

POSTAL SERVICE

39 CFR Part 111

New Move Update Assessment Procedures for January 2010 for Automation and Presort First-Class Mail and All Standard Mail Items

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service is filing with the Postal Regulatory Commission a notice of revisions to policies and procedures for determining postage adjustments for mailings of First-Class Mail® and Standard Mail® pieces that are determined to contain a large number of address inaccuracies. Consistent with the Commission filing, this notice and final rule provides revised mailing standards and procedures for administering the Move Update standards.

DATES: Effective January 4, 2010.

FOR FURTHER INFORMATION CONTACT: Bill Chatfield, 202-268-7278.

SUPPLEMENTARY INFORMATION: The Postal Service previously published a final rule regarding several changes to mailing standards in support of the May 11, 2009 price change, in the *Federal Register* on April 6, 2009, and stated: "...Beginning in January, 2010, we establish a charge for Standard Mail mailings not meeting Move Update standards of 7 cents per piece, in addition to the applicable Standard Mail postage." The notice and final rule published today discusses tolerances for determining when the number of change-of-address inaccuracies in a mailing requires additional postage assessments at the time of acceptance, and also discusses how the error rate and additional postage assessment will be calculated for First-Class Mail and Standard Mail items at the time of acceptance.

This assessment approach is not designed to permit customers to substitute payment of the Move Update Assessment Charge for the implementation of appropriate processes that meet the requirements of the Move Update standard. It is designed to facilitate the acceptance of mail in the event that a Performance Based Verification (PBV) process determines that a sample of the mailing has an error rate above a tolerance specified by the Postal Service. If customers do not certify that they meet the Move Update requirement or are determined not to have met this requirement, they are subject to single-piece First-Class Mail prices on all pieces in the mailing.

We provide additional background and an explanation of the Move Update standards and new procedures, followed by changes to the mailing standards in

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM®).

Background

The Move Update standard requires periodic matching of a mailer's address records with customer-filed change-of-address (COA) orders received and maintained by the Postal Service. The mailer then is required to update the address on the mailpiece for any addressee with a COA on file. The goal is to reduce the number of mailpieces in a mailing that require forwarding or return. Mailers who claim Presorted or automation prices for First-Class Mail or any Standard Mail prices must certify that they have updated the mailing addresses contained in the mailing within the 95 day period preceding the mailing date.

All deficient mailings of commercial First-Class Mail pieces have been subject to single-piece First-Class Mail prices for each piece in the mailing. In the absence of any action, the same consequence would have applied to Standard Mail mailings that Postal Service acceptance procedures determine to be deficient. This would have been a substantial increase in postage for Standard Mail pieces found to be deficient at acceptance.

To mitigate this effect, the Postal Service announced in 2008 that we would assess 7 cents per piece for all pieces in Standard Mail mailings with an error rate (pieces with a COA that were not updated / total pieces with COAs) greater than a tolerance established by the Postal Service. The assessment was initially intended for May 2009 implementation. However, in response to strong customer concerns, we deferred implementation until January 2010 via an announcement in our April 6, 2009 *Federal Register* notice.

Consistent with the treatment of Standard Mail, the Postal Service has now decided to apply a 7-cent per piece additional postage charge for First-Class Mail pieces determined by acceptance procedures to have an error rate of greater than 30 percent, effectively lowering the additional postage assessments for First-Class Mail pieces. In addition, for both First-Class Mail and Standard Mail, the additional postage charge would apply to the percentage of the mailing, above the Postal Service-established tolerance, determined by sampling to be in error.

Procedures

Performance-Based Verification procedures at acceptance allow the Postal Service to test a sample of the mailing and evaluate the effectiveness of a customer's Move Update processes. The addresses in the verification sample are compared to the National Change of Address (NCOA) database. To determine the change of address accuracy in the sample, the PBV process will determine the number of pieces within the sample that should have been updated with COA information (A). The PBV process will then determine the number of pieces that were not properly updated (B). The PBV process will

calculate the error rate in the sample by dividing B by A ($B \div A = \text{error rate}$). At this time the Postal Service has established an acceptable tolerance rate of 30%. In other words, only if the error rate in the sample exceeds 30% will the mailing be subject to an additional postage assessment at the time of mailing. The Postal Service has established an exception to this process for small samples: if the actual number of changes of address not updated found in the sampling is five or less ($B = 5$ or less), the mailing will not be subject to the assessment, regardless of the error rate.

If an assessment is warranted, the assessment depends on the extent to which the error rate exceeds the 30% tolerance. If the error rate is 50%, the assessment will apply to 20% of the pieces in that mailing ($50\% - 30\% = 20\%$) and 20% of the mailpieces in that mailing will be assessed an additional 7 cents in postage. Additional examples follow.

- If 40% of COAs were not updated, then the assessment will apply to 10% ($40\% - 30\%$) of the pieces in the mailing.
- If 80% of COAs were not updated, then the assessment will apply to 50% ($80\% - 30\%$) of the pieces in the mailing.

We will analyze the results of the PBV samples periodically, and will adjust the tolerance as needed to ensure the effectiveness of mailers' Move Update processes.

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR Part 111 is amended as follows:

PART 111 – [AMENDED]

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

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise the following sections of *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) as follows:

***Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM)**

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200 Commercial Mail Letters and Cards

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230 First-Class Mail

233 Prices and Eligibility

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3.0 Basic Standards for First-Class Mail Letters

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3.5 Move Update Standard

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[Add new 3.5.4 to read as follows:]

3.5.4 Basis for Additional Postage Assessments

Pieces in mailings that were not addressed in accordance with the Move Update Standard (under 3.5) are ineligible for presort postage prices. Pieces subject to an additional postage assessment at the time of mailing for change-of-address errors are subject to additional postage of \$0.07 per assessed piece according to procedures published in the Move Update Mailer Advisement Policy, available at ribbs.usps.gov.

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240 Standard Mail

243 Prices and Eligibility

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3.0 Basic Standards for Standard Mail Letters

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3.9 Move Update Standard

3.9.1 Basic Standards

* * * Addresses subject to the Move Update standard must meet these requirements:

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[Delete item d in its entirety.]

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[Add new 3.9.4 to read as follows:]

3.9.4 Basis for Additional Postage Assessment

Pieces in mailings that were not addressed in accordance with the Move Update Standard (under 3.9) are ineligible for Standard Mail prices. Pieces subject to an additional postage assessment at the time of mailing for change of address errors are subject to additional postage of \$0.07 per assessed piece according to

procedures published in the Move Update Mailer Advisement Policy, available at ribbs.usps.gov.

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300 Commercial Mail Flats

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330 First-Class Mail

333 Prices and Eligibility

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3.0 Eligibility Standards for First-Class Mail Flats

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3.5 Move Update Standards

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[Add new 3.5.4 to read as follows:]

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340 Standard Mail

343 Prices and Eligibility

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3.0 Basic Standards for Standard Mail Flats

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3.9 Move Update Standard

3.9.1 Basic Standards

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400 Commercial Parcels

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430 First-Class Mail

433 Prices and Eligibility

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3.0 Basic Standards for First-Class Mail Parcels

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3.5 Move Update Standard

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[Add new 3.5.4 to read as follows:]

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440 Standard Mail

443 Prices and Eligibility

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3.0 Basic Standards for Standard Mail Parcels

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3.9 Move Update Standard

3.9.1 Basic Standards

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We will publish an appropriate amendment to 39 CFR Part 111 to reflect these changes.

Neva R. Watson,
Attorney, Legislative.
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