

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

**AGENCY:** Postal Service.

**ACTION:** Supplementary final rule.

**SUMMARY:** This supplementary final rule sets forth the remaining Domestic Mail Manual (DMM) standards adopted by the Postal Service to implement the Decision of the Governors of the Postal Service in Postal Rate Commission Docket No. MC95-1, Classification Reform I. These standards address the specific aspects of the final rule published in the Federal Register on March 12, 1996 (61 FR 10068-10217), on which the Postal Service had sought additional comments.

**EFFECTIVE DATE:** July 1, 1996.

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

**SUPPLEMENTARY INFORMATION:** On March 24, 1995, pursuant to its authority under 39 U.S.C. 3621, et seq., the Postal Service filed with the Postal Rate Commission (PRC) a request for a recommended decision on a number of mail classification reform proposals (Classification Reform). The PRC designated the filing as Docket No. MC95-1. The PRC published a notice of the filing, with a description of the Postal Service's proposals, on April 3, 1995, in the Federal Register (60 FR 16888-16893).

Following two earlier advance notices of proposed rulemaking seeking comments from the public (60 FR 34056-34069, June 29, 1995, and 60 FR 45298-45323, August 30, 1995), the Postal Service published for public comment in the Federal Register a proposed rule (60 FR 66582-66703, December 22, 1995) that included a complete listing of changes to the standards in the DMM that it proposed to adopt if the Classification Reform proposals requested by the Postal Service in PRC Docket No. MC95-1 were recommended by the PRC and approved by the Governors of the Postal Service.

Pursuant to 39 U.S.C. 3624, on January 26, 1996, the PRC issued its Recommended Decision on Docket No. MC95-1 to the Governors of the Postal Service. The PRC recommendations included revisions to some of the mail classification structures and rates requested by the Postal Service. Pursuant to 39 U.S.C. 3625, the Governors acted on the PRC's recommendations on March 4, 1996. With the exception of the PRC's separate

courtesy envelope mail and bulk parcel post proposals, the Governors determined to approve the PRC's recommendations, and the Board of Governors set an implementation date of July 1, 1996, for those rate and classification changes to take effect. (Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Classification Reform I, Docket No. MC95-1, Board of Governors Resolution No. 96-2.)

To implement the Governors' decision, the Postal Service published a final rule containing the DMM standards adopted by the Postal Service in the March 12, 1996, Federal Register (61 FR 10068-10217). Except as specifically noted therein, the revised DMM standards take effect July 1, 1996. As explained in that final rule, because the PRC's Recommended Decision, as approved by the Governors, made significant changes to the mail classification structure requested by the Postal Service, it was necessary to change some elements of the proposed rule when producing the final rule.

To the extent that the final rule established standards not previously published for public comment, the Postal Service determined to seek and consider additional input from customers. That further opportunity for public comment was limited to matters newly introduced in the final rule, that were not mandated by the rate and classification provisions, and that were significant in their impact on customers compared with the corresponding elements of the proposed rule recommended by the PRC and approved by the Governors. Comments were solicited for these specific provisions:

1. New standards applied to Regular Periodicals similar to those adopted in the final rule for First-Class Mail and Standard Mail:

a. All pieces in an automation rate mailing must be delivery point barcoded (for letter-size pieces) or ZIP+4 or delivery point barcoded (for flat-size pieces).

b. Presort and other preparation standards must be met, including a 150-piece minimum for preparing trays of automation rate letter-size mail.

c. All 5-digit ZIP Codes used in the addresses on nonautomation rate Regular Periodicals must be verified annually for accuracy. Mailers must certify this verification at the time of mailing.

d. Letter-size reply envelopes and cards enclosed in automation rate pieces must meet specific standards for automation compatibility. Mailers must

certify this automation compatibility at the time of mailing.

2. Standards for documentation produced by Presort Accuracy Validation and Evaluation (PAVE)-certified software and for standardized documentation produced otherwise.

Because the list of provisions on which comment was sought was limited and straightforward, because mailers were expected to have little difficulty evaluating the impact of those limited provisions on their operations and preparing comments quickly, and because the Postal Service wanted to ensure that mailers have sufficient time to make any necessary changes to their operations before the July 1, 1996, implementation date, the Postal Service set March 27, 1996, as the closing date for comments on the specific matters identified in the final rule.

Part A of this supplementary final rule provides an analysis of comments received and the Postal Service responses. Part B provides policy information about plant-verified drop shipments. Significant changes made to the final rule since its issuance, including the excerpted text of revised DMM standards that have been amended based on comments, are at the end of this notice.

#### A. Summary of Comments

##### 1. General Information

The Postal Service received 77 pieces of correspondence offering comments on the identified aspects of the final rule. (Of that number, 18 pieces were form letters received from employees of one company; these letters are treated as a single comment. Another 14 letters, based on a different form letter, were submitted by 14 different companies; these letters are treated as individual comments.) Commenters included mailers, printers, industry consultants, individual publishers, and major mailer associations.

Of those items on which comment was sought, all but two commenters wrote on issues relevant to Periodicals. Comments on Periodicals are discussed in section 2 below. Only two commenters wrote about the portion of the final rule concerning standardized documentation. One of those two commenters was a major billing service; the other, a list and data management service. Their comments are discussed in section 3.

Although comment was sought on only the specific listed issues and not on other aspects of the final rule, many commenters submitted comments on other issues. This group of comments is discussed in section 4.

## 2. Periodicals

### a. 100% Barcoding

Of the comments on those specific points for which comment was sought, 38 commenters focused on the Postal Service's proposal that automation rate Regular Periodicals mailings must be 100% barcoded. Commenters generally supported the concept of efficient mail and the Postal Service's desire to optimize the volume of such mail, but they generally disagreed with the feasibility of the Postal Service's proposed implementation of a 100% barcoding standard for Regular Periodicals and an implementation date for this standard. Seven of those commenters suggested that carrier route presorted pieces count toward the percentage of barcoded pieces, two urged inclusion of firm packages, and three recommended counting 5-digit barcoded pieces toward the required percentage. Twenty-eight commenters offered various timetables on which the Postal Service could "ramp up" to a higher percentage of barcoded pieces in Regular Periodicals mailings, but few accepted an eventual 100% environment. One commenter advocated retaining the current "85% rule," whereas six other commenters stated that the Postal Service should defer requiring 100% barcoding until it can provide ZIP+4 codes for all addresses that a mailer submits for address matching and coding.

The Postal Service has identified efficient mail as a major expected result of Classification Reform and has publicized that expectation since the earliest phases of the reform process. Moreover, the Postal Service has invested heavily in barcode-based automated systems as a strategy to drive cost from its mail processing operations, another objective set early in the reform process and strongly supported by customers. The rates adopted as a result of Docket No. MC95-1 underwrite mailers' efforts and investments in producing the efficient 100% barcoded mailstream needed to allow automated systems to yield their planned cost and service benefits.

Throughout the years that the Postal Service's Classification Reform proposals were developed, a clear message was maintained, not only about the need for and benefits of a pure barcoded mailstream, but also for heightened awareness that quality address information is the key enabling factor for successful address matching and barcoding. In view of this clear record, the Postal Service has determined not to retain standards supporting the current inefficient

mailstream (e.g., the "85% rule") and not to adopt new standards that compromise achievement of its automation objectives.

For example, allowing inclusion of carrier route presort pieces or pieces bearing a 5-digit barcode in the percentage of barcoded mail does not offer a benefit consistent with the Postal Service's automation goal. Although presorting mail by carrier route enables movement of that mail directly to the carrier with minimal en route distribution, such preparation has no effect on the rest of the mailing (i.e., the remaining copies of an issue of a publication not sorted to carrier routes) and does not increase the volume of mail compatible with automation. Moreover, the 100% barcoding standard would apply only to automation rate pieces (an automation rate is not available for carrier route sorted pieces), making the coexistence of a separate carrier route sorted mailstream essentially irrelevant regardless of its volume. As a result, the final rule will not allow the quantity of mail prepared for carrier route rates to count toward the required percentage of a mailing that must be barcoded.

Firm packages and pieces bearing only a 5-digit barcode will not be included either. Aside from the likely incompatibility of their wrapping material with automated processing, firm packages often exceed the physical size restrictions of automated equipment and, if included in automation rate mailings, would require culling for separate processing. This scenario is inconsistent with an efficient mailstream and argues for the exclusion of firm packages from an automated mailing (both physically and as a contributor toward the 100% barcoding level). The final rule will continue the exclusion of firm packages.

Five-digit barcoded pieces represent no assurance of quality in the mailpiece address. Otherwise, a ZIP+4 code could have been determined and translated into a delivery point barcode (or a ZIP+4 barcode on a flat-size piece). Therefore, despite the limited processing benefit of a 5-digit barcode, the Postal Service remains convinced that quality addressing and the best possible depth of code should remain the sole objectives of automation rate mailers. The final rule will retain the specification for a delivery point barcode (or, for a flat, a ZIP+4 barcode).

Concerns are unfounded that nonbarcoded mail will be excluded from the mailstream. Nonbarcoded mail will still be acceptable but will have to be mailed separately from barcoded mail. However, in line with the basic

theme of Classification Reform that mail should pay rates more closely aligned with the cost of the mail, nonbarcoded mail (other than carrier route sorted mail) will be subject to rates that are higher than those available for barcoded pieces. Without excluding them from the mail, nonbarcoded pieces not sorted to carrier routes are clearly priced in a manner that encourages the mailer to evaluate ways to move such pieces into the more efficient and economical barcoded mailstream.

Throughout the years that Classification Reform was developed, the Postal Service conducted a dialogue with the mailing industry regarding address quality. During that time, customers defined various challenges that they perceived as limiting their ability to reach the quality standards proposed by the Postal Service. In response, the Postal Service worked to find solutions, either within existing address management strategies or by new methods tailored to the needs of specific customers.

Throughout this time, there were concerns that the entirety of customer address lists could not be matched to postal databases. Many customers argued, as did the commenters mentioned above, that standards for a 100% barcoded mailstream should be deferred until the Postal Service can "guarantee to code and match 100% of all addresses," as stated by one commenter. In response, the Postal Service determined to work with customers to rectify hindrances, within the customer's address files or elsewhere, so that 100% coding could be achieved. The Postal Service has not accepted a less-than-100% barcoded mailstream as an alternative.

The Postal Service does not accept the general statement of some commenters that noncodable addresses are caused by deficiencies in the Postal Service's database or in the matching software used to compare customer address lists with that database. Rather, the Postal Service continues to affirm that a ZIP+4 code is available for every known and recorded delivery address, including addresses at institutions that have worked with the Postal Service to establish an internal address system, and that the inability to barcode some mail is based on address quality problems. Although the reasons vary for which specific addresses frustrate efforts at ZIP+4 matching (and, in some cases, resist easy identification), the Postal Service disagrees that most customers cannot meet the challenge of 100% matching after application of sufficient diagnostic measures. To that end, the Postal Service restates its

commitment to work with customers in identifying and applying the necessary tools to permit 100% coding of address lists.

The Postal Service believes that such concerted effort is worthwhile to generate the efficiencies of a pure barcoded mailstream. Given that benefit, the Postal Service cannot agree that it is prudent or necessary to defer standards for 100% barcoding until all known address problems are resolved. Because of the importance of address quality and its central role in producing a barcoded mailstream, the Postal Service has determined to apply a 100% barcoding standard to automation rate Regular Periodicals just as it has to automation rate First-Class Mail and Standard Mail. The final rule will therefore retain this basic standard.

However, despite the many months of general discussion about 100% barcoding, the Postal Service is aware that Regular Periodicals mailers have experienced a belated introduction to the 100% barcoding standard. (It was because of this awareness that comments were accepted on the cited aspects of the final rule.) Although the Postal Service does not believe that the address management challenges facing Regular Periodicals are any more daunting than those facing mailers of First-Class Mail and Standard Mail, it acknowledges that Regular Periodicals mailers need time to implement internal adjustments to upgrade address quality and codability, to modify internal production systems, and to make other changes necessary to produce pure barcoded mailings. Therefore, while remaining firm that standards for mailstream efficiency (barcoding) and address quality should apply equally to all classes of mail, the Postal Service has concluded that mailers of all classes of mail should be afforded a comparable period during which to prepare to meet those standards. Therefore, the Postal Service will not fully implement the 100% barcoding standard for automation rate Regular Periodicals until January 1, 1997.

From July 1, 1996, through December 31, 1996, up to 10% of the pieces in an automation rate Regular Periodicals mailing may bear only a 5-digit barcode (if a flat) or a ZIP+4 barcode or no barcode (if a letter). However, all pieces will have to meet the applicable standards for physical automation compatibility and barcode quality. Nonbarcoded pieces must be claimed at nonautomation rates and presorted with the barcoded pieces. Carrier route pieces, firm pieces, and pieces not bearing a delivery point barcode (or, if a flat, a ZIP+4 barcode) may not be

counted toward the temporary 90% barcoded minimum. (In effect, this continues the existing mixed mailstream, only at a 90/10 level rather than the 85/15 level in place through June 30, 1996.) Beginning January 1, 1997, all pieces in an automation rate Regular Periodicals mailing must meet the same barcoding standard applicable to automation rate First-Class Mail and other-than-Nonprofit Standard Mail (i.e., letter-size mail must bear a delivery point barcode; flat-size mail must bear a ZIP+4 barcode or delivery point barcode).

#### b. Unique 3-Digit Cities

One commenter suggested that the Postal Service return to package-based rates for letter-size Periodicals until a DMCS change can be made to allow all 3-digit mail to qualify for the 3/5 rates. (Only unique 3-digit cities are eligible for 3/5 (Level B) rates today. The Postal Service requested a redefinition of the rate to apply 3/5 rates to all 3-digit sortations, but this was not recommended by the PRC.) Barring that, the commenter argued, the Postal Service should allow the inclusion of unique 3-digit cities in scheme groups where applicable.

The Postal Service has reconsidered its original position on this matter and has amended the final rule (DMM E241.2.1a) to allow pieces for a unique 3-digit city to qualify for the 3/5 rate, regardless of volume, when included in a scheme group (where applicable) if those pieces are separated from the remainder of the scheme group's mail.

#### c. Enclosed Reply Pieces

Three commenters opposed the standard for enclosed reply pieces, i.e., that enclosed letter-size reply cards and envelopes bear the correct FIM and delivery point or ZIP+4 barcode (as applicable). The commenters were particularly concerned over inserted pieces whose production was "beyond [their] control," i.e., produced by a third party for inclusion in their publications. One commenter worried that mail would be held "hostage" if an enclosed piece does not meet the applicable standards or that the Postal Service will "punish" publications for their enclosures.

The Postal Service does not believe fears of punishment are warranted. The commenters correctly noted the problems with materials provided by third parties for enclosure in publications, but this circumstance has parallels in First-Class Mail and many Standard Mail situations as well. In all cases, responsible persons, including at least one of the commenters, identified

the need for preparatory steps to preclude problems with provided materials. The Postal Service deferred implementing the standard for enclosed reply mail until January 1, 1997, to provide sufficient time to correspond with and educate suppliers and printers that prepare third-party enclosures. Accordingly, the final rule will retain the provisions for enclosed reply pieces, effective January 1, 1997.

#### d. 150-Piece Minimum

Four commenters opposed the imposition of 150-piece presort eligibility and preparation standards for automation rate letter-size Periodicals. These comments are similar to comments received from some preparers of First-Class Mail and Standard Mail during the comment period following the December 22 proposed rule and addressed at some length in the Postal Service's March 12 final rule. From a physical or mail processing perspective, automation rate letter-size mail is comparable regardless of class, and the reasons for which the Postal Service applied a 150-piece minimum for automation rate First-Class Mail and Standard Mail are equally valid for similar mailpieces mailed at Periodicals rates. Therefore, because the issues raised by these commenters have already been answered with respect to mail for other classes, the final rule will retain the 150-piece standard for automation rate Periodicals.

#### e. Six-Piece Minimum Per Sack

Three commenters raised concerns over the six-piece minimum per sack, arguing that they will be unable to continue preparing smaller sack volumes to some 5-digit destinations that, they feel, give their publications a better service opportunity than when prepared in 3-digit or lesser destination sacks with six or more pieces. (Standards were announced in the final rule that required preparation of a sack/tray regardless of volume for each 3-digit served by the origin SCF (mail processing plant), and permitted such a sack/tray for each entry point for drop shipment mailers. This provision is also applicable to Periodicals.) The Postal Service understands customers' desire for good service and appreciates their efforts to facilitate such service by going beyond the required level of preparation. However, in this case, the Postal Service balanced the potential benefits of sacks with fewer than six pieces against the costs of handling so little mail per sack and determined that it is preferable to retain the minimum volume prescribed in the final rule. The Postal Service will strive, on a case-by-

case basis, to resolve any service problem that results from this required minimum volume.

f. Presort Changes

Three commenters stated concerns over changes in sortation (elimination of SCF packages, elimination of the optional city sort, and changes to sortation standards generally). The Postal Service has repeatedly publicized its intention to implement major network changes at the same time that Classification Reform is implemented. Accordingly, sortation standards for all reformed classes of mail align with the simpler mail processing and distribution network. SCF and optional city sortations are two examples of levels no longer useful and, like state and mixed states sortations, were eliminated under Classification Reform. Because of the clear need to align customers' sortation with the pattern of the postal distribution network, and the impracticability of phasing in a fundamental network change or operating two networks concurrently, the implementation of new sortation standards must proceed as prescribed in the final rule.

g. Barcoded Labels

One commenter asked for a 10% to 15% allowance for nonbarcoded sack/tray labels. In response to comments on the December 22 proposed rule, the Postal Service deferred implementation of the barcoded label standard for automation rate mailings until January 1, 1997. At that point, the Postal Service expects to improve its ability to handle such mail more economically by distributing trays and sacks according to the barcode printed on the sack or tray labels. Allowing a significant portion of that mailstream to have nonbarcoded labels would not only dilute the benefit of the remaining labels but also retain needless costs for the mail inside the sacks and trays. Consequently, the final rule will retain the standard for barcoded sack and tray labels, effective January 1, 1997.

h. Other Issues

(1) One commenter asked the Postal Service to permit the continued use of "second-class" on wrappers and polywrap enclosing publications. Because MC95-1 renamed second-class mail as Periodicals, the Postal Service will not amend its standards to permit "second-class" on wrappers and other enclosures. However, requests to exhaust stock of enclosure material already preprinted with "second-class" will be adjudicated on a case-by-case basis.

(2) Three commenters questioned the need for a separate Form 3553, Coding Accuracy Support System (CASS) Report, for mailings made repeatedly from the same list (e.g., a list used by a daily newspaper). Although the basic standard for generation and submission of Form 3553 will be retained as stated in the final rule, the Postal Service will consider how this standard can be most sensibly implemented in cases where regular mailings are submitted for a relatively stable address list.

(3) Two commenters questioned the availability of "working" pallets for each entry point. The DMM standards for palletization were revised in a separate rulemaking concluded before the final rule on Classification Reform was announced, but were shown in their entirety in the March 12 notice. "Working" pallets may be prepared by the mailer, subject to the general 10% limit on such pallets, and may be deposited at those post offices that are appropriate for the mail contained on the pallet. To eliminate any confusion over the definition of "working" pallet, the DMM standards will be amended to remove "working" in favor of "mixed BMC" or "mixed ADC," as appropriate.

(4) One commenter questioned the correct rate for Standard Mail (A) enclosed in Periodicals claimed at a carrier route presort rate. The applicable standards were not significantly altered in the final rule and continue to allow the enclosure to pay the corresponding rate paid for the host piece. Therefore, enclosed Standard Mail (A) would be charged the basic carrier route (nonautomation) rate if enclosed in a publication claimed at the carrier route Periodicals rates.

(5) One commenter claimed the rate increase for some Periodicals was greater than stated by the PRC. He also urged elimination of "unique 3-digit city" as a factor in presort or rate eligibility. The Postal Service did not request retention of "unique 3-digit city" in its filing, but the PRC retained this distinction in its Recommended Decision. A consideration of the reasons for that action is beyond the scope of this rulemaking.

(6) Two commenters suggested that the rules for address matching should be interpreted to allow the matched list to be valid for 90 days beyond the "last permissible use" date of the Postal Service file, rather than 90 days after the date of matching. The Postal Service discussed this issue extensively in its proposed and final rules and determined to set the date of matching as the start of the 90-day clock.

(7) Although the list of issues on which comments were sought did not

include tabloid-size publications' eligibility for automation rates, both groups of form letters contained a statement on that subject, and the comments of one association, prepared by an executive of one of the form letter commenters, also mentioned tabloid-size publications. The one company whose employees submitted a total of 18 identical letters urged the Postal Service to accelerate deployment of a next-generation flat sorter (the FSM 1000) to process tabloids. The remaining group of comments cited the "injustice" of excluding tabloids from barcoded rates. Those commenters' letter stated that it is unfair for tabloids to pay higher rates "when we have followed the requirements for Periodical Class mail."

Although this is not an issue on which comments were sought, the Postal Service will respond. The final rule will contain no change either to redefine the physical characteristics of an automation-compatible flat or to extend automation rate eligibility to incompatible flat-size pieces. The Postal Service will not consider allowing any publication that is incompatible with current automated flat mail processing equipment (the FSM 881) to have access to automation rates. Such a suggestion offers no benefit to the Postal Service and would improperly extend a cost avoidance discount to mail that does not offer any compensatory opportunity for cost reduction in postal handling. The Postal Service is deploying the FSM 1000 on a timetable that meets the operational needs of the Postal Service. Any enlargement of the current dimensions for automation-compatible flats will need to await the general availability of the FSM 1000.

As always, the Postal Service will continue to work with mailers to assist them to qualify for the most favorable rates for which they are potentially eligible. However, the Postal Service notes that all Periodicals mailers, including those of tabloid-size publications, already benefit from favorable rates as a result of their compliance with the basic standards for Periodicals eligibility. Mailers who desire to participate in the added price or service benefits of automation should weigh those benefits against the value of the current format of their publications and make an appropriate business decision within their own best interests.

### 3. Documentation

Only two commenters responded to the Postal Service's standard that documentation of mailings, where required to support postage statement data, had to be produced from software certified by Presort Accuracy Validation

and Evaluation (PAVE) or in a standardized format. Examples of standardized documentation were published as part of the final rule.

One commenter, a major billing service claiming to have submitted its own form of computer-generated mailing documentation for PAVE certification, states that the final rule has caused "PAVE certification [to be] taken away and made the sole property of hardware and software vendors," forcing that company "to comply with what the [software] vendors and the Postal Service have agreed."

The other commenter, a large list and data management service, stated that the timetable for implementation of standardized documentation of Periodicals mailings was too short. Noting how much time in advance of the issue date a publication's address and presort data are developed, the current absence of completed Postal Service specifications for standardized documentation for Periodicals, and the time needed for software vendors to produce and distribute presort software once postal specifications are released, the commenter argued that software could not be developed in time to produce issues of publications that will appear on January 1, 1997. Instead, the commenter urged delay in implementing standardized documentation for Periodicals until September 1, 1997.

The Postal Service has required documentation in support of postage statements for many years. Recently, it required documentation to describe the volume of pieces at various presort levels within automation rate mailings and the number of pieces with or without a barcode. As early as 1976, presort rates necessitated some form of proof by the mailer that mailings contained the same number of properly prepared, qualifying pieces as claimed at the reduced rate on the postage statement. In view of this history, the Postal Service does not believe that producing accurate documentation, keyed to the mailing that it accompanies, should be a significant task for most customers, especially given most contemporary business mailers' heavy dependence on computer systems for many aspects of mail production.

With the advent of complex mailings, which in recent years include combinations of rate categories, presort levels, and entry discounts, the role of documentation has become increasingly significant both as a source of information for use in completing postage statements and as a tool for postal verification. As a result, the

importance of accuracy has been matched by the importance of usability and clarity. If documentation is ambiguous or cumbersome to review, attempts to relate it to the physical mailing are frustrating if not unsuccessful, bringing into question how well the information is mirrored on the postage statement and defeating the purpose for the documentation's generation and submission for use by the Postal Service to verify the mailing. Therefore, the Postal Service has increasingly emphasized clarity and consistency in documentation, both in content and in format. Mailers have been required to meet specific documentation standards for many years, especially those mailers who mail at automation rates. As a result of this experience, the Postal Service does not believe that the documentation standards in the final rule present a significant hurdle for those customers already generating quality mailing documentation.

Moreover, it is only reasonable to expect that the Postal Service's extensive discussions of documentation standards would be with those parties whose products will produce the documentation: providers of software to the mailing industry. These discussions have been neither exclusive nor private, and they have been designed to set criteria for documentation that are achievable by computer software generally, regardless of whose software is used, including software developed proprietarily by independent mailers. Because of the generality of the criteria for standardized documentation and the essential level of quality that those criteria demand, the Postal Service does not agree that those criteria are burdensome or beyond the ability of its customers. The Postal Service expects each customer to decide on a cost-benefit basis whether to produce software in-house or purchase it from the commercial market. No customer is being forced either to abandon proprietary software or to purchase software from a vendor. Standardized documentation, including that generated by PAVE-certified presort software, is a generic commodity and a reasonable product to expect from a customer producing automation mailings. As a result, the Postal Service finds no basis to amend the final rule to recraft its definition of standardized documentation's content or format.

Regarding the timeframe for implementing standardized documentation requirements, the Postal Service must conclude that mailers and vendors attentive to the Classification Reform process are well aware of the

reasons for a July 1 implementation date and what they each must do to be ready on that date. Although individual circumstances may necessitate individual consideration, the Postal Service finds no reason to conclude that, through application of adequate resources, most if not all customers cannot have the necessary software ready and in use when Classification Reform is implemented (or, for mailers of Periodicals, on January 1, 1997). Therefore, the final rule will not be amended to delay implementation of standards for documentation generated by PAVE-certified software or produced in a standardized format.

#### 4. Other Issues

##### a. AUTO Marking on Automation Mail

Six correspondents submitted statements that they would have difficulty complying with the standard for the marking of automation rate First-Class Mail and Standard Mail (i.e., that each piece be marked "AUTO" (or "AUTOOCR" if carrier route presort) and that no other piece bear that marking if not paid at that rate). One commenter complained about the requirement that "AUTO" must be shown in all uppercase letters. This was not an issue open for further comment. The Postal Service will note, however, that marking of mail is essential for accurate identification and cost ascertainment when sampling the mailstream, and the effort to provide such a marking is necessary so that future automation mail rates will be based on a more accurate determination of the cost of that mail. Therefore, the Postal Service believes that measures required of customers to apply the appropriate markings on mail are consistent with and responsive to customers' overall desire for cost-based rates.

The Postal Service recognizes that various mailer systems could produce the required markings if additional alternative methods were provided beyond those in the final rule. Accordingly, the DMM standards shown below incorporate new revisions to permit placement of "AUTO" or "AUTOOCR" in a mailer or manifest keyline (where appropriate). Placement of these markings will be allowed in an MLOCR date correction, meter drop shipment, or manifest keyline if preceded by two asterisks. To correct an incorrectly applied "AUTO" or "AUTOOCR" marking, the Postal Service has also amended the final rule to allow the mailer to add the marking "Single-Piece" or "SNGLP" below or to the left of the postage area, in a line above the

address, or in an ink-jet applied date line.

The Postal Service also recognizes that some customers' systems might require relatively significant adjustments in order to identify the correct marking for a mailpiece and/or apply it and/or suppress an incorrect marking. Because producing the desired mailpiece marking might need creative solutions in some cases, the Postal Service will continue to discuss its marking standards with affected customers on a case-by-case basis. It must be emphasized, however, that such discussions will be solely to develop solutions about how to meet the marking standards.

**b. Exception for Letter-Size Pieces at Automation Rate for Flats**

One commenter objected to the time limit on that portion of the final rule in which the Postal Service provided an exception for Standard Mail letter-size pieces prepared to qualify for the automation rate for flats. In effect, that exception allowed an entire job to be prepared as flats on pallets if the Regular rate portion was 10% or less of the combined volume of the Enhanced Carrier Route and automation rate pieces. (The final rule incorrectly showed this as 15%; that error is among the corrections noted below.) The Postal Service allowed this exception through the end of 1996 to give customers preparing such mail ample opportunity to redesign and modify production lines to prepare thereafter all letter-size mail in trays regardless of the rate paid for it.

The consistent preparation of letter-size mail in trays is an important objective of the Postal Service in implementing Classification Reform. Such preparation is an element of the standardization and efficiency that reform is intended to provide.

However, because of the problems cited by mailers of this specific type of mail, commonly called "fletters" or "slim jim catalogs," the Postal Service has determined to explore further with the industry how to achieve the intended benefit for the Postal Service while minimizing disruption for mailers. Pending further review of the preparation of this type of letter-size mail, the exception cited above will continue in effect without an expiration date.

**c. Use of CDS for Sequenced Mail**

One commenter pointed out that the Postal Service's requirement that a mailer document use of CASS-certified software for matching carrier route codes is irrelevant if the mailer uses the Postal Service's own Computerized

Delivery Sequence (CDS) product when producing walk-sequenced Enhanced Carrier Route mailings.

A mailer who uses CDS is provided Form 3553 with each product update so that the mailer can submit the necessary documentation with mailings. Rather than establish a separate procedure for CDS users, the Postal Service will continue to interpret DMM E632.1.4 ("another AIS product") to include CDS among the appropriate tools for carrier route coding.

**d. Postage Statement**

One commenter, a major billing service, objected to the "requirement for a single postage statement." The Postal Service is unable to identify the genesis of this comment but must emphasize that the commenter is incorrect. The final rule allows customers to report many separate groups of mail (commonly called "mailings") on a single statement but does not require that this be done. Customers retain the right to prepare a separate statement with each group of mail if that is their practice or preference.

**e. Strapping of Trays**

One commenter asked for a delay in implementing the standards for tray strapping. The Postal Service explained in earlier phases of this rulemaking the reasons for the required strapping of trays. Those reasons remain and, as a result, the standards will be implemented as announced in the final rule.

**f. Other Issues**

Various commenters offered observations or asked questions on other issues beyond the scope of this phase of the final rulemaking and, as such, will not be responded to in this supplementary final rule. However, the Postal Service remains interested in answering the questions and concerns of its customers. Mailers are asked to direct their questions to their respective area or district Classification Reform Implementation Coordinator; Manager, Business Mail Entry; or Rates and Classification Service Center, as appropriate.

**B. Plant-Verified Drop Shipments**

The Postal Service also has formulated its policy concerning the rates and preparation standards that will apply to any plant-verified drop shipment (PVDS) that is prepared for entry during the period immediately surrounding the implementation date for Classification Reform (July 1, 1996) as follows:

1. PVDS verified and paid for before July 1, 1996, will be accepted into the mailstream through July 5, 1996, if presented with appropriate documentation of verification and payment.

2. PVDS may be verified and paid for beginning June 1, 1996, under the rates and preparation standards that take effect July 1, 1996, if the shipment is not accepted into the mailstream until July 1, 1996, or later.

**List of Subjects in 39 CFR Part 111**

Postal Service.

For the reasons discussed above, the Postal Service hereby adopts the following amendments to the Domestic Mail Manual, which is 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: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 3001–3011, 3201–3219, 3403–3406, 3621, 3626, 5001.

2. The following substantive changes are made to the Domestic Mail Manual. (This list is to show significant revisions only and is not intended to detail amendments for typographical correction, organizational consistency, or editorial clarity.)

**A ADDRESSING**

\* \* \* \* \*

A900 Customer Support Services

\* \* \* \* \*

A950 Coding Accuracy Support System (CASS)

**1.0 BASIC INFORMATION**

\* \* \* \* \*

**1.2 Requirement**

[Amend 1.2 by replacing "CASS certification" with "CASS certification (including Multiple Accuracy Support System (MASS))" to read as follows:]

Any mailing claimed at an automation rate must be produced from address lists properly matched and coded with CASS-certified address matching methods listed below. Mailers using multiline optical character readers (MLOCs) to print delivery point barcodes on mailpieces (or for flats, ZIP+4 barcodes) must also obtain CASS certification (including Multiline Accuracy Support System (MASS)) for the address matching software used on their MLOCs.

\* \* \* \* \*

5.0 DOCUMENTATION

\* \* \* \* \*

5.5 Using Single Lists

[Amend 5.5 by replacing "within 1 year" with "within 6 months" in the second sentence to read as follows:] When a mailing is produced from all or part of a single address list, the mailer must submit one Form 3553 and other required documentation reflecting the summary output information for the entire list, as obtained when the list was coded. When the same address list is used to make other mailings within 6 months of the date it was matched and coded, an original or a copy of the computer-generated Form 3553 must be submitted with each.

\* \* \* \* \*

**C CHARACTERISTICS AND CONTENT**

\* \* \* \* \*

C800 Automation-Compatible Mail

C810 Letters and Cards

\* \* \* \* \*

8.0 ENCLOSED REPLY CARDS AND ENVELOPES

8.1 Basic Standard

[Revise 8.1 to read as follows:] Effective January 1, 1997, all letter-size reply cards and envelopes (business reply, courtesy reply, and metered reply mail) provided as enclosures in automation First-Class Mail, automation Regular Periodicals, and automation Regular and Enhanced Carrier Route Standard Mail must meet the applicable standards in 1.0 through 7.0, bear a facing identification mark meeting the standards in 8.2, and bear the correct delivery point barcode (or, for business reply mail (BRM), the correct ZIP+4 barcode) for the delivery address on the reply piece as defined by the USPS, subject to the barcode standards in C840. Mailers must certify that these standards have been met when the corresponding mail is presented to the USPS. BRM pieces must also meet the applicable standards in S922.

\* \* \* \* \*

**E ELIGIBILITY**

\* \* \* \* \*

E100 First-Class Mail

\* \* \* \* \*

E130 Nonautomation Rates

\* \* \* \* \*

3.0 PRESORTED RATES

\* \* \* \* \*

3.3 Address Qualify

[Revise 3.3 to read as follows:]

Effective January 1, 1997, addresses appearing on all pieces claimed at the Presorted rate must be updated within 6 months before the mailing date by a USPS-approved address update tool (e.g., the "Address Correction Endorsement," ACS, or NCOA). Additional alternatives currently under development (such as FASTforward<sup>SM</sup>) may be used to meet this standard when they have received final approval. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS. This standard applies to each address individually, not to a specific list or mailing. If a USPS-approved address update tool is used, a valid update is obtained regardless of the class of mail on which the address is placed. An address meeting this standard may be used in mailings at any other rate to which the standard applies throughout the 6-month period following its most recent update.

\* \* \* \* \*

E140 Automation Rates

1.0 BASIC STANDARDS

\* \* \* \* \*

1.3 Address Quality

[Revise 1.3 to read as follows:] Effective January 1, 1997, addresses appearing on all pieces claimed at the automation rates must be updated within 6 months before the mailing date by a USPS-approved address update tool (e.g., the "Address Correction Endorsement," ACS, or NCOA). Additional alternatives currently under development (such as FASTforward<sup>SM</sup>) may be used to meet this standard when they have received final approval. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS. This standard applies to each address individually, not to a specific list or mailing. If a USPS-approved address update tool is used, a valid update is obtained regardless of the class of mail on which the address is placed. An address meeting this standard may be used in mailings at any other rate to which the standard applies throughout the 6-month period following its most recent update.

\* \* \* \* \*

1.5 Enclosed Reply Cards and Envelopes

[Revise 1.5 to read as follows:] Effective January 1, 1997, all letter-size reply cards and envelopes (business reply, courtesy reply, and metered reply mail) provided as enclosures in automation First-Class Mail must meet the standards in C810 for enclosed reply

cards and envelopes. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS.

2.0 RATE APPLICATION

2.1 Letters or Cards

[Amend 2.1 by revising 2.1d to read as follows:]

First-Class automation rates apply to each piece that is sorted under M810 into the corresponding qualifying groups:

\* \* \* \* \*

d. Pieces in origin/entry 3-digit/scheme trays containing fewer than 150 pieces and all pieces in AADC and mixed AADC trays qualify for the Basic automation rate.

\* \* \* \* \*

E200 Periodicals

\* \* \* \* \*

E230 Nonautomation Rates

E231 Regular Periodicals

\* \* \* \* \*

3.0 3/5 RATES

[Amend 3.0 by revising 3.0a to read as follows:]

Subject to M210, 3/5 rates apply to: a. Letter-size pieces in 5-digit or unique 3-digit packages of six or more pieces each, either placed in 5-digit or unique 3-digit trays or in an overflow unique 3-digit tray.

\* \* \* \* \*

5.0 WALK-SEQUENCE DISCOUNTS

5.1 Eligibility

[Revise 5.1 to read as follows:] The High Density or Saturation rates apply to each walk-sequenced piece in a carrier route mailing, eligible under 2.2 and prepared under M210, that also meets the corresponding addressing and density standards in 5.4. High Density and Saturation rate mailings must be prepared in carrier walk sequence according to schemes prescribed by the USPS (see M050).

\* \* \* \* \*

E240 Automation Rates

E241 Regular Periodicals

1.0 BASIC STANDARDS

1.1 All Pieces

[Amend 1.1 by revising 1.1g to read as follows:]

All pieces in an automation Regular Periodicals mailings must:

\* \* \* \* \*

g. Except under 1.3, bear an accurate barcode meeting the standards in C840, either a DPBC (if a letter) or a ZIP+4 barcode or DPBC (if a flat), either on the piece or on an insert showing through a barcode window.

1.2 Enclosed Reply Cards and Envelopes

[Revise 1.2 to read as follows:]

Effective January 1, 1997, all letter-size reply cards and envelopes (business reply, courtesy reply, and metered reply mail) provided as enclosures in automation Regular Periodicals must meet the standards in C810 for enclosed reply cards and envelopes. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS.

1.3 Temporary Exception to Barcoding

[Add 1.3 to read as follows:]

From July 1, 1996, through December 31, 1996, up to 10% of the pieces in an automation Periodicals mailing of flat-size pieces may bear only a 5-digit barcode (subject to C840); and up to 10% of the pieces in an automation Periodicals mailing of letter-size pieces may be prepared without a barcode or with only a ZIP+4 barcode (subject to C840). Pieces within this 10% allowance must be combined and presorted correctly with the balance of the mailing. Postage for pieces in the 10% allowance must be paid at the applicable nonautomation Regular Periodicals rate and supported by documentation such as that required under M893 (letter-size) or M897 (flat-size).

2.0 RATE APPLICATION

2.1 Letters

[Amend 2.1 by revising 2.1a and 2.1b to read as follows:]

Automation rates apply to each letter-size piece that is sorted under M810 into the corresponding qualifying groups:

a. Pieces for a unique 3-digit destination that is part of a 3-digit scheme group in L003 qualify for the 3/5 automation rate when placed in a 3-digit scheme tray if grouped separately from pieces for other 3-digit areas.

b. Pieces in origin/entry 3-digit/scheme trays containing fewer than 150 pieces and groups of 150 or more pieces in other 3-digit, 3-digit scheme, or AADC trays or any pieces in mixed AADC trays qualify for the Basic automation rate.

2.2 Flats

[Amend 2.2 by revising 2.2a to read as follows:]

Automation rates apply to each flat-size piece that is sorted under M820 into the corresponding qualifying groups:

a. Pieces in 5-digit or unique 3-digit packages of 6 or more pieces each qualify for the 3/5 automation rate.

\* \* \* \* \*

E600 Standard Mail

E610 Basic Standards

\* \* \* \* \*

E612 Additional Standards for Standard Mail (A)

\* \* \* \* \*

4.0 BULK RATES

\* \* \* \* \*

4.9 Preparation

[Amend 4.9 by revising 4.9c to read as follows:]

Each Nonprofit, Regular, or Enhanced Carrier Route rate mailing must be prepared under these general standards:

\* \* \* \* \*

c. The same mailing may not contain both automation and nonautomation rate pieces except as permitted under E649.

\* \* \* \* \*

[Revise heading of E641 to read as follows:]

E640 Automation Rates

E641 Regular and Enhanced Carrier Route Standard Mail

1.0 AUTOMATION REGULAR RATES

\* \* \* \* \*

1.2 Enclosed Reply Cards and Envelopes

[Revise 1.2 to read as follows:]

Effective January 1, 1997, all letter-size reply cards and envelopes (business reply, courtesy reply, and metered reply mail) provided as enclosures in automation Regular Standard Mail must meet the standards in C810 for enclosed reply cards and envelopes. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS.

1.3 Rate Application—Letters and Cards

[Amend 1.3 by revising 1.3c to read as follows:]

Regular automation rates apply to each piece that is sorted under M810 into the corresponding qualifying groups:

\* \* \* \* \*

c. Pieces in origin/entry 3-digit/scheme trays containing fewer than 150 pieces and all pieces in full or overflow AADC trays and in all mixed AADC trays qualify for the Basic automation rate.

\* \* \* \* \*

[Revise the heading of 2.0 to read as follows:]

2.0 AUTOMATION ENHANCED CARRIER ROUTE RATES

\* \* \* \* \*

2.4 Enclosed Reply Cards and Envelopes

[Redesignate current 2.4 as 2.5 and add new 2.4 to read as follows:]

Effective January 1, 1997, all letter-size reply cards and envelopes (business reply, courtesy reply, and metered reply mail) provided as enclosures in automation Enhanced Carrier Route Standard Mail must meet the standards in C810 for enclosed reply cards and envelopes. Mailers must certify that this standard has been met when the corresponding mail is presented to the USPS.

\* \* \* \* \*

E650 Destination Entry

E651 Regular, Nonprofit, and Enhanced Carrier Route Standard Mail

\* \* \* \* \*

2.0 VERIFICATION

2.1 Place

[Amend 2.1 by revising 2.1b to read as follows:]

As directed by the postmaster, the mailer must present destination entry mailings to USPS employees for verification either:

\* \* \* \* \*

b. At the destination post office or business mail entry unit.

\* \* \* \* \*

**M MAIL PREPARATION AND SORTATION**

M000 General Preparation Standards

M010 Mailpieces

M011 Basic Standards

1.0 TERMS AND CONDITIONS

\* \* \* \* \*

1.4 Mailing

[Revise 1.4 to read as follows:]

A mailing is a group of pieces within the same class of mail and processing category that may be sorted together under the applicable standards. Other specific standards may define whether separate mailings may be combined, palletized, reported, or deposited together. These types of mail may not be part of the same mailing despite being in the same class and processing category: automation and nonautomation mail (except as permitted by the "85% rule" where applicable); automation Enhanced Carrier Route rate and other mail; any

combination of Enhanced Carrier Route, Regular, and/or Nonprofit Standard Mail; 3/5 and carrier route Nonprofit Standard Mail.

\* \* \* \* \*

*M012 Endorsements and Markings*

\* \* \* \* \*

2.0 METHOD

2.1 Placement

[Amend 2.1 by revising 2.1b to read as follows:]

Unless otherwise directed or permitted by standard, placement of markings is subject to these standards:

\* \* \* \* \*

b. Other rate markings (e.g., "AUTO," "Carrier Route Presort," "ECRLOT") may be placed in the locations shown in 2.1a; or in the address area on the line immediately above the address or, preferably, two lines above the address if the marking appears alone, or if no other information appears on the line with the marking except postal optional endorsement line information under M013 or postal carrier route package information under M014. If preceded by two asterisks, the "AUTO" or "AUTOCR," or "Single Piece" or "SNGLP" information may also be placed in the line above or two lines above the address in a mailer keyline or a manifest keyline, or placed above the address and below the postage in an MLOCR ink jet printed date correction/meter drop shipment line. Alternatively, the mailer may apply "AUTO" or "AUTOCR" to the left of the DPBC or below the postage.

\* \* \* \* \*

[Remove current 2.2 and 2.3 and renumber 2.4 and 2.5 as 2.2 and 2.3, respectively.]

\* \* \* \* \*

*M013 Optional Endorsement Lines*

1.0 USE

1.1 Basic Standards

[Amend chart by revising left column under Carrier Route and SCF to read as follows:]

Carrier Route  
(Automation First-Class Mail and automation Enhanced Carrier Route Standard Mail)

\* \* \* \* \*

SCF

(Preferred Periodicals, Nonprofit Standard Mail, and bound printed matter only)

\* \* \* \* \*

*M014 Carrier Route Information Lines*

1.0 BASIC INFORMATION

[Amend 1.0 by removing "carrier route" in the last sentence to read as follows:]

Packages for individual carrier routes, rural routes, highway contract routes, post office box sections, or general delivery units may be prepared without facing slips if prepared with optional endorsement lines under M013 or with carrier route information lines under 2.0. These standards apply to automation Carrier Route rate First-Class, carrier route and Level I/K Periodicals, automation Basic Carrier Route rate and Enhanced Carrier Route Standard Mail, and carrier route bound printed matter mailings. Carrier route information lines may be on all pieces in a mailing, regardless of presort level.

2.0 FORMAT AND CONTENT

\* \* \* \* \*

2.4 Other Contents

[Amend 2.4 by revising 2.4c to read as follows:]

Other elements of the carrier route information line include:

\* \* \* \* \*

c. The carrier route information line may also contain the basic markings required by standard for the class of mail and rate claimed, prepared under M012.

\* \* \* \* \*

*M030 Containers*

*M031 Labels*

1.0 SACK AND TRAY LABELS

1.1 Basic Standards

[Revise 1.1 to read as follows:]  
Only sack labels may be used for sacks, only tray labels for trays. Machine-printed labels (available from the USPS) ensure legibility. Legible hand-printed labels are acceptable. Illegible labels are not acceptable. Container labels for automation rate mailings are subject to M032.

\* \* \* \* \*

4.0 PALLET LABELS

\* \* \* \* \*

[Revise heading of 4.9 to read as follows:]

4.9 Automation and Carrier Route Rates

[Amend 4.9 by removing heading of 4.10 and adding text from 4.10, redesignating 4.11 through 4.14 as 4.10 through 4.13, and revising the first sentence of 4.9 to read as follows:]

Pallets containing copalletized automation rate (barcoded) and carrier

route rate mailings must show the words BARCODED/CARRIER ROUTES (or authorized abbreviation) on the contents line. Pallets containing automation-rate flat-size mail must show the word BARCODED on the contents line. The word BARCODED must not be abbreviated on the contents line.

\* \* \* \* \*

[Revise the heading of 5.0 to read as follows:]

5.0 SECOND LINE CODES

[Revise 5.0 to read as follows:]

The codes shown below must be used as appropriate on Line 2 of sack, tray, and pallet labels.

[Replace the chart heading "Identifier" with "For these content types" and the heading "Abbreviations" with "Use these codes"; add "Barcoded" and "BC" on the first line; replace "Irregular Parcels" and "IRREG" (Standard Mail only) with "Irregular Parcels" and "IRREG (First-Class and Standard Mail only)"; replace "Standard Mail" and "3C/4C" with "Standard Mail" and "STD."]

*M032 Barcoded Labels*

1.0 BARCODED TRAY LABELS

1.1 Standards

[Revise 1.1 to read as follows:]

Effective January 1, 1997, barcoded tray labels are required for automation rate mailings of First-Class, Regular Periodicals, and Regular and Enhanced Carrier Route Standard Mail letter-size pieces and for First-Class flat-size pieces. Barcoded tray labels may be used earlier and may be used on any other mailing. Mailer-produced barcoded tray labels must meet the standards below. Revisions to preprinted barcoded labels (e.g., handwritten changes) are not permitted.

\* \* \* \* \*

2.0 BARCODED SACK LABELS

2.1 Standards

[Revise 2.1 to read as follows:]

Effective January 1, 1997, barcoded sack labels meeting the standards in this section are required for automation rate Regular Periodicals and Standard Mail flat-size pieces prepared in sacks. These sack labels may be used earlier and may be used for other Periodicals and Standard Mail prepared in sacks. Revisions to preprinted barcoded labels (e.g., handwritten changes) are not permitted.

\* \* \* \* \*

**M033 Sacks and Trays**

**1.0 BASIC STANDARDS**

\* \* \* \* \*

**1.3 Tray Sizes**

[Amend 1.3 by revising 1.3a to read as follows:]

These approximate measurements define the tray sizes that apply to all mail preparation standards:

**a. Letter trays:**

(1) 2-foot MM trays: 21 inches long by 10 inches wide (inside bottom dimensions) by 4-5/8 inches high.

(2) 1-foot MM trays: 10-1/4 inches long by 10 inches wide (inside bottom dimensions) by 4-5/8 inches high.

(3) 2-foot EMM trays: 21-3/4 inches long by 11-1/2 inches wide (inside bottom dimensions) by 6-1/8 inch high.

\* \* \* \* \*

**1.6 Exception**

[Revise 1.6 to read as follows:]

If the processing and distribution manager gives a written waiver, strapping is not required for mixed ADC or mixed AADC letter trays of First-Class Mail; any letter tray placed on a 5-digit, 3-digit, or SCF pallet secured with stretchwrap; or any letter tray that originates and destines in the same SCF (mail processing plant) service area.

**1.7 Origin/Entry SCF/Plant Sacks and Trays**

[Revise 1.7 to read as follows:]

Except for Nonprofit Standard and Preferred Periodicals mailings, after all required carrier route, 5-digit, 3-digit (and, where permitted, 3-digit/scheme) sacks/trays are prepared, a 3-digit (or 3-digit/scheme) sack/tray must be prepared to contain any remaining mail for each 3-digit (or 3-digit/scheme) area served by the SCF (mail processing plant) serving the post office where the mail is verified, and may be prepared for each 3-digit (or 3-digit/scheme) area served by the SCF/plant where mail is entered (if that is different from the SCF/plant serving where the mail is verified, e.g., a PVDS deposit site). In all cases, only one less-than-full sack/tray may be prepared for each 3-digit (or 3-digit/scheme) area.

**2.0 FIRST-CLASS, REGULAR PERIODICALS, AND REGULAR AND ENHANCED CARRIER ROUTE STANDARD MAIL**

**2.1 Letter Tray Preparation**

[Amend 2.1 by revising 2.1b and 2.1i to read as follows:]

Pieces must be prepared to result in the fewest practical number of packages (where required) and trays to contain

the mail sorted to a destination. Letter tray preparation uses terms defined in M011 and is subject to these further standards:

\* \* \* \* \*

b. Regardless of minimum volumes that may be allowed or required per tray, each tray prepared must be filled before filling of the next tray is begun, with the contents in multiple trays relatively balanced. A tray with less mail may be prepared only if permitted by the standards in 2.1c, 2.1d, and 2.1e and for the rate claimed. Subject to availability, 2-foot trays must be used whenever available, except that 1-foot trays must be used for lesser volume or as less-than-full trays.

\* \* \* \* \*

i. As a general exception, pieces do not have to be grouped by 3-digit ZIP Code prefix in AADC trays if the mailing is prepared using an MLOCR/barcode sorter and standardized documentation is submitted.

\* \* \* \* \*

**M040 Pallets**

**M041 General Standards**

\* \* \* \* \*

**4.0 PALLET BOXES**

\* \* \* \* \*

**4.3 Securing**

[Amend 4.3 by revising 4.3a to read as follows:]

Pallet boxes must be secured to the pallet with strapping, banding, stretchable plastic, shrinkwrap, or other material that ensures that the pallet can be safely unloaded from vehicles, transported, and processed as a single unit to the point where the contents are distributed with the load intact if:

a. The pallet and its contents are transported by the USPS from the office where the mail is accepted to another postal facility where the contents are distributed, and

\* \* \* \* \*

**5.0 PREPARATION**

\* \* \* \* \*

**5.2 Required Preparation**

[Revise 5.2 to read as follows:]

A pallet must be prepared to a required sortation level when there are 500 pound of Periodicals or Standard Mail packages, sacks, or parcels or six layers of Periodicals or Standard Mail (A) letter trays. Up to 10% of the total pallets in any mailing or job may be mixed BMC (Standard Mail) or mixed ADC (Periodicals). Such pallets must be labeled to the BMC or ADC (as appropriate) serving the post office

where mailings are accepted into the mailstream. The processing and distribution manager of that facility may issue a written authorization to the mailer to label mixed BMC or mixed ADC pallets to the post office or processing and distribution center serving the post office where mailings are entered. These pallets contain all mail remaining after required and optional pallets are prepared to finer levels of sortation under M045, as appropriate.

\* \* \* \* \*

**M045 Palletized Mailings**

\* \* \* \* \*

**2.0 PACKAGES**

\* \* \* \* \*

**2.4 Size—Standard Mail (B)**

[Amend 2.4 by revising 2.4c to read as follows:]

Package size: 10-pound or 1,000-cubic-inch minimum (whichever occurs first), 40-pound maximum, except that:

\* \* \* \* \*

c. Packages must be prepared to carrier route sortations if the carrier route bulk bound printed matter rate is claimed. Mail at other rates must be sorted to 5-digit, 3-digit, optional SCF, ADC, BMC, and mixed ADC destinations, as appropriate.

\* \* \* \* \*

**5.0 PALLETS OF PACKAGES, BUNDLES, AND TRAYS OF LETTER-SIZE MAIL**

\* \* \* \* \*

**5.5 Securing Trays**

[Revise 5.5 to read as follows:]

Trays must be sleeved and strapped under M033, except that if the processing and distribution manager gives a written waiver, strapping is not required for mixed ADC or mixed AADC letter trays of First-Class Mail; any letter tray placed on a 5-digit, 3-digit, or SCF pallet secured with stretchwrap; or any letter tray that originates and destines in the same SCF (mail processing plant) service area.

\* \* \* \* \*

**M100 First-Class Mail (Nonautomation)**

\* \* \* \* \*

**M130 Presorted First-Class**

\* \* \* \* \*

**2.0 BASIC PREPARATION—LETTER-SIZE OR CARD-SIZE PIECES**

\* \* \* \* \*

2.2 Tray Preparation

[Amend 2.2 by revising 2.2b to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (full trays except for required origin/optional entry 3-digit(s)); no overflow; use L002, Column A, for Line 1.

\* \* \* \* \*

3.0 OPTIONAL PREPARATION—UPGRADABLE LETTER-SIZE OR CARD-SIZE PIECES

\* \* \* \* \*

3.2 Tray Preparation

[Amend 3.2 by revising 3.2b to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (full trays except for required origin/optional entry 3-digit(s)); no overflow; use L002, Column A, for Line 1.

\* \* \* \* \*

4.0 PREPARATION OF FLAT-SIZE PIECES

4.2 Tray Preparation

[Amend 4.2 by revising 4.2b to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (full trays except for required origin/optional entry 3-digit(s)); no overflow; use L002, Column A, for Line 1.

\* \* \* \* \*

5.0 PREPARATION OF PARCELS

\* \* \* \* \*

5.3 Sack Preparation

[Amend 5.3 by revising 5.3b to read as follows:]

Sack size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (10-pound minimum except for required origin/optional entry 3-digit(s)); no overflow; use L002, Column A, for Line 1.

\* \* \* \* \*

6.0 DOCUMENTATION

[Amend 6.0 by revising the last sentence to read as follows:]

A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each mailing, supported by documentation produced by PAVE- or MAC-certified software, or standardized

documentation meeting the standards in P012. Documentation of postage is not required if the correct rate is affixed to each piece or each piece is of identical weight and the pieces are separated by rate when presented for acceptance.

M200 Periodicals (Nonautomation)

M210 Regular Periodicals

1.0 BASIC STANDARDS

\* \* \* \* \*

1.3 Firm Packages

[Revise 1.3 to read as follows:]

A firm package is two or more copies for the same address placed in one package. If each copy has a delivery address, each may be claimed as a separate piece for presort and on the postage statement, or the firm package may be claimed as one piece. A firm package sorted and claimed as one piece must be accompanied by (but must be physically separate from) five other pieces packaged to the same destination to satisfy a six-piece package requirement when applicable, regardless of the number of copies in the firm package.

\* \* \* \* \*

2.0 PACKAGE PREPARATION

\* \* \* \* \*

2.2 Carrier Route Packages

[Revise 2.2 to read as follows:]

Carrier route packages may be placed only in (on) carrier route or 5-digit carrier routes sacks or trays (or pallets). Mailers may choose to prepare carrier route packages at a higher level of route saturation (e.g., only if there are at least 15 pieces per route). Under this option, smaller packages of six or more pieces per carrier route not prepared for carrier route rates must be prepared for and paid at another applicable rate.

\* \* \* \* \*

3.0 SACK PREPARATION (FLATS)

3.1 Sack Preparation

[Amend 3.1 by revising 3.1d to read as follows:]

Sack size, preparation sequence, and labeling:

\* \* \* \* \*

d. 3-digit: required at 24 pieces (no minimum for required origin/optional entry 3-digit(s)), optional with one six-piece package minimum; use L002, Column A, for Line 1.

\* \* \* \* \*

4.0 TRAY PREPARATION (LETTER-SIZE PIECES)

4.1 Tray Preparation

[Amend 4.1 by revising 4.1d to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

d. 3-digit: required at 24 pieces (no minimum for required origin/optional entry 3-digit(s)), optional with one six-piece package minimum; use L002, Column A, for Line 1.

\* \* \* \* \*

M290 Preferred Periodicals

1.0 BASIC STANDARDS

\* \* \* \* \*

1.4 Firm Packages

[Revise 1.4 to read as follows:]

A firm package is two or more copies for the same address placed in one package. If each copy has a delivery address, each may be claimed as a separate piece for presort and on the postage statement, or the firm package may be claimed as one piece. A firm package sorted and claimed as one piece must be accompanied by (but must be physically separate from) five other pieces packaged to the same destination to satisfy a six-piece package requirement when applicable, regardless of the number of copies in the firm package.

\* \* \* \* \*

M600 Standard Mail (Nonautomation)

M610 Single-Piece and Nonautomation Regular Standard Mail (A)

1.0 SINGLE-PIECE RATES

[Revise 1.0 to read as follows:]

Each piece must be legibly marked "Standard" or "STD," or may also be marked "Single-Piece" or "SNGLP" under P600 to correct an incorrect rate marking. Unmarked pieces are treated as First-Class Mail and charged postage at the applicable First-Class rate.

2.0 BASIC STANDARDS—REGULAR NONAUTOMATION RATES

\* \* \* \* \*

2.3 Exception—Standard Mail (A)

[Amend 2.3 by removing "Limited" in the heading and the introductory text in italics: The following exception is applicable until January 1, 1997; after that time, preparation will be based solely on the standards for the rate claimed and the processing category of the pieces, whether the same standards apply to other pieces claimed at other

rates and produced as part of the same mailing job:"; change 15% to 10% in the last sentence to read as follows:]

When a Standard Mail (A) mailing job could, by size, qualify for Regular Standard Mail automation rates as either letters or flats, if part of the job is prepared as palletized flats at automation rates for flats, the remainder may be prepared as palletized flats at Enhanced Carrier Route rates and Regular nonletter nonautomation rates if the number of Regular nonletter nonautomation rate pieces does not exceed 10% of the total number of pieces in the entire mailing job.

\* \* \* \* \*

3.0 BASIC PREPARATION—REGULAR NONAUTOMATION RATE LETTER-SIZE PIECES

\* \* \* \* \*

3.2 Tray Preparation

[Amend 3.2 by revising the introductory text and 3.2c to read as follows:]

Only mail eligible for the 3/5 rate (i.e., 150 or more pieces in total for the 3-digit area) may be prepared in 5-digit and 3-digit trays under 3.2a and 3.2b. Tray size, preparation sequence, and labeling:

\* \* \* \* \*

c. Origin 3-digit(s): required (no minimum); optional for entry 3-digit(s) (no minimum); use L002, Column A, for Line 1.

\* \* \* \* \*

4.0 OPTIONAL PREPARATION—UPGRADABLE REGULAR NONAUTOMATION RATE LETTER-SIZE PIECES

\* \* \* \* \*

4.2 Tray Preparation

[Amend 4.2 by revising the introductory text and 4.2c to read as follows:]

Only mail eligible for the 3/5 rate (i.e., 150 or more pieces in total for the 3-digit area) may be prepared in 5-digit and 3-digit trays under 4.2a and 4.2b. Tray size, preparation sequence, and labeling:

\* \* \* \* \*

c. Origin 3-digit(s): required (no minimum); optional for entry 3-digit(s) (no minimum); use L002, Column A, for Line 1.

\* \* \* \* \*

5.0 PREPARATION—REGULAR NONAUTOMATION RATE FLAT-SIZE PIECES AND ALL IRREGULAR PARCELS

\* \* \* \* \*

5.7 Sack Preparation

[Amend 5.7 by revising 5.7b to read as follows:]

Sack size (subject to 5.4, 5.5, and 5.6), preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (minimum of 125 pieces/15 pounds, smaller volume not permitted, except for required origin/optional entry 3-digit(s)); use L002, Column A, for Line 1.

\* \* \* \* \*

*M620 Enhanced Carrier Route Standard Mail*

1.0 BASIC STANDARDS

1.1 All Mailings

[Amend 1.1 by revising 1.1e to read as follows:]

All nonautomation rate Enhanced Carrier Route mailings are subject to these general standards (automation rate Enhanced Carrier Route mailings must be prepared under M810):

\* \* \* \* \*

e. Subject to M012, all pieces must be marked "Bulk Rate" or "Blk. Rt." In addition, Basic, High Density, and Saturation rate pieces must each be marked "ECRLOT," "ECRWSH," or "ECRWSS," respectively, either in the optional endorsement line under M013 or in the carrier route information line under M014. Pieces not claimed at the corresponding rate must not bear the "ECRLOT," "ECRWSH," or "ECRWSS" marking unless paid at single-piece rate and a corrective single-piece rate marking is applied under P600.

\* \* \* \* \*

1.4 Exception—Standard Mail (A)

[Amend 1.4 by removing "Limited" in the heading and the introductory text in italics: The following exception is applicable until January 1, 1997; after that time, preparation will be based solely on the standards for the rate claimed and the processing category of the pieces, whether the same standards apply to other pieces claimed at other rates and produced as part of the same mailing job:"; change 15% to 10% in the last sentence to read as follows:]

When a Standard Mail (A) mailing job could, by size, qualify for Regular Standard Mail automation rates as either letters or flats, if part of the job is prepared as palletized flats at automation rates for flats, the remainder may be prepared as palletized flats at Enhanced Carrier Route rates and Regular nonletter nonautomation rates if the number of Regular nonletter nonautomation rate pieces does not

exceed 10% of the total number of pieces in the entire mailing job.

\* \* \* \* \*

2.0 PACKAGE PREPARATION

\* \* \* \* \*

2.6 Sack Preparation

[Amend 2.6 by revising 2.7b to read as follows:]

Sack size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required at 10 pieces/20 pounds/1,000 cubic inches (no minimum for required origin/optional entry 3-digit(s)); smaller volume permitted; use L002, Column A, for Line 1.

\* \* \* \* \*

*M690 Nonprofit Standard Mail*

*M692 Basic and 3/5 Presort*

\* \* \* \* \*

3.0 SACK PREPARATION

\* \* \* \* \*

3.2 Machinable, Irregular Parcels

[Revise 3.2 to read as follows:]

If a mailing consists of both machinable and irregular parcels, a 5-digit sack must be prepared when there are 10 pounds of mail for a 5-digit ZIP Code destination. Sacks containing less than 10 pounds of mail may be prepared.

\* \* \* \* \*

3.5 Presort and Labeling

[Amend 3.5 by revising 3.5e to read as follows:]

Sack presort sequence and labeling:

\* \* \* \* \*

e. Mixed ADC (required); for Line 1, use MXD followed by the city/state/ZIP of the ADC serving the 3-digit ZIP Code of the entry post office, as shown in L004 (for flats) or L604 (for irregular parcels), as applicable.

3.6 Line 2

[Amend M692.3.6 by removing 3.6b and redesignating 3.6c as 3.6b and 3.6d as 3.6c to read as follows:]

Line 2: STD, processing category, and:

a. 5-digit sacks of machinable and irregular parcels: MACH AND IRREG.

b. Mixed ADC sacks: MIXED ADC.

c. As required by the applicable labeling list, Line 2 processing code information must be right-justified under the ZIP Code on Line 1.

\* \* \* \* \*

M800 All Automation Mail

M810 Letter-Size Mail (Except Preferred Periodicals and Nonprofit Standard Mail)

1.0 BASIC STANDARDS

\* \* \* \* \*

1.2 Mailings

[Revise 1.2 to read as follows:]

All pieces in a mailing must meet the standards in C810 and must be sorted together to the finest extent required. A single automation rate mailing may include pieces prepared at 5-Digit, 3-Digit, 3/5, and Basic automation rates, as applicable; all may be reported on the same postage statement and documentation. The definitions of a mailing and permissible combinations are in M011.

1.3 Marking

[Revise 1.3 to read as follows:]

First-Class pieces must be marked "First-Class" or "Presorted First-Class"; Standard Mail must be marked "Bulk Rate" or "Blk. Rt." In addition, pieces must be marked "AUTO" (or "AUTOCR" for carrier route rate pieces, as appropriate). Periodicals require no markings. Pieces not claimed at an automation rate must not be marked "AUTO" or "AUTOCR" unless paid at single-piece rate and a corrective single-piece rate marking is applied under P100 or P600.

1.4 General Preparation

[Revise 1.4 to read as follows:]

Grouping, packaging, and labeling are not generally required or permitted, except packaging is required in any mailing consisting entirely of card-size pieces and for pieces in overflow and less-than-full trays; pieces must be grouped as specified in 2.0 and 3.0; and package labels are required only for Regular Periodicals.

1.5 Carrier Route

[Revise 1.5 to read as follows:]

Carrier route groups may be placed in only carrier route or 5-digit carrier routes trays. Preparation of mail to qualify for automation carrier route rates is optional for First-Class and Standard Mail (A) pieces, subject to E140 and E641.

\* \* \* \* \*

2.0 PREPARATION—FIRST-CLASS AND STANDARD MAIL (A)

\* \* \* \* \*

2.2 Tray Preparation

[Amend 2.2 by revising 2.2d and 2.2e to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

d. 3-digit/scheme: required (150-piece minimum except no minimum for required origin/optional entry 3-digit(s)/scheme); overflow allowed; for Line 1, use L002, Column B.

e. AADC: required (150-piece minimum); overflow allowed; group pieces by 3-digit ZIP Code prefix (or 3-digit/scheme if applicable); use L801 for Line 1.

\* \* \* \* \*

3.0 PREPARATION—PERIODICALS

3.1 Tray Preparation

[Revise 3.1 to read as follows:]

Tray size, preparation sequence, and labeling:

a. 5-digit: required (150-piece minimum); overflow allowed; use 5-digit ZIP Code destination of pieces for Line 1, preceded for military mail by the prefixes under M031.

b. 3-digit/scheme: required (150-piece minimum except no minimum for required origin/optional entry 3-digit(s)/scheme); overflow allowed; for Line 1, use L002, Column B.

c. AADC: required (150-piece minimum); overflow allowed; group pieces by 3-digit ZIP Code prefix (or 3-digit/scheme if applicable); use L801 for Line 1.

d. Mixed AADC: required (no minimum); group pieces by AADC; for Line 1, use L802 (mail entered by the mailer at an ASF or BMC) or L803, as appropriate.

\* \* \* \* \*

4.0 DOCUMENTATION

[Revise 4.0 to read as follows:]

A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each mailing, supported by documentation produced by PAVE-certified (or, except for Periodicals, MAC-certified) software or standardized documentation under P012. Documentation of postage is not required if the correct rate is affixed to each piece or if each piece is of identical weight and the pieces are separated by rate when presented for acceptance. Combined mailings of Periodicals publications must also be documented under M210. Periodicals are not subject to the standard for supporting documentation produced by PAVE-certified software or standardized documentation under P012 until January 1, 1997.

M820 Flat-Size Mail (Except Preferred Periodicals and Nonprofit Standard Mail)

1.0 BASIC STANDARDS

\* \* \* \* \*

1.2 Mailings

[Amend 1.2 by revising the second sentence to read as follows:]

All pieces in a mailing must meet the standards in C820 and must be sorted together to the finest extent required. A single automation rate mailing may include pieces prepared at 5-Digit, 3-Digit, 3/5, and Basic automation rates, as applicable; all may be reported on the same postage statement and documentation. The definitions of a mailing and permissible combinations are in M011.

\* \* \* \* \*

1.4 Marking

[Revise 1.4 to read as follows:]

First-Class pieces must be marked "AUTO" and either "First-Class" or "Presorted First-Class." Standard Mail must be marked "AUTO" and either "Bulk Rate" or "Blk. Rt." Periodicals require no markings. Pieces not claimed at an automation rate must not be marked "AUTO" unless paid at single-piece rate and a corrective single-piece rate marking is applied under P100 or P600.

1.5 Exception—Standard Mail (A)

[Amend 1.5 by removing "Limited" in the heading and the introductory text in italics: The following exception is applicable until January 1, 1997; after that time, preparation will be based solely on the standards for the rate claimed and the processing category of the pieces, whether the same standards apply to other pieces claimed at other rates and produced as part of the same mailing job;"; and by replacing "15%" with "10%" in the last sentence to read as follows:]

When a Standard Mail (A) mailing job could, by size, qualify for Regular Standard Mail automation rates as either letters or flats, if part of the job is prepared as palletized flats at automation rates for flats, the remainder may be prepared as palletized flats at Enhanced Carrier Route rates and Regular nonletter nonautomation rates if the number of Regular nonletter nonautomation rate pieces does not exceed 10% of the total number of pieces in the entire mailing job.

\* \* \* \* \*

2.0 PREPARATION—FIRST-CLASS MAIL

\* \* \* \* \*

2.2 Tray Preparation

[Amend 2.2 by revising 2.2b to read as follows:]

Tray size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required full trays, no overflow, except no minimum for required origin/optional entry 3-digit(s); use L002, Column A, for Line 1.

\* \* \* \* \*

3.0 PREPARATION—PERIODICALS

\* \* \* \* \*

3.2 Sack Preparation

[Amend 3.2 by revising 3.2b to read as follows:]

Sack size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required at 24 pieces, optional with one six-piece minimum, except no minimum for required origin/optional entry 3-digit(s); use L002, Column A, for Line 1.

\* \* \* \* \*

4.0 PREPARATION—STANDARD MAIL

\* \* \* \* \*

4.3 Sack Preparation

[Amend 4.3 by revising 4.3b to read as follows:]

Sack size, preparation sequence, and labeling:

\* \* \* \* \*

b. 3-digit: required (125-piece/15-pound minimum, smaller volume not permitted, except no minimum for required origin/optional entry 3-digit(s)); use L002, Column A, for Line 1.

\* \* \* \* \*

5.0 DOCUMENTATION

[Revise 5.0 to read as follows:]

A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each mailing, supported by documentation produced by PAVE-certified (or, except for Periodicals, MAC-certified) software or standardized documentation under P012.

Documentation of postage is not required if the correct rate is affixed to each piece or if each piece is of identical weight and the pieces are separated by rate when presented for acceptance. Combined mailings of Periodicals publications must also be documented under M210. Periodicals are not subject to the standard for supporting documentation produced by PAVE-certified software or standardized

documentation under P012 until January 1, 1997.

\* \* \* \* \*

P POSTAGE AND PAYMENT METHODS

P000 Basic Information

P010 General Standards

\* \* \* \* \*

P012 Documentation

\* \* \* \* \*

2.0 STANDARDIZED DOCUMENTATION—FIRST-CLASS MAIL, REGULAR PERIODICALS, AND REGULAR STANDARD MAIL

\* \* \* \* \*

2.3 Rate Level Column Headings

[Amend 2.3 by revising 2.3 to read as follows:]

The actual name of the rate level (or corresponding abbreviation) is used for column headings required by 2.2 and shown below:

\* \* \* \* \*

c. Enhance Carrier Route Standard Mail

Rate	Abbreviation
Saturation .....	WS
High Density .....	HD
Basic .....	CR
Basic Automation [letters] .....	CB

2.4 Tray, Sack, Pallet, Package Sortation Level

[Revise 2.4 to read as follows:]

The actual sortation level (or corresponding abbreviation) is used for the tray, sack, pallet, or package sortation levels required by 2.2 and shown below:

Sortation level	Abbreviation
Carrier Route .....	CRD
5-Digit Carrier Routes .....	CR5
5-Digit .....	5DG
3-Digit .....	3DG
3-Digit Scheme [barcoded letters].	3DGS
ADC .....	n/a
AADC .....	n/a
Mixed ADC .....	MADC
Mixed AADC .....	MAAD
SCF [pallets] .....	n/a
BMC or ASF .....	n/a
Mixed BMC (working) .....	MBMC

\* \* \* \* \*

P023 Precanceled Stamps

1.0 BASIC INFORMATION

\* \* \* \* \*

1.5 Amount of Postage

[Revise 1.5 to read as follows:]

The value of precanceled stamps affixed to each piece in a mailing must be either the exact amount due or another amount permitted by standard. If the exact amount is not affixed to each piece, documentation meeting the basic standards in P012 and those applicable to the rate claimed must be submitted with the mailing unless excepted by P100 or P600. Refunds for overpayment must meet the standards in P014.

\* \* \* \* \*

P030 Postage Meters and Meter Stamps

1.0 BASIC INFORMATION

\* \* \* \* \*

1.7 Amount of Postage

[Revise 1.7 to read as follows:]

The value of meter stamps affixed to each piece in a mailing must be either the exact amount due or another amount permitted by standard. If the exact amount is not affixed to each piece, documentation meeting the basic standards in P012 and those applicable to the rate claimed must be submitted with the mailing unless excepted by P100 and P600. Refunds for overpayment must meet the standards in P014.

\* \* \* \* \*

P100 First-Class Mail

1.0 BASIC INFORMATION

\* \* \* \* \*

1.2 Postage Payment, Documentation

[Revise 1.2 to read as follows:]

A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each mailing paid by permit imprint or claimed at other than the single-piece First-Class or Priority Mail rate. The postage statement must be supported by documentation as required by P012 and the rate claimed unless the correct rate is affixed to each piece or if each piece is of identical weight and the pieces are separated by rate when presented for acceptance.

2.0 SINGLE-PIECE RATES

\* \* \* \* \*

2.5 Pieces Presented With Automation or Presort Rate Mailings

[Revise 2.5 to read as follows:]

Regardless of the method of postage payment, pieces of single-piece rate First-Class Mail may be presented with and reported on the same postage statement as pieces claimed at automation or presort rates if the single-piece rate pieces are physically separated from the automation or

presort rate pieces; bear no rate marking, are marked only "First-Class," or (if not affixed with full single-piece rate postage) are marked "Single-Piece" or "SNGLP" under M012 in addition to any other marking; and either have additional postage affixed to yield the correct amount on each piece or (if prepared with a corrective rate marking) all additional postage is paid at the time of mailing.

\* \* \* \* \*

4.0 PRESORTED RATES

\* \* \* \* \*

4.2 Postage Affixed, Generally

[Amend 4.2 by revising 4.2b and 4.2c to read as follows:]

Unless permitted by other standards or RCSC authorization, when precanceled postage or meter stamps are used, all pieces in a single mailing must bear postage under one of these conditions:

\* \* \* \* \*

b. A precanceled stamp or the full correct postage at the lowest First-Class first ounce rate applicable to the mailing job, and full postage on metered pieces for any additional ounces(s) (or nonstandard surcharge, if applicable); postage documentation may be required by standard.

c. Postage in an amount not less than the lowest available First-Class first ounce letter or card rate (as applicable) in the mailing job if authorized by the RCSC, plus full postage on metered pieces for any extra ounce(s); postage documentation may be required by standard.

\* \* \* \* \*

5.0 AUTOMATION RATES

\* \* \* \* \*

5.2 Postage Affixed, Generally

[Amend 5.2 by revising 5.2a and 5.2c to read as follows:]

Unless permitted by other standards or RCSC authorization, when

precanceled postage or meter stamps are used, only one payment method may be used in a mailing and each piece must bear postage under one of these conditions:

a. Each metered piece weighing more than 1 ounce must bear the correct additional postage to pay for the additional ounce(s).

\* \* \* \* \*

c. Each piece must bear a precanceled stamp or meter postage in the exact amount or at the lowest rate applicable to pieces in the mailing job. If exact postage is not affixed, all additional postage must be paid at the time of mailing with an advance deposit account or with a meter strip affixed to the required postage statement.

\* \* \* \* \*

P600 Standard Mail

1.0 BASIC INFORMATION

\* \* \* \* \*

1.2 Postage Payment, Documentation

[Revise 1.2 to read as follows:]

A complete, signed postage statement, using the correct USPS form or an approved facsimile, must accompany each Standard Mail mailing paid by permit imprint or claimed at any bulk rate. The postage statement must be supported by documentation as required by P012 and the rate claimed unless the correct rate is affixed to each piece or if each piece is of identical weight and the pieces are separated by rate when presented for acceptance.

1.3 Pieces Presented With Automation or Presort Rate Mailings

[Revise 1.3 to read as follows:]

Regardless of the method of postage payment, pieces of single-piece rate Standard Mail (A) may be presented with and reported on the same postage statement as pieces claimed at automation or presort rates if the single-piece rate pieces are physically separated from the automation or

presort rate pieces; either are marked "Standard" or "STD" or (if not affixed with full single-piece rate postage) are marked "Single-Piece" or "SNGLP" under M012 in addition to any other marking; and either have additional postage affixed to yield the correct amount on each piece or (if prepared with a corrective rate marking) all additional postage is paid at the time of mailing.

\* \* \* \* \*

3.0 AUTOMATION RATES

\* \* \* \* \*

3.2 Meter or Precanceled Stamps

[Amend 3.2 by revising 3.2a to read as follows:]

In a metered or precanceled stamp mailing:

a. Each piece must bear a precanceled stamp or meter postage in the exact postage or at the lowest rate applicable to pieces in the mailing job. If exact postage is not affixed, all additional postage must be paid at the time of mailing with an advance deposit account or with a meter strip affixed to the required postage statement.

\* \* \* \* \*

R RATES AND FEES

\* \* \* \* \*

R600 Standard Mail

\* \* \* \* \*

8.0 Special Standard Mail

[Amend 8.0 by replacing "Level A Presort" with "5-Digit" and "Level B Presort" with "BMC."]

\* \* \* \* \*

An appropriate amendment to 39 CFR 111.3 will be published to reflect these changes.

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 96-9595 Filed 4-17-96; 8:45 am]

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