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### PART 524—OPHTHALMIC AND TOPICAL DOSAGE FORM NEW ANIMAL DRUGS

3. The authority citation for 21 CFR part 524 continues to read as follows:

**Authority:** 21 U.S.C. 360b.

#### § 524.1193 [Amended]

4. Section 524.1193 *Ivermectin pour-on* is amended in paragraph (b) by removing “and 059130” and by adding in its place “, 059130, and 066916”.

Dated: January 6, 2003.

**Stephen F. Sundlof,**

*Director, Center for Veterinary Medicine.*

[FR Doc. 03–2111 Filed 1–29–03; 8:45 am]

**BILLING CODE 4160–01–S**

### POSTAL SERVICE

#### 39 CFR Part 111

#### Experimental Outside-County Periodicals Co-Palletization Classification

**AGENCY:** Postal Service.

**ACTION:** Interim rule.

**SUMMARY:** This interim rule provides standards for a Postal Service experiment testing whether additional rate incentives would encourage the co-palletization and drop-shipment of currently sacked bundles of individual Periodicals publications. This interim rule will implement two additional per-piece discounts for co-palletization of Periodicals publications that otherwise would have been prepared in sacks prior to co-palletization. The additional per-piece discounts, resulting from Docket No. MC2002–3 at the Postal Rate Commission, would apply to pieces in bundles placed on SCF and ADC pallets that are drop-shipped to either a destination area distribution center (DADC) or a destination sectional center facility (DSCF). This interim rule includes procedures for preparing and documenting co-palletized mailings and for requesting approval to participate in the experiment.

**DATES:** This interim rule is effective January 30, 2003. Applications for participation in the experiment will be available beginning February 3, 2003.

The starting date for the experiment is April 20, 2003. Comments on the standards must be received on or before March 3, 2003.

**ADDRESSES:** Written comments should be mailed or delivered to the Manager, Mail Preparation and Standards, U.S. Postal Service, 1735 N. Lynn St., Room 3025, Arlington, VA 22209–6037.

Copies of all written comments will be available for inspection and photocopying at USPS Headquarters Library, 475 L’Enfant Plaza, Washington, DC, between 9 a.m. and 4 p.m., Monday through Friday.

**FOR FURTHER INFORMATION CONTACT:** Joel Walker, 703–292–3652; [jwalke13@email.usps.gov](mailto:jwalke13@email.usps.gov).

**SUPPLEMENTARY INFORMATION:** The Postal Service offers certain worksharing incentives in the form of discounts to encourage palletization and drop-shipment of Periodicals mailings. Co-palletization allows mailers to combine separately presorted bundles of different titles and editions on pallets to achieve the minimum pallet weight required to take advantage of current pallet and drop-shipment discounts for Periodicals mail (*e.g.*, 250 pounds of mail to a destination ADC). However, many publishers of small-circulation publications do not choose to take advantage of this opportunity due to the increased preparation costs associated with co-palletization. [**Note:** A group of flats presorted together to a common destination is currently defined as a “package” in the Domestic Mail Manual. However, packages in this context are usually referred to as “bundles” by the mailing industry, as well as many postal employees, and will be referred to as such throughout this document.]

Because mail prepared in sacks accounts for a disproportionate amount of the Postal Service’s costs for processing Periodicals, the Postal Service designed an experiment to test whether an additional discount would encourage the co-palletization of mail that would otherwise be prepared in sacks. Eligibility requires the co-palletized mail to be prepared on ADC or SCF pallets that are drop-shipped to DADCs or DSCFs. The primary beneficiaries of this incentive should be smaller circulation publications, for which, in some cases, complete mailings are now in sacks. Some smaller portions of larger mailings (sometimes referred to as “residual” or “tail of the mail”), as well as smaller circulation versions, editions, and supplemental mailings of large circulation publications could also qualify under the experiment. The objective of the

additional discount is to move mail from origin-entered sacks to drop-shipped pallets.

On September 26, 2002, pursuant to 39 U.S.C. 3623, the Postal Service filed with the Postal Rate Commission a request for a decision recommending an experimental co-palletization classification, with associated discounts, for Outside-County Periodicals. The request was designated as Docket No. MC2002–3 by the Commission. The Commission recommended the experimental classification and discounts on December 20, 2002. This recommendation was approved by the Governors on January 6, 2003, and the Board of Governors set April 20, 2003, as the anticipated implementation date for the experiment, which is to last two years.

This experiment provides additional per-piece discounts to co-palletized Periodicals that cannot be palletized currently because of volume and density. The discounts will be available for pieces in Periodicals mailings and mailing segments that are currently prepared in sacks that, as a result of co-palletization, are prepared on ADC or SCF pallets and are drop-shipped to DADCs and DSCFs.

For mail that otherwise would have been prepared in sacks under the original presort for the mailing (before co-palletization), a new per-piece discount of \$0.007 would be available for bundles on ADC and SCF pallets entered at destination ADCs. For SCF pallets drop-shipped to destination SCFs, the new per-piece discount would be \$0.01. The discounts do not apply to mail prepared on any other pallet level. While mailers will be expected to prepare pallets of at least 250 pounds, the new discount would be available for pallets weighing less than 250 pounds. Less than 250-pound pallets (except overflow pallets) would not be eligible for the existing pallet discounts (*e.g.*, \$0.015 for drop-shipped mail on pallets of 250 or more pounds).

Co-palletization will consist of bundles of mail that remain intact (before and after co-palletization) and are moved from sacks (before co-palletization) to either ADC or SCF pallets to be drop-shipped to the appropriate DADC or DSCF. Mail that moves from an ADC pallet before co-palletization (*e.g.*, 250 or more pounds to an ADC) to an SCF pallet as a result of co-palletization would not be entitled to either of the new discounts.

The following explains the Periodicals mail types that could be eligible for the experimental co-palletization discounts:

- Small circulation publications.
- Residual volume of independently presorted versions of publications, as well as editions of current issues of larger circulation publications for those destinations where there is insufficient volume to prepare an ADC pallet of at least 250 pounds.
- Supplemental mailings of large circulation publications.
- Multiple titles or multiple versions of a publication that are presorted together into bundles through a selective binding operation if movement of the presorted bundles (created as a result of selective binding) is from sacks to co-pallets.
- Mail that is combined in a co-mailing operation that moves from sacks (if titles or versions are sorted independently) onto pallets that are drop-shipped.

Co-palletized pieces with less than 250 pounds per title or edition per ADC destination, if independently presorted, could qualify for the co-palletization discounts. Co-palletized pieces with less than 250 pounds of mail per title or edition within an ADC remaining after preparing SCF pallets could qualify for the co-palletization discounts because this mail otherwise would have been prepared in sacks. Mailers may build upon originally presorted SCF and ADC pallets, but only the co-palletized pieces with less than 250 pounds per title or edition per ADC destination, if independently presorted, would qualify for the co-palletization discounts.

Other drop-ship and palletization incentives available on the current rate schedule would apply to all the pieces based on their eligibility (e.g., drop-ship discounts and pallet discounts).

Because co-palletized volumes are difficult to predict, during the experiment co-palletized mail will not be required to be placed on the finest level pallet possible. For example, if a co-palletized ADC pallet contains more than 500 pounds to a particular SCF, an SCF pallet will not be required. Mailers and consolidators will be encouraged to periodically reevaluate mail volumes for SCF/ADC destinations to determine whether additional SCF pallets could be created on a regular basis to maximize presort and worksharing benefits.

The Postal Service recognizes that there is a relatively small volume of mail that is currently either co-palletized or co-mailed and drop-shipped. Consolidators who already drop-ship co-palletized volume are eligible for the additional discounts if the standards outlined below are met.

### Documentation Requirements

The Postal Service will require documentation (summarized for each title and identified by edition, version, or segment) that profiles mailings before co-palletization, to substantiate that without co-palletization the mail would have been prepared in sacks (e.g., ADC pallets of 250 or more pounds for any individual title, independently presorted version, or selectively bound pool, could not have been made). Supplemental mailings prepared after, and separate from, the original mailing, would be treated as a separate title and would have to meet the same requirements for pieces to be eligible for the additional discounts.

The mailer or consolidator must provide documentation of the mail both before and after co-palletization (e.g., mail.dat files that can be printed, if necessary), relating only to the mail that is co-palletized. The "before" documentation must be in files that permit easy identification of mailings (e.g., by job ID, segment ID, and container summary) included in the co-palletization program separate from mailings that are not included in the program. The "after" documentation must identify publications or segments with 250 or more pounds to an ADC on pallets (mail that does not qualify for added co-palletization incentives) separately from volumes of other publications or segments with less than 250 pounds that do qualify for the incentives. Documentation must be prepared by title and version, segment, or edition; or by codes representing each title or version, segment, or edition. The mailer or consolidator will output a new file for the mail after co-palletization showing how the mail was presorted and where it was entered. Data in the "after" co-palletization files must be easily reconciled with the "before" files to validate that proper postage has been paid for all pieces.

The Postal Service is issuing a new postage statement that includes the new co-palletization discounts. Periodicals mailers must use this postage statement for mailings that qualify for and claim the new discounts.

Publications mailed under the CPP program may be included as part of a co-palletized mailing. Publishers may elect to (1) remove the co-palletized portion of a mailing job from the CPP consolidated postage statement and pay postage at the consolidation point, or (2) provide, to the preparer of the consolidated postage statement, information about the co-palletized portion of their mailing to be included on the consolidated postage statement

submitted to the New York Rates and Classification Service Center.

Publishers that co-palletize multiple editions of the same publication must submit a consolidated postage statement and register of mailings.

### Data Reporting

Over the course of the experiment, mailers and consolidators must provide the Postal Service with appropriate data regarding publication titles that include pieces for which the discounts are claimed. The purpose of collecting these data is to provide a measure of the experiment's effectiveness. The Postal Service intends to provide participants with details regarding the frequency and methodology for data reporting prior to implementation of the experiment and expects to provide an easily accessible vehicle for reporting via the Internet or email.

Such data will, in aggregated form not identifying particular mailings or publications, be reported also to the Postal Rate Commission under the terms of its recommendation in Docket No. MC2002-3 and may be necessary for preparation of any request for future related permanent classification changes.

Participants must provide the following data to the Postal Service monthly in spreadsheet format (a model spreadsheet is shown in Exhibit A):

1. Number of titles receiving one or both of the co-palletization discounts.
2. Number of sacks that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been in these sacks.
3. Number of pallets that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been on pallets.
4. Number of sacks prepared after co-palletization, as well as the weight and the number of addressed pieces in these sacks.
5. Number of pallets containing mail qualifying for the ADC co-palletization discount (both new pallets and existing pallets built upon), as well as the weight and the number of addressed pieces receiving the ADC discount on both of these types of pallets.
6. Number of pallets containing mail qualifying for the SCF co-palletization discount (both new pallets and existing pallets built upon), as well as the weight and the number of addressed pieces receiving the SCF discount on both of these types of pallets.

## Application Process

Parties interested in participating as consolidators in the experiment must request approval from the Postal Service. Requests must be sent to the Manager, Mail Preparation and Standards, at 1735 N. Lynn St., Room 3025, Arlington, VA 22209-6037. The request must be accompanied by the following information, which will be treated as confidential by the Postal Service:

1. A completed application form. Application forms will be available from the Manager, Mail Preparation and Standards, beginning February 3, 2003. Application forms may be requested via email to [jwalke13@email.usps.gov](mailto:jwalke13@email.usps.gov).

2. A process map and narrative describing mail movement from production through the co-palletization process to dispatch to destination entry postal facilities.

3. Samples of presort documentation (before and after co-palletization), and a description of when and how presort documentation and postage statements are generated.

4. An explanation of how data for mailings included under the co-palletization experiment will be collected and reported to the Postal Service, including whether the model spreadsheet provided by the Postal Service can be used.

5. A list of the publications to be included in the test initially and evidence that each publication has obtained the appropriate authorizations at the office(s) where mailings will be verified and postage paid. If the applicant is not a printer and/or is consolidating publications for other printers, a list of these printers must also be included with the application. If the location where mail will be consolidated currently does not have a detached mail unit (DMU), arrangements must be made to establish one with the local post office responsible for the acceptance and verification of mailings.

Requests to participate will be accepted beginning February 10, 2003. Applicants meeting all requirements for the co-palletization test will receive a 90-day conditional authorization. Final approval will be given after the successful completion of the 90-day conditional period.

The effective date of implementation is April 20, 2003.

Accordingly, the Postal Service hereby adopts the following regulations on an interim basis. Although exempt from the notice and comment requirements of the Administrative Procedure Act (5 U.S.C. 410 (a)), the

Postal Service invites comments on the following revisions to the Domestic Mail Manual, incorporated by reference in the Code of Federal Regulations. See 39 CFR part 111.

## PART 111—[AMENDED]

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

**Authority:** U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 3001-3011, 3201-3219, 3403-3406, 3621, 3626, 5001.

2. Amend the following sections of the Domestic Mail Manual (DMM) as set forth below:

### G General Information

#### G000 The USPS and Mailing Standards

\* \* \* \* \*

#### G090 *Experimental Classifications and Rates*

\* \* \* \* \*

[Add new G092 to read as follows:]

#### G092 *Outside-County Periodicals Co-Palletization Drop-Ship Classification*

### 1.0 ELIGIBILITY

#### 1.1 Description

The standards in G092 apply to mailings that are produced by mailers and consolidators who are approved to participate in the Outside-County Periodicals Co-Palletization Drop-Ship Classification experiment.

#### 1.2 Rate Application

The Outside-County Co-Palletization Drop-Ship Classification discounts apply to pieces meeting the standards in G092.

#### 1.3 Basic Standards

The basic standards for co-palletized mailings are as follows:

a. Each mailing must consist of at least two different Periodicals publications or two different editions, segments, or versions of a Periodicals publication.

b. Each mailing must be presented with the correct postage statement(s). Mailings consisting of different Periodicals publications must be accompanied by a separate postage statement for each publication. Mailings consisting of different editions or versions of the same Periodicals publication must be accompanied by one consolidated postage statement and a register of mailings.

c. Each mailing must meet the documentation and postage payment standards outlined in 2.0 and P200.

d. Each mailing must be entered and postage paid at the post office where

consolidation takes place, except that postage for publications authorized under the Centralized Postage Payment (CPP) system may be paid to the New York Rates and Classification Center (RCSC). Each publication included in a mailing under these standards must be authorized for original entry or additional entry at the post office where the consolidated mailing is entered.

#### 1.4 Discount Eligibility

To be eligible for one of the discounts, mailpieces must be:

a. Part of a Periodicals mailing meeting the standards in M200, M820, or M900.

b. Part of a mailing segment with less than 250 pounds per title or version per ADC destination, if independently presorted. This includes mail for an ADC service area that remains after finer levels of pallets are prepared.

c. Prepared as bundles (packages) on pallets under M041 and M045, or under M900.

d. Prepared on either an ADC or SCF pallet of co-palletized pieces. Mailers may build on ADC or SCF pallets of 250 or more pounds prepared as part of the original presort. However, the pieces originally on these pallets (250 or more pounds per title or edition) do not qualify for the co-palletization discounts.

e. Drop-shipped to the appropriate DADC or DSCF.

### 2.0 DOCUMENTATION

Each mailing must be accompanied by documentation meeting the standards in P012, as well as any other mailing information requested by the Postal Service to support the postage claimed (e.g., advertising percentage and weight per copy). Documentation must be presented by title and version, segment, or edition; or by codes representing each title and version, segment, or edition included in the co-palletized mailing. In addition, documentation for the co-palletized mailing must:

a. Upon request, include presort reports showing how the pieces would have been prepared prior to co-palletization.

b. Include presort and pallet reports showing how the co-palletized pieces are prepared and where they will be entered (DADC or DSCF).

c. Distinguish publications or segments that do not qualify for the co-palletization discounts (e.g., because there are 250 or more pounds to an ADC destination) from those that do qualify for the discounts.

d. Allow easy reconciliation with reports prepared to reflect how mail would have been prepared prior to co-

palletization if requested to verify compliance with standards for discount eligibility.

e. Provide the following data in spreadsheet format (using the model spreadsheet provided by the Postal Service):

(1) Number of titles receiving one or both of the co-palletization discounts.

(2) Number of sacks that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been in these sacks.

(3) Number of pallets that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been prepared on pallets.

(4) Number of sacks prepared after co-palletization, as well as the weight and the number of addressed pieces in these sacks.

(5) Number of pallets containing mail qualifying for the ADC co-palletization discount, as well as the weight and the number of addressed pieces receiving the ADC discount on these pallets.

(6) Number of pallets containing mail qualifying for the SCF co-palletization discount, as well as the weight and the number of addressed pieces receiving the SCF discount on these pallets.

### 3.0 DISCOUNTS

The following discounts are available:

a. For pieces sorted to an SCF or ADC pallet of 250 or more pounds and drop-shipped to the appropriate DADC: \$0.007 per piece.

b. For pieces sorted to an SCF pallet of 250 or more pounds and drop-shipped to the appropriate DSCF: \$0.01 per piece.

c. Co-palletized pieces sorted to overflow DSCF or DADC pallets qualify for the corresponding co-palletization discount.

d. Co-palletized pieces sorted to ADC pallets weighing between 100 and 250 pounds and drop-shipped to the appropriate DADC: \$0.007 per piece.

### 4.0 REQUEST TO PARTICIPATE

A mailer or consolidator may request approval to mail in the experimental Outside-County Periodicals Co-Palletization Drop-Ship test by submitting a written request to the Manager, Mail Preparation and Standards. The request must be accompanied by the following:

a. A completed application form (available from the Manager, Mail Preparation and Standards).

b. A process map and narrative demonstrating how and where presort and co-palletization reports (including "before" and "after" data) are created as they relate to mail movement and consolidation of packages to be co-palletized. The map and narrative must also describe mail movement from production through the co-palletization process to dispatch to destination entry postal facilities.

c. Samples of all required documentation that must be provided at the time of mailing, including "before" and "after" reports and postage statements. The sample reports must demonstrate:

(1) How the co-palletized portion of the mailing is segregated from other mailing segments on the "before" reports.

(2) How mailing jobs, mailing segments, and containers will be identified in both "before" and "after" reports to allow reconciliation of the reports.

(3) How pieces appearing on the "after" reports that qualify for the co-palletization discounts (mailing segments with less than 250 pounds to an ADC) are differentiated from those that do not (mailing segments with 250 or more pounds to an ADC).

d. An explanation of how data for mailings included under the co-palletization experiment will be collected and reported to the Postal Service, including whether the model spreadsheet provided by the Postal Service can a copy of the spreadsheet that will be used.

e. An initial list of the publications to be included in the test and evidence that each publication has obtained the appropriate additional entry authorizations at the office where mailings will be verified and postage paid. The list must indicate if the publications are authorized under the Centralized Postage Payment (CPP) System. If the applicant is not a printer and/or is consolidating publications for other printers, a list of these printers must be included with the application.

### 5.0 DECISION ON REQUEST

The Manager, Mail Preparation and Standards, approves or denies a written request to participate in the experimental Outside-County Periodicals Co-Palletization Drop-Ship Classification test. If the application is approved, the mailer or consolidator will be notified in writing by the Manager, Mail Preparation and Standards. Initial approval is for a conditional 90-day period. When the mailer or consolidator has demonstrated the ability to prepare and enter mailings under the standards in G092, final authorization will be granted. If the application is denied, the mailer or consolidator may file at a later date or submit additional information needed to support the request.

### 6.0 POSTAL SERVICE SUSPENSION

The Manager, Mail Preparation and Standards, may suspend at any time an approval to participate in the experiment when there is an indication that postal revenue is not fully protected. The manager will notify the participant in writing of the decision. The suspension becomes effective upon the mailer's receipt of the notification.

\* \* \* \* \*

An appropriate amendment to 39 CFR 111 to reflect the changes will be published if the interim rule becomes final.

**Neva R. Watson,**  
*Attorney, Legislative.*

**BILLING CODE 7710-12-P**

Exhibit A  
**Co-Palletization Report to be filed by each participant**

No. of New Titles in Run\*

	Without Co-palletization		With Co-palletization				Total
	Sacked	Palletized	Sacked	ADC Pallets	SCF Pallets	Existing Pallets Built Upon	
No. of Containers							-
Weight (lbs.)							-
Addressed Pieces							-

\*For the first report in each 6-month period (for which the Postal Service reports data) each participant (consolidator/printer) will be asked to provide the number of titles that are co-palletized & dropshipped. For each new run, only the number of new titles (not previously co-palletized) will be reported.

Note: Sacked volume before co-palletization should equal the total volume after Co-palletization