

Mailers. Companion



MAY 2003

Potter: Historic Time for Mailing Community

There's no better time than now to revitalize the mailing industry and modernize the Postal Service, Postmaster General Jack Potter told business mailers last month at the National Postal Forum in New Orleans.

"Now is the time for us to work together to make the most of the opportunities that are ahead of us", Potter said.

Potter commended the 3,000 mailers in attendance for their part in the passage of legislation which will reduce the Postal Service's retirement payments and will be an important tool to help maintain the organization's financial stability.

Potter also called on business mailers to "get engaged" in the work of the President's Commission on the Postal Service, a nine-member panel convened by President Bush to evaluate and make recommendations to ensure the long-term future of the Postal Service. The Commission is expected to publish its findings in July.

The Postal Service faces "an uncertain economy, stiff competition, and the reality of electronic diversion," Potter said. "We have an old business model that is flawed, and that won't serve us much longer."

Potter said the President's Commission "understand(s) the dilemma we are in and the important role universal service has played in the nation's commerce and as a fundamental communications link for every citizen."



"Let the members of the Commission hear from you and from your corporate leaders," Potter said.

In the meantime, the Postmaster General reported that the Postal Service is delivering on its 12-month-old Transformation Plan, improving performance and working within the existing regulatory system to introduce improvements and innovations.

Postal productivity climbed for the third straight year, Potter said. "Service is at an all-time high. First-Class Mail hit 95 percent and we are providing better, more reliable service on every class of mail. We are well on our way to taking \$5 billion out of our costs by 2006."

He said for the first time in 31 years postal operating expenses were less than the previous year. "We ended 2002 at \$2.5 billion below our original plan," Potter said, "and this year, 2003, we'll end the year with a positive net income."

Potter also noted that the Postal Service is delivering innovative changes, from new and enhanced technologies that let customers track their mailings to increased customer access and convenience through initiatives like the recent USPS partnership with Hallmark.

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PRESIDENT SIGNS CSRS LEGISLATION

President Bush signed legislation that changes how USPS pays into the Civil Service Retirement System (CSRS).

Without this legislative change, USPS risked overpaying its CSRS obligation by \$78 billion, costs that would have to come from postage and fees paid by our customers.

"We are grateful to President Bush for his action on behalf of the Postal Service," said PMG Jack Potter, who commended the entire mailing community, including the postal unions and management associations, for their efforts in support of this legislation.

"The new law is an important tool to help maintain the financial stability of

the Postal Service. But we also will continue to manage the organization more efficiently than ever as we implement the strategies of the Transformation Plan," added Potter.

The change will not affect retirement benefits for current or former USPS employees. It also will not affect employee contributions to CSRS.

TRANSFORMING THE POSTAL SERVICE

USPS is pushing the envelope on pricing flexibility, said Steve Kearney, vice president, Pricing and Classification. He cited the negotiated service agreement (NSA) with Capital Bank as an example of the innovative pricing strategies USPS is pursuing.

Much progress has been made in the last year to "simplify prices and services for consumers and small businesses, customize rates and services for business mailers, and encourage cost-efficient behavior," Kearney said at the National Postal Forum in New Orleans.

"We have made considerable progress toward the goals we outlined in the Transformation Plan," Kearney said.

Since the Plan debuted last year, USPS has completed the first two volumes of a new and easier to use *Domestic Mail Manual (DMM)* — the official reference for mailing standards and requirements.

The two condensed supplements — *A Customer's Guide to Mailing* and *The Guide to Mailing for Businesses and Organizations* due out this summer — decipher the complex DMM in clear, easy-to-understand language, helping customers choose products and services that best meet their mailing needs.

Two more installments are in development — one for high-volume mailers and another with information on special mailing situations.

SOCIAL AWARENESS

The Postal Service recognized 22 mailers for their support of marrow

donor recruitment efforts at the National Postal Forum in New Orleans. PMG Jack Potter presented the companies with the USPS Social Awareness Award, which honors companies in the mailing industry that work closely with USPS to increase awareness of an important social issue.

The recipients were 3M Federal Systems Department, A.G. Edwards & Sons, American Express, Bank of America, Comerica, Communications Workers of America, The Cummins Foundation, DaimlerChrysler, Ford Motor Company, and General Motors.

Also recognized were IBM, KeyCorp, Lockheed Martin, May Department Stores, Medtronic, MetLife, NASCAR, Northwest Airlines, Siemens Dematic Postal Automation, UAW-General Motors, UAW-Ford Motor Company, and Verizon Communications.

"We are recognizing these mailers for the outstanding marrow donor recruitment programs they have implemented," said Potter.

Also recognized at the awards luncheon were two postal employees: Carlos Rodriguez, a marrow donor and Richard Tate, a 15-year marrow recipient.

USPS TO TEST NEW BIOHAZARD DETECTION SYSTEM

USPS will soon begin testing a newly developed biohazard detection system (BDS) designed to provide an early warning for detecting anthrax in the mail. The tests will take place at 14 mail processing facilities across the country starting in May.

"The Postal Service is committed to keeping our employees and customers safe," said USPS Engineering V.P. Tom Day. "That's why we developed a system that will help us counter the threat of anthrax in the mail. This biohazard detection system will enable early identification and containment of



Mailers Companion

Volume 8, Issue 4 May 2003
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MAILERS COMPANION
DATA ENTRY
UNITED STATES POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

Fax: (901) 681-4542

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anthrax and provide for a rapid response if anthrax is detected.”

The systems, which will each be tested for 30 days, will be located in mail processing and distribution centers at Dulles, VA; Southern MD (Capitol Heights); Albany, NY; Kilmer, NJ; Manasota, FL; St. Petersburg, FL; Tampa, FL; Midland, TX; Los Angeles, CA; Tacoma, WA; Rockford, IL; Lancaster, PA; Pittsburgh, PA; and Cleveland, OH.

The system uses sophisticated DNA matching to detect anthrax in the mail. The BDS is an automated system that continuously tests air samples from Advanced Facer Canceler System equipment.

Here’s how it works: The equipment collects air samples as mail moves through the canceling machine. It absorbs airborne particles into a liquid sample, which is injected into a cartridge. The BDS equipment then automatically performs a test that looks for a match of the sample “signature” with the signature of anthrax DNA.

Should any of the tests turn out positive for anthrax, there will be an immediate, automatic notification to the plant manager. Onsite personnel also will alert the plant manager, and the plant’s emergency action plan will be activated. Employees will be evacuated, and the plant’s equipment will be shut down.

The biohazard detection system was designed exclusively for the Postal Service. The first prototype was installed in the Baltimore Processing and Distribution Center in June 2002, where it has been operating successfully. The system doesn’t slow mail processing. Mail processing equipment continues to function normally with the biohazard detection system in place.

After the 30-day tests are completed, the machines will be removed and the data from the tests will be used to develop plans for a potential national rollout to 282 postal sites.

NET INCOME ABOVE PLAN

Productivity gains and expense reductions lead the way. Chief Financial Officer Richard Strasser reported to the Board of Governors that USPS had a net income of \$1.65 billion through quarter 2, thanks to productivity gains and expense reductions. Due to the uncertain economy, mail volume remained below expectations.

Strasser said USPS expenses for quarter 2 were \$559 million below plan, \$36 million below last year. Net income was \$645 million for the quarter, \$285 million over plan. Year-to-date revenues total \$32.8 billion with expenses of \$31.1 billion, leaving a net income of \$1.65 billion.

Strasser noted that the Postal Service makes most of its revenue in the first two fiscal quarters, with losses over the summer months as seasonal mail volume declines.

“The expense reduction during the quarter was extraordinary,” Strasser said, “and it came despite rising fuel costs, the impact of severe snowstorms in the east this winter and inflation in health benefits that will exceed \$500 million for the year.”

A significant driver of the expense cutbacks came from workhour reductions. “Our plan called for a reduction of 40 million workhours this fiscal year,” Strasser said. “We’ve already reduced workhours by 31 million as of quarter 2.” Career complement has been reduced by 11,485.

These actions will result in a fourth straight year of substantial productivity increases, Strasser said. “However,” he cautioned, “this good news is tempered by weak volume trends. Mail volume for quarter 2 was essentially flat, with the increases in advertising mail and packages unable to offset the decline in First-Class Mail and other mail.” Strasser said the outlook isn’t favorable to make volume or revenue targets for quarter 3, given the state of the economy.

GETTING SMARTER

Intelligent mail? If you’re picturing a couple of letters, standing around at a party, bantering about the latest art house flick — you’ve got the wrong idea.

It’s much more high-tech than that. Intelligent mail is tracking and tracing mailpieces from induction to delivery and capturing real-time information about each mailpiece. And it includes “OneCode Vision” — the creation of one standardized, information-rich code that links to mail processing, address change services, postage payments, and Certified Mail services.

Senior Vice President Charles Bravo told National Postal Forum attendees that the Intelligent Mail and Address Quality group has made significant progress since forming in January.

He said the group’s goals are to “uniquely identify and track mail, standardize codes, enhance supporting infrastructure, and improve address quality.”

Highlights from Intelligent Mail and Address Quality’s first 100 days include:

- Creating the Mail Technology Strategy Council, which includes leading technology organizations. The council will provide candid, independent assessments of technology trends. The first meeting is scheduled later this month.
- Conducting a study to better understand the printing, barcoding and mail preparation technologies used by the mailing industry.
- Developing an enhanced tray label to uniquely identify contents.
- Working with Engineering to modify the AFSM 100, so it can read additional codes on flat mail pieces.
- A 32 percent jump in Internet change-of-address use and new automation-friendly change-of-address forms.

Ease of Use

Making it easier for customers to use the Postal Service

Your Guide to Postal Information

When you need to find good information, do you know where to turn?

For years, your local phone directory could be counted on to contain everything you needed — whether it was an area code to another state, a ZIP Code for a friend in a neighboring town, or the location of the closest department store. The phone book became a close and trusted friend.

But most people's postal needs have outgrown phone directory contents. The Postal Service publishes a great guide that you can keep handy. It's called *A Customer's Guide to Mailing (Domestic Mail Manual 100)*. It has updated rate information, in addition to easy-to-read explanations of mailing services to help you determine which one best suits your needs.

Make Your Gift a Topical One

Can't decide on a gift that is appropriate and interesting? The Postal Service recommends sharing the gift of stamps. A gift of stamp collectibles may introduce the lucky recipient to an estimated 16 million new friends who have made stamp collecting one of the world's most popular hobbies.

The easiest way to introduce someone to stamp collecting is to give them a topical collection. A topical collection contains selected material arranged by subject, design, or theme. If the subject is broad enough, chances are good that it will make a fascinating and personally meaningful collection. The topic of the collection depends on individual interests. Whether it's horses, flags, birds, music, or hundreds of other topics, there are countless stamps to collect.

The scope of a topical collection is up to you. One of the aspects of this 150-year-old hobby is that you can collect

You'll learn that pickup of Express Mail and Priority Mail packages can be arranged from your home or office by going online or calling 1-800-222-1811, and that you can print mailing labels and postage from the www.usps.com Web site. The Guide will become a valuable resource for helping you understand mailing solutions that the Postal Service has to offer. It even includes descriptions of special services such as registered mail, certified mail, and Delivery and Signature Confirmation.

The Guide saves time, reduces visits to the post office, and — perhaps best of all — *A Customer's Guide to Mailing* is free in post offices and on www.usps.com.

and classify material any way that provides the most pleasure. The results will produce a unique collection, because no two topical collections on the same theme are ever identical.

Every year the Postal Service issues a variety of colorful stamps commemorating history, people, and events. Stamps issued recently include Teddy Bears, Cary Grant, Masters of American Photography, and Women in Journalism, just to name a few.

Whatever the area of interest, you will find that these colorful bits of paper capture the spirit and history of the United States. To look at them is to take a journey through time to the people and events that have shaped our history.

Visit your local post office to check out the latest stamps or visit the Collector's Corner online at www.usps.com/shop.

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Your Mail Needs a Complete Address

Did you know that even though Postal Service automation has opened the door to unmatched speed and accuracy in the handling of your mail, your personal touch and attention to complete addressing is now more important than ever?

Today, letters speed through optical scanners and sorters faster than the eye can see. Reading the key address information is necessary for the computer controlling the scanner to make the best choice. Incomplete address information not only could slow the processing of your letter, it could even cause your letter to be misdelivered.

Common omissions that cause delays or misdeliveries are:

- Missing or incomplete street suffixes such as Ave, Ct, St, Rd, or Way. Maple Street and Maple Court could have the same house numbers.
- Missing directionals such as N or S. Monument Blvd E could be delivered by a post office different from the one that delivers Monument Blvd W, for example.
- Missing secondary street indicators such as Apt, Bldg, Floor, Ste, Room, PMB (private mailbox), or Dept. These address elements are critical to efficient delivery. Even though your letter carrier tries to make the correct delivery, lobby directories are not always up-to-date.
- Abbreviation of city names: People living in some towns across the country use their own 'shorthand' when writing the names of certain cities. LA might mean Los Angeles,

but what if the letter really belongs in Los Alamitos or Los Alamos? CFO could mean Cuyahoga Falls, Ohio, or Chagrin Falls, Ohio. And, F'burg might mean Fredericksburg to some people but Fitchburg to others. So, spell out the complete city.

- Missing state. Remember to include the state, using the Postal Service two-character state abbreviation. You may think Cleveland is sufficient if you live in Ohio, but there is also a Cleveland, Georgia, and a Cleveland, Tennessee. In fact, there are cities or towns named Cleveland in 19 states.
- Incorrect or no ZIP Code. If you require access to address information frequently, the *National Five-Digit ZIP Code and Post Office Directory* makes a convenient companion. Besides ZIP Code information, this multi-purpose directory includes standardized address abbreviations, address formats, and plenty of other useful information. You'll find a reference copy in your local post office lobby. It also is available for purchase. ZIP Codes also can be obtained by accessing the USPS Web site at www.usps.com, or call 1-800-ASK-USPS (1-800-275-8777).

Remember, complete addressing keeps your mail from getting lost or misdirected.

Proper Packaging Protects Memories

Mailing precious memories, like that old wedding photo of Mom and Dad or the new photos of the twins, is less fraught with anxiety when you have confidence they will arrive in good condition. That's why the Postal Service urges customers to take special care when mailing irreplaceable items.

Photographs need to be properly protected from bending or folding. Simply putting them in an envelope runs the risk of their being bent in mail processing machinery or folded over by a letter carrier when placed in a mailbox. Using a flat cardboard envelope, such as a Priority Mail or Express Mail envelope, protects the contents. Priority Mail and Express Mail envelopes are available at no cost to customers. If a regular envelope is used, insert the photos between a couple of pieces of cardboard to give added protection.

Sending your wedding dress to your daughter for her to wear on her special day? Make sure that the box is strong enough to protect that precious piece of clothing and seal

the package with a filament tape. Regular cellophane or masking tapes are not strong enough to protect packages. Include the recipient's and sender's address inside the package.

Priority Mail offers two-day service to most destinations, while Express Mail is our fastest service, with next-day delivery by noon to many destinations. Express Mail is delivered 365 days a year with no extra charge for Saturday, Sunday, or holiday delivery. Priority Mail and Express Mail labels and postage are available at your local post office and online at www.usps.com by selecting "Click-N-Ship."

Registered mail can be used to provide the most secure service offered by the Postal Service, and important value-added service when you're mailing precious items.

Protect those irreplaceable memories with proper packaging, and talk to your local post office about mailing options.

Domestic Mail Manual

The following changes are incorporated into the online Domestic Mail Manual available via Postal Explorer at <http://pe.usps.gov>.

DMM Revisions

Mixed ADC and AADC Mail for BMC and ASF Entry

Effective May 1, 2003, DMM Exhibit M013.2.5, M610.2.2, M810.2.2, and M820.5.3 are revised to correct changes to DMM standards published in the article in *Postal Bulletin* 22086 (10-3-02, pages 21-27) titled "DMM Revision: Mixed ADC Packages, Sacks, and Trays on ASF and BMC Pallets." The DMM revisions published with that article allow

mailers preparing mail on pallets under the option in DMM M045.3.2 to use DMM L802 to label packages, sacks, and trays of mixed ADC mail and mixed AADC mail placed onto bulk mail center (BMC) and auxiliary service facility (ASF) pallets.

Before we published those revisions, mailers preparing letter trays and sacks

could also use DMM L802 to label mixed ADC and mixed AADC containers when those containers were entered at a BMC or an ASF. The revisions in this article restore the original language that permitted mailers to use DMM L802 for specified mixed ADC and mixed AADC mail entered at a BMC or ASF.

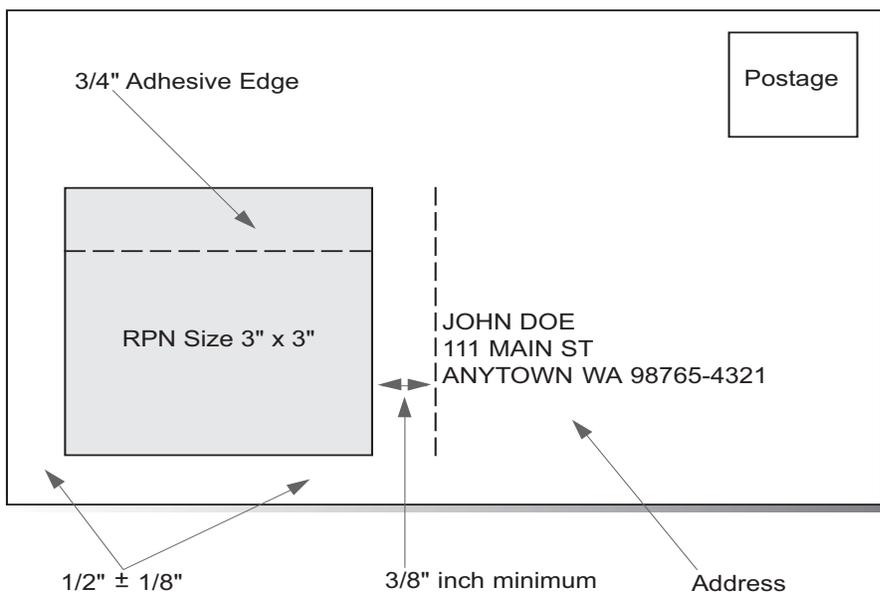
Repositionable Notes Applied to Automation Rate First-Class Mail and Standard Mail Letter-Size Mailpieces

Effective April 3, 2003, DMM C810 is revised to allow repositionable notes to be applied to First-Class Mail and Standard Mail letter-size mailpieces that otherwise qualify for automation letter rates, if certain standards under C810.7.0 are met. A repositionable note is a 3-inch by 3-inch paper material attached to letter-size mailpieces with a 3/4-inch adhesive strip along the top. The note is designed to be removed by the recipient and "repositioned" for future reference or use (e.g., on a telephone, refrigerator, or computer).

Postage is the combined weight of the note and the host mailpiece. The weight to be used for computing postage. The content of the note must conform to any applicable content-based requirements for rate eligibility, such as requirements in DMM E670 that specify content restrictions on Nonprofit Standard Mail. In order to

enhance the likelihood that mailpieces with repositionable notes will be successfully processed on automated processing equipment, the content and

characteristics of the host piece must comply standards with in revised DMM C810.



Bound Printed Matter — Flat-Size Co-Packaging and Co-Sacking

Effective April 3, 2003, DMM M910 and M950 are revised to provide new mail preparation standards for the co-packaging and co-sacking of flat-size Bound Printed Matter (BPM) mailpieces. Related revisions are also made to DMM M011, M032, M722, and M820 to support the new co-packaging and co-sacking standards for flat-size BPM pieces.

Under the revised co-packaging standards in DMM M950, mailers will have the option to co-package (i.e., sort into the same package) flat-size BPM Presorted rate pieces qualifying for the barcoded discount and Presorted rate pieces (not qualifying for the barcoded discount). Co-packaged pieces will be required to be co-sacked under DMM M910.

Additionally, under the revised co-sacking standards in DMM M910, mailers will be required, beginning September 1, 2003, to co-sack (i.e., sort into the same sack) packages of flat-size BPM Presorted rate pieces qualifying for the barcoded discount with packages of Presorted rate pieces not claiming the barcoded discount. (Note: In this circumstance, the pieces are not co-packaged under DMM M950.)

The other containerization methods permitted for First-Class Mail, Periodicals, and Standard Mail items in DMM M920, M930, and M940 are not available for BPM.

Co-Packaging Standards (Optional)

The new standards for the optional co-packaging of BPM flats include the following:

- All pieces must weigh 20 ounces or less and meet the AFSM 100 criteria for automation-compatible flat-size mail in DMM C820.
- A separate minimum of 300 Presorted rate pieces qualifying for and claiming the barcoded discount and a separate minimum of 300 Presorted rate pieces (not qualifying for the barcoded discount) are required. The combined total number of pieces qualifying for and claiming the barcoded discount and the Presorted rate must be used to meet the minimum volume requirements for packages and sacks.
- Each piece in the Presorted rate mailing qualifying for and claiming the barcoded discount must bear a correct and readable ZIP+4 or delivery point barcode (DPBC) under DMM C840. Each piece in the Presorted rate mailing must bear a correct and readable 5-digit barcode under DMM C840.
- Presorted rate pieces qualifying for and claiming the barcoded discount must be sorted together with the Presorted rate pieces, but only one physical package for each logical presort destination is permitted to contain both pieces claiming the barcoded discount and pieces

not claiming the discount, unless presented using an approved manifest mailing system under DMM P910.

- Co-packaged pieces must also be co-sacked under DMM M910.

Co-Sacking Standards (Required September 1, 2003)

The new standards for the required co-sacking of BPM flats include the following:

- Packages prepared as part of the Presorted rate mailing qualifying for and claiming the barcoded discount and packages prepared as part of the Presorted rate mailing (not qualifying for the barcoded discount) must be co-sacked, effective September 1, 2003. However, mailers who choose to use the co-packaging standards prior to September 1, 2003, will be required to co-sack.
- Packages of flats qualifying for and claiming the barcoded discount that are co-sacked with packages of Presorted rate flats must be part of the same mailing job.
- Both the Presorted rate mailing qualifying for and claiming the barcoded discount and the Presorted rate mailing must separately meet the applicable rate eligibility and volume requirements.
- Packages that are co-sacked under DMM M910 are not required to be co-packaged.

Documentation Requirements

Standardized documentation as detailed in DMM P012 is required for mailings prepared under the new standards for co-packaging and sacking. The following applies:

- Documentation for a co-packaged mailing must indicate by zone (when applicable) for each package sortation level, the number of Presorted rate pieces qualifying for the barcoded discount and the number of Presorted rate pieces (not claiming the barcoded discount) that are contained in each package.
- Documentation for a co-sacked mailing must indicate by zone (when applicable) for each sack sortation level, the number of Presorted rate pieces qualifying for the barcoded discount and the number of Presorted rate pieces (not claiming the barcoded discount) that are contained in each sack.

Effective Dates

Effective April 3, 2003, mailers may begin using the co-packaging standards for BPM flats. The standards for co-packaging are optional. The required use of the co-sacking preparation standards (for pieces that are not co-packaged) becomes mandatory on September 1, 2003. Regardless of the date presented, all mailings that are co-packaged under DMM M950 must be co-sacked under DMM M910.

Revocation of Nonprofit Standard Mail Privileges for Nonuse

Effective May 1, 2003, DMM E670.11.4 is revised to provide that an organization's primary authorization to mail at Nonprofit Standard Mail rates will not be revoked for nonuse if the organization has mailed at the nonprofit rates at any additional mailing office based upon that primary authorization.

Formerly DMM E670.11.4 stated that an authorization to mail at the Nonprofit Standard Mail rates was revoked for nonuse if nonprofit mailings were not made at the post office of authorization during a 2-year

period. This was true whether the authorization is a primary authorization obtained under DMM E670.7.0 or an additional office authorization obtained under DMM E670.8.0.

The revocation of an additional office authorization for nonuse affects only that specific authorization. Previously when a primary authorization was revoked for nonuse, all additional office authorizations based upon the primary authorization were automatically revoked along with the primary authorization even though one or even more of those additional office

authorizations are used on a regular basis.

Under this revision, the primary authorization will no longer be revoked for nonuse if a nonprofit mailing has been made within the preceding 2 years at any additional office for which authorization is based upon the primary authorization. Upon request by the Postal Service, the authorized nonprofit organization must submit evidence that it has mailed at nonprofit rates at least once at any associated authorized entry point within the 2-year period in question.

Miscellaneous DMM Revisions

Effective April 3, 2003, DMM C050.2.2, M110.1.0, and P040.1.1 are revised for the following reasons:

DMM C050.2.2 is revised to identify the correct reference of DMM C010.1.3 for determining the length and height of a letter-size mailpiece that is subject to the nonmachinable surcharge, and not DMM C010.1.1 as previously indicated.

DMM M110.1.0 is revised to reinstate the text that requires five or more letter-size pieces bearing metered postage or permit imprints at

the single-piece rate to be faced and packaged. There are no sortation standards for single-piece rate First-Class Mail, but five or more letter-size pieces bearing metered postage and all pieces bearing permit imprints must be faced with the addresses in one direction and packaged. Packaging of letter-size pieces is not required if they fill a tray (see M011.1.3b). Metered mail and permit imprint mail may not be packaged or trayed together. This text was inadvertently removed prior to the publication of DMM Issue 57 and is

now reinstated to reduce unnecessary mail handling for Postal Service operations.

DMM P040.1.1 is revised to specify that permit imprints cannot be used as the postage payment method on mailpieces designed for reply purposes. Reply mail must be designed using the standards for business reply mail, courtesy reply mail, metered reply mail, or merchandise return service.



The Bike's in the Mail

A Standard Mail classification filed with the Postal Rate Commission would expand direct marketers' creative options by allowing the mailing of unusually shaped pieces.

The proposal for a Customized MailMark™ (CMM) classification change would enable postal customers to mail nonrectangular, attention-getting direct mail pieces in both bulk or less, under operational conditions. Currently, these items cannot be mailed at all.

This simple adjustment to the shape restrictions in Standard Mail would allow more creative mailings. Standard Mail is the class of mail that is most often used by advertisers.

The Customized MailMark proposal requires mail entry at destination delivery units (DDUs) so that the mail bypasses mail processing and automation. CMM would be subject to the maximum 100% volume requirements for presorted Standard Mail, but there would be no maximum trip-originate.

With CMM, mail would become an even more valuable advertising tool than before, and within defined standards, and be directed only by the creativity of the direct marketer. CMM represents the ongoing drive by USPS to meet the evolving needs of the direct marketing industry, providing new products and services that give them the ability to mail creative and unusual shapes and designs.

Andy J. Biscette
Chief Marketing Officer

CCO: The price of the new option is proposed to be the Regular or Nonprofit Standard Mail base rate plus a surcharge for the weight of the mailpiece. Customized MailMark as proposed would be a new direct mail option that is complementary, but does not change existing options for advertisers and direct marketers. The filing takes advantage of the Postal Service's ability for business mail changes to the classification schedule.

As outlined in the Transformation Plan, the Postal Service seeks to offer new features for existing products that leverage its core competencies. More details of the CMM proposal and filing can be found on the Postal Service Commission's website, www.usps.gov.

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available online at www.usps.com/mailerscompanion

MAILERS COMPANION

- USPS News & News
- Mail Quality Center
- Direct Marketing
- USPS®
- USPS Services and Products
- International Mail News
- Mail 24/7 Service

PeriodicalsNEWS

And the Answer Is ... Handbook DM-204 for Periodicals Mail Applications

In a quandary about Periodicals applications? Worried about completing Form 3500, *Application for Periodicals Mailing Privileges*?

If you need accurate information about applying for Periodicals mailing privileges, we have a solution: Handbook DM-204, *Applying for Periodicals Mailing Privileges*. This handbook takes you step-by-step through the application process and provides information about qualifying for Periodicals mailing privileges, meeting the basic criteria, and paying the application fees.

Handbook DM-204 explains mailing while your application is pending and how to complete Form 3510, *Application for Additional Entry, Reentry, or Special Rate Request for Periodicals Publications*. There are sections that detail how an identification statement should look and when an issue may be eligible for the In-County rates of postage. Specialized publications under "Institutions and Societies" are defined, as well as Nonprofit rate publications. You'll find information about verifying telemarketing, Internet requests, and how to get an ISSN from the Library of Congress.

Where can you get this publication? It's easy! You can read or print all or part of it from <http://pe.usps.gov>. Click on "Additional Publications", then "DM-204". Remember, a valuable source of information is always as close as your computer.

Outside-County Periodicals Co-Palletization Experiment

Effective April 20, 2003, DMM G092 is added to implement a new experiment testing whether additional rate incentives will encourage the co-palletization and drop-shipment of individual Periodicals publications. The experiment includes two additional per-piece discounts for co-palletization of Periodicals publications that otherwise would have been prepared in sacks. The additional per-piece discounts apply to addressed pieces in bundles placed on SCF and ADC pallets that are drop-shipped to either a destination area distribution center (DADC) or a destination sectional center facility (DSCF). The experiment will last for two years.

Co-palletization allows mailers to combine separately presorted bundles of different titles and editions on pallets to achieve the minimum pallet weight required to take advantage of current pallet and drop-shipment discounts for Periodicals mail (e.g., 250 pounds of mail to a destination ADC). However, many publishers of small-circulation publications do not take advantage of this opportunity due to the increased preparation costs associated with co-palletization. The objective of the additional discounts is to move mail from origin-entered sacks to drop-shipped pallets. Mail prepared in sacks accounts for a disproportionate amount of the Postal Service's costs for processing Periodicals.

The primary beneficiaries of this incentive should be smaller circulation publications, for which, in some cases, complete mailings are now in sacks. Some smaller portions of larger mailings (sometimes referred

to as "residual" or "tail of the mail"), as well as smaller circulation versions, editions, and supplemental mailings of large circulation publications, could also qualify under the experiment.

For mail that otherwise would have been prepared in sacks under the original presort for the mailing (before co-palletization), a new per-piece discount of \$0.007 is available for addressed pieces in bundles on ADC and SCF pallets entered at destination ADCs. For SCF pallets drop-shipped to destination SCFs, the new per-piece discount is \$0.01. The discounts do not apply to mail prepared on any other pallet level or to mail that moves from an ADC pallet to an SCF pallet as a result of co-palletization.

Co-palletized pieces with less than 250 pounds of mail per title or edition within an ADC remaining after preparing SCF pallets during the original presort of the separate title or edition could qualify for the co-palletization discounts because this mail otherwise would have been prepared in sacks. Mailers may build upon originally presorted SCF and ADC pallets, but only the co-palletized pieces with less than 250 pounds per title or edition per ADC destination, if independently presorted, would qualify for the co-palletization discounts. Other drop-ship and palletization incentives available on the current rate schedule still apply to all the pieces based on their eligibility (e.g., drop-ship discounts and pallet discounts for pallets containing 250 or more pounds).

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Mailers must use a new postage statement, PS Form 3541-X, *Periodicals — Co-Palletization Experiment*, to enter mail with the new discounts. This form is available only on the Postal Service Web site at www.usps.com/forms. Publishers that co-palletize multiple editions of the same publication must submit a consolidated postage statement and register of mailings.

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

their mailing to be included on the consolidated postage statement submitted to the New York Rates and Classification Service Center.

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

The new postage statement 3541-X-Periodicals Co-Palletization Experiment is available at www.usps.com/forms.

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Weight per Copy for Issue (DMM P013—round off to 4 decimal places if necessary)		%	pounds
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PS Form 3541-X, April 2003 (Page 1 of 3)		This form and mailing standards available on Postal Explorer at http://pe.usps.gov	

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Dr. Barcode

Q. Where can I find one easy resource to help me design my mailpieces to maximize postage saving opportunities?

A. We have just the resource you are looking for at <http://pe.usps.gov>. Just open the Mailpiece Design site in the left-hand column.

The informative links on this site will help you understand the Postal Service's mailpiece design requirements and can help you design mailpieces that qualify for postal discounts. These links will aid

printers, graphic artists, form designers, and envelope manufacturers. They are also useful for small and large businesses handling their own mailing campaigns.

Remember, the most basic component of any mailing is the mailpiece itself. A single mailing may consist of hundreds of mailpieces, or millions. A properly designed mailpiece qualifies for the best postage rate possible! Properly designed mailpieces help you avoid unanticipated costs and delays in delivery.



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