

POSTAL SERVICE

39 CFR Part 111

Optional Mail Preparation Standards for Flat-Size Mailpieces in FSS Zones

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service™ is revising the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) to provide optional mail preparation standards for flat-size Standard Mail, Periodicals, and Bound Printed Matter mailpieces prepared for delivery within ZIP® Codes served by Flats Sequencing System (FSS) processing.

DATES: Effective January 2, 2011.

FOR FURTHER INFORMATION CONTACT: Susan Hawes at 202-268-8980 or Kevin Gunther at 202-268-7208.

SUPPLEMENTARY INFORMATION: The Postal Service is revising the DMM to provide optional standards for bundle and pallet preparation of flat-size Standard Mail, Periodicals and Bound Printed Matter mailpieces prepared for delivery within the ZIP Codes served by Flats Sequencing System (FSS) processing. FSS is a critical element in the Postal Service's strategic operations plan and will allow the Postal Service to improve delivery efficiency and control costs.

In the 1990s the Postal Service, in an effort to control costs and limit postage prices, adopted technological changes designed to reduce the time carriers spent in the office preparing mail for delivery. The most notable of these changes was the implementation of Delivery Point Sequencing (DPS). Today, the Postal Service is now placing nearly 92 percent of all letter-size mailpieces into delivery sequence. Similar to DPS processing for letters, FSS automates the sequencing of flat-size mailpieces into delivery order, eliminating labor-intensive manual sortation by carriers.

One essential change to the methods that mailers use to prepare flat-size mail involves the modification of bundling standards when mailing to delivery areas with FSS-processing capability. The Postal Service, as it begins to determine the best practices for optimizing FSS implementation and operation, encourages mailers to prepare bundles of flat-size mail to facilitate the efficient loading of this mail into the FSS machines. Efficient induction of mailpieces into FSS requires bundles of flats to be of equal height, in order to facilitate their placement into the standard containers that feed into the FSS induction mechanism. Preparing bundles which can be placed

easily into these containers improves efficiency in loading containers and ensures stability and ease of transport of mailer-prepared containers.

The Postal Service developed these optional preparation standards working with members of the mailing industry, representing a wide spectrum of flat mail owners and preparers. The group determined that the preparation of bundles and pallets specifically for FSS processing could lead to greater efficiencies and cost savings for both the USPS[®] and mailing industry. Industry members agreed that the production of uniform bundle heights could reduce the costs associated with preparing bundles, and that more stable pallet construction would improve mailer transport of the mail to drop shipment locations. In addition, preparing FSS scheme pallets allows for the creation of larger pallets, permitting the mail to move directly to the FSS mail prep area.

The Postal Service is also providing advance notice that FSS-based mail preparation requirements will become mandatory in the future; however we are currently not proposing a timeline for their implementation.

With this revision, mailers will have the option to prepare separate mailings of Standard Mail[®], Periodicals, and Bound Printed Matter barcoded flats, including some barcoded nonmachinable Periodicals flats capable of being processed by FSS, into one or more of the following pallet-level separations:

1. A 5-digit FSS-scheme ZIP Code combination (including one or more 5-digit ZIP Codes);
2. FSS facility sort (all 5-digit FSS-scheme ZIP Code combinations processed within the same facility); or
3. A sectional center facility (SCF) with FSS capability, when combined on pallets with flat-size mailpieces not intended for FSS processing.

Mailers choosing to prepare flats for delivery to FSS zones, using this option, will place qualifying mailpieces from all price categories into a separate combined pool for each individual 5-digit FSS-scheme combination. Mailers will then prepare bundles of uniform size from the pieces in the pool. Bundles must be identified as a 5-digit scheme presort with an optional endorsement line (OEL) under 708.7.0. OELs used under this option may be applied to the top piece of each bundle, unless otherwise required to be placed on each piece by other standards. All pieces for each combined mailpiece pool must be prepared in bundles of similar height (3 inches minimum to 6.5 inches maximum), secured according to current bundling standards. Except for one overflow bundle that may be under the minimum height, all bundles within each mailpiece pool must be of uniform size. Though we will allow overflow bundles, we encourage "leveling" (adjusting bundle heights within a presort destination to avoid overflow bundles) of the bundles within each mailpiece pool. The counter-stacking (rotating groups of mailpieces within a bundle 180 degrees from the preceding and succeeding group) of mailpieces within bundles is not being addressed as a part of these optional standards, and mailers may continue this

practice in accordance with current standards. In the future, the Postal Service may require that mailpieces not be counter-stacked within bundles when being prepared for FSS processing, but no decision on this potential requirement has been made.

Bundles must be placed on pallets to form layers of consistent thickness; and bundles of nonuniform thickness must be counter-stacked on pallets in accordance with current standards. Pallets must be prepared and labeled as described in DMM 705.8.0, with a pallet placard bearing an Intelligent Mail container barcode as described in 708.6.6.0.

Mailpieces that meet the current eligibility standards for basic and high density carrier route prices will continue to be eligible for these prices when prepared in accordance with the FSS optional preparation standards. Saturation price Standard Mail and Periodicals carrier route flats are not eligible for preparation under this option. The sequencing of mailpieces within carrier route bundles is not required or recommended when preparing FSS bundles. All other mailpieces will be eligible for the applicable 5-digit automation or non-automation price.

To improve FSS processing, the Postal Service recommends that mailpieces be randomized within each bundle (i.e. within bundles, randomly arrange pieces regardless of price category) comprising each 5-digit FSS scheme as defined in labeling list L006.

The 5-digit Outside-County bundle charge will be assessed on bundles of Outside-County Periodicals prepared in accordance with these standards, even though mailpieces being claimed at the carrier route piece price may be properly placed within these bundles. FSS 5-digit scheme pallets will be assessed the Outside-County container charge applicable to the 3-digit level pallet, and FSS facility sort level pallets will be charged a container price applicable to the SCF pallet.

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

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.
Accordingly, 39 CFR Part 111 is amended as follows:

PART 111 – [AMENDED]

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

Authority: 5 U.S.C. 552(a); 13 U.S.C 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633 and 5001.

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

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

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300 Commercial Flats

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340 Standard Mail

343 Prices and Eligibility

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6.0 Additional Eligibility Standards for Enhanced Carrier Route Standard Mail Flats

6.1 General Enhanced Carrier Route Standards

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6.1.2 Basic Eligibility Standards

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

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[Revise item c of 6.1.2 to add reference to optional bundling standards as follows:]

- c. Be sorted to carrier routes, marked, and documented under 345.6.0, *Preparing Enhanced Carrier Route Flats*, or 705.8.0, *Preparing Pallets*; or for barcoded flats, prepared under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*.

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7.0 Additional Eligibility Standards for Automation Standard Mail Flats

7.1 Basic Eligibility Standards for Automation Standard Mail

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

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[Revise item f of 7.1 to add reference to optional bundling standards as follows:]

- f. Be marked, sorted and documented as specified in 345.7.0, and 705.8.0 through 705.13.0; or prepared under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*.

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360 Bound Printed Matter

363 Prices and Eligibility

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5.0 Additional Eligibility Standards for Presorted and Carrier Route Bound Printed Matter Flats

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5.2 Additional Standards for Carrier Route Bound Printed Matter

In addition to the basic standards in 2.0, *Basic Eligibility Standards for Bound Printed Matter*, and 3.2, *Attachments or Enclosures of Periodicals Sample Copies*, all pieces in a Bound Printed Matter carrier route price mailing must:

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[Revise item b of 5.2 to add reference to optional bundling standards as follows:]

- b. Meet the preparation standards in 365.6.0, *Preparing Carrier Route Flats*; 705.8.0, *Preparing Pallets*, or for barcoded flats, prepared under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*.

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6.0 Additional Eligibility Standards for Barcoded Bound Printed Matter Flats

6.1 Basic Eligibility Standards for Barcoded Bound Printed Matter

[Revise 6.1 to add reference to optional bundling standards by inserting a new, third sentence as follows:]

* * * Pieces may also be optionally prepared under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*. * * *

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700 Special Standards

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705 Advanced Preparation and Special Postage Payment Systems

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[Renumber current 705.14 through 705.22 as the new 705.15 through 705.23 and add a new 705.14 as follows:]

14.0 Combining Bundles of Flats on Pallets Within FSS Zones

14.1 General

Flat-size automation and carrier route mailpieces, including barcoded nonmachinable Periodicals pieces, may be optionally consolidated and prepared on pallets for delivery within individual 5-digit Flats Sequencing Systems (FSS) scheme ZIP Code combinations; multiple 5-digit FSS scheme ZIP Code combinations within the same facility; or to a sectional center facility (SCF) with FSS processing, when combined with flat-size mailpieces not intended for FSS processing. Mailers using this option

will place qualifying mailpieces from all price categories into a separate combined pool for each individual 5-digit FSS-scheme combination. Mailers will then prepare bundles of uniform size from the pieces in the pool. Mailpieces that meet the eligibility standards for 5-digit automation prices, the Bound Printed Matter barcode discount, or basic and high density carrier route prices will continue to be eligible for these prices when prepared in accordance with the FSS optional preparation standards. Saturation price Standard Mail and Periodicals carrier route flats are not eligible for preparation under this option. Mailpieces and bundles must also be prepared as follows:

- a. Bundles for all FSS sort plans must be identified as a 5-digit scheme presort through the use of an optional endorsement line under 708.7.0.
- b. All pieces placed into an FSS pool must be barcoded. Automation and carrier route pieces must bear an accurate delivery point Intelligent Mail barcode or POSTNET barcode including a fully populated routing code field (11 digits).
- c. Nonautomation pieces must be barcoded to the finest extent possible.
- d. All pieces for each combined mailpiece pool must be prepared in bundles with a 3-inches minimum and a 6.5-inches maximum height.
- e. It is recommended that the mailpieces within each bundle be randomized within the 5-digit FSS-scheme ZIP Code combinations or FSS sort plan schemes as defined by L006 (i.e. within bundles, randomly arrange pieces regardless of price category). Any piece prepared for a specific 5-digit scheme ZIP Code combination may be placed in the bundles of flats of uniform height.
- f. "Leveling" (adjusting bundle heights within a presort destination to avoid overflow bundles) of the bundles within each mailpiece pool is encouraged.
- g. Except for one overflow bundle that may be under the minimum size, all bundles within each mailpiece pool must be of uniform size.
- h. Bundles must be placed on pallets to form layers of consistent thickness; and bundles of uneven thickness must be counter-stacked on pallets in accordance with 8.5.8.
- i. Pallets must be prepared under 8.0 and labeled under 8.6.0, with a pallet placard bearing an Intelligent Mail container barcode as described in 708.6.6.0.

14.2 Periodicals

14.2.1 Basic Standards

Barcoded machinable Periodicals flats meeting the standards in 707.25 and 301.3.0; barcoded nonmachinable Periodicals flats, prepared under 707.26.0 (up to 1 inch in thickness); and carrier route Periodicals flats, prepared under 707.23.0; may be combined in bundles and placed on pallets for delivery to ZIP Codes having Flats Sequencing System (FSS) processing capability, as shown in L006. Periodicals prepared under this option are subject to the following:

- a. Eligibility for pricing purposes is based on standards in 707.11.0 through 14.0, except that the 5-digit Outside-County bundle charge will be assessed to bundles of Outside-County Periodicals prepared in accordance with these

- standards, including those containing mailpieces being claimed at the carrier route piece price.
- b. FSS 5-digit scheme pallets will be assessed the Outside-County container charge applicable to the 3-digit level pallet, and the FSS facility sort level pallet will be charged a container price applicable to the SCF pallet.
 - c. Mailers must provide standardized presort documentation under 708.1.0 that demonstrates eligibility for 5-digit (scheme) or carrier route prices in accordance with 707.13.0, 14.0 and 25.0.
 - d. Mailers may combine all 5-digit, carrier route and 5-digit scheme eligible flat-size mailpieces, into a combined mailpiece pool for each FSS 5-digit scheme combination according to L006.
 - e. Each bundle must be identified with a "SCH 5-DIGIT FSS" optional endorsement line in accordance with Exhibit 708.7.1.1, *OEL Formats*.
 - f. All pooled Periodicals mailpieces prepared on pallets to a single presort destination must be prepared in uniform size bundles, between 3 inches and 6.5 inches in height and secured in accordance with 19.4, except that one overflow bundle per mailpiece pool may be under the minimum size.

14.2.2 Pallet Preparation and Labeling

Preparation sequence and labeling:

- a. *FSS sort plan, required*, permitted only for FSS bundles prepared for a single FSS sort plan as shown in L006. Pallet must contain only bundles of pooled barcoded 5-digit (scheme) and barcoded carrier route pieces for a single FSS sort plan. Labeling:
 1. Line 1: L006, column B.
 2. Line 2: "PER" or "NEWS," as applicable; followed by "FLTS;" followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH").
- b. *FSS facility sort, required*, permitted only for FSS bundles prepared for the FSS sort plans processed within the same SCF as shown in L006. Pallet must contain only bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces for a facility's FSS sort plans. Labeling:
 1. Line 1: "MXD" followed by information in L006, column C.
 2. Line 2: "PER" or "NEWS," as applicable; followed by "FLTS;" followed by "5D"; followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH").
- c. *SCF/FSS, optional*, permitted for FSS and non-FSS bundles processed within the service area of the SCF. Pallet may contain bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces in FSS and non-FSS bundles prepared under 8.0. Labeling:
 1. Line 1: "MXD" followed by city, state, and ZIP Code information for SCF serving the FSS 5-digit scheme ZIP Code as shown in L005, column B.
 2. Line 2: "PER" or "NEWS," as applicable; followed by "FLTS;" followed by "SCF"; followed by "BARCODED" (or "BC"); followed by "FSS/NONFSS."

14.3 Standard Mail

14.3.1 Basic Standards

Standard Mail automation flats and Standard Mail barcoded carrier route flats, meeting the physical standards for automation flats under 301.3.0 may be combined in bundles and placed on pallets for delivery to ZIP Codes having Flats Sequencing System (FSS) processing capability, as shown in L006. Standard Mail flats are subject to the following:

- a. Price eligibility is based on standards in 343.0.
- b. Mailers must provide standardized presort documentation under 708.1.0 that demonstrates eligibility for 5-digit (scheme) or carrier route prices in accordance with 343.0.
- c. Mailers may combine all 5-digit, carrier route and 5-digit scheme eligible flat-size mailpieces into a combined mailpiece pool for each FSS 5-digit scheme combination according to L006.
- d. Each bundle must be identified with a "SCH 5-DIGIT FSS" optional endorsement line in accordance with Exhibit 708.7.1.1, *OEL Formats*.
- e. All pooled mailpieces prepared to a single palletized presort destination must be prepared in uniform size bundles, between 3 inches and 6.5 inches in height and secured in accordance with 345.2.5, except that one overflow bundle per mailpiece pool may be under the minimum size.

14.3.2 Pallet Preparation and Labeling

Preparation sequence and labeling:

- a. *FSS sort plan, required*, permitted only for FSS bundles prepared for a single FSS sort plan as shown in L006. Pallet must contain only bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces for a single FSS sort plan. Labeling:
 1. Line 1: L006, column B.
 2. Line 2: "STD" followed by "FLTS;" followed by "5D"; followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH").
- b. *FSS facility sort, required*, permitted only for FSS bundles prepared for the FSS sort plans processed within the same SCF as shown in L006. Pallet must contain only bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces for a facility's FSS sort plans. Labeling:
 1. Line 1: "MXD" followed by information in L006, column C.
 2. Line 2: "STD" followed by "FLTS;" followed by "5D"; followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH").
- c. *SCF/FSS, optional*, permitted for FSS and non-FSS bundles processed within the service area of the SCF. Pallet may contain bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces in FSS and non-FSS bundles prepared under 8.0. Labeling:

1. Line 1: "MXD" followed by city, state, and ZIP Code information for SCF serving the FSS 5-digit scheme ZIP Code as shown in L005, column B.
2. Line 2: "STD" followed by "FLTS;" followed by "SCF"; followed by "BARCODED" (or "BC"); followed by "FSS/NONFSS."

14.4 Bound Printed Matter

14.4.1 Basic Standards

Presorted and carrier route Bound Printed Matter flats bearing an accurate barcode meeting the eligibility standards in 363.6.0 may be combined in bundles and placed on pallets for delivery to ZIP Codes having Flat Sequencing System (FSS) processing capability, as shown in L006. Bound Printed Matter flats are subject to the following:

- a. Price eligibility for pricing purposes is based on standards in 363.0.
- b. Mailers must provide standardized presort documentation under 708.1.0 that demonstrates eligibility for 5-digit (scheme) or carrier route prices in accordance with 363.0.
- c. Mailers may combine all 5-digit, carrier route and 5-digit scheme eligible flat-size mailpieces into a combined mailpiece pool for each FSS 5-digit scheme combination according to L006.
- d. Each bundle must be identified with a "SCH 5-DIGIT FSS" optional endorsement line in accordance with Exhibit 708.7.1.1, *OEL Formats*.
- e. All pooled mailpieces prepared to a single palletized presort destination must be prepared in uniform size bundles, between 3 inches and 6.5 inches in height and secured in accordance with 365.2.5, except that one overflow bundle per mailpiece pool may be under the minimum size.

14.4.2 Pallet Preparation and Labeling

Preparation sequence and labeling:

- a. *FSS sort plan, required*, permitted only for FSS bundles prepared for a single FSS sort plan as shown in L006. Pallet must contain only bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces for a single FSS sort plan.

Labeling:

1. Line 1: L006, (sort plan name) column B.
 2. Line 2: "PSVC FLTS;" followed by "5D"; followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH").
- b. *FSS facility sort, required*, permitted only for FSS bundles prepared for the FSS sort plans processed within the same SCF as shown in L006. Pallet must contain only bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces for a facility's FSS sort plans. Labeling:
 1. Line 1: "MXD" followed by information in L006, column C.
 2. Line 2: "PSVC FLTS;" followed by "5D"; followed by "BARCODED" (or "BC"); followed by "FSS SCHEME" (or "FSS SCH")

- c. *SCF/FSS, optional*, permitted for FSS and non-FSS bundles processed within the service area of the SCF. Pallet may contain bundles of barcoded 5-digit (scheme) and barcoded carrier route pieces in FSS and non-FSS bundles prepared under 8.0. Labeling:

1. Line 1: "MXD" followed by city, state, and ZIP Code information for SCF serving the FSS 5-digit scheme ZIP Code as shown in L005, column B.
2. Line 2: "PSVC FLTS;" followed by "FLTS;" followed by "SCF"; followed by "BARCODED" (or "BC"); followed by "FSS/NONFSS."

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707 Periodicals

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13.0 Carrier Route Eligibility

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13.2 Sorting

13.2.1 Basic Standards

Preparation to qualify eligible pieces for carrier route prices is optional and need not be performed for all carrier routes in a 5-digit area. Carrier route prices apply to copies that are prepared in carrier route bundles of six or more addressed pieces each, subject to these standards:

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[Revise item b of 13.2.1 to add reference to optional bundling standards by adding a new item b4 as follows:]

4. Bundles prepared on pallets under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*.

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14.0 Barcoded (Automation) Eligibility

14.1 Basic Standards

14.1.1 General

All pieces in a Periodicals barcoded (automation) mailing must:

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[Revise item d of 14.1 to add reference to optional bundling standards as follows:]

- d. Be marked, sorted, and documented as specified in 705.8.0 (if palletized); or 24.0 (for letters) or 25.0 (for flats) or; for nonletter-size mail, 705.9.0, 705.10.0,

705.12.0, or 705.13.0; or for nonletter-size mail, bundles prepared on pallets under 705.14.0, *Combining Bundles of Flats on Pallets Within FSS Zones*.

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708 Technical Specifications

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7.0 Optional Endorsement Lines (OELs)

7.1 OEL Use

7.1.1 Basic Standards

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Exhibit 7.1.1 OEL Formats

Sortation Level	OEL Example
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[Revise Exhibit 7.1.1 to add a new item 13 (after item 12, "5-Digit Scheme (automation compatible flats")) to describe additional OEL human-readable text for use with FSS preparation mailpieces as follows:]

5-Digit Scheme (Optional FSS-compatible flats preparation)	***** SCH 5-DIGIT 12345 FSS
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We will publish an amendment to 39 C.F.R. 111 to reflect these changes.

Stanley F. Mires,
Chief Counsel, Legislative.
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