

publisher will be entitled to an appropriate refund.

b. Comment Analysis

A total of nine comments were received concerning the implementation standards for Periodicals described in the August 30 notice. Of that number, five comments expressed general disapproval of Classification Reform as it pertains to Periodicals and three were generally favorable; such comments are beyond the scope of this rulemaking and are not addressed here. Two of the three commenters who expressed general satisfaction with Classification Reform as it pertains to Periodicals, and two other commenters, offered specific comments concerning various issues. These comments are discussed below.

(1) Automated Processing of Flats.

One commenter reiterated that the widespread availability of automation equipment capable of handling all types of second-class flats is crucial to second-class mailers. The commenter recommended that the Postal Service immediately undertake to develop a nationwide plan to increase automation capacity for flat-size mail. As explained above in the discussion on flats, although the Postal Service would like to be able to process all types of flats on automated equipment, new machines will not be purchased until the current ones have been properly positioned for optimum utilization.

(2) 75% Paid Subscriber/Requester and 30% Nonadvertising Requirements for Publications Service. Regarding the requirement that 75% of all mailed copies of Periodicals authorized to mail at Publications Service rates must be sent to paid subscribers/requesters (as appropriate), two commenters requested that all mailed newsstand copies (regardless of the number returned or destroyed) be considered paid circulation. This request has been given full consideration. Although the Postal Service believes that it is appropriate to account for newsstand copies sent through the mails, it is both inaccurate and inconsistent with past postal policy to consider all such copies paid. Rather, the Postal Service will continue to require publishers to maintain records to distinguish between sold and unsold newsstand copies. Those copies mailed to newsstands that are eventually sold will count toward the 75% paid subscriber/requester requirement.

One commenter addressed the proposal to require an outside auditor to review the proportion of mailed copies of a Publications Service periodical that are sent to paid subscribers/requesters to verify compliance with the 75% paid subscriber/requester requirement. This

commenter supported the Postal Service decision not to require that an outside auditor confirm that the 30% nonadvertising minimum per issue has been met, but instead to accept a written certification by the publisher (included as part of the mailing statement prepared for each issue).

(3) Commingling of 5-Digit and ZIP+4 Barcoded Publications Service Periodicals. One commenter supported the Postal Service's decision to allow the commingling on pallets of all types of packages of both Regular and Publications Service Periodicals. Two commenters believed that the volume of 5-digit barcoded pieces is relatively small in second-class today and, therefore, warrants allowing mailers to combine 5-digit and ZIP+4 barcoded pieces in the same package.

Once a publication is authorized to be mailed at Publications Service rates, all mailed copies (except those mailed at in-county rates or as Express Mail, Priority Mail, or First-Class Mail) must be prepared according to the required sortation for this subclass. Unlike First-Class and Standard Mail where pieces not qualifying for one subclass may be mailed in another, no copies of an authorized Publications Service periodical may be mailed as Regular or outside-county Preferred Periodicals. For this reason, the Postal Service decided that setting a 100% ZIP+4 or delivery point barcoding standard for automation-compatible Publications Service periodicals would be difficult for publishers to achieve; therefore, the current "85-15" barcoding standard is retained.

Under today's second-class standards, which allow 15% of a nominally ZIP+4 barcoded mailing to bear a 5-digit barcode, publishers may combine ZIP+4 and 5-digit barcoded pieces in packages. The Postal Service believes that combining such mail in packages continues to be appropriate and will allow this preparation for Publications Service periodicals. However, the Postal Service will continue to study the issue and may require other packaging standards at a later date if combining ZIP+4 barcoded and 5-digit barcoded pieces in the same package has a negative operational impact as the barcoded flats mailstream expands.

(4) Presort and Comailing. The Postal Service will allow the comailing of Regular and Publications Service flat-size Periodicals. To enable publishers to comail efficiently, the Postal Service has determined (and has so stated in earlier notices) that it will align the sortation standards for Regular and Publications Service flats. This decision is reflected in the proposed DMM standards

presented below. For flats, the only difference between Regular and Publications Service sortation requirements is that mail entered at a Regular Barcoded rate must be prepared as a separate mailing meeting a separate 85% barcoding standard as discussed in section A of this proposal.

Although the majority of Periodicals is flat-size mail, many publications are produced in letter-size format. The preparation standards proposed for automation-compatible letter-size Publications Service mail will mirror the proposed standards for Automation First-Class and Standard Mail letter-size pieces, with the exception that a 6-piece package minimum will be applied to Publications Service carrier route sortation rather than the 10-piece minimum applied in First-Class and Standard Mail. In addition, new sortation criteria for nonautomation-compatible letters have been added for Publications Service to require packaging and traying of pieces. Preparation of presorted packages is necessary for nonautomation-compatible mail for efficient Postal Service processing.

These two Publications Service letter-size sortations are significantly different from current letter sortation requirements for second-class mail. Because these sortation requirements affect rate eligibility, the Postal Service will not propose the alignment of standards for Regular and Publications Service letter-size mail. Consequently, comailing will not be allowed for Regular and Publications Service letter-size pieces.

New sortation criteria have been developed for barcoded letters and for nonbarcoded letters at Regular rates. These new sortation criteria reflect the new standards for preparation of all letter-size mail in trays and for tray sortation levels that will be implemented with Classification reform, while allowing such mail to continue to qualify for presort and barcoding rates under the same qualification criteria as today.

C. Presort Summary Guide

The following charts summarize the presort requirements for reformed subclasses. They do not reflect every presort requirement but are a guide to the major presort points contained in the DMM standards presented in the latter part of this notice.