

in the Gelman Building, 2120 L Street NW., Washington, DC.

#### Opportunity for a Hearing

The NRC hereby provides notice that this is a proceeding on an application for a license amendment falling within the scope of Subpart L, Informal Hearing Procedures for Adjudications in Materials Licensing Proceedings, of NRC's rules and practice for domestic licensing proceedings in 10 CFR Part 2. Pursuant to § 2.1205(a), any person whose interest may be affected by this proceeding may file a request for a hearing in accordance with § 2.1205(c). A request for a hearing must be filed within thirty (30) days of the date of publication of this Federal Register notice.

The request for a hearing must be filed with the Office of the Secretary either:

1. By delivery to the Docketing and Service Branch of the Office of the Secretary at One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738; or

2. By mail or telegram addressed to the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555. Attention: Docketing and Service Branch.

In addition to meeting other applicable requirements of 10 CFR Part 2 of the NRC's regulations, a request for a hearing filed by a person other than an applicant must describe in detail:

1. The interest of the requestor in the proceeding;
2. How that interest may be affected by the results of the proceeding, including the reasons why the requestor should be permitted a hearing, with particular reference to the factors set out in § 2.1205(g);

3. The requestor's areas of concern about the licensing activity that is the subject matter of the proceeding; and

4. The circumstances establishing that the request for a hearing is timely in accordance with § 2.1205(c).

In accordance with 10 CFR § 2.1205(e), each request for a hearing must also be served, by delivering it personally or by mail, to:

1. The applicant, Cimarron Corporation, 123 Robert S. Kerr, MT-2006, Oklahoma City, OK, 73102, Attention: Mr. Jess Larsen, and

2. The NRC staff, by delivery to the Executive Director for Operations, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852, or by mail, addressed to the Executive Director for Operations, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

For further details with respect to this action, the application for amendment

request is available for inspection at the Commission's Public Document Room, 2120 L Street NW., Washington, DC 20555.

Dated at Rockville, Maryland, this 4th day of April, 1996.

For the U.S. Nuclear Regulatory Commission.

Robert A. Nelson,

*Acting Chief, Low-Level Waste and Decommissioning Projects Branch, Division of Waste Management, NMSS.*

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BILLING CODE 7590-01-P

## POSTAL RATE COMMISSION

[Docket No. MC96-2; Order No. 1107]

### Mail Classification Schedule Classification Reform II (Nonprofit Mail); Notice and Order on Filing of Major Revisions to Domestic Mail Classification Schedule Provisions Affecting Preferred Rate (Nonprofit) Mailers (Including Related Postal Rate Changes)

Issued: April 5, 1996.

Notice is hereby given that on April 4, 1996, the United States Postal Service filed a request with the Postal Rate Commission pursuant to section 3623 of the Postal Reorganization Act [39 U.S.C. 3623] for a recommended decision on proposed changes in provisions of the domestic mail classification schedule (DMCS) affecting preferred rate (nonprofit) mailers, with the exception of those mailing at the library rate. The proposed revisions also generally entail changes in the rates that will be paid by affected preferred rate mailers, other than Within-county mailers. See Request of the United States Postal Service for a Recommended Decision on Further Classification Reform of Preferred Rate Standard Mail and Periodicals (April 4, 1996) (referred to herein as "Request").

*Contents of the filing.* The Service's Request is supported by the testimony of 10 witnesses. It also includes proposed DMCS changes, proposed rate schedule changes, and additional documentation required by the Commission's rules of practice. The latter includes certification of the accuracy of costs and data underlying the request; a copy of audited financial statements (for FY 1995); and a statement regarding compliance with certain information filing requirements. The Request also incorporates a motion seeking expedition (primarily through the settlement process) and waiver of provisions related to the use of financial data more recent than that relied upon

in Docket No. MC95-1. The Request and related documents are on file in the Commission's docket room. Information on reviewing this material, either in person or electronically, appears later in this notice.

*Background.* The Service identifies this proposal as the second phase of fundamental reform of the nation's longstanding approach to mail classification. It addresses the preferred (nonprofit) rate counterparts of the regular (or commercial) rate segments of Periodicals and Standard Mail (formerly known as second- and third-class mail). Proposals for restructuring the referenced regular rate segments were considered, along with proposed revisions to First-Class Mail, in Docket No. MC95-1. The Service notes that MC95-1, which constituted the initial phase of its reclassification effort, culminated in the Governors' recent approval of all but two of the Commission's recommendations. (The exceptions are not material to the instant request.) Changes related to the first phase of classification reform are scheduled to take effect July 1, 1996.

*Nature and extent of proposed changes.* The Service states that this phase of reform seeks the Commission's recommendation of classification and rate treatment for preferred rate mail within former second- and third-class mail "comparable to the treatment recommended [by the Commission] for regular rate mail in Docket No. MC95-1." Request at 2. The Service indicates that this requires the establishment of subclasses and rate categories for preferred mail parallel to those which will soon take effect for the regular rate components of Periodicals and Standard Mail. In addition, the Service contends that comparability also suggests that rates and discounts for the new categories generally should be based on the same principles and methodologies the Commission applied in Docket No. MC95-1. Id. at 2-3 (footnote omitted). This contention underlies, in part, the Service's motion for waiver of rule 54(f) (discussed in more detail below).

*Specific changes.* The specific structural changes the Service seeks are (1) the establishment of a Nonprofit Enhanced Carrier Route Subclass within Standard Mail; (2) the establishment of rate categories in the Nonprofit subclass within Standard Mail parallel to those in the Regular subclass; and (3) the establishment of rate categories and rate discounts for Preferred Rate Periodicals parallel to those for Regular Periodicals. Id. at 1. Suggested rate changes related to the proposed changes in the DMCS are included in an attachment to this notice. Interested parties are encouraged

to carefully review these changes. The Service contends that the proposed changes are in the public interest and in accordance with the policies and applicable criteria of title 39, United States Code.

*Impact on Within-county and Classroom mail.* For both the Within-county and Classroom subclasses of Periodicals, the Service proposes elimination of the little-used ZIP + 4 Letter rate category and related discount. Id. at 3. It indicates that its proposals for these two subclasses otherwise reflect two exceptions to comparability with methodologies based on Docket No. MC95-1. With respect to the Within-county subclass, the Service contends that it has identified "no apparent need to change rate or discount levels at this time." Id. at 3 (fn. 2). With respect to the Classroom subclass, it proposes adjusting advertising rates in accordance with 39 U.S.C. 3626(a). Id.

*Effect on, and assumptions related to, postal costs, volumes and revenues.* The Service notes that postal costs, volumes and revenues for the affected subclasses will necessarily change as the result of the proposed classification changes and associated rate changes. Request at 3. It also notes that rates are designed so that each preferred subclass would, as nearly as possible, meet the appropriate target cost coverage for Test Year (TY) 1995 indicated by recent preferred rate legislation. Id. at 3-4. The Service generally refers to the main assumptions underlying its proposal as contribution neutrality and the statutory target cost coverage goal. In addition, the Service notes that except as adjusted in Docket No. MC95-1, all assumptions made or implicit in the Docket No. R94-1 Recommended Decision are intended to continue for purposes of evaluating this Request.

*Motion for waiver of certain filing requirements.* In support of its motion for waiver, the Service invokes the "close relationship between this case and Docket No. MC95-1 \* \* \*." Request at 6. Specifically, it seeks to be excused from incorporating into its filing any of the more recent financial and operating information that otherwise would be required by rule 54(f) and other related provisions. The Service justifies its request for waiver on the aforementioned close relationship of this case to MC95-1. Id. at 6. It notes that the objective of providing comparable treatment to both regular rate and nonprofit mailers requires reliance on comparable data from the same time period. It says that "more recent information will continue to be provided in a timely fashion" pursuant

to the Commission's periodic reporting rules, but asserts that those data will not be relevant to the Postal Service's request in this proceeding. Accordingly, it asks to be excused from providing any information supplemental to that provided in Docket No. MC95-1, except that which is necessary to allow the Commission to evaluate the proposed extension of parallel rate and classification treatment to nonprofit Periodicals and Standard Mail. Id. at 6-7.

The Commission seeks the participants' reaction to the Service's request for waiver by May 1, 1996. The waiver request will also be a topic at the prehearing conference.

*DMCS provisions related to Standard Mail.* The Request includes two versions of proposed DMCS changes for Standard Mail. The Service explains that one version (Attachment A1, Sections 1-3) is limited to "a straightforward extension of the Regular and Enhanced Carrier Route subclass provisions, as recommended in Docket No. MC95-1, to the Nonprofit and Nonprofit Enhanced Carrier Route subclasses." Id. at 2 (fn. 1). The other version (Attachment A2, Alternative Sections 2 and 3), according to the Service, consists of "nonsubstantive editorial changes in several provisions recommended in Docket No. MC95-1 for the Regular subclass, with parallel provisions to be applicable to the Nonprofit subclass." Id. The Service asserts that the advantage of the alternative version is that it "would allow beneficial improvements in the structure of the commercial subclass, before those structures are then extended to the nonprofit subclass." Id. The Service indicates the benefit of the alternative version lies in making the structure of Standard Mail portion of the DMCS more consistent with the DMCS provisions the Commission recommended in Docket No. MC95-1 for First-Class Mail. The Service indicates it would prefer that the Commission recommend the alternative DMCS provisions, but notes that it does not want consideration of the alternative language to interfere with expeditious consideration of the case as a whole. Id.

*Request for expedition through encouragement of settlement.* The Service further expresses its interest in expedition by asking that this Notice emphasize the need for parties, in their intervention pleadings, either to affirmatively request hearings, or affirmatively state their willingness to forgo hearings. It also asks that the Commission direct intervenors who anticipate some need for hearings to identify with as much specificity as

possible the issues on which they perceive hearings might be required, and issues on which they would be willing to proceed on a stipulated record, without hearings. See generally id. at 6-7.

In support of this request, the Service notes that it has attempted to construct its proposal so as to minimize, if not eliminate, controversy by resolving many potential issues by reference either to the Commission's treatment of similar issues in Docket No. MC95-1 or to explicit statutory requirements. Id. at 7. It also indicates that it has worked closely with many members of the nonprofit community, particularly past participants in Commission proceedings, in developing its proposals. Based on these efforts, the Service represents that it believes that full or partial settlement might be possible. It also states that even without full settlement on all legal issues, it may be possible to stipulate either all or most of the Service's testimony into the record, without the need for discovery or hearings. Id.

The Commission generally supports the Service's interest in expedition, and is willing to authorize settlement negotiations of as many issues as circumstances warrant. At the same time, it believes that no firm commitment can be made on this important matter until all participants have an opportunity to comment. The Commission appreciates the efforts the Service has taken to garner support for its proposal and to minimize the potential for conflict. In recognition thereof, it strongly encourages intervenors to address, in their notices of intervention, the issues essential to orderly consideration of potential proposals for partial or complete settlement of issues in this proceeding. If intervenors are unable to address this matter in their notices of intervention, they are directed to respond no later than May 1, 1996.

Notwithstanding the Commission's willingness to consider the possibility of settlement, it asks that participants also anticipate the possibility that hearings may have to be held. If so, the Commission expects evidentiary hearings to begin by mid-June. In the same vein, the Commission notes that its issuance of proposed special rules is not made in derogation of attempts at settlement, but simply to deal with as many eventualities as possible at an early stage of the proceeding.

*Intervention.* Participation in Commission proceedings generally takes the form of either full intervention or limited participation. See Commission rules 20 and 20a (39 CFR 3001.20 and

20a). Commenter status is available for persons wishing to express their views informally, without incurring the obligations that attach to the two other forms of participation. See Commission rule 20b (39 CFR 3001.20b). Those wishing to be heard in this matter as either a full intervenor or limited participant are directed to file a written notice of intervention identifying the status they intend to assume and affirmatively stating how actively they expect to participate. Limited participants are advised that Commission rules of practice impose an obligation to respond to discovery requests under certain circumstances.

Notices should be sent to the attention of Margaret P. Crenshaw, Secretary of the Commission, 1333 H Street NW, Washington, DC 20268-0001, and are to be filed on or before May 1, 1996. Commenter status does not require a notice of intervention.

*Representation of the general public.* In conformance with section 3624(a) of title 39, the Commission designates W. Gail Willette, Director of the Commission's Office of the Consumer Advocate (OCA), to represent the interests of the general public in this proceeding. Pursuant to this designation, Ms. Willette will direct the activities of Commission personnel assigned to assist her and, when requested, will supply their names for the record. Neither Ms. Willette nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding. The OCA shall be separately served with three copies of all filings, in addition to and contemporaneous with, service on the Commission of the 24 copies required by section 10(c) of the rules of practice (39 CFR 3001.10(c)).

*Special rules of practice.* The Commission proposes conducting this proceeding pursuant to the special rules of practice set forth in Attachment C. These rules, for the most part, are the same as those successfully employed in Docket No. MC95-1. However, experience under the rules in that proceeding, as well as the Commission's increased ability to make documents available to participants in electronic format, appears to warrant several changes. Therefore, the following proposed amendments to the rules are noted. One involves service of the list of designated written cross-examination, notices of intent to conduct oral cross-examination, and notices of intent to participate in oral argument. Special Rule No. 3.B. allows these to be served only upon the Commission, the OCA, the complementary party, and those

filing special requests for service. In addition, Special Rule No. 4.A. has been amended to indicate that the Secretary will prepare a cover sheet for designations of written cross-examination that facilitates easier review by interested persons. In addition, Special Rule No. 4.A. has been amended to return to the practice of allowing parties to file their list of designated cross-examination three days before the witness's scheduled appearance. The Commission notes that this change will increase the amount of time parties have to review answers to interrogatories by setting the deadline closer to the relevant benchmark, which is the witness's appearance date. This change, as well as the anticipated change in the format of the Commission-prepared cover sheet, is intended to reduce delay in the hearing room and make the designation process run more smoothly. It is not intended to make any substantive evidentiary changes.

In addition, a provision has been added to as Special Rule No. 3.D. encouraging, but not requiring, participants to file electronic versions of written documents filed with the Commission. The electronic version would operate as a supplement to, rather than replacement of, the requirement that a written version (and the requisite number of copies thereof) be served on the Commission. No party will be penalized for not providing an electronic version. The Commission also asks that participants be prepared to discuss electronic filing at the prehearing conference.

Participants are encouraged to carefully review the terms of all the rules, with special attention to the changes noted above. Participants are encouraged to suggest any additional changes they believe would be beneficial.

*Initial prehearing conference: date, location, and agenda.* The Commission will convene a prehearing conference at 9:30 a.m. on Friday, May 3, 1996, in the Commission's hearing room at 1333 H Street NW, Suite 300, in Washington, DC. The Commission asks that persons attending the conference be prepared to discuss procedural and scheduling matters pertinent to the Service's filing. The Commission is especially interested in the potential for settlement of any issues or other opportunities for expedition.

In the interest of conducting a comprehensive conference, participants are to file a notice of issues they would like to raise for consideration no later than 7 days before the prehearing conference. Suggestions need not be limited to procedural matters, but may

include substantive issues to the extent that considering them at this stage may contribute to expedition of the entire proceeding. A final agenda incorporating participants' suggestions will be distributed at the beginning of the prehearing conference. The Presiding Officer may schedule additional prehearing conferences if circumstances warrant.

*Docket room operations.* Documents may be filed with the Commission's docket section Monday through Friday between 8 a.m. and 5 p.m. Questions about docket room operations, including electronic filing or electronic access, should be directed to Ms. Peggie Brown (at 202-789-6847) or Ms. Joyce Taylor (at 202-789-6846).

It is ordered:

1. The Commission will sit en banc in this proceeding.

2. Notices of intervention shall be filed no later than May 1, 1996. Intervenors are strongly encouraged to indicate their position on the possibility of settlement of all, or part, of the issues in this proceeding. They are also encouraged to identify with specificity the issues they believe may require a hearing, as well as those issues they believe can be addressed by proceeding with a stipulated record.

3. A prehearing conference will be held Friday, May 3, 1996 at 9:30 a.m. in the Commission's hearing room.

4. Participants are directed to file notices of issues to be addressed at the prehearing conference not later than 7 days prior to the conference.

5. Comments on the proposed special rules of practice set out in Attachment C should be filed by May 1, 1996.

6. Answers to the Service's motion for waiver of rule 54(f) and related provisions are due on or before May 1, 1996.

6. W. Gail Willette, Director of the Commission's Office of the Consumer Advocate, is designated to represent the interests of the general public in this proceeding.

7. The Secretary shall cause this Notice and Order to be published in the Federal Register.

By the Commission.

Margaret P. Crenshaw,  
Secretary.

Proposed Set of Changes in the Domestic Mail Classification Schedule

In this request, the Postal Service is proposing that the Commission recommend certain changes in the Domestic Mail Classification Schedule (DMCS). The current DMCS is reprinted at 39 CFR 3001.68, Appendix A (July 1, 1995). The current DMCS, however, was

extensively revised by the Governors' Decision of March 4, 1996, acting upon the Commission's Recommended Decision in Docket No. MC95-1 of January 26, 1996. The changes recommended by the Commission and approved by the Governors have been scheduled by the Board of Governors to take effect on July 1, 1996. In this attachment, the changes proposed in the instant request are shown relative to the revised DMCS approved by the Governors on March 4, 1996, even though the revisions approved at that time have not yet been formally implemented. This provides a much more useful basis for comparison than any which could be made with the existing DMCS language that has already been superseded by the Governors' Decision.

Also for purposes of convenience, the proposed changes have been placed in four groups, consisting of (1) a new section to establish a Nonprofit Enhanced Carrier Route subclass within Standard Mail, (2) substantive changes in certain other provisions for Standard Mail, (3) conforming changes in cross-references within Standard Mail, and (4) changes in the provisions for Periodicals. Within each of the last three groups, proposed additions are italicized, and proposed deletions are set off with brackets and presented in bold type.

The changes shown in this attachment are structured to take the language recommended by the Commission for the commercial portion of Standard Mail (weighing less than 16 ounces) and, without alteration, insert identical provisions in the preferred rate portions. Substantively, this will be sufficient to create a structure that allows parallel treatment of preferred rate and commercial rate mail. However, there are nonsubstantive editorial changes that the Postal Service believes could be made in the commercial portion which would improve the organization of the DMCS. Ideally, it would be better to propose such changes for the commercial sector first, before extending the commercial provisions to the nonprofit sector. This attachment includes no such changes. Instead, they have been presented in Attachment A2, Alternative Set of Changes in the Domestic Mail Classification Schedule. The Postal Service would prefer that the Commission recommend the alternative set of DMCS changes shown in Attachment A2. This attachment, in contrast, is included to indicate what would appear to be the minimum changes the Commission could recommend to allow parallel treatment of commercial and nonprofit Standard Mail.

The proposed changes shown in this attachment are:

1. In The Standard Mail Classification Schedule, the Following New Section 321.5 Is Proposed

321.5 Nonprofit Enhanced Carrier Route Subclass

321.51 Definition

321.511 *General.* The Nonprofit Enhanced Carrier Route subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.3, 321.4 or 323, that is mailed by authorized nonprofit organizations or associations (as defined in sections 321.411 and 321.412) under the terms and limitations stated in section 321.413, and that:

- a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;
- b. Is prepared, marked, and presented as prescribed by the Postal Service;
- c. Is presorted to carrier routes as prescribed by the Postal Service;
- d. Is sequenced as prescribed by the Postal Service; and
- e. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

321.52 *Basic Rate Category.* The basic rate category applies to Nonprofit Enhanced Carrier Route subclass mail not mailed under section 321.53, 321.54 or 321.55.

321.53 *Basic Pre-Barcoded Rate Category.* The basic pre-barcoded rate category applies to letter-size Nonprofit Enhanced Carrier Route subclass mail which bears a barcode representing not more than 11 digits (not including "correction" digits), as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

321.54 *High Density Rate Category.* The high density rate category applies to Nonprofit Enhanced Carrier Route subclass mail presented in walk-sequence order and meeting the high density requirements prescribed by the Postal Service.

321.55 *Saturation Rate Category.* The saturation rate category applies to Nonprofit Enhanced Carrier Route subclass mail presented in walk-sequence order and meeting the saturation requirements prescribed by the Postal Service.

321.56 *Destination Entry Discounts.* Destination entry discounts apply to Nonprofit Enhanced Carrier Route subclass mail prepared as prescribed by the Postal Service and addressed for

delivery within the service area of the BMC (or auxiliary service facility), sectional center facility (SCF), or destination delivery unit (DDU) at which it is entered, as defined by the Postal Service.

2. In the Standard Mail Classification Schedule, the Following Substantive Changes Are Proposed in Sections 321.411, 321.42, 321.43, and 370 (Additions italicized, deletions bracketed)

321.4 Nonprofit Subclass

321.41 Definition

321.411 *General.* The Nonprofit subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.3, 321.5 or 323, and that is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces [quantities of at least 50 pounds or 200 pieces], *is* presorted, [and] marked, *and presented* as prescribed by the Postal Service, *meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service, and is* mailed by authorized nonprofit organizations or associations of the following types:

- a. Religious,
- b. Educational,
- c. Scientific,
- d. Philanthropic,
- e. Agricultural,
- f. Labor,
- g. Veterans',
- h. Fraternal,
- i. Qualified political committees.

\* \* \* \* \*

321.42 Nonprofit Rate Categories

321.421 *Basic Sortation Rate Category.* Mailers must sort Nonprofit subclass mail as prescribed by the Postal Service. Mail which is not presorted to three-digit or five-digit ZIP Code areas or to carrier routes qualifies for the basic rates in Rate Schedule 321.4A.

[321.422 *Basic Sortation, ZIP + 4 Rate Category.* The basic sortation, ZIP + 4 rate category applies to mail mailed under section 321.421 which bears a proper ZIP + 4 code and which meets the machinability, address readability and other preparation requirements prescribed by the Postal Service.]

321.422[3] *Basic Sortation, Pre-Barcoded Rate Category.* The basic sortation, pre-barcoded rate category applies to mail mailed under section 321.41[421] which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability,

addressing, and [barcoding specifications and] other preparation requirements prescribed by the Postal Service.

321.423[4] *Three- and Five-Digit Presort Level Rate Category*. The three- and five-digit presort level rate category applies to Nonprofit subclass mail [which is] presorted to *single or multiple three-[digit or] and five-digit ZIP Code destinations*, as [areas. The mail must be prepared in the manner] prescribed by the Postal Service.

[321.425 *Three- and Five-Digit Presort Level, ZIP + 4 Rate Category*. The three- and five-digit presort level, ZIP + 4 rate category applies to mail mailed under section 321.424 which bears a proper ZIP + 4 code and which meets the machinability, address readability and other preparation requirements prescribed by the Postal Service.]

321.424[6] *Three-Digit Presort Level, Pre-Barcoded Rate Category*. The three-digit presort level, pre-barcoded rate category applies to *letter-size* mail mailed under section 321.41[424] which is presorted to three digits, which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

321.425[7] *Five-Digit Presort Level, Pre-Barcoded Rate Category*. The five-digit presort level, pre-barcoded rate category applies to *letter-size* mail mailed under section 321.41[424] which is presorted to five digits, which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications, and other preparation requirements prescribed by the Postal Service.

[321.428 *Carrier Route Presort Level Rate Category*. The carrier route presort level rate category applies to Nonprofit subclass mail which is presorted to a carrier route, with at least 10 pieces to each carrier route. The mail must be prepared in the manner prescribed by the Postal Service.]

321.426[9] *Three- and Five-Digit Presort Level, Pre-barcoded [Flats] Rate Category*. The *three- and five-digit presort level*, pre-barcoded [flats] rate category applies to *flat-size mail mailed under section 321.41* [Nonprofit subclass flat size pieces] which *is* [are properly prepared and] presorted to *single or multiple three- and five-digit ZIP Code destinations as prescribed by the Postal Service, which bears*, bear] a

barcode *representing not more than 11 digits (not including "correction" digits)* as prescribed by the Postal Service, and *which meets the* [meet the flats] machinability, addressing, and barcoding [and address readability] specifications *and other preparation requirements prescribed by* [of] the Postal Service. [Such flats must be presented for mailing in a manner which does not require cancellation.]

321.43 *Destination Entry Discounts* [Nonprofit Subclass Discounts]

321.431 *Saturation Discount*. The saturation discount applies to Nonprofit subclass mail presented in a carrier route presort mailing which is walk sequenced and which meets the saturation and preparation requirements prescribed by the Postal Service.

321.432 *125-Piece Walk-sequence Discount*. The 125-piece walk-sequence discount applies to Nonprofit subclass mail presented in a carrier route presort mailing which is walk sequenced and contains a minimum of 125 pieces per carrier route, and which meets the preparation requirements prescribed by the Postal Service.

321.433 *Destination Entry Discount*. The destination entry discounts apply[ies] to Nonprofit subclass mail *prepared as prescribed by the Postal Service and addressed* [which is destined] for delivery within the service area of the BMC (or auxiliary service facility), *or* sectional center facility (SCF), [or destination delivery unit (DDU)] at which it is entered, as defined by the Postal Service.

\* \* \* \* \*

### 370 Rates and Fees

The rates and fees for Standard Mail are set forth as follows:

	Schedule
a. Single Piece subclass .....	321.1
b. Regular subclass .....	321.2
c. Enhanced Carrier Route subclass.	321.3
d. Nonprofit subclass .....	321.4
e. Nonprofit Enhanced Carrier Route subclass.	321.5
f[e]. Parcel Post subclass	
Basic .....	322.1A
Destination BMC .....	322.1B
g[f]. Bound Printed Matter subclass	
Single Piece .....	322.3A
Bulk and Carrier Route .....	322.3B
h[g]. Special subclass .....	323.1
i[h]. Library subclass .....	323.2
j[i]. Fees .....	1000

3. In the Standard Mail Classification Schedule, the Following Conforming Cross-References Are Proposed in Sections 321.11, 321.21, 321.31, 331, 341, 344.1, 344.21, 353.1, 361, and 381 (Additions italicized, deletions bracketed)

#### 321.1 Single Piece Subclass

321.11 Definition. The Single Piece subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under sections 321.2, 321.3, 321.4, 321.5 or 323.

\* \* \* \* \*

#### 321.2 Regular Subclass

321.21 Definition. The Regular subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under sections 321.1, 321.3, 321.4, 321.5 or 323, and that:

- Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;
- Is presorted, marked, and presented as prescribed by the Postal Service; and
- Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

\* \* \* \* \*

#### 321.3 Enhanced Carrier Route Subclass

321.31 Definition. The Enhanced Carrier Route subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.4, 321.5 or 323, and that:

- Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;
- Is prepared, marked, and presented as prescribed by the Postal Service;
- Is presorted to carrier routes as prescribed by the Postal Service;
- Is sequenced as prescribed by the Postal Service; and
- Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

\* \* \* \* \*

### 330 Physical Limitations

#### 331 Size

Standard Mail may not exceed 108 inches in length and girth combined. Additional size limitations apply to individual Standard Mail subclasses. The maximum size for mail presorted to carrier route in the Enhanced Carrier Route and *Nonprofit Enhanced Carrier Route* subclasses is 14 inches in length, 11.75 inches in width, and 0.75 inch in thickness. For merchandise samples

mailed with detached address cards, the carrier route maximum dimensions apply to the detached address cards and not to the samples.

\* \* \* \* \*

### 340 Postage and Preparation

#### 341 Postage

Postage must be paid as set forth in section 3000. When the postage computed at a Single Piece, Regular, Enhanced Carrier Route, [or] Nonprofit or Nonprofit Enhanced Carrier Route Standard rate is higher than the rate prescribed in any of the Standard subclasses listed in 322 or 323 for which the piece also qualifies (or would qualify, except for weight), the piece is eligible for the applicable lower rate. All mail mailed at a bulk or presort rate must have postage paid in a manner not requiring cancellation.

\* \* \* \* \*

### 344 Attachments and Enclosures

#### 344.1 Single Piece, Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses (section 321)

\* \* \* \* \*

344.21 General. First-Class Mail or Standard Mail from any of the subclasses listed in section 321 (Single Piece, Regular, Enhanced Carrier Route, [or] Nonprofit or Nonprofit Enhanced Carrier Route) may be attached to or enclosed in Standard Mail mailed under sections 322 and 323. The piece must be marked as prescribed by the Postal Service. Except as provided in sections 344.22 and 344.23, additional postage must be paid for the attachment or enclosure as if it had been mailed separately. Otherwise, the entire combined piece is subject to the First-Class or section 321 Standard rate for which it qualifies (unless the rate applicable to the host piece is higher), or, if a combined piece with a section 321 Standard Mail attachment or enclosure weighs 16 ounces or more, the piece is subject to the Parcel Post rate for which it qualifies.

\* \* \* \* \*

#### 353.1 Single Piece, Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses (section 321)

Undeliverable-as-addressed Standard Mail mailed under section 321 will be returned on request of the mailer, or forwarded and returned on request of the mailer. Undeliverable-as-addressed combined First-Class and Standard pieces will be returned as prescribed by the Postal Service. The Single Piece Standard rate is charged for each piece

receiving return only service. Charges for forwarding-and-return service are assessed only on those pieces which cannot be forwarded and are returned. The charge for those returned pieces is the appropriate Single Piece Standard rate for the piece plus that rate multiplied by a factor equal to the number of section 321 Standard pieces nationwide that are successfully forwarded for every one piece that cannot be forwarded and must be returned.

\* \* \* \* \*

### 360 Ancillary Services

#### 361 All Subclasses

All Standard Mail will receive the following services upon payment of the appropriate fees:

Service	Schedule
a. Address correction .....	SS-1
b. Certificates of mailing indicating that a specified number of pieces have been mailed.	SS-4

Certificates of mailing are not available for Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route subclass mail when postage is paid by permit imprint.

\* \* \* \* \*

### 380 Authorizations and Licenses

#### 381 Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses

A mailing fee as set forth in Rate Schedule 1000 must be paid once each year by mailers of Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route subclass mail.

4. In the Periodicals Classification Schedule, New Sections 423.6 and 423.7 are Proposed to be Added, and New Section 423.8 is Proposed to be Substituted for Old Section 423.6 (Additions italicized, deletions bracketed)

### 423 Preferred Rate Periodicals

\* \* \* \* \*

#### 423.6 Preferred Rate Pound Rates

*For Preferred Rate Periodicals entered under sections 423.3, 423.4 and 423.5, an unzoned pound rate applies to the nonadvertising portion. A zoned pound rate applies to the advertising portion and may be reduced by applicable destination entry discounts. The pound rate postage is the sum of the nonadvertising portion charge and the advertising portion charge. For Preferred Rate Periodicals entered under section*

*423.2, one pound rate applies to the pieces presorted to carrier route to be delivered within the delivery area of the originating post office, and another pound rate applies to all other pieces.*

#### 423.7 Preferred Rate Piece Rates

423.71 Basic Rate Category. The basic rate category applies to all Preferred Rate Periodicals not mailed under section 423.72 or 423.73.

423.72 Three-Digit City and Five-Digit Rate Category. The rates for this category apply to Preferred Rate Periodicals entered under sections 423.3, 423.4, or 423.5 that are presorted to three-digit cities and five-digit ZIP Code destinations as prescribed by the Postal Service.

423.73 Carrier Route Rate Category. The carrier route rate category applies to Preferred Rate Periodicals presorted to carrier routes as prescribed by the Postal Service.

#### [423.6 Preferred Rate Discounts

423.61 Destination Entry Discounts. Copies of any Preferred Rate Periodicals class mail which are destined for delivery within the destination sectional center facility (SCF) area or the destination delivery unit (DDU) area in which they are entered, as defined by the Postal Service, qualify for the applicable discount as set forth in Rate Schedules 423.2, 423.3, and 423.4.

423.62 ZIP + 4 and Pre-barcoded Letter Discounts. Copies of any automation compatible Preferred Rate Periodicals class mail which bear a proper ZIP + 4 code, or which bear a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meet the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service qualify for the applicable ZIP + 4 or pre-barcoding discounts as set forth in Rate Schedules 423.2, 423.3, and 423.4.

423.63 125-piece Walk-sequence Discount. Copies of Preferred Rate Periodicals class mail presented in mailings which are walk sequenced and contain a minimum of 125 pieces per carrier route and which meet the preparation requirements prescribed by the Postal Service are eligible for the applicable discount set forth in Rate Schedules 423.2, 423.3, and 423.4.

423.64 Saturation Discount. Saturation Preferred Rate Periodicals class mail presented in mailings which are walk sequenced and which meet the saturation and preparation requirements prescribed by the Postal Service qualifies for the applicable discount set

forth in Rate Schedules 423.2, 423.3, and 423.4.

**423.65 Pre-barcoded Flats Discounts.** Pre-barcoded Preferred Rate Periodicals class flats which are properly prepared and presorted, which bear a barcode as prescribed by the Postal Service, and which meet the flats machinability and address readability specifications of the Postal Service, are eligible for the applicable discounts for pre-barcoded flats set forth in Rate Schedules 423.2, 423.3, and 423.4.]

#### **423.8 Preferred Rate Discounts**

**423.81 Barcoded Letter Discounts.** Barcoded letter discounts apply to letter size Preferred Rate Periodicals mailed under sections 423.71 and 423.72 which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

**423.82 Barcoded Flats Discounts.** Barcoded flats discounts apply to flat size Preferred Rate Periodicals mailed under sections 423.71 and 423.72 which bear a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and meet the flats machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

**423.83 High Density Discount.** The high density discount applies to Preferred Rate Periodicals mailed under section 423.73, presented in walk sequence order, and meeting the high density and preparation requirements prescribed by the Postal Service.

**423.84 Saturation Discount.** The saturation discount applies to Preferred Rate Periodicals mailed under section 423.73, presented in walk-sequence order, and meeting the saturation and preparation requirements prescribed by the Postal Service.

**423.85 Destination Entry Discounts.** Destination entry discounts apply to Preferred Rate Periodicals which are destined for delivery within the service area of the destination sectional center facility (SCF) or the destination delivery unit (DDU) in which they are entered, as defined by the Postal Service. The DDU discount only applies to Carrier Route rate category mail; the SCF discount is not available for mail entered under section 423.2.

**423.86 Nonadvertising Discount.** The nonadvertising discount applies to Preferred Rate Periodicals entered under sections 423.3, 423.4, and 423.5 and is

*determined by multiplying the proportion of nonadvertising content by the discount factor set forth in Rate Schedules 421, 423.3 or 423.4 and subtracting that amount from the applicable piece rate.*

#### **Alternative Set of Changes in the Domestic Mail Classification Schedule**

In this request, the Postal Service is proposing that the Commission recommend certain changes in the Domestic Mail Classification Schedule (DMCS). The current DMCS is reprinted at 39 CFR § 3001.68, Appendix A (July 1, 1995). The current DMCS, however, was extensively revised by the Governors' Decision of March 4, 1996, acting upon the Commission's Recommended Decision in Docket No. MC95-1 of January 26, 1996. The changes recommended by the Commission and approved by the Governors have been scheduled by the Board of Governors to take effect on July 1, 1996. In this attachment, the changes proposed in the instant request are shown relative to the revised DMCS approved by the Governors on March 4, 1996, even though the revisions approved at that time have not yet been formally implemented. This provides a much more useful basis for comparison than any which could be made with the existing DMCS language that has already been superseded by the Governors' Decision.

In contrast to the changes shown in Attachment A1, the changes shown in this attachment are structured to include nonsubstantive editorial changes to section 321.2 regarding the Regular subclass, before proposing to extend identical provisions to the Nonprofit subclass. Not only will this allow parallel treatment of preferred rate and commercial rate mail, but these changes would also improve the organization of the DMCS. Specifically, the changes proposed for section 321.2 would make that section more consistent with section 221 (regarding First-Class letters) by grouping the definitions of the presort rate categories and the automation rate categories separately. The Postal Service would prefer that the Commission recommend the alternative set of DMCS changes shown in this attachment, as opposed to those shown in Attachment A1.

The requested changes shown in this attachment have been placed in five groups, consisting of 1) a new section to establish a Nonprofit Enhanced Carrier Route subclass within Standard Mail, 2) nonsubstantive editorial changes in certain provisions for Regular subclass Standard Mail, 3) substantive changes in certain other provisions for Nonprofit

subclass Standard Mail, 4) conforming changes in cross-references within Standard Mail, and 5) changes in the provisions for Periodicals. Within each of the last four groups, proposed additions are underlined, and proposed deletions are set off with brackets and presented in bold type.

The five groups of requested changes in this attachment compare with the four groups in Attachment A1 as follows. The first group, the new Nonprofit Enhanced Carrier Route Subclass, is the same, except for one change in a cross-reference to the Limitation on Authorization provision (321.412 or 321.413). The second group, nonsubstantive changes in the Regular subclass, has no counterpart in Attachment A1. The third group, substantive changes regarding the Nonprofit subclass, is different from its counterpart in Attachment A1 because it tracks the Regular subclass changes shown in group 2), rather than the Regular subclass provisions recommended by the Commission in Docket No. M95-1. The fourth and fifth groups are identical to their Attachment A1 counterparts.

The requested changes shown in this attachment are:

#### **1. In The Standard Mail Classification Schedule, the Following New Section 321.5 is Proposed**

##### **321.5 Nonprofit Enhanced Carrier Route Subclass**

##### **321.51 Definition**

**321.511 General.** The Nonprofit Enhanced Carrier Route subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.3, 321.4 or 323, that is mailed by authorized nonprofit organizations or associations (as defined in sections 321.41) under the terms and limitations stated in section 321.412, and that:

- a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;
- b. Is prepared, marked, and presented as prescribed by the Postal Service;
- c. Is presorted to carrier routes as prescribed by the Postal Service;
- d. Is sequenced as prescribed by the Postal Service; and
- e. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

**321.52 Basic Rate Category.** The basic rate category applies to Nonprofit Enhanced Carrier Route subclass mail not mailed under section 321.53, 321.54 or 321.55.



321.53 **Basic Pre-Barcoded Rate Category.** The basic pre-barcoded rate category applies to letter-size Nonprofit Enhanced Carrier Route subclass mail which bears a barcode representing not more than 11 digits (not including "correction" digits), as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

321.54 **High Density Rate Category.** The high density rate category applies to Nonprofit Enhanced Carrier Route subclass mail presented in walk-sequence order and meeting the high density requirements prescribed by the Postal Service.

321.55 **Saturation Rate Category.** The saturation rate category applies to Nonprofit Enhanced Carrier Route subclass mail presented in walk-sequence order and meeting the saturation requirements prescribed by the Postal Service.

321.56 **Destination Entry Discounts.** Destination entry discounts apply to Nonprofit Enhanced Carrier Route subclass mail prepared as prescribed by the Postal Service and addressed for delivery within the service area of the BMC (or auxiliary service facility), sectional center facility (SCF), or destination delivery unit (DDU) at which it is entered, as defined by the Postal Service.

2. In the Standard Mail Classification Schedule, the Following Editorial Revisions to Section 321.2 are Proposed (Additions italicized, deletions bracketed)

## 321.2 Regular Subclass

321.21 **General.** [Definition.] The Regular subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under sections 321.1, 321.3, 321.4, or 323. [, and that:]

321.22 **[Regular] Presort Rate Categories.**

321.221 **General.** *The presort rate categories apply to Regular subclass mail that:*

- a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;
- b. Is presorted, marked, and presented as prescribed by the Postal Service; and
- c. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

321.222[1] **Basic [Sortation] Rate Categor[y]ies.** *The basic rate categories apply to presort rate category mail not mailed under section 321.223. [Mailers must sort Regular subclass mail as prescribed by the Postal Service. Mail*

*which is not presorted to three-digit or five-digit ZIP Code areas or to carrier routes qualifies for the basic rates in Rate Schedule 321.2A.]*

321.223 **Three- and Five-Digit [Presort Level] Rate Categor[y]ies.** *The three- and five-digit [presort level] rate categor[y]ies appl[ies]y to presort rate category [Regular subclass] mail presorted to single or multiple three- and five-digit ZIP Code destinations[,] as prescribed by the Postal Service.*

## 321.23 Automation Rate Categories

321.231 **General.** *The automation rate categories consist of Regular subclass mail that:*

- a. *Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;*
- b. *Is presorted, marked, and presented as prescribed by the Postal Service;*
- c. *Bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service;*
- d. *Meets the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service.*

[321.222] 321.232 **Basic [Sortation, Pre-]Barcoded Rate Category.** *The basic [sortation, pre-]barcoded rate category applies to letter-size automation rate category mail not mailed under section 321.233 or 321.234. [mail mailed under section 321.21 which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications, and other preparation requirements prescribed by the Postal Service.]*

[321.224] 321.233 **Three-Digit [Presort Level, Pre-]Barcoded Rate Category.** *The three-digit [presort level, pre-]barcoded rate category applies to letter-size automation rate category mail [mailed under section 321.21 which is] presorted to single or multiple three-digit ZIP Code destinations as prescribed by the Postal Service. [three digits, which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.]*

[321.225] 321.234 **Five-Digit [Presort Level, Pre-]Barcoded Rate Category.** *The five-digit [presort level, pre-]barcoded rate category applies to letter-size automation rate category mail [mailed under section 321.21 which is]*

*presorted to single or multiple five-digit ZIP Code destinations as prescribed by the Postal Service. [five digits, which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.]*

321.235 **Basic Barcoded Flats Rate Category.** *The basic barcoded flats rate category applies to flat-size automation rate category mail not mailed under section 321.236.*

[321.226] 321.236 **Three- and Five-Digit [Presort Level, Pre-]Barcoded Flats Rate Category.** *The three- and five-digit [presort level, pre-]barcoded flats rate category applies to flat-size automation rate category mail [mailed under section 321.21 which is] presorted to single or multiple three- and five-digit ZIP Code destinations as prescribed by the Postal Service. [,which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.]*

[321.23] 321.24 **Destination Entry Discounts.** *Destination entry discounts apply to Regular subclass mail prepared as prescribed by the Postal Service and addressed for delivery within the service area of the BMC (or auxiliary service facility), or sectional center facility (SCF), at which it is entered, as defined by the Postal Service.*

3. In The Standard Mail Classification Schedule, the Following Substantive Changes are Proposed in Sections 321.4 and 370 (Additions italicized, deletions bracketed)

## 321.4 Nonprofit Subclass

### 321.41 [Definition]

321.411] **General.** *The Nonprofit subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.3, 321.5 or 323, and that is [prepared in quantities of at least 50 pounds or 200 pieces, presorted and marked as prescribed by the Postal Service, and] mailed by authorized nonprofit organizations or associations of the following types:*

- a. Religious,
- b. Educational,
- c. Scientific,
- d. Philanthropic,
- e. Agricultural,
- f. Labor,
- g. Veterans',



h. Fraternal,  
i. Qualified political committees.  
321.411[2] *Nonprofit Organizations and Associations.* Nonprofit organizations or associations are organizations or associations not organized for profit, none of the net income of which benefits any private stockholder or individual, and which meet the qualifications set forth below for each type of organization or association. The standard of primary purpose applies to each type of organization or association, except veterans' and fraternal. The standard of primary purpose requires that each type of organization or association be both organized and operated for the primary purpose. The following are the types of organizations or associations which may qualify as authorized nonprofit organizations or associations.

a. Religious. A nonprofit organization whose primary purpose is one of the following:

i. To conduct religious worship;  
ii. To support the religious activities of nonprofit organizations whose primary purpose is to conduct religious worship;

iii. To perform instruction in, to disseminate information about, or otherwise to further the teaching of particular religious faiths or tenets.

b. Educational. A nonprofit organization whose primary purpose is one of the following:

i. The instruction or training of the individual for the purpose of improving or developing his capabilities;

ii. The instruction of the public on subjects beneficial to the community. An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts to permit an individual or the public to form an independent opinion or conclusion. On the other hand, an organization is not educational if its principal function is the mere presentation of unsupported opinion.

c. Scientific. A nonprofit organization whose primary purpose is one of the following:

i. To conduct research in the applied, pure or natural sciences;  
ii. To disseminate systematized technical information dealing with applied, pure or natural sciences.

d. Philanthropic. A nonprofit organization primarily organized and operated for purposes beneficial to the public. Philanthropic organizations include, but are not limited to, organizations which are organized for:

i. Relief of the poor and distressed or of the underprivileged;

ii. Advancement of religion;  
iii. Advancement of education or science;  
iv. Erection or maintenance of public buildings, monuments, or works;  
v. Lessening of the burdens of government;

vi. Promotion of social welfare by organizations designed to accomplish any of the above purposes or:

(A) To lessen neighborhood tensions;  
(B) To eliminate prejudice and discrimination;

(C) To defend human and civil rights secured by law; or

(D) To combat community deterioration and juvenile delinquency.

e. Agricultural. A nonprofit organization whose primary purpose is the betterment of the conditions of those engaged in agricultural pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in agriculture. The organization may advance agricultural interests through educational activities; the holding of agricultural fairs; the collection and dissemination of information concerning cultivation of the soil and its fruits or the harvesting of marine resources; the rearing, feeding, and management of livestock, poultry, and bees, or other activities relating to agricultural interests. The term agricultural nonprofit organization also includes any nonprofit organization whose primary purpose is the collection and dissemination of information or materials relating to agricultural pursuits.

f. Labor. A nonprofit organization whose primary purpose is the betterment of the conditions of workers. Labor organizations include, but are not limited to, organizations in which employees or workmen participate, whose primary purpose is to deal with employers concerning grievances, labor disputes, wages, hours of employment and working conditions.

g. Veterans'. A nonprofit organization of veterans of the armed services of the United States, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization.

h. Fraternal. A nonprofit organization which meets all of the following criteria:

i. Has as its primary purpose the fostering of brotherhood and mutual benefits among its members;

ii. Is organized under a lodge or chapter system with a representative form of government;

iii. Follows a ritualistic format; and

iv. Is comprised of members who are elected to membership by vote of the members.

i. Qualified political committees. The term "qualified political committee"

means a national or State committee of a political party, the Republican and Democratic Senatorial Campaign Committees, the Democratic National Congressional Committee, and the National Republican Congressional Committee:

i. The term "national committee" means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of such political party at the national level; and

ii. The term "State committee" means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of such political party at the State level.

321.412[3] *Limitation on Authorization.* An organization authorized to mail at the nonprofit Standard rates for qualified nonprofit organizations may mail only its own matter at these rates. An organization may not delegate or lend the use of its permit to mail at special Standard rates to any other person, organization or association.

321.42 [Nonprofit] *Presort Rate Categories*

321.421 *General.* The presort rate categories apply to Nonprofit subclass mail that:

a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;

b. Is presorted, marked, and presented as prescribed by the Postal Service; and

c. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

321.422[1] *Basic [Sortation] Rate Categories[y].* The basic rate categories apply to presort rate category mail not mailed under section 321.423. [Mailers must sort Nonprofit subclass mail as prescribed by the Postal Service. Mail which is not presorted to three-digit or five-digit ZIP Code areas or to carrier routes qualifies for the basic rates in Rate Schedule 321.4.]

[321.422 *Basic Sortation, ZIP + 4 Rate Category.* The basic sortation, ZIP + 4 rate category applies to mail mailed under section 321.421 which bears a proper ZIP + 4 code and which meets the machinability, address readability and other preparation requirements prescribed by the Postal Service.]

321.423[4] *Three- and Five-Digit [Presort Level] Rate Categories[y].* The three- and five-digit [presort level] rate categories[y] apply[ies] to presort rate category [Nonprofit subclass] mail [which is] presorted to *single or multiple* three-[digit or] and five-digit ZIP Code *destinations* [areas. The mail

must be prepared in the manner] as prescribed by the Postal Service.

**321.43 Automation Rate Categories**

**321.431 General.** *The automation rate categories consist of Nonprofit subclass mail that:*

*a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;*

*b. Is presorted, marked, and presented as prescribed by the Postal Service;*

*c. Bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service;*

*d. Meets the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service.*

**321.432[23] Basic [Sortation, Pre-] Barcoded Rate Category.** The basic [sortation, pre-]barcoded rate category applies to *letter-size automation rate category mail not mailed under section 321.433 or 321.434.* [321.421 which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.]

**321.425 Three- and Five-Digit Presort Level, ZIP + 4 Rate Category.** The three- and five-digit presort level, ZIP + 4 rate category applies to mail mailed under section 321.424 which bears a proper ZIP + 4 code and which meets the machinability, address readability and other preparation requirements prescribed by the Postal Service.]

**321.433[26] Three-Digit [Presort Level, Pre-]Barcoded Rate Category.** The three-digit [presort level, pre-]barcoded rate category applies to *letter-size automation rate category mail* [mailed under section 321.424 which is] *presorted to single or multiple three-digit ZIP Code destinations* [three digits, which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements] as prescribed by the Postal Service.

**321.434[27] Five-Digit [Presort Level, Pre-]Barcoded Rate Category.** The five-digit [presort level, pre-]barcoded rate category applies to *letter-size automation rate category mail* [mailed under section 321.424 which is] *presorted to single or multiple five-digit ZIP Code destinations* [five digits, which bears a barcode representing not more than 11 digits (not including

"correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications, and other preparation requirements] as prescribed by the Postal Service.

**321.428 Carrier Route Presort Level Rate Category.** The carrier route presort level rate category applies to Nonprofit subclass mail which is presorted to a carrier route, with at least 10 pieces to each carrier route. The mail must be prepared in the manner prescribed by the Postal Service.]

**321.435[29] Basic Barcoded [Pre-barcoded] Flats Rate Category.** The basic barcoded flats rate category applies to *flat-size automation rate category mail not mailed under section 321.436.* [The pre-barcoded flats rate category applies to Nonprofit subclass flat size pieces which are properly prepared and presorted, bear a barcode as prescribed by the Postal Service, and meet the flats machinability and address readability specifications of the Postal Service. Such flats must be presented for mailing in a manner which does not require cancellation.]

**321.436 Three- and Five-Digit Barcoded Flats Rate Category.** The three- and five-digit barcoded flats rate category applies to *flat-size automation rate category mail presorted to single or multiple three- and five-digit ZIP Code destinations as prescribed by the Postal Service.*

**321.43 Nonprofit Subclass Discounts**

**321.431 Saturation Discount.** The saturation discount applies to Nonprofit subclass mail presented in a carrier route presort mailing which is walk sequenced and which meets the saturation and preparation requirements prescribed by the Postal Service.

**321.432 125-Piece Walk-sequence Discount.** The 125-piece walk-sequence discount applies to Nonprofit subclass mail presented in a carrier route presort mailing which is walk sequenced and contains a minimum of 125 pieces per carrier route, and which meets the preparation requirements prescribed by the Postal Service.]

**321.44[33] Destination Entry Discounts.** [The d]Destination entry discounts apply[ies] to Nonprofit subclass mail *prepared as prescribed by the Postal Service and addressed* [which is destined] for delivery within the service area of the BMC (or auxiliary service facility)[,] or sectional center facility (SCF) [,] or destination delivery unit (DDU) at which it is entered, as defined by the Postal Service.

\* \* \* \* \*

**370 Rates and Fees**

The rates and fees for Standard Mail are set forth as follows:

	Schedule
a. Single Piece subclass .....	321.1
b. Regular subclass .....	321.2
c. Enhanced Carrier Route subclass.	321.3
d. Nonprofit subclass .....	321.4
e. <i>Nonprofit Enhanced Carrier Route subclass.</i>	321.5
f[e] Parcel Post subclass	
Basic .....	322.1A
Destination BMC .....	322.1B
g[f] Bound Printed Matter subclass	
Single Piece .....	322.3A
Bulk and Carrier Route .....	322.3B
h[g] Special subclass .....	323.1
i[h] Library subclass .....	323.2
j[i] Fees .....	1000

4. In The Standard Mail Classification Schedule, the Following Conforming Cross-References are Proposed in Sections 321.11, 321.21, 321.31, 331, 341, 344.1, 344.21, 353.1, 361, and 381 (Additions italicized, deletions bracketed)

**321.1 Single Piece Subclass**

**321.11 Definition.** The Single Piece subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under sections 321.2, 321.3, 321.4, 321.5 or 323.

\* \* \* \* \*

**321.2 Regular Subclass**

**321.21 Definition.** The Regular subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under sections 321.1, 321.3, 321.4, 321.5 or 323, and that:

a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;

b. Is presorted, marked, and presented as prescribed by the Postal Service; and

c. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

\* \* \* \* \*

**321.3 Enhanced Carrier Route Subclass**

**321.31 Definition.** The Enhanced Carrier Route subclass consists of Standard Mail weighing less than 16 ounces that is not mailed under section 321.1, 321.2, 321.4, 321.5 or 323, and that:

a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces;

b. Is prepared, marked, and presented as prescribed by the Postal Service;

- c. Is presorted to carrier routes as prescribed by the Postal Service;
- d. Is sequenced as prescribed by the Postal Service; and
- e. Meets the machinability, addressing, and other preparation requirements prescribed by the Postal Service.

\* \* \* \* \*

### 330 Physical Limitations

#### 331 Size

Standard Mail may not exceed 108 inches in length and girth combined. Additional size limitations apply to individual Standard Mail subclasses. The maximum size for mail presorted to carrier route in the Enhanced Carrier Route and Nonprofit Enhanced Carrier Route subclasses is 14 inches in length, 11.75 inches in width, and 0.75 inch in thickness. For merchandise samples mailed with detached address cards, the carrier route maximum dimensions apply to the detached address cards and not to the samples.

\* \* \* \* \*

### 340 Postage and Preparation

#### 341 Postage

Postage must be paid as set forth in section 3000. When the postage computed at a Single Piece, Regular, Enhanced Carrier Route, [or] Nonprofit or Nonprofit Enhanced Carrier Route Standard rate is higher than the rate prescribed in any of the Standard subclasses listed in 322 or 323 for which the piece also qualifies (or would qualify, except for weight), the piece is eligible for the applicable lower rate. All mail mailed at a bulk or presort rate must have postage paid in a manner not requiring cancellation.

\* \* \* \* \*

### 344 Attachments and Enclosures

344.1 Single Piece, Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses (section 321)

\* \* \* \* \*

344.21 General. First-Class Mail or Standard Mail from any of the subclasses listed in section 321 (Single Piece, Regular, Enhanced Carrier Route, [or] Nonprofit or Nonprofit Enhanced Carrier Route) may be attached to or enclosed in Standard Mail mailed under sections 322 and 323. The piece must be marked as prescribed by the Postal Service. Except as provided in sections 344.22 and 344.23, additional postage must be paid for the attachment or enclosure as if it had been mailed separately. Otherwise, the entire combined piece is subject to the First-

Class or section 321 Standard rate for which it qualifies (unless the rate applicable to the host piece is higher), or, if a combined piece with a section 321 Standard Mail attachment or enclosure weighs 16 ounces or more, the piece is subject to the Parcel Post rate for which it qualifies.

\* \* \* \* \*

353.1 Single Piece, Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses (section 321)

Undeliverable-as-addressed Standard Mail mailed under section 321 will be returned on request of the mailer, or forwarded and returned on request of the mailer. Undeliverable-as-addressed combined First-Class and Standard pieces will be returned as prescribed by the Postal Service. The Single Piece Standard rate is charged for each piece receiving return only service. Charges for forwarding-and-return service are assessed only on those pieces which cannot be forwarded and are returned. The charge for those returned pieces is the appropriate Single Piece Standard rate for the piece plus that rate multiplied by a factor equal to the number of section 321 Standard pieces nationwide that are successfully forwarded for every one piece that cannot be forwarded and must be returned.

\* \* \* \* \*

### 360 Ancillary Services

#### 361 All Subclasses

All Standard Mail will receive the following services upon payment of the appropriate fees:

Service	Schedule
a. Address correction .....	SS-1
b. Certificates of mailing indicating that a specified number of pieces have been mailed.	SS-4

Certificates of mailing are not available for Regular, Enhanced Carrier Route, [and] Nonprofit and Nonprofit Enhanced Carrier Route subclass mail when postage is paid by permit imprint.

\* \* \* \* \*

### 380 Authorizations and Licenses

381 Regular, Enhanced Carrier Route [and] Nonprofit and Nonprofit Enhanced Carrier Route Subclasses

A mailing fee as set forth in Rate Schedule 1000 must be paid once each year by mailers of Regular, Enhanced Carrier Route [and] Nonprofit and Nonprofit Enhanced Carrier Route subclass mail.

5. In The Periodicals Classification Schedule, New Sections 423.8 and 423.7 are proposed to be Added, and New Section 423.8 is Proposed to be Substituted for Old Section 423.6 (Additions italicized, deletions bracketed)

### 423 Preferred Rate Periodicals

\* \* \* \* \*

#### 423.6 Preferred Rate Pound Rates

For Preferred Rate Periodicals entered under sections 423.3, 423.4 and 423.5, an unsorted pound rate applies to the nonadvertising portion. A zoned pound rate applies to the advertising portion and may be reduced by applicable destination entry discounts. The pound rate postage is the sum of the nonadvertising portion charge and the advertising portion charge. For Preferred Rate Periodicals entered under section 423.2, one pound rate applies to the pieces presorted to carrier route to be delivered within the delivery area of the originating post office, and another pound rate applies to all other pieces.

#### 423.7 Preferred Rate Piece Rates

423.71 Basic Rate Category. The basic rate category applies to all Preferred Rate Periodicals not mailed under section 423.72 or 423.73.

423.72 Three-Digit City and Five-Digit Rate Category. The rates for this category apply to Preferred Rate Periodicals entered under sections 423.3, 423.4 or 423.5 that are presorted to three-digit cities and five-digit ZIP Code destinations as prescribed by the Postal Service.

423.73 Carrier Route Rate Category. The carrier route rate category applies to Preferred Rate Periodicals presorted to carrier routes as prescribed by the Postal Service.

### 423.6 Preferred Rate Discounts

423.61 Destination Entry Discounts. Copies of any Preferred Rate Periodicals class mail which are destined for delivery within the destination sectional center facility (SCF) area or the destination delivery unit (DDU) area in which they are entered, as defined by the Postal Service, qualify for the applicable discount as set forth in Rate Schedules 423.2, 423.3, and 423.4.

423.62 ZIP + 4 and Pre-barcode Letter Discounts. Copies of any automation compatible Preferred Rate Periodicals class mail which bear a proper ZIP + 4 code, or which bear a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meet the machinability, addressing, and barcoding specifications

and other preparation requirements prescribed by the Postal Service qualify for the applicable ZIP + 4 or pre-barcoding discounts as set forth in Rate Schedules 423.2, 423.3, and 423.4.

**423.63 125-piece Walk-sequence Discount.** Copies of Preferred Rate Periodicals class mail presented in mailings which are walk sequenced and contain a minimum of 125 pieces per carrier route and which meet the preparation requirements prescribed by the Postal Service are eligible for the applicable discount set forth in Rate Schedules 423.2, 423.3, and 423.4.

**423.64 Saturation Discount.** Saturation Preferred Rate Periodicals class mail presented in mailings which are walk sequenced and which meet the saturation and preparation requirements prescribed by the Postal Service qualifies for the applicable discount set forth in Rate Schedules 423.2, 423.3, and 423.4.

**423.65 Pre-barcoded Flats Discounts.** Pre-barcoded Preferred Rate Periodicals class flats which are properly prepared and presorted, which bear a barcode as prescribed by the Postal Service, and which meet the flats machinability and address readability specifications of the Postal Service, are eligible for the applicable discounts for pre-barcoded flats set forth in Rate Schedules 423.2, 423.3, and 423.4.]

#### 423.8 Preferred Rate Discounts

**423.81 Barcoded Letter Discounts.** Barcoded letter discounts apply to letter size Preferred Rate Periodicals mailed under sections 423.71 and 423.72 which bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

**423.82 Barcoded Flats Discounts.** Barcoded flats discounts apply to flat size Preferred Rate Periodicals mailed under sections 423.71 and 423.72 which bear a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service, and meet the flats machinability, addressing, and barcoding specifications and other preparation requirements prescribed by the Postal Service.

**423.83 High Density Discount.** The high density discount applies to Preferred Rate Periodicals mailed under section 423.73, presented in walk sequence order, and meeting the high density and preparation requirements prescribed by the Postal Service.

**423.84 Saturation Discount.** The saturation discount applies to Preferred Rate Periodicals mailed under section 423.73, presented in walk-sequence order, and meeting the saturation and preparation requirements prescribed by the Postal Service.

**423.85 Destination Entry Discounts.** Destination entry discounts apply to Preferred Rate Periodicals which are destined for delivery within the service area of the destination sectional center facility (SCF) or the destination delivery unit (DDU) in which they are entered, as defined by the Postal Service. The DDU discount only applies to Carrier Route rate category mail; the SCF discount is not available for mail entered under section 423.2.

**423.86 Nonadvertising Discount.** The nonadvertising discount applies to Preferred Rate Periodicals entered under sections 423.3, 423.4, and 423.5 and is determined by multiplying the proportion of nonadvertising content by the discount factor set forth in Rate Schedules 421, 423.3 or 423.4 and subtracting that amount from the applicable piece rate.

#### Requested Changes in Rate Schedules

In conjunction with the requested changes to the Domestic Mail Classification Schedule set forth in Attachment A, the Postal Service is also requesting that the Commission recommend corresponding changes in the attendant Rate Schedules. The attached Rate Schedules, which show the current and proposed full rates, reflect the changes in organizational format recommended by the Commission on January 26, 1996, and approved by the Governors on March 4, 1996, even though the effective date for formal implementation of those changes is July 1, 1996. Attached following the full rate Rate Schedules are the Phasing Schedules, showing proposed rates at each level from Step 2 to Step 6. (There are no phasing schedules attached for Within County or Classroom Periodicals, because there are no proposed changes in the phased rate elements for those subclasses. Thus, the phasing schedules for Within County and Classroom are proposed to stay the same as those established by Docket No. R94-1.)

The current and proposed Rate Schedules are as follows:

#### Standard Mail Rate Schedule 321.4 Nonprofit Subclass<sup>1</sup>

##### Current Full Rates

Letter size	Piece rate (cents)
Piece Rate .....	13.5
Discounts (per piece)	
Destination Entry	
BMC .....	1.2
SCF .....	1.8
Delivery Office <sup>2</sup> .....	2.3
Presort Level	
3/5 Digit .....	1.3
Carrier Route .....	3.8
Saturation .....	4.1
Automation <sup>3</sup>	
ZIP + 4 <sup>4</sup> .....	
Basic .....	0.7
3/5 Digit <sup>5</sup> .....	0.4
Barcode <sup>4</sup>	
Basic .....	1.8
3-Digit <sup>5</sup> .....	1.0
5-digit <sup>5</sup> .....	1.8

##### Current Full Rates

Non-letter size	Piece rate (cents)
Piece rate <sup>6</sup> .....	19.3
Discounts (per piece):	
Destination Entry:	
BMC .....	1.2
SCF .....	1.8
Delivery Office <sup>2</sup> .....	2.3
Presort Level:	
3/5 Digit .....	1.4
Carrier Route .....	4.7
125-Piece Walk Sequence .....	4.9
Saturation .....	5.4
Automation <sup>7</sup>	
Barcode <sup>4</sup>	
Basic .....	2.6
3/5 Digit .....	1.8

Pound rate <sup>6</sup>	Piece rate (cents)	Pound rate (cents)
Pound Rate plus Per-Piece Rate .....	7.9	54.7
Discounts:		
Destination Entry (per pound):		
BMC .....		6.0
SCF .....		8.4
Delivery Office <sup>2</sup> .....		10.8
Presort Level (per piece):		
3/5 Digit .....	1.4	
Carrier Route .....	4.7	
125-Piece Walk Sequence .....	4.9	
Saturation .....	5.4	
Automation (per piece) <sup>7</sup>		
Barcode <sup>4</sup>		
Basic .....	2.6	
3/5 Digit .....	1.8	

## Current Schedule 321.4 Notes

<sup>1</sup> A fee of \$85.00 must be paid once each 12-month period for each bulk mailing permit.

<sup>2</sup> Applies only to carrier route presort, 125-piece walk sequence and saturation mail.

<sup>3</sup> For letter-size pieces meeting applicable Postal Service regulations.

<sup>4</sup> Among ZIP+4 and barcode discounts, only one discount may be applied.

<sup>5</sup> Deducted from otherwise applicable 3/5-digit rate.

<sup>6</sup> Mailer pays either the piece or the pound rate, whichever is higher.

<sup>7</sup> For flat-size pieces meeting applicable Postal Service regulations.

Standard Mail Rate Schedule 321.4A  
Nonprofit Subclass: Presort Categories <sup>1</sup>*Proposed Full Rates*

	Pro- posed rate (cents)
Letter Size:	
Piece Rate:	
Basic .....	13.8
3/5-Digit .....	12.0
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
Non-Letter Size:	
Piece Rate:	
Minimum per Piece: <sup>2</sup>	
Basic .....	20.1
3/5-Digit .....	14.9
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
Pound Rate <sup>2</sup> .....	48.4
Plus per Piece Rate:	
Basic .....	10.0
3/5-Digit .....	4.8
Destination Entry Discount per Pound:	
BMC .....	6.2
SCF .....	8.8

## Schedule 321.4A Notes

<sup>1</sup> A fee of \$85.00 must be paid once each 12-month period for each bulk mailing permit.

<sup>2</sup> Mailer pays either the minimum piece rate or the pound rate, whichever is higher.

Standard Mail Rate Schedule 321.4B  
Nonprofit Subclass: Automation  
Categories <sup>1</sup>*Proposed Full Rates*

	Pro- posed rate (cents)
Letter Size: <sup>2</sup>	
Piece Rate:	
Basic Letter <sup>3</sup> .....	10.5
3-Digit Letter <sup>4</sup> .....	10.1
5-Digit Letter <sup>5</sup> .....	8.8

	Pro- posed rate (cents)
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
Flat Size: <sup>6</sup>	
Piece Rate:	
Minimum per Piece: <sup>7</sup>	
Basic Flat <sup>8</sup> .....	17.7
3/5-Digit Flat <sup>9</sup> .....	12.5
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
Pound Rate <sup>7</sup> .....	48.4
Plus per Piece Rate:	
Basic Flat .....	7.6
3/5-Digit Flat .....	2.4
Destination Entry Discount per Pound:	
BMC .....	6.2
SCF .....	8.8

## Proposed Schedule 321.B Notes

<sup>1</sup> A fee of \$85.00 must be paid once each 12-month period for each bulk mailing permit.

<sup>2</sup> For letter-size automation pieces meeting applicable Postal Service regulations.

<sup>3</sup> Rate applies to letter-size automation mail not mailed at 3-digit, 5-digit or carrier route rates.

<sup>4</sup> Rate applies to letter-size automation mail presorted to single or multiple three-digit ZIP Code destinations as prescribed by the Postal Service.

<sup>5</sup> Rate applies to letter-size automation mail presorted to single or multiple five-digit ZIP Code destinations as prescribed by the Postal Service.

<sup>6</sup> For flat-size automation mail meeting applicable Postal Service regulations.

<sup>7</sup> Mailer pays minimum piece rate or pound rate, whichever is higher.

<sup>8</sup> Rate applies to flat-size automation mail not mailed at 3/5-digit rate.

<sup>9</sup> Rate applies to flat-size automation mail presorted to single or multiple three- and five-digit ZIP Code destinations as specified by the Postal Service.

Standard Mail Rate Schedule 321.5;  
Nonprofit Enhanced Carrier Route  
Subclass <sup>1</sup>*Proposed Full Rates*

	Pro- posed Rate (cents)
Letter Size:	
Piece Rate:	
Basic .....	9.9
Basic Automated Letter <sup>2</sup> .....	8.5
High Density .....	9.3
Saturation .....	8.7
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
DDU <sup>3</sup> .....	2.4

	Pro- posed Rate (cents)
Non-Letter Size:	
Piece Rate:	
Minimum per Piece: <sup>4</sup>	
Basic .....	10.7
High Density .....	10.0
Saturation .....	9.4
Destination Entry Discount per Piece:	
BMC .....	1.3
SCF .....	1.8
DDU <sup>3</sup> .....	2.4
Pound Rate <sup>4</sup> .....	45.1
Plus per Piece Rate:	
Basic .....	1.3
High Density .....	0.6
Saturation .....	0.0
Destination Entry Discount per Pound:	
BMC .....	6.2
SCF .....	8.8
DDU <sup>3</sup> .....	11.4

## Proposed Schedule 321.5 Notes

<sup>1</sup> A fee of \$85.00 must be paid each 12-month period for each bulk mailing permit.

<sup>2</sup> Rate applies to letter-size automation mail presorted to routes specified by the Postal Service.

<sup>3</sup> Applies only to enhanced carrier route mail.

<sup>4</sup> Mailer pays either the minimum piece rate or the pound rate, whichever is higher.

Periodicals Rate Schedule 423.2 Within  
County*(Full Rates)*

	Current rate (cents)	Pro- posed rate (cents)
Per Pound:		
General .....	12.6	12.6
Delivery Office <sup>1</sup> .....	11.6	11.6
Per Piece:		
Required Presort ...	8.2	8.2
Carrier Route		
Presort .....	4.4	4.4
Per Piece Discounts:		
Delivery Office <sup>2</sup> .....	0.3	0.3
High Density (formerly		
125 pc.) <sup>3</sup> .....	0.5	0.5
Saturation .....	0.7	0.7
Automation Dis-		
counts for Auto-		
mation Compat-		
ible Mail <sup>4</sup> From		
Required:		
ZIP + 4 Letter		
size .....	0.4	N/A
3-digit Pre-		
barcoded		
Letter size ...	0.4	0.4
5-Digit Pre-		
barcoded		
Letter size ...	1.7	1.7
3/5-Digit Pre-		
barcoded		
Flats .....	1.5	1.5

1 Applicable only to the pound charge of carrier route (including high density and saturation) presorted pieces to be delivered within the delivery area of the originating post office.

2 Applicable only to carrier presorted pieces to be delivered within the delivery area of the originating post office.

3 Applicable to high density mail, deducted from carrier route presort rate.

4 For automation compatible pieces meeting applicable Postal Service regulations.

Periodicals Rate Schedule 423.3  
Publications of Authorized Nonprofit Organizations<sup>10</sup>

*Full Rates*

	Postage rate unit	Current rate <sup>1</sup> (cents)	Proposed rate <sup>1</sup> (cents)
Per Pound:			
Nonadvertising portion .....	Pound	14.3	14.2
Advertising portion: <sup>9</sup>			
Delivery Office <sup>2</sup> .....	Pound	18.0	16.9
SCF <sup>3</sup> .....	Pound	19.1	19.0
1&2 .....	Pound	21.2	21.4
3 .....	Pound	22.3	22.4
4 .....	Pound	25.0	25.1
5 .....	Pound	29.2	29.2
6 .....	Pound	33.5	33.6
7 .....	Pound	38.8	38.8
8 .....	Pound	43.2	43.2
Per Piece: Less Nonadvertising Factor of: <sup>4</sup>		4.2	4.2
Required Preparation <sup>5</sup> .....	Piece	21.3	21.9
Presorted to 3-digit city/5-digit .....	Piece	16.2	17.4
Presorted to Carrier Route .....	Piece	11.7	10.7
Discounts:			
Prepared to Delivery Office <sup>2</sup> .....	Piece	0.6	1.2
Prepared to SCF <sup>3</sup> .....	Piece	0.4	0.6
High Density (formerly 125-pc.) <sup>6</sup> .....	Piece	0.2	0.7
Saturation <sup>7</sup> .....	Piece	0.8	2.1
Automation Discounts for Automation Compatible Mail: <sup>8</sup>			
From Required:			
ZIP + 4 Letter size .....	Piece	0.8	N/A
Pre-barcoded Letter size .....	Piece	2.0	3.0
Pre-barcoded Flats .....	Piece	2.7	2.4
From 3/5 Digit:			
ZIP + 4 Letter size .....	Piece	0.5	N/A
3-Digit Pre-barcoded Letter size .....	Piece	1.2	2.3
5-Digit Pre-barcoded Letter size .....	Piece	2.0	2.3
Pre-barcoded Flats .....	Piece	1.8	2.4

Schedule 423.3 Notes

<sup>1</sup> Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising portion and the advertising portion, as applicable.

<sup>2</sup> Applies to carrier route (including high density and saturation) mail delivered within the delivery area of the originating post office.

<sup>3</sup> Applies to mail delivered within the SCF area of the originating SCF office.

<sup>4</sup> For postage calculation, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.

<sup>5</sup> Mail presorted to 3-digit (other than 3-digit city), SCF, states, or mixed states.

<sup>6</sup> Applicable to high density mail, deducted from carrier route presort rate.

<sup>7</sup> Applicable to saturation mail, deducted from carrier route presort rate.

<sup>8</sup> For automation compatible mail meeting applicable Postal Service regulations.

<sup>9</sup> Not applicable to publications containing 10 percent or less advertising content.

<sup>10</sup> If qualified, nonprofit publications may use Within-County rates for applicable portions of a mailing.

Periodicals Rate Schedule 423.4  
Classroom Publications<sup>10</sup>

*Full Rates*

	Postage rate unit	Current rate <sup>1</sup> (cents)	Proposed rate <sup>1</sup> (cents)
Per Pound:			
Nonadvertising portion .....	Pound	11.3	11.3
Advertising portion: <sup>9</sup>			
Delivery Office <sup>2</sup> .....	Pound	18.0	16.9
SCF <sup>3</sup> .....	Pound	19.1	19.0
1&2 .....	Pound	21.2	21.4
3 .....	Pound	22.3	22.4
4 .....	Pound	25.0	25.1
5 .....	Pound	29.2	29.2
6 .....	Pound	33.5	33.6
7 .....	Pound	38.8	38.8
8 .....	Pound	43.2	43.2

	Postage rate unit	Current rate <sup>1</sup> (cents)	Proposed rate <sup>1</sup> (cents)
Per Piece: Less Nonadvertising Factor of: <sup>4</sup>		3.5	3.5
Required Preparation <sup>5</sup> .....	Piece	17.1	17.1
Presorted to 3-digit city/5-digit .....	Piece	12.8	12.8
Presorted to Carrier Route .....	Piece	9.0	9.0
Discounts:			
Prepared to Delivery Office <sup>2</sup> .....	Piece	0.5	0.5
Prepared to SCF <sup>3</sup> .....	Piece	0.3	0.3
High Density (formerly 125-pc.) <sup>6</sup> .....	Piece	0.2	0.2
Saturation <sup>7</sup> .....	Piece	0.7	0.7
Automation Discounts for Automation Compatible Mail <sup>8</sup>			
From Required:			
ZIP + 4 Letter size .....	Piece	0.7	N/A
Pre-barcoded Letter size .....	Piece	1.7	1.7
Pre-barcoded Flats .....	Piece	2.3	2.3
From 3/5 Digit:			
ZIP + 4 Letter size .....	Piece	0.4	N/A
3-Digit Pre-barcoded Letter size .....	Piece	1.0	1.0
5-Digit Pre-barcoded Letter size .....	Piece	1.7	1.7
Pre-barcoded Flats .....	Piece	1.5	1.5

## Schedule 423.4 Notes

<sup>1</sup> Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising portion and the advertising portion, as applicable.

<sup>2</sup> Applies to carrier route (including high density and saturation) mail delivered within the delivery area of the originating post office.

<sup>3</sup> Applies to mail delivered within the SCF area of the originating SCF office.

<sup>4</sup> For postage calculation, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.

<sup>5</sup> Mail presorted to 3-digit (other than 3-digit city), SCF, states, or mixed states.

<sup>6</sup> Applicable to high density mail, deducted from carrier route presort rate.

<sup>7</sup> Applicable to saturation mail, deducted from carrier route presort rate.

<sup>8</sup> For automation compatible mail meeting applicable Postal Service regulations.

<sup>9</sup> Not applicable to publications containing 10 percent or less advertising content.

<sup>10</sup> If qualified, nonprofit publications may use Within-County rates for applicable portions of a mailing.

## Phasing Schedules

## Summary of Proposed Rates for Phasing Schedule (Rate Schedule 321.4A)

STANDARD NONPROFIT—PRESORT CATEGORIES  
(Cents)

	Step 2	Step 3	Step 4	Step 5	Step 6
Letter Size:					
Piece Rate:					
Basic .....	12.6	12.9	13.2	13.5	13.8
3/5-Digit .....	10.8	11.1	11.4	11.7	12.0
Destination Entry Discount per Piece:					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
Non-Letter Size:					
Piece Rate:					
Minimum per Piece:					
Basic .....	18.9	19.2	19.5	19.8	20.1
3/5-Digit .....	13.7	14.0	14.3	14.6	14.9
Destination Entry Discount per Piece:					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
Pound Rate .....	42.7	44.1	45.5	47.0	48.4
Plus per Piece Rate:					
Basic .....	10.0	10.0	10.0	10.0	10.0
3/5-Digit .....	4.8	4.8	4.8	4.8	4.8
Destination Entry Discount per Pound:					
BMC .....	6.2	6.2	6.2	6.2	6.2
SCF .....	8.8	8.8	8.8	8.8	8.8

Summary of Proposed Rates for  
Phasing Schedule (Rate Schedule  
321.4B)



STANDARD NONPROFIT—AUTOMATION CATEGORIES  
(Cents)

	Step 2	Step 3	Step 4	Step 5	Step 6
Letter Size:					
Piece Rate:					
Basic Letter .....	9.3	9.6	9.9	10.2	10.5
3-Digit Letter .....	8.9	9.2	9.5	9.8	10.1
5-Digit Letter .....	7.6	7.9	8.2	8.5	8.8
Destination Entry Discount per Piece:					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
Flat Size:					
Piece Rate:					
Minimum per Piece:					
Basic Flat .....	16.5	16.8	17.1	17.4	17.7
3/5-Digit Flat .....	11.3	11.6	11.9	12.2	12.5
Destination Entry Discount per Piece					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
Pound Rate .....	42.7	44.1	45.5	47.0	48.4
Plus per Piece Rate:					
Basic Flat .....	7.6	7.6	7.6	7.6	7.6
3/5-Digit Flat .....	2.4	2.4	2.4	2.4	2.4
Destination Entry Discount per Pound:					
BMC .....	6.2	6.2	6.2	6.2	6.2
SCF .....	8.8	8.8	8.8	8.8	8.8

Summary of Proposed Rates for  
Phasing Schedule (Rate Schedule 321.5)

STANDARD NONPROFIT ENHANCED CARRIER ROUTE  
(Cents)

	Step 2	Step 3	Step 4	Step 5	Step 6
Letter Size:					
Piece Rate:					
Basic .....	7.4	8.1	8.7	9.3	9.9
Basic Automated Letter .....	7.3	7.6	7.9	8.2	8.5
High-Density .....	6.8	7.5	8.1	8.7	9.3
Saturation .....	6.2	6.9	7.5	8.1	8.7
Destination Entry Discount per Piece:					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
DDU .....	2.4	2.4	2.4	2.4	2.4
Non-Letter Size:					
Piece Rate:					
Minimum per Piece:					
Basic .....	8.2	8.9	9.5	10.1	10.7
High Density .....	7.5	8.2	8.8	9.4	10.0
Saturation .....	6.9	7.6	8.2	8.8	9.4
Destination Entry Discount per Piece:					
BMC .....	1.3	1.3	1.3	1.3	1.3
SCF .....	1.8	1.8	1.8	1.8	1.8
DDU .....	2.4	2.4	2.4	2.4	2.4
Pound Rate: .....	33.1	36.4	39.3	42.2	45.1
Plus per Piece Rate:					
Basic .....	1.3	1.3	1.3	1.3	1.3
High Density .....	0.6	0.6	0.6	0.6	0.6
Saturation .....	0.0	0.0	0.0	0.0	0.0
Destination Entry Discount per Pound:					
BMC .....	6.2	6.2	6.2	6.2	6.2
SCF .....	8.8	8.8	8.8	8.8	8.8
DDU .....	11.4	11.4	11.4	11.4	11.4

Summary of Proposed Rates for  
Phasing Schedule (Rate Schedule 423.3)

PERIODICALS: PUBLICATIONS OF AUTHORIZED NONPROFIT ORGANIZATIONS  
(cents)

	Step 2	Step 3	Step 4	Step 5	Step 6
Per Pound: Non-Advertising Portion .....	13.4	13.8	13.8	14.2	14.2
Per Piece:					
Required Preparation .....	21.3	21.4	21.6	21.7	21.9
Presorted to 3-Digit City/5-Digit .....	16.8	16.9	17.1	17.2	17.4
Presorted to Carrier Route .....	10.1	10.2	10.4	10.5	10.7

Note.—All rate elements not shown are unaffected by step increases.

Proposed Special Rules of Practice  
(Docket No. MC96-2)

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1. Evidence

A. *Case-in-chief*. A participant's case-in-chief shall be in writing and shall include the participant's direct case and rebuttal, if any, to the United States Postal Service's case-in-chief. It may be accompanied by a trial brief or legal memoranda. There will be a stage providing an opportunity to rebut presentations of other participants and for the Postal Service to present surrebuttal evidence.

B. *Exhibits*. Exhibits should be self-explanatory. They should contain appropriate footnotes or narrative explaining the source of each item of information used and the methods employed in statistical compilations. The principal title of each exhibit should state what it contains or represents. The title may also contain a statement of the purpose for which the exhibit is offered; however, this statement will not be considered part of the evidentiary record. Where one part of a multi-part exhibit is based on

another part or on another exhibit, appropriate cross-references should be made. Relevant exposition should be included in the exhibits or provided in accompanying testimony.

C. *Motions to strike*. Motions to strike are requests for extraordinary relief and are not substitutes for briefs or rebuttal evidence. All motions to strike testimony or exhibit materials are to be submitted in writing at least 14 days before the scheduled appearance of the witness. Responses to motions to strike are due within seven days.

D. *Designation of evidence from other Commission dockets*. Participants may request that evidence received in other Commission proceedings be entered into the record of this proceeding. These requests should be made by motion, should explain the purpose of the designation, and should identify material by page and line or paragraph number. Absent extraordinary justification, these requests must be made at least 28 days before the date for filing the participant's direct case. If requests for designations and counter-designations are granted, the moving participant must submit two copies of the approved material to the Secretary of the Commission for inclusion in the record.

Opposition to motions for designation and/or requests for counter-designations shall be filed within 14 days.

2. Discovery

A. *General*. Rules 25, 26 and 27 apply during the discovery stage of this proceeding except when specifically overtaken by these special rules. Questions from each participant should be numbered sequentially, by witness.

The discovery procedures set forth in the rules are not exclusive. Parties are encouraged to engage in informal discovery whenever possible to clarify exhibits and testimony. The results of these efforts may be introduced into the record by stipulation, by supplementary testimony or exhibit, by presenting selected written interrogatories and answers for adoption by a witness at the hearing, or by other appropriate means.

In the interest of reducing motion practice, parties also are encouraged to use informal means to clarify questions and to identify portions of discovery requests considered overbroad or burdensome.

B. *Objections and motions to compel responses to discovery*. Upon motion of any participant in the proceeding, the Commission or the presiding officer may compel an answer to an interrogatory or request for admissions if the objection is overruled. Motions to compel should be filed within 14 days of an objection to the discovery request.

Parties who have objected to interrogatories or requests for production of documents or items which are the subject of a motion to compel shall have seven days to answer. Answers will be considered supplements to the arguments presented in the initial objection.

C. *Answers to interrogatories*.

Answers to discovery requests shall be prepared so that they can be incorporated as written cross-examination. Each answer shall begin on a separate page, identify the individual responding, the participant who asked the question, and the number and text of the question.

Participants are expected to serve supplemental answers to update or to correct responses whenever necessary, up until the date that answers are accepted into evidence as written cross-examination. Participants filing supplemental answers shall indicate whether the answer merely supplements the previous answer to make it current or whether it is a complete replacement for the previous answer.

Participants may submit responses with a declaration of accuracy from the respondent in lieu of a sworn affidavit.

Answers to discovery are to be filed within 14 days of the service of the discovery request. Participants are urged, but not required, to deliver discovery requests by hand to those who are subject to the 14-day deadline.

D. *Follow-up interrogatories*. Follow-up interrogatories to clarify or elaborate on the answer to an earlier discovery request may be filed after the initial

discovery period ends. They must be served within seven days of receipt of the answer to the previous interrogatory unless extraordinary circumstances are shown.

*E. Discovery to obtain information available only from the Postal Service.* Rules 25 through 27 allow discovery reasonably calculated to lead to admissible evidence during a noticed proceeding with no time limitations. Generally, through actions by the presiding officer, discovery against a participant is scheduled to end prior to the receipt into evidence of that participant's direct case. An exception to this procedure shall operate when a participant needs to obtain information (such as operating procedures or data) available only from the Postal Service. Discovery requests of this nature are permissible up to 20 days prior to the filing date for final rebuttal testimony.

### 3. Service

*A. Discovery requests.* Interrogatories, objections and answers thereto should be served, in conformance with Rule 12 on the Commission, the OCA (three copies), on the complementary party and on any other participant so requesting. Special requests relating to discovery must be served individually upon the party conducting discovery and state the witness who is the subject of the special request.

*B. Exceptions to general service requirements for certain documents.* Designations of written cross-examination, notices of intent to conduct oral cross-examination, and notices of intent to participate in oral argument shall be served on the Commission, the OCA (three copies), the Postal Service, and the complementary party (as applicable), as well as on participants filing a special request for service.

*C. Document titles.* Parties should include informative titles to identify the content of any filing. The relief requested or the issue addressed should be noted. Transmittal documents should identify the answers or other materials being provided.

*D. Supplementary electronic filing.* Participants are encouraged to supplement their service (on the Commission) of written copies with an identical version prepared in electronic format. Electronic copies will be posted on the Commission's Bulletin Board (202) 789-6891 and on the Commission's Home Page on the World Wide Web ([www.prc.gov](http://www.prc.gov)) by Commission-authorized personnel.

### 4. Cross-examination

*A. Written cross-examination.* Written cross-examination will be utilized as a substitute for oral cross-examination whenever possible, particularly to introduce factual or statistical evidence.

Designations of written cross-examination should be served no later than three working days before the scheduled appearance of a witness. Designations shall identify every item to be offered as evidence, listing the participant who initially posed the discovery request, the witness and/or party to whom the question was addressed (if different from the witness answering), the number of the request and, if more than one answer is provided, the dates of all answers to be included in the record. (For example, "OCA-T1-17 to USPS witness Jones, answered by USPS witness Smith (July 1, 1996) as updated (July 21, 1996).") When a participant designates written cross-examination, two copies of the documents to be included shall simultaneously be submitted to the Secretary of the Commission.

The Secretary of the Commission shall prepare for the record a packet containing all materials designated for written cross-examination in a format that facilitates review by the witness and counsel. The witness will verify the answers and materials in the packet, and they will be entered into the transcript by the presiding officer. Counsel for a witness may object to written cross-examination at that time, and any designated answers or materials ruled objectionable will be stricken from the record.

*B. Oral cross-examination.* Oral cross-examination will be permitted for clarifying written cross-examination and for testing assumptions, conclusions or other opinion evidence. Requests for permission to conduct oral cross-examination should be served three or more working days before the announced appearance of a witness and should include (1) specific references to the subject matter to be examined and (2) page references to the relevant direct testimony and exhibits.

Participants intending to use complex numerical hypotheticals or to question using intricate or extensive cross-references, shall provide adequately documented cross-examination exhibits for the record. Copies of these exhibits should be provided to counsel for the witness at least two calendar days (including one working day) before the witness's scheduled appearance.

### 5. General.

Argument will not be received in evidence. It is the province of the

lawyer, not the witness. It should be presented in brief or memoranda. Legal memoranda on matters at issue will be welcome at any stage of the proceeding.

New affirmative matter (not in reply to another party's direct case) should not be included in rebuttal testimony or exhibits.

Cross-examination will be limited to testimony adverse to the participant conducting the cross-examination.

Library references may be submitted when documentation or materials are too voluminous reasonably to be distributed. Each party should sequentially number items submitted as library references and provide each item with an informative title. Parties are to file and serve a separate Notice of Filing of Library Reference(s). Library material is not evidence unless and until it is designated and sponsored by a witness.

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

Upon Written Request, Copies Available  
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Commission, Office of Filings and  
Information Services, Washington,  
DC 20549

#### Extension:

Rule 17f-4

SEC File No. 270-232

OMB Control No. 3235-0225

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is publishing for public comment the following summary of previously approved information collection requirements.

Rule 17f-4 [17 CFR 270.17f-4] under the Investment Company Act of 1940 [15 U.S.C. 80a-1 *et seq.*] (the "Act") specifies conditions under which a registered management investment company or its custodian may place the company's securities in a securities depository. The rule requires a custodian to provide confirmations and keep records of transactions, and requires the custodian, its agents, and depositories to provide reports on internal accounting controls. Confirmations and records give the company objective evidence of transactions performed on its behalf. Reports on internal controls provide information necessary to evaluate the safety of depository arrangements.