certifies the equipment for a manufacturer and the user. Certified equipment can be used until the expiration of the applicable Mass cycle. Ordinarily, a Mass testing cycle extends from August 1st through July 31st of the next year, and permits use until the following July 31st.

1.26 NCOA Link

The NCOA Link service makes change-of-address information for moves available to mailers. The Postal Service tests the systems under the Developer, Full Service Provider, Limited Service Provider, End User, and Mail Processing Equipment licenses to ensure that they meet Postal Service performance requirements. The six types of licenses are listed in 1.26.1 through 1.26.6.

1.26.1 NCOA Link Interface Developer

The service grants the right to develop a software interface between address-matching software and the NCOA Link service database.

1.26.2 NCOA Link Interface Distributor

The service grants the right to unlimited sublicensing of software interfaces developed pursuant to an NCOA Link Interface Developer License.

1.26.3 NCOA Link Full Service Provider (FSP)

The FSP service grants the right to perform address list updating services for both the licensee and third party mailers using 48 months of change-of-address data. Postal Service database services such as DPV and LACS are included.

1.26.4 NCOA Link Limited Service Provider (LSP)

The LSP service grants the right to perform address list updating services for third-party mailers, as well as for the licensee’s own mail using 18 months of change-of-address data.

1.26.5 NCOA Link End User Mailing

The service grants a mailer the right to perform address list updating for its own mail using 18 months of change-of-address data.

1.26.6 NCOA Link Mail Processing Equipment

The service grants a mailer the right to require that its mail processing equipment be updated directly onto its mailpieces using 18 months of change-of-address data and an MLOCR or to create an electronic file for address updating using other mail processing equipment.

1.27 NCOA Link — ANK Link Service Option

ANK Link provides an option for NCOA Link LSP and End User Mailer licensees to acquire an additional 30 months of change-of-address information. ANK Link informs mailers that a customer has moved, along with the move effective date. It does not provide the new address.

1.28 Official National Zone Charts

The Official National Zone Charts identify the appropriate distance code assigned to each originating and destination pairing for every ZIP Code in the nation.

1.29 Periodicals Accuracy, Grading, and Evaluation System Certification

The Periodicals Accuracy, Grading, and Evaluation (PAGE) system evaluates and certifies the accuracy of publication and print planning (PPP) software that calculates virtual copy weight and the percentage of advertising consistent with Periodicals computation standards, and certifies users of PPP software that demonstrate knowledge of the software for Periodicals mailings based on DMM standards and applicable USPS Customer Support Guidelines. Software and users are certified until the expiration of the applicable PAGE cycle.

1.30 PAVE System Certification

The PAVE (presort accuracy validation evaluation) system evaluates and certifies the accuracy of presort software that sorts mailing lists consistent with DMM mail preparation standards. Software is certified until the expiration of the applicable PAVE cycle.

1.31 RDI Service

The RDI service verifies whether a delivery type is classified as residential or business.

1.32 Topological Integrated Geographic Encoding and Referencing

The service is a bridge file that allows mailers to access other information using the ZIP+4 codes they have already associated with their addresses. This file offers demographers and market researchers a method to relate ZIP+4 coded address lists to U.S. Census Bureau demographic data.

1.33 Z4CHANGE

The Z4CHANGE service provides the information necessary to facilitate frequent and cost-effective updating of very large computerized mailing lists for automation compatibility and improved deliverability. Copying is allowed for an additional fee.

1.34 Z4INFO

Z4INFO is an add-on utility to the ZIP+4 service that can be integrated into address-matching software to improve address quality. There is no charge for this service.

1.35 ZIP+4 Service

The ZIP+4 service is the base reference that can be used to assign the correct ZIP+4 code associated with a physical address. Copiers are allowed for an additional fee.

1.36 ZIPMove

The ZIPMove data file assists address-matching software in providing up-to-date, accurate ZIP+4 codes.

1.37 ZIP Code Sortation of Address Lists

ZIP Code Sortation of Address Lists service provides sortation of addresses to the finest possible ZIP Code level.

1.38 99 Percent Accurate Method

The 99 Percent Accurate Method provides testing of mailers’ address lists to determine whether they are at least 99 percent accurate.

We will publish an appropriate amendment to 39 CFR Part 111 to reflect these changes.

Stanley F. Mires,
Chief Counsel, Legislative.

[PR Doc. 2010–28590 Filed 11–16–10; 8:45 am]

BILLING CODE 7710–12–P

POSTAL SERVICE

39 CFR Part 111

New Incentive Programs and Other Changes for Domestic Mailing Services

AGENCY: Postal Service, TM

ACTION: Final rule.

SUMMARY: The Postal Service will revise Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM ®) to incorporate standards for the two new Mailing Services incentive programs filed in November 2010 with the Postal Regulatory Commission (PRC). This final rule also includes DMM revisions related to Move Update standards, also in the November 2010 PRC filing.

DATES: January 2, 2011.

FOR FURTHER INFORMATION CONTACT: Bill Chatfield, 202–268–7278.
SUPPLEMENTARY INFORMATION: On July 9, 2010, the Federal Register published a Postal Service proposed rule, New Standards for Domestic Mailing Services (75 FR 39477–39492). We received comments from three mailer associations regarding the Reply Rides Free incentive program that was part of that filing and comments on the proposed changes to the Move Update Incentive Program. We have subsequently made a new filing with the PRC to implement the two incentive programs (Reply Rides Free and the Saturation/High Density) and changes to the Move Update Incentive Program. The other changes proposed in July will be addressed in a separate final rule to be published in the Federal Register.

This final rule includes a recap of the two incentive programs and the Move Update Incentive Program. It contains changes, customer comments, and our responses to the comments, and the mailing standards to implement the changes.

Reply Rides Free First-Class Mail Incentive Program

The Postal Service encourages the growth of automation letter-size mail volume, particularly pieces that are part of full-service Intelligent Mail® automation mailings entered at PostalOne!® acceptance facilities. Accordingly, effective January 2, 2011, we will offer an option for First-Class Mail letters weighing over 1 ounce up to and including 1.2 ounces to qualify for postage payment at the 1-ounce price when those letters include a reply card or reply envelope under specified conditions. Reply pieces must bear an Intelligent Mail barcode as of May 1, 2011.

This new program provides an incentive for mailers to include more content in their automation First-Class Mail letters by providing a postage credit equal to the second ounce of postage for eligible letters as follows:

- Eligible letters must qualify for automation letter prices and weigh more than 1 ounce up to 1.2 ounces. At the time of mailing, mailers pay the applicable 2-ounce price for these pieces. All commercial (presorted and automation) First-Class Mail letter-size volume counts towards meeting an overall mail volume threshold, but only those letters qualifying for automation letter prices will be eligible for postage credit. As of May 1, 2011, only those automation letters qualifying for and mailed at full-service automation letter prices will be eligible for postage credit under this incentive program.

- Mailers must include a reply card or envelope, either Business Reply Mail® or Courtesy Reply Mail™. As of May 1, 2011, reply pieces must bear an accurate Intelligent Mail barcode corresponding to the delivery address on the piece. The reply piece may be in the form of a reusable envelope. Permit reply mail pieces are not eligible for this program.

- The postage credit will be for the amount paid for the second ounce and is provided for those pieces mailed as automation letters during the 2011 program period (January 2, 2011 through December 31, 2011) when the mailer’s volume of all commercial First-Class Mail letter-size mailpieces mailed in this period is at least 2.5 percent greater than the mailer’s trend of all commercial First-Class Mail letter-size volume mailed during USPS® fiscal year (FY) 2010 (October 1, 2009 through September 30, 2010) compared to volume mailed in USPS FY 2009 (October 1, 2008 through September 30, 2009). The threshold volume for program postage credit eligibility is the amount that is 2.5 percent greater than the mailer’s projected volume based on the mailer’s trend, except that mailers with a positive trend must mail at least 2.5 percent more letter volume during calendar year 2011 than during fiscal year 2010. For example, if a mailer’s letter-size volume has declined from 100,000 to 95,000 pieces (a 5 percent decline) from FY 2009 to FY 2010, the projected volume for 2011 at the same trend would be 90,250 (95,000 times .95). That mailer’s volume must be at least 92,507 (1.025 times 90,250) during the program period to meet the eligibility threshold. A mailer with a positive trend (for example, an increase from 90,000 to 100,000 letters) would have a threshold that is 2.5 percent more than their FY 2010 volume or 102,500 (100,000 times 1.025).

- Separate thresholds will be set for each of the first three quarters of calendar year 2011, based on the trend for each comparable quarter in FY 2010. Postage credit will be provided after the end of each quarter, upon calculation and verification of the mail volume data.

- The threshold for quarter four of calendar year 2011 will be the yearly threshold, with all previous three quarters’ volume being added to the volume for quarter four. Postage credit will be provided at the end of quarter four only when the annual volume threshold is met.

- Mailers who do not meet the calendar year 2011 volume threshold are retroactively ineligible for any postage credit for this program.

- Mailers who did not mail commercial First-Class Mail letters in FY 2009 may not participate in the Reply Rides Free program.

- The program period will be from January 2, 2011 through December 31, 2011.

Mail owners, but not mail service providers, who have mailed commercial First-Class Mail letters during USPS FY 2009 and 2010 may apply to participate in this incentive program by following instructions provided at: http://www.usps.com/firstclassmailincentive, no later than December 31, 2010. Mail owners must validate that they have mailed, or intend to mail, at least one commercial presorted or automation mailing of First-Class Mail letters during each of the fiscal years 2009 and 2010 and should state their intent to mail First-Class Mail letters containing qualifying reply pieces weighing more than 1 ounce up to 1.2 ounces during the 2011 program period. After registration, mail owners must supply adequate proof of the total qualifying mail volume claimed for USPS FY 2009 and FY 2010 in order to be eligible for participation.

Comments on Reply Rides Free Program

All three mailer associations offering comments objected to the full-service (Intelligent Mail) automation letter requirement for mailpieces eligible for postage credit and our provision of postage credit being issued at the end of the program year. Due to the USPS commitment to continue to encourage participation in full-service Intelligent Mail, we are retaining the provision to provide postage credit only for full-service automation letters meeting the other requirements of the program, but we will postpone that requirement until May 1, 2011. Although the incentive goals are ultimately based on annual mail volumes, we will be providing quarterly reconciliations and postage credit after the end of each quarter when mail volumes meet pro-rated thresholds, but the mailer’s eligibility for postage credit is still based on meeting the annual mail volume threshold.

One association advocated charging additional postage equivalent to 2/10 of the second-ounce price. We will not be implementing any changes to charge postage for First-Class Mail letters by tenths of an ounce.

Two commenters noted the need for mailers to be able to determine an adequate return on investment and suggested that the program be extended to last 3 years. After the end of the program period, we will be evaluating the feasibility of extending or renewing this incentive program.

Two associations suggested that we subdivide volume requirements for returned reply pieces rather than have outgoing mail volume thresholds and
that we provide advance certification of
eligible mailpieces to mitigate potential
problems identifying eligible mailpieces
in combined mailings of multiple
mailpieces. We will evaluate the reply
mail volume recommendation as a
potential component for future
incentive programs.

Other issues/concerns noted by
commenters were:

• A clear definition of the “mailer” is
needed;
• The current restrictions on when
mailers may apply to participate
appears to be too limiting;
• By excluding mail service
providers, significant First-Class Mail
letter volume is omitted;
• Mailers having to certify previous
mail volumes may be at legal risk if the
information is found to be inaccurate;

• Software may not accommodate the
recording of incremental weight
volumes needed to distinguish pieces
that weigh more than 1.2 ounces.

Identification of the mailer is similar
to previous incentive programs; the
entity who is responsible for postage
payment for mailpieces is considered to
be the owner of that mail. Mail service
providers are not considered mail
owners for the purposes of this program.

We do not consider the registration
period for this program too restrictive.
Mailers who register for this initiative
have no further obligations if they
decide at a later time that they would
not be able to submit any mailings
under this program.

The exclusion of MSPs from direct
participation is similar to the
parameters for previous incentive
programs, but we anticipate that MSPs
will assist those mail owners (for whom
they produce mailings) who may want
to participate. Previous mail volume
should be provided with accompanying
documentation, which will lessen the
risk of providing inaccurate
information.

Additionally, as part of the program
administration, the Postal Service
requires each program participant to
certify the data used to calculate the
participant’s program threshold(s). This
certification requirement is similar to
that currently used on a postage
statement and is designed to ensure that
the data used by the Postal Service to
calculate the threshold level(s) are
accurate.

We are working with software
vendors to ensure that requirements will
be effectively communicated. Upon
completion of PRC review for this
program we will be making additional
information available at http://
www.usps.com/firstclassmailincentive.

2011 Saturation and High Density
Incentive Program

The Postal Service will implement an
incentive program designed to increase
the volume of Standard Mail and
Nonprofit Standard Mail letters and flats
mailed at saturation and high density
prices, upon completion of PRC review.

Mailers of Standard Mail or Nonprofit
Standard Mail saturation or high density
letters and/or flats (complete
mailpieces) applying for participation in
the program must meet the eligibility
requirements for participation in the
price category selected. Mailers meeting
the eligibility criteria are able to
participate in both the saturation and
high density categories simultaneously.
Participants have the option to
demonstrate growth in total mailed
volume or growth within a defined
market. Mailers who participate only
within defined market areas are
required to demonstrate volume growth
within a specific, or group of specific,
USPS sectional center facility (SCF)
area(s) to qualify for the
incentive. Participants have the option
to select one or more, up to a maximum
of 20, individual SCF areas or up to five
metropolitan target markets (consisting
of multiple contiguous SCFs) for
participation in the program and must
meet the eligibility requirements for
each area selected. The USPS must
approve all applicant-selected market
areas prior to acceptance into the
program.

Franchises that are not separate
business entities cannot apply for an
incentive independently of the parent
organization. Applicants will receive a
credit for volume mailed, within their
selected growth area and price category,
above their USPS-determined volume
threshold. The program period will be
from January 2, 2011 through December
31, 2011.

To participate, mailers must be the
permit holder (i.e., owner) of a permit
imprint advance deposit account(s) at a
postal facility having PostalOne!
capability or be the owner of qualifying
mail volume entered through the permit
imprint advance deposit account of a
mail service provider at a postal facility
having PostalOne! capability. Only the
volume of the mail owner, defined as
the entity paying for the postage, will be
eligible within the program period to
meet eligibility requirements. Mail
service providers and customers
supplying insertions, enclosures, or other
components included in the saturation
or high density mailings of another
mailer are not eligible to participate in
this program.

Standard Mail or Nonprofit Standard
Mail saturation or high density letters
and/or flats (complete mailpieces)
mailed through a permit imprint
advance deposit account, pre-cancelled
stamp permit, or a postage evidencing
system owned by a mail service
provider may be included as volume
within the program, and towards
program eligibility, when adequate
documentation demonstrates that the
applicant is the owner of the mail.

Participants must electronically
submit postage statements and mailing
documentation to the PostalOne!
system for the duration of the program
period. Mailers participating within a
defined market area(s) must electronically
submit postage statements and mailing
documentation to the PostalOne! using
Mail.dat® or Mail.XML®. All other
mailers may submit postage statements
through Postal Wizard.

Applications must demonstrate a
combined minimum of six saturation or
high density mailings within the period of
October 1, 2009 to December 30,
2010. Applicants meeting the other
eligibility criteria may participate in
both price categories simultaneously.
Applicants who choose to participate
only within defined market areas must
meet the eligibility criteria
independently for each selected SCF
service area or selected metropolitan
target market.

Mail owners participating in the 2011
Saturation and High Density Incentive
Program are not eligible for concurrent
participation in any other Postal
Service-sponsored volume incentive
program that includes Standard Mail
pieces in the saturation or high density
price categories.

Thresholds for the 2011 Saturation
and High Density Incentive Program are
set at 5 percent above the volume of
Standard Mail or Nonprofit Standard
Mail saturation and high density letters
and flats recorded in the 2010 calendar
year, within each participant-selected
area and price category.

Applicants electing to participate in
both the saturation and high density
price categories must exceed the
combined thresholds of both categories
before qualifying for an incentive
payment in either category.

Approved program participants
demonstrating a volume increase above
their threshold level, in their total
Standard Mail or Nonprofit Standard
Mail saturation and high density letters
and flats volume within their total
market area, selected SCF service areas,
or metropolitan target market, qualify
for credit to a single permit imprint
advance deposit account or
Centralized Account Payments System
documentation, such as postage
also qualify for the program if adequate
a mail service provider’s permit will
be eligible to participate in the program
through a permit owned by the
mail service provider when entered
by the applicant’s USPS-recorded
report.

The individual threshold report will
demonstrate the applicant’s 2010
volume for the 2010 calendar year.
Applicants agreeing with their threshold
for the 2010 calendar year.

The Postal Service is changing the
tolerance for First-Class Mail and
Standard Mail pieces, found through a
Performance-Based Verification (PBV)
procedure to be lacking an update via
Move Update procedures, from the
current 30 percent to a 25 percent
tolerance before we charge a 7-cent per
piece assessment.

The Move Update standards,
applicable to commercial mailings of
First-Class Mail and Standard Mail
mailpieces, are designed to reduce the
number of mailpieces that require
forwarding, return, or disposal as waste,
thus reducing Postal Service costs. The
standards also help to assure that mail
reaches its intended recipients in a
timely manner.

Performance-Based Verification
procedures introduced in 2009 allow
the Postal Service to sample mailings
during the acceptance process to
calculate the Move Update Assessment
charge for mailings that fail the quality
standard for correcting addresses after
a customer move is reasonable based on
the demonstrated performance currently
being achieved by the mailing industry.

<table>
<thead>
<tr>
<th>Participation level</th>
<th>Standard mail (%)</th>
<th>Nonprofit standard mail (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturation</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>High Density</td>
<td>13</td>
<td>8</td>
</tr>
</tbody>
</table>

Program Administration

Those mailers identified by the Postal
Service as being eligible to participate in
the program will be sent an invitation
letter after November 1, 2010. The
invitation letter will direct mailers to
apply for the program online at http://
www.usps.com/SaturationHD. Mailers
wishing to participate in the program,
but who were not notified by letter, may
request a review of their eligibility by
contacting the USPS no later than
December 10, 2010 at
SaturationHDIncentive@usps.gov or by
submitting an online application. Any
mailer wishing to participate in the
program must initially apply online no
later than December 31, 2010.

Mailers completing the online
application process will receive an
electronic response from the USPS that
includes:
- An individual volume threshold
  report.
- A certification letter.
- A threshold inquiry form.

The individual threshold report will
display the applicant’s USPS-recorded
saturation and/or high density mail
volume for the 2010 calendar year.
Applicants agreeing with their threshold
volume(s) have the option to sign the
provided certification letter and return a
copy via e-mail or mail a hardcopy to
Saturation Incentive Program Office,
475 L’Enfant Plaza SW., RM 5500,
Washington, DC 20260–5500, to register
for the program. Applicants not agreeing
with any portion of their USPS-
calculated threshold(s) must complete
the threshold inquiry form along with
supporting evidence and return it via
e-mail or hardcopy, no later than March
15, 2011.

In addition to Standard Mail volume
prepared and entered directly by the
mailer (applicant), applicants will also
be eligible to participate in the program
with qualifying volume prepared by a
mail service provider who entered
through a permit owned by the
applicant. Mail volume entered through
a mail service provider’s permit will
also qualify for the program if adequate
documentation, such as postage
statements, PS Form 3602–R or PS Form
3602–N, identify the mail as being
prepared on behalf of the applicant and
demonstrates the applicant’s 2010
mailing activity.

Additionally, as part of the program
administration, the Postal Service
requires each program participant to
certify the data used to calculate the
participant’s program threshold(s). This
certification requirement is similar to
that currently used on a postage
statement (PS Form 3602–R or 3602–N)
and is designed to ensure that the data
used by the Postal Service to calculate
the threshold level(s) are accurate.

Move Update Changes

Following completion of the PRC
review, the Postal Service is changing
the tolerance for First-Class Mail and
Standard Mail, 25 percent before a Move Update
assessments are subject to
additional postage (the Move Update
tolerance in a First-Class Mail or
Standard Mail are subject to
additional postage (the Move Update
assessment charge).

In a final rule Federal Register
notice published October 27, 2009 (74 FR
55140–55142), we stated: “We will
analyze the results of the PBV samples
periodically, and will adjust the
tolerance as needed to ensure the
effectiveness of mailers’ Move Update
processes.” Accordingly, the Postal
Service has filed with the PRC to change
the current 30-percent tolerance to 25
percent before a Move Update
assessment charge would be incurred.

Comments on Move Update

We received comments about the
change in the Move Update tolerance
tolerance change from three mailer associations.
Two commenters objected to
placement of the Move Update
assessment charge in Notice 123–Price
List as inappropriate to include because
the assessment is not a product which
mailers choose to purchase. While we
agree that the assessment charge is not
a price that mailers choose to pay as a
mailer might choose to pay an
additional fee to mail a First-Class Mail
letter as Certified Mail, inclusion of the
fee assists in publicizing it so that
mailers are more aware of it.

One association questioned the
appearance of a Move Update
tolerance charge for Standard Mail and noted that more information is
needed about the application of the
charge. This charge was not mentioned
in the previous proposed rule; applicability of this charge would be a
subject of a separate and future Federal
Register notice.

Two associations asked for more
rational behind changing the tolerance
percentage. The change to the tolerance
percentage used within the formula to
calculate the Move Update Assessment
Charge for mailings that fail the quality
standard for correcting addresses after
customer move is reasonable based on
the demonstrated performance currently
being achieved by the mailing industry.
One association asserted that applying Move Update standards to Standard Mail has not resulted in any lessening of the percentage of undeliverable-as-addressed (UAA) mail, and two other associations asked for more data gleaned from the PBV process. An evaluation of 45,589 mailings during a two-month period showed that overall, 98.8 percent of all sampled mailings passed the Move Update verification with an average score of 99.7%. For the 546 mailings that fell into the 1.2 percent that failed the Move Update verification reviews, the average score was 64.4 percent. These data indicate that the vast majority of the mailing industry will not be affected by a change in the tolerance.

One association suggested that the assessment charges would more appropriately apply to the total volume of UAA mailpieces in a mailing, instead of applying charges to the whole mailing based on the percentage of UAA mailpieces. Where mailers are currently allowed to have up to 30 percent of the addresses (in a mailing) with an outdated address more than 95 days following a customer’s move, the new tolerance will be reduced to 25 percent. This is a minimal tightening of the quality standard that is necessary to continue to reduce the percentage of poorly-addressed commercial mail that is produced by mailers and delivered by the Postal Service.

One association implied that the Postal Service is using the tightening of the tolerance as a means to generate money via fines. This is not substantiated by the data. Using the data described previously, the 546 mailings that failed at the 30-percent threshold tolerance incurred approximately $47,000 in additional charges, or approximately $86 per mailing on average. Tightening the tolerance further incents mailers to improve their processes to update customer address information. The Postal Service has advised the mailing industry of its intent to continue to modify the tolerance in each of the next 2 years. In anticipation of these changes, mailers should continually review their processes. The Postal Service will continue to monitor the data and share the information with the mailing industry through the Mailer’s Technical Advisory Committee. Our focus will be to ensure that the current high level of performance is maintained within the mailing industry.

In accordance with the Postal Accountability and Enhancement Act, on November 2, 2010, the Postal Service filed a Notice with the Postal Regulatory Commission (PRC) regarding the incentive programs and the change in the Move Update tolerance. Regulatory review will take up to 45 days from that date.

The Postal Service adopts the following changes to the Mailing Services of the United States Postal Service, Domestic Mail Manual (DMM), which is incorporated by reference in the Code of Federal Regulations. See 39 CFR Part 111.1.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR Part 111 is amended as follows:

PART 111—[AMENDED]

1. The authority citation for 39 CFR Part 111 continues to read as follows:


2. Revise the following sections of Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), as follows:

* * * * *

200 Commercial Letters and Cards
230 First-Class Mail
233 Prices and Eligibility
3.0 Basic Standards for First-Class Mail Letters
3.5 Move Update Standard
3.5.4 Basis for Move Update Assessment Charge

[Revise the introductory text of 3.5.4 to read as follows:] Mailings are subject to a Move Update assessment charge if more than 25 percent of addresses with a change-of-address (COA) are not updated, based on the error rate found in USPS sampling at acceptance during Performance-Based Verification. Specifically, mailings for which the sample contains greater than 25 percent failed COAs out of the total COAs in the sample are subject to additional postalage charges as follows:

[Revise item 3.5.4a as follows:] a. The percentage of the mailing paying the charge is based on the percentage of failed pieces above 25 percent (%).

* * * * *

7.0 First-Class Mail Incentive Programs

7.1 General Description

First-Class Mail incentive programs are designed to encourage mail volume growth and retention.

7.2 Reply Rides Free Program

The Reply Rides Free program provides an incentive for mailers to include additional contents in their automation First-Class Mail letters by providing a postage credit for letters weighing over 1 ounce but no more than 1.2 ounces. Applicants are required to review and certify the accuracy of the data used by the USPS to calculate their threshold level (see 7.2.1); and, upon request, may be required to provide documentation of their mailing activity in fiscal years 2009 and 2010 and during the 2011 program period.

7.2.1 Basic Mailpiece Eligibility

Letter-size mailpieces mailed by an approved program participant are eligible for a postage credit under all of the following conditions:

a. Eligible automation letters must weigh more than 1 ounce but no more than 1.2 ounces. Mailers pay the applicable 2-ounce price for these pieces. As of May 1, 2011, automation letters must be eligible for and mailed at full-service (see 705.22) Intelligent Mail prices.

b. Letters must include a reply card or envelope, either Business Reply Mail or Courtesy Reply Mail. The reply piece may be part of a reusable envelope prepared according to 601.6.4 or 601.6.5. Mailers must provide a sample of the reply card or envelope at the time of mailing. Reply pieces must be automation-compatible and must bear the correct Intelligent Mail barcode corresponding to the address as of May 1, 2011.

c. The postage credit is for the amount paid for the second ounce for eligible letters that meet the standards in 7.2, that are mailed during the 2011 program period, and that meet or exceed their USPS-determined threshold volume for 2011. To be eligible for program participation, a mailer must have mailed at least one mailing of 500 or more presorted or automation First-Class Mail letters during USPS fiscal years (FY) 2009 and 2010 (October 1 through
September 30). The threshold volume is determined as follows:

1. The USPS determines a mailing volume trend for mailers with all commercial First-Class Mail letter volume mailed during both USPS FY 2009 and USPS FY 2010. To qualify for postage credit, the mailing volume in 2011 must be at least 2.5 percent greater than the projected mail volume based on the year trend percentage from USPS FY 2009 to FY 2010. For example, if a mailer’s letter-size volume has declined from 100,000 to 95,000 pieces (a trend of 5 percent decline) from USPS FY 2009 to USPS FY 2010, that mailer’s projected volume for 2011 would be 95,000 pieces times 1.05 (99,750). The actual volume mailed during calendar year 2011 must be at least 95,000 pieces (the threshold volume, which is 1.025 times the projected volume of 90,250) during the program period.

2. However, mailers with a positive trend will have a threshold of 2.5 percent more than their FY 2010 volume, rather than 2.5 percent more than their trend. For example, a mailer’s whose volume rose from 90,000 in FY 2009 to 100,000 in FY 2010 would have a threshold for the 2011 calendar year of 102,500 (1.025 times 100,000).

3. In addition to an annual volume threshold, separate thresholds will be set for each of the first three quarters of calendar year 2011, based on the trend for each comparable quarter in FY 2010. Quarterly thresholds for mailers with a positive mail volume trend will be set at 2.5 percent more than the volume in the comparable quarter of FY 2010. Postage credit will be provided after the end of each quarter, upon calculation and verification of the mail volume data.

h. Mailers who do not meet the calendar year 2011 volume threshold are ineligible for any postage credit for this program. Any quarterly credits provided to mailers for quarters one through three must be returned to the Postal Service if the calendar year 2011 volume threshold is not met.

7.2.2 Mailer Participation Eligibility and Documentation

Mail service providers are not eligible to participate in this program. Mail owners are considered eligible for the program as follows:

a. Applicants must have mailed at least one presorted or automation First-Class Mail mailing of 500 letters or more during both USPS FY 2009 and FY 2010. Applicants must be able to document their total mailed volume of commercial First-Class Mail letters for USPS FY 2009 and 2010, as follows:

1. Volume through one or more permit imprint advance deposit accounts, precanceled stamp permits, or postage meter permits owned by the applicant, or

2. Volume prepared by a mail service provider when entered through a permit owned by the applicant, or

3. Volume mailed under a mail service provider’s permit that can be specifically identified as being mailed on behalf of the applicant.

b. Approved participants must be able to document the total mailed volume of letters that are eligible, under 7.2, for postage credit. Accordingly, pieces must be presented for mailing under either of the following conditions:

1. A separate mailing of identical weight pieces, all of which weigh more than 1 ounce up to 1.2 ounces.

2. A mailing of nonidentical weight pieces, supported by documentation under the manifest mailing standards in 705.2.0, with individual piece weight listings substantiating that participant pieces weigh more than 1 ounce but no more than 1.2 ounces. The manifest listing must also provide a total of eligible pieces.

c. At the end of the 2011 program period, approved participants must be able to document their total mailed volume of commercial First-Class Mail letters during the program period, the total mail volume eligible for postage credit under 7.2.2b, and meet the following conditions:

1. Letters mailed in the 2011 program period that meet the USPS-determined mail volume threshold, as provided in 7.2.1, must weigh more than 1 ounce up to a maximum of 1.2 ounces.

2. Letters mailed during the 2011 program period must contain a reply card or reply envelope. Reply pieces must be automation-compatible and barcoded. As of May 2011, the barcode on reply pieces must bear the correct Intelligent Mail barcode corresponding to the address on the reply piece.

3. Credit applies only to automation letters; as of May 1, 2011 credit will apply only for automation letters mailed under the full-service automation option described in 705.22.

d. Fluctuations in mailing activity resulting from the merger or acquisition of one or more program participants, prior or subsequent to the beginning of the program period, are subject to review, possible recalculation of thresholds, and approval by the USPS.

e. Mailers participating in the Reply Rides Free incentive program are not eligible for simultaneous participation in any other USPS-sponsored volume incentive program that includes First-Class Mail commercial letters during the 2011 program period.

7.2.3 Application

Mail owners wishing to participate may apply at http://www.usps.com/firstclassmailincentive no later than December 31, 2010. Following registration, mailers are required to provide documentation demonstrating their total commercial First-Class Mail letter volume mailed during USPS FY 2009 and FY 2010 (as described in 7.2.1). The USPS reviews the documentation provided for adequacy and provides an electronic response that includes:

a. Notification of approval (or of the need for additional documentation) for participation in the program.

b. Applicant’s verified mail volume for USPS FY 2009 and FY 2010.

c. Applicant’s 2011 mail volume threshold for program and postage credit eligibility.

d. A certification letter. Mailers must present a printed copy of the certification letter to a postal acceptance employee with the first mailing under this program, at each mailing office.

7.2.4 Mailer Response

Mailers wishing to dispute the USPS-verified mail volume or USPS-determined threshold (see 7.2.1) may request a review by following the procedure outlined at http://www.usps.com/firstclassmailincentive no later than February 15, 2011.

7.2.5 Program Credits

Approved participants that can demonstrate an increase in their mailed volume of commercial First-Class Mail letters in the 2011 program period, meeting or exceeding the threshold volume as determined under 7.2.1,
8.0 Incentive Programs for Standard Mail Letters

8.1 General Description

Incentive programs for Standard Mail letters are designed to encourage mail volume growth and retention.

8.2 Saturation and High Density Incentive Program

The Saturation and High Density Incentive Program provides postage credits for qualified mail owners of Standard Mail, or Nonprofit Standard Mail, letters and flats mailed at saturation and high density carrier route prices that can document mail volumes exceeding their individual USPS-recorded threshold level, during the 2011 program period, from January 2, 2011 through December 31, 2011. Participating mail owners documenting volumes above their threshold level receive a credit, for each piece exceeding their threshold level, to a designated permit imprint advance deposit account or Centralized Account Payment System (CAPS) account after the end of the program period. Refer to 343.8.2 for program details.

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300 Commercial Mail Flats

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330 First-Class Mail

333 Prices and Eligibility

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3.0 Basic Standards for Standard Mail Letters

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3.9 Move Update Standards

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3.9.4 Basis for Move Update Assessment Charges

[Revise the introductory text of 3.9.4 to read as follows:]

Mailings are subject to a Move Update assessment charge if more than 25 percent of addresses with a change-of-address (COA) are not updated, based on the error rate found in USPS sampling at acceptance during Performance-Based Verification. Specifically, mailings for which the sample contains greater than 25 percent failed COAs out of the total COAs in the sample are subject to additional postage charges as follows:

[Revise item 3.9.4a as follows:]

a. As an example, if 35% of COAs in the sample are not updated, then the charge is applied to 10% (= 35% – 25%) of the total mailing.

b. Each of the assessed pieces is subject to the $0.07 per piece charge.

[Add new section 8.0 to read as follows:]

8.0 Incentive Programs for Standard Mail Flats

8.1 General Description

Incentive programs for Standard Mail flats are designed to encourage mail volume growth and retention.
8.2 Saturation and High Density Incentive Program

8.2.1 Program Description

The Saturation and High Density Incentive Program provides postage credits for qualified mail owners of Standard Mail, or Nonprofit Standard Mail, letters and flats (complete mailpieces) mailed at saturation and high density carrier route prices that can document mail volumes exceeding their individual USPS-recorded threshold level during the 2011 program period, from January 2, 2011 through December 31, 2011. Participating mail owners documenting volumes above their threshold level receive a credit, for each piece exceeding their threshold level, to a single designated permit imprint advance deposit account or Centralized Account Payment System (CAPS) account after the end of the program period. Applicants are required to review and certify the accuracy of the data used by the USPS to calculate their threshold level(s); and, upon request, may be required to provide documentation of their mailing activity in the 2010 calendar year, the 2009–2010 eligibility period and during the program period.

8.2.2 Eligibility Standards

Mail service providers are not eligible to participate in this program. Mail owners are eligible for the program as follows:

a. Mailers must be the owner of a permit imprint advance deposit account, precanceled stamp permit, or postage meter permit at a USPS facility having PostalOne! capability; or the owner of qualifying mailpiece volume entered through the account(s) of a mail service provider at a USPS facility having PostalOne! capability, when adequate documentation demonstrates that the applicant is the owner of the mailpieces.

b. Applicants must electronically submit postage statements and mailing documentation to the Postal One! system. Applicants participating within a defined market area(s) must electronically submit postage statements and mailing documentation using Mail.dat or Mail.XML. All other applicants may optionally submit postage statements via Postal Wizard.

c. Only the volume of the mail owner, defined as the entity paying for the postage, is eligible within the program period.

d. Mail service providers and customers supplying inserts, enclosures or other components included in the mailings of another mailer are not eligible to participate in this program.

e. For either the saturation or high density incentives, applicants must demonstrate a combined minimum of six saturation or high density mailings of Standard Mail letters and/or flats within the qualification period of October 1, 2009 to September 30, 2010.

f. Applicants meeting the eligibility criteria in 8.2.2a through 8.2.2d may participate within both the saturation and high density price categories simultaneously.

g. Applicants who participate only within defined market areas must meet the eligibility criteria independently for each selected SCF service area or selected metropolitan target market.

h. Mailers participating in the 2011 Saturation and High Density Incentive Program are not eligible for concurrent participation in any other USPS-sponsored volume incentive program that includes Standard Mail pieces in the saturation or high density price categories.

8.2.3 Program Threshold Level

Threshold level figures are calculated independently for each applicant as follows:

a. Thresholds are set at 5 percent (5%) above (or 105% of) the volume, within the participant-selected growth area and price category, of Standard Mail or Nonprofit Standard Mail saturation and high density letters and flats recorded in the 2010 calendar year.

b. Applicants participating in both the saturation and high density price categories must exceed the combined thresholds of both categories before qualifying for an incentive payment in either category.

8.2.4 Application

Mail owners identified by the Postal Service as being eligible to participate in the program will be sent an invitation letter after November 1, 2010. Mail owners may apply for the program as follows:

a. The invitation letter directs mail owners to apply for the program online at http://www.usps.com/SaturationHD no later than December 31, 2010.

b. Applicants participating with Standard Mail saturation and/or high density mail volume during only within defined market areas must select the sectional center facility (SCF) service areas for participation in the program, up to a maximum of 20 individual SCF areas or up to five metropolitan target markets (consisting of multiple contiguous SCFs). The USPS must approve all applicant-selected market areas prior to acceptance into the program.

c. Mail owners completing the online application process receive an electronic response from the USPS that includes:
   1. An individual volume threshold report, with the applicant's recorded saturation and/or high density volume for the 2010 calendar year.
   2. A certification letter.
   3. A threshold inquiry form.
   d. Applicants agreeing with their threshold volume(s) can sign the certification letter and return a copy via email to: SaturationHDIncentive@usps.gov or mail hardcopy to Saturation Incentive Program Office, 475 L'Enfant Plaza SW., Room 5500, Washington, DC 20260–5500, to be registered for the program.

e. Applicants not agreeing with any portion of their USPS-calculated threshold(s) must complete the threshold inquiry form and return it along with supporting evidence, via email, or mail hardcopy to Saturation Incentive Program Office, 475 L'Enfant Plaza SW., Room 5500, Washington, DC 20260–5500, no later than March 15, 2011.

f. Mail owners wishing to participate in the program, but who were not notified by letter, may request a review of their eligibility by contacting the USPS at Saturation/HDIncentive@usps.gov or submitting an online application at www.usps.com/SaturationHD no later than December 31, 2010.

8.2.5 Program Participation

Mail owners may participate in the program with qualifying letters and flats mailpieces mailed at saturation or high density prices as follows:

a. Standard Mail, or Nonprofit Standard Mail, mailpieces mailed by the participant through the participant's own permit imprint advance deposit account, precanceled stamp permit(s), or postage meter permit(s);

b. Standard Mail, or Nonprofit Standard Mail, mailpieces prepared by a mail service provider, when entered through a permit owned by the participant;

c. Standard Mail, or Nonprofit Standard Mail, mailpieces mailed through a mail service provider's permit, only when the pieces can be identified as being prepared for the participant and when the applicant's prior mailing activity through the mail service provider's permit can be validated.

d. Fluctuations in mailing activity resulting from the merger or acquisition of one or more program participants, prior or subsequent to the beginning of the program period, are subject to
8.2.6 Incentive Program Credits

Approved participants demonstrating an increase in Standard Mail, or Nonprofit Standard Mail, saturation and high density letters and flats volume above their threshold level qualify for a credit to a single designated permit imprint advance deposit account or CAPS account as follows:

a. The total postage paid for Standard Mail, or Nonprofit Standard Mail, letters and flats mailed at saturation and high density prices, recorded during the program is identified for each participant.

b. The total postage paid during the program period is divided by the total number of recorded mailpieces to determine the average price per piece for the program period.

c. Participants receive a credit, based on the percentages of the average price per piece, for the number of mailpieces of incremental volume above their threshold level, recorded during the program period, as follows:

1. Saturation letters and flats: 22 percent for Standard Mail, 8 percent for Nonprofit Standard Mail pieces.

2. High density letters and flats: 13 percent for Standard Mail, 8 percent for Nonprofit Standard Mail pieces.

3.5 Move Update Standards

Mailings are subject to a Move Update assessment charge if more than 25 percent of addresses with a change-of-address (COA) are not updated, based on the error rate found in USPS sampling at acceptance during Performance-Based Verification.

Specifically, mailings for which the sample contains greater than 25 percent failed COAs out of the total COAs in the sample are subject to additional postage charges as follows:

a. The percentage of the mailing paying the charge is based on the percentage of failed pieces above 25 percent (%).

b. Each of the assessed pieces is subject to the $0.07 per piece charge.

c. As an example, if 35% of COAs in the sample are not updated, then the charge is applied to 10% (=35% – 25%) of the total mailing.

d. Mailings for which the sample has five or fewer pieces that were not updated for a COA are not subject to the assessment, regardless of the failure percentage.

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440 Standard Mail

443 Prices and Eligibility

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3.0 Basic Standards for Standard Mail Parcels

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3.5 Move Update Standards

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[Revise title and text of 3.5.4 to read as follows:]

3.5.4 Basis for Move Update Assessment Charges

Mailings are subject to a Move Update assessment charge if more than 25 percent of addresses with a change-of-address (COA) are not updated, based on the error rate found in USPS sampling at acceptance during Performance-Based Verification. Specifically, mailings for which the sample contains greater than 25 percent failed COAs out of the total COAs in the sample are subject to additional postage charges as follows:

a. The percentage of the mailing paying the charge is based on the percentage of failed pieces above 25 percent (%).

b. Each of the assessed pieces is subject to the $0.07 per piece charge.

c. As an example, if 35% of COAs in the sample are not updated, then the charge is applied to 10% (=35% – 25%) of the total mailing.

d. Mailings for which the sample has five or fewer pieces that were not updated for a COA are not subject to the assessment, regardless of the failure percentage.

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We will publish an appropriate amendment to 39 CFR Part 111 to reflect these changes.

Stanley F. Mires,
Chief Counsel, Legislative.
[FR Doc. 2010–28412 Filed 11–16–10; 8:45 am]

BILLING CODE 7710–12–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52


Approval and Promulgation of Implementation Plans; New York Prevention of Significant Deterioration of Air Quality and Nonattainment New Source Review

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The Environmental Protection Agency (EPA) is taking final action to grant a partial approval to revisions of the New York State Implementation Plan (SIP) submitted by the New York State Department of Environmental Conservation on March 3, 2009. As a result of this action, New York will implement its own Prevention of Significant Deterioration of Air Quality (PSD) and Nonattainment New Source Review (NSR) State regulations. These revisions create a new New York State PSD regulation program and modify the existing New York State NSR regulations in the SIP. These revisions also address changes mandated by the revised Federal New Source Review (NSR) regulations, referred to as the “2002 NSR Reform Rules.”

In this action, EPA is taking final action to approve these revisions by issuing a partial approval, with the caveat that EPA is taking no action at this time on the PSD permitting threshold provisions to the extent that those provisions may require permits for sources of greenhouse gas (GHG) emissions that equal or exceed the 100/250 tons per year (tpy) GHG levels but are less than the thresholds identified in EPA’s final Tailoring Rule; and the PSD significance level provisions of New York’s rule to the extent that those provisions may treat as significant GHG emissions increases that are less than the thresholds identified in the final Tailoring Rule. The PSD applicability thresholds below the Tailoring Rule will be acted on, as necessary, as part of an EPA national rulemaking or in a separate EPA Region 2 rulemaking.

DATES: Effective Date: This rule is effective on December 17, 2010.

ADDRESSES: EPA has established a docket for this action under Docket ID No. EPA–R02–OAR–2010–0321. All documents in the docket are listed on the http://www.regulations.gov Web site. All docket materials are available either electronically through http://www.regulations.gov or in hard copy at