

POSTAL SERVICE

39 CFR Part 111

Unpaid and Shortpaid Information-Based Indicia Postage Meters and PC Postage Products

AGENCY: Postal Service™.

ACTION: Proposed Rule.

SUMMARY: The Postal Service is revising the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®), to implement revenue assurance procedures for information-based indicia (IBI) postage generated from postage evidencing systems. An automated process will be implemented to detect mailpieces with unpaid or shortpaid IBI postage. This automated process will supplement and enhance current procedures.

DATES: We must receive your comments on or before [30 DAYS FROM DATE OF PUBLICATION].

ADDRESSES: Mail or deliver written comments to the Manager, Mailing Standards, U.S. Postal Service, 475 L'Enfant Plaza SW, Room 3436, Washington DC 20260-3436. You may inspect and photocopy all written comments at USPS Headquarters Library, 475 L'Enfant Plaza SW, 11th Floor N, Washington DC, between 9 a.m. and 4 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: C. Scot Atkins 703-280-7841 or Carol A. Lunkins 202-268-7262.

SUPPLEMENTARY INFORMATION:

This proposed rule includes mailing standards for postage printed using IBI postage meters and PC Postage® products including postage generated from Click-N-Ship® service. These technologies provide convenience and ease of use for printing and payment of postage. However, sufficient revenue assurance procedures and practices must be implemented to ensure all required postage is paid.

Postage meters and PC Postage products are collectively identified as "postage evidencing systems." A postage evidencing system is a device or system of components a customer uses to print evidence that postage required for a mailing has been paid. Postage evidencing systems print indicia, such as meter imprints or IBI, to indicate postage payment. Mailers print indicia directly on a mailpiece or on a label that is affixed to a mailpiece.

Postage meters are devices that allow download, storage, and accounting of postage through the device. Meters print indicia that may be IBI or non-IBI, to indicate

postage payment. IBI are digitally generated indicia that include a two-dimensional barcode. PC Postage products are software-based and Internet-based solutions for managing postage accounts and postage payment. Mailers purchase postage using a computer and print indicia using desktop or label printers. PC Postage products print IBI indicating postage payment and may print directly onto mailpieces, shipping labels, and USPS-approved customized labels. PC Postage products are offered by USPS and USPS-approved commercial providers.

IBI postage meters and PC Postage products, available from authorized providers, allow customers to set up and manage postage accounts via a secure host site, purchase postage via a credit card or automated clearing house (ACH) transaction, and print postage on envelopes, shipping labels, or customized labels for all mail classes except Periodicals and Bound Printed Matter.

The Postal Service will use mail processing equipment and ancillary information systems to detect and capture data for mailpieces with unpaid or shortpaid IBI postage from postage evidencing systems. The Postal Service will analyze this data to ensure its validity and confirm whether sufficient postage was paid. In cases where deficient postage is confirmed, the Postal Service will notify the respective PC Postage or postage meter provider to take corrective measures to recover the appropriate postage.

IBI printed either on a shipping label or directly on a mailpiece are to be used as originally printed and are not to be counterfeited, replicated, duplicated, falsified, or otherwise modified. In addition, the IBI postage affixed to a mailpiece must be equal to or greater than the amount due for the applicable price category and associated criteria such as weight, shape, and zone. Counterfeiting, replicating, duplicating, falsifying, or otherwise modifying IBI and not affixing the applicable amount of postage result in a loss of revenue for the Postal Service, because postage is not paid for the pieces mailed. This deficiency not only affects the Postal Service but our customers as well because rising costs may result in price adjustments.

USPS® may deny a customer use of a postage evidencing system in the event of failure to comply with rules and regulations contained in the DMM, submission of false or fictitious information, and entering a series of unpaid or shortpaid mailpieces and/or packages in the mailstream.

As part of the Postal Service's ongoing effort to increase effectiveness, enhance financial control, and reduce costs, an automated process will be implemented by using mail processing equipment and ancillary information systems to detect and capture unpaid and shortpaid IBI postage on mailpieces, including pieces with postage generated from Click-N-Ship service. This automated process will supplement and enhance our current manual process.

Unpaid IBI Postage

Mailpieces with unpaid IBI postage are those for which postage is not paid due to the use of counterfeited, replicated, duplicated, falsified, or otherwise modified IBI.

Shortpaid IBI Postage

Mailpieces with shortpaid postage are those for which the total of the postage affixed to a mailpiece is not equal to or greater than the amount due for the applicable price category and associated criteria such as weight, shape, and zone.

The Postal Service will analyze captured data to verify its validity and use this information to identify cases where unpaid or shortpaid IBI postage exist. Any mailpiece identified with an unpaid or shortpaid IBI may be subject to the following actions: Collection of the unpaid or shortpaid postage, debit from the customer's account, revocation of the customer's account privileges, and/or civil and criminal fines and penalties pursuant to existing federal law. Customers will work with their PC Postage or postage meter providers to address shortpaid and unpaid IBI postage disputes and appeals. The PC Postage or postage meter provider will work with the Postal Service to resolve such appeals.

Although we are exempt from the notice and comment requirements of the Administrative Procedure Act [5 U.S.C of 553 (b), (c)] regarding proposed rulemaking by 39 U.S.C. 410 (a), we invite public comments on the following proposed revisions to *Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)*, incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR Part 111 is proposed to be amended as follows:

PART 111 — [AMENDED]

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

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

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

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600 Basic Standards for All Mailing Services

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604 Postage Payment Methods

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4.0 Postage Meters and PC Postage Products (“Postage Evidencing Systems”)

4.1 Basic Information

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4.1.2 Product Categories

* * * The primary characteristics of postage meters and PC Postage products are described below.

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[Revise item “b” of 4.1.2 as follows:]

b. PC Postage products are software-based and Internet-based solutions for managing postage accounts and postage payment. Mailers purchase postage using a computer and print indicia using desktop or label printers. PC Postage products print information-based indicia (IBI) indicating postage payment and may print directly onto mailpieces, shipping labels, and USPS-approved customized labels. PC Postage products are offered by the USPS and USPS-approved commercial providers. PC Postage products are typically offered by providers through subscription service agreements. Some components of PC Postage systems may be purchased as authorized by the USPS.

[Delete item “c” of 4.1.2 in its entirety.]

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4.2 Authorization to Use Postage Evidencing Systems

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[Revise title and text of 4.2.4 as follows:]

4.2.4 Denial of Authorization to Use

USPS may deny use of a postage evidencing system in the event of failure to comply with rules and regulations contained in the DMM, submission of false or fictitious information, and for entering a series of unpaid or shortpaid mailpieces and/or packages in the mailstream. The customer must make the postage evidencing system and transaction records available and surrender the system to the provider, the USPS, or the USPS agent when notified to do so.

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4.3 Postage Payment

4.3.1 Paying for Postage

[Revise the first sentence of 4.3.1 as follows:]

The value of the postage indicia on each mailpiece must be equal to or greater than the amount due for the applicable price category and associated criteria such as weight, shape, and zone or another amount permitted by mailing standards to qualify for existing prices. * * *

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[Add new 4.3.6, Shortpaid Information-based Indicia as follows:]

4.3.6 Shortpaid Information-based Indicia

Mailpieces bearing shortpaid information-based indicia (IBI) postage are those for which the postage indicated in the IBI is not equal to or greater than the postage for the applicable price category and associated criteria such as weight, shape, and zone. Mailpieces bearing shortpaid IBI postage are treated as having insufficient postage (see 8.1.8). Customers who repeatedly deposit mail with shortpaid postage will be subject to revocation of the privilege to use a postage evidencing system.

[Add new 4.3.7, Unpaid Information-based Indicia as follows:]

4.3.7 Unpaid Information-based Indicia

Mailpieces bearing unpaid information-based indicia (IBI) are those for which postage is not paid due to the use of counterfeited, replicated, duplicated, falsified, or otherwise modified IBI. Counterfeited, replicated, duplicated, falsified, or otherwise modified IBI are not acceptable as payment of postage and are treated as omitted postage (see 8.2.3). Customers who repeatedly deposit mail with forms of nonpayment will be subject to revocation of the privilege to use a postage evidencing system.

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8.0 Insufficient or Omitted Postage

8.1 Insufficient Postage

8.1.1 Definition

[Revise the first sentence of 8.1.1 by adding a reference to information-based indicia as follows:]

Except Express Mail, Registered Mail, nonmachinable First-Class Mail, and mail paid with information-based indicia (IBI), all other mail that is received at either the office of mailing or office of address without enough postage is marked to show the total (rounded off) deficiency of postage and fees due. * * *

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[Add new 8.1.8, Information-based Indicia Mailpieces With Insufficient Postage as follows:]

8.1.8 Information-based Indicia Mailpieces With Insufficient Postage

The total of the postage affixed to a mailpiece must be equal to or greater than the amount due for the applicable price category and associated criteria such as weight, shape, and zone. When USPS determines during any phase of processing that mailpieces bearing an information-based indicia (IBI) are shortpaid mailpieces, the Postal Service will notify the respective PC Postage or postage meter provider to take necessary actions to recover revenue loss for the total amount of postage due from the customer's PC Postage or postage meter account. The customer may appeal the decision through the PC Postage or postage meter provider. If the customer repeatedly deposits mailings with shortpaid postage, the PC Postage or

postage meter account privileges may be revoked and/or the customer may be subject to the applicable civil and criminal fines and penalties pursuant to existing federal law.

8.2 Omitted Postage

8.2.1 Handling Mail With Omitted Postage

[Revise the first sentence of 8.2.1 by adding a reference to information-based indicia as follows:]

Except mail paid with information-based indicia, mail of any class and/or indicating extra services that is received at either the office of mailing or office of address without postage is endorsed "Returned for Postage" and is returned to the sender without an attempt at delivery. * * *

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[Add new 8.2.3, Handling Mail With Unpaid Information-based Indicia as follows:]

8.2.3 Handling Mail With Unpaid Information-based Indicia

The total of the postage affixed to a mailpiece must be equal to or greater than the amount due for the applicable price category and associated criteria such as weight, shape, and zone. When the USPS determines during any phase of processing that mailpieces bearing an information-based indicia (IBI) are unpaid due to the use of counterfeited, replicated, duplicated, falsified, or otherwise modified IBI, the USPS will notify the PC Postage or postage meter provider to take necessary actions to reclaim revenue loss for the total amount of omitted postage. The customer may appeal the decision through their PC Postage or postage meter provider. The PC Postage or postage meter account may be revoked and/or the customer may be subject to applicable civil and criminal fines and penalties pursuant to existing federal law.

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We will publish an appropriate amendment to 39 CFR 111 to reflect these changes if our proposal is adopted.

Stanley F. Mires,
Chief Counsel, Legislative.
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