limitation on loose supplements to bound publications.

EFFECTIVE DATE: March 27, 1995. FOR FURTHER INFORMATION CONTACT: Jerome M. Lease, (202) 268-5188, or Alixe M. Johnson, (312) 765-5487. SUPPLEMENTARY INFORMATION: The proposed rule discussed in detail efforts on the part of the Postal Service in recent years to adopt standards that satisfy and protect the interests of both the mailing public and the Postal Service regarding the mailing of additional materials, such as supplements, at second-class rates. Changes in technology, such as a publisher's ability to enclose a publication with supplemental materials in a polybag, have led to a renewed debate over the limits to which the standards should allow loose pieces, such as advertising supplements, to be mailed with a publication at secondclass rates. Difficulty in consistent interpretation of the current standards has been a major concern for the Postal Service. This difficulty has required the need for additional Postal Service resources for training and mail acceptance and has compromised the ability of the Postal Service to consistently collect the correct postage on second-class mail.

At the behest of the second-class mailing industry, the Postal Service agreed to review the standards governing the contents of second-class mail and solicit public comment on proposed changes. As a result, the Postal Service published the proposed rule on July 20, 1994.

The comment period ended on September 19, 1994, and 27 written comments were received from interested associations, publishers, and individuals. Having given thorough consideration to these comments, the Postal Service is now publishing its final rule. This final rule completely reorganizes and renumbers DMM C200, using a format with four main headings (as described in the proposed rule): 1.0 Permissible Mailpiece Components, 2.0 Impermissible Mailpiece Components, 3.0 Mailpiece Construction, and 4.0 Printed Features. Following this new format, each section and the comments applicable to that section are summarized and discussed below. Affected sections of modules A, E, and P of the DMM are also listed and discussed in detail.

Not specifically discussed below is one comment received that stated general acceptance of the entire proposal. In addition, one comment was received requesting that the Postal Service amend the mailing standards governing carrier route second-class mail. This comment is outside the scope of this rulemaking and is not addressed in the final rule. One commenter noted an error in proposed C200.4.3 referring to an exception in C200.1.4d although no subsection C200.1.4d was shown in the proposal. This omission is corrected in the final rule.

Discussion of Comments

Additional Standards for Second-Class Mail (A010.7.0)

1. Preparation (A010.7.1)

This section, which provides the basic standards for addressing second-class mail, is moved intact from current A200.1.1. No comments were received. The proposal is adopted.

2. Address Labels (A010.7.2)

Current text from A200.1.2 forms this new section. No comments were received. The proposal is adopted.

3. Address Placement (A010.7.3)

Current A200.1.3 is also relocated to these general standards for addressing second-class mail. The section is revised for clarity. No comments were received. The proposal is adopted.

4. Return Address (A010.7.4)

Instructions on mail requiring a return address when it is endorsed "Return Postage Guaranteed" are relocated from current A200.1.4. No comments were received. The proposal is adopted.

Permissible Mailpiece Components (C200.1.0)

5. Pages (C200.1.1)

One commenter expressed concern over the proposed language that states, in part, "no page may have dimensions (when folded, if folded) that exceed the dimensions of the cover of the publication." This commenter was concerned about covers that are slightly shorter than the full dimensions of the publication. The Postal Service believes that this commenter's concern has merit. The Postal Service has removed the reference to the cover of the publication. The pertinent phrase now reads "that exceed the dimensions of the publication." Three commenters remarked favorably on proposed language that would allow small amounts of fastening material such as grommets, string, or rubber bands when used to assemble a page. No negative comments were received. The proposed language is adopted with the revision noted above.

6. Parts and Sections (C200.1.2)

Although no substantive change concerning parts or sections was proposed, four commenters offered remarks on the reorganized language that carries forward the standards governing parts and sections. These commenters suggested that the language providing that "parts or sections produced by someone other than the publisher may not be mailed at secondclass rates if these parts or sections are prepared by or for advertisers or if they are provided to the publisher free or at a nominal charge" is unnecessary and/ or confusing and should be eliminated. This language essentially prohibits parts or sections produced for advertising purposes. Such parts or sections have historically been restricted from secondclass eligibility and that restriction remains in place. The Postal Service believes that the language in question is useful in making it clear that pieces that are not eligible as supplements may not be prepared as parts or sections in order to qualify for mailing at second-class rates. The language is also useful in providing a clear distinction between parts and sections and other components such as supplements. The proposed language is adopted with a minor revision providing that any postal official, not just the rates and classification service centers, may request publishers to submit contracts entered into with producers of parts or

7. Enclosures at First- or Third-Class Rates (C200.1.3)

This section clarifies the standards governing enclosures at First- or third-class rates. No comments were received. The proposal is adopted.

8. Enclosures at Second-Class Rates (C200.1.4)

Three commenters favored the proposed language clarifying that permissible enclosures allowable at second-class rates are not counted when determining the percentage of advertising in a second-class publication, but instead are included in the total weight of the publication reported on the mailing statement, either PS Form 3541-R or PS Form 3541–N. Another commenter suggested that the section allowing a receipt or request for a subscription to be accompanied by a single sheet of printed matter containing information related exclusively to it (proposed C200.1.4b) be revised to permit two separate sheets rather than one. The revision to DMM language that allowed for a separate single sheet was in