

SUMMARY: The U.S. Army Corps of Engineers is amending its regulations to establish a Restricted Area in the waters of Arlington Channel surrounding the U.S. Coast Guard Base Mobile Docks at Mobile, Alabama. The designation would ensure public safety and satisfy the security, safety, and operational requirements as they pertain to vessels at Coast Guard Base Mobile, by establishing an area into which unauthorized vessels and persons may not enter.

DATES: Effective August 30, 2004.

ADDRESSES: U.S. Army Corps of Engineers, ATTN: CECW-OR, 441 G Street, NW., Washington, DC 20314-1000.

FOR FURTHER INFORMATION CONTACT: Ms. Joanne M. Barry, Headquarters Regulatory Branch at (202) 761-7763 or Mr. John B. McFadyen, Corps Mobile District, at (251) 690-3261.

SUPPLEMENTARY INFORMATION: Pursuant to its authorities in Section 7 of the Rivers and Harbors Act of 1917 (40 Stat. 266; 33 U.S.C. 1) and Chapter XIX of the Army Appropriation Act of 1919 (40 Stat. 892; 33 U.S.C. 3) the Corps is amending the Restricted Area regulations in 33 CFR Part 334 by establishing a new Restricted Area at 334.783, in the waters of Arlington Channel surrounding U.S. Coast Guard Base Mobile at Mobile, Alabama. The points defining the proposed restricted area were selected to minimize interference with other users of Arlington Channel, and to minimize the restricted area's interference with commercial and recreational fisheries. In addition to the publication of the proposed rule, the Mobile District Engineer published public notices dated 18 July 2003 and 20 April 2004. No objections to establishment of the final Restricted Area were received.

Procedural Requirements

A. Review Under Executive Order 12866

This rule is issued with respect to security and safety functions of the U.S. Coast Guard and the provisions of Executive Order 12866 do not apply.

B. Review Under the Regulatory Flexibility Act

This rule has been reviewed under the Regulatory Flexibility Act (Pub. L. 96-354), which requires the preparation of a regulatory flexibility analysis for any regulation that will have a significant economic impact on a substantial number of small entities (*i.e.*, small businesses and small governments). The Corps expects that the economic impact of the establishment of this Restricted

Area would have no impact on the public, no anticipated navigational hazard or interference with existing waterway traffic, and accordingly, certifies that this proposal, if adopted, will have no significant economic impact on small entities.

C. Review Under the National Environmental Policy Act

The Mobile District has prepared an Environmental Assessment (EA) for this action. We have concluded that this action will not have a significant impact on the human environment, and preparation of an Environmental Impact Statement (EIS) is not required. The EA will be available for review at the Mobile District office listed at the end of the **FOR FURTHER INFORMATION CONTACT** paragraph above.

D. Unfunded Mandates Act

This rule does not impose an enforceable duty among the private sector and, therefore, is not a Federal private sector mandate and is not subject to the requirements of Section 202 or 205 of the Unfunded Mandates Act. We have also found under Section 203 of the Act that small governments will not be significantly and uniquely affected by this rulemaking.

E. Submission to Congress and the General Accounting Office

Pursuant to Section 801(a)(1)(A) of the Administrative Procedure Act, as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, the Army has submitted a report containing this rule to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the General Accounting Office. This rule is not a major rule within the meaning of Section 804(2) of the Administrative Procedure Act, as amended.

List of Subjects in 33 CFR Part 334

Danger zones, Marine safety, Navigation (water), Restricted areas, Waterways.

■ For the reasons set out in the preamble, we are amending 33 CFR Part 334 to read as follows:

PART 334—DANGER ZONE AND RESTRICTED AREA REGULATIONS

■ 1. The authority citation for Part 334 continues to read as follows:

Authority: 40 Stat. 266; (33 U.S.C. 1) and 40 Stat. 892; (33 U.S.C. 3).

■ 2. Section 334.783 is added to read as follows:

§ 334.783 Arlington Channel, U.S. Coast Guard Base Mobile, Mobile, Alabama, Coast Guard Restricted Area.

(a) *The area.* The waters of Arlington Channel west of a line from latitude 30°-39'-09"N, longitude 088°-03'-24" W to latitude 30°-38'-54" N., longitude 088°-03'-17" W.

(b) *The regulations.* The restricted area is open to U.S. Government vessels and transiting vessels only. U.S. Government vessels include U.S. Coast Guard vessels, Department of Defense vessels, state and local law enforcement and emergency services vessels and vessels under contract with the U.S. Government. Vessels transiting the restricted area shall proceed across the area by the most direct route and without unnecessary delay. Fishing, trawling, net-fishing and other aquatic activities are prohibited in the restricted area without prior approval from the Commanding Officer, U.S. Coast Guard Group Mobile or his designated representative.

(c) *Enforcement.* The regulations in this section shall be enforced by the Commanding Officer, U.S. Coast Guard Group Mobile or his designated representative.

Dated: July 21, 2004.

Michael B. White,

Chief, Operations Division, Directorate of Civil Works.

[FR Doc. 04-17263 Filed 7-28-04; 8:45 am]

BILLING CODE 3710-92-P

POSTAL SERVICE

39 CFR Part 111

Merged Five-Digit and Five-Digit Scheme Pallets for Periodicals, Standard Mail, and Package Services Mail

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: This final rule amends mailing standards in the *Domestic Mail Manual* (DMM™) to allow mailers to merge (place together) on the same 5-digit scheme pallet (using labeling list DMM L001) or same 5-digit pallet both carrier route bundles of flat-size or irregular parcel mailpieces and noncarrier route 5-digit bundles of flat-size mailpieces not meeting the criteria for the automated flat sorting machine (AFSM) 100, as well as noncarrier route 5-digit bundles of irregular parcel mailpieces.

Prior to this amendment, mailing standards for palletizing mail under DMM M045 permitted mailers to merge carrier route bundles and noncarrier

route 5-digit bundles of flat-size pieces only, and only on 5-digit metro pallets, 3-digit pallets, sectional center facility (SCF) pallets, area distribution center (ADC) pallets (for Periodicals mail only), auxiliary service facility (ASF) pallets (for Standard Mail® and Package Services pieces only), and bulk mail center (BMC) pallets (for Standard Mail and Package Services pieces only).

DATES: *Effective date:* September 2, 2004. *Compliance date:* Mailings presented for verification and acceptance after 12:01 a.m. on Thursday, January 6, 2005, must comply with this rule.

FOR FURTHER INFORMATION CONTACT: Neil Berger, Mailing Standards, at (202) 268-7267; or Thomas L. DeVaughan, Operational Requirements, at (202) 268-7643.

SUPPLEMENTARY INFORMATION: Before the effective date of this final rule, pallet preparation standards in DMM M045.3.0 prohibited mailers from merging (placing together) carrier route bundles and noncarrier route 5-digit bundles of flat-size pieces on the same 5-digit scheme pallet or on the same 5-digit pallet until the “5-digit metro” pallet level had been reached. Mailers wanting to perform such mergers at a finer pallet level previously had to use the preparation options in DMM M900. Those optional standards, however, are limited to flat-size mail only, and were generally developed for application with flat-size mailpieces compatible with the automated flat sorting machine 100 (AFSM 100). These optional standards will continue to be available for mailer use.

The previous prohibition on merged 5-digit scheme and merged 5-digit pallets under M045.3.0 also applied to bundles of all flats, including upgraded flat sorting machine (UFSM) 1000-compatible automation flats and irregular parcels (generally flat-shaped pieces exceeding the maximum dimensions for flats). The operational need for this prohibition, however, is relevant only to flat-size pieces compatible with the AFSM 100. DMM criteria for AFSM 100-compatible flats (DMM C820.2.0) can be viewed using Postal Explorer® at <http://pe.usps.gov>.

Five-digit bundles of non-AFSM 100-compatible flat-size pieces (that is, flats meeting the physical criteria of the UFSM 1000 under DMM C820.3.0) are further sorted to carrier routes at the delivery unit, where the carriers prepare mail for delivery, rather than the mail processing facility, where employees handle and stage the palletized mail before its transport to the delivery unit. As a consequence, it is more practical to

have the 5-digit bundles of UFSM 1000-compatible flats merged on the same 5-digit or 5-digit scheme pallets with the corresponding carrier route bundles so that both the carrier route mail and the noncarrier route mail can be cross-docked to the delivery unit at the mail processing facility.

The addition of these merged pallet sort levels to the existing pallet sort levels should increase operational efficiencies by reducing the total number of pallets that must be prepared. These additional pallet levels should also improve customer service by transporting more mail closer to the point of delivery. Unlike the limitations in DMM M920, M930, and M940, preparation of merged 5-digit scheme and merged 5-digit pallets under revised M045.3.0 is accomplished without limitations (that is, without the use of the “A” and “C” or the “B” and “D” indicators in the City State Product, along with a 5 percent threshold for 5-digit noncarrier route bundles).

Besides adding the new merged pallet levels in DMM M045, this final rule:

- Standardizes the presentation and language of mailing standards used for pallet preparation and labeling in DMM E230, L001, L802, M011, M041.5.0, and M045.3.0, including the standards for Package Services irregular parcels and for Standard Mail and Package Services machinable parcels.

- Clarifies the rate eligibility for Periodicals irregular parcels in DMM E220 and for Standard Mail irregular parcels in DMM E620.

- Clarifies the availability of DMM M045.3.0 for palletizing flat-size mailpieces cobundled under DMM M950.

- Replaces the term “package” with “bundle” when referring to multiple pieces prepared as a single unit to a presort destination. This change was announced in *Postal Bulletin* 22132 (7-8-04, page 35).

Comments

Background

On April 26, 2004, the Postal Service published a proposed rule in the **Federal Register** (69 FR 22464-22470) that amended mailing standards in the *Domestic Mail Manual* (DMM) by adding merged 5-digit scheme (DMM L001) and merged 5-digit pallet sort levels to the sequence of sort levels already available in DMM M045.3.0 for Periodicals, Standard Mail, and Bound Printed Matter pieces.

The Postal Service received comments on the proposed rule from five different parties, all involved in some aspect of mail preparation: two national mailers,

two printers and mail service providers, and one software developer. The Postal Service appreciates the time, effort, and thought taken by these parties in preparing the comments. The comments have each been identified and, when possible, grouped together under the same heading. The Postal Service has carefully reviewed these comments and has provided responses below.

Compliance Date

Comment. All five parties approved the proposed rule, with three expressly citing the benefits that both the mailing industry and the Postal Service would gain from the implementation of this rule. One commenter stated that the implementation of this rule would improve mail preparation and mail entry, increase operational and distribution efficiencies, and enhance service for the mailing industry and the Postal Service. Another commenter believed that the major change from the implementation of this rule would be the placement of mail on 5-digit pallets, increasing productivity for the mailing industry and the Postal Service. Another commenter noted that the implementation of this rule would allow better utilization of mailers’ equipment and, equally important, that it would reduce the number of times that certain 5-digit palletized mail is handled, decreasing potential damage to the mail before delivery to customers.

On account of the benefits that the mailing industry and the Postal Service would derive from this rule, one commenter specifically requested immediate implementation of the rule. Another commenter, however, believed that an implementation date in January 2005 would be more appropriate than an immediate implementation date, given the number of changes in the rule and the additional complexities associated with those changes. The same commenter also noted that many vendors and developers supplying presort software used by mailers would be shipping releases early this summer in support of the August 1 implementation of the new minimum volume requirements for 5-digit scheme and (individual) 5-digit bundles for Standard Mail flat-size pieces. The final requirements were first published on April 1 in the **Federal Register**. See 69 FR 17059-17063.

Response. In view of the many operational efficiencies and improved service that mailers would gain from the change to current pallet preparation standards in DMM M045.3.0, yet still mindful of the complications posed by immediate implementation, the Postal Service has determined to make this

rule optional at first, with an effective date of September 2, 2004, and then mandatory, with an effective date of January 6, 2005 (both dates coinciding with monthly online updates of the electronic DMM). The mandatory compliance date of January 6, 2005, should give mailers and software developers sufficient time to prepare for this change and make appropriate adjustments to their internal mailing operations.

The use of an advance (optional) effective date before the mandatory compliance date complicates the online presentation and the continued availability of the existing mailing standards for palletized mail. Beginning on September 2, 2004, mailers may use either the existing standards or the new standards for palletizing mail. Beginning on January 6, 2005, the new standards must be used exclusively. The new standards are designated as DMM M045.3.0 as presented in this final rule. The existing standards are placed at the end of DMM M045 and redesignated as new DMM M045.15.0. This placement simplifies their elimination when the new standards become mandatory on January 6, 2005.

Abbreviation of "Scheme" on Pallet Labels

Comment. One commenter requested that the mailing standards for labeling scheme pallets consistently permit the optional use of the abbreviation "SCH" for "SCHEME" for all applicable sort levels. In the proposed rule, for example, DMM M045.3.1a permits only "SCHEME" on pallet labels for merged 5-digit scheme pallets, whereas DMM M045.3.1b permits either "SCHEME" or the abbreviation "SCH" for pallet labels for 5-digit scheme carrier routes pallets.

Response. The Postal Service agrees with the commenter's request and has corrected this oversight in the final rule. The pallet labeling instructions now consistently permit the optional alternative abbreviation "SCH" for "SCHEME" at all sort levels.

Carrier Route AFSM 100-Compatible Flats on Merged Pallets

Comment. One commenter questioned whether carrier route bundles of flat-size mailpieces meeting the criteria for the automated flat sorting machine (AFSM) 100 under DMM C820.2.0 are permitted on merged 5-digit scheme and merged 5-digit pallets. The commenter noted that noncarrier route pieces (in 5-digit bundles) meeting the criteria in DMM C820.2.0 are not permitted. The same commenter reasoned that if bundles of both AFSM 100-compatible carrier route pieces and UFSM 1000-

compatible flat-size pieces were permitted, and no noncarrier route pieces were on the same pallet, the pallet would be essentially no different from a 5-digit scheme carrier routes pallet.

The commenter noted that wording in the proposed rule for this sort level stipulated that bundles containing noncarrier route AFSM 100-compatible flats under C820.2.0 are not permitted on the merged 5-digit scheme and merged 5-digit pallets. By contrast, bundles of carrier route AFSM 100-compatible flats and bundles of carrier route UFSM 1000-compatible flats are both permitted on the same merged pallet.

Response. The Postal Service acknowledges that the commenter is correct in questioning how a pallet with only carrier route mail could be designated as a merged pallet. By its very definition, a merged pallet must contain not only carrier route mail but also noncarrier route mail (presorted rate mail and/or automation rate mail). The proposed rule presented the correct definitions of merged pallets in various sections in revised DMM M011.1.2 and M011.1.3, but failed to carry those definitions forward to the proposed pallet preparation standards in DMM M045.3.0 for merged 5-digit scheme (DMM L001) and merged 5-digit pallets. The final rule corrects the wording throughout DMM M045.3.0 by requiring the placement of either presorted rate or automation rate mail or both on the same pallet with the carrier route mail.

UFSM 1000 Flats on Pallets Under DMM M930 and M940

Comment. One commenter requested clarification whether mailers preparing mailings of UFSM 1000-compatible flats could still palletize those mailings under DMM M930 and M940.

Response. The Postal Service assures mailers that they may continue using the preparation options in DMM M930 and M940 for palletizing UFSM 1000-compatible flats. For many mailers, however, the revisions to M045.3.0 simplify preparation of UFSM 1000-compatible flats on pallets and, with the new merged sort levels, provide operational efficiencies for pallet preparation without the complexity and limitations of the preparation options in M900.

Irregular Parcel Rate Eligibility

Comment. One commenter noted that irregular parcels as defined in DMM C050.4.0 qualify only for basic rates under the eligibility standards for Periodicals rates in DMM E220.2.0 and only for basic rates under the eligibility

standards for Standard Mail rates in DMM E620.2.0.

The commenter believed that irregular parcels prepared in 5-digit and 3-digit bundles and placed in or on the appropriate containers, including pallets, should be eligible for the corresponding rates for Periodicals mail (either 5-digit or 3-digit rate) and for Standard Mail (3/5 rate) service.

Response. The Postal Service believes that pallet preparation standards and rate eligibility standards should represent clearly and reflect accurately the relationship between the two. The following explanation for both Periodicals rates and Standard Mail rates for palletized bundles reconciles and clarifies this relationship.

Periodicals Rates

The Periodicals rate structure recognizes nonautomation rates and automation rates. Automation rates are further divided into two separate rate categories: one for letter-size mail meeting the physical characteristics in DMM C810, and one for flat-size mail meeting the physical characteristics in DMM C820. Similar to First-Class Mail Presorted rates, Periodicals nonautomation piece rates make no rate distinction by processing category.

The wording for presorted rate eligibility standards has therefore been revised to reflect the actual intent of the rate structure as presented in the Domestic Mail Classification Schedule, which classifies Periodicals rate categories as nonautomation, automation letter, and automation flat.

For purposes of mail preparation, the revised wording in DMM E220.2.0 distinguishes between letter-size mail and nonletter-size mail (which includes flat-size mailpieces and irregular parcel mailpieces). As a result, this final rule aligns the revised rate eligibility standards for irregular parcels with the pallet preparation standards for irregular parcels. Neither the proposed rule nor this final rule changes the Periodicals rate eligibility standards in effect since January 10, 1999.

Standard Mail Rates

The Standard Mail rate structure recognizes presorted rates (nonautomation rates) and automation rates. Both rate categories are further divided into two separate categories for pieces weighing 3.3 ounces or less: one for letter-size mail meeting the physical characteristics in DMM C050.2.0 and, for automation rates, DMM C810; and one for nonletter-size mail meeting the physical characteristics in DMM C050.3.0 for flats, DMM C050.4.0 for machinable parcels, DMM C050.5.0 for

irregular parcels, and DMM C820 for automation rate flats. The actual preparation standards, however, impose specific requirements based on mail processing categories. For example, the preparation of letter-size mail is quite different from the preparation of flat-size mail, machinable parcels, or irregular parcels.

Irregular parcels (see DMM C050.5.0), in particular, are best described as “none of the above” when reviewing the dimensional standards in DMM C050 for letter-size mail and flat-size mail, and the dimensional standards and relative uniform shape of machinable parcels. Only in rare occurrences, such as a publication or catalog exceeding the maximum 15-inch length or maximum 12-inch height permitted for flat-size mailpieces and thus categorizing it as an irregular parcel, would bundles of irregular parcels be uniform in thickness and suitable for placement directly onto pallets without compromising the integrity or stability of the pallets.

Before this final rule, all irregular parcels eligible for the 3/5 rate were required to be sacked (whether first bundled or not), including irregular parcels to be placed onto pallets. Five-digit scheme (L606) groups, 5-digit groups, and 3-digit groups of irregular parcels placed directly into sacks before placement on pallets compensate for parcels not even in shape or uniform in thickness, such as padded bags containing film or cylindrical medicine bottles, or parcels not easily stackable, such as rolls or mailing tubes. Requiring sacking of such irregular parcels stabilizes the pallets and prevents individual presort destination bundles from breaking apart, thus assuring the maintenance of the required separations for the rates being claimed.

Other points about Standard Mail irregular parcels that can affect the placement of presort destination bundles directly onto pallets include preparation of 5-digit scheme (DMM L001) pallets and exceptions to required bundling (DMM M610.5.3). The 5-digit scheme under DMM L606 may be used only for sacking machinable and irregular parcels (usually consisting of merchandise), or placing sacks (containing parcels) onto pallets, or for placing machinable parcels directly onto a pallet. The L606 5-digit scheme was not developed for preparing presort destination bundles (mailpieces consisting of publications, catalogs, etc.). In the final rule, the 5-digit scheme preparation for flats and irregular parcels, which is under DMM L001, applies to pallets as the containers.

The standards in DMM M610.5.3 that permit sorting irregular parcels directly

into sacks without first preparing presort destination bundles apply to nearly all Standard Mail irregular parcel mailings except for those infrequent mailings containing “oversized flats” and irregular parcels that are less than ½ inch thick. Here 5-digit and 3-digit pieces can qualify for the 3/5 rate as sacked pieces.

The eligibility standards for Standard Mail 3/5 rate application have remained unchanged for the past 10 years. The mailing standards for pallet preparation, however, have been revised in the past 10 years in nearly every issue of the DMM, most substantially in DMM Issue 56 (effective January 7, 2001). With the evolution of those standards, the direct placement of bundles of flat-size pieces and bundles of irregular parcels onto pallets was permitted, even though the eligibility for 3/5 rates had not been extended to Standard Mail irregular parcels not first prepared in sacks.

In view of the possibility that a Standard Mail irregular parcel could consist of a catalog or printed publication (similar to a Periodicals publication) of flat, uniform thickness and prepared in stable presort destination bundles suitable for nesting directly onto pallets, the Postal Service amends the rate eligibility standards for such irregular parcels (oversized flats) in DMM E620.2.0.

For purposes of mail preparation, the revised wording in DMM E620.2.0 distinguishes between irregular parcels that are of uniform thickness (that is, printed publications or catalogs that can be prepared in presort destination bundles under DMM M020), placed directly onto pallets, and those that are not. As a result, this final rule aligns the revised rate eligibility standards for irregular parcels with the pallet preparation standards for irregular parcels.

Mailers are reminded that Standard Mail irregular parcels of uniform thickness prepared in presort destination bundles are still subject to the residual shape surcharge in addition to the applicable Standard Mail nonletter rates (see DMM E620.3.0).

Nonautomation Flats on Five-Digit ZIP Code Pallet

Comment. One commenter recommended that the final rule allow all nonautomation rate Periodicals flats for the same 5-digit ZIP Code™ to be placed on the same 5-digit pallet, regardless of the presort level of each piece. That commenter believed making this change would improve delivery service for such mail.

Response. The Postal Service believes that the addition of merged pallets to

DMM M045.3.0 should, in certain cases, improve delivery service for Periodicals mail. Under the final rule for placing Periodicals rate mail on merged 5-digit scheme (DMM L001) and merged 5-digit pallets for example, the pallets must contain carrier route bundles, and the same pallets must also contain automation rate and/or presorted rate bundles for the same 5-digit ZIP Code. The merged pallet levels do not permit noncarrier route 5-digit bundles containing AFSM 100-compatible flats under DMM C820.2.0.

If the commenter intended “regardless of the presort level of each piece” to mean both pieces in carrier route bundles, and pieces in noncarrier route 5-digit bundles on the same pallet, this merged 5-digit pallet level should alleviate the delivery issue mentioned by the commenter, as long as the pieces in the noncarrier route 5-digit bundles are UFSM 1000-compatible pieces under DMM C820.3.0.

Mailers are reminded that merged 5-digit scheme and merged 5-digit pallets are for bundles only. Sacked mail is not permitted on these merged pallets. Moreover, these pallets must also contain a minimum load of 250 pounds of mail.

Low-Volume Periodicals Bundles

Comment. One commenter recommended that the final rule clarify whether the new merged pallet levels for Periodicals mail would permit placement of low-volume 5-digit bundles on 5-digit or 5-digit scheme pallets. The commenter pointed out that permitting low-volume 5-digit bundles of UFSM-compatible 1000 flats on merged pallets would give mailers the ability to place all mail for a given 5-digit or 5-digit scheme on a single pallet, which can be cross-docked to the delivery unit.

Response. The Postal Service agrees with this recommendation and has added wording to the appropriate sections in the DMM to allow low-volume 5-digit bundles of Periodicals on merged 5-digit scheme (DMM L001) and merged 5-digit pallets. This revision to the final rule thus aligns the preparation standards in DMM M045 with those for palletizing low-volume 5-digit bundles found in other sections of the DMM.

Extension of Merging to Sacked Mail

Comment. One commenter noted that even though the proposed rule would help move UFSM 1000-compatible flats from lower pallet sort levels such as 3-digit and sectional center facility (SCF) to higher sort levels such as merged 5-digit scheme and merged 5-digit pallets,

the rule would not improve the situation for flats prepared in sacks.

The commenter recommended that current mailing standards should be revised to allow 5-digit bundles of UFSM 1000-compatible flats to be placed in merged 5-digit scheme and merged 5-digit sacks regardless of the Address Management System (AMS) City/State indicator. In addition, the allowance for low-volume 5-digit bundles of Periodicals flats should be extended to merged sacks of non-AFSM 100 flats.

Response. The Postal Service notes that current standards in DMM M920 do permit merged sacks using the City State Product. Allowing merged sacks without the use of this product would require some modification of existing documentation standards, but it could provide simpler preparation for Periodicals mailings that do not warrant preparation on pallets.

The Postal Service believes, nevertheless, that this recommendation has merit for non-AFSM 100 Periodicals flats, especially from the perspective of production and operational efficiencies. Allowing the merger of flats in sacks could build density at the 5-digit level, and it could possibly eliminate a large number of low-volume sacks that many publishers currently prepare.

For publishers who enter their publications at destination delivery units (DDUs), merged sacks could possibly improve delivery service. Even so, mailing standards would require clarification on how to claim DDU rates for the bundles of carrier route mail and the destination sectional center facility (DSCF) rate for the noncarrier route 5-digit bundles. Many other mailing standards would also be affected by this recommended change. As a consequence, the Postal Service believes that this recommendation and the associated modifications to mailing standards warrant further study and comment from the mailing industry and therefore would not be appropriate to incorporate in this final rule.

PAVE Certification

Comment. One commenter asked whether Presort Accuracy Validation and Evaluation (PAVE) certification of presort software would be required for merging non-AFSM 100-compatible automation mail and/or presorted rate mail with carrier route mail on the same pallet. The commenter believed that the Postal Service should offer PAVE certification testing for software developers wishing to update their range of certified products for competitive reasons but that the Postal Service should not require PAVE-

certified software for the revisions to DMM M045.3.0.

Response. The Postal Service agrees with the commenter and plans to offer tests for PAVE certification as an option but will not require the use of PAVE-certified software with the palletization standards in revised DMM M045.3.0.

List of Subjects in 39 CFR Part 111

Postal Service.

PART 111—[AMENDED]

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

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

■ 2. Amend the following sections of the Domestic Mail Manual as set forth below:

Domestic Mail Manual (DMM)

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E Eligibility

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E200 Periodicals

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E220 Presorted Rates

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2.0 RATES

2.1 5-Digit Rates

Subject to M045, M210, or M900, 5-digit rates apply to:

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[Revise 2.1b to read as follows:]

b. Nonletter-size pieces in 5-digit scheme (L007) bundles and 5-digit bundles of six or more addressed pieces each, placed in applicable merged 5-digit scheme (L001) sacks, merged 5-digit sacks, 5-digit scheme (L001) sacks, or 5-digit sacks, or palletized under M045, M920, M930, or M940.

2.2 3-Digit Rates

Subject to M045, M210, or M900, 3-digit rates apply to:

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[Revise 2.2b to read as follows:]

b. Nonletter-size pieces in 5-digit scheme (L007) bundles, 5-digit bundles, and 3-digit bundles of six or more addressed pieces each, placed in 3-digit sacks; or 3-digit bundles of six or more addressed pieces each, placed onto 3-digit or lower pallets under M045, M920, M930, or M940.

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E230 Carrier Route Rates

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[Revise heading of 2.0 to read as follows:]

2.0 RATES

[Revise heading and text of 2.1 to read as follows:]

2.1 Preparation

Preparation to qualify eligible pieces for carrier route rates is optional and need not be performed for all carrier routes in a 5-digit area. Carrier route rates apply to copies that are prepared in carrier route bundles of six or more addressed pieces each subject to these standards:

a. *Letter-size mailings.* Carrier route rates apply to carrier route bundles that are sorted into carrier route, 5-digit carrier routes, or 3-digit carrier routes trays under M220. Trays may be palletized under M045.

b. *Nonletter-size mailings.* Carrier route rates apply to carrier route bundles that are sorted onto pallets prepared under M045, M920, M930, or M940, as appropriate, or prepared in carrier route, 5-digit scheme (L001) carrier routes, or 5-digit carrier routes sacks under M220. Sacks may be palletized under M045.

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E600 Standard Mail

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E620 Presorted Rates

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2.0 RATES

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2.3 3/5 Rates

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[Revise 2.3d, redesignate current 2.3e as new 2.3f, and add new 2.3e to read as follows:]

d. For irregular parcels (see C050.5.0) of uniform thickness and more than 15 inches long or more than 12 inches high in a 5-digit bundle of 10 or more pieces, or in a 3-digit bundle of 10 or more pieces, palletized under M045.

e. For all other irregular parcels (see C050.5.0) in a 5-digit scheme (L606), 5-digit, or 3-digit sack containing at least 125 parcels or 15 pounds of parcels. (The 3/5 rates are available only when all possible 5-digit scheme and 5-digit sacks are prepared.)

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L Labeling Lists

L000 General Use

[Revise heading of L001 to read as follows:]

L001 5-Digit Scheme—Periodicals, Standard Mail, and Package Services Flats and Irregular Parcels

[Revise introductory text to read as follows:]

L001 describes the 5-digit scheme sort list for pallets and sacks of Periodicals, Standard Mail, and Package Services flats and irregular parcels destined for multiple 5-digit ZIP Codes served by a single delivery unit. When the 5-digit scheme sort is used, mail for the 5-digit ZIP Codes shown in Column A must be combined on pallets or in sacks as follows:

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L800 Automation Rate Mailings

* * * * *

[Revise heading of L802 to read as follows:]

L802 BMC/ASF Entry—Periodicals and Standard Mail letters, Flats and Irregular Parcels, and Package Services Flats and Irregular Parcels Mail

Summary

[Revise text to read as follows:]

L802 lists the 3-digit ZIP Code prefix for labeling mixed automation rate and nonautomation rate Periodicals, Standard Mail, and Package Services mailings entered at an ASF or BMC.

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M Mail Preparation and Sortation

M000 General Preparation Standards

M010 Mailpieces

M011 Basic Standards

1.0 TERMS AND CONDITIONS

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1.2 Presort Levels

Terms used for presort levels are defined as follows:

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[Revise 1.2f, 1.2g, 1.2j, 1.2l, and 1.2m, to read as follows:]

f. *5-digit scheme carrier routes (pallets and sacks) for Periodicals flats and irregular parcels, Standard Mail flats, Bound Printed Matter flats (sacks only); and Bound Printed Matter irregular parcels (pallets only):* the ZIP Code in the delivery address on all pieces in carrier route bundles is one of the 5-digit ZIP Codes processed by the USPS as a single scheme, as shown in L001.

g. *5-digit scheme (pallets) for Periodicals flats and irregular parcels and Bound Printed Matter flats and irregular parcels:* the ZIP Code in the delivery address on all pieces is one of the 5-digit ZIP Codes processed by the USPS as a single scheme, as shown in L001.

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j. *Merged 5-digit pallet:* contains carrier route bundles and noncarrier route 5-digit bundles (automation rate 5-

digit bundles and/or presorted rate 5-digit bundles).

* * * * *

l. *Merged 5-digit scheme pallet:* contains carrier route bundles and noncarrier route 5-digit bundles (automation rate 5-digit bundles and/or presorted rate 5-digit bundles) for those 5-digit ZIP Codes that are part of a single scheme as shown in L001.

m. *5-digit metro pallets for Periodicals, Standard Mail, and Bound Printed Matter flats and irregular parcels:* the 5-digit ZIP Codes on pieces in carrier route, automation rate, and presorted rate bundles are all destined for the same mail processing facility listed in L006.

* * * * *

1.3 Preparation Instructions

For purposes of preparing mail:

* * * * *

[Revise 1.3o through 1.3r to read as follows:]

o. *A merged 5-digit sort for Periodicals, Standard Mail, and Bound Printed Matter flats and irregular parcels prepared as bundles on pallets* yields merged 5-digit pallets that contain carrier route bundles and noncarrier route 5-digit bundles (automation rate 5-digit bundles and/or presorted rate 5-digit bundles). The merged 5-digit sort is optional for Periodicals flats and irregular parcels and Standard Mail flats prepared in sacks under M920. Sacks or pallets prepared for a merged 5-digit destination that contain only a single rate level of bundle(s) (only carrier route bundle(s) or only automation rate 5-digit bundle(s) or only presorted rate 5-digit bundle(s)) or only two rate levels of bundle(s) are still considered to be merged 5-digit sorted and must be labeled accordingly.

p. *A merged 5-digit scheme sort for Periodicals flats and irregular parcels and Standard Mail flats prepared in sacks under M920* yields merged 5-digit scheme sacks that contain carrier route bundles and noncarrier route 5-digit bundles (automation rate 5-digit bundles and/or presorted rate 5-digit bundles) for those 5-digit ZIP Codes that are part of a single scheme as shown in L001. Sacks prepared for a merged 5-digit scheme destination that contain only a single rate level of bundle(s) (only carrier route bundle(s) or only automation rate 5-digit bundle(s) or only presorted rate 5-digit bundle(s)), or only two rate levels of bundle(s), or bundles for only one of the 5-digit ZIP Codes are still considered to be merged 5-digit scheme sorted and must be labeled accordingly. If preparation of

merged 5-digit scheme sacks is performed, it must be done for all 5-digit scheme destinations in L001.

q. *A merged 5-digit scheme sort for Periodicals flats and irregular parcels, Standard Mail flats and irregular parcels, and Bound Printed Matter flats and irregular parcels prepared as bundles on pallets under M045, M920, M930, or M940,* as appropriate, yields merged 5-digit scheme pallets that contain carrier route bundles and noncarrier route 5-digit bundles (automation rate and/or presorted rate 5-digit bundles) for those 5-digit ZIP Codes that are part of a single scheme as shown in L001. Pallets prepared for a merged 5-digit scheme destination that contain only a single rate level of bundle(s) (only carrier route bundle(s) or only automation rate 5-digit bundle(s) or only presorted rate 5-digit bundle(s)), or only two rate levels of bundle(s), or bundles for only one of the 5-digit ZIP Codes are still considered to be merged 5-digit scheme sorted and must be labeled accordingly. If preparation of merged 5-digit scheme pallets is performed, it must be done for all 5-digit scheme destinations in L001.

r. *A 5-digit metro sort for Periodicals, Standard Mail, and Bound Printed Matter flats and irregular parcels prepared as bundles on pallets* yields 5-digit metro pallets that contain carrier route and/or noncarrier route 5-digit and 3-digit bundles (automation rate and/or presorted bundles) for the 5-digit ZIP Codes listed in L006. The ZIP Codes in L006 are treated as a single presort destination, with no further separation by 5-digit ZIP Code required. The 5-digit metro sort is optional and need not be done for all possible destinations in L006.

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M040 Pallets

M041 General Standards

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5.0 PREPARATION

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5.6 Mail on Pallets

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[Combine current 5.6g and 5.6h into new 5.6g and redesignate current 5.6i as new 5.6h to read as follows:]

f. For Bound Printed Matter irregular parcels, presorted and carrier route rate mail may be combined on all pallet levels. For Bound Printed Matter flats, presorted and carrier route rate mail may be combined on all levels of pallet except as provided in 5.6g.

g. For sacks of Periodicals, Standard Mail, and Bound Printed Matter flats or

irregular parcels, carrier route rate mail must be prepared on separate 5-digit pallets from automation rate and/or presorted rate mail.

h. Periodicals, Standard Mail, and Bound Printed Matter flats or irregular parcels prepared in carrier route and noncarrier route 5-digit bundles may be placed on the same merged 5-digit scheme, merged 5-digit, and 5-digit metro pallet, as appropriate.

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M045 Palletized Mailings

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2.0 BUNDLES ON PALLETS

2.1 Applicability

[Revise 2.1 to read as follows:]

Presort destination bundles of Periodicals, Standard Mail, and Package Services flats and irregular parcels may be placed directly on pallets under 2.2 through 2.5, 3.0 (and, until January 6, 2005, under 15.0). Mail that cannot be placed on pallets must be prepared in sacks under the applicable standards in M200, M600, M700, M910, or M920. Sacks containing any remaining bundles after all pallets are prepared may be presented with the palletized portion of the mailing job (and, subject to 8.5, reported on the same postage statement) if the sacked portion is presented separately from the palletized portion.

2.2 Basic Bundling Standards

[Revise 2.2 to read as follows:]

Bundle preparation for Periodicals, Standard Mail, and Package Services mailpieces must meet the general standards in M010 and M020 as well as the applicable standards in M200, M600, M700, M820, and M950, except as noted in 2.3 through 2.5. Bundles may be sorted onto pallets under 3.0 (and, until January 6, 2005, under 15.0), as well as M920, M930, and M940.

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2.5 Bound Printed Matter

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[Revise 2.5b by combining current 2.5b and 2.5c into new 2.5b to read as follows:]

b. Presorted and Carrier Route Bound Printed Matter:

(1) Only individual pieces of flats or irregular parcels that weigh less than 10 pounds each may be prepared as bundles on pallets. Presorted rate pieces that weigh 10 or more pounds each must be prepared and palletized as machinable parcels under 3.5 or prepared in sacks under M722. Carrier Route pieces that individually weigh 10 or more pounds each must either be prepared and palletized as machinable

parcels under 3.5 and qualify for presorted rates or be prepared in sacks under M723 and qualify for carrier route rates.

(2) Bundles must be prepared under M722, M723, or M950, as appropriate. The minimum bundle size is 10 addressed pieces or 10 pounds, whichever occurs first, except that the last bundle to a presort destination may contain fewer than 10 pieces or weigh less than 10 pounds. When there are at least 10 pieces but less than 10 pounds for a presort destination, the pieces must be prepared in a single physical bundle. The maximum physical bundle size for pallets prepared under 3.3a through 3.3g, and 3.4a through 3.4g is 40 pounds. The maximum physical bundle size for pallets prepared under 3.3h through 3.3l, and 3.4h through 3.4l is 20 pounds. The total number of bundles for a single presort destination must not exceed the number of 10-pound increments to that destination. Each physical bundle must contain at least two addressed pieces.

[Delete current 2.5c.]

[Redesignate current 3.0 as new 15.0. Add new 3.0 to read as follows:]

* * * * *

3.0 PALLET PRESORT AND LABELING

3.1 Periodicals—Bundles, Sacks, or Trays

Until January 6, 2005, Periodicals mailings may also be palletized under 15.1. Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. See E250 for additional requirements for destination entry rates eligibility. For mailings of sacks or trays on pallets, pallet preparation begins with 3.1e. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031. All pallets prepared under 3.1 may contain firm bundles, and pallets prepared under 3.1a through 3.1i may contain low-volume bundles. Bundles of Periodicals nonletters (flats and irregular parcels) may also be palletized under M920, M930, or M940.

a. *Merged 5-Digit Scheme (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats or irregular parcels. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (automation rate and/or presorted rate

bundles) for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.1d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D"; followed by "SCHEME" (or "SCH").

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for bundles only. Pallet must contain only carrier route bundles for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.1e. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CARRIER ROUTES" (or "CR-RTS"); followed by "SCHEME" (or "SCH").

c. *5-Digit Scheme (required)*. Permitted for bundles only. Not permitted for bundles containing AFSM 100-compatible flats under C820. Required for bundles containing all other flats and irregular parcels. Pallet must contain only 5-digit bundles of automation rate and/or presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.1f. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "5D"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains presorted rate mail; followed by "SCHEME" (or "SCH").

d. *Merged 5-Digit (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats or irregular parcels. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (automation rate and/or presorted rate bundles) for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D."

e. *5-Digit Carrier Routes (required except for trays)*. Permitted for bundles, sacks, and trays. Pallet must contain

only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "CARRIER ROUTES" (or "CR-RTS").

f. *5-Digit (required except for trays)*. Permitted for bundles, sacks, and trays. Pallet must contain only automation rate and/or presorted rate mail for the same 5-digit ZIP Code or the same 5-digit scheme under L007 (for AFSM 100-compatible flats only under C820). Five-digit scheme (L007) bundles are assigned to pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "5D"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains presorted rate mail.

g. *5-Digit Metro (optional)*. Permitted for bundles only. Pallet may contain carrier route, automation rate, and/or presorted rate bundles for the 5-digit ZIP Codes in L006, Column A, and for 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS" or "IRREG," as applicable; followed by "METRO" (or "MET"); followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail.

h. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "3D"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail.

i. *SCF (required)*. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate,

and/or presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "SCF"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail.

j. *ADC (required)*. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or presorted rate mail for the 3-digit ZIP Code groups in L004. Pallet labeling:

(1) Line 1: L004.

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "ADC"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail.

k. *Mixed ADC (optional)*. Permitted for sacks and trays only. Pallet may contain carrier route, automation rate, and/or presorted rate mail. Pallet labeling:

(1) Line 1: "MXD" followed by city, state, and ZIP Code information for ADC serving 3-digit ZIP Code prefix of entry post office as shown in L004, Column A (label to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PER" or "NEWS," as applicable; followed by "FLTS," "IRREG," or "LTRS," as applicable; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail; followed by "WKG."

3.2 Standard Mail—Bundles, Sacks, or Trays

Until January 6, 2005, Standard Mail mailings may also be palletized under 15.2. Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. See E650 for additional requirements for destination entry rates eligibility. Irregular parcels prepared in bundles directly onto pallets are limited those mailpieces that are of uniform thickness and more than 15 inches long or more than 12 inches high. For mailings of sacks or trays on

pallets, pallet preparation begins with 3.2d. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031. Bundles of Standard Mail flats may also be palletized under M920, M930, or M940.

a. *Merged 5-Digit Scheme (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats or irregular parcels. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (automation rate and/or presorted rate bundles) for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.2c. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "STD" followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D"; followed by "SCHEME" (or "SCH").

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for bundles only. Pallet must contain only carrier route bundles for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.2d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "STD" followed by "FLTS" or "IRREG," as applicable; followed by "CARRIER ROUTES" (or "CR-RTS"); followed by "SCHEME" (or "SCH").

c. *Merged 5-Digit (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats or irregular parcels. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (automation rate and/or presorted rate bundles) for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "STD" followed by "FLTS" or "IRREG," as applicable; followed by "CR/5D."

d. *5-Digit Carrier Routes (required except for trays)*. Permitted for bundles, sacks, and trays. Pallet must contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "CARRIER ROUTES" (or "CR-RTS"). For letters, "STD LTRS"; followed by "CARRIER ROUTES" (or "CR-RTS");

followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

e. *5-Digit (required except for trays)*. Permitted for bundles, sacks, and trays. Pallet must contain only automation rate and/or Presorted rate mail for the same 5-digit ZIP Code or same 5-digit scheme under L007 (for AFSM 100-compatible flats only under C820). Five-digit scheme (L007) bundles are assigned to 5-digit pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "5D"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains Presorted rate mail. For letters, "STD LTRS 5D"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

f. *5-Digit Metro (optional)*. Permitted for bundles only. Pallet may contain carrier route, automation rate, and/or Presorted rate bundles for the 5-digit ZIP Codes in L006, Column A, and for 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006.

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "METRO" (or "MET"); followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail.

g. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "3D"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS 3D"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains

machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

h. *SCF (required)*. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "SCF"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS SCF"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

i. *ASF (required, unless bundle reallocation used under 5.0)*. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L602. ADC bundles, sacks, or trays are assigned to pallets according to the "label to" ZIP Code in L004 or L603, as appropriate. AADC trays are assigned to pallets according to the "label to" ZIP Code for the AADC tray in L801. At the mailer's option, appropriate mixed ADC bundles, sacks, or trays and mixed AADC trays may be sorted to ASF pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles, sacks, and trays and mixed AADC trays must contain only pieces destinating within the ASF in Exhibit E650.5.1. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "ASF"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS ASF"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

j. *BMC (required)*. Permitted for bundles, sacks, and trays. Pallet may contain carrier route, automation rate, and/or Presorted rate mail for the 3-digit ZIP Code groups in L601. ADC bundles, sacks, or trays are assigned to pallets according to the "label to" ZIP Code in L004 or L603, as appropriate. AADC trays are assigned to pallets according to the "label to" ZIP Code for the AADC tray in L801. At the mailer's option, appropriate mixed ADC bundles, sacks, or trays and mixed AADC trays may be

sorted to BMC pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles, sacks, and trays and mixed AADC trays must contain only pieces destinating within the BMC in Exhibit E650.5.1. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "BMC"; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail. For letters, "STD LTRS BMC"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters.

k. *Mixed BMC (optional)*. Permitted for sacks and trays only. Pallet may contain carrier route, automation rate, and/or Presorted rate mail. Pallet labeling:

(1) Line 1: "MXD" followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (label to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: For flats and irregular parcels, "STD" followed by "FLTS" or "IRREG," as applicable; followed by "BARCODED" (or "BC") if pallet contains automation rate mail; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or Presorted rate mail; followed by "WKG." For letters, "STD LTRS"; followed by "BC" if pallet contains barcoded letters; followed by "MACH" if pallet contains machinable letters; followed by "MAN" if pallet contains nonmachinable letters; followed by "WKG."

3.3 Package Services Flats—Bundles and Sacks

Until January 6, 2005, Package Services mailings of flats may also be palletized under 15.3. Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. Carrier route mail and presorted rate mail with a barcode apply only to Bound Printed Matter mailings. Destination entry rate eligibility also applies only to Bound Printed Matter (see E752). At the mailer's option, all Package Services flats may be prepared for destination entry. For mailings of sacks on pallets, pallet preparation begins with 3.3e. Pallets must be labeled according to the Line 1 and Line 2

information listed below and under M031.

a. *Merged 5-Digit Scheme (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (presorted rate bundles) for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.3d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS CR/5D"; followed by "SCHEME" (or "SCH").

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for bundles only. Pallet must contain only carrier route bundles for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.3e. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS"; followed by "CARRIER ROUTES" (or "CR-RTS"); followed by "SCHEME" (or "SCH").

c. *5-Digit Scheme (required)*. Permitted for bundles only. Not permitted for bundles containing AFSM 100-compatible flats under C820. Required for bundles containing all other flats. Pallet must contain only 5-digit bundles of presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.3f. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC FLTS 5D"; followed by "SCHEME" (or "SCH").

d. *Merged 5-Digit (required)*. Permitted for bundles only. Not permitted for bundles containing noncarrier route AFSM 100-compatible flats under C820. Required for bundles containing all other flats. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (presorted rate bundles) for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS CR/5D."

e. *5-Digit Carrier Routes (required)*. Permitted for bundles and sacks. Pallet must contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS"; followed by "CARRIER ROUTES" (or "CR-RTS").

f. *5-Digit (required)*. Permitted for bundles and sacks. Pallet must contain

only Presorted rate mail with or without a barcode for the same 5-digit ZIP Code or same 5-digit scheme under L007 (for AFSM 100-compatible flats only under C820). Five-digit scheme (L007) bundles are assigned to pallets according to the OEL "label to" 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC FLTS 5D"; followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains presorted rate mail without a barcode.

g. *5-Digit Metro (optional)*. Permitted for bundles only. Pallet may contain carrier route and/or presorted rate mail with or without a barcode for the 5-digit ZIP Codes in L006, Column A, and for the 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006.

(2) Line 2: "PSVC FLTS"; followed by "METRO" (or "MET"); followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail without a barcode.

h. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail with or without a barcode. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PSVC FLTS 3D"; followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail without a barcode.

i. *SCF (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PSVC FLTS SCF"; followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail without a barcode.

j. *ASF (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L602. ADC bundles or sacks are assigned to pallets

according to the "label to" ZIP Code in L004. At the mailer's option, appropriate mixed ADC bundles or sacks may be sorted to ASF pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles and sacks must contain only pieces destined within the ASF in Exhibit E751.1.3. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: "PSVC FLTS ASF"; followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail without a barcode.

k. *BMC (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail with or without a barcode for the 3-digit ZIP Code groups in L601. ADC bundles or sacks are assigned to pallets according to the "label to" ZIP Code in L004. At the mailer's option, appropriate mixed ADC bundles or sacks may be sorted to BMC pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles and sacks must contain only pieces destined within the BMC in Exhibit E751.1.3. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "PSVC FLTS BMC"; followed by "BARCODED" (or "BC") if pallet contains presorted rate mail with a barcode; followed by "NONBARCODED" (or "NBC") if pallet contains carrier route and/or presorted rate mail without a barcode.

l. *Mixed BMC (optional)*. Permitted for sacks only. Pallet may contain carrier route and/or presorted rate mail with or without a barcode. Pallet labeling:

(1) Line 1: "MXD" followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (label to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PSVC FLTS WKG."

3.4 Package Services Irregular Parcels—Bundles and Sacks

Until January 6, 2005, Package Services mailings of irregular parcels may also be palletized under 15.4. Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. Carrier route (3.4a, 3.4b, 3.4d, and 3.4e) applies to Bound Printed Matter mailings only. Destination entry rate eligibility applies only to Parcel Select (see E751) and Bound Printed Matter (see E752). At the

mailer's option, all Package Services irregular parcels also may be prepared for destination entry (see E753). For mailings of sacks on pallets, pallet preparation begins with 3.4e. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031.

a. *Merged 5-Digit Scheme (required)*. Permitted for bundles only. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (presorted rate bundles) for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, merged 5-digit pallet preparation begins with 3.4d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC IRREG CR/5D"; followed by "SCHEME" (or "SCH").

b. *5-Digit Scheme Carrier Routes (required)*. Permitted for bundles only. Pallet must contain only carrier route bundles for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit carrier routes pallet preparation begins with 3.3e. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC IRREG"; followed by "CARRIER ROUTES" (or "CR-RTS"); followed by "SCHEME" (or "SCH").

c. *5-Digit Scheme (required)*. Permitted for bundles only. Pallet must contain only 5-digit bundles of presorted rate mail for the same 5-digit scheme under L001. For 5-digit destinations not part of L001, 5-digit pallet preparation begins with 3.4d. Pallet labeling:

(1) Line 1: L001.

(2) Line 2: "PSVC IRREG 5D"; followed by "SCHEME" (or "SCH").

d. *Merged 5-Digit (required)*. Permitted for bundles only. Pallet must contain carrier route bundles and noncarrier route 5-digit bundles (presorted rate bundles) for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC IRREG CR/5D."

e. *5-Digit Carrier Routes (required)*. Permitted for bundles and sacks. Pallet must contain only carrier route mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC IRREG"; followed by "CARRIER ROUTES" (or "CR-RTS").

f. *5-Digit (required)*. Permitted for bundles and sacks. Pallet must contain only presorted rate mail for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for overseas military mail).

(2) Line 2: "PSVC IRREG 5D."

g. *5-Digit Metro (optional)*. Permitted for bundles only. Pallet must contain carrier route and/or presorted rate bundles for the 5-digit ZIP Codes in L006, Column A, and for the 3-digit ZIP Code groups in L006, Column B. Pallet labeling:

(1) Line 1: L006.

(2) Line 2: "PSVC IRREG"; followed by "METRO" (or "MET").

h. *3-Digit (optional)*. Option not available for 3-digit ZIP Code prefixes marked "N" in L002. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail. Pallet labeling:

(1) Line 1: L002, Column A.

(2) Line 2: "PSVC IRREG 3D."

i. *SCF (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail for the 3-digit ZIP Code groups in L005. Pallet labeling:

(1) Line 1: L002, Column C.

(2) Line 2: "PSVC IRREG SCF."

j. *ASF (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail for the 3-digit ZIP Code groups in L602. ADC bundles or sacks are assigned to pallets according to the "label to" ZIP Code in L004. At the mailer's option, appropriate mixed ADC bundles or sacks may be sorted to ASF pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles and sacks must contain only pieces destinating within the ASF in Exhibit E751.1.3. Pallet labeling:

(1) Line 1: L602.

(2) Line 2: "PSVC IRREG ASF."

k. *BMC (required)*. Permitted for bundles and sacks. Pallet may contain carrier route and/or presorted rate mail for the 3-digit ZIP Code groups in L601. ADC (L004) bundles or sacks are assigned to pallets according to the "label to" ZIP Code in L004. At the mailer's option, appropriate mixed ADC bundles or sacks may be sorted to BMC pallets according to the "label to" ZIP Code in L802. All mixed ADC bundles and sacks must contain only pieces destinating within the BMC in Exhibit E751.1.3. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "PSVC IRREG BMC."

l. *Mixed BMC (optional)*. Permitted for sacks only. Pallet may contain carrier route and/or presorted rate mail. Pallet labeling:

(1) Line 1: "MXD" followed by information in L601, Column B, for BMC serving 3-digit ZIP Code prefix of entry post office (or labeled to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "PSVC IRREG WKG."

3.5 Machinable Parcels—Standard Mail and Package Services

Until January 6, 2005, Standard Mail and Package Services mailings of machinable parcels may also be palletized under 15.5. Pallets must be prepared under M041 in the sequence listed below and completed at each required level before the next optional or required level is prepared. Unless indicated as optional, all sort levels are required under the conditions shown. At the mailer's option, Inter-BMC/ASF and Intra-BMC/ASF Parcel Post mailings may be prepared on pallets under this section. Destination entry rates eligibility applies only to Standard Mail (see E650), Parcel Select (see E751), and Bound Printed Matter (see E752). At the mailer's option, all Package Services machinable parcels also may be prepared for destination entry (see E753). Combined mailings of Standard Mail and Package Services machinable parcels must also meet the standards in M073. Pallets must be labeled according to the Line 1 and Line 2 information listed below and under M031.

a. *5-Digit Scheme (optional)*. Pallet may contain parcels for the same 5-digit scheme under L606. Pallets need not be prepared for all 5-digit scheme destinations. For 5-digit destinations not part of L606, or for which scheme sorts are not performed, 5-digit pallets are prepared under 3.5b. Pallet labeling:

(1) Line 1: L606.

(2) Line 2: "STD MACH 5D" or "PSVC MACH 5D," as applicable; followed by "SCHEME" (or "SCH").

b. *5-Digit (required)*. Optional for Standard Mail if 3/5 rates are not claimed. Pallet must contain parcels only for the same 5-digit ZIP Code. Pallet labeling:

(1) Line 1: city, state, and 5-digit ZIP Code destination (see M031 for military mail).

(2) Line 2: "STD MACH 5D" or "PSVC MACH 5D," as applicable.

c. *ASF (required if claiming DBMC rates, otherwise optional)*. Not available for the Buffalo, NY ASF in L602. Pallets must contain only parcels for the 3-digit ZIP Code groups in L602.

(1) Line 1: L602.

(2) Line 2: "STD MACH ASF" or "PSVC MACH ASF," as applicable.

d. *BMC (required)*. Pallets must contain only parcels for the 3-digit ZIP Code groups in L601. Pallet labeling:

(1) Line 1: L601.

(2) Line 2: "STD MACH BMC" or "PSVC MACH BMC," as applicable.

e. *Mixed BMC (optional)*. Pallet labeling:

(1) Line 1: "MXD" followed by information in L601, Column B, for

BMC serving 3-digit ZIP Code prefix of entry post office (or labeled to plant serving entry post office if authorized by processing and distribution manager).

(2) Line 2: "STD MACH WKG" or "PSVC MACH WKG," as applicable.

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[Redesignate current 3.0 as new 15.0, and renumber accordingly.]

15.0 PALLET PRESORT AND LABELING (Effective until January 6, 2005)

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M200 Periodicals (Nonautomation)

M210 Presorted Periodicals

1.0 BASIC STANDARDS

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1.5 Low-Volume Bundles and Sacks

[Revise 1.5 to read as follows:]

As a general exception to 2.0 and 4.0, nonletter-size Periodicals may be prepared in low-volume 5-digit and 3-digit bundles containing fewer than six pieces when the publisher determines that such preparation improves service, if those bundles are placed in 5-digit, 3-digit, and SCF sacks. Low-volume bundles also may be placed on merged 5-digit scheme, 5-digit scheme, merged 5-digit, 5-digit, 5-digit metro, 3-digit, and SCF pallets.

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M220 Carrier Route Periodicals

1.0 BASIC INFORMATION

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1.5 Low-Volume Bundles and Sacks

[Revise 1.5 to read as follows:]

As a general exception to 2.4 and 4.0, nonletter-size Periodicals may be prepared in low-volume carrier route bundles containing fewer than six pieces when the publisher determines that such preparation improves service, if those bundles are placed in merged 5-digit scheme, 5-digit scheme carrier routes, merged 5-digit, or 5-digit carrier routes sacks. Low-volume carrier route bundles also may be placed on merged 5-digit scheme, 5-digit scheme carrier routes, merged 5-digit, 5-digit carrier routes, 5-digit metro, 3-digit, and SCF pallets.

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M800 All Automation Mail

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M820 Flat-Size Mail

1.0 BASIC STANDARDS

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1.9 Exception—Periodicals Preparation

[Revise 1.9 to read as follows:]

As a general exception to 4.1 and 4.2, Periodicals may be prepared in low-volume 5-digit scheme, 5-digit, and 3-digit bundles containing fewer than six pieces, when the publisher determines that such preparation improves service, if those bundles are placed in 5-digit scheme, 5-digit, and 3-digit sacks under M820. Low-volume bundles may also be placed in merged 5-digit scheme, merged 5-digit, 5-digit, 5-digit scheme, 3-digit, and SCF sacks under M920.

Low-volume sacks may also consist of a firm bundle(s) when optional 5-digit scheme sortation is performed with mailings prepared in sacks. Low-volume bundles also may be placed on merged 5-digit scheme, 5-digit scheme, merged 5-digit, 5-digit, 5-digit metro, 3-digit, and SCF pallets.

* * * * *

An appropriate amendment to 39 CFR part 111 will be published to reflect these changes.

Neva R. Watson,

Attorney, Legislative.

[FR Doc. 04-17303 Filed 7-28-04; 8:45 am]

BILLING CODE 7710-12-P

POSTAL SERVICE

39 CFR Part 601

Issue 2 of the Purchasing Manual; Incorporation by Reference

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service announces the publication of Issue 2 of the Postal Service Purchasing Manual. Issue 2 supersedes previous editions of the Purchasing Manual, and is incorporated by reference in the Code of Federal Regulations.

DATES: Effective Date: This final rule is effective on July 29, 2004. The incorporation by reference of the Purchasing Manual, Issue 2 is approved by the Director of the Federal Register as of July 29, 2004.

FOR FURTHER INFORMATION CONTACT: Michael J. Harris (202) 268-5653.

SUPPLEMENTARY INFORMATION: Issue 1 of the Purchasing Manual was issued on January 31, 1997, as the successor to former USPS Publication 41, the U.S. Postal Service Procurement Manual. At that time, purchasing organizations were advised that, pending the updating of contract-writing systems, the purchasing organizations could determine, subject to specific

limitations, when and to what extent they may adopt its policies and procedures. The Purchasing Manual then became fully effective on January 27, 2000.

Subsequently, Issue 2 of the Purchasing Manual was issued on January 31, 2002. Pending the updating of purchasing support systems for consistency with the new policies contained in Issue 2, purchasing organizations were advised that they might adopt the policies and procedures contained in Issue 2 immediately, or might continue to follow the policies and procedures contained in Issue 1. If a purchasing organization adopted Issue 2 policies and procedures for any category or categories of purchases, it would be required to use those policies and procedures consistently for that category or categories, and not revert to previous policies and procedures. Contracting officers were required to ensure that solicitations and other purchasing documents made prospective offerors fully aware of the authority (Issue 2 or Issue 1, as revised through November 15, 2001) pursuant to which an individual purchase was made. Particular care was required that previous versions of provisions and clauses were not used in purchases made under the policies and procedures of Issue 2, and vice versa. To date, the Postal Service has not formally transitioned from PM Issue 1 to PM Issue 2 primarily because of problems in updating purchasing support systems for consistency with the new policies contained in Issue 2. The end of this transition period will be announced in the Federal Register.

The Purchasing Manual is published and available to all users on the World Wide Web at http://www.usps.com/business, and contains the Postal Service's purchasing policy.

It will be noted that on March 24, 2004 (69 FR 13786), the Postal Service published a proposed rule in the Federal Register entitled "Purchasing of Property and Services". In this document, the Postal Service proposed to amend its regulations in order to implement the acquisition portions of its Transformation Plan (April 2000) and the similar recommendations of the President's Commission on the United States Postal Service (July 2003) as they relate to the acquisition of property and services. That earlier, ongoing rulemaking is proceeding separately and independently, and should not be considered to be a part of this current notice.

On June 28, 2004 (69 FR 36018), the Postal Service published in the Federal Register a detailed discussion of the