

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

NCOA Link Interface Developer 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

NCOA Link Interface Distributor 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)

NCOA Link 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 Link are included.

1.26.4 NCOA Link Limited Service Provider (LSP)

NCOA Link 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 Mailer

NCOA Link End User Mailer 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

NCOA Link Mail Processing Equipment service grants a mailer the right to either perform address updating 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 who demonstrate knowledge of the software for Periodicals mailings based on DMM standards and applicable USPS Customer Support Rulings. 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

Topological Integrated Geographic Encoding and Referencing (TIGER/ZIP+4) service is a bridge file that allows mailers to access other information using the ZIP+4 codes they already have 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. Copying is 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.

[FR 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 tolerance. 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 tolerance. 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 changes, customer comments, 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.
- Letters 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 substitute 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; and,

- Software may not accommodate the recording of incremental weight volumes needed to distinguish pieces that weigh no 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) service 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.

Franchisees 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 inserts, 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, precanceled 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.

Applicants must demonstrate a combined minimum of six saturation or high density mailings within the period of October 1, 2009 to September 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 growth 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 a credit to a single designated permit imprint advance deposit account or Centralized Account Payments System

(CAPS) account, following the close of the 2011 Saturation and High Density Incentive Program. The total postage paid for Standard Mail saturation and high density letters and flats within the

program period will be identified for each participant and divided by the total number of recorded pieces to generate the average price per piece. Participants will receive a credit in the

amount of a percentage of the average price per piece, for the total number of mailpieces of their incremental volume above their threshold level, recorded during the program period as follows:

	Participation level	Standard mail (%)	Nonprofit standard mail (%)
Saturation		22	8
High Density		13	8

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 when 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 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 compare mailpiece addresses with the National Change of Address (NCOA®) database. For the Move Update portion of PBV, addresses on the verification sample are compared to the NCOA database and the ratio of the number of failed changes of address (COAs) (addresses that should have been updated per Postal Service records), to the number of actual COAs in the sample is calculated. Currently, if this ratio for the sample is sufficiently high (30 percent or more), pieces above that

tolerance in a First-Class Mail or Standard Mail mailing 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 postage charge would be incurred.

Comments on Move Update

We received comments about the change in the Move Update 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 noncompliance 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 rationale 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 a 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:

Authority: 5 U.S.C. 552(a); 13 U.S.C 301–307; 18 U.S.C. 1692–1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 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 postage 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 (%).

* * * * *

[Revise item 3.5.4c as follows:]

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.

* * * * *

[Add new 7.0 to read as follows:]

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 volume trend percentage from 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 0.95 (90,250). The actual volume mailed during calendar year 2011 must be at least 92,507 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 volume 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).

d. 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.

e. 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.

f. Credit is provided to the mail owner's CAPS account, upon USPS calculation and verification of the mail volume data after the end of each quarter.

g. The program period for eligible mail volume is from January 2, 2011 through December 31, 2011. To be eligible for any postage credit, the participant must ensure that the total volume of First-Class Mail commercial letters paid at presorted or automation letter prices mailed during the 2011 program period meets or exceeds the USPS-determined threshold volume, as determined under 7.2.1.

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 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,

qualify for a credit, after the end of the program period, to their designated Centralized Account Payment System (CAPS) permit imprint account, as follows:

a. The letter-size pieces for which the credit is claimed must weigh more than 1 ounce but no more than 1.2 ounces and be mailed under all standards in 7.2.

b. Participants that meet or exceed their threshold volume receive a credit in the amount of the postage paid for the second ounce for each eligible piece meeting all the conditions in 7.2 that are mailed during the 2011 program year from January 2, 2011 through December 31, 2011.

* * * * *

240 Standard Mail

243 Prices and Eligibility

1.0 Prices and Fees for Standard Mail

* * * * *

[Delete section 1.7 in its entirety to remove reference to the 2009 Saturation Mail Volume Incentive Program.]

* * * * *

3.0 Basic Standards for Standard Mail Letters

* * * * *

3.9 Move Update Standards

* * * * *

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

* * * * *

[Revise item 3.9.4c as follows:]

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.

* * * * *

[Add new section 8.0 to read as follows:]

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.

* * * * *

300 Commercial Mail Flats

* * * * *

330 First-Class Mail

333 Prices and Eligibility

* * * * *

3.0 Eligibility Standards for First-Class Mail Flats

* * * * *

3.5 Move Update Standard

* * * * *

3.5.4 Basis for Move Update Assessment Charge

[Revise 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 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.

* * * * *

340 Standard Mail

343 Prices and Eligibility

1.0 Prices and Fees for Standard Mail

* * * * *

[Delete section 1.6 in its entirety to remove reference to the 2009 Saturation Mail Volume Incentive Program.]

* * * * *

3.0 Basic Standards for Standard Mail Flats

* * * * *

3.9 Move Update Standards

* * * * *

[Revise title and text of 3.9.4 to read as follows:]

3.9.4 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.

* * * * *

[Add new 8.0 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 destined 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 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

review and approval by the USPS for inclusion in reported volume.

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.

* * * * *

400 Commercial Parcels

* * * * *

430 First-Class Mail

433 Prices and Eligibility

* * * * *

3.0 Basic Standards for First-Class Mail Parcels

* * * * *

3.5 Move Update Standards

* * * * *

3.5.4 Basis for Move Update Assessment Charge

[Revise 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 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.

* * * * *

440 Standard Mail

443 Prices and Eligibility

* * * * *

3.0 Basic Standards for Standard Mail Parcels

* * * * *

3.5 Move Update Standards

* * * * *

[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.

* * * * *

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

[EPA-R02-OAR-2010-0321, FRL-9212-1]

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 (NNSR) State regulations. These revisions create a new New York State PSD regulation program and modify the existing New York State NNSR 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