consideration in the case pending before the PRC and, as such, is beyond the scope of this rulemaking.

Three commenters favored the proposal's treatment of copies in firm packages. Four commenters expressed the view that interpretation of an "issue window" for administering the 90% criterion would be difficult and costly for both the Postal Service and the publisher. A second commenter supported this view, believing that the window requires publishers to main two different sets of data. This commenter suggested that the same set of data should be used to determine eligibility for all three primary criteria for Publications Service. Another commenter suggested that the Postal Service consider only a publication's "main run" for the purposes of the 90% criterion. Finally, an association commented that the proposed definition is too restrictive and suggested that the exact dates of the mailing window should be negotiated between a publisher and the Postal Service at the time of the publication's application for Publications Service. The Postal Service intends to ask publishers who apply for Publications Service to describe the window that makes sense for each respective publication. The Postal Service will be flexible in working with publishers in a reasonable manner to ensure that all publications have windows that are appropriately relevant to their frequencies of issuance (e.g., monthlies would each have 12 approximately equal windows).

Responding to a Postal Service proposal, one commenter specifically endorsed the provision that Publications Service preparation rules would apply if Publications Service and Regular preparation rules are not aligned and Regular and Publications Service publications were cmailed.

Concerning the application of penalties to a cmailed publication, one commenter observed that, because publications unable to meet the 90% density requirement on their own may

be comailed with other periodicals, publishers, together with their printers and/or fulfillment houses, will need to evaluate each publication individually, based on frequency, address list, etc., to determine whether comailing is a viable option. Two commenters mentioned that comailing can be difficult to achieve because publishers do not know from issue to issue which titles can be prepared in this manner because of magazine makeup. A concern was also raised that comailing might cause delays in serving subscription orders and thus violate Federal Trade Commission requirements.

#### *100% Barcoding of Machinable Pieces*

Regarding the issue of barcoding machinable mailpieces, one commenter observed that, because a machinable Publications Service publication must have a barcode unless it is a flat that is sorted to carrier route, and because carrier route mail is highly efficient, it would be counter-productive for mailers to choose to prepare this mail as barcoded mail just to achieve the 85% barcoding level. In response, the Postal Service will amend its proposal to allow the flat-size carrier route portion of Publications Service mail to qualify toward the 85% criterion, whether nonbarcoded or delivery point or ZIP+4 barcoded.

One commenter fully endorsed the 85% requirement but requested that the wording be adjusted to say "85% of the copies must be [ZIP+4] or delivery point barcoded" to ensure that the individual pieces in firm packages will be counted toward the 90% presortation requirement. Another commenter proposed that the Postal Service allow copies in firm bundles of flats to count toward the 85% barcoding requirement. The objective of the 85% criterion is to optimize the proportion of pieces that can be given automated processing. To the extent firm packages are amenable to such handling, it would not be relevant to the objectives of the 85% criterion if the component copies inside the firm package were barcoded. Therefore, the 85% criterion will be applied to consider the number of addressed pieces in the mailing, not the total number of copies.

One other commenter suggested that the 85% minimum be based on the entire mailed volume of an issue as opposed to only the carrier route portion of the mail. Still another commenter asked whether the barcoding requirement applies to nonautomation rate mailings. The Postal Service would like to clarify that the requirement pertains only to machinable mail, i.e., mail that meets all the standards in

DMM C810 and C820. Nonmachinable and carrier route flat mail does not have to bear a barcode.

Another commenter mentioned that it will be difficult to determine qualification with the 85% requirement because the mailing of an entire issue of many publications will be split between vendors (e.g., printers, fulfillment houses, publishers). Providing and consolidating documentation to support accumulation of barcode counts for these multiple mailings could prove to be a hardship. Clarification was requested on how this requirement will be measured, i.e., will the Postal Service review a single mailing or determine qualification based on the entire mailed volume of an issue or per edition? Compliance with the 85% criterion will be based on the entire mailed volume of the issue, encompassing all editions from all sources. Publishers will be responsible for having the supporting information available if requested by the Postal Service.

#### *Other Issues*

Regarding the proposal that "deposit times [for Publication Service mailings] must be scheduled," one commenter asked whether actual appointments will be required. The Postal Service has not determined that a formal appointment process is necessary at this time.

Concerning the required use of Presort Accuracy Verification and Evaluation (PAVE) software, one commenter suggested that presort software be required to produce a qualification report for multiple jobs (included in the mailing of an issue) as part of PAVE-certified output. The Postal Service will not consider this suggestion because it goes beyond the scope of this rulemaking.

On the proposal that computer-based postage payment systems must be used as they are developed, a commenter inquired whether this electronic payment system will use Graphic Communication Association's Publisher's Electronic Payment System (PEPS) file format. That determination cannot be made at this time.

Regarding the Publications Service pound-rate category, one commenter mentioned that zoning the full weight of a publication will prompt mailers to open more sectional center facility (SCF) entry points, thus creating a logistics problem by building ADC or AADC pallets/sacks destined to an SCF level. To overcome this, it was suggested that "residual" pallets be allowed at SCF entries. Pallet preparation is being discussed in a separate rulemaking and will be resolved accordingly.

Concerning the requirement that Publications Service carrier route mail be prepared in line-of-travel sequence, one commenter suggested that examples are needed showing what "line-of-travel" means so that mailers can better understand this proposal. The Postal Service's proposal regarding Publications Service carrier route rate mail preparation is similar to that for Standard Mail Enhanced Carrier Route subclass basic carrier route rate mail. Pieces are arranged by the mailer in the approximate order that they are delivered by the carrier. This format is essentially identical to walk-sequence in most cases, differing for instance in how apartments and separately ZIP+4 coded buildings are treated.

A commenter also asked about mixed classes and attachments or enclosures. Currently, second-class publications that include attachments or enclosures not eligible for mailing at second-class rates must be paid as a combination rate piece, i.e., second-class rates on the periodical and the applicable First- or third-class rates for the attachment(s) or enclosure(s). If a host piece qualifies for an automation rate, a First- or third-class enclosure or attachment is eligible for the comparable First- or third-class rate; the attachment or enclosure need not meet the volume standards that would apply if mailed separately. An automation rate may not be claimed for an enclosure or attachment, unless a similar automation rate is claimed for the host piece. One commenter inquired about how this rule would apply to enclosures and attachments paid at First-Class or Standard Mail rates in periodicals mailed at Publications Service rates. The Postal Service proposes no changes for rate eligibility in this regard. Publications Service rates are considered to be automation rates; therefore, even if a nonmachinable piece is enclosed in a Publications Service periodical (and claimed at either First-Class or Standard Mail rates), the enclosure or attachment will be charged the automation rate equivalent to the host piece.

Commenters also asked about commingling packages on pallets and in sacks. Currently, packages of carrier route, nonbarcoded, and barcoded mail may be mixed on the same pallet. Packages must contain all the same type of pieces, i.e., all barcoded or carrier route mail. One commenter asked whether mailers will be required to physically separate such packages under classification reform implementation, whether regular rate and Publications Service periodicals could be copalletized and, if so, would separations be required. The Postal

Service has generally decided to allow commingling on pallets and in sacks to other than 5-digit destinations; see the discussion under Flats. Two commenters asked whether 5-digit barcoded pieces and ZIP+4 barcoded pieces will be allowed to be sorted within the same package. The Postal Service would prefer to have 5-digit barcoded and ZIP+4 barcoded mail separately packaged because the 5-digit barcoded mail requires more handling. However, the Postal Service is currently studying this issue to determine how much mail is involved. If it is determined that only a small amount of mail is at issue, the Postal Service will consider allowing mailers to package 5-digit barcoded and ZIP+4 barcoded mail in the same package.

Regarding subclass identification, one commenter suggested that, if a feasible method could be found, the Postal Service should require Publications Service mailpieces to carry such information. This commenter further suggested that this type of identification may lead the Postal Service to consider permitting Publications Service mailers to elect to mail supplemental mailings at Regular Periodicals rates rather than risk a penalty on the entire Publications Service issue. The Postal Service appreciates the suggestion regarding subclass identification but has not found such an endorsement to be useful or necessary at this time. The question of allowing periodicals to mail at both Publications Service and Regular rates is beyond the scope of this filing.

Two Postal Service and industry committees have been formed: one to detail circulation audit procedures for Publications Service by outside auditors and the other to develop specific application procedures for obtaining authorization to mail at Publications Service rates. The results of these groups' work will be considered in future rulemaking notices.

### Comments Regarding Other Topics

#### *Destination Entry*

Seven commenters spoke to issues concerning destination entry and destination entry discounts. (Although it has been proposed that the value of these discounts be reduced as part of MC95-1, no change in their eligibility standards has been proposed.)

One commenter noted that differences exist in presort requirements for different rate categories and urged that these do not carry over into inconsistency in destination entry rules.

Another commenter noted that language in the June 29 notice implied that destination entry would be required

for the basic carrier route rate. This language has been reworded below to make it clear that destination entry is not required for any rate.

Citing a belief that trailers can hold more bedloaded mail than palletized mail, one commenter questioned the cost-effectiveness of destination entry if bedloaded sacks are not allowed. The commenter stated that the destination entry discount would not cover the cost of dropshipping palletized loads in some cases. Therefore, to discourage origin entry of this mail (at greater cost to the Postal Service), the commenter urged that different destination entry rates be allowed for palletized and bedloaded shipments. Another commenter questioned whether lowering the value of destination entry discounts made sense, given the record in Docket R90-1. A third commenter believed that the 100% barcoding criterion, 150-piece tray minimums, and required uses of 1- and 2-foot trays being proposed for some rate categories will drain mail away from destination entry by making it less cost-effective for customers. The proposed rule does not seek to disallow bedloaded shipments; palletization (including palletization of trays) is being discussed in a separate rulemaking. The design of discounts (including their relative values) is being reviewed by the PRC as part of MC95-1 and is beyond the scope of this rulemaking.

Another commenter offered support for redefining the quantity of pieces that represents a mailing for purposes of destination entry, especially when deposits are made at low-volume destinations. The Postal Service is reviewing this matter administratively (not as part of this rulemaking) and will announce its decision accordingly.

#### *Designated Points of Entry*

Four comments were received concerning the proposed requirement in First-Class and Standard Mail that mail "must be deposited at places and times designated by the Postal Service." That language reflects existing standards based on existing authority (e.g., DMM D300.2.0 and D400.2.0, based on DMCS 300.050 and 400.051, respectively). By repeating similar provisions in the June 29 notice, the Postal Service is not signaling an intent to propose significantly different standards for mail deposit in implementing MC95-1.

#### *PAVE*

Twenty-two comments were received concerning the requirement for Presort Accuracy Verification and Evaluation (PAVE) or standardized documentation. Three commenters expressed support

for this proposed requirement; one thought that it should be implemented only after a 6-month deferral; two thought that it should be imposed only on Automation subclass mail; six thought that it should be eliminated; and 10 others stated a need to know what was meant by "standardized documentation" before they could submit adequate comments.

One commenter indicated that the Postal Service should provide only broad guidelines concerning documentation format. Another commenter thought that tray labels should be required to be numbered and supported by an accompanying manifest. A third commenter requested clarification as to whether the proposed requirement would apply to small hand-sorted mailings that currently are weight-verified and do not require documentation. The Postal Service currently is not proposing significant new informational content in mailing documentation nor is it proposing documentation requirements for mailings that can be weight-verified (e.g., mailings of identical-weight pieces each bearing the full correct postage).

Of those who objected to the proposed requirement, four felt mandating use of PAVE-certified software would be an obstacle for small mailers. Another argued that the PAVE proposal should be dropped because it did not eliminate the need to verify mailings. A third commenter believed that PAVE would duplicate what CASS and move-updates would provide. The Postal Service's proposal is predicated on the belief that using consistent forms of mailing documentation will ease burdens on mailers and facilitate (without seeking to eliminate) postal verification and acceptance processes. As mail preparation becomes more automated and mailings become more complex, the need for documentation is expected to remain and the need to make its production simple will increase. At this point in the rulemaking, the Postal Service's proposal for PAVE remains focused on its ability to generate standardized documentation, while affording customers the choice of generating that documentation otherwise if possible.

#### *Machinable Parcels*

Seven comments were received concerning Standard Regular machinable parcel preparation requirements. Five commenters indicated that machinable parcels should have the option of being palletized in addition to being sacked. Five commenters requested that rates for machinable parcels be extended to

preparation in "gaylords" or other containers. Generally, machinable parcel preparation is not being affected by this rulemaking; palletization (and the use of equivalent containers) is being discussed in a separate rulemaking. The current provisions for palletizing third-class machinable parcels will be applied to Standard Regular machinable parcels at the time when classification reform is implemented. Exceptions to substitute one container type for another are administrative matters not germane to this rulemaking.

**Stanley F. Mires,**

*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).

—Letters not prepared under the ungraded option, 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). All possible finer presort packages must be prepared before packages to the next level are prepared.

—Optional preparation for upgradable letters is full trays (minimum 150 pieces) to 5-digit (optional), 3-digit, AADC, and mixed-AADC (no minimum) destinations. All possible finer presort packages must be

prepared where required before packages to the next level are prepared. Pieces in AADC trays must be grouped by 3-digit ZIP Code; overflow trays are not permitted. Pieces within mixed-AADC trays must be grouped by AADC and, within each, by 3-digit ZIP Code.

—Letter mail must be prepared in letter trays. Both 1- and 2-foot trays must be used within a single mailing, as appropriate, to generate the fewest trays and to ensure optimum tray utilization. Trays must be sleeved by the mailer.

—Flats must be prepared in flat trays. 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.

—Parcels must be prepared in sacks.

—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 rates applies to all pieces in the mailing.

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

—Upgraded letters must be letter-size and meet both the current physical preparation requirements in DMM C810 for automation compatibility and the current requirements in DMM C830 for an OCR clear zone and a barcode clear zone, for reflectance, and for paper that will accept water-based ink. The detailed type font requirements in DMM C830.2 are not required; however, the pieces must have a machine-printed address in a nonscript font. A ZIP+4 code is not required to be considered an upgradable mailpiece.

—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.

—Uniform address element placement must be used. Uniform address element placement does not refer to guidelines in USPS Publication 28, Postal Addressing Standards. Rather, uniform address element placement 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. Uniform address element placement also means that the delivery address line elements should appear in the correct order. These conditions also apply to use of uniform address element placement.

—"Prestigious" city names and 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 (222.01).
  - 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.
  - Sleeving, strapping, and ACT-tagging are required for all letter trays and flat trays.
  - 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% delivery point barcoded. Production of 100% 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% ZIP+4 or delivery point barcoded. For flats, the delivery point barcode will be optional; the ZIP+4 barcode, required. 100% 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. The Postal Service may consider amending its standards for physical automation compatibility for flats when appropriate, based on changes in sortation equipment.
  - 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 (as specified in DMM M032) must be used. The Postal Service plans to make this requirement effective at the time when classification reform is implemented.
  - 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. The barcode may appear on an insert that appears through a window. 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 first to all possible full and overflow AADC trays, then to mixed-AADC in trays. For purposes of presort verification, pieces in AADC trays must be grouped by 3-digit ZIP Code or 3-digit scheme; pieces in mixed-AADC trays must be grouped by AADC and, within each, by 3-digit ZIP Code or 3-digit scheme.
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 (i.e., combined preparation of two or more 3-digit ZIP Code areas processed together in Postal Service schemes). A preliminary 3-digit scheme list appears at the end of this document. This list is subject to further revision but is provided as a guide to assist mailers in assessing the impact of this manner of preparation on their mailings. The Postal Service proposes to make sortation to the 3-digit scheme list mandatory to parallel internal postal processing schemes. Such sortation could also result in greater discount qualification for mailers because the 150-piece minimum for the 3-digit Automation rate would apply to the combination of 3-digit ZIP Codes shown on the scheme list rather than to each 3-digit ZIP Code.
  - Preparation of full trays (minimum 150 pieces) is required to 3-digit ZIP Code or, where applicable, 3-digit

scheme destinations. Overflow trays are permitted when a full tray for the same destination is already prepared.

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 permitted 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).
- Preparation of carrier route rate mail is optional.  
 —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 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+4 codes are delivered by the carrier. They are further sorted into ascending or descending numerical sequence within the number range associated with the ZIP+4 code.

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 ADC destination must be prepared in packages; all remaining pieces must be placed in mixed-ADC 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, first to all possible 5-digit destinations, then to all possible 3-digit destinations. A 3-digit "scheme sort" will not be offered for flats at this time.  
 —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 AND CARDS

Sort level	Optional/re-quired	Rate qualification minimum	Tray level	Rate <sup>1</sup> letter (cents)	Rate card (cents)
Carrier Route <sup>2</sup> .....	Optional .....	10 pieces per route .....	Carrier Route (full, no overflow) .....	23.2	13.7
Carrier Route <sup>2</sup> .....	Optional .....	10 pieces per route .....	5-Digit Carrier Routes (no minimum)	23.2	13.7
5-Digit .....	Optional .....	150 pieces .....	5-Digit (full, overflow allowed) .....	23.5	14.0
3-Digit/Scheme .....	Required .....	150 pieces .....	3-Digit/Scheme (full, overflow allowed).	25.0	15.5
AADC .....	Required .....	N/A .....	AADC (full, overflow allowed, grouped by 3-digit/scheme).	27.0	17.5
Mixed AADC .....	Required .....	N/A .....	Mixed AADC (no minimum, grouped by AADC and, within each, by 3-digit/scheme).	27.0	17.5

<sup>1</sup> First-ounce rate. Each additional ounce is 23 cents. An additional presort discount of 4.6 cents applies to each piece weighing more than 2 ounces.

<sup>2</sup> Carrier route sortation and rates limited to nonautomated and CSBCS-sorted ZIP Codes.

I-2.—FIRST-CLASS MAIL AUTOMATION SUBCLASS—FLATS

Sort level	Optional/re-quired	Package/rate qualification minimum <sup>1</sup>	Tray level	Rate <sup>2</sup> (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (full, no overflow) .....	27.0
3-Digit .....	Required .....	10 pieces .....	3-Digit (full, no overflow) .....	27.0
ADC .....	Required .....	10 pieces .....	ADC (full, no overflow) .....	29.0
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	29.0

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

<sup>2</sup>First-ounce rate. An additional 5-cent surcharge for nonstandard-size mail applies to each piece weighing 1 ounce or less that falls outside the standard letter dimensions. Each additional ounce is 23 cents. An additional presort discount of 4.6 cents applies to each piece weighing more than 2 ounces.

I-3.—FIRST-CLASS MAIL RETAIL SUBCLASS—PRESORT LETTERS AND CARDS

Sort level	Optional/re-quired	Package mini-mum	Tray level	Rate <sup>1</sup> let-ter (cents)	Rate card (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (full, no overflow) .....	30.0	19.0
3-Digit .....	Required .....	10 pieces .....	3-Digit (full, no overflow) .....	30.0	19.0
ADC .....	Required .....	10 pieces .....	ADC (full, no overflow) .....	30.0	19.0
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	30.0	19.0

<sup>1</sup> First-ounce rate. Each additional ounce is 23 cents. An additional presort discount of 4.6 cents applies to each piece weighing more than 2 ounces.

OPTIONAL PREPARATION FOR UPGRADABLE LETTERS AND CARDS

Sort level	Optional/re-quired	Package mini-mum	Tray level	Rate <sup>1</sup> let-ter (cents)	Rate card (cents)
5-Digit .....	Optional .....	N/A .....	5-Digit (full, no overflow) .....	30.0	19.0
3-Digit .....	Required .....	N/A .....	3-Digit (full, no overflow) .....	30.0	19.0
AADC .....	Required .....	N/A .....	AADC (full, grouped by 3-digit ZIP Code; no overflow).	30.0	19.0
Mixed AADC .....	Required .....	N/A .....	Mixed AADC (no minimum, grouped by AADC and, within each, by 3-digit ZIP Code).	30.0	19.0

<sup>1</sup> First-ounce rate. Each additional ounce is 23 cents. An additional presort discount of 4.6 cents applies to each piece weighing more than 2 ounces.

Single-Piece Rates: No presort or minimum.

I-4.—FIRST-CLASS MAIL RETAIL SUBCLASS—PRESORT FLATS AND PARCELS UNDER 11 OUNCES

Presort Rate

Sort level	Optional/re-quired	Package mini-mum	Tray level (sack level for parcels)	Rate <sup>1</sup> (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (full, no overflow) .....	30.0
3-Digit .....	Required .....	10 pieces .....	3-Digit (full, no overflow) .....	30.0
ADC .....	Required .....	10 pieces .....	ADC (full, overflow allowed) .....	30.0
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum, grouped by 3-digit ZIP Code).	30.0

<sup>1</sup> First-ounce rate. An additional 5-cent surcharge for nonstandard-size mail applies to each piece weighing 1 ounce or less that falls outside the standard letter dimensions. Each additional ounce is 23 cents. An additional presort discount of 4.6 cents applies to each piece weighing more than 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).
- Letters not prepared under the upgradable option, and all 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, in that order, 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). All

possible finer presort packages must be prepared before packages to the next level are prepared. Current exceptions to packaging of irregular parcels in DMM M306.2a and M306.2b apply.

—Optional preparation for upgradable letters is full trays (minimum 150 pieces) to 5-digit (optional), 3-digit, AADC, and mixed-AADC (no minimum) destinations. All possible finer presort packages must be prepared where required before packages to the next level are prepared. Pieces in AADC trays must be grouped by 3-digit ZIP Code; overflow trays are not permitted. Pieces within mixed-AADC trays must be grouped by AADC and, within each, by 3-digit ZIP Code.

- Letter mail must be prepared in letter trays. Both 1- and 2-foot trays must be used within a single mailing, as appropriate, to generate the fewest trays and to ensure optimum tray utilization. Trays must be sleeved by the mailer.
  - Flats and parcels must be prepared in sacks (unless palletized).
  - Machinable parcels must be sacked to 5-digit destinations (optional if  $\frac{3}{5}$  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. This does not represent a change in the current preparation standards for machinable third-class parcels.
  - Palletization of flats and machinable parcels is permitted and preferred.
  - Commingled packages of carrier route, 5-digit barcoded, and ZIP+4/delivery point barcoded flats will be permitted to all sack/pallet destinations except to 5-digit destinations. Physical separation of packages at different presort or rate levels is not required within a pallet or sack. The Postal Service will develop optional endorsements to provide the necessary identification of rate categories. Commingled packages may be reported together on mailing statements and supporting documentation.
  - “Fletters” (larger letter-size pieces that are barcoded and claimed at the Barcoded rates for flats or at the Enhanced Carrier Route rates) may be prepared in packages on pallets. To qualify for palletization, the “fletter” must be prepared to qualify for a flats-based rate (e.g., Barcoded rates for flats or Enhanced Carrier Route rates). The same mailpiece must be prepared uniformly as a letter or flat for the same job.
  - 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 and meet both the current physical preparation requirements in DMM C810 for automation compatibility and the current requirements in DMM C830 for an OCR clear zone and a barcode clear zone, for reflectance, and for paper that will accept water-based ink. The detailed type front requirements in DMM C830.2 are not required; however, the pieces must have a machine-printed address in a nonscript font. A ZIP+4 code is not required to be considered an ungradable mailpiece.
    - 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 a 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.
    - Uniform address element placement must be used. Uniform address element placement does not refer to guidelines in USPS Publication, Postal Addressing Standards. Rather, uniform address element placement 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. Uniform address element placement also means that the delivery address line elements should appear in the correct order. These conditions also apply to use of uniform address element placement:
      - “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), except that, under the optional sortation for upgradable letters, letters must be presorted to AADC and mixed-AADC trays. No change in the current preparation or eligibility standards for machinable parcels.
3.  $\frac{3}{5}$ -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). No change in the current preparation or eligibility standards for machinable parcels.
  - For palletized mail, flats must be in a 5-digit or 3-digit package correctly sorted to the appropriate pallet destination. No change in the current preparation or eligibility standards for 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.
  - Sleeving and strapping is required for all letter trays.
  - 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 ZIP+4/delivery point barcoded, 5-digit/nonbarcoded, and carrier route presort flats may be sacked or palletized together and reported together on mailing statements and supporting documentation. Commingling will be permitted to all sack/pallet destinations except to 5-digit destinations. Physical separation of packages at different presort or rate levels is not required within a pallet or sack. The Postal Service will develop optional endorsements to provide the necessary identification of rate categories. The pieces in all commingled packages will count toward a single container minimum (e.g., 125 pieces or 15 pounds per sack).
  - 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% delivery point barcoded.
  - For flats, mail must be 100% 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. The Postal Service may consider amending its standards for physical automation compatibility for flats when appropriate, based on changes in sortation equipment.
  - Barcoded tray or sack labels (as specified in DMM M032) must be used. The Postal Service plans to make this requirement effective at the time classification reform is implemented.
  - 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. The barcode may appear on an insert that appears through a window. This will be phased in, in the future.
  - 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.
2. Basic Rate Category (Letters)
- Must be letter-size mail (321.32).
  - Must be presorted first to all possible full and overflow AADC trays, then to mixed-AADC in trays. For purposes of presort verification, pieces in AADC trays must be grouped by 3-digit ZIP Code or 3-digit scheme; pieces in mixed-AADC trays must be grouped by AADC and, within each, by 3-digit ZIP Code or 3-digit scheme.
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 (i.e., combined preparation of two or more 3-digit ZIP Code areas processed together in Postal Service schemes). A preliminary 3-digit scheme list appears at the end of this document. This list is subject to further revision but is provided as a guide to assist mailers in assessing the impact of this manner of preparation on their mailings. The Postal Service proposes to make sortation to the 3-digit scheme list mandatory to parallel internal postal processing schemes. Such sortation could also result in greater discount qualification for mailers because the 150-piece minimum for the 3-digit Automation rate would apply to the combination of 3-digit ZIP Codes shown on the scheme list rather than to each 3-digit ZIP Code.
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).
  - Preparation of carrier route rate mail is optional.
  - 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.
  - 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.
  - 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 route trays.
  - 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+4 codes are delivered by the carrier. They are further sorted into ascending or descending numerical sequence within the number range associated with the ZIP+4 code.
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 package for each ADC destination must be prepared; all remaining pieces must be placed in mixed-ADC 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.

—Enhanced Carrier Route rates are allowed for routes having fewer than 10 possible deliveries only as described under the saturation rate category.

—Packages of flat-size pieces 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.

—Separately prepared packages of ZIP+4/delivery point barcoded, 5-digit/nonbarcoded, and carrier route presort flats may be sacked or palletized together and reported together on mailing statements and supporting documentation.

Commingling will be permitted to all sack/pallet destinations except to 5-digit destinations. Physical separation of packages at different presort or rate levels is not required within a pallet or sack. The Postal Service will develop optional endorsements to provide the necessary identification of

rate categories. The pieces in all commingled packages will count toward a single container minimum (e.g., 125 pieces of 15 pounds per sack).

—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.

—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.

—Uniform address element placement must be used. Uniform address element placement does not refer to guidelines in USPS Publication 28, Postal Addressing Standards. Rather, uniform address element placement 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. Uniform address element placement also means that

the delivery address line elements should appear in the correct order.

These conditions also apply to use of uniform address element placement:

—“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

—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.

##### 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 current methods for walk-sequencing 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% of the total active residential deliveries per route, or for at least 75% of the total active deliveries per route. 100% saturation is required for simplified address mailings, as required by current standards. The Postal Service

proposes allowing saturation rates when the quantity of pieces per route reaches the applicable 75/90/100% threshold, regardless of the actual number of stops.

—The current methods for walk-sequencing 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 service

area of 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 (THIRD-CLASS) AUTOMATION SUBCLASS—LETTERS

Sort level	Optional/re-quired	Rate qualification mini-mum	Tray level	Rate <sup>1</sup> (cents)
Carrier Route <sup>2</sup> .....	Optional .....	10 pieces per route .....	Carrier Route (full, no overflow) .....	14.1
Carrier Route <sup>2</sup> .....	Optional .....	10 pieces per route .....	5-Digit Carrier Routes (no minimum) .....	14.1
5-Digit .....	Optional .....	150 pieces .....	5-Digit (full, overflow allowed) .....	15.0
3-Digit/Scheme .....	Required .....	150 pieces .....	3-Digit/Scheme (full, overflow allowed) ...	16.8
AADC .....	Required .....	N/A .....	AADC (full, overflow allowed, grouped by 3-digit/scheme).	17.5
Mixed AADC .....	Required .....	N/A .....	Mixed AADC (no minimum, grouped by AADC and, within each, by 3-digit/scheme).	17.5

<sup>1</sup> Destination discounts also available.

<sup>2</sup> Carrier route sortation and rates limited to nonautomated and CSBCS-sorted ZIP Codes.

II-2.—STANDARD MAIL (THIRD-CLASS) AUTOMATION SUBCLASS—FLATS

Sort level	Optional/re-quired	Package mini-mum	Sack level <sup>1</sup>	Rate <sup>2</sup> (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (minimum 125 pieces or 15 pounds) ..	19.0
3-Digit .....	Required .....	10 pieces .....	3-Digit (minimum 125 pieces or 15 pounds) ..	19.0
ADC .....	Required .....	10 pieces .....	ADC (minimum 125 pieces or 15 pounds) ...	23.7
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	23.7

<sup>1</sup> Palletization preferred. Pallet destinations might not be same as sack levels shown.

<sup>2</sup> Rate based on type of package, regardless of sack in which, or pallet on which, placed. Destination discounts also available.

II-3.—STANDARD MAIL (THIRD-CLASS) REGULAR SUBCLASS—LETTERS

Sort level	Optional/re-quired	Package mini-mum	Tray level	Rate <sup>1,2</sup> (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (full, no overflow) .....	21.9
3-Digit .....	Required .....	10 pieces .....	3-Digit (full, overflow allowed) .....	21.9
ADC .....	Required .....	10 pieces .....	ADC (full, no overflow) .....	26.1
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	26.1

<sup>1</sup> Rates based on tray preparation in which package placed.

<sup>2</sup> Destination discounts also available.

OPTIONAL PREPARATION FOR UPGRADABLE PIECES

Sort level	Optional/re-quired	Package minimum	Tray level	Rate <sup>1</sup> (cents)
5-Digit .....	Optional .....	N/A	5-Digit (full, no overflow) .....	21.9
3-Digit .....	Required .....	N/A	3-Digit (full, overflow allowed) .....	21.9
AADC .....	Required .....	N/A	AADC (full, no overflow, grouped by 3-digit ZIP Code).	26.1
Mixed AADC .....	Required .....	N/A	Mixed AADC (no minimum, grouped by AADC and, within each, by 3-digit ZIP Code).	26.1

<sup>1</sup> Destination discounts also available.

II-4.—STANDARD MAIL (THIRD-CLASS) REGULAR SUBCLASS—FLATS AND IRREGULAR PARCELS

Sort level	Optional/re-quired	Package mini-mum <sup>1</sup>	Sack level <sup>1,2</sup>	Minimum piece rate <sup>3,4</sup> (cents)
5-Digit .....	Required .....	10 pieces .....	5-Digit (minimum 125 pieces or 15 pounds) ..	23.7
3-Digit .....	Required .....	10 pieces .....	3-Digit (minimum 125 pieces or 15 pounds) ..	23.7
ADC .....	Required .....	10 pieces .....	ADC (minimum 125 pieces or 15 pounds) ...	30.5

II-4.—STANDARD MAIL (THIRD-CLASS) REGULAR SUBCLASS—FLATS AND IRREGULAR PARCELS—Continued

Sort level	Optional/re-quired	Package mini-mum <sup>1</sup>	Sack level <sup>1 2</sup>	Minimum piece rate <sup>3 4</sup> (cents)
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	30.5

<sup>1</sup> No packaging required for machinable parcels. Standards for machinable parcel preparation and rate eligibility not covered by this rule-making.

<sup>2</sup> Palletization permitted and preferred. Pallet destinations different from sack destinations shown.

<sup>3</sup> Rate based on sack level for sacked mail. For packages on pallets, rate based on package level.

<sup>4</sup> Destination discounts also available.

II-5.—Standard Mail (Third-Class) Enhanced Carrier Route Subclass

Sort level	Optional/re-quired	Package minimum	Sack level <sup>1</sup>	Minimum per-piece rate (cents)
<b>Saturation</b>				
Carrier Route .....	Required .....	90% total active residential deliveries or 75% total active deliveries possible per route (100% if simplified address).	Carrier Route (minimum 125 pieces or 15 pounds).	13.5
			5-Digit Carrier Routes (no minimum).	13.5
<b>High Density</b>				
Carrier Route .....	Required .....	125 pieces per route .....	Carrier Route (minimum 125 pieces or 15 pounds).	14.8
			5-Digit Carrier Routes (no minimum).	14.8
<b>Basic</b>				
Carrier Route .....	Required .....	10 pieces per route .....	Carrier Route (minimum 125 pieces or 15 pounds).	15.5
			5-Digit Carrier Routes (no minimum).	15.5

<sup>1</sup> Trays preferred for letters. Palletization preferred for flats. No residual.

PROPOSED 3 DIGIT "SCHEME SORT" COMBINATIONS

Area	Plant name	Proposed 3-digit Zip code	3-digit Zip codes served
Great Lakes .....	Rockford, IL .....	610-611 .....	610-611
	Peoria, IL .....	615-616 .....	615-616
	Champaign, IL .....	618-619 .....	618-619
	Royal Oak, MI .....	480,483 .....	480,483
	Kalamazoo, MI .....	490-491 .....	490-491
	Flint, MI .....	484-485 .....	484-485
	Saginaw, MI .....	486-487 .....	486-487
	Indianapolis, IN .....	460-462 .....	460-462
	Gary, IN .....	463-464 .....	463-464
	South Bend, IN .....	465-466 .....	465-466
	Fort Wayne, IN .....	467-468 .....	467-468
	Carol Stream, IL .....	601, 603 .....	601, 603
	Lansing, MI .....	488-499 .....	488-489
	Palatine, IL .....	600, 602 .....	600, 602
Mid-Atlantic .....	Baltimore, MD .....	210-211, 219 .....	210-211, 212, 214, 219
	Suburban, MD .....	208-209 .....	208-209
	Greenville, SC .....	293, 296 .....	293, 296
	Charleston, WV .....	250-252 .....	250-253
	Washington, DC .....	202-205 .....	200, 202-205
	Roanoke, VA .....	240-241 .....	240-243
	Louisville, KY .....	400-401, 471 .....	400-402, 471
Pacific .....	Charlotte, NC .....	280-281, 297 .....	280-282, 297
	San Francisco, CA (A) .....	940, 943-944 .....	940-941, 943-944
	San Francisco, CA (B) .....	962-966 .....	962-966, 987
	Industry, CA .....	917-918 .....	917-918

PROPOSED 3 DIGIT "SCHEME SORT" COMBINATIONS—Continued

Area	Plant name	Proposed 3-digit Zip code	3-digit Zip codes served
	San Diego, CA .....	919-921 .....	919-921
	Santa Clarita, CA .....	913-914 .....	913-914, 915-916
	Honolulu, HI .....	967-969 .....	967-969
	Santa Ana, CA .....	926-927 .....	926-928
	Marina, CA .....	902-905 .....	902-905
	Oakland, CA (A) .....	945, 948 .....	945-948
	Oakland, CA (B) .....	946, 947 .....	945-948
	Long Beach, CA .....	906-908 .....	906-908
	Stockton, CA .....	952-953 .....	952-953
	San Bernardino, CA .....	923-925 .....	923-925
	Sacramento, CA .....	956-957 .....	956-957, 958
Southeast .....	Tampa, FL .....	335, 346 .....	325-336, 346
	Macon, GA .....	310, 312 .....	310, 312, 315-317
	Columbus, GA .....	318-319 .....	318-319
	Atlanta, GA .....	303, 311, 399 .....	303, 311, 399
	North Metro, GA .....	300-301 .....	300-302
	Jackson, MS (A) .....	390-391 .....	369, 390-393
	Jackson, MS (B) .....	369, 393 .....	369, 390-393
	W Palm Beach, FL .....	334, 349 .....	334, 349
	Chattanooga, TN .....	307, 374 .....	307, 373-374
	Knoxville, TN .....	377-379 .....	377-379
Southwest .....	Shreveport, LA (A) .....	710-711 .....	710-714
	Shreveport, LA (B) .....	713-714 .....	710-714
	Dallas, TX .....	752-753 .....	751-753
	Austin, TX .....	786, 789 .....	786-787, 789
Western .....	Albuquerque, NM .....	873, 877-878, 881, 883-884 .....	870-874, 877-878, 880-884
	Billings, MT .....	590-599, 821 .....	590-599, 821
	Colorado Springs, CO .....	808-809 .....	808-810
	Las Vegas, NV .....	889-891 .....	889-891
	Reno, NV .....	861, 894-895, 897 .....	861, 894-895, 897
	Salt Lake City, UT .....	840-844 .....	840-844
Midwest .....	Des Moines, IA (A) .....	500-502 .....	500-503, 509
	Des Moines, IA (B) .....	503, 509 .....	500-503, 509
	Cedar Rapids, IA .....	522-523 .....	522-524
	Madison, WI .....	535-538 .....	535, 537-538
	Green Bay, WI .....	541-542 .....	541-543
	St. Paul, MN .....	540, 550 .....	540, 550-551
	St. Louis, MO .....	620, 622, 630, 633 .....	620, 622, 630-633
	Springfield, MO (A) .....	654-655 .....	648, 654-658
	Springfield, MO (A) .....	656-657 .....	648, 654-658
	Wichita, KS .....	670-671 .....	670-672
	Omaha, NE .....	515-516, 680 .....	515-516, 680-681
Northeast .....	Brockton, MA .....	020, 023-024 .....	020, 023-024
	Boston, MA .....	021-022 .....	021-022
	Middlesex-Essex, MA .....	018-019, 055 .....	018-019, 055
	Central Mass, MPC .....	014-015, 017 .....	014-017
	Springfield, MA .....	010-011, 013 .....	010-013
	Buffalo, NY .....	140-143 .....	140-143, 147
	Stamford, CT .....	068-069 .....	068-069
	Portland, ME .....	043, 045 .....	040-043, 045
	Burlington, VT .....	054, 056 .....	054, 056
	Utica, NY .....	133-134 .....	133-135
	Providence, RI .....	027-028 .....	027-029
	Portsmouth, NH .....	038-039 .....	038-039
	Albany, NY .....	120-123 .....	120-123, 128-129
	Cape Cod, MA P&DF .....	025-026 .....	025-026
	Binghamton, NY .....	137-139 .....	137-139
	Syracuse, NY .....	130-132 .....	130-132, 136
	White River Jct, VT (A) .....	057-058 .....	035-037, 050-054, 056-059
	White River Jct, VT (B) .....	054, 056 .....	
	White River Jct, VT (C) .....	035-036, 051-053, 059 .....	
	White River Jct, VT (D) .....	037, 050 .....	
Allegheny .....	South Jersey, NJ (A) .....	080-081 .....	080-081, 082-083
	South Jersey, NJ (B) .....	082-084 .....	080-081, 082-083
	Johnstown, PA .....	155, 157 .....	155, 157, 159
	Erie, PA .....	164-165 .....	164-165
	Williamsport, PA .....	169, 177 .....	169, 177
	Lehigh Valley, PA .....	180-181, 183 .....	180-181, 183
	Philadelphia, PA .....	191-192 .....	190-192
	Southeastern, PA .....	193-194 .....	189, 193-194
	Wilmington, DE .....	197-199 .....	197-199
	Columbus, OH (A) .....	430-431, 433 .....	430-433, 437-438

## PROPOSED 3 DIGIT "SCHEME SORT" COMBINATIONS—Continued

Area	Plant name	Proposed 3-digit Zip code	3-digit Zip codes served
New York Metro .....	Columbus, OH (B) .....	437-438 .....	430-433, 437-438
	Toledo, OH .....	434-436 .....	434-436
	Akron, OH .....	442-443 .....	442-443
	Youngstown, OH .....	444-445 .....	444-445
	Canton, OH .....	446-447 .....	446-447
	Cincinnati, OH (A) .....	410, 470 .....	410, 450-452, 470
	Cincinnati, OH (B) .....	450-451 .....	410, 450-452, 470
	San Juan, PR .....	006-009 .....	006-009
	Hackensack, NJ .....	074, 076 .....	074, 076
	West Jersey, NJ .....	078-079 .....	078-079
	Trenton, NJ .....	085-087 .....	085-087
	Kilmer, NJ .....	077, 088 .....	077, 088-089
	Queens, NY .....	110, 113-114, 116 .....	110, 113-114, 116
	Mid-Hudson, NY .....	124-124, 127 .....	124-127

Total Reduction in Separations From Combined 3-Digit Destinations: 166.

### 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 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).
- 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/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 devoted to literature, the sciences, art, or some special industry (412.2).
- Must have at least 50% 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, including may not have advertising in excess of 75% 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% nonadvertising (413.31).
- Must meet ownership and control test for advertising purposes (413.32).
- Must have a legitimate list of requesters and at least 50% 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).
- No non-publisher advertising unless certain conditions meet (414.1, 414.2).
- 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:

- Issued by a state department of agriculture (415).
- Contains no advertising and further the objectives of the department (415).

##### 6. Foreign Publications

The requirements are the same as current standards for second-class mail including the following:

- 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 the alignment of presort rules with those for Publications Service, as explained below, the requirements for the Regular Periodicals 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).

—Must meet current requirements in DMM M010, M020, M030, M041, M042, M200, M800, and D200.

- Must meet machinability, addressing, and other preparation requirements prescribed by the Postal Service (421.1).

—Must meet current requirements in DMM A200, A800, C200, and 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 the nonadvertising portion of the publication (421.2).
- A zoned pound rate applies to the advertising portion (421.2).

—Rates are based on nine zones.

### 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 proposal represents a change from today's regular second-class rate structure.

—Based on industry suggestions, the presort requirements for Regular and Publications Service rates will be aligned, including the elimination of the optional city, SCF, state, and SDC sortations levels. See the Publications Service chart below for additional information on the proposed sortation scheme.

### 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 and 3-digit packages of six or more addressed pieces each that are correctly sorted to 5-digit 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 3-digit packages of 50 or more pieces that are placed in 5-digit, 3-digit, or AADC trays.

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

—Must prepare packages of six or more addressed pieces each.

### 5. Regular Subclass Discounts (421.4)

#### a. Barcoded Letter Discount

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 as follows:

- 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 including the following:

- 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:

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

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

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

Each of these is explained further below. 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 rather than the entire circulated volume of the publication (circulated volume is that which must be accounted for when a publication is audited for eligibility as Periodicals).

This change was made in response 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, First-Class, Priority Mail, or Express Mail rates.

#### 2. Seventy-Five Percent Paid or Requested Circulation

- At least 75% 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% to 75% and it is applied against the mailed volume, not total circulation. Comments on the June 29 notice proposed that publishers provide certification of a publication's compliance with the 75% paid/requested circulation criterion on a per-issue basis. It was suggested that this could be accomplished by the submission of a report of the number of paid/requested recipients on file at the time of the issue's file maintenance update or label run as part of required CPP documentation and a certification block for publisher signature added on each mailing statement. The Postal Service also wants additional comments on a proposal that all mailed newsstand copies (regardless of the number returned or destroyed) be considered paid circulation for the purpose of meeting the 75% criterion. Failure to meet this requirement will result in revocation of Publications Service eligibility.

#### 3. Thirty Percent Nonadvertising Content

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

—The 30% 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% nonadvertising requirement will result in a 40% postage penalty

assessment on the non-complying issue. Despite comments on the June 29 notice, the Postal Service believes that the penalty is more effective if applied to the entire issue rather than only to those copies that fail to meet the 30% requirement. Concerns that a publication could erroneously be assessed the 40% postage penalty due to a miscalculation in the advertising percentage by an outside auditor are obviated by noting that the Postal Service is proposing that an audit be used only to validate compliance with the 75% circulation requirement; the outside auditor will not be responsible for confirming the advertising/editorial ratio. To monitor compliance with the 30% nonadvertising requirement, the Postal Service is considering including on the mailing statement a certification block for signature by publishers, validating that the minimum has been met. If the Postal Service believes that an issue is in excess of 70% advertising, the

publisher will be given ample opportunity to demonstrate compliance with the requirement before any postage penalty is assessed. Despite suggestions that the Postal Service allow copies with advertising in excess of 70% to be mailed at the higher third-class or fourth-class bound printed matter rates as an alternative to the entire issue being assessed a 40% penalty, the Postal Service is without authority to consider such options. Current second-class standards restrict publications from being mailed at third- or fourth-class rates, except under limited conditions, and no proposal is being considered to amend this prohibition.

4. Ninety Percent Presorted to Three-Digit Destinations or Finer

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

—Copies count toward the 90% 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 or more to carrier-route, 5-digit or 3-digit, as appropriate. Failure to meet the 90% presortation requirement will result in a 40% postage penalty assessment on the noncomplying issue. In response to the June 29 notice, it was suggested that the penalty be applied to only those pieces in supplemental mailings that cause the issue's presort percentage to fall below 90%, but not lower than 85%. Although the Postal Service acknowledges publishers' needs for flexibility in distribution, it believes that the currently proposed method for calculating the 90% standard is adequately flexible. Moreover, the implementation of a conditioned percentage adds an additional level of administrative complexity where the opposite is sought. The following chart further explains this requirement.

Sort level	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

In this example the 23 pieces to ZIP 202 do not count toward the 90% 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. Note that, 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 3-digit 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% presortation criterion.

—For the purposes of the 90% 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, which are mailed between cover dates. To ensure that the entire mailed volume of a publication is considered, the Postal Service continues to believe

that all mailings, including "supplementals," be counted. Moreover, to avoid inequitable situations, the same basic definition of a "window" will be applied to all publications and not "negotiated" with the publisher as one commenter on the June 29 notice suggested.

—For example, the first copy of the January cover date of *XYZ Monthly* mails on January 1st, and the first copy of the February cover date mails on February 1st. 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. (See the chart in the June 29 notice for an illustration.)

—In a comailing situation—for administering the 90% 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. The group of pieces reported on each individual PS Form 3541 will not have to meet the 90% 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 those 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; with remaining mail 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 route sacks.
  - The charts at the end of this section further describe the presort requirements:
  - Barcoded tray or sack labels (as specified in DMM M032) must be used. The Postal Service plans to make this requirement effective at the time when classification reform is implemented.
  - Scheduling of deposit times is required. The Postal Service does not intend this to mean a specific appointment will be required unless under an existing program.
  - Must use Presort Accuracy Verification and Evaluation (PAVE) software or provide standardized documentation. Regardless of future capabilities of PAVE, the current proposal applies to only to use in producing standardized documentation in support of the mailing statement.
  - Mailings must be entered at an acceptance point designated by the 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 non-automation 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 people 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, must use Coding Accuracy Support System (CASS)-certified software within 6 months of date of mailing or use Multiline Accuracy Support System (MASS)-certified equipment 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.
  - Must use uniform address element placement. Uniform address element placement refers to the positioning of elements within the address block, not the placement of the address on the piece itself. Although this requirement will apply to non-barcoded pieces only, the Postal Service strongly recommends that all mailpieces contain an address that meets these standards.
  - Must use Address Change Service (ACS).
  - Must use computer-based electronic payment systems when those systems are developed. Electronic payment systems will not be required in the final rule but will be strongly recommended. These systems or their data exchange formats have not yet been defined.
  - New containerization requirements will be developed with mailers. For the purposes of this rulemaking, palletized sacks or packages (palletized trays for letter mail) will be the preferred method of containerization; sacks may also be used.
    - 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% of the pieces must bear a ZIP+4 or delivery point barcode. If a piece is not machinable, barcoding is not required. The Postal Service will include the carrier route portion of Publications Service mail when determining compliance with the 85% criterion. The criterion will be determined based on addressed pieces, not copies. The barcoding requirement pertains only to machinable mail, i.e., mail that meets all the current DMM standards for automation compatibility (see DMM C810 and C820); nonmachinable pieces and carrier route rate mail do not have to bear barcodes. The 85% criterion will be applied to the entire mailed volume of the issue, regardless of the source(s) of that volume. Documentation can be required to support compliance.
  - Barcodes are defined by the current requirements in DMM C840.
  - Automation-compatibility is defined by the current requirements in DMM C810 for letters, and those 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 use of 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 CPA 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 in-county rates (483).
  - There will be an application process for authorization to mail in Publications Service with a proposed application fee of \$305. 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 have been met (such as frequency of issue etc.). Then, compliance with the additional Publications Service criteria must be shown.

- If a Publications Service authorization is withdrawn or revoked, a new authorization may not be 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 because only the advertising content of the publication is zone rated.)

- Rates apply to five zones. (This differs in that current second-class and Regular Periodicals have nine 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 in the sequence in

which the ZIP+4 codes are delivered by the carrier. They are further sorted into ascending or descending numerical sequence within the number range associated with the ZIP+4 code.

9. Destination Entry Discounts

- Applies to mail entered at the destination SCF or DDU (422.5).

- DDU discount applies only to Carrier Route mail (422.5).

III-1.—PERIODICALS (REGULAR AND PUBLICATIONS SERVICE SUBCLASSES)—LETTERS

Sort level	Optional/re-quired	Package minimum	Tray level	Regular rate	Publications service rate
Carrier Route .....	Optional .....	10 pieces per route .....	Carrier Route (full, no overflow).	Carrier Route ....	Publications Service Carrier Route.
Carrier Route .....	Optional .....	10 pieces per route .....	5-Digit Carrier Routes (no minimum).	Carrier Route ....	Publications Service Carrier Route.
5-Digit .....	Optional .....	N/A .....	5-Digit (full, no overflow allowed).	3/5-Digit .....	Publications Services Carrier Route.
3-Digit .....	Required .....	N/A .....	3-Digit (full, overflow allowed).	3/5-Digit .....	Publications Service.
AADC .....	Required .....	N/A .....	AADC (full, overflow allowed).	Basic .....	Publications Services.
Mixed AADC .....	Required .....	No minimum AADC Sequence (with separations).	Mixed AADC (no minimum).	Basic .....	Publications Service.

III-2.—PERIODICALS (REGULAR AND PUBLICATIONS SERVICE SUBCLASSES)—FLATS

Sort level	Optional/re-quired	Package minimum	Sack level	Regular rate	Publications service rate
Firm .....	Optional .....	2 copies .....	.....	Carrier Route ....	Publications Service or Publications Service Carrier Route, based on further packaging and sacking.
Carrier Route ....	Optional .....	6 pieces per route.	Carrier Route (minimum one 6-piece package required if 24 or more pieces).	Carrier Route ....	Publications Service Carrier Route.
Carrier Route ....	Optional .....	6 pieces per route.	5-Digit Carrier Routes (no minimum).	Carrier Route ....	Publications Service Carrier Route.
5-Digit .....	Required .....	6 pieces .....	5-Digit (minimum one 6-piece package required if 24 or more pieces).	3/5-Digit .....	Publications Service.
3-Digit .....	Required .....	6 pieces .....	3-Digit (minimum one 6-piece package required if 24 or more pieces).	3/5-Digit .....	Publications Service.
ADC .....	Required .....	6 pieces (fewer permitted).	ADC (minimum one 6-piece package required if 24 or more pieces).	Basic .....	Publications Service.
Mixed ADC .....	Required .....	No minimum .....	Mixed ADC (no minimum) .....	Basic .....	Publications Service.