

Three primary criteria must be met to qualify for Publications Service: (1) at least 75% of the mailed volume must be paid (for general publications) or paid or requested (for requester circulation); (2) at least 30% of the content in each issue must be nonadvertising matter; and (3) at least 90% of each issue must be presorted in prescribed volumes to carrier route, 5-digit, or 3-digit destinations. An outside circulation audit is also required.

Each issue of a Publications Service periodical must have at least 30% nonadvertising content and at least 75% of the mailed circulation (excluding copies claimed at in-county, foreign, First-Class, Priority Mail, or Express Mail rates) must be sent to paid subscribers (or requesters, depending on the category of authorization). Publications that fail to meet the nonadvertising content requirement are assessed a 40% surcharge of the applicable postage for that issue. If a publication fails to meet the 75% paid/requester standard, its authorization to mail at Publications Service will be revoked.

The Postal Service has determined that the outside circulation audit will be used only to validate compliance with the proposed 75% paid/requested circulation requirement. The outside auditor will not be responsible for confirming the advertising/editorial ratio. To ensure compliance and reduce the amount of material reviewed before mail acceptance, the Postal Service will include on the mailing statement a certification block for the publisher's signature, validating that the publication meets the 30% nonadvertising requirement. If the Postal Service determines that an issue exceeds 70% advertising, the publisher will be given ample opportunity to demonstrate compliance with the requirement before any penalty is assessed.

At least 90% of each issue must be presorted to 3-digit, 5-digit, or carrier route destinations. Copies count toward the 90% criterion if they are part of a minimum of 24 addressed pieces for a 3-digit destination, all properly presorted to carrier route, 3-digit, or 5-digit destinations in packages of six or more addressed pieces each. Any combination of six-piece or larger packages to these destinations is acceptable (e.g., 18 pieces to a carrier route and six copies to a 5-digit, both in the same 3-digit area). Publications that fail to meet the 90% standard are assessed a 40% surcharge of the applicable postage for that issue.

For the purposes of the 90% criterion, an "issue" will be considered to consist

of all copies in the mailed volume that are mailed within that "window" of time during which the main file and most supplemental mailings for a particular title are deposited with the Postal Service. The mailing "window" includes all copies, regardless of cover date, mailed during that period. To ensure that the entire mailed volume of a publication is considered, all mailings, including "supplementals," will be counted.

Publications may be better able to meet this density requirement by comailing, including the comailing of Publications Service flats with Regular Periodicals. To administer the 90% criterion in a comailing situation, the Postal Service proposes to look at the sortation of the individual title within the comailing. The copies reported on a single mailing statement will not have to meet the 90% criterion. The qualifying pieces in the comailing are added to the qualifying pieces in the main file and any qualifying pieces in supplemental runs that were not comailed. The final qualifying percentage is derived by dividing the total number of qualifying pieces by the total number of mailed pieces.

In a comailing, the 40% penalty would apply to the publication that fails to meet the density requirements, not to all other comailed publications. While firm packages are considered a single addressed piece for presort and postage purposes, each copy in a firm package counts individually toward the 90% standard.

Carrier route, nonbarcoded, and barcoded mail may be mixed on the same pallet, and 5-digit and ZIP+4 barcoded Publications Service flats may be combined in the same package. This is discussed further in the analysis of comments on Periodicals.

In addition to the requirements for nonadvertising content, circulation to paid/requester addresses, and density, all automation-compatible Publications Service mail (except carrier route rate flats) must bear a barcode. All pieces must bear at least a 5-digit barcode and no less than 85% of the pieces must bear a ZIP+4 or delivery point barcode. If the piece is not machinable, barcoding is not required. Although the carrier route portion of the mailing will count toward the 85% criterion, it will not have to be barcoded. The 85% criterion optimizes the proportion of pieces that can be given automated processing. To the extent firm packages are amenable to such handling, it would not be relevant to the objectives of the 85% criterion if the component copies inside the firm package were barcoded. Therefore, the 85% criterion will be applied to

consider the number of addressed pieces in the mailing, not the total number of copies.

Compliance with the 85% criterion will be based on the entire mailed volume of the issue, encompassing all editions from all sources. Publishers will be responsible for providing the supporting information if requested by the Postal Service.

Additional "bundled" requirements pertaining to such issues as addressing, sortation, and containerization are detailed in the proposed DMM standards in this notice.

To mail at Publications Service rates, a periodical must first be authorized. Periodicals mailing privileges in one of the existing categories of authorization. To apply for Publications Service, the publisher must submit a separate application (and pay an additional \$305 fee) and initiate an outside circulation audit. Once authorized, all outside-county copies of the publication, which are not sent as Express Mail, Priority Mail, or First-Class Mail, must be mailed at Publications Service rates exclusively, unless the publication voluntarily abandons its authorization. If the publication abandons the authorization or the Postal Service revokes it, the publisher must wait 1 year to reapply. Authorization to mail at Publications Service rates does not affect eligibility for in-county rates.

Publications currently authorized to mail at second-class rates will not be required to mail in a pending status if it can be shown to meet the 75% paid or requested criterion and an application to mail at Publications Service rates is filed. Mailings will be accepted at Publications Service rates subsequent to the application being filed. If the Postal Service denies the application or the publisher abandons it, a revenue deficiency will be assessed for the difference between the amount paid at Publications Service rates and the amount due at Regular rates.

Publications not authorized second-class mail privileges may also apply for Publications Service rates. A publisher would be required to file an application for a Periodicals authorization and pay a fee of \$305. A separate application for Publication Service rates must also be filed and the publisher must pay an additional \$305 fee. These applications may be filed simultaneously or separately as desired by the publisher. Under these circumstances, the publisher will be required to mail under established pending procedures (i.e., the publisher must deposit funds at the applicable third- or fourth-class rates). When the applications are approved, the