

- Small circulation publications.
- Residual volume of independently presorted versions of publications, as well as editions of current issues of larger circulation publications for those destinations where there is insufficient volume to prepare an ADC pallet of at least 250 pounds.
- Supplemental mailings of large circulation publications.
- Multiple titles or multiple versions of a publication that are presorted together into bundles through a selective binding operation if movement of the presorted bundles (created as a result of selective binding) is from sacks to co-pallets.
- Mail that is combined in a co-mailing operation that moves from sacks (if titles or versions are sorted independently) onto pallets that are drop-shipped.

Co-palletized pieces with less than 250 pounds per title or edition per ADC destination, if independently presorted, could qualify for the co-palletization discounts. Co-palletized pieces with less than 250 pounds of mail per title or edition within an ADC remaining after preparing SCF pallets could qualify for the co-palletization discounts because this mail otherwise would have been prepared in sacks. Mailers may build upon originally presorted SCF and ADC pallets, but only the co-palletized pieces with less than 250 pounds per title or edition per ADC destination, if independently presorted, would qualify for the co-palletization discounts.

Other drop-ship and palletization incentives available on the current rate schedule would apply to all the pieces based on their eligibility (e.g., drop-ship discounts and pallet discounts).

Because co-palletized volumes are difficult to predict, during the experiment co-palletized mail will not be required to be placed on the finest level pallet possible. For example, if a co-palletized ADC pallet contains more than 500 pounds to a particular SCF, an SCF pallet will not be required. Mailers and consolidators will be encouraged to periodically reevaluate mail volumes for SCF/ADC destinations to determine whether additional SCF pallets could be created on a regular basis to maximize presort and worksharing benefits.

The Postal Service recognizes that there is a relatively small volume of mail that is currently either co-palletized or co-mailed and drop-shipped. Consolidators who already drop-ship co-palletized volume are eligible for the additional discounts if the standards outlined below are met.

## Documentation Requirements

The Postal Service will require documentation (summarized for each title and identified by edition, version, or segment) that profiles mailings before co-palletization, to substantiate that without co-palletization the mail would have been prepared in sacks (e.g., ADC pallets of 250 or more pounds for any individual title, independently presorted version, or selectively bound pool, could not have been made). Supplemental mailings prepared after, and separate from, the original mailing, would be treated as a separate title and would have to meet the same requirements for pieces to be eligible for the additional discounts.

The mailer or consolidator must provide documentation of the mail both before and after co-palletization (e.g., mail.dat files that can be printed, if necessary), relating only to the mail that is co-palletized. The "before" documentation must be in files that permit easy identification of mailings (e.g., by job ID, segment ID, and container summary) included in the co-palletization program separate from mailings that are not included in the program. The "after" documentation must identify publications or segments with 250 or more pounds to an ADC on pallets (mail that does not qualify for added co-palletization incentives) separately from volumes of other publications or segments with less than 250 pounds that do qualify for the incentives. Documentation must be prepared by title and version, segment, or edition; or by codes representing each title or version, segment, or edition. The mailer or consolidator will output a new file for the mail after co-palletization showing how the mail was presorted and where it was entered. Data in the "after" co-palletization files must be easily reconciled with the "before" files to validate that proper postage has been paid for all pieces.

The Postal Service is issuing a new postage statement that includes the new co-palletization discounts. Periodicals mailers must use this postage statement for mailings that qualify for and claim the new discounts.

Publications mailed under the CPP program may be included as part of a co-palletized mailing. Publishers may elect to (1) remove the co-palletized portion of a mailing job from the CPP consolidated postage statement and pay postage at the consolidation point, or (2) provide, to the preparer of the consolidated postage statement, information about the co-palletized portion of their mailing to be included on the consolidated postage statement

submitted to the New York Rates and Classification Service Center.

Publishers that co-palletize multiple editions of the same publication must submit a consolidated postage statement and register of mailings.

## Data Reporting

Over the course of the experiment, mailers and consolidators must provide the Postal Service with appropriate data regarding publication titles that include pieces for which the discounts are claimed. The purpose of collecting these data is to provide a measure of the experiment's effectiveness. The Postal Service intends to provide participants with details regarding the frequency and methodology for data reporting prior to implementation of the experiment and expects to provide an easily accessible vehicle for reporting via the Internet or email.

Such data will, in aggregated form not identifying particular mailings or publications, be reported also to the Postal Rate Commission under the terms of its recommendation in Docket No. MC2002-3 and may be necessary for preparation of any request for future related permanent classification changes.

Participants must provide the following data to the Postal Service monthly in spreadsheet format (a model spreadsheet is shown in Exhibit A):

1. Number of titles receiving one or both of the co-palletization discounts.
2. Number of sacks that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been in these sacks.
3. Number of pallets that would have been prepared without co-palletization, as well as the weight and the number of addressed pieces that would have been on pallets.
4. Number of sacks prepared after co-palletization, as well as the weight and the number of addressed pieces in these sacks.
5. Number of pallets containing mail qualifying for the ADC co-palletization discount (both new pallets and existing pallets built upon), as well as the weight and the number of addressed pieces receiving the ADC discount on both of these types of pallets.
6. Number of pallets containing mail qualifying for the SCF co-palletization discount (both new pallets and existing pallets built upon), as well as the weight and the number of addressed pieces receiving the SCF discount on both of these types of pallets.