

BREAKING NEWS!

High-Density ECR Standard Mail May 11 Increase Reduced July 19

New rates effective May 11, 2009

Mandatory address location March 29, 2009

Latest Updates on changes affecting Periodicals mail...Move Update, IMB, FSS, SOX, OMX and other strange acronyms

Maximizing Postage Savings and Delivery

Texas Press Association, Austin, TX, June 19, 2009

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SAVING POSTAGE & DELIVERY

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Postal reform bill a huge victory for mailed newspapers

Just when we thought there was no hope, the unpredictable U.S. Congress produced a postal reform bill at the last possible moment of the lame duck session in the wee hours of Dec. 9, 2006. The Postal Accountability and Enhancement Act is now law after presidential signature December 20.



POSTAL TIPS

Max Heath

A dozen years of work, with the National Newspaper Association's active involvement the last 10 or so years, paid off in spades thanks to the vision and hard work of past and present NNA presidents dating to Lockwood Phillips of Morehead City, NC, continuing through Jeff David of Denham Springs, LA, and continuing most recently with Jerry Reppert of Anna, IL, and Jerry Tidwell of Granbury, TX. Tonda Rush, NNA

director of government relations, did the heavy lifting in Washington.

Phillips took the heat from naysayers elsewhere in the industry who wanted to stand outside the process and throw rocks. The change to active engagement of NNA, working with Rep. John McHugh, R-NY, and later Sen. Susan Collin, R-ME, among others, and their staff gave NNA a seat at the table to gain major revisions of postal statutes affecting in-county mail:

- **Within-county rates expansion** for mail on routes that originate at in-county post offices but wander outside the county, which were not technically "in-the-county" under old statutes. Virtually every in-county newspaper in America should see reduced postage on copies moved from out-of-county to in-county when the rules are written. County-line newspapers, which have the most copies on routes outside the county, have the most to gain. I've heard complaints about this problem from NNA members for years, and I am glad to help achieve rate reduction under language that now says copies entered in-county get

the in-county rate regardless of where they are delivered.

- **Expansion of in-county rates to Requester Periodicals**, which under current laws pay outside-county rates. This provision reduces postage for Requester titles that qualify otherwise for in-county rates (more than 50 percent of total distribution in-county requested, or total paid circulation under 10,000). There is a cost of maintaining accurate requester records and staying above 50 percent, but the savings per copy should be in the range of 30-60 percent below outside county rates, depending on where rates settle in the current rate case.
- **Preservation as mail subclass**. Perhaps the greatest achievement of the bill for the long run security of in-county mailed newspapers is that NNA staff did yeoman's work in sourcing old statutes and working with postal committee staff to update them in such a way that the preferred rates for in-county mailers are "hard-wired" into postal code for years to come.
- **Restoration of Limited Circulation preferred rates**. Newspapers mailing fewer than 5,000 copies outside the county used to get discounted piece rates. This was ended under revenue-forgone postal funding battles during the 1980s. But they should be coming back. Considering the sorry level of service accorded newspapers' outside-county mail, publishers are certainly paying for more service than we get. It's time some fairness flowed back our way, although what most newspapers want is better delivery.
- **Periodicals cost report**. The reform bill mandates a report to the president from USPS and PRC on periodicals costs, which have ballooned, oddly, since USPS introduced automation.

CHANGES STRENGTHENING THE POSITION OF ALL MAILERS

- **Price caps for Periodicals, Standard, and First-Class Mail** mean rates in these competitive classes must be set within a cost-of-living index, CPI. NNA believes that a sub-class like in-county mail should get the same treatment as a class, and legislators think that too. We will be working with imple-

menting authorities at the new Postal Regulatory Commission and USPS lawyers to ensure that is the case.

- **Service standards** must be set by USPS within 12 months to get serious about setting and keeping realistic standards. The new PRC will also have subpoena powers to get information from USPS. Complaints about improper rates will be considered.
- **End to rate-case litigation**. This process is both costly and time-consuming for NNA, and should free up scarce resource dollars for other valuable work on behalf of NNA members. There is much to do with postal rules and practices, and challenges including entry points under Flats Sortation Sequencing, where your postal committee will stay engaged with USPS.
- **Cost relief to USPS/mailers**. At the last minute the administration agreed not to saddle USPS with \$27 billion in pensions for postal military retirees for their military time. And Civil Service Retirement System pension over-payments were ended. But USPS must now pre-fund retiree health benefits, which had been recognized in the year incurred. Mailers will be helped even more 10 years out than in the short term, however.

How soon will all this occur?

That is the big question. It will take lots of work by USPS staff, the PRC, and congressional staffs to sort through the bill, HR 6407, which allows up to 18 months for new PRC regulations.

Will it lower rates in the current rate case?

USPS says no, though mailers argue that with the "revenue requirement" clearly lower, the PRC should reduce the amount needed by USPS to be requested.

Will this be the last major rate case?

NNA hopes so. But USPS is entitled to one last case prior to reform implementation if filed by Dec. 20, 2007. We hope the current case is it. But it might not be, depending on the PRC decision. © Max Heath 2007

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Multiple rules changes with DMM references, rates Maximizing postage savings, delivery for community newspapers

Small-volume Periodicals newspaper mailers have options to save money and improve delivery times under



Postal Tips

Max Heath

rates and rules changes over the past decade, and notably in 2007 under postal reform. This recaps tips from recent years in one handy place for reference, including proper citations from the Domestic Mail Manual that you can show postmasters who need help

understanding the many changes NNA has achieved for community newspapers. First of two parts presented at the National Postal Forum in Washington DC May 19, 2009.

IN-COUNTY RATES

1. In-county eligibility...DMM

707.11.3.1: Periodicals circulating under 10,000 total paid copies, or with more with than 50% of total paid circulation within the county of original entry, can mail at lower In-County rates. There are no advertising pound rates paid on in-county mail, but a DDU and non-DDU rate, based on no USPS transportation costs for DDU.

2. Requester Periodicals that meet the same qualifications can mail at in-county rates under a provision of the Postal Accountability and Enhancement Act (PAEA) effective Aug. 30, 2007. May 2009 savings run from 22-62%, depending on weight, to move from Periodicals Regular Rate to In-County Saturation, and from 62-78% if a Standard Mail publication can qualify for In-county Saturation (25% non-advertising and 24-page minimum, 50% requesters). The lower the weight, the higher the percentage. DDU is assumed in all scenarios.

3. In-county definition expanded...DMM 707.11.3.2(d)
Another provision of PAEA, effective

August 30, 2007, expanded in-county rate eligibility to copies originating inside the county but delivered outside the county of original entry. These so-called "wandering routes" were excluded under the old statute definition.

4. Wandering-in pieces count too...DMM 707.11.3.2(b) An existing provision, widely overlooked, allows in-county rate eligibility for any carrier-route copies delivered to an address inside the county when entered at a delivery office in an adjoining county and wander back in.

5. Walk-sequence carrier-route sorted mail. (DMM 707.13.3) Periodicals can qualify for High-Density rates at 125 pieces per route, saving 1.5 cents per copy in-county and 2.7 cents (up 0.7 cent in 2009) outside-county. But in-county mailers get a bonus under rules that allow High-Density rates for 25% of Active Possible Deliveries on a route...**DMM 707.13.3.4(c)**. Any time routes, such as rural routes covering wide areas with low housing density, fall below 500 active deliveries, the 25% threshold pays off for carrier-route mailers. Walk-sequence can be obtained via Delivery Sequence File (DSF) processing from software vendors, Computerized Delivery Sequencing (CDS) qualification that is updated bi-monthly, or even locally at no charge via local-office sequencing (**DMM 507.7.3.9**).

6. Limited Circulation Preferred Price Discount on page 1 of 3541-R applies to any Periodical with at least one in-county copy and under 5,000 outside-county copies. Effective May 2008 and defined in **DMM 707.1.1.8**. Software should add line B16, parts C, D, E totals X .05 and deduct.

DROP SHIPPING

1. DDU entry: Local/regional publications can maximize savings and get faster delivery by entering mail at delivery post offices (Destination

Delivery Units). **See DMM 707.29.5.** *There are three ways to earn DDU rates: Additional Entry, authorized via Form 3510, requires postage payment at that office **See DMM 707.30.** Plant-Verified Drop Shipment Postage Payment System requires mail acceptance at the office of original entry, at a designated office, or Detached Mail Unit within a printing plant, then delivery to other offices. Form 8125, Drop Shipment Clearance Document, must accompany the copies taken to DDUs. **See DMM 705.15.** Exceptional Dispatch (see 4 below) is a better way for local regional/regional publications.*

2. In-County Rate eligible Periodicals save 4.2 cents per pound (up 0.2 cent), and 0.8 cent per piece for DDU entry, under May 11 rates. The DDU rate applies to carrier-route sorted copies.

3. Regular Rate Periodicals (outside-county) saves 8.8 cents per non-adv. pound (up 2 cents) and 10.6 cents per adv. pound (up 2.5 cents at DDUs for origin-entered mail under the May 11 rates.)

4. Exceptional Dispatch (DMM 707.28.3) allows local/regional Periodicals mailers to claim DDU rates on carrier-route mail with request letter to original entry postmaster. The 2001 rule change also expanded destination-entry to drops within zones 1-2, which includes the SCF zone. Neither Additional Entry nor Plant-Verified Drop Shipment Form 8125 is required. While eligibility is for Periodicals with circulation of 25,000 and under, USPS said waivers would be considered on a case-by-case basis.

5. SCF entry can be done under Exceptional Dispatch to improve service so long as only mail for that SCF is dropped at an SCF. Mail dropped at an SCF for the world would require Additional Entry and postage payment at the SCF.

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Multiple rules changes with DMM references, rates

Maximizing postage savings, delivery for community newspapers

Small-volume Periodicals newspaper mailers have options to save money and improve delivery times under rates and rules changes over the past decade, and notably in 2007 under postal reform.

This recaps tips from recent years in one handy place for reference, including proper citations from the Domestic Mail Manual that you can show postmasters who need help understanding the many changes NNA has achieved for community newspapers. First of two parts presented at the National Postal Forum in Washington DC May 19, 2009.



Postal Tips

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Your postal software should enable sorting requirements so that the only changes you need to make are generally in the iSet-up for your mail labels processing. If not, we suggest you ask your vendor to contact NNA for information on how to incorporate these beneficial changes for their clients.

SACK THE SACKS!

FLATS TRAY PERIODICAL PRESORT & OTHER OPTIONS

1. **Flats Trays** (white tubs) were first allowed for Periodicals use Oct. 27, 2005 when a new Origin Mixed ADC sortation was added via Labeling List L201, mandatory July 6, 2006. Rather than sending all residual mail from origin to one of the 34 remote sites limited by May 15, 2005 changes to L009 for MADC, OMX holds Periodicals at the origin plant close to entry for working onto First-Class truck trips. While green First-Class-designated lids were not specifically approved by that rule, many **operational** personnel allowed and preferred them for ready identification along with pink tray tags. Pieces were to be loose in trays, facing the same direction. Trays were also allowed for MADC and any ADC of 24 or more copies.

2. **Flats Tray use expanded** September 13, 2007 to all presort levels, and green lids required under **DMM 707.20.4.3 (J)**. Two straps must be placed tightly around the width of the tray. While trays only hold 25-30 pounds of mail, as compared to 70 pounds in a sack, delivery is generally much improved. Flats Trays, especially with green lids, may more often be handled on First-Class trucks and Low Cost Tray Sorters, and are preferred by most plant operations personnel. As of March 16, 2008, trays must be used exclusively when chosen, without mixing sacks and trays. One key: Take care to set the maximum possible limit of copies for each tray to minimize container costs, using PAVE-certified software.

3. **Unsacked bundles to DDUs** were allowed via Periodicals rules change Oct. 14, 2004 for carrier route and 5-digit bundles. In addition, USPS allowed unsacked bundles to weigh up to 40 pounds, rather than 20 pounds when sacked. (**DMM 707.23.4.2**)

4. **Container charges avoided.** With container charges on regular rate Periodicals since July 15, 2007, unsacked bundles at DDUs are exempt from container charges. This rule saves no money on in-county containers, or mixed in-county/outside county containers, which are exempt from container and bundle charges (**DMM 707.2.1.8-9**). It still saves mailer cost of preparing sacks or trays, and USPS costs of unloading sacks or trays.

5. **Pallet minimums lowered.** Effective July 15, 2007, USPS lowered pallet minimums to 100 pounds at DSCFs, and no minimum at DDUs. Otherwise, pallet minimums were lowered to 250 pounds,

though SCF managers may approve lower minimum for 5-digit, 3-digit or SCF pallets. See **DMM 705.8.5.3**. Mailers who prefer to use APCs (All-Purpose Containers) can claim pallet rates so long as the makeup is identical to pallet rules. In 2007, USPS clarified that 40-pound carrier route and 5-digit bundles can also be allowed on 5-digit pallets or finer to DDUs. See **DMM 705.8.9.3(c)**

OPTIONAL PREPARATION SAVING/DELIVERY OPTIONS

1. **FIRM bundles save money.** This optional preparation in **DMM 707.22.3** provides significant discounts when two or more copies to the same delivery address are combined. FIRM bundles in-county save 100% of the piece rate except one for the bundle, at whatever rate level the bundle is traveling. In-county, that would be 5.9 cents at basic carrier route rate, 4.4 cents at High-Density, and 10.5 cents at 5-digit automation. Outside county, the bundle rate is a flat 17.8 cents, so you save 17.8c for all copies in the bundle except one. However, the increase in bundle charges for outside-county mail May 11, 2009, reduces the value of FIRM bundles, depending on the number of copies in the bundle and the level of sortation of that bundle.

2. **Standard Mail Renewal Notices.** Customer Support Ruling **PS-238** available at Postal Explorer web site at <http://pe.usps.gov> allows savings of about 50% for local mailers who can presort to carrier-route some portion of their renewal mailings. To ensure forwarding and address correction services, which are included in First Class rates but not Standard, use an optional endorsement, such as Address Service Requested, below the return address or other approved locations. As of November, 2009, that was also required under Move Update expansion to Standard Mail. See **DMM 507.1.5.3**.

3. **Automation Barcode Discount** can be taken with 5-digit POSTNET barcode. Periodicals save 3.2 cents (+0.4c) per piece at Mixed ADC, 2.3 cents at ADC (+0.2c), 2.1 cents at 3-digit (+0.4c), and 1 cent at 5-digit (+0.2c). All discounts for machinable flats, lines C1-8 on May 2009 3541.

4. **Barcode tray tags.** Mailings with barcoded address labels are required to have barcoded sack tags, but the 10-digit tags to help direct the mail type to the proper processing plant are not always generated. Doing so will help keep Periodicals out of the BMC network.

5. **Keep DDU-bound pieces intact in sort plan, labels.** The 24-piece minimum container rule effective May 11, 2006 caused some small-volume titles with mailer entry at DDUs or DSCFs to find some part of that mail escaped to an M3D, SCF, or ADC. Depending on volumes or sort, those pieces could even regress to OMX or MADC sortations. All harm delivery and can cause loss of subscribers. Software vendors can keep those pieces together in the sort plan and label package so that they are passed along to the DDU or SCF, and kept out of working sortations. Rate eligibility does not change, however. A USPS rule to clarify that this is allowed has been requested by for non-FSS DDUs.

6. **Use PAVE-certified software.** Software tested and certified by USPS is more certain to incorporate the latest in mail sortations to enhance delivery, rates and rules changes that help save money, and avoid revenue deficiencies from not being up to date and perhaps underpaying postage. See PAVE-certified vendor list at IITTP://RIBBS.USPS.GOV

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W - as of May 91

Postage prices increase May 11, 2009

Community newspapers gain 'sticky-note' and outside-county carrier-route mail price decline

The National Newspaper Association's five-year effort to gain a reduction in the in-county price for adding "Repositionable Notes" to the front page of Periodicals finally paid off with a 1 cent reduction from 1.5 cents to 0.5 cent. The price, more commensurate with lower in-county prices, makes it more feasible for community newspapers to sell RPNs on mailed copies, and raise revenue during this slow economy.



POSTAL TIPS

Max Heath

The charge, the first made under a concept of "value of service" rather than costs incurred by USPS, was controversial. After three years of experimental status it was made permanent two years ago. The price remains 1.5 cents for RPNs on regular rate (outside-county mail) or Standard Mail. The lower in-county rate will be located on Line 21 of the In-County page (Part A) of Postage

Statement 3541.

NNA's victory, led by Tonda Rush, the organization's director of public policy in Washington, was the main highlight of the May 11, 2009, postage price changes announced Feb. 10. But overall, community newspapers came out pretty well in the new era of annual, planned rate increases. The singular striking negative announcement was a much higher-than-expected hit on High Density Enhanced Carrier Route flats, which will affect many newspaper shoppers. In that area, USPS seems clearly to have aimed its best rates at its own favored competitors, the saturation direct mail users.

THE HIGHLIGHTS

The 3.8 percent rate cap held, despite the deteriorating financial condition of USPS. No class or subclass was increased more than the 3.8 percent urban CPI for the trailing 12 months ending in December 2008, in keeping with the 2006 postal reform law. A model weekly I use in seminar training experienced an overall 3.6 percent increase.

In-county carrier route prices were up

about the same, although high-density carrier-route increased by 4-5.4 percent, slightly above the average. But the discount for the high-density price remains at 1.5 cents below Basic carrier-route. As a reminder, the high-density price applies to routes in carrier walk-sequence with either 125 pieces or 25 percent of the active possible deliveries (in-county only on the 25 percent rule won by NNA.)

The in-county chart with this article shows the prices by weight and sortation with percentage changes.

Outside-county prices declined for some advertising and all non-advertising pounds, and for two of three carrier-route prices. These reductions were driven primarily by a desire to encourage more drop-shipping for regular-price copies and to balance sharp increases in bundle and container costs to allow prices to stay within the rate cap. But the changes work to the advantage of any newspapers, paid or requester that pay carrier-route prices and drop-ship to delivery offices or SCFs. The DDU pound price dropped from 16.5 to 13.1 cents for advertising weight, and from 13.7 to 10.9 cents for non-advertising.

And while the basic carrier-route price for six or more pieces per route goes up 0.4 cent to 17.4 cents, the high-density price for 125 pieces in walk-sequence order declines 0.2 cent to 15.1 cents. The saturation price (used when sampling at Regular prices) drops 0.3 cent to 13.2 cents. Copies entered at a delivery office with no container (sack or tray) pay only piece and bundle prices outside-county.

The Regular Rate carrier route chart with this article using 60 percent advertising shows healthy declines for copies entered in unsacked bundles at DDU and even SCF offices. The 5 percent Preferred Price discount won by NNA in postal reform, and made effective in fall 2007, also helps. It applies if you have at least one in-county copy and fewer than 5,000 copies outside the county, and applies to the entire issue's 3541, even if you have 3541 editions that lack any in-county copies. It's on the front page of form 3541.

Bundle prices, which started low in 2007, were sharply increased for all but one price, Mixed ADC. While that one dropped

25 percent from 10.3 cents to 7.7 cents, other bundle prices were increased in a range from 51 percent to 267 percent, the latter for carrier route bundles with a price of 14.7 cents rather than 4 cents previously.

Container prices (sacks/trays) increased again (except for Mixed ADC down about 3 percent) in a range from about 7.4 percent to 40 percent.

Pallet prices also increased sharply, although a DDU-entered pallet of 5-digit or carrier-route sorted mail, most often used by NNA members, only increased from \$1.236 to \$1.60, or 29 percent, but usually with a lot of mail on it for a fairly low price. That same pallet entered at a destination SCF increased from \$8.237 to \$20.40, or 147 percent. So DDU entry is still well-incented. (DDU pallets can have as little as 100 pounds of mail, under a rules change won by NNA. The maximum is 2,200 pounds.)

Standard Mail prices used by shoppers and free newspapers increased only 1.4 percent for DDU Saturation Walk-sequence copies up to 3.3 oz., and decline after that to about 0.5 percent. DDU High-Density took a hit of 5.7 percent up to 3.3 oz., with increases up to 9.3 percent at 16 oz., as USPS again favored Saturation mail over High-Density used by non-subscriber shoppers. Basic carrier route price (10-124 pieces) increased 2.9 percent up to 3.3 oz.

Saturation is now 2.6 cents per piece cheaper than High-Density compared to 1.9 cents now (DDU entry). DDU discount increased slightly from 5.1 to 5.2 cents between DDU and None entry, helping keep rates lower for copies entered at delivery offices.

Intelligent Mail Barcode discount unveiled in this filing is a disappointing 0.1 cent for Periodicals and Standard Mail, and 0.3 cent for First Class, but only when the Full-service option is selected, and not until November 29. There is no discount for Basic IMB use. There is no incentive to use the IMB, in my view, for newspapers. And there will continue to be discounts for the current Postnet barcode until May 2011.

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Periodicals In-County Rates

2009 Final effective May 11, 2009

04/01/09

NOTE: High Density W/S rate based on 25% of active possible deliveries.

Piece Rate	0.13	0.059	0.059	0.044	0.044	0.03
DU Discount			0.008		0.008	0.008
Pound Rate	0.183	0.183	0.141	0.183	0.141	0.141

Discounts:	1 None	2 Carrier Route	3 Carrier Route Del Ofc	4 Carrier Route HD W/S	5 Carrier Route HD W/S Del Ofc	6 Carrier Route Sat W/S Del Ofc
1 oz.	0.1414	0.0704	0.0598	0.0554	0.0448	0.0308
2 oz.	0.1529	0.0819	0.0686	0.0669	0.0536	0.0396
3 oz.	0.1643	0.0933	0.0774	0.0783	0.0624	0.0484
4 oz.	0.1758	0.1048	0.0863	0.0898	0.0713	0.0573
5 oz.	0.1872	0.1162	0.0951	0.1012	0.0801	0.0661
6 oz.	0.1986	0.1276	0.1039	0.1126	0.0889	0.0749
7 oz.	0.2101	0.1391	0.1127	0.1241	0.0977	0.0837
8 oz.	0.2215	0.1505	0.1215	0.1355	0.1065	0.0925
9 oz.	0.2329	0.1619	0.1303	0.1469	0.1153	0.1013
10 oz.	0.2444	0.1734	0.1391	0.1584	0.1241	0.1101
11 oz.	0.2558	0.1848	0.1479	0.1698	0.1329	0.1189
12 oz.	0.2673	0.1963	0.1568	0.1813	0.1418	0.1278
13 oz.	0.2787	0.2077	0.1656	0.1927	0.1506	0.1366
14 oz.	0.2901	0.2191	0.1744	0.2041	0.1594	0.1454
15 oz.	0.3016	0.2306	0.1832	0.2156	0.1682	0.1542
16 oz.	0.3130	0.2420	0.1920	0.2270	0.1770	0.1630

PERCENTAGE CHANGES - NEW RATES OVER OLD RATES

2009 Final effective May 11, 2009 over May 2008

Discounts	1 None	2 Carrier Route	3 Carrier Route Del Ofc	4 Carrier Route HD W/S	5 Carrier Route HD W/S Del Ofc	6 Carrier Route Sat W/S Del Ofc
1 oz.	4.00%	3.58%	4.02%	4.60%	5.44%	4.45%
2 oz.	4.00%	3.64%	3.98%	4.49%	5.15%	4.28%
3 oz.	4.00%	3.68%	3.94%	4.42%	4.94%	4.17%
4 oz.	3.99%	3.71%	3.92%	4.36%	4.78%	4.09%
5 oz.	3.99%	3.74%	3.89%	4.32%	4.66%	4.04%
6 oz.	3.99%	3.76%	3.87%	4.28%	4.56%	3.99%
7 oz.	3.99%	3.78%	3.86%	4.25%	4.48%	3.96%
8 oz.	3.99%	3.79%	3.85%	4.23%	4.41%	3.93%
9 oz.	3.99%	3.81%	3.83%	4.21%	4.36%	3.91%
10 oz.	3.99%	3.82%	3.82%	4.19%	4.31%	3.89%
11 oz.	3.99%	3.83%	3.82%	4.18%	4.26%	3.88%
12 oz.	3.99%	3.84%	3.81%	4.17%	4.23%	3.86%
13 oz.	3.99%	3.84%	3.80%	4.16%	4.20%	3.85%
14 oz.	3.99%	3.85%	3.79%	4.15%	4.17%	3.84%
15 oz.	3.99%	3.86%	3.79%	4.14%	4.14%	3.83%
16 oz.	3.99%	3.86%	3.78%	4.13%	4.12%	3.82%

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Periodicals Regular Rates -- 60% Advertising (w/o bundle/container charges)

Carrier Route Regular Rates minus 5% discount effective May 11, 2009

29-Mar-09

	1 Carrier Route Zone 1-2	2 Carrier Route SCF	3 Carrier Route HD W/S SCF	4 Carrier Route Del Ofc	5 Carrier Route HD W/S Del Ofc	6 Carrier Route Sat W/S Del Ofc
2 oz.	\$0.1590	\$0.1547	\$0.1291	\$0.1469	\$0.1212	\$0.1032
3 oz.	\$0.1726	\$0.1662	\$0.1405	\$0.1544	\$0.1287	\$0.1107
4 oz.	\$0.1861	\$0.1776	\$0.1520	\$0.1619	\$0.1362	\$0.1182
5 oz.	\$0.1997	\$0.1891	\$0.1634	\$0.1694	\$0.1437	\$0.1257
6 oz.	\$0.2133	\$0.2005	\$0.1749	\$0.1769	\$0.1512	\$0.1332
7 oz.	\$0.2268	\$0.2120	\$0.1863	\$0.1844	\$0.1587	\$0.1407
8 oz.	\$0.2404	\$0.2234	\$0.1978	\$0.1919	\$0.1662	\$0.1482
9 oz.	\$0.2540	\$0.2348	\$0.2092	\$0.1994	\$0.1737	\$0.1557
10 oz.	\$0.2675	\$0.2463	\$0.2206	\$0.2069	\$0.1812	\$0.1632
11 oz.	\$0.2811	\$0.2577	\$0.2321	\$0.2144	\$0.1887	\$0.1707
12 oz.	\$0.2947	\$0.2692	\$0.2435	\$0.2219	\$0.1962	\$0.1782
13 oz.	\$0.3082	\$0.2806	\$0.2550	\$0.2294	\$0.2037	\$0.1857
14 oz.	\$0.3218	\$0.2921	\$0.2664	\$0.2369	\$0.2112	\$0.1932
15 oz.	\$0.3354	\$0.3035	\$0.2778	\$0.2444	\$0.2187	\$0.2007
16 oz.	\$0.3489	\$0.3149	\$0.2893	\$0.2519	\$0.2262	\$0.2082

PERCENTAGE CHANGES -- New Rates over Old Rates (w/o bundle/container charges)

Carrier Route Regular Rates minus 5% discount effective May 11, 2009

	1 Carrier Route Zone 1-2	2 Carrier Route SCF	3 Carrier Route HD W/S SCF	4 Carrier Route Del Ofc	5 Carrier Route HD W/S Del Ofc	6 Carrier Route Sat W/S Del Ofc
2 oz.	0.78%	0.35%	-3.85%	-1.08%	-5.68%	-7.40%
3 oz.	0.41%	-0.20%	-4.12%	-2.24%	-6.70%	-8.43%
4 oz.	0.09%	-0.67%	-4.35%	-3.27%	-7.59%	-9.31%
5 oz.	-0.18%	-1.09%	-4.54%	-4.20%	-8.37%	-10.07%
6 oz.	-0.41%	-1.45%	-4.71%	-5.03%	-9.06%	-10.73%
7 oz.	-0.62%	-1.77%	-4.86%	-5.78%	-9.67%	-11.32%
8 oz.	-0.80%	-2.06%	-4.99%	-6.46%	-10.23%	-11.84%
9 oz.	-0.96%	-2.31%	-5.11%	-7.08%	-10.73%	-12.30%
10 oz.	-1.11%	-2.55%	-5.21%	-7.64%	-11.18%	-12.72%
11 oz.	-1.24%	-2.76%	-5.31%	-8.17%	-11.60%	-13.09%
12 oz.	-1.36%	-2.95%	-5.39%	-8.65%	-11.98%	-13.43%
13 oz.	-1.46%	-3.12%	-5.47%	-9.09%	-12.33%	-13.75%
14 oz.	-1.56%	-3.28%	-5.54%	-9.50%	-12.65%	-14.03%
15 oz.	-1.65%	-3.43%	-5.60%	-9.89%	-12.94%	-14.29%
16 oz.	-1.73%	-3.57%	-5.66%	-10.25%	-13.22%	-14.54%

4

SHOPPER RATES -- DELIVERY OFFICE (DDU) ENTRY

08-Jun-09

Enhanced Carrier Route Flat Rates

Effective July 19, 2009 **PROPOSED**

Enhanced Carrier Route Commercial Effective July 19, 2009			
Entry Level Discounts:	DDU	DDU	DDU
Sortation Discounts:	Basic	High Density	Sat
1 ounces	\$0.2100	\$0.1670	\$0.1420
2 ounces	\$0.2100	\$0.1670	\$0.1420
3 ounces	\$0.2100	\$0.1670	\$0.1420
4 ounces	\$0.2288	\$0.1820	\$0.1570
5 ounces	\$0.2564	\$0.2043	\$0.1793
6 ounces	\$0.2841	\$0.2265	\$0.2015
7 ounces	\$0.3118	\$0.2488	\$0.2238
8 ounces	\$0.3395	\$0.2710	\$0.2460
9 ounces	\$0.3672	\$0.2933	\$0.2683
10 ounces	\$0.3949	\$0.3155	\$0.2905
11 ounces	\$0.4226	\$0.3378	\$0.3128
12 ounces	\$0.4503	\$0.3600	\$0.3350
13 ounces	\$0.4779	\$0.3823	\$0.3573
14 ounces	\$0.5056	\$0.4045	\$0.3795
15 ounces	\$0.5333	\$0.4268	\$0.4018
16 ounces	\$0.5610	\$0.4490	\$0.4240

Enhanced Carrier Route Commercial July 19, 2009 change compared to 2008 rates PROPOSED				
Entry Level Discounts:	DDU	DDU	DDU	DDU
Sortation Discounts:	Basic	High Density	High Density	Sat
	Comp May 2008	Comp May 2009		
1 ounces	2.94%	5.03%	-0.60%	1.43%
2 ounces	2.94%	5.03%	-0.60%	1.43%
3 ounces	2.94%	5.03%	-0.60%	1.43%
4 ounces	3.62%	4.60%	-1.62%	1.29%
5 ounces	4.70%	4.08%	-2.62%	1.13%
6 ounces	5.57%	3.66%	-3.41%	1.00%
7 ounces	6.31%	3.32%	-4.05%	0.90%
8 ounces	6.93%	3.04%	-4.58%	0.82%
9 ounces	7.46%	2.80%	-5.02%	0.75%
10 ounces	7.93%	2.60%	-5.40%	0.69%
11 ounces	8.33%	2.43%	-5.72%	0.64%
12 ounces	8.69%	2.27%	-6.01%	0.60%
13 ounces	9.01%	2.14%	-6.25%	0.56%
14 ounces	9.29%	2.02%	-6.47%	0.53%
15 ounces	9.55%	1.91%	-6.67%	0.50%
16 ounces	9.78%	1.81%	-6.85%	0.47%

5
Requesters also eligible for in-county rates

In-County postage rates extended to outside-county copies originating in-county

Two of three Periodical rate changes from the Postal Accountability and Enhancement Act signed in January went into effect Aug. 30, 2007 in the Postal Bulletin 22214 of that date, Pages 14-15.



IN-COUNTY RATES NOW ON WANDERING ROUTES

POSTAL TIPS

Max Heath

A key change for mailed newspapers, especially those located near county lines, is that all copies delivered from an in-county eligible post office qualify for In-County rates regardless of

where they are delivered. The Postal Service language from the August 30 Postal Bulletin (Page

14) stated, "We are revising the criteria for In-County rates to include copies entered within the county of publication but delivered outside that county on a postal carrier route that crosses over county lines."

The provision, inserted into the Postal Reform bill during 12 years of work by the National Newspaper Association, helps clear up an aggravating definition in old law that caused higher rates for papers with in-county ZIP Codes near county lines. Mail that had the same cost characteristics as other in-county mail had been forced to pay outside-county rates (about double) for copies on "wandering routes" that stray into another county. NNA listened to member complaints for years, and obtained this legislative fix, which should take some of the sting out of the sharp July 15 in-county rate increase.

The new language is now embedded in Domestic Mail

Manual 707.11.3.2(d) that states "A publication entered within the county in which it is published, but distributed outside that county on a postal carrier route originating in the county of publication, is treated as if distributed within the county of publication." Share with postmasters as needed.

Community newspapers should also be aware that an existing provision in (b) states, "A copy addressed to a destination within the county of publication is eligible for in-County rates when the entry post office serving that address is outside the county."

To sum up: Copies entered inside the county but wandering outside can claim in-county rates, while copies entered outside the county but wandering into your county can also claim in-county rates. This is the best possible scenario for community newspapers. Software vendors should have already provided a

5
solution for both these rules. But if not, urge them on.

REQUESTERS ELIGIBLE FOR IN-COUNTY RATES

Another provision of the bill made effective Aug. 30, 2007, granted in-county rates to Requester publications. Newly-revised DMM 707.11.3.1 extends in-county rates to those Periodicals qualifying under the Requester category. That is, the total requested circulation is either less than 10,000 copies OR the number of requested copies distributed within the county of publication is more than 50 percent of the total requested circulation. That mirrors the paid rule that is included in the same passage. Requester newspapers distributing saturation Periodicals mail at regular rates will save about eight cents per piece, or 40-70 percent. © Max Heath 2007

Flats tray (tub) use expanded for newspapers

Acting at the request of the National Newspaper Association's Postal Committee, USPS has approved an option to expand flats tray use to all presort levels of Periodicals machinable flat-size pieces, effective September 13. Details of the change are in the same Postal Bulletin mentioned above, Pages 11-13.

Currently, the optional tray preparation is available only for unbundled pieces sorted to the Area Distribution Center (ADC), Origin Mixed ADC, or Mixed ADC. Under the expanded option, newspapers may prepare trays for all presort levels.

Bundling is permitted when the bundle presort is finer than the presort destination of the tray. For instance, 5-digit bundles in a 3-digit tray, and 5-digit or 3-digit bundles in an SCF tray,

should be made up at six copies and above. (FIRM bundles should also be made up separately, regardless of container.)

While bundles are subject to a small bundle charge, costs will be higher when unbundled as the piece rates are based on the presort level of the tray, rather than the presort level of the bundle. In other words, 5-digit bundles in a 3-digit tray pay 5-digit piece rates. But if loose in a 3-digit tray, they pay a higher 3-digit piece rate, even though there is no bundle charge.

For mailers choosing the tray option, trays must be used for all presort levels as of March 16, 2008. In other words, mailers should not mix flats trays and sacks after that date. Newspapers should also take care to set the number of copies per tray at the highest possible

level to minimize the number of trays and hold down costs for each container charged under July 15 rates.

NNA strongly encourages newspapers to keep mail dropped to delivery post offices in unsacked bundles. Trays should not be used for carrier route mail entered at those offices, but should be reserved for mail that otherwise would have been sacked. Newspapers should also return to the post office any postal trays being used for storage devices in their offices, or sitting idle, and encourage other businesses to keep tubs in circulation to avoid shortages.

IMPROVED DELIVERY IS GOAL

The new option should improve delivery times significantly, as plants can work trayed mail more easily and quickly.

Most plant processing personnel also prefer green lids on those trays as opposed to white side up (although rules do not specify that) to help identify the contents as newspapers in addition to the 2-inch tall pink tray tags in the tag holder.

Newspapers are reminded that the newer clear plastic sacks also require 2-inch tray tags, so even if trays are not used at all, two-inch tags are more common. The Postal Service also announced in September that only the larger 01VM plastic sacks will be supplied, which hold up to 70 pounds of mail. The smaller 35-pound 03VM sack is being discontinued. © Max Heath 2007

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How to use the Origin Mixed Periodicals sort to get First-Class delivery

Lots of questions are coming to the National Newspaper Association about preparing mail for the new Origin Mixed ADC sort. Optional since Oct. 27, 2005, OMX retains "working" Periodicals in one of the 338 postal processing plants nearest your newspaper rather than sending them to one of the 34 Mixed ADC plants effective since May



POSTAL TIPS

Max Heath

15, 2005. But most importantly, it processes the bundles and pieces with First-Class Mail and then places the copies on First-Class truck trips from your origin plant to destinations ranging up to 1,000 miles or more.

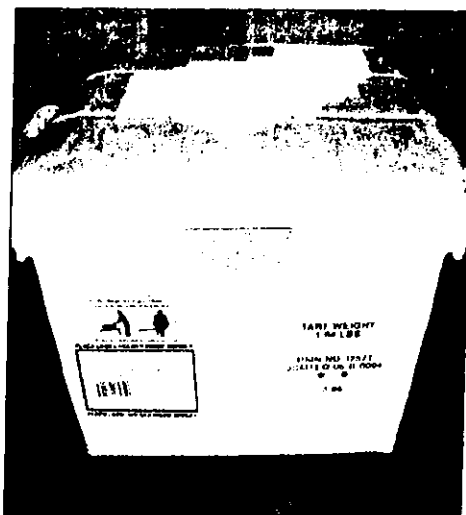
Because many newspapers are reporting three to five days delivery to distant subscribers from this sort, we want to clarify the steps needed to use this new sortation most effectively. I first wrote about it in my December 2005, column, and again in May and August, for your refer-

ence. *Steps to follow:*

Educate your postmaster or Business Mail Entry unit personnel. Ask them to read the Postal Bulletin of Oct. 27, 2005, Pages 6-11, with the optional use of trays mentioned on Page 6. Even though the sortation itself was mandatory July 6, 2006, flats tray (tubs), are still optional and not mandatory. NNA has fielded newspaper inquiries where postmasters or plant personnel did not know that newspapers could use tubs or even that the new OMX sort existed. Do not let language about "AFSM100-compatible mail pieces" be used as an obstacle. Newspapers often meet the size standard, and can go in trays regardless of whether they are sorted on that flat-sorting machine, said Marc McCrery, USPS manager of Operational Requirements & Integration.

Check your software to be sure that the new OMX sort has been released and deployed. One way to ensure that is to use software certified by USPS under its PAVE (Presort Accuracy Validation and Evaluation) certification program. Encourage your vendors to gain certification in order to retain your business.

View Labeling List L201 at <http://pe.usps.gov>. There you can click "Domestic Mail Manual," then "Labeling



Lists" under "Indexes ..." and then "L201 Periodicals Origin Split." Find your 3-digit ZIP Code of entry (first three digits of your ZIP code), then look at all the 3-digit pairs that are eligible to be sorted to the designated OMX for your entry point listed in Column A. Please understand that this is a "residual" sort used *only* after you have prepared all possible bundles of 24 or more copies to carrier-route, 5-digit, 3-digit, and ADC (Area Distribution Center) sortations. You do NOT use this designation for copies in these other sorts. OMX "catches" pieces that would have fallen to the Mixed ADC (MADC) sortation under Labeling List L009. And with implementation of the 24-piece minimum sack rule May 11, more pieces revert "upstream" to worse sorts than when six pieces were allowed to the sortations mentioned above. Since most subscribers to community newspapers reside within the 1,000-plus miles covered by OMX, newspapers typically see a lot fewer pieces in the residual MADC sortation. That's a good thing!

Create OMX sacks using L201. There is no minimum quantity in an OMX, Mixed ADC, or origin SCF sack. All other sacks, with limited exceptions, should contain a minimum of 24 pieces. Bundles should be tied tightly in both directions with a maximum of 20 pounds.

Use OMX tubs to ensure best service. Because First-Class "flat" mail like large envelopes are placed in plastic flats tubs (see illustration), your use of the tub option helps ensure quicker handling by allowing the pieces to be moved directly to distribution operations within Postal Service plants. White plastic tubs, about

11 inches deep by 14.5 inches long and 10.5 inches wide at the bottom, are just right to hold half-fold broadsheet newspapers laid flat inside, or two stacks of quarter-fold or two-fold tabloid newspapers.

Include MADC and ADCs of 24 in tubs. The Oct. 27 rule allows not only OMX copies for First-Class truck trips to use flats tubs, but also the residual MADC sort and any ADC of 24 or more copies. The latter two sorts are direct containers; therefore the contents are not merged into First-Class containers. But I have noticed delivery improvement from ADC and MADC in flats tubs.

Set maximum number per tub. For best efficiency, make a physical count of the number of copies of your largest average page count by filling up the tub, then setting that number in your software for tub count. For instance, if the largest paper you ever print is 36 pages, set that count to the number of 36-page papers stacked in the full tub. Generally, you won't be mailing inserts in these copies, so it should be regular pages only in the count.

Don't bind OMX copies. Place OMX, MADC and ADCs of 24 copies in the flats tub loose, all facing in the same direction, for ease of handling and feeding into postal flat-sorting machines.

Use tray tags. Flats tubs require 2-inch tall tray tags rather than 1-inch sack tags, although you can use sack tags if your software does not yet print tray tags. New semi-clear plastic sacks which are replacing brown sacks for periodicals also require tray tags, so newspapers soon will need all tags to be produced in 2-inch format.

Use green lids when possible. Flats tubs have lids with green and white sides. Many operations personnel have encouraged newspapers to use the green side up, especially for OMX tubs, because green represents First-Class. USPS Network Operations has twice in recent years directed plants by memo to ship newspapers with First-Class Mail, so this aligns with postal policy, although not yet spelled out in regulations. Insert the short flaps inside the tray handholds, and the long flaps outside the tub, then secure tightly with two straps or string around the lid and tub horizontal to the handholds. © Max Heath 2006

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Tubs now allowed for all presort copies (9-07)

High-density price hike May 11 requires that non-subscriber shoppers look for cost-savings

High-density Enhanced Carrier Route Standard Mail prices used by shoppers mailed to non-subscribers of a newspaper are being hit with a disproportionate increase in the May 11 rate structure approved March 16 by the Postal Regulatory Commission.

As the chart with this column shows, High-Density shoppers (125 copies per route in walk-sequence order) entered at the delivery office (DDU) will get a 5.7 percent hike at the minimum piece rate up to 3.3 oz. Percentages grow as weight increases, up to 9.3 percent at 16 oz. This sharp hike, legal because the entire class is under the 3.8 percent rate cap mandated by law, hurts newspapers, which mail advertising to non-subscribers only.

On the other hand, Saturation shoppers (90 percent of residential or 75 percent of total addresses walk-sequenced) entered at DDU will see a price increase of only 1.4 percent minimum, declining to under 0.5 percent at 16 oz. This is good news for newspapers (primarily non-dailies) that mail a Saturation shopper on another day of the week than their paid newspaper.

National Newspaper Association members fall into both categories, while metro newspapers, which have moved their TMC shoppers to the mail heavily in the past decade based on advertiser demand, are stuck with paying the sharply higher prices or pulling out of the mail, as some are threatening to do.

The decision by Postal Service pricing personnel appears to deliberately favor saturation mailers over high-density mailers. And with the PRC ignoring a legal filing by Newspaper Association of America (with which NNA agreed), no rebalancing is possible for at least another year, if then.

At NNA's recent Government Affairs Conference in Washington, I heard from two members who had already pulled part of their non-subscriber shopper distribution out of the mail due to a squeeze

between preprint advertisers demanding lower per-piece rates and the Postal Service exacting higher postage.

"We can't make any money at these prices," said a Louisiana publisher, who, to stay competitive, moved in-town copies to home delivery.

Still, some advertisers don't like thrown shoppers. So I want to help NNA members who pay high-density prices to find ways to save money on their postage bill. Here are some tips:

- **Ensure that your list is truly non-duplicating.** Check to make sure your software removes new subscribers from the TMC list. Likewise, former subscribers should shift to the TMC list. Check for duplicates to make sure you minimize wasted pieces.
- **Eliminate businesses.** While some non-serve shoppers like to mail their shopper to businesses, remember that every business owner should get either a paid newspaper or free TMC shopper at home. Mailing to businesses duplicates coverage for your advertisers, and is not the best use of their increasingly scarce ad dollars.
- **Eliminate inactive addresses.** Maintaining shopper lists can be an inexact science. Good postal software programs allow you to install CDS (Computerized Delivery Sequence) walk-sequenced lists which provide all addresses in the qualified ZIP codes. Then, you can eliminate mailing inactive and "throwback" addresses to save costs. Inactive addresses are residences or apartments flagged as unoccupied when CDS is updated every 60 days by USPS. "Throwbacks" are residential deliveries with a post office box as well, but flagged to deliver to only one address, as designated by the recipient. Nationwide, vacancies average at least 9 percent, and more in economically-depressed areas. Throwbacks are fairly common.
- **Eliminate post office boxes in city-route offices.** In post offices old enough or large enough to have City Routes as well as Rural Routes, the post office box addresses highly duplicate city route addresses. Duplication between rural route addresses and post office boxes is considerably less. While "throwbacks" can remedy this problem if implemented as outlined in the third tip, others

may want to just forgo mailing any post office boxes. If there are requests, better to print and mail just a few pieces than duplicate many. (This tip also applies to saturation shoppers, who can save big money by eliminating post office boxes where city routes exist.)

- **Cut fringe ZIPs or routes.** Any ZIP code or route where your shopper lacks preprints is a candidate for elimination from mailing. I often find shoppers set up years ago for a certain preprint customer, or group of them, and the coverage area still intact even though the customer is gone. Closely review your coverage area. If you have a preprint customer one week a month, you may be able to eliminate the route or ZIP each issue but the one when they run, assuming you don't have major ROP advertisers depending on the coverage.
- **Enter at DDUs.** Be sure to enter all shopper mail at delivery offices. Savings is 5.2 cents minimum per piece and growing larger as weight increases.
- **Reduce ROP in shopper.** Because shoppers are primarily preprint vehicles, they should be as close to 100 percent advertising as possible. And don't think it hurts readership to trim or end editorial copy. Advertising is read.
- **Trim web width and newsprint basis weight.** If you haven't already, you should be looking at narrowing your web width (24 and even 23-inch is increasingly common) or switching to lower basis weight newsprint, say 27.6-pound versus 30-pound paper (especially for shoppers). Every ounce reduction equals postage savings.
- **Increase paid penetration.** It is cost-effective to discount subscriptions to maximize Periodicals carrier-route mail at much lower prices in-county, thereby eliminating shopper printing and Standard Mail postage.
- **Consider carrier delivery.** While it's hard to recruit, contract, manage and retain youth carriers, some folks find it cost-effective in towns where housing density is high. Rural motor routes are not economical. © Max Heath 2009

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POSTAL TIPS

Max Heath

Walk-Sequence carrier-route mail is essential to save money and possibly avoid future FSS

Hoping to avoid the FSS nightmare? Walk-sequence mail!

The National Newspaper Association has long advocated that newspapers walk-sequence carrier-route presorted Periodicals and Standard Mail. The postage savings are compelling, and if not already sequenced, have the opportunity to reduce costs from the painful July 15, 2007, increases. Another possible plus is that as USPS races toward a Flats Sequencing System, NNA thinks the chances of having local mail excluded from FSS is improved if newspapers provide their mail in walk sequence to post offices.



POSTAL TIPS

Max Heath

- (November's *Postal Tips* column explained proposed changes to labeling position and barcoding for the FSS system in 2009 and NNA's stance on excluding local newspapers from FSS)

PERIODICAL W/S SAVES 1.5 TO 2.0 CENTS PER PIECE

Newspapers should be walk-sequenced. While sequencing to the ZIP+4, called Line-Of-Travel (LOT), is required for the basic carrier route rate of 5.6 cents in-county (16.9 cents outside-county), the savings is much greater any time you have either 125 pieces or 25 percent of Active Possible Deliveries on in-county routes, walk-sequenced with an error rate (missing numbers) of no more than 5 percent. At 4.1 cents in-county, the High Density savings is 1.5 cents per piece.

Because most healthy newspapers will qualify at least some, if not the majority, of their in-county routes for the W/S rate, failure to do so is leaving money on the table. And because the carrier does not have to manually case your copies, it can often be taken out on the route as a "third bundle" to be picked up from the top of the bundle as the carrier drives the route.

When you sample postal routes to all

active deliveries, you further qualify for an additional discount of 1.3 cents, down to 2.8 cents per piece. (Copies sent via Simplified Address, allowed on rural routes, are automatically walk-sequenced with just the words "Residential Customer" on the piece when sampling.) Sequencing date is written on Page 1 of the 3541 postage statement.

Outside-county, High-Density savings for 125 pieces in W/S equals 2 cents per piece, reduced to 14.9 cents. Saturation sampling yields a 13.1-cent rate, another 1.8-cents off.

STANDARD MAIL W/S SAVES 1.8 TO 4.4 CENTS PER PIECE

Standard Mail shoppers up to 3.3 oz. to non-subscribers of a newspaper at High-Density rates earn a piece rate of 15.4 cents for 125 pieces in W/S order, a 4.4-cent savings. Shoppers or free newspapers sent to all active residences on a route qualify for a 1.8-cent lower Saturation rate of 13.6 cents. Again, rural routes may be sent Saturation via Simplified Address ("Residential Customer") but city routes must have addressed pieces, so sequencing becomes essential on such lists.

WALK-SEQUENCE SOURCES

There are three ways to obtain walk-sequence information.

- The Postal Service licenses its **Delivery Sequence File (DSF)** address product. Some software vendors partner with DSF vendors to resell the service to their customers. It must be run against your list every 90 days and a CASS Summary Report, PS Form 3553, must be printed and kept on file for one year as proof of rate eligibility, just like other 3553s.
- **Computerized Delivery Sequencing**, another postal address product, provides users all addresses in walk-sequence order in ZIP codes the mailer has qualified at 90 percent of active addresses. While it is possible to build a list from various sources and qualify electronically, it is more feasible to either work through vendors that resell CDS services or the qualification rights. The beauty of CDS is not only the walk-sequencing, but the fact that the total market database is available to you for mailings to non-subscribers. This keeps non-serve shopper lists current

or allows solo direct mail for customers who want their inserts in your paid newspaper, then mailed directly to non-subscribers.

- **Local office sequencing service** is available to small newspapers and shoppers that need no more than eight ZIP codes of sequence information. Under the provisions of Domestic Mail Manual 507.7.3.9, local post offices can sequence your mailing list on cards (some may work from list). A letter authorizing this procedure, and a form which can be resubmitted every 90 days to verify the sequence is still accurate without re-sequencing the cards, can be found at www.nna.org, connected to this column, under the heading "Sequencing Certification Form."

Newspapers should know that so long as you have a valid DSF or CDS 3553 on file, within 90 days of the mailing, post offices cannot deny you the W/S discount just because they have changed the routes or sequence since your last update. That doesn't mean newspapers and shoppers shouldn't work with local offices to update sequencing manually, which can help avoid delays to subscribers. But you can stand on the 3553 and hope the next DSF or CDS release has the updated route and sequence information available.

Long-term, NNA is hoping to gain exemption of local newspapers from the FSS machines being tested now in Dulles, VA, for deployment to limited parts of the country starting in late 2008. Changing entry points for local newspapers and non-serve shoppers from local post offices to FSS centers which could be miles away will require earlier deadlines and no guarantee of same-day delivery enjoyed now by most newspapers and shoppers.

As a bargaining chip, NNA has proposed that publications sequenced in route delivery order, which could be delivered as "third bundles," be allowed exemption from FSS machines that will sequence all but Saturation mail for the ZIP Code zones covered by FSS. Newspapers that perform due diligence to sequence mail will be positioned not only to save money, but also hopefully to avoid operational disruptions from FSS.

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Address location, type changes required by March 2009 for Flats Sequencing System



The delivery address location on Periodicals and Standard Mail "flats" such as newspapers and shoppers will need to conform to standard locations by March 29, 2009 to meet the demands of new Flats Sequencing Systems being deployed late this year.



POSTAL TIPS

Max Heath

The standards allow carriers to read addresses quickly on "flat" mail like newspapers, magazines, and large envelopes after they are sorted vertically by FSS machines.

The new "standards" are fairly liberal, although they may require some adjustment for publishers, who have never had any address location requirements to deal with before. This column in November unveiled the proposals that the National Newspaper Association helped shape through involvement in postal work groups. The final standards were liberalized even more from the proposal, based on comments

from many mailers, including NNA.

ADDRESS LOCATION RULES

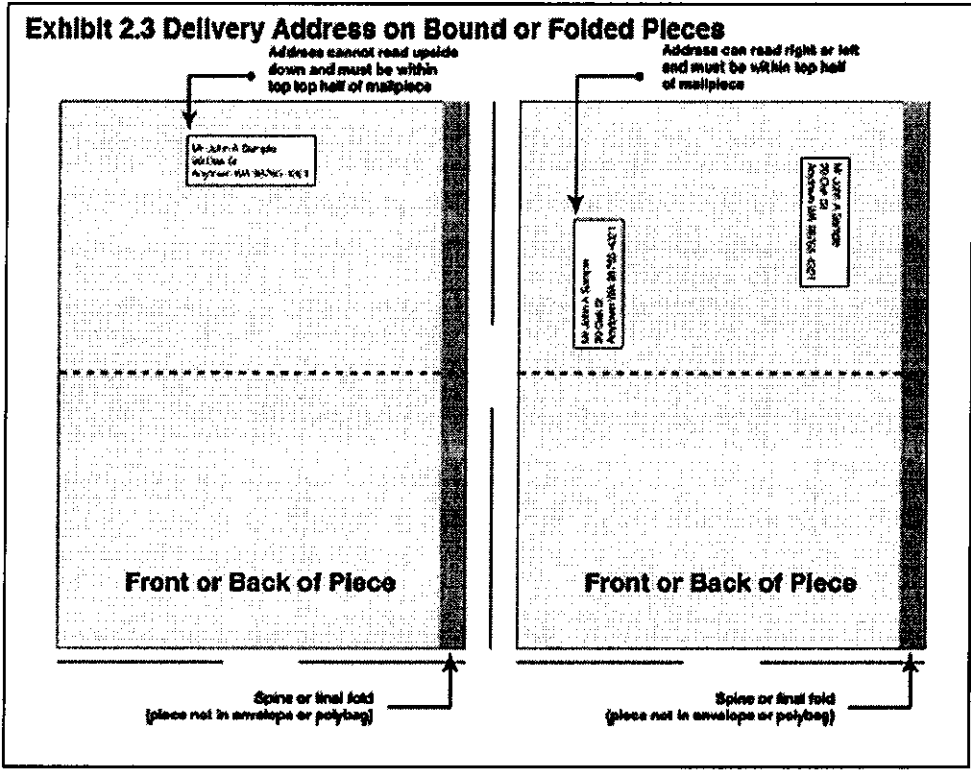
The delivery address must be in the upper portion of all Periodicals and Standard Mail. "The address may be placed either parallel or perpendicular to the top edge, but **not upside down** as read in relation to the top edge." The new standards define "upper portion" as the top half of a newspaper, on either front or back.

For newspapers, the "top" is "the upper edge of the mail piece when the bound or final folded edge is vertical and on the right side of the piece." This would apply equally to broadsheets and tabloids. See the graphic with this column to help understand this.

One exception: For carrier route (or Enhanced Carrier Route) Saturation pieces, the "top" of the mail piece is either of the shorter edges. In plain language, either end of Saturation mail, either Periodicals or Standard, can be considered the top. But with other mail, the top is with the final fold to the right.

Mailers are encouraged to place the address as close to the top edge as possible. The address must also be at least 1/8 inch from any edge.

Many newspapers, including most in my company, are already compliant with the new address location standards. Those who are not have nearly a year to shift address locations. The original proposal had required the address to be either 2.5 or 3 inches from the top of a mail piece. Now, it's anywhere in the top half of the mail piece



The USPS is initiating new address label placement regulations. The delivery address must be in the upper portion of all Periodicals and Standard Mail. "The address may be placed either parallel or perpendicular to the top edge, but **not upside down** as read in relation to the top edge. The new standards define upper portion as the top half of a mail piece.

when vertical.

TYPE REQUIREMENTS

Addresses must be printed in a minimum 8-point type size. However, if the address label contains an 11-digit POSTNET or Intelligent Mail Barcode with a delivery point routing code (the last two digits after the now-required 9-digit barcode), a minimum of 6-point type in all capital letters is allowed. All CAPS type and a san serif font are preferred.

Because newspapers should place automation barcodes on their mail, it is nice to have the option to print type ranging from 6-8 point as needed. It is unwise to reduce the point size any more than absolutely necessary to fit a typical 1-inch label, however.

"In addition, for all automation price pieces, the characters in the address must not overlap, the address lines must not touch or overlap, and each address element may be separated by no more than five blank spaces," the final rule stated.

As a practical matter, all addresses labels in a mailing will have to meet these standards. Most newspaper software programs I am familiar with meet these standards, without letters touching or lines overlapping, and no big gaps between the city and state, or state and ZIP code. But if yours does not meet these standards, point the problem out to your software vendor to make sure it is

compliant by March 29, 2009. Like many postal issues, this is primarily a software vendor problem.

ENVELOPED MAIL

For mailers of large First-Class envelopes, it should be noted that the same standards apply. Addresses will no longer be centered as typical on large envelopes. Mailers of window envelopes will have nearly a year to exhaust existing supplies.

The Optional Endorsement Line on the top line of a label, a series of asterisks followed by the sortation of the piece (3-digit XXX, etc.), is being shortened to allow mailers to place information such as customer identification numbers to the left end of the OEL.

The new address standards do not change existing options for indicia placement on permit mail. Address location changes should not require mailers to move the location of indicia. For mail with indicia, the delivery address must be on the side indicating postage paid.

NNA expects to field calls and e-mails about this new rule during the next 11 months, and is ready to help answer questions and clarify the requirements. © Max Heath 2008

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Mandatory Intelligent Mail Barcode delayed to May 2011

Move Update method must be checked in box on 3602-R Postage Statement

The Postal Service has granted mailers yet another year exemption from mandatory use of its new Intelligent Mail barcode on address and container labels, set for implementation in May 2009. The announcement was made at the August meeting of the Mailers Technical Advisory Committee in Washington on Aug. 6.



POSTAL TIPS

Max Heath

In a companion announcement, USPS first told mailers gathered there that it was not going to offer any discounted pricing for use of the IMB next May, including full-service and basic IMB.

But after MTAC leadership, responding to members in a Aug. 6 meeting, made the failure to offer discount pricing for the IMB a rarely used "key issue," Postal Service Senior Vice President of Customer Relations Stephen Kearney issued an e-mail announcement Aug. 8, to all MTAC members reassuring

them that discount pricing would be offered, but not until fall 2009.

It appears that with the deteriorating financial status of USPS, and the fact that some companies have already made substantial investment in IMB implementation, USPS thought it could save the money for discount pricing. The reversal of previous promises did not set well with the mailing industry, which had been promised full-service IMB prices that are lower than the basic-service IMB and POSTNET prices. They will now get them, but about five months later than first promised. Rate recommendations will be made to the Postal Regulatory Commission in February 2009, with an inflation-based increase in May 2009.

The National Newspaper Association still recommends that newspapers wait until IMB prices are finalized before making a decision on whether to implement. Printers generally used by community newspapers are not yet able to print the more complex IMB, as well as many older-model ink-jetting machines used in plants with in-line mailing operations. And the extension of the current POSTNET code until May 2011 gives newspapers more breathing room to work with software vendors and printer manufacturers to get up to speed for at least the basic level of IMB.

MOVE UPDATE: ADDITIONAL INFORMATION TO COMPLY

Two additional pieces of information have come to the National Newspaper Association's attention since my August column on this subject. I recom-

mended complying with the Nov. 23, 2008, requirement using the Ancillary Service Endorsement "Address Service Requested" below the Permit Indicia box. When you do that, you need to do three additional things to complete the process.

1. A return address must be placed in the upper left corner of the address side or addressing area so that postal clerks know where to send the Address Change notice.

2. A check box on the front page of Standard Mail Postage Statement 3602-R must be completed. Under "Mailing" section, just above the center, note the header "Move Update Method" and check the first box, "Ancillary service endorsement."

3. Although it could go without saying, USPS emphasizes repeatedly that in order to comply, you must actually update your files, using the address change notice received, and before to the next mailing after notified.

Another controversy erupted at MTAC with word that failure to use one of the approved Standard Mail Move Update options and to actually make address changes could result in an upcharge of 7 cents per piece for the entire mailing. Look for that to change, but newspapers should take seriously the requirement to comply as NNA has suggested.

L201 OMX LABELING LIST REACH EXPANDED

Twenty-thousand two-hundred fifty-six 5-digit ZIP codes have been added to the L201 Labeling List, Origin Mixed ADC, which retains residual newspapers in a plant closer to the entry point and moves them on First-

Class Mail truck trips. This has improved delivery by several days, especially when using the optional flats trays (tub) with green lids that are now mandatory.

USPS said there were a net 44,500 Periodical service standard upgrades in the June change, even though 4,435 ZIPs were removed from the list. NNA strongly encourages all newspapers to use L201, which is now mandatory, and flats tubs, for presorted mail going outside the local area. NNA continues to ask USPS to end the use of L009, MADC, and allow all newspapers to go on L009 via the First-Class truck network.

POSTALONE! MANUAL ENTRY STILL OPTIONAL

NNA members report that some postmasters are encouraging newspapers to enter their weekly postage statements via the electronic PostalOne! internal postal computer system. That shifts the data entry from postal clerks to the newspaper staff. Each quarterly MTAC visit, I check with Business Mail Acceptance to confirm that no one can be forced to use PostalOne! That is still the case. NNA has asked software firms serving newspapers to develop an electronic transmission option offered by USPS called Mail XML (formerly Web Services). Encourage your vendor to provide that service, which will allow electronic sending of postage statements and USPS Qualification Reports. © Max Heath 2008

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Intelligent Mail Barcode requirement for auto rates postponed until May 2010 ^(now 2011)

NNA wins request to keep discounts for Postnet Barcode until 2010

11-DIGIT POSTNET BARCODE REQUIRED BY MAY 2009

One outstanding issue is whether newspapers will be required to use an 11-digit Postnet barcode in May 2009 (if not sooner) in place of the 9-digit barcode now required. Planned implementation of Flats Sortation Sequencing requires adding the two-digit "delivery point" to the nine digits now required for sorting flats like magazines, newspapers, and large envelopes using FSS.

(NNA is still working to get newspapers exempted from the requirement to enter at FSS plants, rather than delivery offices, when walk-sequenced mail is provided.)

NNA expects the 11-digit Postnet code to be required from May 2009 through May 2010, and suggests that newspapers contact their software vendor about adding the two-digit delivery point by then. It should be in the electronic file from CASS-certified address-matching software, ready to print if enabled. While there are no known low-cost label printers yet available for the IMB, any dot-matrix or inkjet printer now printing Postnet 9-digit barcodes should be able to print 11 digits.

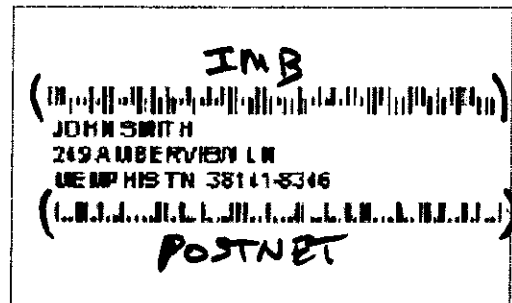
WHAT DOES THE IMB DO AND WHY IS IT NEEDED?

The IMB, with 65 bars and 31 digits of data, can perform more functions that just automated sorting on flat-sorting machines. It replaces the need for a second barcode for "Confirm" service allowing mail tracking. It also includes the 11-digit barcode. It has both ascenders and descenders from the baseline, like shown in the accompanying graphic.

At the **Basic option**, mailers will also be required to incorporate a specific Mailer ID that identifies the customer, the class of mail (service type identifier) and Optional Endorsement Line, the top line of address labels (following a series of asterisks) showing the sortation level.

Mailers using pressure-sensitive **bar-coded presort labels** will not be required to include OEL information in the IMB. (This doesn't refer to address labels, but multi-color stickers (A for ADC, 3 for 3-digit, 5 for 5-digit) provided free by USPS to show bundle sort when OELs are not part of the address labels.) All good software uses OELs, however.

Mailers will also be required to schedule appointments electronically using the Facility Access and Shipment Tracking system. Because most newspapers can have "standing appointments," this should not



IMB shown on top of address, with Postnet barcode at the bottom, for comparative purposes.

require issue-by-issue notification.

Mailers could be required to electronically communicate postage statements, documentation like the USPS Qualification Report, and other information eventually, though they are merely encouraged to do so now. Several software vendors are working to create a USPS option called Web Services for e-filing. Postage Statement Wizard can also be used, but that requires manual entry of data on complex forms.

The primary purpose of the IMB is tracking and tracing individual mail pieces through postal processing. Because many newspapers are not actually run on flats-sorting machinery, though eligible under current mailing standards, its value to newspapers remains to be seen. *NNA is not yet recommending anything more than the Basic option by May 2010.*

Full-service option: A more complex level would encode special services, and uniquely number each mail piece. An alternative to use the same number on all pieces in a mailing, or all pieces sorted to the same "handling unit," will require USPS approval.

The full-service option also requires 24-digit Iambs on trays and sacks, as well as containers like pallets and Apes, with unique numbers that cannot be reused for 45 days after mail induction.

Full-service IMB mailers can also receive address correction services, if requested, and mail induction (start-the-clock for service measurement) information at no additional charge. Additional information, like piece, unit, and container tracking and service-performance data at a mailing-specific level, will be available at an additional charge. © Max Heath 2008

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Newspapers won't be denied barcode discounts or forced to buy new printers in 2009

A new information-rich barcode technology, dubbed the Intelligent Mail Barcode by the Postal Service, could provide newspapers and other mailers the opportunity to track individual mail pieces as they move through the postal system and delivered.



POSTAL TIPS

Max Heath

The National Newspaper Association has been following IMB proposals for months, but chose not to write about it until certain issues were cleared up. A Federal Register notice late in March will bring further clarity, and prices for its use announced later this year or early next. But NNA has helped achieved implementation delays to protect its membership.

Responding to comments to an "Advance Notice of Proposed Rulemaking" filed Feb. 21, Postmaster General Jack Potter issued a letter just eight days later, on Feb. 29, answering questions

raised by NNA and others.

Implementation of the IMB, set for Jan. 2009, has been pushed back four months to May 2009. (While allowed and incented then with new prices, it won't be mandatory until May 2010.)

Most importantly to newspapers, the Postnet barcode now used on address labels to earn automation barcode discounts will continue to be eligible for discounts until May 2010. NNA had asked for a one-year delay from the planned Jan. 2009 implementation. Because that was moved forward four months, the one-year delay was moved forward likewise.

The IMB will likely earn deeper discounts than the current prices for POSTNET use. Potter indicated that the best prices will be for the IMB Full-Service Option. A different, higher price will be offered for Basic IMB users, which is more likely to be the choice of newspapers by May 2010. It is possible that discounts for POSTNET use could be reduced, but NNA hopes not, preferring that instead the IMB discounts increase more.

NNA opposes forcing newspapers out of delivery offices and into FSS

What NNA does not support is the mandatory use of the FSS machines by local newspapers now entered at delivery offices, often on overnight or early-morning deadlines to achieve timely delivery on the days of publication. The massive machines now being prepared for testing in the Dulles plant in Northern Virginia are designed to remove sortation of flats (newspapers, magazines, and large envelopes) from manual carrier office casing so that carriers can be more efficient by spending eight hours on the street instead of two to three hours in-office and just five to six hours on the street.

The goal is to gain the kind of automation savings in flats that letter automation achieved during the past 14 years. Letters are now sorted and sequenced at big-city processing centers and trucked to local post offices ready for carriers to deliver in route order.

NNA has been working with the Postal Service at various levels of top management to plead our case for why FSS does not work for local delivery of community newspapers. I made a presentation at a Flats Symposium in Washington in May. I argued the harm to newspapers forced to back up deadlines and production schedules and haul papers to an FSS center in major cities to meet the operating window of FSS.

That could back up newspaper deadlines 24 hours or more, with risk of missing the publication day back to the delivery office, as well as harming the ability to take ads and cover news closer to publication day. And the rates paid by FSS-mail entered at a plant are uncertain, to say the least, and could be higher than in-county carrier-route rates being paid by newspapers. And one of these concerns include the obvious snarls of traffic in

Area	Districts	FSS	FSS Location
NYM	Northern NJ	4	NJ BMC Mid Island NY P & DC Trenton NJ P & DC
	Long Island NY	3	
	Central NJ	3	
NE	Boston	3	Northwest Boston P & DC Middlesex Essex P & DC Springfield BMC Providence RI P & DC
	Massachusetts	4	
	Connecticut	5	
	SE New England	3	
EA	Columbus	3	Former Columbus P & DC
SE	South Florida	5	New Miami Facility Project Atlanta AMC North Metro GA P & DC Orlando P & DC
	Atlanta	2	
		2	
	Central Florida	4	
WE	Colorado/Wyoming	5	Denver P & DC West Valley (Phoenix) Facility Project Kansas City MO P & DC
	Arizona	5	
	Mid America	2	
PA	Los Angeles	2	Herb Peck Annex Sacramento P & DC San Jose P & DC Van Nuys Main Office New Aliso Viejo Facility Project New Perris DPC Facility Project
	Sacramento	3	
	Bay-Valley & San	4	
	Sierra Coastal	4	
	Santa Ana	5	
	San Diego	2	
CM	Greensboro	2	Raleigh P & DC Greensboro P & DC Dulles P & DC New Richmond Facility Project Curseen-Morris P & DC
	Northern VA	2	
	Richmond	4	
	Capital	2	
GL	Greater Indiana	2	Indianapolis MPA Palatine P & DC Carol Stream P & DC Fox Valley P & DC South Suburban P & DC New Royal Oak Facility Project
	Northern IL	3	
		2	
	Central IL	2	
		2	
	Southeast MI	2	

and around most major cities—Dulles Airport being among the worst.

Saturation mail, which is already sequenced with copies provided for every stop on a route, has been exempted from FSS, and that mail would be delivered as a "third bundle" in a carrier's truck along with bundles of sequenced letters and flats. So free newspapers and shoppers that are saturation mail would be exempt from FSS.

NNA has asked that newspapers and non-subscriber high-

density shoppers that are carrier-routed and walk-sequenced be exempt from FSS and handled as another "third bundle" dropped to delivery offices. While some officials inside USPS are sympathetic, NNA has not yet been assured of an exemption.

While NNA was promised an exemption by Pat Donahoe, former top operations manager and now deputy postmaster general and chief operating officer, at the Nashville Postal Forum two years ago, new Operations Senior Vice President William

Galligan has taken a hard line against exemptions and raised the goal for percentage of mail on these machines since he took over. Galligan and others in the financial end of the business are concerned about exempting too many mailpieces from FSS because a high "throughput" is going to be necessary to justify the massive expense of the machines. What they fail to realize is that if they are too stiff-necked in their rules, that mail will disappear in time anyway.

RULES WILL AFFECT NEWSPAPERS EVEN IF EXEMPT FROM FSS LOCALLY

But the rules being proposed now for comment, and one-year implementation period from final rules being issued in January 2008, are necessary for newspapers to follow, even if the bulk of newspaper mail is not processed on FSS machines. Why? Some newspapers will inevitably be delivered inside FSS zones around major cities' high-demographic areas, and could find their way onto the FSS machines.

FSS WON'T AFFECT MANY RURAL AREAS

That is true even though many rural areas of the country will not be involved in FSS at all. In those areas, mail will still be taken to delivery offices and pay carrier-route rates as usual. That bifurcated system of treating newspapers one way close to major metro areas, and another way in more rural areas receiving less volume of flat mail splits our industry into two different rate systems and operational processes. And it pits saturation shoppers and free newspapers against paid newspapers and non-subscriber shoppers and unfairly disadvantages the latter. © Max Heath 2007

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Next-day paperwork submission gained for newspapers dropped overnight

Newspapers are reporting a flurry of problems from enforcement of new Business Mail Acceptance guidelines that instruct all post offices accepting mail to ensure that postage statements are presented with the mail.

That causes problems for many papers, weekly and daily, that print at night and drop on postal docks when the offices are closed. Previously, newspapers were allowed to measure and mark the newspaper for lineage and advertising percentage computation, and weigh the paper's editions with supplements, the day after the night-time drop and take it to the post office.

The Postal Service's compliance with the Sarbanes-Oxley Act, commonly referred to as "SOX," is the root cause of this policy change. The financial reporting requirements passed by Congress to improve control over business entities created pres-

sure on USPS to ensure that there is no such thing as "bypass mail," which escapes postage payment and verification. That stance threatens the long-time understanding between post offices and their most loyal, local customers to allow a postage statement to be submitted the next business day.

NNA has long been handling occasional complaints on past attempts to enforce mailing statement submission with the newspaper drop. We had been able to persuade postmasters to relent with the help of e-mails going back to 1999 from Jerry Lease, USPS Mailing Standards Periodicals specialist. He stated that so long as the newspaper had money in its deposit account, he saw no reason why next-day submission of a mailing statement was not logical for overnight drops of newspapers.

Working with Lease and a counterpart in USPS HQ Business Mail Acceptance (BMA), Cher Rupp-Ruggeri, and Bob Galaher, man-

ager of BMA, his department agreed to institutionalize the informal opinions that had been granted to NNA members the past nine years.

This policy statement was sent to BMA managers Aug. 7, 2008. It will allow Periodicals to do mail drops overnight or other times when the office is closed:

"Postage on all mail must be fully prepaid at the time of mailing, with limited exceptions. There is a limited exception for time-sensitive Periodicals mailings deposited at the Post Office of mailing during late night or early morning hours, often referred to as overnight drops. For these Periodicals mailings, it is permissible for the publisher to make an overnight drop as long as the mailer has sufficient funds in an advance deposit account to ensure that a negative balance is not incurred. The postage statement and marked copy, if applicable, must be submitted later that same business day—or the next business day following a weekend or holiday closing—and entered into PostalOne! immediately, when applicable, to ensure postage is properly collected and reported.

"BME managers or postmasters may permit overnight drops if tracking procedures are in place to ensure that the related postage statement and marked copy, if applicable, are received. BME managers or postmasters must also make arrangements with publishers to ensure that a monthly random in-depth verification is performed on each publication that arrives via overnight drop (e.g., verification on site or arrival at a USPS facility)."

The policy will also be contained in a redraft of DM-109, the Postal Service's internal BMA handbook.

Newspapers with Central Accounting Payment System (CAPS) are also considered to have money in their account because of payment is always available via debit to one's bank account.

NNA has asked BMA to extend this policy to Standard Mail shoppers dropped on the same overnight schedule, since they

have similar production schedules. While they are not required to be measured, the final weight is often not available. Unlike Periodicals, a complete total weight and pre-sort verification is required on a Standard Mail product each issue.

In situations where the newspaper has no staff available, such as Saturday, but the post office is accepting mail, Ruggeri has agreed to allow submission of a 3541 with estimated weight and ad percentage with the mailing, with understanding that the final, adjusted paperwork, to come by noon the next day. This practice has also been approved for a newspaper that is being mailed and dropped just in time to make the outbound mail truck to the Sectional Center Facility, but without time for paperwork to be finalized. An estimated ad percentage and weight can be submitted on a "dummy" 3541 with the mailing, and then corrected the next day with marked copy submitted along with corrected postage statement.

"Periodicals submitted during normal business/acceptance hours must be accompanied by a postage statement and marked copy," said Rupp-Ruggeri. But, "if a postage statement with a precise advertising percentage cannot be provided, an estimated advertising percentage equal to the highest advertising percentage for the last 30 days will be acceptable," she said. "The marked copy and a postage statement claiming the correct advertising is to be presented by noon on the next business day." The local post office may enter the original in PostalOne! and then reverse the charges and enter the updated statement upon receipt.

NNA appreciates the efforts of USPS HQ Business Mail Acceptance and Mailing Standards to help modify procedures in a customer-friendly manner despite tighter financial controls.

Please feel free to contact me if you have questions applicable to similar situations. © Max Heath 2008

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POSTAL TIPS

Max Heath

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NEWS FOR MAILING PROFESSIONALS

MailPro is a free bimonthly publication of "news for mailing professionals." It contains information and updates on current Postal Service programs and services, rates and classification news, mailing success stories and industry insights.

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DMM[®] Advisory

Pricing and Classification — keeping you informed about the prices and mailing standards of the United States Postal Service

DMM[®] Advisory is an electronic message board to keep those who have a shared connection in mail updated and informed on important issues. Consistency in the treatment of the classes of mail is critical to our joint business success.

When we need to communicate a subject of interest, ranging from general to product-specific information, we use the DMM[®] Advisory to keep you informed. You will find this information useful.

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Domestic Mail Manual (DMM[®])

Quick Service Guides

Notice 123, RATEFOLD

Postage Statements

International Mail Manual (IMM[®])

Postal Addressing Standards

DMM[®] Advisory Archives

Customer Support Ruling
ALL postal forms — under this header

Retail and Business Rate Calculator — calculate domestic and international rates.

PCC Insider

PCC Insider is your electronic gateway to information about the U.S. Postal Service, Postal Customer Councils and the issues that affect the mailing industry.

Registration is fast and easy. Simply go to usps.com/pcc and click "PCC Insider Registration."

Using lowest in-county rates available

Sampling can increase ad revenue and circulation during tough economic times

While I have written about the value of sending sample copies to nonsubscribers using your 10 percent in-county sampling entitlement in past years, I want to give you a new reason to do so: **growing ad revenue** as well as circulation.

Eighteen months ago, I wrote about the value of sampling to grow circulation. But the worsening economy has led me to share the value of sampling your entire market

at once to sell additional ad revenue. Your market may be an entire county, or the primary ZIP codes inside the county that you serve. With advertising slow in this weak economy, you need to provide your advertisers and potential advertisers a reason to spend their scarce dollars. What better way than to provide them total market coverage in a paid news product?

Some papers have known this for years, and built both circulation and advertising with monthly sampling, often tied to the issue nearest the start of a new month when government pay-

checks are in the hands of residents on fixed incomes. While sampling this often usually results in several issues mailed at outside-county carrier-route rates, it can still pay off if revenue growth is strong enough.

A newspaper group that has made sampling for revenue growth a primary goal has seen one paper increase more than 100 percent in per-issue ad dollars, with many papers up 50 to 70 percent. An average for one month of those sampling averaged more than 30 percent increase. Variables include the depth of economic difficulty locally, the commitment and execution by sales reps, and the date picked, such as seasonal or local retail occasions.

Some newspapers bump ad rates higher, while others offer local merchants the opportunity to reach every household at existing rates. Some with shoppers allow the sample to replace an issue of the shopper, saving Standard Mail postage as well.

Always promote subscriptions!

Don't overlook the opportunity to include a good offer to subscribe or renew in each sample copy. For those worried about offending current subscribers, make the offer two-tiered, with a higher discount level for new subscribers, and another lower one for renewals. A flyer with coupon works better than ROP ads. The more in-county subscriber copies you can build and retain, the greater your sampling privilege is to sample at in-county rates, to allow more revenue-raising sample opportunities without paying outside-county rates for nonsubscriber copies sent above the 10 percent rule. The so-called "sampling" privilege is offered to Periodicals precisely to allow publications to grow.

Review of postal sampling rules

Domestic Mail Manual 707.9.3 specifies that in-county eligible newspapers can mail 10 percent of the in-county subscriber copies in a calendar year to nonsubscribers using the low in-county rates. To estimate your entitlement, add the subscriber copies column, lines A1/A2 of your 3541 Postage Statement. Multiply times the number of issues in a year, and take 10 percent of that.

For example, a weekly with 3,500 average in-county subscriber copies can send 18,200 copies to nonsubscribers at in-county rates ($3,500 \times 52 = 182,000 \times .10 = 18,200$) in a year. Double that for a twice weekly. A five-day mailed daily earns 91,000 non-subscriber copies at in-county rates under that formula.

When sampling an entire route to 90 percent of residential addresses or 75 percent of total addresses, you also earn the lower 2.9-cent Saturation piece rate in-county, compared to the 4.2-cent High-density or 5.7-

cent Basic carrier route rate. Pound rates are unchanged. You may use the "simplified address" of "Residential Customer" (DMM 602.3.2) when sampling rural routes. City routes still require specific address labels. To avoid Move Update rules effective this November, you should use either the "Occupant" name option or use the subscriber names plus "Or Current Resident."

Newspapers are *not* required to duplicate subscriber copies when using simplified address saturation mail. Also, when sampling infrequently, a single issue can mail more non-subscriber copies than subscriber copies. (See Customer Support Ruling PS-228 at Postal Explorer web site.) Simplified address copies do not technically count as subscriber copies.

But remember that a newspaper cannot consistently mail more than 50 percent of its total distribution free. Those wishing to sample above the 10 percent in-county rate ceiling pay regular carrier-route rates of 13.5 cents for Saturation on Line B17 of the 3541, plus rates of 16.5 cents per advertising pound and 13.7 cents non-advertising pounds at DDU lines B11 and B12. And the copies should be co-mingled as part of the regular issue, and not a separate mailing.

USPS provides a Periodicals Nonsubscriber Percentage Calculator at Postal Explorer (<http://pe.usps.gov>). Click on Postal Links in the upper left of the blue vertical toolbar, then scroll to the last item in that section for the Excel spreadsheet.

My complete column on sampling to grow circulation was in the June 2007 issue of Pub Aux. It can be found in the members-only section of the National Newspaper Association web site (www.nna.org). © Max Heath 2008

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POSTAL TIPS

Max Heath

In-county mail volume up 12.8 percent in FY2008

In-county mail, a subclass of the Periodicals mail class, grew an amazing 12.8 percent during the Postal Service's 2008 Fiscal Year ending Sept. 30, 2008. Weight increased by 8.4 percent and revenue 24.1 percent, driven in part by the large July 2007 rate case increase, but also by the increased volume and total weight that accompanies volume growth.

Virtually no other class, subclass or fee category had that great an increase at a time when most num-



POSTAL TIPS

Max Heath

bers in the quarterly Revenue, Pieces, and Weight report of USPS showed drastic declines. Regular rate Periodicals, which includes newspapers mailed outside the county and magazines, declined 3.5 percent in volume, 6.6 percent in weight, with revenue only up 4.4 percent with the large rate increase in 2007. And just in the last three months since the end of the postal fiscal year, a number of major magazines have announced drastic cuts in their rate

base (including 1 million per week by *Newsweek*), and titles completely closing.

First-Class Mail declined 4.8 percent for the year, Standard Mail 4.3 percent, and Package Services 7.5 percent. But Periodicals only dropped 2.2 percent overall. The 94.43 million pieces in the in-county subclass are small, but still growing significantly. Community newspapers have not been hit as hard with advertising and subscriber losses in the recession, although many are beginning to feel more pain.

Why is in-county mail growing?

● The shifting of home-delivered copies away from motor route carriers where gasoline price increases from 2005-2008 (until the recession worsened recently, and gas dropped in price) drove newspapers already beset by revenue struggles to save contract delivery costs by using in-county mail. Many 5-6 day afternoon, carrier-delivered

dailies shifted to morning mail, which can work well because some deliveries are earlier. Other dailies reduced frequency to tri- or semi-weekly and left contract carrier delivery for mail.

● Requester publications that can qualify were granted in-county rates by the December 2006 postal reform bill. In our business, requesters are often used for free newspapers serving a tight geographic territory. The new rules allow only the number of copies for which valid requesters exist (50 percent or more required to be eligible), so the entire mailing cannot get the in-county rates unless it has 100 percent requesters. However, requester newspapers earning in-county rates on the required 50 percent of total copies could use their nonsubscriber privilege (10 percent of in-county subscriber copies) to make 60 percent eligible, on average, for those lower rates.

Despite the latter point, NNA feels certain that the amount of daily volume moving into postal delivery, totally new volume, much exceeds that from requester publications switching from regular rate Periodicals or Standard mail to in-county. The dailies come out 5-6 days per week, and the frequency downgrades done with mail switch bringing totally new in-county volume are much more numerous than the other.

NNA is working to get the message out within the Postal Service that we are due some respect and consideration as one of the few subclasses showing volume, weight, and revenue growth. Although the daily shift from contract carriers could wane now that gas prices have fallen drastically, most observers predict that prices will return higher with economic improvement in 2009 and 2010.

NNA is getting favorable indications from postal managers that newspapers will not necessarily be forced to drop at Flats Sequencing System sites, but allowed to retain DDU entry or only run through FSS if current newspaper deadlines allow time to reach the machine on postal transportation for next-day delivery. Only one FSS machine is now running at the Dulles, VA, facility, but more are scheduled to come online during 2009-10.

NNA is also working closely with USPS in an ongoing postal effort to consolidate mail entry points, but to preserve entry at offices, which currently have Periodicals or Standard mail drops. I've heard postal managers express interest in keeping newspapers in the mail, knowing that the revenue is sorely needed by USPS, and is profitable.

Sampling nonsubscribers, a tactic I promoted last month in this space, can help NNA members grow ad revenue and circulation while also helping USPS volume. Although the postal reform bill caps rate increases at urban CPI for the year, USPS could look at whether or not in-county mailers are covering their costs. NNA Public Policy Director Tonda Rush and I believe that they are, though regular rate continues to fall short.

POSTAL ROUTE REDUCTIONS

One issue that could affect community newspapers in 2009 is a USPS agreement with the National Association of Letter Carriers (NALC) to allow route reductions across the country. Three-fourths of delivery costs can be traced to city routes, while rural routes account for just 24 percent of such figures. Highway contract routes make up the final 1 percent of costs. Making routes longer in towns with city routes, and reducing the number of routes, saves the cost of trucks and carriers. An estimated 32.5 million work hours could be saved, part in conjunction with FSS, which keeps carriers from having to pre-sequence their mail in the office at manual "cases."

For newspapers, that means massive changes with subscribers from one route typically being spread to several other routes, typically. And the changes affect local mailers immediately, though use of a USPS-certified process like Delivery Sequence File (DSF) or Computerized Delivery Sequence (CDS) must be honored for the period on the CASS Summary Report Form 3553 that matches the DSF or CDS run. Local postmasters, clerks and carriers are not always that understanding. However, call NNA if needed. © Max Heath 2009

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Notes from the National Postal Forum

5-day delivery threat looms as USPS finances worsen

The Postal Service is making a strong push to cut a delivery day in the face of its worst losses in history. While it is still unclear whether Congress will approve the cut, the threat is growing.



POSTAL TIPS

Max Heath

NNA postal reps, including your columnist and Director of Public Policy Tonda Rush, spent May 18-20 at the National Postal Forum. Tonda attended a May 20 markup of HR 22, which would alleviate about \$2 billion in losses by allowing USPS to pay retiree health benefits directly from a prepayment fund required by the 2006 postal reform act. USPS is bleeding cash due to the deep recession that has sharply curtailed mail volume. It could lose \$6 billion this fiscal year ending in

September and even run out of operating cash.

Despite the volume loss, mitigated some by sizable cost-cutting, USPS would have made money last year and likely break even this year were it not for the \$5.6 billion in prepayment of these benefits, which no other government agency, or most private businesses, are required to do. HR 22 simply allows USPS to begin paying the costs from the \$31 billion already paid into the fund, rather than prepaying AND paying current-year costs from its operating budget.

Unfortunately, the markup was postponed until this month, as lawmakers want more detail on cost-cutting efforts to help minimize the "score" against the federal deficit, which is largely a smoke-screen. With the government throwing money at so many problems, it is disingenuous to damage the Postal Service in the name of saving money on the deficit. The "budget score" is largely fictitious, since pulling money from the existing fund shouldn't score negatively at all. In modern vernacular, Congress "disrespects" the Postal Service. Congress passed the bill that caused the problem,

and now is reluctant to give even minor relief when major relief is due.

While many publishers are rightfully alarmed at the prospect of a delivery-day cut, it is not yet clear that such a cut is in the best interest of USPS. Nor is it clear how much it would actually save. Estimates are in the \$2-4 million range. But no one really knows how much volume would be lost, nor the severity of the problems in mail processing backups if Saturday (the most likely day) is chosen. When the many Monday postal holidays are combined with a Saturday closing, I predict that mail will be delayed all across the country.

NNA members should NOT make any changes in their business plans until something is decided. Sen. Susan Collins of Maine, the ranking minority member of the Senate postal oversight committee, thinks 5-day delivery would spell "the beginning of the end" of the Postal Service. I agree. While many major mailers are cheering on the cut to blindly find cost-savings, NNA continues to oppose the cut in delivery days on behalf of its members.

What USPS really needs is a Congress that understands the severity of the financial problems, the fact that Congress exacerbated the problem, and suspension of the entire \$5.6 billion prepayment fund for at least two years. While it's not likely to happen, it's the truth.

11-DIGIT BARCODE REQUIRED AS OF MAY 11 FOR AUTO DISCOUNTS

Newspapers which use the current "POSTNET" barcode format for automation-rate discounts should know that the requirement May 11 moved from 9-digits (a cluster of addresses) to 11-digit (the specific delivery point address). Please contact your software vendor if you are uncertain whether this is being provided.

Newspapers do NOT need to use the new Intelligent Mail Barcode (IMb). There is no savings until November, 2009, and then only 0.1 cent, and only for the very complicated full-service IMb. The POSTNET barcode earns automation discounts until May 2011. Discounts range from 1 cent to 3.2 cents under the May 2009 "Machinable Flat" piece rates,

and actually increased over the 2008 rates. The cost for a vendor to supply IMb technology, and the complexity of it, is way beyond any value received for newspapers.

MORE CITY ROUTE REDUCTIONS

The National Association of Letter Carriers and USPS have agreed on a second round of city route reductions to save money. 2,500 routes were eliminated in the first round January-March, affecting many newspapers across the country. When the number of city routes in a ZIP code was reduced from say, 7 to 6, the addresses on that route 7 were spread across most of the other routes in the ZIP. 90,000 routes were evaluated originally, and all 160,000 routes will be evaluated May-June, with adjustments implemented July-August.

Until CASS-certified list processing changes caught up, mail was misdirected, but rehandled by carriers. Newspapers using a CASS-certified address-matching or CDS (walk-sequence) product cannot be penalized for mail being on the wrong route or out of sequence during the date range shown as valid on Form 3553, CASS Summary Report. Change information should catch up on the next cycle.

MOVE UPDATE METHOD CHECKBOX ON FORM 3602-R

NNA has learned that the "Move Update Method" box on Standard Mail Form 3602-R requires one of the methods be checked to allow entry by postal clerks into the PostalOne! accounting system. NNA explained in this column last fall how newspaper shoppers can use addressing options that exempt the mail from the Move Update rule that was expanded to Standard Mail in November. Although there is NO requirement to check a method if you are exempt, if you are mandated by a local post office to check a box, check "Alternative Method." If not, check nothing. © Max Heath 2009

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USPS offers 'Summer Sale' to high-volume Standard mailers

High-density carrier route Standard Mail prices to drop July 19

The Postal Service, acting in response to National Newspaper Association complaints about the unfairness of the much higher prices levied against High-Density Enhanced Carrier Route Standard (ECRS) flats mail May 11, filed June 1 for approval of lower prices effective July 19. High-



POSTAL TIPS

Max Heath

Density prices are for 125 or more pieces on a route in walk-sequence order.

Tonda Rush, NNA director of public policy, set up a meeting with Vice President Pricing Maura Robinson and Manager of Pricing Joe Moeller in April that helped lead to the filing to reduce prices that were deemed unfair to newspapers sending shoppers to non-subscribers of their newspapers. Your columnist joined in that meeting, and was pleased by the openness to our concerns, which had already

been made known via e-mails and other phone and face-to-face queries following the May 11 price proposal in February.

While Saturation mail (sent to virtually all households on a route) prices were only increased 1.4 percent up to 3.3 ounces, and lower percentages after that down to about 0.5 percent at 16 ounces, High-Density was saddled with 5.7 percent up to 3.3 ounces, and increasing with weight to 9.3 percent at 16 ounces on May 11.

Despite being able to average in lower per-pound costs for inserts in Periodicals mail, such a stark change in price relationships put newspapers that mail shoppers to non-subscribers at a disadvantage in pricing advertising supplements at the very time that their customers, hit hard by the recession, were demanding lower or frozen prices from newspapers for insert distribution.

The new proposal, while not helping as much as hoped for at the minimum

pound weight up to 3.3 ounces, provides a lower pound weight price identical to Saturation mail, 35.6 cents per pound. That's a 4-cent drop in pound costs, and results in prices that decline steadily after the minimum to as low as 1.8 percent increase at 16 ounces. The new minimum piece price is 16.7 cents, down just 0.1 cent, for an increase of 5 percent instead of 5.7 percent over 2008 prices. These comparisons are to the 2008 levels. If approved, the change will result in decreases of 0.6 percent to 6.85 percent, depending on weight, from the rates imposed on May 11.

A chart which accompanies this column shows the new proposed rates for all DDU-entered ECRS mail. High-Density is bold-faced, showing the new rates, which are expected to be approved by the Postal Regulatory Commission. An extra column shows the percentage change from May 11 to July 19, as well as from May 2008 to July 2009.

The Postal Service was granted pricing flexibility, subject only to the approval of the Postal Regulatory Commission (PRC), by the postal reform bill of late 2006. This is the first instance of that flexibility being used to the benefit of newspapers in the course of price-cap controlled increases. The changes also apply to non-profit ECRS flat mail.

"SUMMER SALE" APPROVED

Speaking of rate flexibility, the first-ever "Summer Sale" was approved by the PRC June 4. A Standard Mail Volume Incentive Pricing Program, the "Summer Sale" took effect July 1 and runs through Sept. 30, 2009. It offers a 30 percent rebate to eligible mailers of at least 1 million Standard Mail letters and flats between Oct. 1, 2007, and March 31, 2008. That means only the largest customers are eligible. The discount comes only on volume above the threshold of that time period. Rebates will be issued following the conclusion of the sale period. Those eligible will be notified, but if someone feels that they have been overlooked, they can e-mail summer-sale@usps.gov.

The goal is to increase volume during the deep recession that has USPS starved for cash. It is unclear whether mailers will step up. NNA believes there is danger in some large mailers being able to "game the system" to move volumes earlier in the year, but there are supposedly protections built in to prevent that. NNA objects to the inability of regular, weekly same-volume publications like newspapers and their shoppers not being in position to benefit. But NNA has suggested an alternate program to USPS to help build newspaper volume, an increase in the sampling allowance from 10 percent to 50 percent, which is being studied. The PRC approved the Summer Sale, but noted NNA's concerns. It is requiring USPS to provide reports on the actual effects of the Sale shortly after the rebates are awarded to the participating mailers.

SATURATION MAIL VOLUME INCENTIVE PROGRAM FOR STANDARD MAIL

The May 11 rate case also offered an incentive program for Saturation mailers who increase the volume of letters or flats either in total mailed volume, or within a defined market. The program began May 11, and runs through May 10, 2010. While the application deadline ended June 11, mailers were notified by letter from District Business Mail Acceptance offices. The "defined market" was limited to growth within a Sectional Center Facility (SCF, or area mail processing hub).

NNA has had few inquiries. This economy does not lend itself to expansion of shoppers or free newspapers into new territories. It was also only available to those who use CAPS account (debit directly from a checking account) and mail at post offices having PostalOne! (USPS postage payment/accounting system) capability. If successful, the program may be extended, on a year-by-year basis. © Max Heath 2009

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