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Need for a New Tune – Commentary

It’s been 28 months and eight days since Louis DeJoy took the helm of the Postal Service. Over that time, it may be fair to say that there’s been more controversy over what he’s done or not done, or what’s been assumed he’s done or not done, than during a comparable period in the term of any of his predecessors.

Early on, much of what he did – or was accused of doing – was tainted by political biases having nothing to do with his competency to run the nation’s postal system, but rather with his political associates and his personal political activities and affiliations.

Regardless of how much of that was credible or accurate, its relevance to his actions as Postmaster General is tangential at best. What counts is how he’s managed his agency and served its customers since June 16, 2020. Looking at that period alone is what matters to the people and businesses who’ve paid the tens of billions in postage to underwrite the USPS, and who should matter to him the most – but.

The litany

Anyone who’s heard or read one of his speeches has learned its stock elements. First is a rant about the mess he found when he arrived (mismanagement by his predecessors, a poorly organized infrastructure riddled with inefficiency, overwhelming debt, etc.) and the institution’s good fortune for his arrival to save it.

Next is criticism of the PRC for inhibiting USPS revenue growth and that, as a result, commercial mailers have been paying too little for years. The problem is too little revenue, not too much cost.

After the litany of all that was wrong has run its course, and after the declarations about how clearly he saw what he had to do to right the postal ship, the speech moves into the presentation of his Plan: legislative relief, management reorganization, service standard cuts, network redesign, and, of course, generating more revenue to cover projected losses by frequent maximized price increases.

Along the way, doubters and – worse – critics are berated as irrelevant naysayers.

If his typical oratory were made into a screenplay, he would be the hero on a white horse, his Plan tucked into his saddlebag, riding into town as the new sheriff to drive away the incompetent mayor and his cronies (the PRC and commercial mailers) and save the fair maiden (the USPS). Raising taxes to the point that people move out isn’t part of the movie.

Rewrite

Having seen his performance more than once, many observers might think it’s time for DeJoy to get a new monologue. Possible contents could include an explanation for why his reorganization of management will get better performance and adherence to policies; why he’s concluded that First-Class Mail is a lost cause that he’s not going to “chase”; why losing volume is an acceptable trade-off for higher rates; or why he accepted operations’ failure to meet previous service standards because they were “unattainable.”

It also might be useful to hear him explain his lopsided balancing of the books – sharply higher prices but inaction on the Postal Service’s largest source of cost: employee expenses. Ratepayers’ future postage costs result from the deals struck between the USPS and its employee unions, but ratepayers don’t have a role – beyond paying the bill, that is. DeJoy could also explain why that’s the way it should be, too.

It would seem that if DeJoy is to succeed in turning around the Postal Service, he’s going to have to do more than denigrate his predecessors, raise prices, cut service, and listen only to an inner circle of hardliners (who kept their jobs by throwing everyone else – past PMGs, the PRC, and commercial customers – under the bus).

If, as he’s said, what needed to be done to “fix” the USPS was clear to him, he might want to do more to convince commercial ratepayers of that than simply charging them more money for less service – and criticizing them for not saying thank-you.

PRC Asked to Reconsider USPS Accounting Plan

In an October 13 letter to the Postal Regulatory Commission, twelve mailing industry organizations, including Mailers Hub, moved that the commission reconsider its October 7 response to the Postal Service's proposed accounting for the \$57 billion in expense that was nullified by the Postal Service Reform Act of 2022.

Postal accounting

As previously reported, an August 12 letter from the USPS explained how it would treat the windfall in its financial systems and end-of year accounting (see the August 15 issue of *Mailers Hub News* for details). Essentially, the agency planned to treat the voided expense one way "for accounting purposes, when submitting the FY 2022 Financial Statements that are part of the *Form 10-K* that will be filed in November," but differently for the FY 2022 Cost and Revenue Analysis Report submitted each year as part of the Annual Compliance Review.

Consistent treatment of the amount in the CRA, it said,

"... would almost certainly be negative total institutional costs in FY 2022, essentially rendering irrelevant the level of all other institutional costs this year. With negative institutional costs, evaluation of compliance with the appropriate share provision would be impossible, creating a situation which would then also impede calculation of the imputed federal income tax."

What the USPS did not explain was that fully reflecting the PSRA's benefit in the CRA would also eliminate the basis for the "density" rate authority the agency has employed to increase prices beyond the CPI cap.

In the October 7 letter – not an official order – the commission's secretary stated that

"The Postal Service's proposed accounting treatment of the reversal of the RHB missed payments on the FY 2022 Form 10-K appears consistent with generally accepted accounting principles (GAAP). ... The Commission also accepts the Postal Service's treatment of the elimination in the CRA with one modification, the addition of an explanatory note. Including this unique and non-recurring elimination of past due prior years' RHB payments in the costs reported in the CRA would create nonsensical results and potentially interfere with the regulatory purposes of the CRA. It would also distort trend analysis and comparisons to past or future years' CRA results. ..."

Questioning the decision

In their October 13 letter, the mailer groups questioned both the relatively informal nature of the exchange and the reasoning of the PRC's position.

"We were disappointed to see the Commission summarily 'approve' the Postal Service's plan to disregard the \$57 billion negative expense in the FY 2022 ACR via a reply letter with minimal analysis, without adherence to Commission rules and regulatory precedent or established principles, without public comment, and regardless of the impact of such action on mailers. The undersigned mailers ask the Commission to rescind the October 7 letter, invite the Postal Service to initiate a proper proceeding, and, if the Commission nonetheless chooses to address the merits, reverse the purported approval of the proposed disregarding of the \$57 billion negative expense in the ACR."

The groups explained the bases for their motion for reconsideration:

"First, the Commission's acceptance of the Postal Service's treatment of the elimination of \$57 billion in debt is *ultra vires* [i.e., beyond the commission's authority]. The Commission acknowledges that this constitutes a proposed change to accepted analytical principles, and that Commission rules do not allow changes to such principles by means of a unilateral letter notice. The Commission nevertheless ignored its own rules and purportedly 'approved' the Postal Service's proposed treatment via a reply letter.

"... Second, the Commission's October 7 letter fails to address the Postal Service's intention to not accrue RHB normal costs in FY 2022. It is unclear whether the Commission 'approves' of this plan as well, and we do not assume approval from silence. But this proposed change similarly would reverse long-established costing methodologies and cannot be enacted via a unilateral letter notice to the Commission.

"The Commission's October 7 letter results in the unlawful approval of one of the Postal Service's proposals and uncertainty with respect to the other proposal. Transparency, consistency, and due process compel the Commission to rescind its October 7 letter.

"After rescinding its letter, the Commission should require the Postal Service to file petitions to change accepted analytical principles pursuant to Rule 3050.11 before adopting such changes in the ACR. While these issues will arguably only become ripe when the Postal Service actually applies the changed principle in the ACR docket, we are concerned it will be impractical to address the propriety of these changes in that docket. Not only will the Commission's and commenters' focus be directed to numerous other issues in that docket, but the application of this principle will substantially impact the preparation of the Cost and Revenue Analysis (CRA) and its associated workpapers. Because modifying and refileing these reports would cause substantial delay and administrative burden, the Commission should fully address the issues raised by the Postal Service's proposal prior to the commencement of the ACR. It cannot simply rubber-stamp a Postal Service proposal through the issuance of a reply letter outside of an established proceeding. ..."

"The Commission's approval of the Postal Service's plan will not merely violate Commission precedent and accounting policy. It will have real-world negative impacts on market-dominant mailers that the Commission appears to not have considered in its October 7 letter.

"One direct impact will arise because of the way the Postal Service's density rate authority is calculated under the Commission's revised regulations. We expect that the plan will subject market-dominant mailers to more than \$400 million in density-based rate authority to which the Postal Service would not be entitled if it accounted for the cancellation properly, an amount that will remain in the rate base in perpetuity. In other words, the October 7 letter prejudices mailers by imposing hundreds of millions of dollars in density-based rate authority without having solicited any comment from the affected mailing public. ..."

As of this writing, neither the Postal Service nor the PRC have done anything to officially recognize the movants' request or to otherwise respond to the issues they raised.

For most people who are not accountants, and especially those not familiar with USPS accounting methods, this exchange may seem like an insubstantial spat over process and accounting minutiae. If so, they should note that a *not insubstantial* \$400 million is in play, an amount that would be collected in the next rate filing – or not – based on how this "spat" is resolved.

Parties Disagree Over USPS Plan for Periodicals CETs

The filing of statements of position and, in turn, briefs is the latest phase in a dispute originating six months ago about the critical entry times for Periodicals.

One not like the others

Last April 22, the Postal Service notified the Postal Regulatory Commission of three changes that it planned to implement in its Service Performance Measurement Plan document (that defines how the USPS measures service performance for market-dominant products). As the agency stated in its notice:

“The three principal changes to the SPM Plan ... are as follows: 1) a revision to how the long haul exception impacts ‘Start-the-Clock’ events; 2) the inclusion of Reply Mail in the measurement of Single-Piece First-Class Letters/Cards/Flats; and 3) a revision to the critical entry time (CET) applicable to Periodicals.”

The first two concerned the measurement process but the change in CETs was an operational change, as readers of the USPS notice quickly noted. Most of the commenters on the Postal Service’s proposal took little issue with the first two changes, but generally agreed that the proposal to standardize CETs for Periodicals was a “change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis” that required prior PRC review and issuance of an advisory opinion.

The USPS, as expected, disagreed, filing a 22-page reply that argued that the change did not have “a meaningful rather than minor impact on service” and that requiring further PRC review would unnecessarily impinge on the Postal Service’s authority to manage its operations.

On July 18, the PRC issued an order approving the SPM changes regarding the long-haul exception and reply mail, but agreed with commenters about the nature of the proposed change in CETs.

“Therefore, the Commission orders the Postal Service, should it intend to proceed with the proposed CET change, to file a request for an advisory opinion”

The filing

Accordingly, on September 2, the USPS filed its request for an advisory opinion (Docket N2022-2), stating

“Specifically, the Postal Service plans to simplify the CETs that apply to Periodicals Mail by adjusting the several current CETs to a uniform 0800 CET in order to increase operational effectiveness and improve service reliability. ...

“Accommodating a number of different arrival times for Periodicals Mail inhibits the Postal Service’s ability to meet site-specific operating plans for Periodicals Mail, as is evident in the low service performance scores for Periodicals Mail. Further compounding the problems associated with this multiplicity of CETs is the fact that, since their adoption in 2014, flats volume has declined while package volume has increased; as a result, processing equipment currently reserved for a smaller portion of the overall mail mix (i.e., Periodicals Mail, which as noted above is also likely to experience further volume declines) could, in today’s environment, be more effectively redeployed. ...”

The USPS listed the operational and service problems that it claims arise from having multiple CETs and, conversely, how those problems would be ameliorated by a single CET. The

agency also argued that the change would have no effect on quarterly or monthly publications while acknowledging that some – but not all -- “weekly and daily periodicals publishers who tend to have time sensitive production and delivery schedules would be the most vulnerable segment to be potentially impacted.”

Statements

In its statement of position, the Public Representative

“... supports setting a standardized 0800 CET for non-palletized Periodicals mail because this change will likely achieve cost savings and improve operations and mail processing, service performance, and productivity. These benefits are in the interests of the general public because improved service performance would allow the general public to receive more mail on time. The 0800 CET would adversely affect time sensitive (daily and weekly) publishers that incur additional costs or lose a service day when adjusting to the new CET. However, on balance, the negative impact on time sensitive publishers is outweighed by the benefits likely resulting from the 0800 CET.”

Representatives of the impacted publishers felt otherwise. For example, the News/Media Alliance stated:

“... changing CETs as proposed will present serious problems to any publisher currently using the 1100 and 1400 CETs. Either they will be forced to advance their publishing schedules by several hours, at the sacrifice of late-breaking news and information, or they will have to suffer a day’s delay in processing and ultimately delivery. These harms will be greatest for time-sensitive publications, particularly daily and weekly titles.

“The Postal Service does not claim that changing CETs will spur a growth in Periodicals volume. Nor does it explain how changing CETs will enhance the timely delivery of news and information throughout the nation. Instead, it appears that the Postal Service believes that processing Periodicals Mail on a schedule appropriate to timely delivery inconveniently interferes with the processing of marketing flats and packages. ...”

The National Newspaper Association argued that the Postal Service’s analysis of the proposal provided too little information on which it could base a position:

“... At this time, NNA is unable to establish a position on the Postal Service’s request because of a lack of information on how NNA members will be affected by the contemplated CET change. NNA further submits that the Commission cannot provide a fair analysis of the impact of the proposed change in Critical Entry Times for Periodicals. ...

“NNA believes that much – maybe nearly all – of NNA’s members’ mail volumes are outside the scope of USPS measurement. Whether only 20 percent of Periodicals would be affected by the proposed CET change is a projection impossible to prove through the USPS analysis and likely the result will be equally impossible to capture, for the same reasons. The Commission cannot find that minimal impact on Periodicals, as a whole, would be imposed from the CET change. The best the Commission can do is to accept the Postal Service’s estimate that minimal impact upon measured Periodicals would result and that the effect upon nearly half the class cannot be estimated. ...”

Formal briefs are due this week, and the PRC’s advisory opinion is due by December 1. Of course, if the fate of the past few advisory opinions is any guide, regardless of what the PRC advises or any concerns expressed, the USPS will proceed to do what it wants anyway.

USPS Falters in Making Connect Local Mail a Permanent Product

In October 11 filings with the Postal Regulatory Commission, the Postal Service sought to end the current market test of USPS Connect Local Mail and convert it to a permanent market dominant product, as a form of First-Class flats.

A brief background

The agency had filed for a market test of USPS Connect Local Mail on November 10, 2021; the PRC found that the test met statutory requirements and approved it on January 4, 2022. Initially offered only in the same Texas market where USPS Connect Local was available, the test was expanded incrementally and now USPS Connect Local Mail is available nationwide. In its October 11 filing, the USPS stated:

“... USPS Connect Local Mail will provide customers same-day or next-day options for local delivery of documents. Customers using USPS Connect Local Mail will be able to enter First-Class Mail mailpieces close to their final destinations at certain designated Destination Delivery Units (DDUs) or equivalent facilities or, in select locations, will be able to arrange pick-up of mailpieces by their USPS carrier in line-of-travel. Documents accepted by the Postal Service at participating DDUs by 7 am each day will be eligible for same-day delivery, while mailpieces received after 7 am at participating DDUs or by carrier pick-up in line-of-travel will be delivered the following day. Local induction has simplified implementation throughout the market test and allows the Postal Service to avoid end-to-end transportation costs, making it possible to offer the product for a flat price of \$2.95 while covering attributable costs associated with the product. ...

The USPS reported that, from its introduction on January 9 through the end of June, the product has so far incurred developmental and operational costs of \$577,837 while generating only \$1,100.35 in revenue from 373 pieces. Nonetheless, the agency asserted in its filing that it

“... assumes that the market for USPS Connect Local Mail that has persisted over the course of the market test will continue to grow into the permanent product phase. ...”

The proposed Mail Classification Schedule language describing the product added some interesting details:

“Same day or next day delivery within a specified service area available to mailers who use specifically authorized postage payment methods and, pursuant to a customer agreement on file with the Postal Service, either enter flats at a designated destination delivery unit (or other equivalent facility) or use carrier line-of-travel pickup.”

The nature of any “customer agreement” was not itself detailed, so its possible similarity to a negotiated service agreement could not be discerned. Currently, there are no NSAs for a market dominant product.

A wrinkle

If the Postal Service expected a quick approval for its request it was soon disappointed.

On October 17, the PRC issued an order dismissing the USPS filing without prejudice – meaning it can refile – because the agency failed to provide required information. As the PRC stated:

“In order for the Commission to convert an experimental product offering into a permanent product offering, the Postal Service must first file a request that complies with [several PRC rules].

Because the Request does not contain the information required by these statutes and regulations, the Commission dismisses the Request. This dismissal is without prejudice to allow the Postal Service to refile a compliant request to convert USPS Connect Local Mail into a permanent product offering, should it see fit.

“... The supporting justification is the crux of the request to modify the product list. [Regulations] detail the contents of the supporting justification. ...

“Such information is not only required by law but necessary in practice. As the Commission has previously explained in the analogous context of changes to the MCS, a full and complete request is important to ensure that the Commission has ‘sufficient information to make the necessary determination as to whether a [] MCS change is appropriate’ and to avoiding the issuance of large numbers of Chairman’s Information Requests during proceedings, which leads ‘to the expenditure of additional resources by the Commission, the Postal Service, and other interested persons’ and ‘complicate[s] the Commission’s review.’ ...

“However, the Request fails to include the information required by [statute and regulations]. Among other deficiencies, the Request does not include a supporting justification that provides information sufficient to perform a market power analysis, explain why USPS Connect Local Mail is or is not covered by the postal monopoly, provide a description of the private businesses engaged in the delivery of the product or of the likely impact on small businesses, or give the views of users of the product. ...

“Further, by rule the Postal Service is required to file its request at least 60 days before it wishes for the Commission to make its determination. ... This date is predicated on the Postal Service providing complete information to facilitate comment by interested parties and a fulsome review by the Commission itself. In the absence of such information, a complete analysis and decision within 60 days is not possible. ...”

Observations

The episode suggests a rush by the Postal Service to roll out a product quickly – perhaps, as stated in the original filing, because it demonstrates implementation of the Postmaster General’s Plan – but it also shows a disregard for the deliberate measures required to test a new product and justify its conversion to permanent status when appropriate.

To some observers, earning barely \$1,100 nationwide over six months is far from evidence of demand, let alone demand that justifies establishing the product as a permanent offering. Customers may have been enticed to try it – sending 373 pieces over 173 days – but whether they or any other senders would find it so novel and attractive as to generate significant volume – and revenue – is another matter.

Moreover, the product competes with other forms of First-Class Mail and, for items that need to be delivered ASAP, with other USPS offerings like Priority Mail Express, Priority Mail, and products from UPS, FedEx, and private courier services. Delivering a flat next day, even for just \$2.95, may be a niche concept, but committing that such a niche can grow into a substantial new postal product is another matter.

PMG Louis DeJoy, already believing the PRC is bureaucratic and obstructive, may be less than pleased by the commission’s requirement for due process and proper documentation, but it’s likely that he’ll press to make USPS Connect Local Mail permanent anyway, and as soon as possible.

The New Threat of Mass Arbitration

This article was produced exclusively for Mailers Hub by Eamonn R.C. Hart of Brann & Isaacson.

Brann & Isaacson is a boutique law firm that represents large and small online and multichannel companies, printers, commercial mail producers, and IT service providers located across the country. The firm advises companies of all sizes, including many in the Internet Retailer's Top 500 Guide.

The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters.

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Businesses have long relied on arbitration agreements to reduce class action risks. And with good reason. If your business handles personal information, you can be a target for class action lawyers, suing under the threat of visiting extraordinary damage even with no underlying finding of liability, due to both the cost of litigation and the existential risk certain lawsuits may pose. An enforceable arbitration agreement requiring claimants to arbitrate individually has been seen by many as the best way to mitigate this risk.

But recently, plaintiffs have started to pursue arbitration claims *en masse*, which creates a different risk: while defendants may be less likely to face large liability awards, the administrative costs of arbitrating thousands or tens of thousands of claims simultaneously may be ruinous. As a result, mass arbitration threatens to replace one risk with another.

In response, companies have tried various countermeasures, including adding pre-dispute resolution requirements to their contracts. When used effectively, these can be good measures to reduce litigation risk. But companies must be watchful – a recent case from California illustrates the risk of getting greedy. In *MacClelland v. CellCo Partnership*, a group of plaintiffs sued Verizon, and Verizon moved to compel arbitration. Plaintiffs claimed that the arbitration agreement – specifically, mechanisms to deter mass arbitration – were unconscionable, so fundamentally unfair that they could not

be enforced. The key provision stated that if 25 or more arbitrations were filed against Verizon in a coordinated manner, 10 would be selected for test-case proceedings, during which no other arbitrations could proceed.

The district court ruled that it would not enforce the agreement. The court was particularly concerned about the fact that the bellwether model, which had no defined time period, meant that some individuals' claims might take years, or even decades, to be decided. The court found that this meant those claims could never proceed in any forum – arbitration or a court – and thus, the agreement could not be enforced.

This case offers a good illustration of an age-old principle: if something looks too good to be true, it probably is. Verizon thought that it could fully mitigate its mass arbitration risk by delaying the arbitrations indefinitely. But that provision – a cornerstone of the contract's risk management measures – did not end up surviving court review, leaving Verizon back where it started: facing a class action lawsuit.

The case offers a few lessons businesses of any kind would do well to heed.

First, don't assume that because a contract is functionally one-sided, your business can insert provisions that eliminate the right to seek remedies against you in the event of a legal claim. Courts are willing to limit remedies to some degree, or streamline procedures. But if your contract has the functional effect of eliminating the right to seek redress, it may not be worth the paper it is written on.

Second, consider requiring pre-dispute attempts at resolution, or early mediation, in your agreements. If properly designed, such provisions can benefit both a business and a customer, by allowing for real issues to be addressed early, before either side has incurred significant legal costs. And even in the face of a mass arbitration, a required mediation can help set expectations, give all parties a sense of their risks, and lead to an early and less expensive resolution.

Third, extremely one-sided bargains will always create some risk of non-enforceability, and you should work with your legal counsel to weigh this risk against the benefit any contractual provision confers.

DeJoy Asks Employees to Be "Flexible"

Postmaster General Louis DeJoy is ramping up his personal pitch to employees to win their cooperation as operational elements of his 10-Year Plan roll out. As reported October 14 by *Government Executive*, he's asking employees to "remain flexible and forward thinking," adding that "changes such as longer commutes will serve the interest of the organization" and that employees should "think of the efficiencies for the agency ahead of their own inconveniences." In a recent video message, DeJoy stated

"For some of you, this might mean you have to travel a little further to get to work. But when you get there, you will have nicer facilities and better equipment, and you will be personally contributing to the transformation of the United States Postal Service. ... We are staking out our position and going for it. That means change. Change for everyone. Our need to change is obvious, necessary and an important step in our transformation."

The article cited a letter carrier in Cincinnati who told *Government Executive* that she and her colleagues

"... would embrace the changes – including the longer commutes – if it was actually proven to cut costs, but employees have doubts that paying them more to drive longer actually will lead to efficiencies. ... We are paid by the hour. If it takes us longer, that costs the Postal Service money."

Government Executive added that

"Postal management has in recent weeks ramped up its communication with employee groups, but leaders for those organizations said their questions about the impact of the changes on their members have largely gone unanswered."

Whether DeJoy's personal approach will work remains to be seen, but hoping his agency's unionized workforce will simply roll with the punches may be too much to expect.

OIG Warns About USPS Channel Partner Programs

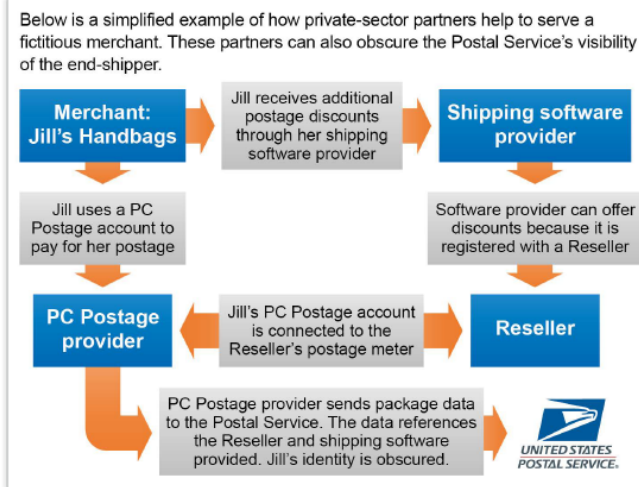
In a Management Alert issued October 13 (*Key Issues with Channel Partners*), the Postal Service's Office of Inspector General reported its findings after examining how the USPS relates to private-sector "channel partners." As the OIG explained:

"... Our objective is to provide notification of these issues for accelerated attention and action. Specifically, we found material weaknesses in internal controls over the US Postal Service's Channel Partner programs.

"In recent years, the Postal Service designed a strategy to address issues related to its relationships with Channel Partners. Most recently, the Postal Service issued termination letters for its Resellers' contracts, effective September 30, 2022. The Postal Service established the USPS Connect eCommerce program in May 2022, to foster direct relationships with partners, including those that previously worked through Resellers. Although termination of the Resellers' contracts addresses some of the issues we have identified, it does not mitigate other risks that could continue with implementation of the Connect eCommerce program. ...

"... To reach ... smaller merchants, the Postal Service works with a variety of private sector partners. These partners, or 'middlemen,' include PC Postage providers, Resellers, online marketplaces, shipping software providers, and ecommerce platforms, which the Postal Service collectively refers to as Channel Partners. This management alert will focus primarily on PC Postage providers and Resellers.

Figure 1. Example of Channel Partner Relationships and Roles



Note: The additional discount Jill receives from the shipping software provider is an upgrade from Commercial Base Pricing to Commercial Plus Pricing, which includes cubic pricing.
Source: OIG-created based on Channel Partner relationships.

"The Postal Service has authorized three PC Postage providers to facilitate online payment and printing of postage – via virtual postage meters – for Postal Service customers. ... PC Postage providers also provide the back-end software integration that allows merchants to use the Postal Service as a shipping option on various online platforms. About \$9.8 billion in revenue flowed through PC Postage in fiscal year (FY) 2021.

"There are five Resellers that act as outsourced sales partners for the Postal Service. Resellers ... can target small-and medium-sized merchants that the Postal Service may not have the resources to pursue directly. Resellers offer those merchants postage discounts that they could not get on their own, because they may not send enough packages to qualify. ... In addition ... Resellers also target other middlemen, including shipping software providers and online marketplaces. In fact, most shipping software providers and online

marketplaces that offer Postal Service shipping work through Resellers, rather than having direct agreements with the Postal Service. Resellers have Negotiated Service Agreements (NSA) that detail their relationship with the Postal Service, including the different categories of shippers they can serve (small, medium, and large merchants and other middlemen), the rates that they can offer those shippers, and the discount the Reseller can earn for each of those categories. ..."

The OIG reported that

"Weaknesses in the design and oversight of Channel Partner programs have resulted in significant revenue risk for the Postal Service during FYs 2020 and 2021. This occurred as package volume share migrated from higher-priced commercial tiers to Channel Partners with steeper discounts. ...

The OIG noted "exploitation of channel partner meters," "inadequate enforcement of reseller contracts," and "inaccurate chargebacks" as examples, and recommended that USPS management:

- "modify Postal Service policy on PC Postage to include parameters surrounding the transfer of merchants to Channel Partner meters
- "enhance and implement internal controls that provide the Postal Service with visibility into merchant activity on Channel Partner meters
- "develop mechanisms to directly identify the end shipper for each package and enforce non-compliance
- "develop and formalize a technical process, which includes the detailed calculation of all chargeback opportunities for Channel Partners and a quality assurance process
- "consider retroactively calculating and invoicing Resellers for the correct chargeback amounts for previous periods
- and "develop mechanisms to identify trends and risks in the composition of price tiers."

The OIG reported that USPS management stated in reply

"... the OIG's report should not be issued as a management alert, because of actions the Postal Service had in progress prior to this report's issuance, and the commercial sensitivity of the material. ... Management disagreed that they did not adequately enforce requirements in the Reseller program [and] that the chargeback process was inaccurate and incomplete, stating they did not view the process as wholly inaccurate and incomplete.

"... they will evaluate and update current PC Postage policies to ensure that better controls are in place to prohibit the transfer of merchants to Channel Partner meters. The target implementation date is June 30, 2023.

"... they terminated the Reseller program (effective September 30, 2022) and are implementing the Connect eCommerce program with contractual modifications to enable pricing flexibility. The target implementation date was September 30, 2022, coinciding with the termination of the Reseller program.

"... they did not see a need to develop and formalize a technical chargeback process due to the termination of the Reseller program. Management has chosen to forgo retroactively invoicing Resellers for correct chargeback amounts for previous periods. and "...they did not see a need to develop mechanisms to identify trends and risks in the composition of price tiers as the Reseller program is being terminated and there will no longer be Reseller pricing tiers.

Such a defensive response reflects the growing attitude of the USPS that it can do what it wants and is above criticism. Whether its in-house channel partner program is any better at building (and protecting) revenue remains to be seen.

OIG Examines USPS Readiness for EVs

As the Postal Service has been pressured to increase the share of electric vehicles in its new delivery fleet, Postmaster General Louis DeJoy has rightly reminded EV advocates that there’s more to consider than just the sticker price of the trucks.

Like most delivery operations, the Postal Service has an infrastructure built around conventionally-powered vehicles, so moving to EVs requires not just learning how they’re different for drivers. Few facilities have the power supply to run EV battery chargers, and the agency’s network of vehicle maintenance facilities lacks the experience, training, equipment, and specialized tools to maintain them.

This understandable shortcoming was the topic of an audit report by the Postal Service’s Office of Inspector General (*Vehicle Maintenance Facility Preparedness for Next Generation Delivery Vehicles*), issued October 17.

As the OIG noted

“While the Postal Service has experience preparing VMFs for prior fleet transitions — it has added more than 27,200 ProMasters and 25,200 Metris vans to the fleet since FY 2016 — unique challenges may still exist. The Postal Service has not facilitated a fleet transition of this magnitude since 1987 and has no experience maintaining large numbers of electric vehicles.

Figure 1. NGDV Feature Highlights



“Furthermore, the NGDV will be equipped with many new features representing significant technical advancements when compared to the LLV — air conditioning, 360-degree cameras, advanced braking and traction control, air bags, and collision avoidance systems (see Figure 1).”

Though incorporating EVs in a truck fleet may not be new for some companies, for the Postal Service it’s not just changing a vehicle powerplant. Given that the current majority of the postal delivery fleet consists of over 100,000 sturdy but basic “long-life vehicles” that are in their third or fourth decade of service, the EVs that will start to be delivered late next year will be 787s replacing WWI biplanes.

Findings and recommendations

The OIG found the USPS is getting ready for EVs:

“Generally, we found the Postal Service’s initial plans to prepare VMFs to maintain the future fleet of NGDVs were consistent with the best practices of other delivery fleets transitioning an older fleet to newer vehicles. ... Specifically, we

determined the Postal Service followed best practices related to preparing VMFs for NGDVs including: maintenance manuals; site configuration; shop tools inventory; parts and supplies inventory; supplier-provided training; and external communications with emergency responders.”

Table 2. Comparison of Domestic and Foreign Companies Selected for Review

	FedEx	UPS	Royal Mail	Deutsche Post	DHL
Criteria for Selection					
Experience with all-electric vehicles	X	X	X	X	X
Experience with EV charging equipment at own facility	X	X	X	X	X
Comparable vehicle types (Class 4-6, ²¹ box truck, non-refrigerated)	X	X	X	X	X
Comparable cargo (dry mail, no extreme weight)	X	X	X	X	X
Comparable duty cycle (high idle, low speed, heavy start/stop)	X	X	X	X	X
Public ownership			X		
In-house maintenance	X		X	X	X
Temperate climate for operations	X	X	X	X	X
Moderate topography for operations	X	X	X	X	X
Mix of urban, suburban, and/or rural routes	X	X	X	X	X
Fleet size (estimated)	210,000 (Global – motorized vehicles)	120,000 (Global – car, van, tractor, motorcycle)	50,800 (United Kingdom – car, van, bike, trolley)	112,000 (Germany – van, truck, car)	10,000 (USA – Ground)

“We also noted opportunities for the Postal Service to further enhance its plans as it continues updating and refining the plans prior to NGDV deployment.

“Specifically, we found that several industry best practices were not fully outlined in the Postal Service’s initial plans, such as defining essential technician skills and certifications, making upgrades needed to building systems, and developing a battery electric vehicle waste management strategy.



“The Postal Service stated that it considered incorporating these fleet transition best practices but it was too early in the planning process to commit to additional efforts, as acquisition and distribution plans were not finalized. Headquarters management indicated they intend to implement any remaining and applicable best practices in the future. By evaluating the adoption of additional peer delivery fleet transition best practices, the Postal Service could be better prepared to maintain new NGDVs prior to deployment in October 2023.

“We recommended management further evaluate industry fleet transition best practices and outline additional efforts to enhance existing VMF preparedness plans as they finalize NGDV acquisition and deployment.”

Though USPS management disagreed with the OIG’s recommendations, it did concur about continuous monitoring of best practices during the introduction of EVs. Of course, the best evidence of USPS readiness for EVs will be the agency’s experiences after the new vehicles go into service.

Reconsideration Denied in FSS Award

According to an October 18 report in *FedScoop*, a US Court of Federal Claims judge “has denied a request by the US Postal Service to reconsider a \$67 million award to Northrop Grumman in a long-running dispute over the provision of postal sorting technology.” In his October 17 order, Senior Judge Erik Bruggink “rejected the government agency’s request to reconsider the merits of Northrop’s entitlement to the sum but agreed to reopen calculations of certain damages.”

The ruling is the latest chapter in a disagreement between the USPS and Northrop Grumman over the \$874 million “firm-fixed-price contract” awarded in 2007 to build 100 flats sequencing system machines.

As described in the article, Northrop first brought a wide-ranging complaint against USPS in May 2012 presenting “multiple claims” against the USPS “including for breach of contract, constructive contract change, impracticability and defective specifications.” Reportedly,

“... concerns arose after both parties entered into a prototype contract for [an FSS]. Northrop Grumman sought to claim the cost of subsequent required changes to hardware and software needed to run the sorting machines, each of which would fill half a football field. USPS then filed a counter-claim for lost savings, which it argued arose from delays and contractual failures during the rollout of the system. This was amended in 2018.

In an earlier opinion in June, Judge Bruggink said:

“Ultimately, both parties suffered the foreseeable consequences of overconfidently entering into an enormous production contract before a single successful pre-production machine had been tested. That overconfidence coupled with subsequent mismanagement by the contracts and accounting administration teams on both sides

had a ripple effect that led to ten years of litigation, which ends, in this court at least, **without a clear win for either party.**”

The article noted that last June, the judge

“... rejected much of Northrop’s claim against USPS for breach of contract damages but awarded the company about \$67 million plus interest as payment for the contract balance that remained due. Despite denying the government’s request to reassess Northrop’s entitlement in the latest order, Bruggink agreed to reopen consideration of damages because of differences in how potential proof of damages was calculated and presented to the court.

The government, representing the USPS, has 60 days to appeal the decision to deny reconsideration of the award.

A spokesperson for the typically taciturn USPS said it’s its “policy not to comment on pending litigation.”

Meanwhile, Northrop Grumman’s former lead attorney said “the outcome of the case is the correct one. What remains to be seen is whether the government will continue to rack up interest fees on top of the award by further drawing out the process.” Northrop Grumman itself did not immediately respond to a request from *FedScoop* for comment.

In a way, the culmination of the litigation is an appropriate accompaniment to the fiasco that the FSS itself has become. For what is likely a variety of reasons traceable to both the USPS and Northrop, the giant machines never yielded the forecasted savings, and required more adaptation by the USPS than the machines they were meant to replace.

Now, with flats volume sinking, many FSSs are being taken out of service. In the end, postal ratepayers got very little, if anything, from how the Postal Service spent their money.

Miscellany

Another Congressional opinion

Dissatisfaction with the USPS has again prompted a member of Congress to offer advice. An October 14 article on *Just the News* reported that Rep. Ben Cline (VA 6th), a member of the House Appropriations Committee, opined that “it may be time for Congress to consider privatizing part or all of the financially troubled US Postal Service, or at least borrow key practices from private companies that do mail delivery more efficiently.” In an October 14 podcast interview, Cline said:

“The Postal Service, just like several other federal agencies, is an inefficient bureaucracy that can’t innovate and keep up with the times. And rather than just continue to reward them with more and bigger budgets, we need to start demanding results. ...”

Cline added that it’s

“... time to force postal officials to make hard choices, especially when private package and mail delivery companies like FedEx and UPS consistently outperform the national mail service. Nobody wants to cut back on mail service. ... So we’ve got to start either looking to them to provide some of this service or adopting some of their practices that would help improve efficiency.”

Knowledgeable readers might note some inaccuracies in Cline’s premises. Of course, neither politicians (nor many media outlets) obsess too much over factual accuracy when there are headlines to be made.

Please explain

As reported October 11 by *Reuters*, Rep. Carolyn Maloney (NY 12th), chair of the House Oversight and Reform Committee, has asked Postmaster General Louis DeJoy for “a detailed plan and timeline to use the \$3 billion in funding provided in the Inflation Reduction Act to increase the number of electric (delivery vehicles) being purchased and necessary support infrastructure.”

The letter also asked how the USPS “will work with the Department of Transportation and state governments to become part of the national public-facing charging network.”

Last July, the Postal Service announced it would buy at least 25,000 electric delivery vehicles, more than twice its prior estimate, to replace its existing delivery fleet of “long-life vehicles” but, in August, seventeen state attorneys general urged the agency to defer buying any gasoline-powered delivery vehicles pending a new environmental review.

According to the article, the Postal Service “is reviewing Maloney’s letter and will respond directly. This month, USPS told *Reuters* it was working ‘to evaluate vehicle mix and purchase capability in shorter intervals as technology evolves and the organization’s financial and operational picture[s] improve.’” So far, no further word from the USPS

Miscellany

Portrait problem resolved

In June, a USPS outpost in an historic Virginia train station was abruptly closed when a postal official concluded some of what was exhibited inside was “unacceptable.” Then, on October 17, the post office was just as abruptly reopened.



The small office serves about 100 people and is located near the entrance to the plantation estate of fourth President James Madison, in a building now owned by the Montpelier Foundation.

The train station was built in 1910 by Wil-

liam DuPont with separate waiting rooms for white and Black people during the time of government-mandated segregation by race in public spaces. A post office opened in the depot in 1912. In 2012, the foundation established the exhibit “In the Time of Segregation” depicting segregated waiting rooms and other historical displays and information.

As reported October 19 by the Culpeper (VA) *Star-Exponent*, someone from the USPS saw the exhibit for the first time earlier this year and made the decision on the spot to shut down the PO. No explanations were given until a reporter inquired in August and a USPS spokesperson admitted to the *Star-Exponent* that the closure was due to the segregation exhibit. When contacted later by the *Richmond Times-Dispatch*, a postal spokesperson elaborated on the reason:

“There are two exterior doors to the museum, and signage above one door reads ‘Whites’ while the other bears a sign ‘Colored.’ Information about this museum and its proximity to the Post Office was only recently brought to the attention of senior Postal Service management.

“Because the Post Office is co-located in the same building as the segregation museum, Postal Service management considered that some customers may associate the racially-based, segregated entrances with the current operations of the Post Office, and thereby draw negative associations between those operations and the painful legacy of discrimination and segregation that marked prior historical eras.”

The USPS’ position eared quick backlash from the public, media coverage, and demands for further explanation. Naturally local politicians were soon involved. After protracted correspondence, including assertions that the closure did not follow proper USPS procedures, the little post office reopened, gladdening locals and the foundation.

Returns pilot extended

As reported October 14 by *Apex Insight*, Amazon has extended a pilot program with the Postal Service for handling items returned by customers. According to the article:

“The service, which is cheaper than using UPS, was originally piloted between September 5 and October 2 but the pilot has now been extended to November 1. The alternative returns offering via the US Postal Service applies to parcels under 15oz under the Amazon Prepaid Returns Label (APRL) program.”

The USPS has made no comparable announcement.

New agreement

At least one of the reshippers with which the Postal Service canceled agreements at the end of last month has succeeded in reaching a new one. According to an October 19 report by *Modern Shipper*

“Auctane, which counts among its brands ShipStation, Stamps.com, ShippingEasy, ShipEngine, ShipWorks, Metapack and Endicia, announced Wednesday that it had reached an enterprise-wide agreement with the Postal Service covering all its brands.

The article added that, in 2021, Auctane said its businesses facilitated over \$200 billion in sales in the US and delivered to over 90% of American households. Under the new agreement, Auctane will be able to offer its merchants and shippers USPS Connect e-commerce rates. *Modern Shipper* noted that the agreement is in effect immediately and that new rates are posted on Auctane’s platforms.

Postal eviction

According to an October 19 report in the *Darien (CT) Times*, a downtown shopping center is scheduled to enter its second development phase, but demolition of a building to expand a parking lot is being delayed. The problem: the current tenant of the building is the United States Postal Service.



The CEO of Baywater Properties, the company behind the Corbin District development, said he’s never experienced anything like this from a tenant in 35 years. The CEO noted that the USPS has been aware of the development timeline for five years and that Baywater had offered lease extensions and help to negotiate for other space.

A spokesperson for USPS said it was more complicated than that. According to the news report, the USPS has negotiated for a space in another shopping center, and the property’s owners have signed the lease, but the USPS is still waiting for final approval from a contracting officer. A postal official added that finalization was delayed while the USPS completed environmental due-diligence for the new location.

The relocated post office is expected to open in early February, but no alternative service has been announced while the storefront undergoes renovation, and the USPS has not confirmed when it plans to vacate its current location.

Meanwhile, if the Postal Service ever does move the Darien PO and there’s a brief closure during relocation, customers will still have access to *ten* other post offices within five miles, and *thirteen more* within ten miles.

All the Official Stuff

Federal Register

Postal Service

NOTICES

October 14: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 62464; Product Change [9]: Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select Service Negotiated Service Agreement [8], 62464, 62465, 62465, 62465, 62465, 62466, 62466; Parcel Select Service Negotiated Service Agreement, 62464.

October 17: International Product Change: Priority Mail Express International, Priority Mail International, and First-Class Package International Service Agreement, 62898.

October 19: Privacy Act; System of Records, 63534-63537.

October 20: Product Change [6]: Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select Service Negotiated Service Agreement [6], 63829, 63829, 63829, 63829, 63830, 63830.

PROPOSED RULES

October 20: New Mailing Standards for Domestic Mailing Services Products, 63741-63743.

FINAL RULES

October 19: International Mail Manual; Incorporation by Reference, 63424-63425; Domestic Mail Manual; Incorporation by Reference, 63425-63426.

October 20: USPS Connect Local Mail, 63696-63698.

October 21: Removal of Sacks—USPS Marketing Mail and Periodicals Flats, 63985-63999.

Postal Regulatory Commission

NOTICES

October 11: New Postal Products, 61374.

October 13: New Postal Products [2], 62122, 62123.

October 17: New Postal Products [2], 62896; 62897-62898; Market Dominant Price Adjustment, 62897.

October 19: New Postal Products [2], 63533-63534, 63534.

October 20: Market Dominant Product List, 63827-63828; New Postal Products, 63828-63829.

PROPOSED RULES

[None].

FINAL RULES

[None].

DMM Advisory

October 11: UPDATE 251: International Mail Service Updates Related to COVID-19 [Spain].

October 18: UPDATE 252: International Mail Service Updates Related to COVID-19 [Malta].

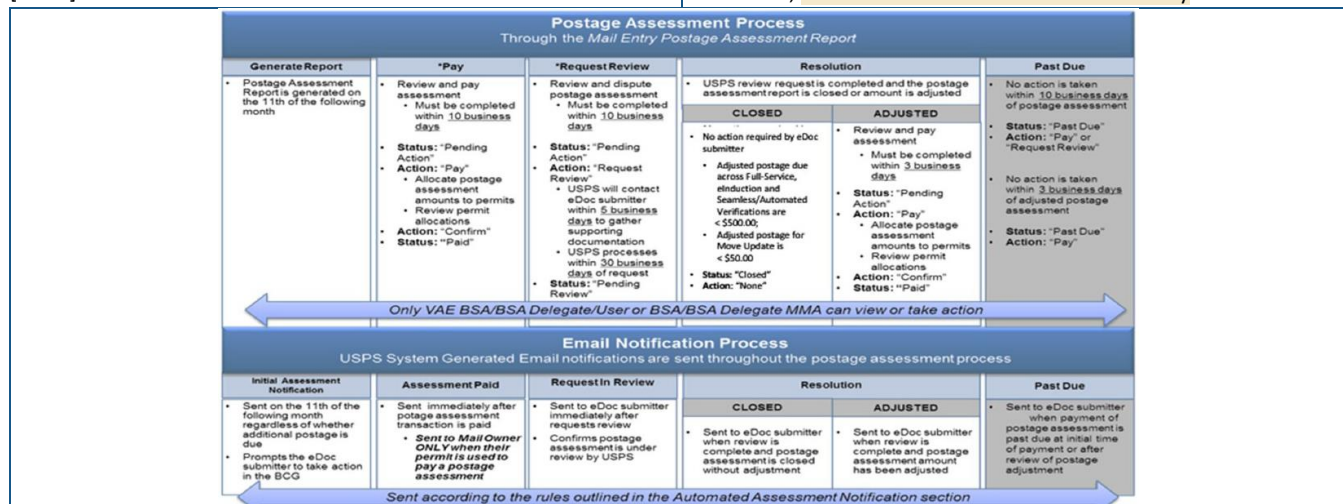
Postal Bulletin (PB 22609, October 20)

• Effective **January 22, 2023**, DMM 703.2.2.1 is revised to clarify required delivery address line military address types. Currently, DMM 703.2.2.1b provides three delivery address line military address types: "CMR" (Consolidated Mail Room), "PSC" (Postal Service Center), and "UNIT." The Postal Service is renaming "CMR" as "CPR" (Consolidated Postal Room). The Postal Service is also adding "OPC" (Official Postal Center) and "UPR" (Unit Postal Room) to eligible delivery address line military address types listed in the DMM. This revision will provide consistency within Postal Service materials. Although the Postal Service will not publish these revisions in the DMM until January 22, 2023, the standards are effective immediately.

• Effective **October 20**, the IMM Individual Country Listing for Saudi Arabia is revised to note that Saudi Post requests that the mailer include a short address as part of the delivery address for mail destined to Saudi Arabia.

• Effective **October 30**, IMM Exhibit 252.22 is revised to reflect that Electronic USPS Delivery Confirmation International service (E-USPS DELCON INTL) is available to India and Slovak Republic (Slovakia) (as of October 30, 2022, for both).

• Effective **October 20**, Publication 685, *Publication for Streamlined Mail Acceptance for Letters and Flats*, is revised to replace the current table in Exhibit 7-3, "Postage Assessment Process," with a new table [below] that includes new minimum value changes for postage assessment that became effective September 1, 2022. Customers will see these changes reflected in their October 2022 Mailer Scorecard. The new minimum assessment values for adjusted postage due across Full Service, eInduction, and Seamless/Automated Verifications are less than \$500.00. The adjusted postage due for Move Update is less than \$50.00. The Mailer Scorecard provides a dashboard view of the results of the letter and flat mailing activity with the Postal Service over a calendar month. Verifications are performed and errors are calculated on the mailings submitted during that month up until the 10th day of the following month. This aggregated data is updated daily and measured against established thresholds. Although the Postal Service will publish these revisions in a future edition of Publication 685, the standards are effective immediately.



USPS Industry Alerts

October 11, 2022

Connect Local Mail Permanent Price Category Introduced

On Tuesday, October 11, 2022, the United States Postal Service will request Postal Regulatory Commission approval of its decision to make Connect Local Mail a permanent price category. Connect Local Mail was introduced as a Market Test on January 8, 2022. Connect Local Mail provides small businesses and individuals an economical way to deliver documents locally either the same day or next day. Please direct any Connect Local Mail inquiries or concerns to Clifford Tell via email (Clifford.A.Tell@USPS.Gov) or telephone (1-202-674-6651).

October 18, 2022

Closing of Jet Cove Annex and Opening of Memphis MPA

Closing of Jet Cove Annex – Friday, November 4

The last day of operation for the Jet Cove Annex (NASS: 380PX) located at 3300 Jet Cove Suite 10, Memphis, TN 38118-3698. Beginning on November 5, 2022, all mail drop shipped at Jet Cove Annex will be redirected to Memphis MPA. One time drop ship appointments will not be able to be scheduled at the Jet Cove Annex after November 4, 2022. Cancel any recurring Non-Periodicals drop ship appointments currently scheduled at Jet Cove after November 4, 2022.

Opening of Memphis MPA – Effective Saturday, November 5, 2022

The first day of operation for the Memphis MPA (NASS: 381MP) located at 4550 Swinnea Road, Memphis, TN 38118-9700. One time drop ship appointments should be scheduled at the Memphis MPA. Change location from the Jet Cove Annex to the Memphis MPA for recurring Periodicals drop ship appointments currently scheduled at Jet Cove. Schedule new recurring Non-Periodicals drop ship appointments at the Memphis MPA. Parcel Return Service (PRS) pickup begins.

The last day of Parcel Return Service (PRS) pickup at the Memphis Processing and Distribution Center (NASS: 380) located at 555 South BB King Boulevard, Memphis, TN 38101 will be Friday, November 4, 2022.

October 18, 2022

Elimination of Corporate Accounts

The United States Postal Service is discontinuing the United States Postal Service Corporate Account (USPSCA) method of payment. In January 2023 we will begin closing inactive accounts and will be closing all USPSCA accounts by July 1, 2023. External customers who currently use USPSCA as a payment method are encouraged to switch to an available alternative. Alternative methods of payment may include Click-N-Ship (CNS), Electronic Verification System (eVS), ePostage, PC Postage or Metered Postage. Customers should contact their Sales Account/BSN Representative, if assigned one, or their local Post Office, for assistance with USPS Product/Service account migration. Any accounts with a balance can request a refund through the resources listed below: Customers should contact the Mailing & Shipping Solutions Center (MSSC) at MSSC@usps.gov for assistance. Please include a request for refund with a signed authorization on company letterhead, EMCA #, business name and location. Accounts with a negative balance after July 1, 2023, will be sent to Accounts Receivable for collection. Customers can make payments to negative accounts by contacting the MSSC using the link above. For questions regarding the elimination of corporate accounts, please email ShippingServices@usps.gov.

October 21, 2022

Business Customer Gateway eDoc Training Series – Intelligent Mail for Small Business Tool

The Postal Service will host bi-weekly webinars on utilizing the Business Customer Gateway (BCG) for electronic documentation (eDoc) and postage statement submission. The topics will alternate between using the Postal Wizard (PW) and Intelligent Mail for Small Business Tool (IMsb Tool) applications. Learn how to eliminate hard copy postage statements and submit Full-Service mail! Join us for the next session – on the Intelligent Mail for Small Business Tool - held on Tuesday, October 25, 2022, at 1:00 PM EST. Bi-Weekly BCG PW and IMsb Tool training sessions:

Meeting URL: <https://usps.zoomgov.com/j/1615857192?pwd=dGVJTjYNEFib2FGNmpJL2luZ2ZlZz09>; Meeting ID: 161 585 7192;

Password: 903345. If requested, enter your name and email address; Enter meeting password: 903345.

Join Audio by the options below: Call using Internet Audio; Dial: 1-855-860-4313, 1-678-317-3330 or 1-952-229-5070 & follow prompts.

Calendar

[To register for any Mailers Hub webinar, go to MailersHubWebinars.com](https://mailershub.com/webinars)

October 25-26 – MTAC Meeting, USPS Headquarters

November 1 – **Mailers Hub Webinar: The October 2022 Price Filing**

November 15 – **Mailers Hub Webinar: Top Trends Affecting International Mailing**

BRANN & ISAACSON
ATTORNEYS AND COUNSELORS AT LAW

The services of Brann & Isaacson are now available to provide legal advice to subscribers. The firm is the Mailers Hub recommended legal counsel for mail producers on legal issues, including tax, privacy, consumer protection, intellectual property, vendor contracts, and employment matters. As part of their subscription, Mailers Hub subscribers get an annual consultation (up to one hour) from Brann & Isaacson, and a reduced rate for additional legal assistance.

The points of contact at Brann & Isaacson are: Martin I. Eisenstein; David Swetnam-Burland; Stacy O. Stitham; Jamie Szal. They can also be reached by phone at (207) 786-3566.

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POSTAL SERVICE

39 CFR Part 111

USPS Connect Local Mail**AGENCY:** Postal Service.**ACTION:** Final rule.

SUMMARY: The Postal Service is amending *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) in various sections to add a new price category designed to enhance access to our delivery network at the local level to deliver envelopes the same-day or the next-day.

DATES: Effective date: January 22, 2023.

FOR FURTHER INFORMATION CONTACT: Krista Becker at (202) 268-7345 or Garry Rodriguez at (202) 268-7281.

SUPPLEMENTARY INFORMATION: Currently, when business mailers who send documents locally with regular frequency wish to send documents for same-day or next-day delivery, they are directed to use a variety of services that were designed for end-to-end mailing over long distances and are priced accordingly. The Postal Service initiated a Market Test, USPS Connect Local Mail, (Docket No. MT2022-1, PRC Order No. 6038) on January 9, 2022, to offer improved access to the Postal Service network for local mailers that leveraged the Postal Service's "last-mile" infrastructure to create an economical new solution for customers.

USPS Connect Local Mail is a new commercial First-Class Mail price category offering, designed to deliver items the same-day or the next-day via a designated delivery unit to every address served by that delivery unit where available. The flat price is the same for the two USPS-produced envelopes offered by the Postal Service and a customer's own envelope. The USPS Connect Local Mail price category is intended to be used for documents and paper-based content only. USPS Click-N-Ship or USPS API will be the required payment methods, providing the shipping label with a trackable Intelligent Mail package barcode (IMpb) and postage payment. There are no extra services available with USPS Connect Local Mail. USPS Tracking Plus additional mailing service will be available for USPS Connect Local Mail.

On October 11, 2022, the Postal Service filed a request with the Postal Regulatory Commission to make the USPS Connect Local Mail price category a permanent offering. Documents pertinent to the request are available in Docket No. MC2023-12. The Postal Service believes this new offering will provide customers with a service that will enhance their mailing experience.

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

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

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR part 111 is amended as follows: PART 111 – [AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC. 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401-404, 414, 416, 3001-3018, 3201-3220, 3401-3406, 3621, 3622, 3626, 3629, 3631-3633, 3641, 3681-3685, and 5001.
2. Revise the *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:

***Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM)**

* * * * *

202 Elements on the Face of a Mailpiece

* * * * *

3.5 First-Class Mail and USPS Marketing Mail Markings

Mailpieces must be marked under the corresponding standards to show the class of service and/or price paid:

- a. Basic Marking. The basic required marking that indicates the class or subclass which must be printed or produced as part of; directly below; or to the left of the permit imprint, meter imprint, or stamp as follows:

* * * * *

[Renumber items a2 through a4 as items a3 through a5 and add new item a2:]

2. "USPS Connect Local Mail"

* * * * *

233 Prices and Eligibility**1.0 Prices and Fees****1.1 Price Application**

[Revise the text:] Except for USPS Connect Local Mail under 1.2.3, postage is based on the price that applies to the weight of each addressed piece.

* * * * *

1.2.2 Flats

[Revise the text:] Except for USPS Connect Local Mail under 1.2.3, First-Class Mail flats prices are charged per ounce up to the maximum of 13 ounces. Any fraction of an ounce is considered a whole ounce. For example, if a piece weighs 1.2 ounces, the weight (postage) increment is 2 ounces.

[Add new 1.2.3 to read as follows:]

1.2.3 USPS Connect Local Mail

USPS Connect Local Mail price is not based on weight, but is charged a flat price regardless of actual weight (up to 13 ounces) of the mailpiece.

[Revise the heading and text of 1.3 to read as follows:]

1.3 First-Class Mail Prices

For prices of all First-Class Mail price categories under 1.2, see Notice 123 – *Price List*.

[Delete 1.4 in its entirety and renumber 1.5 through 1.7 as 1.4 through 1.6.]

* * * * *

USPS FINAL RULE: USPS Connect Local Mail

2.0 Content Standards for First-Class Mail

2.1 General

[Revise the text:] Except for restricted material as described in 601.8.0 or USPS Connect Local Mail under 7.0, any mailable item may be mailed as First-Class Mail.

3.0 Basic Eligibility Standards for First-Class Mail

3.1 Description of Service

3.1.1 Service Description

[Add a new second sentence:] *** USPS Connect Local Mail is a price category of First-Class Mail with an expected same-day or next day delivery service. ***

[Add new 7.0 to read as follows:]

7.0 USPS Connect Local Mail

USPS Connect Local Mail mailings are subject to the following criteria:

- a. No minimum volume requirement.
- b. Pieces must not exceed flat-size dimensions under 201.4.1.
- c. USPS Connect Local Mail price category is designed to be used for documents and paper-based contents only.
- d. Two USPS-produced USPS Connect Local Mail envelopes are offered by the Postal Service or a customer may use their own envelope.
- e. Postage must be paid under 234.1.2.
- f. Pieces are subject to specific marking requirements under 202.3.5.
- g. Mailings must be addressed and entered at the designated entry unit by the critical entry time for same day delivery.
- h. There are no extra services available with USPS Connect Local Mail.
- i. USPS Tracking Plus additional mailing service will be available for USPS Connect Local Mail.

234 Postage Payment and Documentation

1.0 Basic Standards for Postage Payment

[Revise the text of 1.0 by renumbering the current text as 1.1 and adding a new 1.2:]

1.1 General

First-Class Mail presorted and automation postage must be paid with precanceled stamps, metered postage, or permit imprints. All pieces in a mailing must be paid with the same method unless otherwise permitted by standard or Business Acceptance Solutions authorization. Permit imprints may be used for mailings of nonidentical-weight pieces only if authorized by the director, Business Acceptance Solutions (see 608.8.0 for address).

1.2 USPS Connect Local Mail

USPS Connect Local Mail mailings must be paid with USPS Click-N-Ship or USPS API.

235 Mail Preparation

1.0 General Definition of Terms

[Add new 1.6 to read as follows:]

1.6 USPS Connect Local Mail

There are no sorting requirements for USPS Connect Local Mail pieces.

[Add a new 9.0 to read as follows:]

9.0 Preparing USPS Connect Local Mail

USPS Connect Local Mail envelopes provided by the USPS must be used only for USPS Connect Local Mail priced pieces.

236 Enter and Deposit

1.2 Time and Location of Deposit

[Revise the text of 1.2 by renumbering the current text as 1.2.1 and adding new 1.2.2:]

1.2.1 General

First-Class Mail paid at Presorted or any automation prices must be deposited at locations and times designated by the postmaster. Metered mail must be deposited in locations under the jurisdiction of the licensing Post Office except as permitted in 604.4.6.3. Permit imprint mail must be deposited under 604.5.0 or 705.

1.2.2 USPS Connect Local

USPS Connect Local Mail pieces must be mailed at the designated entry unit.

Index

[Add "USPS Connect Local Mail, 233" alphabetically under "U".]

Notice 123, Price List

[Add USPS Connect Local Mail price category under the commercial First-Class Mail section.]

Ruth B. Stevenson, Chief Counsel, Ethics and Legal Compliance.

USPS PROPOSED RULE: New Mailing Standards for Domestic Mailing Services Products

POSTAL SERVICE

39 CFR Part 111

New Mailing Standards for Domestic Mailing Services Products

AGENCY: Postal Service.

ACTION: Proposed rule.

SUMMARY: On October 7, 2022, the Postal Service (USPS) filed a notice of mailing services price adjustments with the Postal Regulatory Commission (PRC), effective January 22, 2023. This proposed rule contains the revisions to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) that we would adopt to implement the changes coincident with the price adjustments.

DATES: Submit comments on or before November 21, 2022.

ADDRESSES: Mail or deliver written comments to the Manager, Product Classification, US Postal Service, 475 L'Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. If sending comments by email, include the name and address of the commenter and send to PCFed-eralRegister@usps.gov, with a subject line of "January 2023 Domestic Mailing Services Proposal." Faxed comments are not accepted. All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure. You may inspect and photocopy all written comments, by appointment only, at USPS Headquarters Library, 475 L'Enfant Plaza SW, 11th Floor North, Washington, DC 20260. These records are available for review on Monday through Friday, 9 am - 4 pm, by calling 202-268-2906.

FOR FURTHER INFORMATION CONTACT: Krista Becker at (202) 268-7345, Samie Rehman at (202) 268-7023, Karen Key at (202) 268-7492, or Doriane Harley at (202) 268-2537.

SUPPLEMENTARY INFORMATION: Proposed prices are available under Docket No. R2023-1 on the Postal Regulatory Commission's website at www.prc.gov. The Postal Service's proposed rule includes changes to prices, mail classification updates, product simplification efforts, and minor revisions to the DMM.

Discount for Marketing Mail Flats on SCF Pallets

Currently, the Postal Service offers discounts for Carrier Route, High Density, High Density Plus, and Saturation Flats on 5-Digit or 5-Digit Scheme (direct) containers. Similar discounts would now be offered to flat-shaped Marketing Mail pieces on SCF Pallets. This proposed discount will be applicable to Automation and Nonautomation (3-Digit and 5-Digit Presort) Flats, Carrier Route Flats, High Density Flats, High Density Plus Flats and Saturation Flats on SCF Pallets regardless of the entry (None, DNDC, and DSCF). This preparation assures that no bundle sorting is required prior to the final processing plant.

Eliminate Zip Coding of Mailing Lists and Correction of Mailing Lists as AMS Products

Currently, the Postal Service offers mailing list services for manual correction of name and address on occupant lists and manual sorting of mailing lists on cards by 5-digit ZIP Code. The Postal Service is proposing to discontinue these two services due to low volume usage and the availability of other Address Management products that allows more efficient access to the same information in an electronic format.

Elimination of Legacy Extra Service Labels

In an attempt to reduce duplicate labels, the Postal Service is eliminating the following legacy labels: PS 153 *Signature Confirmation*, PS 3800 *Certified Mail*, PS 3813 *Insured Mail \$500 and under*, and PS 3813-P *Insured Mail over \$500*. These labels will be replaced with IMpb compliant versions. Mailers that continue to use the eliminated labels will be subject to the IMpb Noncompliance Fee.

2023 Mailing Promotions

The Postal Service has been incenting mailers to integrate mobile technology and use innovative print techniques in commercial mail since 2012. These promotions have become an integral way for industry to try new things and innovate their mail campaigns. A 2023 Promotions Calendar is planned with opportunities for mailers to receive a postage discount by applying treatments or integrating technology in their mail campaigns.

These proposed revisions will provide consistency within postal products and add value for customers.

Although exempt from the notice and comment requirements of the Administrative Procedure Act (5 USC 553(b), (c)) regarding proposed rulemaking by 39 USC 410(a), the Postal Service invites public comments on the following proposed revisions to *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM), incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

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

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR part 111 is proposed to be amended as follows: PART 111--[AMENDED]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401-404, 414, 416, 3001-3018, 3201-3220, 3401-3406, 3621, 3622, 3626, 3629, 3631-3633, 3641, 3681-3685, and 5001.
2. Revise the *Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM) as follows:

***Mailing Standards of the United States Postal Service, Domestic Mail Manual* (DMM)**

* * * * *

500 Additional Mailing Services

503 Extra Services

1.0 Basic Standards for All Extra Services

* * * * *

1.7 Forms and Labels

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[Add new 1.7.5 to read as follows:]

USPS PROPOSED RULE: New Mailing Standards for Domestic Mailing Services Products

1.7.5 Legacy Extra Service Labels

Certain legacy extra service labels are no longer valid and have been replaced with IMpb compliant versions that have a tracking number beginning with “92” or higher. Mailers using noncompliant versions of the following extra service labels will be subject to the IMpb Non-compliance Fee (see Notice 123 – Price List):

- a. PS 153 *Signature Confirmation*
- b. PS 3800 *Certified Mail*
- c. PS 3813 *Insured Mail \$500 and under*
- d. PS 3813-P *Insured Mail over \$500*

* * * * *

507 Mailer Services

Overview

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[Revise the heading “8.0 Mailing List Services” to read as follows:]

8.0 Address Management System

* * * * *

[Replace current section 8.0 with new text to read as follows:]

8.0 Address Management System

8.1 Address Management System Products and Fees

For Address Management System (AMS) products and fees, see Notice 123 – Price List.

8.1.2 Carrier Route Information System

The official city delivery scheme, called the Carrier Route Information System, is available to mailers.

8.1.3 Address Changes to Election Boards and Voter Registration Commissions

For the designated fee, the USPS provides address changes to election boards and voter registration commissions.

8.2 Election Boards and Voter Registration Commissions

8.2.1 General

Election boards or voter registration commissions may use the “Return Service Requested” endorsement and/or the National Change of Address Linkage System (NCOA\Link\) to maintain current address lists.

8.2.2 Fee Assessment

The fee for address changes provided to election boards and voter registration commissions is assessed for each Form 3575 submitted. The fee is collected on a per card basis regardless of the number of changes made on the card and whether the change concerns a person on the board’s or commission’s list of registrants. Instead of the actual forms, the USPS may supply facsimiles of the forms or copies of the information they contain at no additional fee.

8.2.3 Procedure

Election boards or voter registration commissions using permanent registration may obtain residential change-of-address information from Forms 3575:

- a. An authorized official of the board or commission must sign and submit to the manager, address management systems (district), a written request that lists the Post Offices for which change-of-address information is desired.
- b. If the request is approved, an agreement must be obtained from and signed by an authorized official of the board or commission detailing the terms under which the change-of-address information is to be released.
- c. The board or commission receives the requested information from the postmasters of the listed Post Offices and pays those postmasters the applicable fees.

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705 Advanced Preparation and Special Postage Payment Systems

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8.0 Preparing Pallets

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8.10 Pallet Presort and Labeling

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8.10.3 USPS Marketing Mail or Parcel Select Lightweight--Bundles, Sacks, or Trays

* * * * *

[Revise the text of 8.10.3e to read as follows]

- e. SCF, required, permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation price, and/or Presorted price mail for the 3-digit ZIP Code groups in L005, or L051 for Parcel Select Lightweight sacks. Mailers may, at their option, place AADC trays on SCF pallets when the tray’s “label to” 3-digit ZIP Code (from L801) is within that SCF’s service area. Mailers may also, at their option, place mixed ADC or mixed AADC trays, labeled per L010, on an SCF pallet entered at the SCF facility responsible for the processing of mixed ADC or mixed AADC trays for that NDC/ASF facility. The SCF Pallet discount applies to 3-Digit, 5-Digit, Carrier Route, High Density, High Density Plus, Saturation (including EDDM – Not Retail) USPS Marketing Mail flat shaped pieces on a SCF pallet entered at an Origin (None), DNDC, or DSCF entry. SCF pallet discount does not apply to Marketing Mail letters or parcels. Labeling: * * *

* * * * *

Notice 123 (Price List)

[Revise prices as applicable.]

* * * * *

Ruth B. Stevenson, Chief Counsel, Ethics & Legal Compliance.

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

POSTAL SERVICE

39 CFR Part 111

Removal of Sacks – USPS Marketing Mail and Periodicals Flats

AGENCY: Postal Service.

ACTION: Proposed rule.

SUMMARY: The Postal Service proposes to revise *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) to remove references to sacks as a handling unit for USPS Marketing Mail and Periodicals Flats.

DATES: Submit comments on or before November 21, 2022.

ADDRESSES: Mail or deliver written comments to the manager, Product Classification, US Postal Service, 475 L'Enfant Plaza SW, Room 4446, Washington, DC 20260-5015. You may inspect and photocopy all written comments at USPS Headquarters Library, 475 L'Enfant Plaza SW, 11th Floor N, Washington, DC by appointment only between the hours of 9 am and 4 pm, Monday through Friday by calling 1-202-268-2906 in advance. Email comments, containing the name and address of the commenter, may be sent to: ProductClassification@usps.gov, with a subject line of "Network Redesign—Removal of Sacks." Faxed comments are not accepted.

FOR FURTHER INFORMATION CONTACT: Dale Kennedy at (202) 268-6592 or Doriane Harley at (202) 268-2537.

SUPPLEMENTARY INFORMATION: As part of its network redesign efforts, the Postal Service is proposing to eliminate the use of sacks as containers for Flats acceptance/entry but will continue to allow Flat trays as acceptable containers for acceptance and entry along with bundles on pallets for USPS Marketing Mail and Periodicals Flat Mail. The exception to this proposal is that carrier route, 5-digit scheme carrier routes and 5-digit carrier routes flat mail will continue to be allowed to use sacks as a handling unit.

Although exempt from the notice and comment requirements of the Administrative Procedure Act (5 USC 553(b), (c)) regarding proposed rulemaking by 39 USC 410(a), the Postal Service invites public comments on the following proposed revisions to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

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

List of Subjects in 39 CFR Part 111

Administrative practice and procedure

Postal Service

Accordingly, 39 CFR part 111 is proposed to be amended as follows: PART 111 – [AMENDED.]

1. The authority citation for 39 CFR part 111 continues to read as follows: Authority: 5 USC 552(a); 13 USC 301-307; 18 USC 1692-1737; 39 USC 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

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

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

203 Basic Postage Statement, Documentation, and Preparation Standards

3.0 Standardized Documentation for First-Class Mail, Periodicals, USPS Marketing Mail, and Flat-Size Bound Printed Matter

3.4 Sortation Level

Sortation level	Abbreviation

[Revise the item beginning with "Merged 5-Digit" to read as follows:] Merged 5-Digit [flat trays and pallets (Periodicals and USPS Marketing Mail flats); sacks and pallets (irregular parcels)]	M5D
[Revise the item beginning with "Merged 5-Digit Scheme" to read as follows:] Merged 5-Digit Scheme [flat trays and pallets (Periodicals and USPS Marketing Mail flats); sacks and pallets (irregular parcels)]	M5DS

[Revise the item beginning with "Merged 3-Digit" to read as follows:] Merged 3-Digit [flat trays (Periodicals flats); sacks (irregular parcels)]	M3D

[Revise the item beginning with "SCF" to read as follows:] SCF [flat trays and pallets (Periodicals flats and USPS Marketing Mail); sacks and pallets (Bound Printed Matter and irregular parcels less than 6 ounces)]	SCF

4.0 Bundles

[Revise the title of 4.4 to read as follows:]

4.4 Exception to Bundle Preparation—Full Letter and Flat Trays

4.6 Address Visibility for Flats and Parcels

[Revise the items 4.6b and 4.6c to read as follows:]

- b. Bundles placed in or on 5-digit or 5-digit scheme (L001) flat trays or pallets.
- c. Bundles placed in carrier route and 5-digit carrier routes flat trays or sacks.

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise the title of 4.8 to read as follows:]

4.8 Preparing Bundles in Sacks and Flat Trays

[Revise the introductory text:] In addition to the standards in 4.5 through 4.7, mailers must prepare bundles placed in flat trays and sacks as follows:

[Revise the title of 4.10 to read as follows:]

4.10 Additional Standards for Unsacked/Untrayed Bundles Entered at DDU Facilities

[Revise the introductory text:] Mailers may enter unsacked, untrayed, or nonpalletized bundles of carrier route, Periodicals, or USPS Marketing Mail flats and unsacked bundles of Bound Printed Matter (BPM) flats or irregular parcels (BPM only) at destination delivery units (DDUs) if all the following conditions are met:

4.11 Pieces With Simplified Address

[Revise the last sentence of the introductory text:] *** Bundles must be secure and stable subject to weight limits in 705.8.0 if placed on pallets, and weight and height limits in 4.8 if placed in flat trays.

5.0 Letter and Flat Trays

5.1 General Standards

[Revise the last sentence of the introductory text:] *** Periodicals and USPS Marketing Mail flat-size mailings must be prepared in flat trays with green lids under 207.22.7, 207.25.5, 245.8.7, and 245.10.4.3 (see also 5.6.2j).

5.6.2 Preparation for Flats in Flat Trays

[Add an item (j) to read as follows:]

- j. Flat trays used in a Periodicals or USPS Marketing Mail flat-size mailing may be nested into each other on a pallet without lids and the pallet then shrink-wrapped.

204 Barcode Standards

3.0 Standards for Barcoded Tray Labels, Sack Labels, and Container Labels

3.2 Specifications for Barcoded Tray and Sack Labels

3.2.4 3-Digit Content Identifier Numbers

Exhibit 3.2.4 3-Digit Content Identifier Numbers

[Revise Exhibit 3.2.4:]

Class and mailing	CIN	Human-readable content line

<i>[Revise the text of “Per Flats – Carrier Route,” “Per Flats – Barcoded,” “Per Flats – Nonbarcoded,” “Per Flats – Co-sacked Barcoded and Nonbarcoded,” and “Per Flats – Merged Carrier Route, Barcoded, and Nonbarcoded” to read as follows:]</i>		
<i>PER Flats – Carrier Route:</i>		
car. rt. sacks or flat trays – saturation	387	PER FLTS WSS ¹
car. rt. sacks or flat trays – high density	388	PER FLTS WSH ¹
car. rt. sacks or flat trays – basic	385	PER FLTS CR ¹
5-digit carrier routes sacks or flat trays	386	PER FLTS 5D CR-RTS
5-digit scheme carrier routes sacks or flat trays	371	PER FLTS CR-RTS SCH
3-digit carrier routes flat trays	351	PER FLTS 3D CR-RTS
<i>PER Flats – Barcoded:</i>		
5-digit flat trays	372	PER FLTS 5D BC
5-digit scheme flat trays	372	PER FLTS 5D SCH BC
3-digit flat trays	373	PER FLTS 3D BC
SCF flat trays	377	PER FLTS SCF BC
ADC flat trays	374	PER FLTS ADC BC
mixed ADC flat trays	375	PER FLTS BC WKG
Origin mixed ADC flat trays	381	PER FLTS WKG W FCM
<i>PER Flats – Nonbarcoded:</i>		
5-digit scheme flat trays	378	PER FLT 5D SCH NON BC
5-digit flat trays	378	PER FLTS 5D NON BC
3-digit flat trays	379	PER FLTS 3D NON BC
SCF flat trays	384	PER FLTS SCF NON BC
ADC flat trays	380	PER FLTS ADC NON BC
mixed ADC flat trays	382	PER FLTS NON BC WKG
origin mixed ADC flat trays	381	PER FLTS WKG W FCM

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

<i>PER Flats – Co-trayed Barcoded and Nonbarcoded:</i>		
5-digit scheme flat trays	321	PER FLT 5D SCH BC/NBC
5-digit flat trays	321	PER FLTS 5D BC/NBC
3-digit flat trays	322	PER FLTS 3D BC/NBC
SCF flat trays	329	PER FLTS SCF BC/NBC
ADC flat trays	331	PER FLTS ADC BC/NBC
mixed ADC flat trays	332	PER FLTS BC/NBC WKG
origin mixed ADC flat trays	381	PER FLTS WKG W FCM
<i>PER Flats – Merged Carrier Route, Barcoded, and Nonbarcoded:</i>		
merged 5-digit sacks or flat trays	339	PER FLTS CR/5D
merged 5-digit scheme sacks or flat trays	349	PER FLTS CR/5D SCH
merged 3-digit flat trays	352	PER FLTS CR/5D/3D

<i>[Revise the text of “NEWS Flats – Carrier Route,” “NEWS Flats – Barcoded,” “NEWS Flats – Nonbarcoded,” “NEWS Flats – Co-sacked Barcoded and Nonbarcoded,” and “NEWS Flats – Merged Carrier Route, Barcoded and Nonbarcoded” to read as follows:]</i>		
<i>NEWS Flats – Carrier Route:</i>		
car. rt. sacks or flat trays – saturation	487	NEWS FLTS WSS ¹
car. rt. sacks or flat trays – high density	488	NEWS FLTS WSH ¹
car. rt. sacks or flat trays – basic	485	NEWS FLTS CR ¹
5-digit carrier routes sacks or flat trays	486	NEWS FLTS 5D CR-RTS
5-digit scheme carrier routes sacks or flat trays	471	NEWS FLTS CR-RTS SCH
3-digit carrier routes flat trays	451	NEWS FLTS 3D CR-RTS
<i>NEWS Flats – Barcoded:</i>		
5-digit scheme flat trays	472	NEWS FLTS 5D SCH BC
5-digit flat trays	472	NEWS FLTS 5D BC
3-digit flat trays	473	NEWS FLTS 3D BC
SCF flat trays	477	NEWS FLTS SCF BC
ADC flat trays	474	NEWS FLTS ADC BC
mixed ADC flat trays	475	NEWS FLTS BC WKG
origin mixed ADC flat trays	481	NEWS FLTS WKG W FCM
<i>NEWS Flats – Nonbarcoded:</i>		
5-digit scheme flat trays	478	NEWS FLT 5D SCH NON BC
5-digit flat trays	478	NEWS FLTS 5D NON BC
3-digit flat trays	479	NEWS FLTS 3D NON BC
SCF flat trays	484	NEWS FLTS SCF NON BC
ADC flat trays	480	NEWS FLTS ADC NON BC
mixed ADC flat trays	482	NEWS FLTS NON BC WKG
origin mixed ADC flat trays	481	NEWS FLTS WKG W FCM
<i>NEWS Flats – Co-trayed Barcoded and Nonbarcoded:</i>		
5-digit scheme flat trays	421	NEWS FLT 5D SCH BC/NBC
5-digit flat trays	421	NEWS FLTS 5D BC/NBC
3-digit flat trays	422	NEWS FLTS 3D BC/NBC
SCF and origin/entry SCF flat trays	429	NEWS FLTS SCF BC/NBC
ADC flat trays	431	NEWS FLTS ADC BC/NBC
mixed ADC flat trays	432	NEWS FLTS BC/NBC WKG
origin mixed ADC flat trays	481	NEWS FLTS WKG W FCM
<i>NEWS Flats – Merged Carrier Route, Barcoded, and Nonbarcoded:</i>		
merged 5-digit	439	NEWS FLTS CR/5D
merged 5-digit scheme	449	NEWS FLTS CR/5D SCH
merged 3-digit flat trays	452	NEWS FLTS CR/5D/3D

<i>[Revise the text of “Enhanced Carrier Route Flats – Nonautomation,” “MKT Flats – Co-sacked Automation and Nonautomation,” “MKT Flats – Merged Carrier Route, Automation, and Presorted,” “MKT Flats – Automation,” “MKT Flats – Nonautomation,” and “MKT Flats – Residual Pieces Subject to FCM Single-Piece Prices” to read as follows:]</i>		
<i>Enhanced Carrier Route Flats – Nonautomation:</i>		
saturation price sacks or flat trays	587	MKT FLTS ECRWSS ¹
high density or high density plus price sacks or flat trays	588	MKT FLTS ECRWSH ¹
basic price sacks or flat trays	589	MKT FLTS ECRLOT ¹
5-digit carrier routes sacks or flat trays	586	MKT FLTS CR-RTS
5-digit scheme car. rts. sacks or flat trays	529	MKT FLTS CR-RTS SCH
<i>MKT Flats – Co-trayed Automation and Nonautomation:</i>		
5-digit scheme flat trays	521	MKT FLT 5D SCH BC/NBC
5-digit flat trays	521	MKT FLTS 5D BC/NBC
3-digit and origin/entry 3-digit flat trays	522	MKT FLTS 3D BC/NBC
ADC flat trays	531	MKT FLTS ADC BC/NBC
mixed ADC flat trays	532	MKT FLTS BC/NBC WKG

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

MKT Flats – Merged Carrier Route, Automation, and Presorted:

merged 5-digit	539	MKT FLTS CR/5D
merged 5-digit scheme	549	MKT FLTS CR/5D SCH

MKT Flats – Automation:

5-digit flat trays	572	MKT FLTS 5D BC
5-digit scheme flat trays	572	MKT FLTS 5D SCH BC
3-digit flat trays	573	MKT FLTS 3D BC
ADC flat trays	574	MKT FLTS ADC BC
mixed ADC flat trays	575	MKT FLTS BC WKG

MKT Flats – Nonautomation:

5-digit scheme flat trays	578	MKT FLT 5D SCH NON BC
5-digit flat trays	578	MKT FLTS 5D NON BC
3-digit flat trays	579	MKT FLTS 3D NON BC
ADC flat trays	580	MKT FLTS ADC NON BC
mixed ADC flat trays	582	MKT FLTS NON BC WKG

MKT Flats – Residual Pieces Subject to FCM Single-Piece Prices:

residual flat trays	582	MKT FLTS WKG
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PACKAGE SERVICES

BPM Flats – Co-sacked Barcoded and Presorted:

[Revise the text of “BPM – Co-sacked Barcoded and Presorted ” to read as follows:]

5-digit scheme sacks	648	PSVC FLTS 5D SCH BC/NBC
5-digit sacks	648	PSVC FLTS 5D BC/NBC
3-digit sacks	661	PSVC FLTS 3D BC/NBC
SCF sacks	667	PSVC FLTS SCF BC/NBC
ADC sacks	668	PSVC FLTS ADC BC/NBC
mixed ADC sacks	669	PSVC FLTS BC/NBC WKG

207 Periodicals

12.0 Nonbarcoded (Presorted) Eligibility

12.3.1 Five-Digit Prices

[Revise the text of 12.3.1b to read as follows:]

- b. Nonletter-size pieces in 5-digit scheme bundles and 5-digit bundles of six or more addressed pieces each, placed in 5-digit scheme flat trays, or 5-digit flat trays, or palletized under 705.8.0 or 705.10.0, 705.12.0, or 705.13.0.

12.3.2 Three-Digit Prices

[Revise the text of 12.3.2b to read as follows:]

- b. Nonletter-size pieces in 5-digit scheme, 5-digit, 3-digit scheme, and 3-digit bundles of six or more addressed pieces each, placed in 3-digit flat trays; or 3-digit scheme and 3-digit bundles of six or more addressed pieces each, prepared under 705.8.0 or 705.10.0, 705.12.0, or 705.13.0.

13.0 Carrier Route Eligibility

13.2.1 Basic Standards

[Revise the text of 13.2.1b(2) and 13.2.1b(3) to read as follows:]

2. Bundles in carrier route, 5-digit scheme carrier routes, 5-digit carrier routes sacks/flat trays, or 3-digit carrier routes flat trays under 23.0. Sacks/flat trays may be palletized under 705.8.0.
3. Unsacked/untrayed bundles entered at a destination delivery unit under 23.4.2 and 29.6.5.

18.0 General Mail Preparation

18.4 Mail Preparation Terms

[Revise the text of 18.4j to read as follows:]

- j. A 5-digit scheme carrier routes sort for carrier route Periodicals flats prepared in sacks/flat trays and irregular parcels prepared in sacks or as bundles on pallets yields a 5-digit scheme carrier routes sack/flat tray or pallet for those 5-digit ZIP Codes listed in L001 and 5-digit carrier routes sacks/flat trays or pallets for other areas. The 5-digit ZIP Codes in each scheme are treated as one presort destination. Sacks/flat trays or pallets prepared for a 5-digit scheme carrier routes destination that contain carrier route bundles for only one of the scheme 5-digit areas are still considered to be sorted to 5-digit scheme carrier routes. Preparation of 5-digit scheme carrier routes sacks/flat trays or pallets must be done for all 5-digit scheme destinations.

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

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[Revise the text of 18.4s to read as follows:]

- s. An *origin/entry SCF flat tray* contains all 5-digit and 3-digit bundles (regardless of quantity) for the SCF in whose service area the mail is verified. At the mailer's option, such a flat tray may be prepared for the SCF area of each entry Post Office. This presort level applies only to nonletter-size Periodicals prepared in flat trays.

* * * * *

[Revise the text of 18.4y to read as follows:]

- y. A *"logical" presort destination* represents the total number of pieces that are eligible for a specific presort level based on the required sortation, but which might not be contained in one bundle or in one container (flat tray, sack or pallet) due to preparation requirements or the piece size. For example, there may be 42 mailpieces for ZIP Code 43112 forming a "logical" 5-digit bundle, and they are prepared in three physical 5-digit bundles because of the weight and height restrictions on bundles.

* * * * *

20.0 Sacks and Trays

20.1 Basic Standards

20.1.1 General

Mailings must be prepared in letter trays (letters), flat trays (flats) under 22.7 and 25.5, or sacks (carrier route, 5-digit scheme cr-rt and 5-digit cr-rt flats and all periodicals parcels). Palletized mail is subject to 705.8.0. See 203.5.0 and 203.6.0 for tray and sack standards.

* * * * *

22.0 Preparing Nonbarcoded (Presorted) Periodicals

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22.4 Bundles With Fewer Than Six Pieces

* * * * *

[Revise the text of 22.4a to read as follows:]

- a. Place bundles in only 5-digit, 3-digit, and SCF flat trays that contain at least 24 pieces, or in origin/entry SCF flat trays, as appropriate.

* * * * *

[Revise the title of 22.5 to read as follows:]

22.5 Letter Tray Preparation—Letter-Size Pieces

* * * * *

[Revise the title of 22.6 to read as follows:]

22.6 Sack Preparation—Parcels

For mailing jobs that also contain a barcoded mailing, see 22.1.2. For other mailing jobs, preparation sequence, sack size, and labeling:

[Delete item 22.6a in its entirety and renumber the remaining items as (a) through (g) respectively; revise the new items a through g to read as follows:]

- a. *5-digit*, required at 72 pieces, optional at 24 pieces minimum.
1. Line 1: use city, state, and 5-digit ZIP Code on mail (see 21.0 for overseas military mail).
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "5D".
- b. *3-digit*, required at 72 pieces, optional at 24 pieces minimum.
1. Line 1: use L002, Column A.
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "3D".
- c. *SCF*, required at 72 pieces, optional at 24 pieces minimum.
1. Line 1: use L002, Column C.
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "SCF".
- d. *Origin/entry SCF*, required for the SCF of the origin (verification) office, optional for the SCF of an entry office other than the origin office, (no minimum); for Line 1 use L002, Column C.
1. Line 1: use L002, Column C.
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "SCF".
- e. *ADC*, required at 72 pieces, optional at 24 pieces minimum.
1. Line 1: use L004, Column B.
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "ADC".
- f. *Origin mixed ADC*, required; no minimum; for any remaining bundles for destinations in L201, Column B, corresponding to the origin ZIP Code in Column A.
1. Line 1: Use L201, Column C.
 2. Line 2: "PER" or "NEWS" as applicable, followed by "IRREG" as applicable, followed by "WKG W FCM."
- g. *Mixed ADC*, required (no minimum).
1. Line 1: Use L009, Column B.
 2. Line 2: "PER" or "NEWS" as applicable; followed by "IRREG" as applicable; followed by "WKG" for irregular parcels.

[Revise the title of 22.7 to read as follows:]

22.7 Tray Preparation—Flat-Size Pieces

[Revise the Introductory text:] Mailers must place flat sized pieces in flat trays (see 203.5.6) instead of sacks unless prepared as direct carrier route, 5-digit scheme carrier route, or 5-digit carrier route (see 23.4.1 and 705.9.0 or 705.10.0). Mailers also may prepare non-machinable (see 26.0) flats in flat trays. Bundling is not permitted unless a bundle is more finely presorted than the tray's presort destination. The trays are subject to a container charge, and any bundles are subject to a bundle charge. Tray preparation, sequence, and labeling: * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

* * * * *

23.0 Preparing Carrier Route Periodicals

* * * * *

23.6 Bundles With Fewer Than Six Pieces

[Revise the text of 23.6a to read as follows:]

* * * * *

- a. Place bundles in only 5-digit scheme carrier routes and 5-digit carrier routes sacks/flat trays that contain at least 24 pieces, or 3-digit carrier routes or merged 3-digit flat trays that contain at least one six-piece carrier route bundle.

* * * * *

23.7 Multi-Box Section Bundles—Optional Preparation

[Revise the text of 23.7e to read as follows:]

- e. Place bundles in existing carrier-route flat trays, 5-Digit scheme carrier routes, or 5-Digit carrier routes sacks/flat trays.

* * * * *

25.0 Preparing Flat-Size Barcoded (Automation) Periodicals

25.1 Basic Standards

* * * * *

25.1.7 Exception—Barcoded and Nonbarcoded Flats on Pallets

* * * * *

[Revise the text of 25.1.7b and 25.1.7c to read as follows:]

- b. Mailing jobs prepared entirely in flat trays and claiming this exception must be cobundled under 705.11.0.
- c. As an alternative to 705.9.0 through 705.13.0, if a portion of the job is prepared as palletized barcoded flats, the nonbarcoded portion may be prepared as palletized flats and paid at nonbarcoded machinable and carrier route prices. The nonbarcoded price pieces that cannot be placed on ADC or finer pallets may be prepared as flats in flat trays and paid at the nonbarcoded prices.

25.1.8 Bundles With Fewer Than Six Pieces

* * * * *

[Revise the text of 25.1.8a to read as follows:]

- a. Place 5-digit and 3-digit bundles in only 5-digit scheme, 5-digit, 3-digit, and SCF flat trays, as appropriate, that contain at least 24 pieces, or in merged 3-digit flat trays that contain at least one six-piece carrier route bundle, or in origin/entry SCF flat trays.

* * * * *

[Revise the text of 25.1.8c to read as follows:]

- c. Place 5-digit scheme and 3-digit scheme bundles in only 5-digit scheme, 3-digit, and SCF flat trays, as appropriate, that contain at least 24 pieces, or in merged 3-digit flat trays that contain at least one six-piece carrier route bundle, or in origin/entry SCF flat trays.

* * * * *

[Revise the title of 25.1.9 to read as follows:]

25.1.9 Cotraying and Cobundling With Nonbarcoded and Carrier Route Price Mail

* * * * *

[Revise the text of 25.1.9b and 25.1.9c to read as follows:]

- b. If the mailing job contains a machinable barcoded and nonbarcoded mailing, then it must be prepared under the cotraying standards in 705.9.0. Machinable barcoded and nonbarcoded pieces may be cobundled under the standards in 705.11.0.
- c. If the mailing job contains a carrier route mailing and a machinable barcoded mailing, then it must be separately trayed under 23.0 and 25.0 or prepared using the merged flat tray option under 705.10.0.

* * * * *

243 Prices and Eligibility

* * * * *

5.0 Additional Eligibility Standards for Nonautomation USPS Marketing Mail Letters, Flats, and Presorted USPS Marketing Mail Parcels

* * * * *

5.6 Nonautomation Price Application—Flats

5.6.1 5-Digit Prices for Flats

[Revise item a to read as follows:]

- a. In a 5-digit/scheme bundle of 10 or more pieces, or 15 or more pieces, as applicable; properly placed in a 5-digit/scheme flat tray (see full flat tray 245.1.4).

* * * * *

[Revise item c to read as follows:]

- c. In a 5-digit bundle of 10 or more pieces, or 15 or more pieces, as applicable; properly placed in a merged 5-digit/scheme or 5-digit flat tray under 705.10.0.

5.6.2 3-Digit Prices for Flats

[Revise item a to read as follows:]

- a. In a 5-digit/scheme bundle of 10 or more pieces, or 15 or more pieces, as applicable, or in a 3-digit/scheme bundle of 10 or more pieces; properly placed in a 3-digit flat tray (see full flat tray 245.1.4).

5.6.3 ADC Prices for Flats

[Revise items a and b to read as follows:]

- a. In a 5-digit/scheme, 3-digit/scheme, or ADC bundle of 10 or more pieces properly placed in an ADC flat tray (see full flat tray 245.1.4).
- b. In an optional 3-digit/scheme origin/entry flat tray.

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

* * * * *

5.6.4 Mixed ADC Prices for Flats

[Revise the text of 5.6.4 to read as follows:] [Mixed ADC prices apply to flat-size pieces in bundles that do not qualify for 5-digit, 3-digit, or ADC prices; placed in mixed ADC flat trays or on ASF, NDC, or mixed NDC pallets under 705.8.0.

* * * * *

6.3 Basic Price Enhanced Carrier Route Standards

* * * * *

6.3.4 Basic Carrier Route Bundles on a 5-Digit/Direct Container (Basic-CR Bundles/Container) Price Eligibility—Flats

[Revise the text of 6.3.4 to read as follows:] The Basic-CR Bundles/Container discount applies to each piece in a carrier route bundle of 10 or more pieces that are palletized under 705.8.0, 705.10.0, 705.12.0, or 705.13.0 on a 5-digit carrier route or 5-digit scheme carrier route pallet entered at an Origin (None), DNDC, DSCF, or DDU entry or in a carrier route sack or flat tray under 245.9.7a or 203.5.8 and entered at the DDU.

* * * * *

6.5 High Density and High Density Plus (Enhanced Carrier Route) Standards—Flats

* * * * *

6.5.3 High Density Carrier Route Bundles on a 5-Digit/Direct Container (High Density-CR Bundles/Container Discount Eligibility)—Flats

[Revise the text:] The High Density-CR Bundles/Container discount applies to 125 or more High Density-eligible pieces that are palletized under 705.8.0, 705.10.0, 705.12.0, or 705.13.0 on a 5-digit carrier route, 5-digit carrier routes, or 5-digit scheme carrier route pallet entered at an Origin (None), DNDC, DSCF, or DDU entry or in a carrier route sack or flat tray under 245.9.7a or 203.5.8 and entered at the DDU.

6.5.4 High Density Plus Carrier Route Bundles on a 5-Digit/Direct Container (High Density Plus-CR Bundles/Container Discount Eligibility)—Flats

[Revise the text of 6.5.4 to read as follows:] The High Density Plus-CR Bundles/Container discount applies to 300 or more High Density Plus-eligible pieces that are palletized under 705.8.0, 705.10.0, 705.12.0, or 705.13.0 on a 5-digit carrier route, 5-digit carrier routes, or 5-digit scheme carrier route pallet entered at an Origin (None), DNDC, DSCF, or DDU entry or in a carrier route sack or flat tray under 245.9.7a or 203.5.8 and entered at the DDU.

* * * * *

6.7 Saturation Enhanced Carrier Route Standards—Flats

* * * * *

6.7.2 Saturation Prices for Flats

* * * * *

[Revise item c to read as follows:]

c. Placed in a merged 5-digit scheme or merged 5-digit flat tray.

[Add new item d to read as follows:]

d. Placed in a 5-digit scheme carrier routes or 5-digit carrier routes sack/flat tray.

6.7.3 Saturation—(Including EDDM) Carrier Route Bundles on a 5-Digit/Direct Container (Saturation-CR Bundles/Container Discount Eligibility)—Flats

[Revise the text:] The Saturation-CR Bundles/Container discount applies to at least 90 percent or more of the active residential addresses or 75 percent or more of the total number of active possible delivery addresses on each carrier route that are palletized under 705.8.0, 705.10.0, 705.12.0, or 705.13.0 on a 5-digit carrier route, 5-digit carrier routes, or 5-digit scheme carrier route pallet entered at an Origin (None), DNDC, DSCF, or DDU entry or in a carrier route sack or flat tray under 245.9.7a or 203.5.8 and entered at the DDU.

* * * * *

245 Mail Preparation

* * * * *

1.0 General Information for Mail Preparation

* * * * *

1.3.2 Flats

* * * * *

[Revise item c. to read as follows:]

c. 5-digit scheme (bundles and flat trays) for flats meeting the automation-compatibility standards in 201.4.0: the ZIP Code in the delivery address on all pieces is one of the 5-digit ZIP Code areas processed by the USPS as a single scheme, as shown in L007.

* * * * *

[Revise item e. to read as follows:]

e. Merged 5-digit flat trays: the carrier route bundles and/or automation price 5-digit bundles and/or Presorted price 5-digit bundles in a flat tray are all for a 5-digit ZIP Code that has an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product that allows combining carrier route price bundles with automation price 5-digit bundles and Presorted price 5-digit bundles in the same 5-digit container.

* * * * *

[Revise item g. to read as follows:]

g. Merged 5-digit scheme flat tray: the 5-digit ZIP Codes on pieces in carrier route bundles and/or automation price 5-digit bundles and/or Presorted price 5-digit bundles in a flat tray are all for 5-digit ZIP Codes that are part of a single scheme as shown in L001, and the automation price 5-digit bundles and/or the Presorted price 5-digit bundles also are for 5-digit ZIP Codes that have an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product that allows combining carrier route bundles with automation price 5-digit bundles and Presorted price 5-digit bundles in the same 5-digit container.

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise item q. to read as follows:]

q. *Residual pieces/bundles/flat trays*: contain material remaining after completion of a presort sequence. Residual mail lacks the volume set by standard to require or allow preparation to a particular destination, and usually does not qualify for a presort price.

* * * * *

1.4 Preparation Definitions and Instructions

* * * * *

[Add new item (e) to read as follows; renumber current items (e) through (y) as (f) through (z):]

e. A full flat tray is one that is physically full. Although a specific minimum volume is required (at least a single stack of mail lying flat on the bottom of the tray and filling the tray to the bottom of the handholds) before a tray may or must be prepared to the corresponding presort destination, trays must be filled with additional available pieces (up to the reasonable capacity of the tray) when standards require preparation of full trays.

[Revise new item f. to read as follows:]

f. A full sack is defined in the standards for the class and price claimed.

* * * * *

[Revise new item h. to read as follows:]

h. A 5-digit scheme sort for flats meeting the automation-compatibility standards in 201.3.0 yields 5-digit scheme bundles for those 5-digit ZIP Codes identified in L007 and 5-digit bundles for other ZIP Codes. When standards require 5-digit/scheme sort, mailers must prepare all possible 5-digit scheme bundles and flat trays of flats, then prepare all possible 5-digit bundles and flat trays. The 5-digit ZIP Codes in each scheme are treated as a single presort destination subject to a single minimum volume, with no further separation required. Bundles prepared for a 5-digit scheme destination that contain pieces for only one of the schemed 5-digit ZIP Codes are still considered 5-digit scheme sorted and are labeled accordingly. Bundles must be labeled using an optional endorsement line (OEL) under 203.7.0 or with a red “5 SCH” bundle label. Bundles are placed in appropriate containers using the OEL “label to” 5-digit ZIP Code or using L007 column B.

* * * * *

[Revise new items k. through m. to read as follows:]

k. A merged 5-digit sort for USPS Marketing Mail flats prepared in flat trays yields merged 5-digit flat trays that contain carrier route bundles and/or automation price 5-digit bundles, and/or Presorted price 5-digit bundles that are all for a 5-digit ZIP Code that has an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product that allows combining carrier route bundles, automation price 5-digit bundles, and Presorted price 5-digit bundles in the same 5-digit flat tray or pallet. The merged 5-digit sort is optional for USPS Marketing Mail flats prepared in flat trays. Flat trays prepared for a merged 5-digit destination that contain only a single price level of bundle(s) (only carrier route bundle(s) or only automation price 5-digit bundle(s) or only Presorted price 5-digit bundle(s)) or that contain only two price levels of bundle(s) are still considered to be merged 5-digit sorted and are labeled accordingly. If preparation of merged 5-digit flat trays is performed, it must be done for all 5-digit ZIP Code destinations with an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product that allows combining carrier route bundles, automation price 5-digit bundles, and Presorted price 5-digit bundles in the same 5-digit container.

l. A merged 5-digit sort for USPS Marketing Mail flats prepared as bundles on pallets yields merged 5-digit pallets that contain carrier route bundles and noncarrier route 5-digit bundles (automation price 5-digit bundles and/or Presorted price 5-digit bundles). The merged 5-digit sort is optional for USPS Marketing Mail flats prepared in flat trays under 705.10.0. Flat trays or pallets prepared for a merged 5-digit destination that contain only a single price level of bundle(s) (only carrier route bundle(s) or only automation price 5-digit bundle(s) or only Presorted price 5-digit bundle(s)) or only two price levels of bundle(s) are still considered to be merged 5-digit sorted and must be labeled accordingly.

m. A merged 5-digit scheme sort for USPS Marketing Mail flats prepared in flat trays under 705.10.0 yields merged 5-digit scheme flat trays that contain carrier route bundles and noncarrier route 5-digit bundles (automation price 5-digit bundles and/or Presorted price 5-digit bundles) for those 5-digit ZIP Codes that are part of a single scheme as shown in L001. Flat trays prepared for a merged 5-digit scheme destination that contain only a single price level of bundle(s) (only carrier route bundle(s) or only automation price 5-digit bundle(s) or only presorted price 5-digit bundle(s)), or only two price levels of bundle(s), or bundles for only one of the schemed 5-digit ZIP Codes are still considered to be merged 5-digit scheme sorted and must be labeled accordingly. If preparation of merged 5-digit scheme flat trays is performed, it must be done for all 5-digit scheme destinations in L001.

* * * * *

[Revise new item y. to read as follows:]

y. A “logical” presort destination represents the total number of pieces that are eligible for a specific presort level based on the required sortation, but which might not be contained in a single bundle or in a single container (flat tray, sack, or pallet) due to applicable preparation requirements or the size of the individual pieces. For example, there may be 42 mailpieces for ZIP Code 43112 forming a USPS Marketing Mail “logical” 5-digit bundle, and they are prepared in three physical 5-digit bundles because of the applicable weight and height restrictions on bundles. For pallets, 2,800 pounds of mail may be destined to an SCF destination, and these would form the “logical” SCF pallet, but the mail is placed on two physical SCF pallets each weighing 1,400 pounds because of the 2,200 pound maximum pallet weight requirement.

* * * * *

3.0 Letter Trays, Flat Trays, and Sacks

[Revise the second sentence:] * * * Flat mailings must be prepared in flat trays or sacks (carrier route, 5-digit scheme carrier route and 5-digit carrier route only) except when permitted to be prepared in letter trays under other applicable standards in this section. * * *

* * * * *

8.0 Preparing Nonautomation Flats

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

8.1 Basic Standards

* * * * *

[Revise the text of 8.1b2 to read as follows:]

2. Unless excepted by standard, all pieces must be in the flat-size processing category and must be prepared in flat trays, sacks or on pallets. Certain flat-size pieces may be prepared in letter trays under 3.0.

8.4 Loose Packing

[Revise the text to read as follows:] District managers may authorize loose packing of unbundled pieces in flat trays if no pieces in a flat tray would be more finely sorted if bundled. Pieces must be faced and packed to remain oriented in transit. Requests for loose packing must be made in advance through the Post Office of mailing.

8.5 Required Traying

[Revise the text of 8.5 to read as follows:] Except as provided in 8.6, a flat tray, or a letter tray under 3.0, must be prepared when the quantity of mail for a required presort destination reaches a full flat tray (up to the handholds), 125 pieces or 15 pounds of pieces, subject to these conditions: * * *

[Revise the text of 8.5b(2) to read as follows:]

2. The actual piece count or mail weight for each tray is used, if documentation can be provided with the mailing that shows for each tray the number of pieces and the total weight.

* * * * *

[Revise the title of 8.7 to read as follows:]

8.7 Traying, and Labeling

[Revise the introductory sentence to read as follows:] Preparation sequence, flat tray and labeling:

* * * * *

[Revise item 8.7a to read as follows:]

- a. 5-digit/scheme (required); scheme sort required (before 5-digit sort), only for pieces meeting the automation flats criteria in 201.6.0, see definition in 1.4j; full flat tray, 125-piece, or 15-pound minimum; labeling: * * *

[Revise items 8.7a(1) and 8.7a(2) to read as follows:]

1. Line 1: For 5-digit scheme flat trays use L007, Column B. For 5-digit flat trays, use city, state, and 5-digit ZIP Code destination on pieces. (See 203.5.11 for overseas military mail).
2. Line 2: For 5-digit scheme flat trays, "STD FLT 5D SCH NON BC." For 5-digit flat trays, "STD FLTS 5D NON BC."

[Revise items 8.7b to read as follows:]

- b. 3-digit (required); full flat tray, 125-piece, or 15 pound minimum; labeling: * * *

* * * * *

[Revise items 8.7d to read as follows:]

- d. ADC (required); full flat tray, 125-piece, or 15 pound minimum; labeling: * * *

* * * * *

8.8 Cotraying and Cobundling Flats With Automation Mail

* * * * *

[Revise items b, c, and d to read as follows:]

- b. If the mailing job contains an automation mailing and a nonautomation mailing, then it must be prepared under the cotrayed standards in 705.9.0.
- c. If the mailing job contains a carrier route mailing and a nonautomation mailing, then it must be separately sacked or trayed under 5.0 and 9.0 or prepared using the merged sacking/traying option in 705.10.0.
- d. If the mailing job contains a carrier route mailing and an automation mailing, then it must be separately sacked or trayed under 9.0 and 10.0 or prepared using the merged sacking/traying option in 705.10.0.

* * * * *

8.9 Merged Containerization of Carrier Route, Automation, and Nonautomation Flats

[Revise the text:] Under the optional preparation in 705.10.0, nonautomation 5-digit bundles prepared under 5.2 through 8.8 are cotrayed with carrier route bundles prepared under 9.0 and with automation 5-digit bundles prepared under 10.0 in merged 5-digit scheme flat trays and merged 5-digit flat trays. Under the optional preparation in 705.10.0, 705.12.0, or 705.13.0, nonautomation 5-digit bundles are copalletized with carrier route bundles prepared under 9.0 and with automation 5-digit bundles prepared under 10.0 on merged 5-digit scheme pallets and merged 5-digit pallets. See 8.8a for information on when preparation under 705.10.0 may be required.

8.10 Residual Pieces

[Revise the introductory text:] Mailers entering USPS Marketing Mail residual pieces that do not qualify for USPS Marketing Mail prices, and paying the First-Class Mail prices (but prepared "as is" under 244.5.0), must separately bundle and flat tray residual pieces from the automation and presort pieces. Mailers must label flat trays under 204.3.0 using the CIN code 582 for use with residual flat trays. Label flat trays as follows: * * *

* * * * *

9.0 Preparing Enhanced Carrier Route Flats

* * * * *

9.6 Required Flat Tray/Sack Minimums

[Revise the introductory text:] When traying/sacking is required, mailers must prepare a flat tray/sack when the quantity of mail for a required presort destination reaches either up to the handholds (see full flat tray 245.1.4), 125 pieces or 15 pounds of pieces (sacks), whichever occurs first. The following conditions apply:

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise item c. to read as follows:]

c. Less than full flat trays (see 245.1.4) and sacks with fewer than 125 pieces or less than 15 pounds of pieces may be prepared to a carrier route when the saturation price is claimed for the contents and the applicable density standard is met.

* * * * *

9.8 Merged Containerization of Carrier Route, Automation, and Presorted Price Flats

[Revise the first sentence:] Under the optional preparation in 705.10.0, carrier route price bundles prepared under 9.3 and 9.4 are co-trayed with Presorted price 5-digit bundles prepared under 8.0 and with automation price 5-digit bundles prepared under 10.0 in merged 5-digit scheme flat trays and merged 5-digit flat trays. * * *

* * * * *

10.0 Preparing Automation Flats

10.1 Basic Standards

[Revise the last sentence:] * * * Flat trays must bear the appropriate barcoded container labels under 4.0.

* * * * *

[Revise the title of 10.4 to read as follows:]

10.4 USPS Marketing Mail Bundle and Flat Tray Preparation

* * * * *

[Revise the title of 10.4.2 to read as follows:]

10.4.2 Required Traying

[Revise the introductory text:] A flat tray or a letter tray under 3.0, must be prepared when the quantity of mail for a required presort destination reaches either a full flat tray (1.4e), 125 pieces, or 15 pounds of pieces, whichever occurs first, subject to these conditions:

* * * * *

[Revise the text of 10.4.2b to read as follows:]

b. For nonidentical-weight pieces, mailers must either use the minimum that applies to the average piece weight for the entire mailing (divide the net weight of the mailing by the number of pieces; the resulting average single-piece weight determines whether the 125-piece or 15-pound minimum applies) or tray by the actual piece count or mail weight for each flat tray, if documentation can be provided with the mailing that shows (specifically for each flat tray) the number of pieces and their total weight.

[Revise the title of 10.4.3 to read as follows:]

10.4.3 Traying and Labeling

[Revise the first sentence:] Preparation sequence, flat tray size, and labeling:

* * * * *

[Revise the text of items 10.4.3a, 10.4.3a(1) and 10.4.3a(2) to read as follows:]

a. 5-digit/scheme (required); scheme sort required before 5-digit sort; see definition in 1.4g.; full flat tray, 125-piece, or 15-pound minimum, labeling:

1. Line 1: For 5-digit scheme flat trays use L007, Column B. For 5-digit flat trays use city, state, and 5-digit ZIP Code on mail (see 203.5.11 for overseas military mail).

2. Line 2: For 5-digit scheme flat trays, “STD FLTS 5D SCH BC.” For 5-digit flat trays, “STD FLTS 5D BC.”

[Revise the text of items 10.4.3b to read as follows:]

b. 3-digit (required); full flat tray, 125-piece, or 15-pound minimum; labeling: * * *

* * * * *

[Revise the text of items 10.4.3d to read as follows:]

d. ADC (required); full flat tray, 125-piece, or 15-pound minimum; labeling:

* * * * *

705 Advanced Preparation and Special Postage Payment Systems

* * * * *

8.0 Preparing Pallets

* * * * *

8.5 General Preparation

* * * * *

8.5.3 Minimum Load

* * * * *

[Revise the text of 8.5.3a(1) to read as follows:]

1. In a single mailing, the minimum load per pallet is 250 pounds of bundles, parcels, or sacks, except as provided in items 2 through 4 below. When preparing letter trays on pallets, the minimum load is 36 linear feet or three layers of trays, except as provided in items 2 and 4 below. When preparing flat trays on pallets, the minimum load is 24 linear feet or three layers of flat trays, except as provided in items 2 and 4 below.

* * * * *

8.10 Pallet Presort and Labeling

* * * * *

8.10.2 Periodicals—Bundles, Sacks, Letter, or Flat Trays

* * * * *

[Revise the text of 8.10.2f to read as follows:]

f. 5-digit, required, except for letter trays; permitted for bundles, sacks, and trays. Pallet must contain only automation price and/or Presorted price mail for the same 5-digit ZIP Code or the same 5-digit scheme under L007 (for automation-compatible flats only under 201.6.0). Five-digit scheme bundles are assigned to pallets according to the “label to” 5-digit ZIP Code in L007. Labeling: * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

* * * * *

[Revise the text of 8.10.2h to read as follows:]

- h. SCF, required, permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation price, and/or Presorted price mail for the 3-digit ZIP Code groups in L005. Mailers may place origin mixed ADC (OMX) sacks (parcels only) or flat trays on origin SCF pallets. Labeling: * * *

* * * * *

[Revise the text of 8.10.2j to read as follows:]

- j. Origin Mixed ADC (OMX), optional for sacks and trays; allowed with no minimum and required at 100 pounds of mail for bundles of flats. Bundles of flats totaling less than 100 pounds in weight must be trayed if not palletized. Pallet may contain carrier route, automation price, and presorted price mail. Labeling: * * *

[Revise the text of 8.10.2k to read as follows:]

- k. Mixed ADC, optional for sacks and trays; allowed with no minimum and required at 100 pounds of mail for bundles of flats. Bundles of flats totaling less than 100 pounds in weight must be trayed if not palletized. Pallet may contain carrier route, automation price, or presorted price mail. Pallets must not contain sacks, trays or bundles that should be properly placed on the origin mixed ADC (OMX) pallet. Labeling: * * *

* * * * *

8.10.3 USPS Marketing Mail or Parcel Select Lightweight—Bundles, Sacks, or Trays

* * * * *

[Revise the text of 8.10.3f to read as follows:]

- f. ASF, required unless bundle reallocation used under 8.13, permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation price, and/or Presorted price mail for the 3-digit ZIP Code groups in L602. ADC bundles, sacks, or trays are assigned to pallets according to the “label to” ZIP Code in L004 as appropriate. AADC trays are assigned to pallets according to the “label to” ZIP Code in L801. At the mailer’s option, appropriate mixed ADC bundles and trays of flats; and mixed ADC and mixed AADC trays of letters, may be sorted to ASF pallets according to the “label to” ZIP Code in L010. All mixed ADC bundles, sacks, and trays and mixed AADC trays must contain only pieces destinating within the ASF as shown in L602. Labeling: * * *

[Revise the text of 8.10.3g to read as follows:]

- g. NDC, required, permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation price, and/or Presorted price mail for the 3-digit ZIP Code groups in L601. ADC bundles, sacks, or trays are assigned to pallets according to the “label to” ZIP Code in L004 as appropriate. AADC trays are assigned to pallets according to the “label to” ZIP Code in L801. At the mailer’s option, appropriate mixed ADC bundles and trays of flats; and mixed ADC trays and mixed AADC trays of letters, may be sorted to NDC pallets according to the “label to” ZIP Code in L010. All mixed ADC bundles, sacks, and trays and mixed AADC trays must contain only pieces destinating within the NDC as shown in L601. Labeling: * * *

[Revise the text of 8.10.3h to read as follows:]

- h. Mixed NDC, optional, permitted for sacks and trays only; allowed with no minimum and required at 100 pounds of mail for bundles of flats. Bundles of flats totaling less than 100 pounds in weight must be trayed if not palletized. Pallet may contain carrier route, automation, and/or Presorted mail. Mailers must place trays and sacks containing pieces paid at the single-piece price on the mixed NDC pallet (unless required to be presented separately by special postage payment authorization). Labeling: * * *

* * * * *

8.11 Bundle Reallocation To Protect SCF Pallet for Periodicals Flats and Irregular Parcels and USPS Marketing Mail Flats on Pallets

* * * * *

8.11.3 Reallocation of Bundles If Optional 3-Digit Pallets Are Prepared

* * * * *

[Revise the text of 8.11.3d to read as follows:]

- d. If no single 5-digit level pallet within the SCF service area contains an adequate volume of mail to allow reallocation of a portion of the mail on a pallet as described in 8.11.3c, then no bundles will be reallocated and an SCF pallet will not be prepared; the mail that falls beyond the SCF pallet level must be placed on the next appropriate pallet (ADC, ASF, NDC or MNDC) or in the next appropriate sack (irregular parcels) or flat tray.

8.11.4 Reallocation of Bundles If Optional 3-Digit Pallets Are Not Prepared

* * * * *

[Revise the text of 8.11.4b to read as follows:]

- b. If no single 5-digit level pallet within the SCF service area contains an adequate volume of mail to allow reallocation of a portion of the mail on a pallet as described in 8.11.4a, then no bundles will be reallocated and a SCF pallet will not be prepared; the mail that falls beyond the SCF pallet level must be placed on the next appropriate pallet (ADC, ASF, NDC, or MNDC) or in the next appropriate sack (irregular parcels) or flat tray.

* * * * *

8.12 Bundle Reallocation To Protect ADC Pallet for Periodicals Flats and Irregular Parcels on Pallets

8.12.1 Basic Standards

[Revise the text:] Bundle reallocation to protect the ADC pallet is an optional preparation method authorized for mailers using PAVE-certified presort software and may be used to create pallets under the standards in 8.12.2 and 8.12.3. Presort software determines if mail for an ADC service area falls beyond the ADC level if all finer level pallets are prepared. Reallocation is performed only when there is mail for the ADC service area that falls beyond the ADC pallet level (e.g., to sacks or flat trays). Reallocate only the minimum number of bundles necessary to create an ADC pallet at the minimum required weight.

* * * * *

[Revise the title of 705.9.0 to read as follows:]

9.0 Combining Bundles of Automation and Nonautomation Flats in Flat Trays

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

9.2 Periodicals

9.2.1 Basic Standards

[Revise the text of the introductory paragraph:] Bundles of flat-size pieces in a machinable barcoded (automation) price mailing must be cotrayed with bundles of flat-size pieces in a machinable nonbarcoded price mailing under the following conditions:

* * * * *

[Revise the text of 9.2.1b through 9.2.1f to read as follows:]

- b. The machinable barcoded price mailing must meet the eligibility criteria in 207.14.0, except that the traying and documentation criteria in 9.2.1, 9.2.3, and 9.2.4 must be met rather than the traying and documentation criteria in 207.25.0.
- c. The machinable nonbarcoded price mailing must meet the eligibility criteria in 207.12.0, except that the traying and documentation criteria in 9.2.1, 9.2.3, and 9.2.4 must be met rather than the traying and documentation criteria in 207.25.0.
- d. The bundles prepared from the machinable barcoded price mailing and the bundles prepared from the machinable nonbarcoded price mailing must be sorted into the same flat trays as described in 9.2.3 and 9.2.4.
- e. A complete, signed, appropriate postage statement(s), using the correct USPS form or an approved facsimile, must accompany each mailing job prepared under these procedures. In addition to the applicable postage statement, documentation produced by PAVE-certified software or standardized documentation under 203.3.0 must be submitted with each cotrayed mailing job that describes for each flat tray sortation level the number of pieces qualifying for each applicable price.
- f. Barcoded tray labels under 204.3.0 must be used to label flat trays.

* * * * *

9.2.3 Bundles With Fewer Than Six Pieces

[Revise the text:] 5-digit and 3-digit bundles prepared under 207.22.0 and 207.25.0 may contain fewer than six pieces when the publisher determines that such preparation improves service. These low-volume bundles may be placed in 5-digit, 3-digit, and SCF flat trays that contain at least 24 pieces or on 5-digit, 3-digit, or SCF pallets. Pieces in low-volume bundles must claim the applicable mixed ADC price (Outside-County) or basic price (In-County).

[Delete section 9.2.4 in its entirety and renumber 9.2.5 as 9.2.4:]

* * * * *

[Revise the title of the new section 9.2.4 to read as follows:]

9.2.4 Flat Tray Preparation—Flat-Size Machinable Pieces

[Revise the introductory text:] See 207.20.0 for use of flat trays. Machinable pieces meeting the criteria in 201.6.0 – Mailers must either bundle or group all pieces as specified in 207.25.0 and 207.22.0 for each 5-digit scheme, 5-digit, 3-digit scheme, 3-digit, SCF, and ADC destination. Bundling is not permitted unless it achieves a finer presort than the presort destination of the tray. The trays are subject to a container charge, and any bundles are subject to a bundle charge. Tray preparation, sequence, and labeling:***

* * * * *

9.3 USPS Marketing Mail

9.3.1 Basic Standards

[Revise the introductory text:] Bundles of flats in an automation price mailing must be cotrayed with bundles of flats in a Presorted price mailing under the following conditions:

* * * * *

[Revise the text of 9.3.1c through 9.3.1i to read as follows:]

- c. The automation price mailing must meet the eligibility criteria in 243.7.0, except that the traying and documentation criteria in 9.3.1, 9.3.4, and 9.3.5 must be met rather than the traying and documentation criteria in 245.7.0.
- d. The Presorted price mailing must meet the eligibility criteria in 243.2.0 and 243.3.0, except that the traying and documentation criteria in 9.3.1, 9.3.4, and 9.3.5 must be met rather than the traying and documentation criteria in 245.5.0.
- e. The prices for pieces in the automation price mailing are applied based on the number of pieces in the bundle and the level of bundle to which they are sorted under 243.7.0. The prices for pieces in the Presorted price mailing are based on the number of pieces in the bundle and the level of flat tray in which they are placed under 243.3.6 and 243.3.7.
- f. The pieces must be marked according to 202.
- g. The bundles prepared from the automation price mailing and the bundles prepared from the Presorted price mailing must be sorted into the same flat trays as described in 9.3.4 and 9.3.5.
- h. A complete, signed postage statement(s), using the correct USPS form or an approved facsimile, must accompany each mailing job prepared under these procedures. In addition to the applicable postage statement, documentation produced by PAVE-certified software or standardized documentation under 203.3.0 must be submitted with each cotrayed mailing job that describes for each flat tray sortation level the number of pieces qualifying for each applicable automation price and the number of pieces qualifying for each applicable Presorted price.
- i. Barcoded tray labels under 204.3.0 must be used to label the flat trays.

* * * * *

[Revise the title of 9.3.4 to read as follows:]

9.3.4 Traying Rules—Less Than Full Flat Trays

[Revise the text:] When full trays are specified for a flat tray sortation level in 9.3.5, the provisions of 245.7.4 (letters) and 245.1.4e (flats) apply.

[Revise the title of 9.3.5 to read as follows:]

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

9.3.5 Flat Tray Preparation and Labeling

[Revise the introductory text:] Presorted price and automation price bundles prepared under 9.3.2 and 9.3.3 must be presorted together into flat trays (cotrayed) in the sequence listed below. Flat trays must be labeled using the following information for Lines 1 and 2, and 245.4.0 for other flat tray label criteria.

* * * * *

[Revise items 9.3.5a(1) and 9.3.5a(2) to read as follows:]

1. Line 1: For 5-digit scheme flat trays, use L007, Column B. For 5-digit flat trays, use city, state, and 5-digit ZIP Code destination on pieces.
2. Line 2: For 5-digit scheme flat trays, “STD FLT 5D SCH BC/NBC”; for 5-digit flat trays, “STD FLT 5D BC/NBC.”

[Revise item 9.3.5b to read as follows:]

- b. 3-digit, required, full flat tray, 125-piece, or 15-pound minimum; labeling: * * *

* * * * *

[Revise item 9.3.5d to read as follows:]

- d. ADC, required, full flat tray, 125-piece, or 15-pound minimum; use L004 to determine ZIP Codes served by each ADC; labeling: * * *

* * * * *

[Revise the title of 9.3.6 to read as follows:]

9.3.6 Letter Tray Preparation and Labeling

* * * * *

10.0 Merging Bundles of Flats Using the City State Product

10.1 Periodicals

10.1.1 Basic Standards

[Revise the introductory text:] Carrier route bundles in a carrier route mailing may be placed in the same flat trays or on the same pallet as 5-digit bundles from machinable (barcoded or nonbarcoded) price mailings (including pieces cobundled under 11.0) under the following conditions:

[Revise the text of 10.1.1a to read as follows:]

- a. A carrier route mailing must be part of the mailing job, unless cobundled under 11.0 using 5-digit scheme (L007) or 3-digit scheme (L008) bundle preparation, and trayed under 10.1.4.

* * * * *

[Revise the text of 10.1.1c to read as follows:]

- c. Pieces in the machinable price mailing must meet the flats criteria in 201.6.0; pieces that meet the flats criteria in 207.26.0 also may be trayed under this option. Pieces in the machinable nonbarcoded price mailing and the carrier route mailing must be flat-size.

* * * * *

[Revise the text of 10.1.1e through 10.1.1j to read as follows:]

- e. Carrier route bundles may be cotrayed or copalletized with machinable barcoded price 5-digit bundles, machinable nonbarcoded price 5-digit bundles, and cobundled 5-digit bundles only for those 5-digit ZIP Codes that have an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product indicating eligibility for such cotraying or copalletization. Containers of mail sorted in this manner are called “merged 5-digit” flat trays or pallets. Containers of mail sorted in this manner for which scheme (L001) sortation is also performed are called “merged 5-digit scheme” flat trays or pallets. Pieces in 5-digit scheme (L007) bundles may not be placed in merged 5-digit containers.
- f. If sortation under this section is performed, merged 5-digit flat trays or pallets must be prepared for all 5-digit ZIP Codes with an “A” or “C” indicator in the City State Product that permits such preparation when there is enough volume for the 5-digit ZIP Code to prepare such a flat tray under 10.1.4 or such a pallet under 10.1.5. In addition, all possible merged 5-digit scheme flat trays must be prepared under 10.1.4, or all possible merged 5-digit scheme and 5-digit scheme pallets must be prepared under 10.1.5.
- g. For mailings prepared in flat trays, mailers may not combine firm bundles and 5-digit scheme pieces in 5-digit scheme bundles or in 5-digit scheme flat trays. Firm bundles must be placed in a separate individual 5-digit flat tray under 10.1.4g to maintain 5-digit price eligibility. Mailers may combine firm bundles with 5-digit scheme, 3-digit scheme, and other presort destination bundles in carrier route, 5-digit, 3-digit, SCF, ADC, and mixed ADC flat trays. Only an In-County firm bundle can contribute toward the six-piece minimum for price eligibility.
- h. The bundles from each separated mailing must be sorted together into flat trays (cotrayed) under 10.1.4 or on pallets (copalletized) under 10.1.5 using presort software that is PAVE-certified.
- i. A complete, signed postage statement(s), using the correct USPS form or an approved facsimile, must accompany each mailing job prepared under these procedures. In addition to the postage statement(s), documentation prepared by PAVE-certified software must be submitted with each cotrayed or copalletized mailing job that describes for each flat tray sortation level and flat tray, or each pallet sortation level and pallet, the number of pieces qualifying for each applicable price.
- j. Barcoded tray labels under 204.3.0 must be used to label flat trays.

* * * * *

10.1.3 Bundles With Fewer Than Six Pieces

[Revise the introductory text:] Carrier route, 5-digit scheme, 5-digit, 3-digit scheme, and 3-digit bundles may contain fewer than six pieces when the publisher determines that such preparation improves service. Pieces in these low-volume bundles must be claimed at the applicable mixed ADC price (Outside-County) or basic price (In-County). Low-volume bundles are permitted only when they are sacked (as applicable), trayed, or prepared on pallets as follows:

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise the text of items 10.1.3a(1) through 10.1.3a(3) to read as follows:]

1. Carrier route, merged 5-digit scheme, 5-digit scheme carrier routes, merged 5-digit, 5-digit carrier routes, 5-digit, 3-digit, and SCF sacks (5-digit scheme carrier routes and 5-digit carrier routes only) or flat trays that contain at least 24 pieces.
2. Merged 3-digit flat trays that contain at least one six-piece carrier route bundle.
3. Origin/entry SCF flat trays.

* * * * *

[Revise the text of 10.1.3b to read as follows:]

- b. Place low-volume 5-digit scheme bundles in only 5-digit scheme, 3-digit, and SCF flat trays that contain at least 24 pieces, or in origin/entry SCF flat trays, or on 3-digit or SCF pallets, as appropriate.

[Revise the title of 10.1.4 to read as follows:]

10.1.4 Sack and Flat Tray Preparation and Labeling

[Revise the introductory text:] All carrier route bundles must be placed in sacks/flat trays under 10.1.4a through 10.1.4e and 10.1.4h as described below. When sorting is performed under this section, mailers must prepare merged 5-digit scheme sacks (irregular parcels) or flat trays, 5-digit scheme carrier routes sacks/flat trays, and merged 5-digit sacks (irregular parcels) or flat trays for all possible 5-digit schemes or 5-digit ZIP Codes as applicable, using L001 (merged 5-digit scheme and 5-digit scheme carrier routes sort only) and the Carrier Route Indicators field in the City State Product when there is enough volume for the 5-digit scheme or 5-digit ZIP Code to prepare such sacks (irregular parcels) or flat trays under 10.1.4. Mailers must label sacks/flat trays according to the Line 1 and Line 2 information listed below and under 207.20.1. If, due to the physical size of the mailpieces, the barcoded pieces are considered flat-size under 207.26.0, and the carrier route pieces and nonbarcoded pieces are considered irregular parcels under 201.7.6, “FLTS” must be shown as the processing category on the sack/tray label. If a mailing job does not contain barcoded price pieces and the carrier route pieces and the nonbarcoded pieces are irregular parcel shaped, use “IRREG” for the processing category on the contents line of the label. Mailers must prepare sacks/flat trays containing carrier route and 5-digit bundles from the carrier route, barcoded, and nonbarcoded mailings in the mailing job in the following manner and sequence:

* * * * *

[Revise the text of item 10.1.4b to read as follows:]

- b. *Merged 5-digit scheme*, required at 72 pieces, optional at 24 pieces minimum. Must contain at least one 5-digit ZIP Code in the scheme with an “A” or “C” indicator in the City State Product. May contain carrier route bundles for any 5-digit ZIP Code(s) in a single scheme listed in L001 as well as machinable barcoded price 5-digit bundles and machinable nonbarcoded price 5-digit bundles for those 5-digit ZIP Codes in the schemes that have an “A” or “C” indicator in the City State Product. For 5-digit ZIP Code(s) in a scheme that has a “B” or “D” indicator in the City State Product, prepare sack(s) (irregular parcels only) or flat tray(s) under 10.1.4g and 10.1.4h. For 5-digit ZIP Codes not included in a scheme, prepare sacks (irregular parcels only) or flat trays under 10.1.4d through 10.1.4h. Labeling: * * *

* * * * *

[Revise the text of item 10.1.4h to read as follows:]

- h. *Merged 3-digit*. Required for carrier route, 5-digit, and 5-digit scheme bundles remaining after preparing sacks (irregular parcels only) or flat trays under 10.1.4a through 10.1.4g, and any 3-digit and 3-digit scheme bundles with a minimum of 24 pieces for a 3-digit area. Labeling: * * *

* * * * *

10.2 USPS Marketing Mail

10.2.1 Basic Standards

[Revise the introductory text:] Carrier route bundles from a carrier route price mailing may be placed in the same flat tray or on the same pallet as 5-digit bundles from an automation price mailing and 5-digit bundles from a Presorted price mailing (including pieces cobundled under 11.0) under the following conditions:

- a. A carrier route mailing must be part of the mailing job, unless cobundled under 11.0 utilizing 5-digit scheme (L007) or 3-digit scheme (L008) bundle preparation and trayed under 10.1.4.

* * * * *

[Revise the text of items 10.2.1e through 10.2.1g to read as follows:]

- e. Carrier route bundles may be cotrayed or copalletized with automation price 5-digit bundles, Presorted price 5-digit bundles, and cobundled 5-digit bundles only for those 5-digit ZIP Codes that have an “A” or “C” indicator in the Carrier Route Indicators field in the City State Product indicating eligibility for such cotraying or copalletization. Containers of mail sorted in this manner are called “merged 5-digit” flat trays or pallets. Containers of mail sorted in this manner for which scheme (L001) sortation is also performed are called “merged 5-digit scheme” flat trays or pallets. Pieces in 5-digit scheme (L007) bundles may not be placed in merged 5-digit containers.
- f. If sortation under this section is performed, merged 5-digit flat trays or pallets must be prepared for all 5-digit ZIP Codes with an “A” or “C” indicator in the City State Product that permits such preparation when there is enough volume for the 5-digit ZIP Code to prepare that flat tray or pallet.
- g. For trayed mailings, the prices for pieces in the carrier route mailing are based on the criteria in 243.6.0, the prices for pieces in the automation price mailing are applied based on the number of pieces in the bundle and the level of bundle to which they are sorted under 243.7.0, and the prices for pieces in the Presorted price mailing are based on the number of pieces in the bundle and the level of flat tray to which they are sorted under 243.5.0.

* * * * *

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise the text of 10.2.1j to read as follows:]

- j. The bundles from each separate mailing must be sorted together into flat trays (cotrayed) under 10.2.3 and 10.2.4 or on pallets (copalletized) under 10.2.5 using presort software that is PAVE-certified.

* * * * *

[Revise the text of items 10.2.1l and 10.2.1m to read as follows:]

- l. In addition to the applicable postage statement, documentation produced by PAVE-certified software must be submitted with each cotrayed or copalletized mailing job that describes for each sack/flat tray sortation level and flat tray, or each pallet sortation level and pallet, the number of pieces qualifying for each applicable carrier route price, each applicable automation price, and each applicable Presorted price.

- m. Barcoded tray labels under 204.3.0 must be used to label flat trays.

* * * * *

10.2.4 Sack/Flat Tray Preparation and Labeling

[Revise the introductory text:] Mailers must prepare sacks/flat trays in the following manner and sequence. All carrier route bundles must be placed in sacks/flat trays under 10.2.4a through 10.2.4e as described below. Mailers must prepare all merged 5-digit scheme flat trays, 5-digit scheme carrier routes sacks/flat trays, and merged 5-digit flat trays that are possible in the mailing based on the volume of mail to the destination using L001 and the Carrier Route Indicators field in the City State Product. Mailers must label sacks/flat trays according to the Line 1 and Line 2 information listed below and under 245.4.0.

* * * * *

[Revise the text of 10.2.4b to read as follows:]

- b. *Merged 5-digit scheme*, required and permitted only when there is at least one 5-digit ZIP Code in the scheme with an “A” or “C” indicator in the City State Product. May contain carrier route bundles for any 5-digit ZIP Code(s) in a single scheme listed in L001 as well as automation price 5-digit bundles and Presorted price 5-digit bundles for those 5-digit ZIP Codes in the scheme with an “A” or “C” indicator in the City State Product. When preparation of this flat tray level is permitted, a flat tray must be prepared if there are any carrier route bundle(s) for the scheme. If there is not at least one carrier route bundle for any 5-digit destination in the scheme, preparation of this flat tray is required when there is at least a full flat tray (245.1.4), 125 pieces or 15 pounds of pieces in 5-digit bundles for any of the 5-digit ZIP Codes in the scheme that have an “A” or “C” indicator in the City State Product (smaller volume not permitted). For a 5-digit ZIP Code(s) in a scheme with a “B” or “D” indicator in the City State Product, prepare flat tray(s) for the automation price and Presorted price bundles under 10.2.4g and 10.2.4h. For 5-digit ZIP Codes not included in a scheme, prepare flat trays under 10.2.4d through 10.2.4h. Labeling: * * *

* * * * *

[Revise the text of 10.2.4d to read as follows:]

- d. *Merged 5-digit*, required. Must be prepared only for those 5-digit ZIP Codes that are not part of a scheme and that have an “A” or “C” indicator in the City State Product. May contain carrier route bundles, automation price 5-digit bundles, and Presorted price 5-digit bundles. Must be prepared if there are any carrier route bundles for the 5-digit destination. If there is not at least one carrier route bundle for the 5-digit destination, must be prepared when there is at least a full flat tray (245.1.4), 125 pieces or 15 pounds of pieces in 5-digit bundles for the same 5-digit destination (smaller volume not permitted). Labeling: * * *

[Revise the text of 10.2.4h to read as follows:]

- h. *3-digit through Mixed ADC flat trays*. Any 5-digit scheme and 5-digit bundles remaining after preparing flat trays under 10.2.4a through 10.2.4g, and all 3-digit, ADC, and Mixed ADC bundles, must be trayed and labeled according to the applicable requirements under 9.3 for cosacking/cotraying of automation price and Presorted price bundles, except if there are no automation price bundles in the mailing job, tray and label under 245.5.0, or, if there are no Presorted price bundles in the mailing job, tray and label under 245.7.4.

10.2.5 Pallet Preparation and Labeling

* * * * *

[Add a new item (j) to read as follows:]

- j. Mixed NDC, use 8.10.3h, as applicable, to prepare and label Mixed NDC pallets.

* * * * *

11.0 Combining Automation Price and Nonautomation Price Flats in Bundles

* * * * *

11.2 Periodicals

11.2.1 Basic Standards

[Revise the third sentence of the introductory text:] * * * Mailing jobs (for flats meeting the criteria in 201.6.0) prepared using the 5-digit scheme and/or the 3-digit scheme bundle preparation must be trayed under 9.0 or 10.0 or palletized under 10.0, 12.0, or 13.0. * * *

* * * * *

[Revise the text of 11.2.1b to read as follows:]

- b. Mailings prepared in flat trays must meet the basic standards in 9.0 or 10.0.

* * * * *

11.2.3 Bundles With Fewer Than Six Pieces

[Revise the last sentence of the introductory text:] * * * Low-volume bundles are permitted only when they are trayed or prepared on pallets as follows:

USPS PROPOSED RULE: Removal of Sacks – USPS Marketing Mail and Periodicals Flats

[Revise the text of items 11.2.3a and 11.2.3b to read as follows:]

- a. Place low-volume 5-digit and 3-digit bundles in only 5-digit scheme, 5-digit, 3-digit, and SCF flat trays that contain at least 24 pieces; or in origin/entry SCF flat trays; or on merged 5-digit scheme, 5-digit scheme, merged 5-digit, 5-digit, 3-digit, or SCF pallets, as appropriate.
- b. Place low-volume 5-digit scheme and 3-digit scheme bundles in only 5-digit scheme, 3-digit, and SCF flat trays that contain at least 24 pieces, or in origin/entry SCF flat trays, or on 3-digit or SCF pallets, as appropriate.

11.3 USPS Marketing Mail

11.3.1 Basic Standards

[Revise the introductory text:] Mailers may choose to cobundle (see 245.1.4u.) automation price and nonautomation price flat-size pieces as an option to the basic bundling requirements in 245.5.0 and 245.7.0. All pieces in the same bundle must meet the standards in 201.6.0. 5-digit scheme and 3-digit scheme bundles must meet the additional standards in 245.1.4f. and 245.1.4m. Mailing jobs prepared using the 5-digit scheme and/or 3-digit scheme bundle preparation (for flats meeting the criteria in 201.6.0) must be trayed under 10.0 or palletized under 10.0, 12.0, or 13.0. All bundles are subject to the following conditions:

* * * * *

[Revise the text of 11.3.1b to read as follows:]

- b. Mailings prepared in flat trays must meet the basic standards in 9.0 or 10.0.

* * * * *

12.0 Merging Bundles of Flats on Pallets Using a 5% Threshold

12.1 Periodicals

12.1.1 Basic Standards

* * * * *

[Revise the text of 12.1.1g to read as follows:]

- g. Portions of the mailing job that cannot be palletized must be prepared in sacks/flat trays.

* * * * *

12.2 USPS Marketing Mail

12.2.1 Basic Standards

* * * * *

[Revise the text of 12.2.1l to read as follows:]

- l. Portions of the mailing job that cannot be palletized must be prepared in flat trays.

* * * * *

12.2.3 Pallet Preparation and Labeling

* * * * *

[Add a new item (j) to read as follows:]

- j. Mixed NDC, use 8.10.3h, as applicable, to prepare and label Mixed NDC pallets.

* * * * *

13.0 Merging Bundles of Flats on Pallets Using the City State Product and a 5% Threshold

13.1 Periodicals

13.1.1 Basic Standards

* * * * *

[Revise the text of 13.1.1h to read as follows:]

- h. Portions of the mailing job that cannot be palletized must be prepared in flat trays.

* * * * *

13.2 USPS Marketing Mail

13.2.1 Basic Standards

* * * * *

[Revise the text of 13.2.1m to read as follows:]

- a. Portions of the mailing job that cannot be palletized must be prepared in flat trays.

* * * * *

13.2.4 Pallet Preparation and Labeling

[Add a new item (j) to read as follows:]

- j. Mixed NDC, use 8.10.3h, as applicable, to prepare and label Mixed NDC pallets

* * * * *

Sarah Sullivan,

Attorney, Ethics & Legal Compliance.