

## **POSTAL SERVICE**

### **39 CFR Part 111**

#### **Standard Mail Volume Incentive Program (aka Summer Sale)**

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** The Postal Service is revising *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®), to add section 709.2 which introduces new standards for a special volume incentive program for mailers of Standard Mail® letters and flats with mail volume exceeding their individual USPS™-determined threshold levels. The program period will be from July 1, 2009 through September 30, 2009.

**EFFECTIVE DATE:** July 1, 2009.

**FOR FURTHER INFORMATION CONTACT:** Kevin Gunther at 202-268-7208.

**SUPPLEMENTARY INFORMATION:** The Postal Service is implementing a volume incentive program for qualified high-volume mailers of commercial or Nonprofit Standard Mail letters and flats, for volume mailed between July 1, 2009 and September 30, 2009, above their USPS-determined threshold level. This program encourages mailers to provide new volume and to take advantage of our current excess capacity to process and deliver additional volume.

To participate, mailers must be the permit holder (i.e. owner) of a permit imprint advance deposit account(s) or the owner of qualifying mail volume entered through the permit imprint advance deposit account of a mail service provider. Qualifying mailers must be able to demonstrate volume of at least one million pieces, within the program qualification period of October 1, 2007 to March 31, 2008, for a permit imprint advance deposit account(s), precanceled stamp permit(s), postage meter permit(s), or by a combination of these methods. Applicants may also qualify for the program with volume mailed through an account(s) owned by a mail service provider, when adequate documentation is provided that specifies the applicant is the owner of the mail. Those mailers eligible to participate in the program will be notified in writing before June 1, 2009. Mailers wishing to participate in the program, who believe they meet the eligibility standards under DMM 709.2.2 and were not notified by letter, may request a review of their eligibility by contacting the USPS at [summersale@usps.gov](mailto:summersale@usps.gov).

The Postal Service has a process, through its Business Service Network (BSN), to review questions from qualifying mailers regarding calculations of their respective threshold levels or their recorded volume within the program period. Qualifying mailers

will be provided with program details and the procedure for questioning threshold calculations by letter before June 1, 2009.

A Federal Register final rule, published April 6, 2009 (74 FR 8009-8033) implemented a saturation mail volume incentive program encouraging mailers to increase their saturation Standard Mail letters or flats volume within the period beginning on May 11, 2009 and ending May 10, 2010. This program initially excluded mailers, entering into the saturation mail volume incentive program, from participating in other Postal Service-sponsored incentive programs. However, standards have been revised to allow mailers to be eligible for the Standard Mail volume incentive program independently of their status within the saturation mail volume incentive program.

Participating mailers demonstrating Standard Mail letter or flat volume above their established threshold level will receive a credit following the close of the program period. Thresholds will be calculated independently for each applicant, by comparing the volume of Standard Mail letters and flats mailed within the period from October 1, 2007 to March 31, 2008 to the volume of Standard Mail letters and flats mailed within the period of October 1, 2008 to March 31, 2009. The change in recorded volume between these two periods will represent the applicant's volume trend. Trends that show growth for the period of October 1, 2008 to March 31, 2009, versus that shown in the same period of the prior year, will appear as a ratio above 1.0 (expressed here in a decimal format). A volume decline from October 1, 2008 to March 31, 2009 will appear as a ratio below 1.0. The applicable ratio will then be applied to the volume of Standard Mail letters and flats, for all of the applicant's permit volume or other qualifying volume recorded through the permit(s) of a mail service provider, demonstrated during the period from July 1, 2008 through September 30, 2008. This result represents the USPS-determined threshold level for an individual applicant.

Mailers (applicants) are eligible to participate in the program with qualifying volume prepared by a mail service provider when entered through a permit owned by the applicant. Mail volume through a mail service provider's permit, may also qualify for the program, but only if adequate documentation identifies the mail as being prepared on behalf of the applicant and demonstrates the applicant's prior mailing activity. Mail service providers are not eligible for the Standard Mail volume incentive program.

Approved program participants, demonstrating an increase in their total Standard Mail letter and flat volume above their approved threshold level, will qualify for a credit to a designated permit imprint advance account. The total postage attributable to Standard Mail letters and flats within the program period will be identified for each participant and divided by the total number of recorded pieces, to generate the average price per piece. Participants receive a credit in the amount of 30 percent of the average price per piece for the total number of mailpieces of the incremental volume above their approved threshold level as recorded during the program period.

The Standard Mail volume incentive program is introduced to encourage mailers to generate new mail volume. As a deterrent to mailers shifting previously planned fall

volume into the program to obtain incentive credits, participating mailers will be monitored in the calendar month following the end of the program. The participant's previously determined volume trend will be applied to their volume of Standard Mail letters and flats mailed within the month of October 2008, to determine the participant's October 2009 expected volume. Each participant's *actual* October 2009 volume will then be compared to their October 2009 *expected* volume. Participants failing to meet (or exceed) their October 2009 expected volume will have any demonstrated shortfall in volume deducted from the number of mailpieces eligible for an incentive credit within the program.

Additionally, as part of the program administration, the Postal Service will require each program participant to certify the data used to calculate the volume trends, threshold levels and October 2009 expected volumes. This certification requirement will be similar to what is currently used on a PS Form 3602, *Postage Statement – Standard Mail*, but may not require submission in hardcopy format. The certification requirement for this initiative is aimed at ensuring that the data used by the Postal Service to calculate the applicable volume trend, threshold level and October 2009 expected volume for each qualifying mailer is accurate.

The Standard Mail volume incentive program is subject to review by the Postal Regulatory Commission (PRC) for up to 45 days following May 1, 2009.

Upon completion of PRC review, 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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#### **700 Special Standards**

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*[Revise title of 709 as follows:*

#### **709 Experimental and Temporary Classifications**

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*[Add a new section 709.2.0 to introduce new standards for the Standard Mail volume incentive program as follows:]*

## **2.0 Standard Mail Volume Incentive Program**

### **2.1 Program Description**

The Standard Mail Volume Incentive Program provides special volume pricing for qualified mailers of commercial and Nonprofit Standard Mail letters and flats that are able to document mail volume exceeding their individual USPS-determined threshold level. The program period is July 1, 2009 through September 30, 2009. Participating mailers documenting Standard Mail letter or flat volume above their established threshold level will receive a credit to a designated permit imprint advance deposit account, or Centralized Account Payment System (CAPS) account following the close of the program period. Program participants must review and certify the accuracy of the data used by the USPS to calculate their individual volume trend, threshold level and October 2009 expected volume.

### **2.2 Eligibility Standards**

Mailers are considered eligible for the program as follows:

- a. Applicants must be the permit holder (i.e. owner) of one or more permit imprint advance deposit accounts or the owner of qualifying mail volume entered through the permit imprint advance deposit account of a mail service provider.
- b. Applicants must be able to document, in aggregate, volume of at least one million pieces of Standard Mail letters or flats, within the program qualification period of October 1, 2007 to March 31, 2008, as follows:
  1. Volume through one or more permit imprint advance deposit accounts, precanceled stamp permits, or postage meter permits owned by the applicant, or
  2. Volume prepared by a mail service provider when entered through a permit owned by the applicant, or
  3. Volume within a mail service provider's permit, which can be identified as being prepared on behalf of the applicant.
- c. Mail service providers are not eligible to participate in this program.

### **2.3 Program Threshold Level**

Threshold level figures will be calculated independently for each applicant as follows:

- a. Total documented volume of Standard Mail letters and flats recorded within the period from October 1, 2007 to March 31, 2008 will be compared to that recorded within the period of October 1, 2008 to March 31, 2009.
- b. The change in recorded mailing volume between these two periods will represent the applicant's volume trend. Trends that show growth for the period of October 1, 2008 to March 31, 2009, versus that shown in the same period of the prior year, will appear as a ratio above 1.0 (expressed here in a decimal format). A volume decline from October 1, 2008 to March 31, 2009 will appear as a ratio below 1.0.

- c. The applicable ratio will then be applied to the volume of Standard Mail letters and flats, for all of the applicant's permit activity, or other qualifying volume recorded through the permit of a mail service provider, demonstrated during the period from July 1, 2008 through September 30, 2008.
- d. The product of the calculation in 2.3c will represent the USPS-determined threshold level for the selected applicant.

## **2.4 Application**

Mailers meeting the eligibility criteria will be contacted by letter, describing the application process and requirements. Mailers interested in applying will be provided with a registration website and their USPS-determined threshold level. Mailers meeting the eligibility standards under 709.2.2, and not notified by letter, may request a review of their eligibility by contacting the USPS at [summersale@usps.gov](mailto:summersale@usps.gov). Mailers wishing to dispute their threshold level calculations will be provided with instructions on that process. Following registration, mailers will be notified of their approval for participation in the program, their approved threshold level, and their revised threshold level (if applicable).

## **2.5 Program Participation**

Mailers may participate in the program with qualifying volume as follows:

- a. Standard Mail letter and flat volume mailed by the participant through the participant's own permit imprint advance account, precanceled stamp permit(s), or postage meter permit(s);
- b. Standard Mail letter and flat volume prepared by a mail service provider, when entered through a permit owned by the participant;
- c. Standard Mail letter and flat pieces mailed through a mail service provider's permit, only when the pieces can be identified as being prepared for the participant and when the applicant's prior mailing activity through the mail service provider's permit can be validated.

## **2.6 Incentive Program Credits**

Approved participants demonstrating an increase in Standard Mail letter and flat volume above their approved threshold level qualify for a credit to their applicable permit imprint advance account or, if approved, the permit imprint advance account of a designated mail service provider as follows:

- a. The total postage paid for commercial and Nonprofit Standard Mail letters and flats recorded during the program will be identified for each participant.
- b. The total postage paid during the program period will be divided by the total number of recorded pieces to generate the average price per piece for the program period.
- c. Participants will receive a credit in the amount of 30 percent of the average price per piece applied to the total number of mailpieces, for the incremental volume above their approved threshold level, recorded during the program period.

**2.7 Mailing Activity Review**

Mailing activity by participants will be reviewed in the calendar month following the end of the program. The qualifying volume recorded for participants may be adjusted in accordance with the following:

- a. The participant's previously determined volume trend will be applied to the volume of Standard Mail letters and flats mailed by the participant within the month of October 2008, to determine the program participant's October 2009 expected volume.
- b. The participant's actual October 2009 volume will then be compared to their October 2009 expected volume.
- c. Participants failing to meet their October 2009 expected volume will have any shortfall in volume deducted from the number of mailpieces eligible for an incentive credit within the program.

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