



# Postal Points

Timely information of interest to mailing and fulfillment service companies ... and their suppliers

April 25, 2008

Issue #08-06

**USPS Releases Final Rule for Addressing Flats.** New standards designed to improve readability, efficiency. *Page 1.*

**USPS Issues Proposal for Intelligent Mail Barcodes.** New proposal follows comments on earlier notice. *Page 7.*

**New Rates, as Amended, Are Officially Final.** The last pieces of the "price adjustment" win approval. *Page 20.*

**PRC Opens Inquiry into Postal Monopolies.** Is the PRC's report the start of the end of the Postal Service? *Page 21.*

**The Molehill Continues to Grow.** Not letting go of an obscure rate. *Page 23.*

**USPS Finalizes Rules for Competitive Products.** New rules cover Express Mail, Priority Mail, Parcel Select, and Parcel Return Service. *Page 25.*

**Postal Bulletin Stuff.** Highlights of the latest issue. *Page 26.*

**Short Subjects.** *Pages 2-3, 7-8, 20-21, 23-25.*

**Calendars.** *Page 26.*

The calculated price cap for **Market-Dominant Products** is

**3.3%**

as of

**4/16/2008**

using the PRC's formula.  
(39 CFR 3010.12 and 3010.21)

The cap will be recalculated following release of the next monthly CPI-U data on

**5/14/2008.**

## USPS Releases Final Rule for Addressing Flats

The Postal Service has released the text of final rule for the addressing of flat-size mailpieces, six months after the proposed rule was published for comment; about forty comments were received on the October 10, 2007, proposal (see the October 19, 2007, issue of *Postal Points*). The final rule will be published shortly in the *Federal Register*.

Although the new standards have been developed concurrently with the production and deployment of flats sequencing systems, the rules for address placement are actually linked to enhancing the efficiency of carriers who, in theory, will be able to deliver flats more efficiently if address are located for optimal readability.

### The basics

The "supplementary information" supplied with the final rule provides an overview of its major elements and offers the Postal Service's rationale for its action:

"As we move toward national deployment of FSS, we are working closely with the mailing industry to make the most of this investment and achieve the lowest combined costs for handling flat-size mail, including developing new standards for optimal addressing. Unlike letter mail, which is fairly uniform in size and address location, flat mail covers a broad range of sizes and has highly variable address placement. We need new mailing standards for this diverse mail-stream to promote consistent addressing for all flat-size pieces and increase efficiency in flats processing and delivery operations.

"Toward this goal, we are adopting new standards to require the delivery address in the upper portion of all Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail flat-size pieces mailed at automation, presorted, or carrier route prices. Mailers may place the address parallel or perpendicular to the top edge, but not upside down as read in relation to the top edge. The new standards define "upper portion" as the top half of a mailpiece, but we encourage mailers to place the address as close to the top edge as possible (while still maintaining a 1/8-inch clearance from the edge).

"Mailers must also address all presorted, carrier route and automation flat-size mailpieces using a minimum of 8-point type or, if the mailpiece bears a POSTNET or Intelligent Mail barcode with a delivery point routing code, a minimum of 6-point type in all capital letters. In addition, for all automation price pieces, the characters in the address must not overlap, the address lines must not touch or overlap, and each address element may be separated by no more than five blank character spaces.



## Short Subjects

### Dog bite week.

The Postal Service has announced that its annual campaign to prevent dog attacks on its employees will be held from May 18-24.

As much as the relationship between carriers and the dogs on their routes has become part of American life, and even though most regular carriers know the dogs they meet daily, the problem of dog bites is serious, for postal employees and average citizens alike. The Postal Service notes that 4.7 million people are attacked annually, with 800,000 leading to a trip to the emergency room. Dog bites alone cause 5% of all such visits.

Letter carriers were bitten 3,149 times in fiscal 2007, down about 2% from the previous year's total of 3,212. In both years, the postal district reporting the most incidents was Houston (TX), with 94 incidents in FY 2006 and 103 in FY 2007, followed by three California districts – Santa Ana, Sacramento, and Los Angeles – with a total of 239, down from FY 2006's 259. Combined, these top four districts represented almost 11% of the total incidents.

The safest districts seem to be Alaska (one report), Hawaii and Big Sky (Montana), (seven each), and Maine (nine).

### But what about the turkeys?

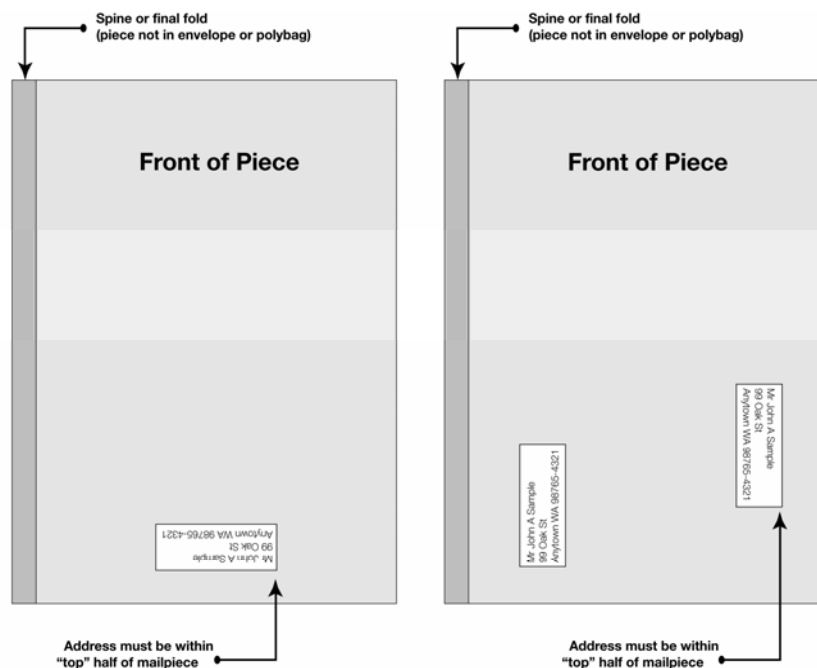
While the Postal Service worries about dog bites, it may be ignoring the threat from turkeys.

According to the Oshkosh (WI) *Northwestern*, letter carriers walking their routes in Madison are getting pecked-at by wild turkeys straying from an adjacent conservation area. One bird even entered a mail truck to go after the driver.

Local officials, noting that it's breeding season, speculate the turkeys may be drawn to the colors of the trucks, but that doesn't explain their interest in carriers. Defensive tools have included water pistols, but the turkeys got used to them, so the plan may have to be just to wait until the breeding season is over.

[\[TOP\]](#)

“The new standards will enable FSS to process flat-size pieces in delivery sequence at high speeds and output the pieces in vertical bundles that are optimized for carrier delivery. The new placement criteria will take advantage of the vertical bundle output and significantly reduce the time carriers spend reorienting pieces to read the address – whether the mail is held, pulled from a mailbag, or removed from a tray. The new standards for type size and line spacing will ensure carriers can read the addresses and delineate delivery stops. With over a quarter million carriers delivering mail six days a week, there are substantial opportunities to gain efficiency.”



### Not everyone was pleased

Although the Postal Service has maintained a single-minded determination to establish a uniform address placement rule for flats (something it has wanted to do for decades), many of the parties who offered comments neither shared the agency's commitment nor sympathized with its motives (or methods). As the agency's final rule summarized, for example:

- **Address placement.** Many commenters objected to the proposed standards for address placement that would require the delivery address to be three inches (for horizontal addresses) or 2½ inches (for vertical addresses) from the top of a mailpiece. These commenters objected for creative reasons, financial reasons, or both. The Postal Service stated that it did not intend to compromise mailpiece design and so has revised its standards to allow mailers to place the delivery address within the top half of the mailpiece, though preferably as close to the top as possible. For pieces addressed vertically, the delivery address can run into the bottom half of the mailpiece if the address is placed within one inch of the top edge.

The Postal Service further stated that the revised standards “provide additional options for many mailpieces and should lessen the impact of the change across the flats mailstream.” The agency noted that the one-year implementation timeframe will “allow mailers to prepare for the new standards, adjust mailpiece design if needed, and obtain any new mailing supplies and equipment.” The Postal Service added that it is “committed to working with mailers to reduce the total cost of the flats mailstream. Matching mail preparation requirements to processing and delivery needs will →

help the Postal Service and the mailing industry achieve a lowest-combined-cost system.”

- **Address characteristics.** Other commenters objected to the eight-point type size requirement because it will require larger address labels than the labels they are currently using. In response to these concerns, the Postal Service has reduced the requirement to six-point type (if using all capital letters) on pieces that bear a delivery point POSTNET or intelligent mail barcode. The final rule also was amended to shorten optional endorsement lines and allow mailer-specified information to the left of the OEL when OneCode ACS is used. However, the agency did not provide complete details of this new provision, stating instead that it “will publish more information about these initiatives in a separate DMM revision.”

To respond to comments about machine-printed script fonts, the final rule will allow individual characters in the address to touch, but not to overlap. Based on its testing, the Postal Service stated that Monotype Corsiva and Bradley Hand ITC are the fonts whose readability makes them preferred. Responding to comments about the requirement that each address element be separated by no more than three blank character spaces, the agency stated that its final rule will allow a maximum of five blank spaces.

- **Implementation.** Some commenters objected to the implementation date, stating that FSS volumes will be minimal next year and the new rules should coincide with fuller deployment, but the Postal Service disagreed, arguing it needs the new address standards as FSS is deployed, not after, and “for carrier readability today.” The agency also rejected comments urging a second proposed rule, a longer implementation period, and greater detail about acceptance policies. The Postal Service stated that it was “still developing the [mail acceptance] policies that will apply to mailpieces that do not comply.”

### ***Changes from the proposed rule***

The Postal Service’s summary listed several changes that it made to its original proposal:

- Each character in the address must be at least 0.080 inch high.
- The font preferences are “sans-serif” and all capital letters.
- Individual characters in the address may touch but not overlap.
- Up to five blank character spaces can be placed between each address element. (A “blank” space is equal to the width of the widest character in the address.)
- Addresses can be printed in as small as six-point type (using all capital letters) when a delivery point POSTNET or intelligent mail barcode is used.
- The term “address block” was changed to “delivery address.”
- The address placement standards were relaxed to require the entire delivery address be within the top half of the mailpiece, provided that a vertical addresses may cross the midline of a mailpiece if placed within one inch of the top edge.
- The placement standards were further revised to specify that when the delivery address is placed on an insert and polywrapped with the host piece, the address “must meet the placement standards throughout processing and delivery.” The word “secured” was removed because some inserts may comply without being affixed.
- The proposed barcode standards for automation pieces were removed because those are subject to a separate *Federal Register* rulemaking.

To allow adequate time for mailers to meet the revised standards, the Postal Service made final rule effective March 29, 2009. The complete text of the revised DMM standards follows. [\[TOP\]](#)

### **PRC recommends NSA.**

The Postal Regulatory Commission has resolved one of the few remaining matters that date from before the current ratesetting rules were published.

In an April 18 recommended decision, the PRC endorsed the negotiated service agreement with The Bradford Group that was proposed by the Postal Service on August 3, 2007. The PRC stated that the NSA meets the requirements of the then-applicable Postal Reorganization Act, “that the Agreement is in the best interest of the Postal Service and the mailing community, and that the financial analysis supports approval of the Agreement.”

The PRC complained, however, that the decision “was made difficult by the Postal Service’s improper unit cost calculations, failure to exercise appropriate due diligence under the circumstances, and the Postal Service’s continued accedence to admittedly unreliable volume estimates provided by the NSA partner.”

The commission’s own analytical process showed that “while the Postal Service may suffer financial harm from the flats portion of the Agreement, this is outweighed by the more substantial gains likely to accrue from the letter portion of the Agreement. Given this potential overall increase in contribution and the Agreement’s contractual protective mechanisms, the Commission finds that the Agreement supports a favorable recommendation under the circumstances.”

Though supportive of the NSA, the recommended decision included several PRC recommendations for ways in which the Postal Service could improve its analysis of future potential NSAs.

The decision was not supported by Commissioner Ruth Goldway, who filed a dissenting opinion based on her conclusion that “the Postal Service did not perform an adequate level of due diligence before presenting this Agreement for Commission review.”

If approved by the Postal Service’s governors, the NSA would be in effect for three years. [\[TOP\]](#)

# USPS FINAL RULE FOR ADDRESS REQUIREMENTS ON FLATS

## 302 Elements on the Face of a Mailpiece

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[Revise 1.2 as follows:]

### 1.2 Delivery Address

The delivery address specifies the location to which the USPS is to deliver a mailpiece. Except for mail prepared with detached address labels under 602.4.0, the mailpiece must have the address of the intended recipient, visible and legible, only on the side of the piece bearing postage (Periodicals do not display postage and the address may appear on either side). Use at least 8-point type (each character must be at least 0.080 inch high). A sans-serif font is preferred. Addresses printed in all capital letters are also preferred. Additional standards apply to presorted, automation-compatible, and carrier route flats mailed at First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail prices (see 2.0).

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[Renumber 2.0 through 4.0 as 3.0 through 5.0; insert new 2.0 as follows:]

## 2.0 Address Placement

### 2.1 Basic Standards

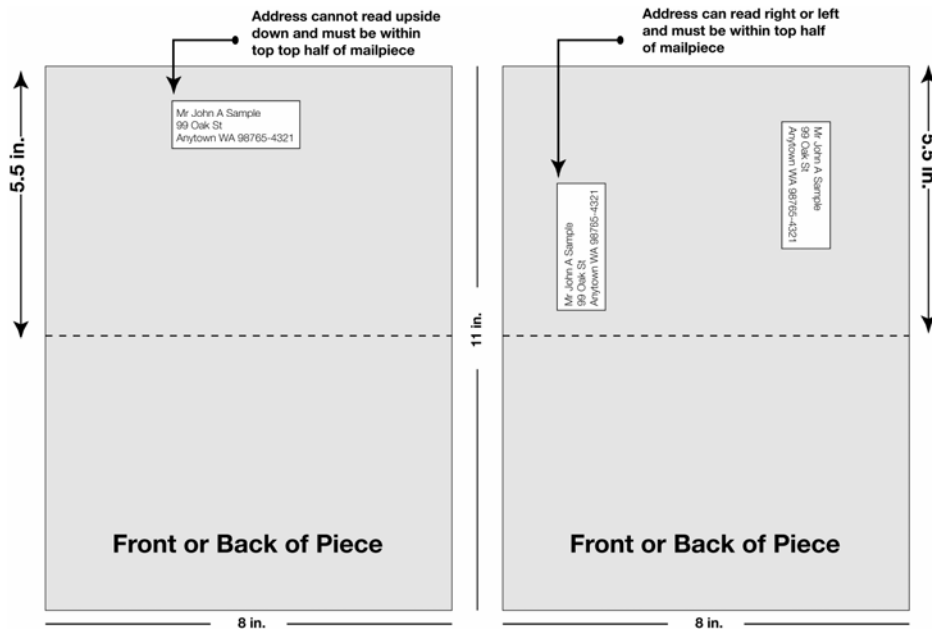
On all Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail flats mailed at presorted, automation, or carrier route prices, mailers must place the delivery address at least 1/8 inch from any edge of the mailpiece. For the purposes of these standards, the "delivery address" is defined as the recipient's name or other identification; the company information line; the street and number, and any necessary secondary information; and the city, state, and ZIP Code. The delivery address may appear on the front or the back of the mailpiece (but must be on the side bearing postage, except for Periodicals), parallel or perpendicular to the top edge, but it cannot be upside down as read in relation to the top edge. See 2.2 for additional standards for enveloped or polywrapped pieces, and 2.3 for bound or folded pieces not in envelopes or polywrap.

### 2.2 Address Placement on Enveloped or Polywrapped Pieces

The following standards apply to enveloped or polywrapped Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail flats mailed at presorted, automation, or carrier route prices:

- The "top" of the mailpiece is either of the shorter edges.
- The entire delivery address must be within the top half of the mailpiece (see Exhibit 2.2). Optimal placement is at the top edge (while maintaining the 1/8-inch clearance requirement). If a vertical address will not fit entirely within the top half, the address may cross the midpoint if it is placed within 1 inch of the top edge.
- When the delivery address is placed on an insert polywrapped with the processing and delivery.

### Exhibit 2.2 Delivery Address on Enveloped or Polywrapped Pieces



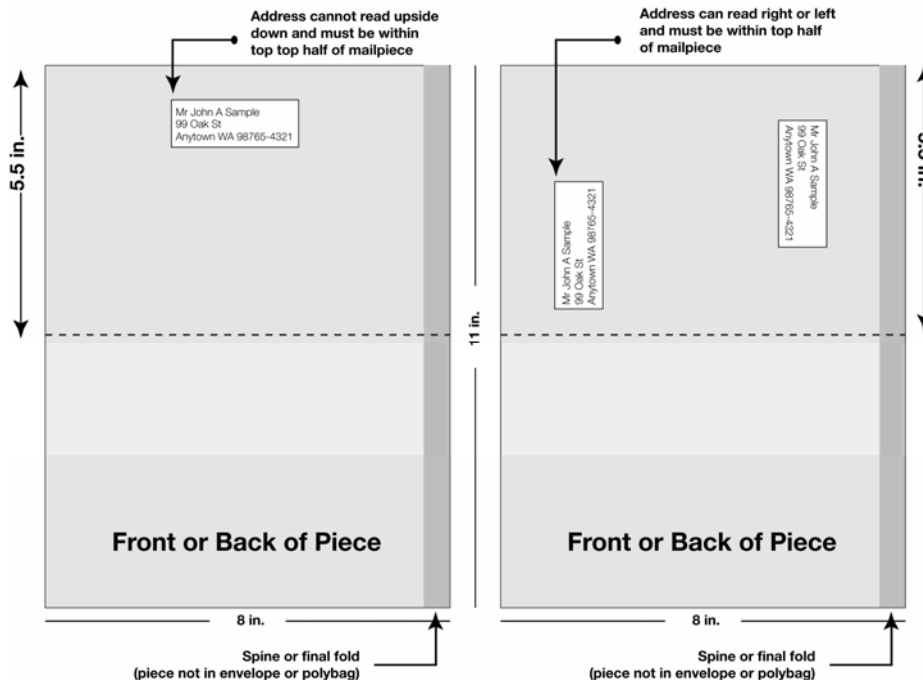
# USPS FINAL RULE FOR ADDRESS REQUIREMENTS ON FLATS

## 2.3 Address Placement on Bound or Folded Pieces

The following standards apply to bound or folded Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail flats mailed at presorted, automation, or carrier route prices not in envelopes or polywrap:

- The "top" is the upper edge of the mailpiece when the bound or final folded edge is vertical and on the right side of the piece. Exception: For Carrier Route (or Enhanced Carrier Route) saturation pieces, the "top" of the mailpiece is either of the shorter edges.
- The entire delivery address must be within the top half of the mailpiece (see Exhibit 2.3). Optimal placement is at the top edge (while maintaining the 1/8-inch clearance requirement). If a vertical address will not fit entirely within the top half, the address may cross the midpoint if it is placed within 1 inch of the top edge.

**Exhibit 2.3 Delivery Address on Bound or Folded Pieces**



## 2.4 Type Size and Line Spacing

On all First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, Media Mail, and Library Mail flats mailed at presorted, automation, or carrier route prices, mailers must print the delivery address using at least 8-point type (each character must be at least 0.080 inch high). A sans serif font is preferred. Addresses printed in all capital letters are also preferred. These additional standards apply to automation price pieces:

- The individual characters in the address cannot overlap. The individual lines in the address cannot touch or overlap. A minimum 0.028-inch clear space between lines is preferred.
- Each element on each line of the address may be separated by no more than five blank character spaces. One or two blank spaces is preferred. For example:  
"ANYTOWN US 12345," not "ANYTOWN US 12345"  
A "blank" character space can equal the width of the widest character in the address.
- For pieces that bear a POSTNET barcode with a delivery point routing code under 708.4.2 or an Intelligent Mail barcode with a delivery point routing code under 708.4.3, mailers may print the delivery address in a minimum of 6-point type (each character must be at least 0.065 inch high) when all capital letters are used.

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## 333 Prices and Eligibility

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## 3.3 Additional Basic Standards for First-Class Mail

All presorted First-Class Mail must:

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[Revise introductory text in item f to reference the new address standards as follows (no change to items 1, 2, or 3):]

- Bear a delivery address formatted according to 302.2.4 that includes the correct ZIP Code or ZIP+4 code and that meets these address quality standards:

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# USPS FINAL RULE FOR ADDRESS REQUIREMENTS ON FLATS

## 343 Prices and Eligibility

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### 3.3 Additional Basic Standards for Standard Mail

Each Standard Mail mailing is subject to these general standards:

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*[Revise item e to reference the new address standards as follows:]*

e. Each mailpiece must bear the addressee's name and delivery address, including the correct ZIP Code or ZIP+4 code, except as allowed when using alternative addressing formats under 602.3.0 or detached address labels under 602.4.0. Format and position the delivery address according to 302.2.0.

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## 363 Prices and Eligibility

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### 2.3 Delivery and Return Addresses

*[Revise 2.3 to reference the new address standards as follows:]*

All BPM mail must bear a delivery address formatted and positioned according to 302.2.0. The delivery address must include the correct ZIP Code or ZIP+4 code. Alternative addressing formats under 602.3.0 may be used. Except for unendorsed BPM, each mailpiece must bear the sender's return address.

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## 373 Prices and Eligibility

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### 3.3 Delivery and Return Addresses

*[Revise 3.3 to reference the new address standards as follows:]*

All Media Mail must bear a delivery address formatted and positioned according to 302.2.0. The delivery address must include the correct ZIP Code or ZIP+4 code. Alternative addressing formats under 602.3.0 or detached address labels under 602.4.0 may be used. Each mailpiece must bear the sender's return address.

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## 383 Prices and Eligibility

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### 3.3 Delivery and Return Addresses

*[Revise 3.3 to reference the new address standards as follows:]*

All Library Mail must bear a delivery address formatted and positioned according to 302.2.0. The delivery address must include the correct ZIP Code or ZIP+4 code. Alternative addressing formats under 602.3.0 or detached address labels under 602.4.0 may be used. Each mailpiece must bear the sender's return address.

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## 707 Periodicals

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### 3.2.3 Address Placement

*[Revise 3.2.3 to reference the new address standards as follows:]*

The delivery address must be clearly visible on or through the outside of the mailpiece, whether placed on a label or directly on the host publication, a component, or the mailing wrapper. The following standards apply:

- a. For flat-size pieces, mailers must follow the additional address placement and formatting standards in 302.2.0.
- b. If the address is placed on the mailing wrapper, the address must be on a flat side, not on a fold.
- c. If a polybag is used:
  1. The address must not appear on a component that rotates within the bag.
  2. The address must remain visible throughout the addressed component's range of motion.
  3. The address must maintain placement according to 302.2.0 throughout processing and delivery. The address must not shift into a noncompliant position.

\* \* \* \* \*

*[Delete Exhibit 3.2.4, Address Placement for Periodicals.]*

\* \* \* \* \*

### 3.3.10 Label Carrier

A label carrier may be used to carry the delivery address for the mailpiece and must consist of a single unfolded, uncreased sheet of card or paper stock, securely affixed to the cover of the publication or large enough so that it does not rotate inside the wrapper, subject to these conditions:

\* \* \* \* \*

*[Insert new item e as follows:]*

e. For flat-size pieces, the label carrier must maintain address placement according to 302.2.0 throughout processing and delivery. The address on the label carrier must not shift into a noncompliant position. [\[TOP\]](#)

## USPS Issues Proposal for Intelligent Mail Barcodes

After digesting the comments it received on last January's advance notice of proposed rulemaking about intelligent mail barcodes (see the January 11 issue of *Postal Points*), the Postal Service has taken the next step in the process. On April 16, the agency released the text of the proposed rule it has sent for publication in the *Federal Register*. Comments on that proposal will be due within thirty days of its publication.

### An overview

In its notice, the Postal Service stated it is proposing two options for using IMBs:

- A basic option, under which mailers simply would use the IMB on letter- and flat-size mailpieces instead of the current POSTNET barcode.
- A full-service option (which the agency hopes most volume mailers will choose), under which mailers would use unique IMBs on mailpieces; intelligent mail tray and container barcodes; and electronically submit postage statements and mailing documentation and make appointments for drop shipments. As an incentive to get mailers to move to the full-service option, the Postal Service said it would offer such customers free start-the-clock information (i.e., when the Postal Service takes possession of mailings) and free address correction information.

Addressing comments about the "mailer ID," the Postal Service stated that "under the full-service option, when mail owners elect to use their own six-digit or nine-digit mailer ID and unique serial numbers for mailpieces, mail preparers would be required to honor the six-digit or nine-digit mailer ID and unique numbering as architected by the mail owner."

Reinforcing earlier information, the agency added that, as of the implementation of new prices in May 2009, IMB-coded letters and flats mailed at First-Class Mail, Periodicals, Standard Mail, or Bound Printed Matter rates that require a barcode and may be eligible for full-service prices – which will be lower than the prices for mail at basic service (or bearing a POSTNET barcode) – subject to the applicable standards.

### Comments and responses

The Postal Service said it received over 400 letters and email messages in response to the advance notice, plus over 2,000 additional comments during "outreach sessions" it conducted at district offices.

Looking at such a volume of reaction in a positive light, the agency said it was "encouraged by the interest in our Intelligent Mail vision," but admitted that commenters "were concerned about our communication efforts, the timing of the changes, and the specifics of the program such as pricing and Mailer IDs."

The Postal Service then responded in more detail, including:

- **Implementation.** "A number of commenters questioned the readiness of mailers and the Postal Service" to use IMBs by the original January 2009 implementation date so, as was subsequently announced, the agency pushed the effective date back to be concurrent with the implementation of the annual price change in May 2009. Also, POSTNET barcodes will remain acceptable for →

### USPS reissues label proposal.

The Postal Service has reissued a proposed rule to require a specific barcode for containers of Priority Mail open-and-distribute mail.

As the agency stated in its April 21 notice in the *Federal Register*, its original proposal, published on May 27, 2007, was similar but less detailed in specifying the label to be used. No comments were submitted on that proposal.

In this second notice, the Postal Service is proposing that a concatenated UCC/EAN Code 128 Service barcode, with a unique Service Type Code "55," be used on labels used for Priority Mail open-and-distribute containers.

The agency explained that use of the unique barcoded label enables it to verify the arrival at the destination facility of a Priority Mail open-and-distribute containers. Moreover, the text "USPS SCAN ON ARRIVAL," placed above the barcode, is exclusive to this service and will facilitate correct scan behavior by USPS employees.

The Postal Service added that its decision to require the use of the service barcode instead of a Delivery Confirmation barcode "will lessen any confusion as to the appropriate scans the barcode should receive and ensure the customer gets the appropriate performance information." In turn, the agency added, "this will provide better visibility to the customer and enable the USPS to monitor service performance based on the product."

Interestingly, comments on the proposed rule are due on or before May 5, but the Postal Service said it in its notice that intends to implement the requirement on May 12. That timeline may indicate that the Postal Service is confident that its proposal will encounter little or no opposition from mailers – or that it intends to move forward regardless. [TOP](#)

### **USPS names exec for DNM.**

The threat of do-not-mail legislation is drawing increased attention from the Postal Service.

Although the agency is traditionally reticent to engage in politically-touchy issues, and usually stays well away from anything that would resemble "lobbying," which it's barred from doing, the clear danger to its existence that's represented by do-not-mail legislation has stirred it to act.

The PMG has made note of the threat in public speeches and testimony, and local postmasters have (apparently) been allowed to speak out in local media when mail-bashing editorials are published.

In the latest illustration of the Postal Service's growing attention to the do-not-mail issue, a senior executive has been named to integrate the agency's strategies and actions.

In a March 24 memo, the PMG announced that Wendy Hocking, an experience HQ lawyer and current secretary to the Board of Governors, would be moving to a position in Government Relations "to serve as lead executive in dealing with 'Do Not Mail' [and] to ensure appropriate integration and prudent use of resources."

In turn, Julie Moore, currently acting VP Public Affairs & Communications, was named as Board secretary, effective April 16. Moore has served in other executive assignments, including Executive Director, Postal Transformation, and as acting VP Strategic Planning.

Moving into the acting role vacated by Moore's reassignment is Mitzi Betman, currently Director, Operations Planning and Strategies, in the office of the Deputy PMG. Betman has an extensive background in operations planning and strategy, and has experience as liaison between HQ and field operations.

[TOP](#)

automation letters and flats until May 2010. When the May 2009 price adjustment is announced, it will include separate prices for the basic and full-service options, with full-service prices being lower.

- **Mailer ID.** Commenters were concerned about the requirement to use the "mail owner's" mailer ID in the barcode for full-service mailings. In response, the proposed rule "includes an alternative way to identify the mail owner through electronic documentation."
- **Using FAST.** Many commenters questioned the need to make appointments through FAST for First-Class Mail or for origin-entered mailings of all classes when accepted at a DMU. The Postal Service responded that "at this time" it is not proposing to require FAST appointments for First-Class Mail or for any origin-entered mailings.
- **Reply mail.** In response to commenters requests for more information on barcode requirements for reply mail, the Postal Service stated it is proposing that IMBs be used on letter- and flat-size reply mail and that a mailer ID and a BRM Service Type ID be included as of May 2010.
- **Basic option.** The agency said that "some commenters were concerned about the longevity of the basic option" but responded that it is "not proposing that the basic option be temporary," adding that IMBs have value even when not used in full-service mailings."
- **Unique mailpiece ID.** The Postal Service considered but rejected suggestions that unique numbering of mailpieces be achieved by linking the delivery routing code with the serial number ID. Rather, the agency maintained that "for most full-service mailings, the serial number ID in combination with the Mailer ID and Service Type ID will be required for mailpiece uniqueness."
- **Tray labels.** The Postal Service stated that mailers will be able to use the 10/24 intelligent mail tray label before May 2009, but will not be allowed to use the 24-digit barcoded label until then. Specifications for the 24-digit label "will be available in the near future."

### ***Changes since the proposed rule***

The complete text of the proposed DMM standards follows; the Postal Service summarized what it changed since the advance notice was published:

- **Effective May 2009:**
  - Updated requirements for IMBs, or POSTNET barcodes, with delivery point routing information on letters and flats requiring a barcode.
  - Separate prices for the full-service and basic options. Full-service mailings would also enjoy the benefits of free address correction information, and "start-the-clock" information documenting when the Postal Service has taken possession of a mailing.
- **Effective May 2010:**
  - Requirements for IMBs with delivery point routing information on all letters and flats requiring a barcode.
  - IMBs would also be required for Business Reply Mail, and for other reply mail when a barcode is required.

MFSA members are urged to submit appropriate comments by the closing date. [TOP](#)

# USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

## 201 Physical Standards

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### 3.14.1 Basic Standards

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*[Revise item b of 3.14.1 to require the use an Intelligent Mail barcode on all reply pieces enclosed in automation price mailings effective May 2010 as follows:]*

- b. Each BRM piece must bear the correct BRM ZIP+4 barcode; each Meter Reply Mail, Courtesy Reply Mail, and Permit Reply Mail piece must bear the correct delivery point barcode for the delivery address, subject to 202.5.0, *Barcode Placement*. All pieces must bear POSTNET barcodes (until May, 2010) or Intelligent Mail barcodes, subject to 708.4, *Standards for POSTNET and Intelligent Mail Barcodes*.

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## 233 Prices and Eligibility

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### 1.3 Presorted and Automation Prices for Cards and Letters

*[Revise price table to establish new full-service automation prices as follows:]*

*[Placeholder for price table]*

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### 5.1 Basic Standards for Automation First-Class Mail Letters

All pieces in a First-Class Mail automation mailing must:

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*[Revise item e of 5.1 as follows:]*

- e. Bear an accurate delivery point POSTNET barcode (until May 2010) or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, Mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. Mailers must apply the barcode either on the piece or on an insert showing through a window.

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*[Renumber current 233.5.2 through 233.5.5 as 233.5.3 through 233.5.6, and add a new 233.5.2 as follows:]*

### 5.2 Additional Eligibility Standards for Full-Service Automation First-Class Mail Letters

All mailings entered under full-service automation prices according to standards in 705.21 must:

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all trays.
- c. Use unique Intelligent Mail Container barcodes on all pallets and other containers used to transport mail, if required by a customer/supplier agreement with USPS.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the *PostalOne!* system.

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### 5.6 Reply Cards and Envelopes Enclosed in Automation First-Class Mail

*[Revise the first sentence of 5.5 to specifically note the requirement to use a barcode on all reply pieces in automation mailings as follows:]*

All letter-size reply cards and envelopes provided as enclosures in automation First-Class Mail and addressed for return to a domestic delivery address must meet the standards in 201.3.0, *Physical Standards for Automation Letters and Cards* (including a barcode as required under 201.3.14), for enclosed reply cards and envelopes. \*\*\*

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## 234 Postage Payment and Documentation

\*\*\*\*\*

*[Renumber current 234.4.4 through 234.4.9 as 234.4.5 through 234.4.10 and add a new 234.4.4 as follows:]*

### 4.4 Documentation Submission – Full-Service Automation Prices

Mailers entering First-Class Mail pieces at full-service automation prices must electronically submit postage statements and mailing documentation to the *PostalOne!* system as described in 705.21.3.4.

\*\*\*\*\*

## 235 Mail Preparation

\*\*\*\*\*

### 4.9.1 Basic Standards for Barcoded Tray Labels

*[Revise 4.9.1 by adding a new second sentence as follows:]*

\*\*\* Intelligent Mail Tray labels must be used with mailings entered at full-service automation prices. \*\*\*

\*\*\*\*\*



# USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

## 243 Prices and Eligibility

\* \* \* \* \*

### 1.3 Regular Standard Mail – ECR and Automation Prices

*[Revise price table to establish new full-service automation prices as follows:]*

*[Placeholder for new price table]*

\* \* \* \* \*

#### 6.1.2 Basic Eligibility Standards

All pieces in an Enhanced Carrier Route or Nonprofit Enhanced Carrier Route Standard Mail mailing must:

\* \* \* \* \*

*[Revise item g of 6.1.2 to require carrier route letters to bear an Intelligent Mail barcode (as of May 2010) as follows:]*

- g. Must meet the requirements for automation compatibility in 201.3.0 and bear an accurate delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. Pieces prepared with a simplified address format are exempt from this requirement.

\* \* \* \* \*

#### 6.3 Basic Price Enhanced Carrier Route Standards

\* \* \* \* \*

##### 6.3.2 Basic Price Eligibility

\* \* \* \* \*

*[Revise item a of 6.3.2 to require carrier route letters to bear an Intelligent Mail barcode (as of May 2010) as follows:]*

- a. Basic letter prices apply to each piece that is automation-compatible according to 201.3.0, *Physical Standards for Automation Letters and Cards*, and has an accurate delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*.

\* \* \* \* \*

#### 6.4.1 Basic Eligibility Standards for High Density Prices

*[Revise the first sentence of 6.4.1 to require carrier route letters to bear an Intelligent Mail barcode (as of May 2010) as follows:]*

High density prices apply to each piece that is automation-compatible according to 201.3.0, and has an accurate delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. \*\*\*

\* \* \* \* \*

#### 6.5.1 Basic Eligibility Standards for Saturation Prices

*[Revise the first sentence of 6.5.1 to require carrier route letters to bear an Intelligent Mail barcode (as of May 2010) as follows:]*

Saturation prices apply to each piece that is automation-compatible according to 201.3.0, and has an accurate delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. \*\*\*

\* \* \* \* \*

### 7.1 Basic Eligibility Standards for Automation Standard Mail

All pieces in a Regular Standard Mail or Nonprofit Standard Mail automation mailing must:

\* \* \* \* \*

*[Revise item e of 7.1 as follows:]*

- e. Bear a delivery point POSTNET barcode (until May 2010) or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, Mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 202.5.0, *Barcode Placement*, and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. Mailers must apply the barcode either on the piece or on an insert showing through a window.

\* \* \* \* \*

*[Renumber current 243.7.2 through 243.7.6 as 243.7.3 through 243.7.7, and add a new 243.7.2 as follows:]*

#### 7.2 Additional Eligibility Standards for Full-Service Automation Standard Mail Letters

All mailings entered under full-service automation prices according to standards in 705.21 must:



## USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all trays.
- c. Use unique Intelligent Mail Container barcodes on all destination entry pallets and other containers, or if required by a customer/supplier agreement with USPS.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the PostalOne! system.
- e. Be scheduled for an appointment through the Facility Access and Shipment Tracking (FAST) system when deposited as a DBMC or DSCF drop-shipment.

\* \* \* \* \*

### 7.6 Enclosed Reply Cards and Envelopes

*[Revise the first sentence of renumbered 7.6 to specifically note the requirement for a barcode on all reply pieces enclosed in automation price mailings as follows:]*

All letter-size reply cards and envelopes (Business Reply Mail, Courtesy Reply Mail, Meter Reply Mail, and Permit Reply Mail) provided as enclosures in automation Regular or Nonprofit Standard Mail, and addressed for return to a domestic delivery address, must meet the standards in 201.3.0, *Physical Standards for Automation Letters and Cards* (including a barcode as required under 201.3.14), for enclosed reply cards and envelopes. \*\*\*

\* \* \* \* \*

### 244 Postage Payment and Documentation

\* \* \* \* \*

*[Renumber current 244.4.4 through 244.4.9 as 244.4.5 through 244.4.10, and add a new 244.4.4 as follows:]*

#### 4.4 Documentation Submission – Full-Service Automation Prices

Mailers entering Standard Mail pieces at full-service automation prices must electronically submit postage statements and mailing documentation to the *PostalOne!* system as described in 705.21.3.4.

\* \* \* \* \*

### 245 Mail Preparation

\* \* \* \* \*

#### 4.9.1 Basic Standards for Barcoded Tray Labels

\* \* \* \* \*

*[Revise 4.9.1 by adding a new item e as follows:]*

- e. Intelligent Mail Tray labels must be used with mailings entered at full-service automation prices.

\* \* \* \* \*

### 333 Prices and Eligibility

\* \* \* \* \*

#### 1.3 Presorted and Automation Prices for Flats

*[Revise price table to establish new full-service automation prices as follows:]*

*[Placeholder for new price table]*

\* \* \* \* \*

### 5.1 Basic Standards for Automation First-Class Mail

All pieces in a First-Class Mail automation mailing must:

\* \* \* \* \*

*[Revise item e of 5.1 as follows:]*

- e. Bear a delivery point POSTNET barcode (until May 2010) or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, Mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 302.4.0, *Barcode Placement* and 708.4.0, Standards for POSTNET and Intelligent Mail Barcodes. Mailers must apply the barcode either on the piece or on an insert showing through a window.

\* \* \* \* \*

*[Renumber current 333.5.2 through 333.5.5 as 333.5.3 through 333.5, and add a new 333.5.2 as follows:]*

#### 5.2 Eligibility Standards for Full-Service Automation First-Class Mail Flats

All mailings entered under full-service automation prices according to standards in 705.21 must:

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all trays.
- c. Use unique Intelligent Mail Container barcodes on all pallets and other containers used to transport mail, if required by a customer/supplier agreement with USPS.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the *PostalOne!* System.

\* \* \* \* \*



## USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

### 5.6 Reply Cards and Envelopes Enclosed in Automation First-Class Mail

*[Revise the first sentence of 5.6 to specifically note the requirement to use a barcode on all reply pieces enclosed in automation mailings as follows:]*

All letter-size reply cards and envelopes provided as enclosures in automation First-Class Mail and addressed for return to a domestic delivery address must meet the standards in 201.3.0, *Physical Standards for Automation Letters and Cards* (including a barcode as required under 201.3.14), for enclosed reply cards and envelopes. \*\*\*

\* \* \* \* \*

### 334 Postage Payment and Documentation

\* \* \* \* \*

*[Renumber current 334.4.4 through 334.4.9 as 334.4.5 through 334.4.10, and add a new 334.4.4 to reflect electronic submission standards at the full-service automation price as follows:]*

#### 4.4 Documentation Submission – Full-Service Automation Prices

Mailers entering First-Class Mail flats at full-service automation prices must electronically submit postage statements and mailing documentation, including qualification and container reports, to the *PostalOne!* system as described in 705.21.3.4.

\* \* \* \* \*

### 335 Mail Preparation

\* \* \* \* \*

#### 4.9.1 Basic Standards for Barcoded Tray Labels

\* \* \* \* \*

*[Revise 4.9.1 by adding a new item e as follows:]*

e. Intelligent Mail Tray labels must be used with mailings entered at full-service automation prices.

\* \* \* \* \*

### 343 Prices and Eligibility

\* \* \* \* \*

#### 1.3 Regular Standard Mail – Presorted, Enhanced Carrier Route, and Automation Prices

*[Revise price table to establish new full-service automation prices as follows:]*

\* \* \* \* \*

#### 7.1 Basic Eligibility Standards for Automation Standard Mail

All pieces in a Regular Standard Mail or Nonprofit Standard Mail automation mailing must:

\* \* \* \* \*

*[Revise item e as follows:]*

e. Bear a delivery point POSTNET barcode (until May, 2010) or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, Mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 302.4.0, *Barcode Placement* and 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. Mailers must apply the barcode either on the piece or on an insert showing through a window.

\* \* \* \* \*

*[Renumber current 343.7.2 through 343.7.4 as 343.7.3 through 343.7.5, and add a new 343.7.2 as follows:]*

#### 7.2 Eligibility Standards for Full-Service Automation Standard Mail Flats

All mailings entered under full-service automation prices according to standards in 705.21 must:

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all trays and sacks.
- c. Use unique Intelligent Mail Container barcodes on all destination-entry pallets and other containers, or if required by a customer/supplier agreement with USPS.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the PostalOne! system.
- e. Be scheduled for an appointment through the Facility Access and Shipment Tracking (FAST) system when deposited as a DBMC or DSCF drop-shipment.

#### 7.5 Enclosed Reply Cards and Envelopes

*[Revise the first sentence of renumbered 7.5 to specifically note the requirement to use a barcode on all reply pieces enclosed in automation mailings as follows:]*

All letter-size reply cards and envelopes (Business Reply Mail, Courtesy Reply Mail, Meter Reply Mail, and Permit Reply Mail) provided as enclosures in automation Regular or Nonprofit Standard Mail, and addressed for return to a domestic delivery address, must meet the standards in 201.3.0, *Physical Standards for Automation Letters and Cards* (including a barcode as required under 201.3.14), for enclosed reply cards and envelopes. \*\*\*

\* \* \* \* \*



# USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

## 344 Postage Payment and Documentation

\* \* \* \* \*

*[Renumber current 344.4.4 through 344.4.9 as 344.4.5 through 344.4.10, and add a new 344.4.4 as follows:]*

### 4.4 Documentation Submission – Full-Service Automation Prices

Mailers entering Standard Mail pieces at full-service automation prices must electronically submit postage statements and mailing documentation, including qualification and container reports, to the *PostalOne!* system as described in 705.21.3.4.

\* \* \* \* \*

## 345 Mail Preparation

\* \* \* \* \*

### 4.8 Use of Barcoded Sack and Tray Labels

\* \* \* \* \*

*[Revise 4.8 by adding a new item e as follows:]*

e. Intelligent Mail Tray labels must be used on all trays and sacks for mailings entered at full-service automation prices.

\* \* \* \* \*

## 363 Prices and Eligibility

\* \* \* \* \*

### 1.1.4 Barcoded Discount – Flats

*[Revise 363.1.1.4 to require BPM claiming a barcode discount price to be automation-compatible and bear an Intelligent Mail barcode by May 2010 as follows:]*

The barcoded discount applies only to BPM flat-size pieces that meet the requirements for automation compatibility in 301.3.0 and bear a delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 302.4.0 and 708.4.0. The pieces must be part of a nonpresorted mailing of 50 or more flat-size pieces.

\* \* \* \* \*

### 4.1 Price Eligibility

BPM prices are based on the weight of a single addressed piece or 1 pound, whichever is higher, and the zone (where applicable) to which the piece is addressed. Price categories are as follows:

\* \* \* \* \*

*[Revise item d of 363.4.1 to require BPM claiming a barcode discount price to be automation-compatible and bear an Intelligent Mail barcode by May 2010 as follows:]*

d. Barcoded Discount – Flats. The barcoded discount applies only to BPM flat-size pieces that meet the requirements for automation compatibility in 301.3.0 and bear a delivery point POSTNET barcode (until May 2010) or Intelligent Mail barcode encoded with the correct delivery point routing code matching the delivery address and meeting the standards in 302.4.0 and 708.4.0. The pieces must be part of a nonpresorted mailing of 50 or more flat-size pieces or part of a presort mailing of at least 300 BPM flat-size pieces prepared under 705.8.0, *Preparing Pallets*, and 365.7.0, *Preparing Barcoded Flats*. The barcoded discount is not available for flat-size pieces mailed at Presorted DDU prices or carrier route prices.

\* \* \* \* \*

### 6.1 Basic Eligibility Standards for Barcoded Bound Printed Matter

*[Revise 6.1 by revising the first sentence and adding a new second sentence as follows:]*

The barcode discount applies only to BPM flat-size pieces that bear a delivery point POSTNET barcode (until May 2010) with an accurate delivery point routing code or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, Mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 708.4.0, *Standards for POSTNET and Intelligent Mail Barcodes*. \*\*\*

\* \* \* \* \*

*[Renumber current 363.6.2 through 363.6.3 as 363.6.3 through 363.6.4, and add a new 363.6.2 as follows:]*

### 6.2 Eligibility Standards for Full-Service Automation Bound Printed Matter Flats

All mailings entered under full-service automation prices according to standards in 705.21 must:

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all sacks.
- c. Use unique Intelligent Mail Container barcodes on all destination-entry pallets and other containers, or if required by a customer/supplier agreement with USPS.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the PostalOne! system.
- e. Be scheduled for an appointment through the Facility Access and Shipment Tracking (FAST) system when deposited as a DBMC or DSCF dropshipment. \* \* \* \* \*



# USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

## 364 Postage Payment and Documentation

\*\*\*\*\*

*[Renumber current 364.2.4 through 364.2.9 as 364.2.5 through 364.2.10, and add a new 364.2.4 as follows:]*

### 2.4 Documentation Submission – Full-Service Automation Prices

Mailers entering BPM pieces at the full-service automation prices must electronically submit postage statements and mailing documentation to the *PostalOne!* system as described in 705.21.3.4.

\*\*\*\*\*

## 365 Mail Preparation

\*\*\*\*\*

### 4.9 Basic Standards for Barcoded Sack Labels

\*\*\*\*\*

*[Revise 4.9 by adding a new item e as follows:]*

e. Intelligent Mail Tray labels (see 708.6.0) must be used on sacks for mailings entered at full-service automation prices.

\*\*\*\*\*

## 507 Mailer Services

\*\*\*\*\*

### 9.3.1 Description

Qualified Business Reply Mail (QBRM) is First-Class Mail that:

\*\*\*\*\*

*[Revise item f of 9.3.1 to require use of an Intelligent Mail barcode on all barcoded BRM effective May 2010 as follows:]*

f. Bears the correct POSTNET barcode (until May 2010) or Intelligent Mail barcode that corresponds to the unique ZIP+4 code for the address on each piece distributed. The barcode must be correctly prepared under 9.9 and 708.4.0.

\*\*\*\*\*

### 9.8.6 Delivery Address

\*\*\*\*\*

*[Revise item a of 9.8.6 to require use of an Intelligent Mail barcode on all barcoded BRM effective May 2010 as follows:]*

a. Preprinted labels with only delivery address information, including a POSTNET ZIP+4 barcode (until May 2010) or an Intelligent Mail barcode under 9.9, are permitted, but the permit holder's name and other required elements must be printed directly on the BRM piece.

\*\*\*\*\*

*[Revise the title and text of 9.9 to require use of an Intelligent Mail barcode on all letter-size and flat-size BRM effective May 2010 as follows:]*

### 9.9 Additional Standards for Letter-Size and Flat-Size BRM

In addition to the format standards in 9.8, letter-size BRM enclosed in automation mailings and all QBRM must be ZIP+4 barcoded with a ZIP+4 POSTNET barcode (until May 2010) or an Intelligent Mail barcode. Intelligent Mail barcodes must contain the barcode ID, service type ID, Mailer ID, and correct ZIP+4 routing code, as specified under 708.4.3. Effective May 2010, all letter-size and flat-size BRM pieces, must bear accurately encoded Intelligent Mail barcodes that include ZIP+4 routing codes assigned by the USPS. Until May 2010, BRM letters and flats may be barcoded at the permit holder's option. Barcoded BRM must meet the barcode standards in 708.4.0, the envelope basis weight standards in 9.7.1, all other mailpiece design standards in 201.3.0 (including thickness), and these standards: \*\*\*

\*\*\*\*\*

## 705 Advanced Preparation and Special Postage Payment Systems

\*\*\*\*\*

### 8.6.1 Placement

*[Revise the first sentence of 8.6.1 and add a new second sentence as follows:]*

At least two clearly visible labels must be affixed on two adjacent sides of each pallet, except for pallet labels with Intelligent Mail Container barcodes, which require three labels as specified in 708.6.7. Pallets prepared through plant-load or drop-shipment agreements must be placed on transportation so that a pallet label faces toward the rear of the vehicle.

\*\*\*\*\*

### 8.6.2 Specifications

*[Revise 8.6.2 to reference Intelligent Mail Container barcoded pallet labels as follows:]*

Pallet labels must be pink for Periodicals mail or white for Standard Mail, and Package Services mail. Pallet labels must measure at least 8½ inches by 11 inches, except that pallet or other USPS container labels →

## USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

including Intelligent Mail Container barcodes may measure 4 inches by 7 inches when prepared under 708.6.7.3. Labels containing Intelligent Mail Container barcodes must meet the standards for Intelligent Mail Container labels in DMM 708.6.7 and the RIBBS website at [ribbs.usps.gov/OneCodeSolution/](http://ribbs.usps.gov/OneCodeSolution/).

\* \* \* \* \*

[Add new 705.21 to describe the conditions for full-service automation prices as follows:]

### **21.0 Full-Service Automation Prices**

#### **21.1 Description**

Access to full-service automation prices requires the use of Intelligent Mail barcodes to uniquely identify each mailpiece. Full-service automation mailings require Intelligent Mail barcodes on mailpieces, Intelligent Mail Tray labels on trays and sacks, and Intelligent Mail Container labels on pallets or similar containers, when containers are required. Additional requirements include the use of an approved electronic method to transmit postage statements and mailing documentation to the USPS (describing how mailpieces are linked to trays or sacks, if applicable, and containers) and scheduling dropship appointments through the Facility Access and Shipment System (FAST).

#### **21.2 Eligibility Standards**

All mailings at full-service automation prices must:

- a. Meet all other standards applicable for automation mailings of the applicable class, shape, and content.
- b. Use an accurately encoded Intelligent Mail barcode, including a delivery point routing code, on each mailpiece.
- c. Use accurately encoded Intelligent Mail Tray labels on all trays and sacks.
- d. Use accurately encoded Intelligent Mail Container barcodes on all pallets or other containers used to transport mail (see 21.3.6) when containers are required.
- e. Use an approved electronic method as described in 21.3.4 to transmit postage statements and mailing documentation to the USPS.
- f. Be scheduled for an appointment through the Facility Access and Shipment Tracking (FAST) system, when required under 21.3.5.

#### **21.3 Preparation**

##### **21.3.1 Intelligent Mail Barcodes**

Mailers must include an Intelligent Mail barcode on each mailpiece as described in 708.4 that accurately encodes the following fields:

- a. Barcode ID.
- b. Service Type ID.
- c. Mailer ID. The Mailer ID field can be populated with the Mailer ID of the mail owner or mail preparer, based on what information is included in the electronic documentation (see 21.3.4)
- d. Serial number. Except for mail prepared under 21.4.3, each mailpiece must be encoded with a unique serial number. Mailers must ensure that these numbers remain unique for a period of at least 45 days. Serial numbers associated to an individual Mailer ID must not be duplicated within this 45-day period, regardless of the entry location.
- e. Delivery point routing code. All Intelligent Mail barcodes must include an accurate delivery point routing code.

##### **21.3.2 Intelligent Mail Tray Labels**

All trays and sacks must contain accurately encoded Intelligent Mail Tray labels as described in 708.6.6. Mailing documentation, when required, must associate each mailpiece to a corresponding tray or sack, if applicable, as described in 21.3.4. Each tray or sack must be encoded with a unique serial number. Tray or sack serial numbers associated to an individual Mailer ID cannot be duplicated within a 45-day period, regardless of the acceptance location.

##### **21.3.3 Intelligent Mail Container Labels**

All required pallets and similar containers (such as all-purpose containers, hampers, and gaylords) must display container labels that include accurately encoded Intelligent Mail Container barcodes as described in 708.6.7. Mailing documentation, when required, must associate each mailpiece (and tray or sack, if applicable) to a corresponding container as described in 21.3.4, unless otherwise authorized by a customer/supplier agreement with USPS. Each container must be encoded with a unique serial number. Container serial numbers associated to an individual Mailer ID must not be duplicated within a 45-day period, regardless of the acceptance location.

##### **21.3.4 Electronic Documentation**

Mailers must electronically submit postage statements and mailing documentation (when required) to the PostalOne! system. Unless otherwise authorized, documentation must describe how each mailpiece is linked to a uniquely identified tray or sack, if applicable, and how each mailpiece and tray or sack is linked to a uniquely identified container. See A Guide to Electronic Documentation for Full-Service Mailings (available →

## USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

on the RIBBS website at [ribbs.usps.gov/](http://ribbs.usps.gov/) for more information. Mailers must transmit postage statements and mailing documentation to the *PostalOne!* system using Mail.dat, Wizard Web Services, or Postage Statement Wizard (see 21.4.3)

### 21.3.5 Scheduling Appointments

Mailers must schedule appointments using the Facility Access and Shipment Tracking (FAST) system for drop-ship mailings (except DDU). Mailers may schedule appointments online using the FAST website at [fast.usps.com](http://fast.usps.com) or they may submit appointment requests through *PostalOne!* FAST Web Services at [www.uspspostalone.com](http://www.uspspostalone.com), using the Transaction Messaging specifications.

### 21.3.6 Preparation of Containers

Mailings at full-service automation prices may be containerized, when volume warrants, in uniquely identified containers (see 21.3.4) by palletizing bundles, sacks, or trays under standards in 705.8. Mailers who are required to containerize must make all separations when the volume for any presort level meets a required sortation level, as described in 705.8.5.2.

## 21.4 Additional Standards

### 21.4.1 Induction Data

Mailers accessing full-service automation prices will receive mail induction information (start-the-clock data corresponding to the date and time when the USPS receives the mailing) at no additional charge.

### 21.4.2 Address Correction Service

Mailers accessing full-service prices will receive free address correction notices when encoding Intelligent Mail barcodes with Address Service or Change Service ancillary service requests. The mailer will apply the appropriate service type ID in the Intelligent Mail barcode to match the ancillary service requested. A full description of mail disposition and address correction combinations is in 507.1.5 by class of mail. A complementary ancillary service request option must also be recorded in the mailer's ACS mailer profile. Address Correction Service for mailpieces in full-service mailings is available for:

- a. First-Class Mail letters and flats.
- b. Periodicals letters and flats (printed on-piece endorsement not required).
- c. Standard Mail letters and flats and Bound Printed Matter flats. Standard Mail and BPM pieces require the use of a printed on-piece endorsement in addition to encoding the ancillary service request into the Intelligent Mail barcode. See 507.4.2 for additional standards.

### 21.4.3 Special Standards – Postage Statement Wizard

When using Postage Statement Wizard for mailings of fewer than 10,000 pieces, when postage is affixed to each piece at the correct price or when each piece is of identical weight and the mailpieces are separated by price, the serial number field of each Intelligent Mail barcode can be populated with a mailing serial number that is unique to the mailing but common to all pieces in the mailing. This unique mailing serial number must not be reused for a period of 45 days from the date of mailing. Unique mailing serial numbers must be populated in the Postage Statement Wizard entry screen field. Mailers entering mailings under 21.4.3 must populate the serial number field of all Intelligent Mail tray, sack or container label barcodes with the unique mailing serial number used in the Postage Statement Wizard entry screen field and must apply leading zeros as necessary.

\* \* \* \* \*

## 707 Periodicals

\* \* \* \* \*

### 1.1.2 Piece Prices

Per addressed piece:

*[Revise price table to establish new "full-service" automation prices as follows:]*

*[Placeholder for new price table]*

\* \* \* \* \*

### 1.2.2 Piece Prices

Per addressed piece:

*[Revise price table to establish new "full-service" automation prices as follows:]*

*[Placeholder for new price table]*

\* \* \* \* \*

## 14.1 Basic Standards

\* \* \* \* \*

*[Revise item c of 14.1 to describe new standards for barcoded Periodicals mailings as follows:]*

- c. Bear a delivery point POSTNET barcode (until May 2010) with an accurate delivery point routing code or an Intelligent Mail barcode that accurately encodes the following fields: barcode ID, service type ID, mailer ID, serial number encoded with digits of the mailer's choice, and delivery point routing code. All barcodes must match the delivery address and meet the standards in 708.4.0, Standards for POSTNET and Intelligent Mail Barcodes. Mailers must apply the barcode either on the piece or on an insert showing through a window.

# USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

\* \* \* \* \*

## 14.1.2 Enclosed Reply Cards and Envelopes

*[Revise the first sentence of 14.1.2 to specifically note the requirement for a barcode on all reply pieces enclosed in automation price mailings as follows:]*

All letter-size reply cards and envelopes provided as enclosures in barcoded Periodicals and addressed for return to a domestic delivery address must meet the standards in 201.3.0, *Physical Standards for Automation Letters and Cards* (including a barcode as required under 201.3.14), for enclosed reply cards and envelopes.

\*\*\*

\* \* \* \* \*

*[Renumber current 707.14.2 through 707.14.4 as 707.14.3 through 707.14.5, and add new 707.14.2 as follows:]*

## 14.2 Eligibility Standards for Full-Service Barcoded (Automation) Periodicals

All mailings entered under full-service automation prices according to standards in 705.21 must:

- a. Use a unique Intelligent Mail barcode on all pieces.
- b. Use unique Intelligent Mail Tray labels on all trays and sacks.
- c. Use unique Intelligent Mail Container barcodes on all required pallets and other containers.
- d. Use an approved electronic method to transmit a postage statement and mailing documentation to the PostalOne! system.
- e. Be scheduled for an appointment through the Facility Access and Shipment Tracking (FAST) system for mailings deposited as a DBMC, DADC, or DSCF dropshipment.

\* \* \* \* \*

## 17.3.3 Presenting Documentation

*[Revise 17.3.3 by adding a new third sentence as follows:]*

\*\*\* Mailers entering Periodicals pieces at the full-service barcoded (automation) prices must electronically submit postage statements and mailing documentation to the *PostalOne!* system as described in 705.21.3.4.

\* \* \* \* \*

## 21.4 Use of Barcoded Sack and Tray Labels

*[Revise 21.4 by adding a new item e as follows:]*

- e. Intelligent Mail Tray labels must be used on all trays and sacks for mailings entered at full-service automation prices.

\* \* \* \* \*

## 708 Technical Specifications

\* \* \* \* \*

*[Revise title of 708.6.0 to reflect new container label options as follows:]*

### 6.0 Standards for Barcoded Tray, Sack, and Container Labels

*[Renumber current 6.1.1 as new 6.2.1 and retain all current text; renumber current Exhibit 6.1.1 as new Exhibit 6.2.1; renumber current 6.1.4 as new 6.2.2; renumber current Exhibit 6.1.4 as new Exhibit 6.2.2; relocate current 6.1.2, 6.1.3, and 6.1.5 and combine as new 6.3, retaining all current text and exhibits; renumber current 6.2 as new 6.4; renumber current 6.3 as new 6.5; and add new 6.1 to provide an overview of the different barcoded labels as follows:]*

#### 6.1 General

##### 6.1.1 Tray and Sack Labels

Intelligent Mail Tray labels and standard 10-digit barcoded tray and sack labels are the USPS-approved methods to encode routing, content, and origin information on containers that can be read on Tray Management Systems and other automated processing equipment. Standard 10-digit barcoded tray and sack labels should be used with automation mailings, while Intelligent Mail Tray labels are designed for use with automation mailings of Intelligent Mail barcoded mail. Intelligent Mail Tray labels can also encode tracking information and include other mailer features.

##### 6.1.2 Container Labels

Mailer-generated container labels containing Intelligent Mail Container barcodes identify the mail owner or agent and uniquely identify the unit load (pallet, container, or rolling stock). Intelligent Mail Container barcoded labels are designed to be used with Intelligent Mail barcoded mailpieces and Intelligent Mail Tray labels.

\* \* \* \* \*

*[Add new 6.6 and 6.7 as follows:]*

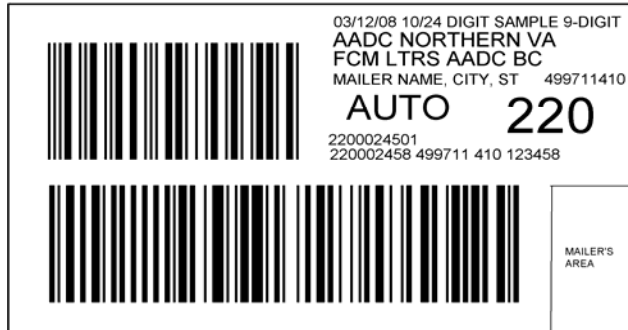
### 6.6 Intelligent Mail Tray Label

#### 6.6.1 Definition

- a. The Intelligent Mail Tray label can be used on all trays and sacks. When correctly formatted barcodes are placed on Intelligent Mail Tray labels, they will uniquely identify each tray and sack in addition to each mailer or mail preparer. To facilitate the transition from the 10-digit tray and sack label to the 24-digit barcoded →

## USPS PROPOSED RULE FOR INTELLIGENT MAIL BARCODES

Intelligent Mail Tray label, a transitional label that includes a 10-digit barcode, using the AIM/USS-I 2/5 symbology, in addition to a 24-digit Intelligent Mail Tray barcode, using International Symbology Specification Code 128 subset C symbology, has been developed. See Exhibit 6.6.1 for an example of the 10/24 transitional label. Mailers using Intelligent Mail Tray labels must print labels in the transitional format or in the 24-digit format (as of May 2009). Detailed specifications for the tray label and barcode formats are available under the Intelligent Mail barcodes link of the RIBBS homepage (see the RIBBS website at [ribbs.usps.gov](http://ribbs.usps.gov)).



### Exhibit 6.6.1 10/24 Transitional Intelligent Mail Tray Label

#### 6.6.2 Transitional Intelligent Mail Tray Label Format

The data elements for Intelligent Mail Tray labels are as follows:

- a. Printer Line.
- b. Tray or Sack Destination (Postal Destination Name).
- c. Content Identifier Number (CIN).
- d. Office of mailing or mailer information.
- e. Destination ZIP Code.
- f. Carrier Route information.
- g. Mailer ID.
- h. 24-digit ISS code 128 subset C barcode numeric line.
- i. 10-digit AIM/USS-I 2/5 barcode numeric line.
- j. Mailer's Area (for mailer generated information).

#### 6.6.3 Barcode Format

The barcode that a mailer uses depends upon the Mailer ID assigned by the USPS. Upon request by the mailer, USPS assigns a 6-digit or 9-digit Mailer ID based on the mailer's projected mail volume. Intelligent Mail Tray label barcodes contain the following elements:

- a. Destination ZIP Code.
- b. Content Identifier Number (CIN), as listed in Exhibit 6.2.2.
- c. Processing Code, identifying the system or facility generating the label.
- d. Mailer ID.
- e. Serial Number, a unique number assigned to each tray or sack.
- f. Label Type, a default digit.

### 6.7 Intelligent Mail Container Labels

#### 6.7.1 Definition

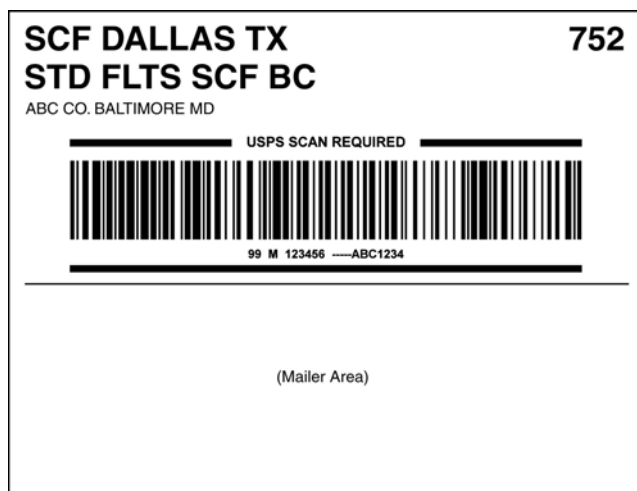
Mailer-generated container labels containing Intelligent Mail Container barcodes can be used to identify all pallets, gaylords, and other rolling stock, such as all-purpose containers. Intelligent Mail Container barcodes uniquely identify each container and are scanned at induction and at other points of the mailstream. Detailed specifications for Intelligent Mail Container barcode and pallet labels are available under the Intelligent Mail barcodes link of the RIBBS homepage (see the RIBBS website at [ribbs.usps.gov](http://ribbs.usps.gov)).

#### 6.7.2 Label Format

In addition to the general requirements for pallet labels in 705.8.6, Intelligent Mail Container labels (see exhibit 6.7.2) must meet the following requirements:

- a. Labels must include a bisecting horizontal line.
- b. The top portion of the label is reserved for USPS-required elements, including the Intelligent Mail Container barcode and the "USPS SCAN REQUIRED" endorsement above the barcode.
- c. Extraneous information must be placed below the horizontal line.
- d. All container labels containing Intelligent Mail Container barcodes must meet the specifications located under the Intelligent Mail barcodes link of the RIBBS homepage (see the RIBBS website at [ribbs.usps.gov](http://ribbs.usps.gov)).
- e. Labels must be a minimum of 8-1/2 inches high and 11 inches long, except as allowed under 6.7.3. →

## Exhibit 6.7.2 Intelligent Mail Container Label

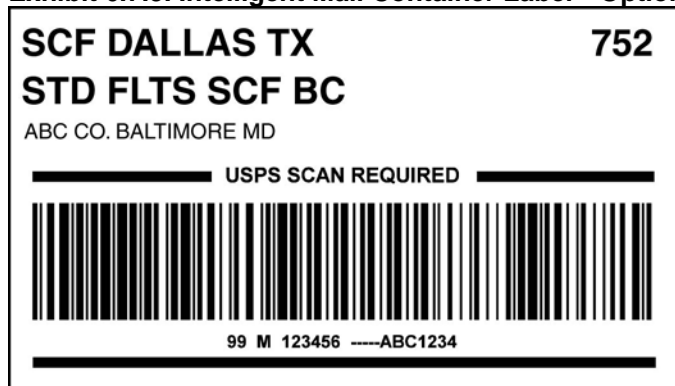


### 6.7.3 Optional Label Format

Pallet and container labels including Intelligent Mail Container barcodes (see exhibit 6.7.3) may be prepared in an alternate format when affixed to the outside of any shrinkwrap or plastic as follows:

- a. Labels must be prepared with the required elements as described 705.8.6.
- b. Labels affixed to the outside of any shrinkwrap or other plastic according to 6.7.5a1 may measure no less than 4 inches high by 7 inches long.
- c. Labels containing Intelligent Mail Container barcodes under the optional format must meet the specifications for optional labels located under the Intelligent Mail barcodes link of the RIBBS homepage (see the RIBBS website at [ribbs.usps.gov](http://ribbs.usps.gov)).

### Exhibit 6.7.3. Intelligent Mail Container Label—Optional Format



### 6.7.4 Barcode Format

Intelligent Mail Container barcodes are 21 characters in length and contain a USPS-assigned Mailer ID. The format depends upon the Mailer ID assigned by the USPS. Intelligent Mail Container barcodes contain the following elements:

- a. Application Identifier, identifying the source of the barcode.
  - b. Type Indicator, identifying internal or external label generation.
  - c. Mailer ID.
  - d. Serial Number, a unique number assigned to each container.
- \* \* \* \* \*

### 6.7.5 Labeling Requirements

\* \* \* \* \*

Mailers using container labels including Intelligent Mail Container barcodes must:

- a. Place three labels on pallets, one on each of three sides, by either of the following methods:
  1. Affix the labels to the outside of shrinkwrap or plastic, when used. Labels must be affixed by a self-adhesive or other adhesive means that will not obscure any required element of the label, and remain secure throughout USPS processing.
  2. When placed under shrinkwrap or plastic, cover the label with no more than two layers of shrinkwrap or plastic.
- b. Place one label in the designated area on other USPS containers. [\[TOP\]](#)

### **PostalOne update released.**

The Postal Service's Marketing Technology and Channel Management group has announced the release of PostalOne version 15.5.

According to the agency, this release involves changes within the data exchange area of PostalOne to align the system with Mail.dat version 08-1. Also, there are enhancements to the dashboard and postage statement submission options for the Business Customer Gateway, and customers using the eDropShip and FAST programs will notice changes in validation and messaging.

The PostalOne Technical Guides have been updated to reflect the changes made in this release, and release notes describing the contents and the areas affected are posted on the PostalOne website.

### **USPS issues international rule.**

The Postal Service has issued the text of its final rule, to be published soon in the *Federal Register*, to implement a variety of changes to its international mail products.

By the notice, the agency will adopt new mailing standards for International Priority Airmail service and International Surface Air Lift service to reflect the shape-based standards published in the *Federal Register* on February 20. The agency noted that prices for IPA and ISAL will continue to be calculated by piece and pound and that the pricing structure for those services will not be altered by the price increase.

The Postal Service also announced new country price groups for First-Class Mail International M-Bag, Direct Sacks to One Addressee, service, reflecting the nine country price groups for First-Class Mail International, also published in the February 20 *Federal Register*.

The changes will be effective May 12. [\[TOP\]](#)

## **New Rates, as Amended, Are Officially Final**

By an April 9 notice, the Postal Regulatory Commission put the finishing touch on the 2008 rate case.

### **One little fix**

As MFSA members and other mailers should know, the Postal Service announced last February that it would be implementing new rates on May 12. After a review of those rates, the PRC found only one area to question, contending that a specific proposed discount exceeded the avoided costs by an excessive margin.

Last month, the Postal Service filed an amendment to its notice, adjusting four rate cells to align with the PRC's suggested changes and thus remedy the commission's objection (see the April 4 issue of *Postal Points*). After a brief second review, the PRC found the Postal Service's tweak satisfactory:

"The Commission noticed the Postal Service's amended filing, providing interested persons an opportunity to comment on the Amended Notice by no later than April 7, 2008. No comments were submitted.

"Upon review of the Amended Notice, the Commission finds that the changes made to the rates associated with the passthrough for non-automation machinable mixed AADC letters to automation mixed AADC letters passthrough are consistent with the statute. The changes produce a discount for having mailers affix a barcode on the mailpiece that is consistent with section 3622(e). The changes reduce the class average increase for Standard Mail from 2.875 percent to 2.838 percent. This reduction keeps the Postal Service below the 2.9 percent price cap for the Standard Mail class and results in a revised banked amount of 0.062 percent.

*"It is Ordered:*

"1. The price adjustments in the Notice of the United States Postal Service of Filing of Amended Notice of Market-Dominant Price Adjustment are within the annual limitation on changes in rates set forth in 39 U.S.C. § 3622(d) and 39 C.F.R. § 3010.13.

"2. The workshare discounts in the Amended Notice satisfy the requirements of 39 U.S.C. § 3622(e)."

### **Full speed ahead this time**

As a result of the PRC's decision, the last (albeit limited) area of doubt about the 2008 rate case (or "price adjustment," as such events are now dubbed) has been removed. Mailers and software companies can finalize the production, distribution, and installation of postage-related software to reflect the new postage rates that are effective at 12:01am on May 12. Electronically-produced postage statements and related documentation also can be finalized accordingly.

The Postal Service is required by law to provide 45 days' notice of a price change for market-dominant products, and 30 days' notice for price changes for competitive products. Fortunately, the agency – on its own – gave twice the required notice for each. Of course, this time the change was only a *price* change, so the impact on mailers and software producers was relatively manageable. In 2009, however, no one knows if the "price adjustment" will again be so simple; if it includes more complex changes – to rate structure or preparation rules – the 90 (or 60) days of lead time may seem a lot shorter. [\[TOP\]](#)

## PRC Opens Inquiry into Postal Monopolies

Another phase of postal reform – one with potentially ominous consequences for the Postal Service – began last week when the Postal Regulatory Commission opened a docket to solicit public comment on the future of the Postal Service’s universal service obligation and its monopolies over the carriage of letters and access to mailboxes.

### **Setting the process in motion**

A provision of the Postal Accountability and Enhancement Act (postal reform) requires the PRC to submit a report to the President and Congress on “universal postal service and the postal monopoly in the United States ... including the monopoly on the delivery of mail and on access to mailboxes”; the report must be submitted by December 19. In preparing its report, the PRC must “consult with the Postal Service and other Federal agencies, users of the mails, enterprises in the private sector engaged in the delivery of the mail, and the general public” and address in its report any written comments that it receives. The recently-initiated docket is intended to enable the PRC to fulfill its assignment in this regard.

The PRC’s notice included a memorandum providing background information and questions intended to elicit data and views that will assist the commission in preparing its report (see next page). Initial comments are due sixty days after publication of the notice in the *Federal Register*; reply comments are due thirty days after that.

In addition to soliciting comments, the PRC will hold public hearings in Flagstaff (AZ) on May 21, in St. Paul (MN) on June 5, and in Portsmouth (NH) on June 19, and an “open workshop” in DC during May.

### **Contents of the report**

The PAEA requires the PRC to include specific subjects in the report:

- a comprehensive review of the history and development of universal service and the postal monopoly, including how their scope and standards have evolved over time;
- the scope and standards of universal service and the postal monopoly provided under current law, and current USPS rules and practices;
- a description of any places or groups not currently covered by universal service and/or that are receiving services deficient in scope or quality; and
- the scope and standards of universal service and the postal monopoly likely to be required in the future in order to meet the needs and expectations of the public, based on discussion of assumptions and analyses as the Postal Service considers plausible.

The PAEA also stipulates that, if the PRC recommends any changes to universal service and the postal monopoly, it must provide estimated effects on the service, financial condition, rates, and security of mail provided by the Postal Service, including:

- an estimate of the costs ... attributable to the obligation to provide universal service under current law;
- an analysis of the likely benefit of the current postal monopoly to the ability of the Postal Service to sustain the current scope and standards of universal service; and
- any additional topics and recommendations the PRC deems appropriate.

The PRC designated Emmett Rand Costich to be the Public Representative, representing the interests of the general public. [\[TOP\]](#) →

### **APWU wins more support.**

The American Postal Workers Union announced in an April 17 *Web News Article* that eight more Congressmen have joined as cosponsors of HR 4236, the “Mail Network Protection Act” (see the April 4 issue of *Postal Points*).

Although Congress directed the Postal Service to become more efficient when passing postal reform legislation in 2006, it’s done everything it can to obstruct such an objective since then.

An appropriations bill passed last year blocked the consolidation of several inefficient mail processing facilities, and the interest being demonstrated in blocking the use of contractors is another example of Congress’ duplicity – giving instructions to an agency then inhibiting the execution of those instructions, while making political hay in both cases.

The latest cosponsors to sign on to the obstruction of USPS efficiency are:

Steve Israel (NY 2<sup>nd</sup>)  
Patrick Kennedy (RI 1<sup>st</sup>)  
Jerrold Nadler (NY 8<sup>th</sup>)  
Adam Schiff (CA 29<sup>th</sup>)  
Allyson Y. Schwartz (PA 13<sup>th</sup>)  
Edolphus Towns (NY 10<sup>th</sup>)  
Niki Tsongas (MA 5<sup>th</sup>)  
Tim Walz (MN 1<sup>st</sup>)

### **Sale of Boston plant expected.**

According to the *Boston Herald*, the Postal Service will soon choose which of two finalists is the winning bidder for the site of its sixteen-acre mail processing facility adjacent to South Station. The prime location is coveted by the city and developers as Boston’s “next megadevelopment.”

Located next to rail and subway connections, one block from the central expressway, and within walking distance of downtown Boston, the site is of obvious value for a variety of potential development scenarios.

The Postal Service would replace the existing multi-story facility – outdated and inefficient by contemporary standards – with a newer processing facility with better access to Logan Airport to be built nearby in South Boston. Of course, timelines – and prices – await finalization of a deal. [\[TOP\]](#)

## Issues for Comment

### Regarding the Postal Service's Universal Service Obligation and the Postal Monopoly

"Universal postal service" is the term commonly used to refer to postal service to all parts of the country. The Postal Service's obligation to provide such "universal service" is often referred to as the "universal service obligation." Although the USO lacks a statutory definition, it often is framed as an obligation with characteristics such as: geographic scope; range of product offerings; access to postal facilities and services; frequency of delivery; rates and affordability; and quality of service. A USO is generally supported by granting the postal administration exclusive rights to provide selected services, i.e., a postal monopoly. A number of countries, mostly in Europe, have begun to reduce or eliminate the postal monopoly in recent years, while at the same time ensuring a minimum level of service to citizens. It is against this background that Congress mandated the PRC's report. Topics and specific questions that persons may wish to address include, but are not limited to, the following:

1: Scope of "Universal Postal Service" and "Universal Service Obligation." The PAEA requires the PRC to include in its report "the scope and standards of universal service and the postal monopoly provided under current law and current rules, regulations, policy statements, and practices of the Postal Service." Thus, one of the commission's fundamental tasks is to define the concept of "universal postal service" or "universal service." The problem is that the term "universal service" is undefined in US postal laws. In other industrialized countries that have addressed postal reform, the concept of universal postal service is linked to a "universal service obligation" or USO. The USO is thus a legal obligation whereas "universal postal service" is a set of postal services. While statutory standards relate to the concept of "universal service," none define a USO. So, lacking explicit statutory definitions, do the six factors listed above adequately define universal service and a USO? If not, what factors should, or legally must, be considered?

2: Historical Development of Universal Service, the USO and Monopoly Laws. The PAEA requires the PRC's report to include "a comprehensive review of the history and development of universal service and the postal monopoly, including how the scope and standards of universal service and the postal monopoly have evolved over time for the Nation and its urban and rural areas...."

3: Universal Service: Geographic Scope. The PAEA requires the report to include a description of any geographic areas, populations, urban and rural communities, organizations, or other groups or entities not currently covered by universal service and/or are covered but that are receiving services deficient in scope or quality.

4: Universal Service: Range of Product Offerings. Comments are invited on the needs and expectations regarding the range of products that should be included in the concept of universal service. Commenters should provide general information on their current use of postal services, and associations representing industrial sectors should provide estimates of their sectors' current use of universal services and summarize their future needs and expectations.

5: Universal Service: Access to Postal Facilities and Services. Comments are invited on the need for access to post offices, the types of services that require such access, the adequacy of both existing post office facilities and of contract post offices or other types of retail outlets as substitutes for USPS post offices. Commenters may also wish to address the mailbox monopoly and its relationship with universal service and the USO.

6: Universal Service: Frequency of Delivery. In most parts of the country, mail is delivered six days a week. Commenters may wish to address the level of frequency that is appropriate for universal services.

7: Universal Service Obligation: Rates and Affordability of Service. The rates for universal services are of importance to both the Postal Service and the customers who rely upon those services. Rate levels play a critical role in determining what services are offered and the affordability of those services.

8: Universal Service: Quality of Service. Prior to the PAEA, USPS services were not subject to service standards that defined the percentage of items that must be delivered within specified periods after posting. Although the PAEA required such service standards and external measurement of performance, those standards are not the same as an externally defined USO requirement because they are devised by the Postal Service and subject to its revision.

9: Methods of Calculating the Cost of the Universal Service Obligation and Postal and Mail Box Monopolies. The PAEA and PRC regulations introduced a new system of rate regulation, but the PRC is not scheduled to conduct an overall review of this system insofar as it applies to market dominant products until 2016. Nonetheless, a revision of the USO and/or monopoly laws could imply modifications to recently adopted procedures for regulation of rates.

10: The Implications of the USO for the Postal Monopoly. The PAEA requires the PRC's report to include the scope and standards of universal service and the postal monopoly likely to be required in the future in order to meet public needs and expectations. In addition, the PRC must note the estimated effects of any recommended changes to universal service and the postal monopoly, and analyze the likely benefit of the current postal monopoly to the Postal Service to sustain the current forms of universal service. Commenters should discuss how their concept of the USO would affect the need for, and parameters of, the postal monopoly and mailbox monopoly.

11: Universal Service, the USO and the Postal Monopoly in Other Countries. Comments are invited on the evolution of universal service, the USO, and the postal monopoly in other industrialized countries and on the possible relevance, or lack of relevance, of such examples for the current study.

12: Other Issues. Comments are invited on subjects not covered by the above headings, e.g., views and/or analyses on broader social, economic, and technological trends that may affect the needs and expectations of society generally with respect to universal service up to fifteen years in the future. [\[TOP\]](#)

## The Molehill Continues to Grow

As was perhaps the goal of the person who initiated the complaint, the issue of whether nonpresorted Bound Printed Matter is to be a retail product (as some parties wish) or one intended for bulk and business use (as is the intent of the Postal Service) has grown from the molehill some might say it should be into a small mountain that may be growing.

### **A brief review**

The flap began when Douglas Carlson, a San Francisco lawyer and self-appointed USPS watchdog, complained to the Postal Regulatory Commission that the Postal Service was not consistently offering single-piece BPM rates to retail customers. That failing, to Carlson, constituted discrimination against individuals and small businesses whose mailing needs (and volumes) did not rise to those of bulk mailers.

For its part, the Postal Service noted that, as originally designed, BPM was not meant to be a retail offering, so events in recent rate cases that lessened the availability of BPM at retail counters, if not deliberately designed to inhibit retail availability, were at least not inconsistent with the agency's vision for the intended market for the product. To reinforce its position, the postal governors enacted changes to the Mail Classification Schedule to require all BPM mailers to pay postage by permit imprint and pay annual mailing fees. The Postal Service later allowed an exception to the usual volume requirements for use of a permit imprint, thus, in a way, enabling access to BPM rates by low-volume mailers – if they pay the fees.

The PRC noticed the USPS action and solicited public comments.

### **On to round two**

The comments received indicate this presumably simple matter is neither simple – to some parties, at least – nor likely to go away as quietly as some might have believed it should. For example:

The appointed “public representative,” a PRC staffer assigned the role of speaking for the average citizen or mailer, was somewhat ambivalent on the Postal Service's action. In a 12-page brief, the representative argued on one hand that the Postal Service's action would cause inconvenience by the loss of retail access to BPM, or “rate shock” to some current BPM mailers if they migrated to using the higher retail parcel post rates (though some current BPM may qualify for the *lower* Media Mail rates). On the other hand, though, the representative also posited that the Postal Service may well be within its rights, under the postal reform statute, to adopt the change it did and that such a change might even not be subject to PRC review.

The American Postal Workers Union (not surprisingly) spoke against the Postal Service's action, arguing that the agency

“... failed to follow the Commission's Rules of Practice and Procedure regarding this classification change to the effect that the Commission cannot judge the impact of this classification change and its compliance with the [postal reform statute].”

Although the union did not empower itself to speak for the public in this case, it did offer itself as an example of a mailer of small volumes of BPM-eligible materials and, as a result, argued that: →

### **OIG pings the Postal Service.**

Mileage. Following a “self-initiated” audit of reported versus actual mileage driven by city delivery carriers, with a focus on the Automated Vehicle Mileage Utilization System, the Postal Service's Office of Inspector General claims it found “over \$5.8 million in questioned costs.”

In sum, the March 4 report asserts that the lack of clear instructions and related management controls has led to a wide variety of data input errors in AVUS – such as trying to enter tenths of a mile into a system that wouldn't accept them, thus causing a tenfold error in input mileage. As a result, the system has reported wide fluctuations in mileage, even negative mileage, masking any real variations between what carriers drove compared to what's appropriate to their routes.

By sampling data from 92 delivery units over a three-month period, calculating differences between actual and authorized mileage, and extrapolating the results for an eleven-month period, the OIG claimed credit for identifying nearly \$6 million in “questioned costs.” Of course, as the OIG found, the “actual” mileage entered into AVUS may have been faulty, so taking credit for the “questioned costs” may itself be somewhat generous.

In its response, postal management agreed with the findings and stated that instructions would be issued regarding both data entry and mileage deviations, and that AVUS would be modified to inhibit entry errors.

Facility repairs. Another “self-initiated” audit examined the system used by facilities management offices to secure repairs to postal facilities. Here, again, the OIG found procedures and controls were in need of attention.

Sampling activities in four USPS areas, the OIG reported about \$18.5 million in expenditures that, “without adequate controls ... there is no assurance that funds were used ... as intended,” so the OIG claimed the money was “at risk.” [\[TOP\]](#)

### USPS finalizes incentives.

The Postal Service has released the text of an upcoming *Federal Register* notice that will announce commercial pricing incentives for international mail.

The pending final rule will revise the IMM to reflect the addition of commercial base pricing and commercial volume pricing incentives for Express Mail International and Priority Mail International. The changes will be effective May 12.

The Postal Service's notice provided a description of the new provisions:

#### Express Mail International

Commercial base postage prices will be 8% below retail prices for customers using USPS-provided Global Shipping Software with a manifested permit imprint mailing paid through an advance deposit account or Express Mail Corporate Account. Those who qualify for the commercial base prices by paying for postage through their EMCA, and whose Express Mail International volume or postage exceeds minimum thresholds, will be eligible for commercial volume price incentives. Also, customers who mail more than 5,000 Express Mail International pieces a year may be eligible for customized agreements for commercial volume price incentives.

The current price incentives for payment of postage online for Express Mail International will not change.

#### Priority Mail International

Commercial base postage prices will be 5% below retail prices for customers using a permit imprint and USPS-provided Global Shipping Software.

Customers who mail more than 5,000 Priority Mail International pieces a year may be eligible for customized agreements for commercial volume price incentives. The current price incentives for payment of postage online for Priority Mail International will not change. [\[TOP\]](#)

"The Postal Service filing does not discuss the impact on mailers like APWU and what alternatives are available and at what cost. As a minimum, the Postal Service should discuss how its treatment of bound printed matter in this proposed classification would comply with the Postal Service's duties under [39 USC 403(c)] which prohibits the Postal Service from making 'any undue or unreasonable discrimination among users of the mails....' These would not seem to be 'fair and reasonable rates,' nor do they 'meet the needs of [this] category of mail and mail users.'

"Given added burdens in mail preparations and the possible added permit fee costs, it would seem that the Postal Service wants to do more than move single piece acceptance away from retail counters. It appears USPS wants to end single piece bound printed matter, but its proposal chooses to achieve this result indirectly rather than directly. ... For these reasons, the Commission should exercise its authority pursuant to rule 66 to stay this proceeding until the Postal Service has complied with the Commission's Rules and provided adequate information to permit the Commission to consider the request and conduct its proceedings."

And, of course, Carlson himself (also not surprisingly) had a retort to the Postal Service's action.

"The Postal Service apparently believes that this classification change will render the substance of my complaint moot. In reality, the Postal Service has merely shifted the illegal discrimination from its implementation of the existing classification to the classification itself. ... The Postal Service will have achieved its goal of prohibiting individual and small business customers from entering mail at single-piece Bound Printed Matter rates. This classification change will discriminate against individual and small-business customers, most of whom lack the postal sophistication and financial resources to pay postage by permit imprint."

However, Carlson also criticized the PRC, or at least its process, as that was used to dispose of his complaint.

"The short comment period — 12 days — for the Commission's notice dated March 28, 2008, will not allow members of the public to organize letter-writing campaigns or other methods of commenting, particularly when this news is likely to be reported, if at all, in hobby publications that rely on the mail for distribution to their subscribers and members; therefore, many interested members of the public will not even learn the news before the comment period expires. Therefore, in the absence of a large volume of public comments, the Commission should infer the response of customers who currently send mail at single-piece Bound Printed Matter rates. ... I cannot imagine a reason why any current user of Bound Printed Matter rates would support the Postal Service's discriminatory proposed classification. Public reaction to the proposed classification surely would be overwhelmingly negative."

Apparently, Carlson believes that the PRC has kept a silent majority of BPM users out of the procedural loop and that, as compensation, the PRC should "infer" what they would have said, had they only said it, and that such statements would have supported Carlson's perspective.

The comment period closed April 9; only two other parties submitted comments, one supporting and one opposing the Postal Service's action. So, although the commission has dismissed Carlson's complaint as moot (see the April 4 issue of *Postal Points*), it now must resolve the commenters' further arguments over the Postal Service action that was the basis for the case's dismissal. If it sustains the arguments, the procedural path beyond seems unclear, at least in these post-postal reform days. Conversely, if the PRC disagrees with the arguments, will the matter be closed, or will Carlson (if not others) continue to press their case elsewhere? Stay tuned. [\[TOP\]](#)

## USPS Finalizes Rules for Competitive Products

In an April 16 notice in the *Federal Register*, the Postal Service issued the final rule related to the price and mailing standards changes for competitive products. Those changes were announced by the Postal Service on March 4 (see the March 14 issue of *Postal Points*) and verified for statutory compliance by the Postal Regulatory Commission on April 10. The new rates and standards take effect on May 12.

### Overview of the changes

The Postal Service's notice summarized what's changing for each product included in its action:

#### • Express Mail

The price structure for Express Mail is changing from one that's based solely on weight to one that's zone-based, i.e., based on a combination of weight and distance. According to the Postal Service, Express Mail prices will increase an average of 3% overall, with larger increases for heavier pieces and pieces destined to zones 5 through 8.

Commercial rates will be 3% lower than retail rates and will be available to customers who use an Express Mail Corporate Account or Click-N-Ship, or who are registered end-users of PC Postage and using shipping labels. Rebates will be provided to customers whose account volume also exceeds a minimum threshold, and will be credited to a qualifying end user's account each postal quarter.

The Postal Service noted that it will continue to notify a customer of the first attempt to deliver an Express Mail piece, but will no longer make a second delivery attempt unless requested by the customer.

#### • Priority Mail

Priority Mail retail prices are increasing an average of 6%, with individual rate cells changing from 0 to 10%. As with Express Mail, the larger increases are for heavier pieces and more distant zones.

Commercial prices are lower than retail prices and will be available to Click-N-Ship users, registered end-users of PC-Postage products when using a shipping label, and customers using permit imprint with electronic confirmation services. Effective October 1, commercial rates will be extended to mailers who apply a UCC/EAN Code 128 delivery address barcode under DMM 708.5.

#### • Parcel Select

Parcel Select prices are increasing by an average of 5.7%, and structured to encourage shippers to enter parcels at DDUs. Annual rebates will be available to shippers whose total annual Parcel Select postage is at least \$5 million and whose Parcel Select volume increases from the previous year; rebates will be based on all DDU-entered volume. Customers whose Parcel Select volume grows by more than 10% will be eligible for an additional rebate applied only to qualified incremental DDU volume.

#### • Parcel Return Service

Parcel Return Service rates are increasing by overall average of 2.2%. The average return delivery unit price is significantly reduced, and RDU prices will now vary by weight. [\[TOP\]](#)

### USPS Policy for Postage Statements Submitted at the Time of the Rate Change

As announced in the April 17 *Special Postal Bulletin*:

#### Postage statements submitted prior to Monday, May 12:

- If the mailing date entered on the postage statement online is prior to May 12, and the statement is submitted prior to May 12, the postage statement will be processed using the current prices.
- If the mailing date entered on the postage statement online is May 12 or later, but the form is submitted before May 12, the postage statement will be processed with current prices that will not be valid when the mailing is presented after the implementation of the price change. Mailers will be asked to cancel the submission and resubmit a valid form.

#### Postage statements prepared and submitted on or after May 12:

- If the mailing date entered on the postage statement online is prior to May 12, the postage statement will be processed using the current prices.
- If the mailing date entered on the postage statement online is May 12, or after, the postage statement will be processed using the new prices.

If a mailing is prepared and presented prior to May 12, and the mailers wish to pay the new prices, postage statements cannot be submitted online. Mailers will need to wait until after May 12 to submit the form. Mailers needing to submit a mailing before May 12 at the new prices can only do so using a hardcopy version of the appropriate new postage statement.

New statements are available at [www.usps.com/ratecase](http://www.usps.com/ratecase). [\[TOP\]](#)

## MFSA Calendar

**Mailer Strategies Seminar**  
Austin, TX  
June 24-25, 2008

**Annual Conference/  
Mailing & Fulfillment EXPO**  
Austin, TX  
June 25-28, 2008

**Professional Management  
Conference**  
Charlotte, NC  
September 4-6, 2008

**MFSA Leaders Conference**  
Charlotte, NC  
September 6-7, 2008

## USPS Calendar

**Mailers Technical Advisory  
Committee (MTAC)**  
(At USPS Headquarters)  
April 30-May 1, 2008  
August 6-7, 2008  
November 19-20, 2008

**Board of Governors**  
(At USPS Headquarters)  
(No published 2008 schedule.)

**National Postal Forum**  
Anaheim, CA  
May 18-21, 2008

[\[TOP\]](#)

## Postal Bulletin Stuff

*In the April 10 issue:*

- Effective **April 10**, IMM 771.51 is revised to add International Surface Air Lift to the list of undeliverable-as-addressed First-Class Mail International products that a foreign postal administration may return to the US sender without being subject to the payment of return charges.
- Effective April 10, Publication 431, Post Office Box Service and Caller Service Fee Groups, is revised with the changes noted.
- Effective May 12, DMM 707.1, 707.7, and 707.11 are revised to provide for a new Limited Circulation rate for Periodicals publications that mail at In-County rates when Outside-County circulation is less than 5,000 pieces. Eligible issues of publications entitled to use this rate will receive a 5% discount on qualifying Outside-County copies.
- Effective May 12, Publication 91, Confirmation Services Technical Guide (dated September 2004 and updated with Postal Bulletin revisions through January 20, 2005) is revised to add information regarding Priority Mail Open-and-Distribute service, a premium service that allows mailers to expedite the transportation of shipments to DDUs and mail processing facilities using Priority Mail service.
- Effective May 12, the name of Notice 123, Ratefold, will be changed to *Price List*. The *Ratefold* was introduced after the 1992 redesign of the DMM as a conveniently portable stand-alone rate chart, originally laid-out in a six-panel gatefold format.

*In the April 17 special issue:*

- The entire issue is devoted to information about the May 12 rate change. Although the contents are directed to an internal audience, USPS customers can find insights into the policies that the Postal Service will use to implement the new rates.

The complete text of current and back issues of the *Postal Bulletin* is available at [www.usps.com/cpim/ftp/bulletin/pb.htm](http://www.usps.com/cpim/ftp/bulletin/pb.htm). [\[TOP\]](#)

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Leo Raymond, *Postal Points* Editor

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