

106681-02) that was published in the **Federal Register** on Thursday, April 1, 2004 (69 FR 17117) that clarifies that qualified REIT subsidiaries, qualified subchapter S subsidiaries, and single owner eligible entities that are disregarded as entities separate from their owners are treated as separate entities for purposes of any Federal tax liability for which the entity is liable.

**FOR FURTHER INFORMATION CONTACT:**

James M. Gergurich, (202) 622-3070 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The notice of proposed rulemaking (REG-106681-02) that is the subject of this correction is under section 856 of the Internal Revenue Code.

**Need for Correction**

As published, the notice of proposed rulemaking and notice of public hearing (REG-106681-02) contains an error that may prove to be misleading and is in need of clarification.

**Correction of Publication**

Accordingly, the notice of proposed rulemaking and notice of public hearing (REG-106681-02) which is the subject of FR. Doc. 04-7088, is corrected as follows:

**§ 1.1361-4 [Corrected]**

1. On page 17119, column 1, § 1.1361-4, paragraph (a)(6)(i), line 3, the language “otherwise not treated as a corporation” is corrected to read “generally not treated as a corporation”.

**Cynthia E. Grigsby,**

*Acting Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedures and Administration).*

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**POSTAL SERVICE**

**39 CFR Part 111**

**Merged Five-Digit and Five-Digit Scheme Pallets for Periodicals, Standard Mail and Package Services Mail**

**AGENCY:** Postal Service.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would amend the *Domestic Mail Manual* (DMM) to allow mailers to place (to merge) onto the same 5-digit pallet or 5-digit scheme pallet (using DMM labeling list L001) both carrier route packages of flat-size and irregular parcel mailpieces,

and 5-digit presort destination packages of flat-size mailpieces not meeting the criteria for the automated flat sorting machine (AFSM) 100, as well as 5-digit presort destination packages of irregular parcel mailpieces.

Current DMM M045 mailing standards allow mailers to place 5-digit packages and carrier route packages of flat-size pieces together only on 5-digit metro pallets, 3-digit pallets, sectional center facility (SCF) pallets, and (for Periodicals mail only) area distribution center (ADC) pallets, and (for Standard Mail and Package Services mail) auxiliary service facility (ASF) and bulk mail center (BMC) pallets, or when mailers prepare mailings under the advanced preparation options in DMM M900.

**DATES:** Submit comments on or before May 26, 2004.

**ADDRESSES:** Mail or deliver comments to the Manager, Mailing Standards, ATTN: Neil Berger, U.S. Postal Service, 1735 N. Lynn Street, Room 3025, Arlington, VA 22209-6038. Written comments may also be submitted by facsimile transmission to (703) 292-4058. Copies of all written comments will be available for inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday, at the Postal Service Headquarters Library, 11th Floor North, 475 L'Enfant Plaza, SW., Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Neil Berger, Mailing Standards, at (703) 292-3645; or Thomas L. DeVaughan, Package Services, at (703) 292-3640.

**SUPPLEMENTARY INFORMATION:** Current pallet preparation standards in DMM M045.3.0 prohibit mailers from placing 5-digit packages and carrier route packages of flat-size pieces together on either 5-digit scheme or 5-digit pallets. These standards permit the placement together of such packages beginning with the “5-digit metro” pallet level.

The current prohibition applies generally to packages of flats including upgraded flat sorting machine (UFSM) 1000-compatible automation flats and irregular parcels, which are generally flat-shape pieces that exceed the maximum dimensions for flats, although the operational need for this prohibition is relevant only to flat-size pieces compatible with the automation flat sorting machine 100 (AFSM 100). Keeping 5-digit packages separate from carrier route packages on 5-digit and 5-digit scheme pallets allows 5-digit packages to be properly identified and distributed in processing facilities so that the pieces can be further sorted down to the carrier route level on AFSM 100 equipment. The DMM criteria for

AFSM 100-compatible flats (DMM C820.2.0) can be viewed using *Postal Explorer* at <http://pe.usps.gov>.

The 5-digit packages of non-AFSM 100-compatible flat-size pieces (that is, flats compatible with the UFSM 1000) are generally further sorted down to carrier routes at the delivery unit where the carriers are located and not at the mail processing facility. As a consequence, it is more practical to have the 5-digit packages of UFSM 1000-compatible flats prepared on the same 5-digit or 5-digit scheme pallets with the corresponding carrier route packages so that both the carrier route and noncarrier route mail can be cross-docked at the mail processing facility to the delivery unit.

Adding these merged pallets to the current pallet sort levels should improve operational efficiencies and increase customer service. DMM C820.3.0 contains the criteria for UFSM 1000-compatible flats. Unlike the limitations under the advance preparation options under DMM M920, M930, and M940, merging of mailpieces onto 5-digit, and 5-digit scheme pallets under proposed M045.3.0, can be accomplished without limitations (*i.e.*, use of the “A” and “C” or the “B” and “D” indicators in the City State Product, along with a 5% threshold for 5-digit packages).

Because the maximum weight of Standard Mail must be less than 16 ounces, and the maximum physical size permitted for Standard Mail Enhanced Carrier Route (ECR) flats, mailers would not see as many merged pallet opportunities with Standard Mail as with Periodicals and Bound Printed Matter mail.

This proposed rule also standardizes the presentation and language of the mailing standards used for pallet preparation and labeling in DMM E230, L001, L802, M011, M041.5.0, and M045.3.0, including the standards for Package Services irregular parcels and for Standard Mail and Package Services machinable parcels.

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

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

Postal Service.

**PART 111—[AMENDED]**

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

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3626, 5001.

2. Amend the following sections of the Domestic Mail Manual as set forth below:

**Domestic Mail Manual (DMM)**

\* \* \* \* \*

**E Eligibility**

\* \* \* \* \*

**E200 Periodicals**

\* \* \* \* \*

**E230 Carrier Route Rates**

\* \* \* \* \*

**2.0 Rate Application****2.1 Preparation**

[Revise 2.1 to read as follows:]

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

a. *Letter-size mailings.* Carrier route rates apply to carrier route packages that are sorted into carrier route, 5-digit carrier routes, or 3-digit carrier routes trays, under M220. Trays may be palletized under M045.

b. *Nonletter-size mailings.* Carrier route rates apply to carrier route packages that are sorted onto pallets prepared under M045, M920, M930, or M940, as appropriate, or prepared in carrier route, 5-digit scheme carrier routes, or 5-digit carrier routes sacks under M220. Sacks may be palletized under M045.

\* \* \* \* \*

**L Labeling Lists****L000 General Use**

[Revise heading of L001 to read as follows:]

**L001 5-Digit Scheme—Periodicals Flats and Irregular Parcels, Standard Mail Flats, and Package Services Flats and Irregular Parcels**

[Revise introductory text to read as follows:]

L001 describes the 5-digit scheme sort list for Periodicals flats and irregular parcels, Standard Mail flats, and Package Services flats and irregular parcels destined for multiple 5-digit ZIP Codes served by a single delivery unit.

When the 5-digit scheme sort is used, mail for the 5-digit ZIP Codes shown in Column A must be combined on pallets or in sacks as follows:

\* \* \* \* \*

[Revise heading of L802, and the summary to read as follows:]

**L802 BMC/ASF Entry—Periodicals, Standard Mail, and Package Services Mail Summary**

L802 describes the service area by individual 3-digit ZIP Code prefix for mixed automation rate Periodicals, Standard Mail, and Package Services mailings entered at an ASF or BMC.

\* \* \* \* \*

**M Mail Preparation and Sortation****M000 General Preparation Standards****M011 Basic Standards****1.0 TERMS AND CONDITIONS**

\* \* \* \* \*

**1.2 Presort Levels**

Terms used for presort levels are defined as follows:

[Revise items f, g, j, l, and m, to read as follows:]

\* \* \* \* \*

f. *5-digit scheme carrier routes (pallets and sacks) for Periodicals flats and irregular parcels, Standard Mail flats, Bound Printed Matter flats (sacks only); and Bound Printed Matter irregular parcels (pallets only):* the ZIP Code in the delivery address on all pieces in carrier route packages is one of the 5-digit ZIP Codes processed by the USPS as a single scheme, as shown in L001.

g. *5-digit scheme (pallets) for Periodicals flats and irregular parcels and Bound Printed Matter flats and irregular parcels:* the ZIP Code in the delivery address on all pieces is one of the 5-digit ZIP Codes processed by the USPS as a single scheme, as shown in L001.

\* \* \* \* \*

j. *Merged 5-digit pallets:* Must include carrier route packages, and/or automation rate 5-digit packages and/or Presorted rate 5-digit packages under M045, M920, M930, or M940, as appropriate.

\* \* \* \* \*

l. *Merged 5-digit scheme pallet:* Must include carrier route packages, and/or automation rate 5-digit packages and/or Presorted rate 5-digit packages under M045, M920, M930, or M940, as appropriate, and that are part of a single scheme as shown in L001.

m. *5-digit metro pallets for Periodicals flats and irregular parcels, Standard Mail flats, and Bound Printed Matter flats and irregular parcels:* the 5-digit

ZIP Codes on pieces in carrier route, automation rate, and Presorted rate packages are all destined for the same mail processing facility listed in L006.

\* \* \* \* \*

**1.3 Preparation Instructions**

For purposes of preaparing mail:

[Revise items o through r to read as follows:]

\* \* \* \* \*

o. *A merged 5-digit sort for Periodicals flats and irregular parcels and Standard Mail flats prepared as packages on pallets* yields merged 5-digit pallets that contain carrier route packages and/or automation rate 5-digit packages and/or Presorted rate 5-digit packages. The merged 5-digit sort is optional for Periodicals flats and irregular parcels and Standard Mail flats prepared in sacks under M920. Sacks or pallets prepared for a merged 5-digit destination that contain only a single rate level of package(s) (only carrier route package(s) or only automation rate 5-digit package(s) or only Presorted rate 5-digit package(s)) or that contain only two rate levels of package(s) are still considered to be merged 5-digit sorted and are labeled accordingly.

p. *A merged 5-digit scheme sort for Periodicals flats and irregular parcels and Standard Mail flats prepared in sacks under M920* yields merged 5-digit scheme sacks that contain carrier route packages, and/or automation rate 5-digit packages and/or Presorted rate 5-digit packages for those 5-digit ZIP Codes that are part of a single scheme as shown in L001. Sacks prepared for a merged 5-digit scheme destination that contain only a single rate level of package(s) (only carrier route package(s) or only automation rate 5-digit package(s) or only Presorted rate 5-digit package(s)) or that contain only two rate levels of package(s) or that contain packages for only one of the schemed 5-digit ZIP Codes are still considered to be merged 5-digit scheme sorted and are labeled accordingly. If preparation of merged 5-digit scheme sacks is performed, it must be done for all 5-digit scheme destinations in L001.

q. *A merged 5-digit scheme sort for Periodicals flats and irregular parcels and Standard Mail flats and bound Printer Matter flats and irregular parcels prepared as packages on pallets under M045, M920, M930, or M940, as appropriate,* yields merged 5-digit scheme pallets that contain carrier route packages, and/or automation rate 5-digit packages and/or Presorted rate 5-digit packages for those 5-digit ZIP Codes that are part of a single scheme as shown in L001. Pallets prepared for a merged 5-

digit scheme destination that contain only a single rate level of package(s) (only carrier route package(s) or only automation rate 5-digit package(s) or only Presorted rate 5-digit package(s)) or that contain only two rate levels of package(s) or that contain packages for only one of the scribed 5-digit ZIP Codes are still considered to be merged 5-digit scheme sorted and are labeled accordingly. If preparation of merged 5-digit scheme pallets is performed, it must be done for all 5-digit scheme destinations in L001.

r. A 5-digit metro sort for Periodicals flats and irregular parcels, Standard Mail flats, and Bound Printed Matter flats and irregular parcels prepared as packages on pallets results in 5-digit metro pallets containing carrier route, 5-digit, and 3-digit packages (automation and Presorted) for the 5-digit ZIP Codes listed in L006. The ZIP Codes in L006 are treated as a single presort destination, with no further separation by 5-digit ZIP Code required. The 5-digit metro sort is optional and need not be done for all possible destinations in L006.

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#### M041 General Standards

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#### 5.0 Preparation

\* \* \* \* \*

#### 5.6 Mail on Pallets

[Combine current 5.6g and 5.6h into new 5.6g and redesignate current 5.6i as new 5.6h to read as follows:]

\* \* \* \* \*

f. For Bound Printed Matter irregular parcels, Presorted and Carrier Route rate mail may be combined on all pallet levels. For Bound Printed Matter flats, Presorted and Carrier Route rate mail may be combined on all levels of pallet except as provided in 5.6g.

g. Except for mail prepared with detached address labels, sacks of Periodicals flats and irregular parcels, Standard Mail flats and irregular parcels, and Bound Printed Matter flats and irregular parcels, carrier route rate mail must be prepared on separate 5-digit pallets from automation rate and/or Presorted rate mail. Presort destination packages of Periodicals flats and irregular parcels, Standard Mail flats, and Bound Printed Matter flats and irregular parcels, may be prepared on pallets under M045, M920, M930, or M940, as appropriate.

h. Periodicals flats and irregular parcels, Standard Mail flats, and Bound Printed Matter flats and irregular parcels, prepared in packages on pallets may copalletize (merge) carrier route

mail, 5-digit automation rate mail, and 5-digit Presorted rate mail on the same 5-digit, and 5-digit scheme pallet under M045, M920, M930, or M940, as appropriate.

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#### M045 Palletized Mailings

\* \* \* \* \*

#### 3.0 PALLET PRESORT AND LABELING

[Revise 3.1 by redesignating current 3.1e through 3.1i as 3.1g through 3.1k, respectively; by redesignating and amending current 3.1c and 3.1d as 3.1e and 3.1f, respectively; by redesignating and amending current 3.1a and 3.1b as 3.1b and 3.1c, respectively; and by adding new 3.1a and 3.1d to read as follows:]

#### 3.1 Periodicals—Packages, Sacks, or Trays

[Revise introductory text to read as follows:]

Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. For mailings of sacks or trays on pallets, pallet preparation begins with 3.1e. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031. All pallets prepared under 3.1 may contain firm packages. Packages of Periodicals nonletters (flats and irregular parcels) may also be palletized using the advanced presort options in M920, M930, or M940.

##### a. Merged 5-Digit Scheme (required).

Permitted for packages only. Not permitted for packages containing noncarrier route AFSSM 100-compatible flats under C820. Required for packages containing all other flats or irregular parcels. Pallet must contain carrier route packages, and may contain automation rate, and/or Presorted rate packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.1d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D SCHEME."

b. 5-Digit Scheme Carrier Routes (required). Permitted for packages only. Pallet must contain only carrier route packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.1e. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CARRIER ROUTES" or "CR-RTS;" followed by "SCHEME" or "SCH."

##### c. 5-Digit Scheme (required).

Permitted for packages only. Not permitted for packages containing AFSSM 100-compatible flats under C820. Required for packages containing all other flats and irregular parcels. Pallet must contain only 5-digit packages of automation rate and/or Presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.1f. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "5D," followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail; followed by "SCHEME" or "SCH."

##### d. Merged 5-Digit (required).

Permitted for packages only. Not permitted for packages containing noncarrier route AFSSM 100-compatible flats under C820. Required for packages containing all other flats or irregular parcels. Pallet must contain carrier route packages, and may contain automation rate and/or Presorted rate packages for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D."

##### e. 5-Digit Carrier Routes (required).

Permitted for packages, sacks, and trays. Pallet may contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG" or "LTRS," as applicable; followed by "CARRIER ROUTES" or "CR-RTS."

f. 5-Digit (required). Permitted for packages, sacks, and trays. Pallet may contain only automation rate and/or Presorted rate mail for the same 5-digit ZIP Code or the same 5-digit scheme under L007 (for AFSSM 100-compatible flats only under C820). Five-digit scheme (L007) packages are assigned to pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG" or "LTRS," as applicable; followed by "5D"; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail.

g. *5-Digit Metro (optional)*. Permitted for packages of flats or irregular parcels, only. Pallet may contain carrier route, automation rate, and/or Presorted rate packages for the 5-digit ZIP Codes in L006, Column A, and for 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006, Column C.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "METRO" or "MET"; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail.

h. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "3D"; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail.

i. *SCF (required)*. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "SCF"; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail.

j. *ADC (required)*. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L004. Pallet labeling:

(1) Line 1: L004.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "ADC"; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail.

k. *Mixed ADC (optional)*. Permitted for sacks and trays only. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: "MXD" followed by city, state, and ZIP Code information for ADC serving 3-digit ZIP Code prefix of entry post office as shown in L004, Column A (label to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "WORKING." [Revise 3.2 by redesignating current 3.2d through 3.2i as 3.2f through 3.2k, respectively; by redesignating current 3.2c as 3.2e; by redesignating and amending current 3.2a and 3.2b as 3.2b and 3.2d, respectively; and by adding new 3.2a and 3.2c to read as follows:]

### 3.2 Standard Mail—Packages, Sacks, or Trays

[Revise introductory text to read as follows:]

Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. For mailings of sacks or trays on pallets, pallet preparation begins with 3.2d. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031. Packages of Standard Mail flats may also be palletized using the advanced presort options in M920, M930, or M940.

a. *Merged 5-Digit Scheme (required)*. Permitted for packages only. Not permitted for packages containing noncarrier route AFSM 100-compatible flats under C820. Required for packages containing all other flats or irregular parcels. Pallet must contain carrier route packages, and may contain automation rate and/or Presorted rate packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.2c. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "STD FLATS" or "STD IRREG," as applicable; followed by "CR/5D SCHEME."

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for packages only.

Pallet must contain only carrier route packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.2d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "STD FLTS," or "STD IRREG," as applicable; followed by "CARRIER ROUTES" or "CR-RTS," followed by "SCHEME" or "SCH."

c. *Merged 5-Digit (required)*. Permitted for packages only. Not permitted for packages containing noncarrier route AFSM 100-compatible flats under C820. Required for packages containing all other flats or irregular parcels. Pallet must contain carrier route packages, and may contain automation rate and/or Presorted rate packages for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "STD FLTS" or "STD IRREG," as applicable; followed by "CR/5D."

d. *5-Digit Carrier Routes (required)*. Permitted for packages, sacks, and trays. Pallet may contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: For flats and irregular parcels, "STD FLTS" or "STD IRREG," as applicable; followed by "CARRIER ROUTES" or "CR-RTS." For letters, "STD LTRS;" followed by "CARRIER ROUTES" or "CR-RTS"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

e. *5-Digit (required)*. Permitted for packages, sacks, and trays. Pallet may contain only automation rate and/or Presorted rate mail for the same 5-digit ZIP Code or same 5-digit scheme under L007 (for AFSM 100-compatible flats only under C820). Five-digit scheme (L007) packages are assigned to 5-digit pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: For flats and irregular parcels, "STD FLTS 5D" or "STD IRREG 5D;" as applicable; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail. For letters, "STD LTRS 5D;" followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains

machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

f. *5-Digit Metro (optional)*. Permitted for packages of flats or irregular parcels, only. Pallet may contain carrier route, automation rate, and/or Presorted rate packages for the 5-digit ZIP Codes in L006, Column A, and for 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006, Column C.

(2) Line 2: "STD FLTS" or "STD IRREG," as applicable; followed by "METRO" or "MET;" followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail.

g. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: For flats and irregular parcels, "STD FLTS 3D" or "STD IRREG 3D," as applicable; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS 3D;" followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

h. *SCF (required)*. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: For flats and irregular parcels, "STD FLTS SCF" or "STD IRREG SCF," as applicable; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS SCF;" followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

i. *ASF (required, unless package reallocation used under 5.0)*. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L602. ADC (L004) packages, sacks, or trays are assigned to pallets according to the "label to" ZIP Code for the ADC

package, sack, or tray in L004 (letters or flats) or L603 (irregular parcels). AADC (L801) trays are assigned to pallets according to the "label to" ZIP Code for the AADC tray in L801. At the mailer's option, appropriate mixed ADC packages, sacks, or trays and mixed AADC trays may be sorted to ASF pallets according to the "label to" ZIP Code for the mixed ADC or mixed AADC package, sack, or tray in L802. All mixed ADC packages, sacks, and trays and mixed AADC trays must contain only pieces destinating within the ASF in Exhibit E650.5.1. See E650.5.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: For flats and irregulars, "STD FLTS ASF" or "STD IRREG ASF," as applicable; followed by "BARCODED" or "BC" if pallet contains automation rate mail; followed by "NONBARCODED" or "NBC" if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS ASF;" followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

j. *BMC (required)*. Permitted for packages, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L601. ADC (L004) packages, sacks, or trays are assigned to pallets according to the "label to" ZIP Code for the ADC package, sack, or tray in L004 (letters or flats) or L603 (irregular parcels). AADC (L801) trays are assigned to pallets according to the "label to" ZIP Code for the AADC tray in L801. At the mailer's option, appropriate mixed ADC packages, sacks, or trays and mixed AADC trays may be sorted to BMC pallets according to the "label to" ZIP Code for the mixed ADC or mixed AADC package, sack, or tray in L802. All mixed ADC packages, sacks, and trays and mixed AADC trays must contain only pieces destinating within the BMC in Exhibit E650.5.1. See E650.5.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: For flats and irregular parcels, "STD FLTS BMC" or "STD IRREG BMC," as applicable. For letters, "STD LTRS BMC."

k. *Mixed BMC (optional)*. Permitted for sacks and trays only. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: "MXD" followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (label to plant serving

entry post office if authorized by processing and distribution manager).

(2) Line 2: For flats and irregular parcels, "STD FLTS WORKING" or "STD IRREG WORKING," as applicable. For letters, "STD LTRS WORKING."

[Revise 3.3 by redesignating current 3.3e through 3.3j as 3.3g through 3.3l, respectively; by redesignating and amending current 3.3c and 3.3d as 3.3e as 3.3f, respectively; by redesignating and amending current 3.3a and 3.3b as 3.3b and 3.3c, respectively; and by adding new 3.3a and 3.3d to read as follows:]

### 3.3 Package Services Flats—Packages and Sacks

[Revise introductory text to read as follows:]

Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. Carrier route, and Presorted pieces with a barcode, apply to Bound Printed Matter mailings, only. At the mailer's option, Packages Services flats may be prepared for destination ASF/BMC entry. For mailings of sacks on pallets, pallet preparation begins with 3.3e. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031.

a. *Merged 5-Digit Scheme (required)*. Permitted for packages only. Not permitted for packages containing noncarrier route AFSM 100-compatible flats under C820. Required for packages containing all other flats. Pallet must contain carrier route packages, and may contain Presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.3d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS CR/5D SCHEME."

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for packages only. Pallet must contain only carrier route packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.3e. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS;" followed by "CARRIER ROUTES" or "CR-RTS;" followed by "SCHEME" or "SCH."

c. *5-Digit Scheme (required)*. Permitted for packages only. Not permitted for packages containing AFSM 100-compatible flats under C820. Required for packages containing all

other flats. Pallet must contain only 5-digit packages of Presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.3f. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS 5D;" followed by "SCHEME" or "SCH."

d. *Merged 5-Digit (required)*.

Permitted for packages only. Not permitted for packages containing noncarrier route AFSM 100-compatible flats under C820. Required for packages containing all other flats. Pallet must contain carrier route packages, and may contain Presorted rate mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS CR/5D."

e. *5-Digit Carrier Routes (required)*.

Permitted for packages and sacks. Pallet may contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS;" followed by "CARRIER ROUTES" or "CR-RTS."

f. *5-Digit (required)*. Permitted for packages and sacks. Pallet may contain only Presorted rate mail with or without a barcode for the same 5-digit ZIP Code or same 5-digit scheme under L007 (for AFSM 100-compatible flats only under C820). Five-digit scheme (L007) packages are assigned to pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS 5D;" followed by "BARCODED" or "BC" if pallet contains mail with a barcode; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail; followed by "SCHEME" or "SCH."

g. *5-Digit Metro (optional)*. Permitted for packages only. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode for the 5-digit ZIP Codes in L006, Column A, and for the 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006, Column C.

(2) Line 2: "PSVC FLTS;" followed by "METRO" or "MET;" followed by "BARCODED" or "BC" if pallet contains mail with a barcode; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail; followed by "SCHEME" or "SCH."

h. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for

packages and sacks. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PSVC FLTS 3D;" followed by "BARCODED" or "BC" if pallet contains mail with a barcode; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail.

i. *SCF (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PSVC FLTS SCF;" followed by "BARCODED" or "BC" if pallet contains mail with a barcode; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail.

j. *ASF (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L602. ADC (L004) packages or sacks are assigned to pallets according to the "label to" ZIP Code for the ADC package or sack in L004. At the mailer's option, appropriate mixed ADC packages or sacks may be sorted to ASF pallets according to the "label to" ZIP Code for the mixed ADC package or sack in L802. All mixed ADC packages and sacks must contain only pieces destinating within the ASF in Exhibit E751.1.3. See E752.2.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: "PSVC FLTS ASF;" followed by "BARCODED" or "BC" if pallet contains mail with a barcode; followed by "NONBARCODED" or "NBC" if pallet contains Presorted rate mail.

k. *BMC (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L601. ADC (L004) packages or sacks are assigned to pallets according to the "label to" ZIP Code for the ADC package or sack in L004. At the mailer's option, appropriate mixed ADC packages or sacks may be sorted to BMC pallets according to the "label to" ZIP Code for the mixed ADC package or sack in L802. All mixed ADC packages and sacks must contain only pieces destinating within the BMC in Exhibit E751.1.3. See E752.2.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "PSVC FLTS BMC."

l. *Mixed BMC (optional)*. Permitted for sacks only. Pallet may contain carrier route and/or Presorted rate mail with or without a barcode. Pallet labeling:

(1) Line 1: "MXD," followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (label to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PSVC FLTS WORKING."

### 3.4 Package Services Irregular Parcels—Packages and Sacks

[Revise introductory text to read as follows:]

Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. Carrier route applies to Bound Printed Matter mailings, only. At the mailer's option, Packages Services irregular parcels may be prepared for destination ASF/BMC entry. For mailings of sacks on pallets, pallet preparation begins with 3.4e. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031.

a. *Merged 5-Digit Scheme (required)*. Permitted for packages only. Pallet must contain carrier route packages, and may contain Presorted rate packages for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.4c. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC IRREG CR/5D SCHEME."

b. *5-Digit Scheme (required)*. Permitted for packages only. Pallet must contain only 5-digit packages of Presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.4d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC IRREG 5D;" followed by "SCHEME" or "SCH."

c. *Merged 5-Digit (required)*. Permitted for packages only. Pallet must contain carrier route packages, and may contain Presorted rate packages for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC IRREG CR/5D."

d. *5-Digit (required)*. Permitted for packages and sacks. Pallet may contain only Presorted rate mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC IRREG 5D."

e. *5-Digit Metro (optional)*. Permitted for packages only. Pallet may contain carrier route and/or Presorted rate packages for the 5-digit ZIP Codes in L006, Column A, and for 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006, Column C.

(2) Line 2: "PSVC IRREG;" followed by "METRO" or "MET."

f. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PSVC IRREG 3D."

g. *SCF (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PSVC IRREG SCF."

h. *ASF (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail for the 3-digit ZIP Code groups in L602. ADC (L004) packages or sacks are assigned to pallets according to the "label to" ZIP Code for the ADC package or sack in L004. At the mailer's option, appropriate mixed ADC packages or sacks, may be sorted to ASF pallets according to the "label to" ZIP Code for the mixed ADC package or sack in L802. All mixed ADC packages and sacks must contain only pieces destinating within the ASF in Exhibit E751.1.3. See E752.2.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: "PSVC IRREG ASF."

i. *BMC (required)*. Permitted for packages and sacks. Pallet may contain carrier route and/or Presorted rate mail for the 3-digit ZIP Code groups in L601. ADC (L004) packages or sacks are assigned to pallets according to the "label to" ZIP Code for the ADC package or sack in L004. At the mailer's option, appropriate mixed ADC packages or sacks, may be sorted to BMC pallets according to the "label to" ZIP Code for the mixed ADC package or sack in L802. All mixed ADC packages and sacks must contain only pieces destinating within the BMC in Exhibit E751.1.3. See E752.2.0 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "PSVC IRREG BMC."

j. *Mixed BMC (optional)*. Permitted for sacks only. Pallet may contain carrier route and/or Presorted rate mail. Pallet labeling:

(1) Line 1: "MXD," followed by information in L601, Column B, for

BMC serving 3-digit ZIP Code prefix of entry post office (or labeled to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PSVC IRREG WORKING."

### 3.5 Machinable Parcels—Standard Mail and Package Services

Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. At the mailer's option, Inter-BMC/ASF and Intra-BMC/ASF Parcel Post may be prepared on pallets under this section. Combined mailings of Standard Mail and Package Services machinable parcels must also meet the standards in M073. DBMC rate eligibility applies to Standard Mail, Bound Printed Matter, and Parcel Select parcels, only. At the mailer's option, Packages Services parcels may be prepared for destination ASF/BMC entry. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031.

a. *5-Digit Scheme (optional)*. Pallet may contain parcels for the same 5-digit scheme under L606. Pallets need not be prepared for all 5-digit scheme destinations. For 5-digit destinations not part of L606, or for which scheme sorts are not performed, 5-digit pallets are prepared under 3.5b. Pallet labeling:

(1) Line 1: L606.

(2) Line 2: "STD MACH 5D SCHEME" or "PSVC MACH 5D SCHEME," as applicable.

b. *5-Digit (required)*. Optional for Standard Mail if 3/5 rates are not claimed. Pallet may contain parcels for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: City, state, and 5-digit ZIP Code destination (see M031 for military mail).

(2) Line 2: "STD MACH 5D" or "PSVC MACH 5D" as applicable.

c. *ASF (required if claiming DBMC rates, otherwise optional)*. Not available for the Buffalo, NY ASF in L602. Pallets must contain only parcels for the 3-digit ZIP Code groups in L602. See E650.5.0 and E751.1.3 for additional requirements for DBMC rate eligibility.

(1) Line 1: L602.

(2) Line 2: "STD MACH ASF" or "PSVC MACH ASF," as applicable.

d. *BMC (required)*. Pallets must contain only parcels for the 3-digit ZIP Code groups in L601. See E650.5.0 and E751.1.3 for additional requirements for DBMC rate eligibility. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "STD MACH BMC" or "PSVC MACH BMC," as applicable.

e. *Mixed BMC (optional)*. Pallet labeling:

(1) Line 1: "MXD," followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (or labeled to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "STD MACH WKG" or "PSVC MACH WKG," as applicable.

\* \* \* \* \*

An appropriate amendment to 39 CFR part 111 to reflect these changes will be published if the proposal is adopted.

Neva R. Watson,

Attorney, Legislative.

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BILLING CODE 7710-12-P

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[CA 083-0436b; FRL-7650-5]

### Revisions to the California State Implementation Plan, San Joaquin Valley Unified Air Pollution Control District

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA is proposing to approve revisions to the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) portion of the California State Implementation Plan (SIP). The revisions concern stack monitoring, source sampling, and the emission of volatile organic compounds from bakery ovens. We are proposing to approve local rules that are administrative or regulate this emission source under the Clean Air Act as amended in 1990 (CAA or the Act).

**DATES:** Any comments on this proposal must arrive by May 26, 2004.

**ADDRESSES:** Send comments to Andy Steckel, Rulemaking Office Chief (AIR-4), U.S. Environmental Protection Agency, Region IX, 75 Hawthorne Street, San Francisco, CA 94105, or e-mail to [steckel.andrew@epa.gov](mailto:steckel.andrew@epa.gov), or submit comments at <http://www.regulations.gov>.

You can inspect a copy of the submitted rule or rule revisions and EPA's technical support document (TSD) at our Region IX office during normal business hours. You may also see a copy of the submitted rule or rule revisions and TSD at the following locations:

Air and Radiation Docket and Information Center, U.S.