

BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ February 2002

Settlement?

USPS rate case settlement close

The rate case settlement agreement that we told you about in the last issue has been signed by the majority of intervenors and has been submitted to the Postal Rate Commission (PRC). The PRC now has until March to make a decision about the proposed agreement. The USPS expects to gain approximately \$1 billion from settling early rather than completing the lengthy rate making process of a normal rate case. Mailers have agreed to the settlement in hopes of staving off a revised rate case that would involve increases of over 15%. The USPS is in serious financial trouble (see front page article in the January issue) and has indicated that such a revision to the current rate case would be in the offing if a settlement is not reached. Mailers did push for a commitment to delay the next rate case, which the USPS has agreed to do. The USPS

has agreed not to file another rate case prior to October 2002, which would have an effective date no earlier than October 2003.

To date, the only opposition to the agreement is from the American Postal Workers Union (APWU). If the settlement agreement is approved, the increased postal rates would be effective June 30, 2002. The settlement agreement does involve some slight changes to some of the postal rates originally proposed. In Periodicals mail, the original proposal to zone portions of the editorial has been eliminated, but additional discounts for palletized drop shipped mail have been added. Details of the proposed rates can be found in the rate charts supplied on pages 2-3 in this issue. We will keep you posted as to the progress of the settlement agreement.

Standard Enclosures

Weight limits on Standard enclosures to Periodicals

In December, the USPS issued a Customer Support Ruling regarding *printed* Standard Mail enclosures mailed with Periodical rate publications. The ruling states that the Standard Mail enclosures may exceed the weight of the host Periodical provided that they are no heavier than 150% of the weight of the Periodicals publication. The weight of any ride-along piece may be included with the weight of the host Periodical (this clarification per *The Pace Report* January 2002 issue with advice to clear these situations individually with Business Mail Entry) in making this determination.

For example, if the host Periodical weighs 4 ounces, then the Standard enclosure (or combined

weight of multiple Standard enclosures) cannot exceed 6 ounces.

This ruling does not apply to enclosures of any other class of mail. Package Services mail, for example, is not allowed to mail with Periodicals mail at all. Pieces at First-class rates, ride-along rates, or Standard mail pieces that are not printed matter must all weigh the same or less than the host Periodical.

For details of the ruling, log on to the USPS web site at www.usps.com. Click on Info, then on RIBBS, then on Customer Support Rulings, then on PS-306.

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Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Customer Service Representative. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

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Damaged Mail Update

As we've reported in earlier issues, mailers have issued complaints for some time regarding damage to the covers of magazines and catalogs. It appears that the damage stems from processing on the AFSM 100 automated flat mail sorting equipment that the USPS is in the process of deploying. In at least one postal area, the Pacific Area, plant managers have been asked to monitor pieces that are susceptible to damage and process them on the FSM 1000, remove the pieces for manual

processing if damage also occurs on the FSM 1000, notify the local Business Service Network of the types of pieces susceptible to damage, and when damage occurs to make every effort to correctly match covers with contents and place both in plastic bags for delivery.

We continue to receive complaints from publishers regarding damaged mail. If you have experienced damage to your mail, you can report it to the USPS via e-mail at 100flats@email.usps.gov.

Revision to Regulation for Label Carriers

The USPS has recently revised the regulations governing permissible content of label carriers in Periodical publications. Label carriers are single, unfolded sheets of paper that lay on top of the cover of the magazine and serve as a carrier for the mailing label. Until recently, the only permissible content on the front of the label carriers was subscription information for the host Periodical. The revision allows the subscription information to include that of any authorized or pending Periodicals rate publication, not just the host publication.

The following rate charts show the proposed settlement rates vs. current rates as mentioned in the "Settlement" article on page 1.

Package Services/Bound Printed Matter Flats

SETTLEMENT vs CURRENT

	CURRENT	PROPOSED	PERCENT CHANGE
PER POUND			
DDU	\$ 0.030	\$ 0.030	0.0%
DSCF	0.060	0.060	0.0%
ZONE 1 & 2	0.070	0.090	28.6%
ZONE 1 & 2 DBMC	0.060	0.073	21.7%
ZONE 3	0.090	0.112	24.4%
ZONE 3 DBMC	0.090	0.102	13.3%
ZONE 4	0.120	0.149	24.2%
ZONE 4 DBMC	0.120	0.139	15.8%
ZONE 5	0.160	0.198	23.8%
ZONE 5 DBMC	0.160	0.187	16.9%
ZONE 6	0.200	0.248	24.0%
ZONE 7	0.250	0.308	23.2%
ZONE 8	0.340	0.419	23.2%
PER PIECE			
BASIC	0.970	1.078	11.1%
BASIC DBMC	0.830	0.818	-1.4%
BASIC DSCF	0.690	0.603	-12.6%
BASIC DDU	0.620	0.532	-14.2%
CARRIER RTE	0.870	0.978	12.4%
CARRIER RTE DBMC	0.730	0.718	-1.6%
CARRIER RTE DSCF	0.590	0.503	-14.7%
CARRIER RTE DDU	0.520	0.432	-16.9%
AVERAGE INCREASE			9.6%

Periodicals Rates

SETTLEMENT vs CURRENT

	CURRENT	PROPOSED	PERCENT CHANGE
PER POUND RATES			
ADVERTISING			
DDU	\$ 0.153	\$ 0.158	3.3%
SCF	0.195	0.203	4.1%
ADC	N/A	0.223	N/A
ZONES 1 & 2	0.238	0.248	4.2%
ZONE 3	0.253	0.267	5.5%
ZONE 4	0.292	0.315	7.9%
ZONE 5	0.351	0.389	10.8%
ZONE 6	0.413	0.466	12.8%
ZONE 7	0.488	0.559	14.5%
ZONE 8	0.552	0.638	15.6%
NONADVERTISING	0.179	0.193	7.8%
PER PIECE RATES			
BASIC NON-AUTO	0.333	0.373	12.0%
BASIC AUTO	0.291	0.325	11.7%
3 DIGIT NONAUTO	0.283	0.324	14.5%
3 DIGIT AUTO	0.248	0.283	14.1%
5 DIGIT NON-AUTO	0.219	0.256	16.9%
5 DIGIT AUTO	0.194	0.226	16.5%
CARRIER ROUTE	0.139	0.163	17.3%
DISCOUNTS (PER PIECE)			
EDITORIAL DISCOUNT	0.00067	0.00074	10.4%
DDU DISCOUNT	0.017	0.018	5.9%
SCF DISCOUNT	0.008	0.008	0.0%
ADC DISCOUNT	N/A	0.002	N/A
PALLET DISCOUNT	N/A	0.005	N/A
DROP SHIP PALLET DISCOUNT	N/A	0.010	N/A
AVERAGE INCREASE			10.3%
RIDE ALONG RATE (PER PIECE)	0.100	0.124	24.0%

*Nonprofit Periodicals rates are discounted 5% from regular rates except for the Advertising Pound rates.

Business Reply Mail Design

Many of our customers include Business Reply Mail pieces in their magazines. These might be part of a subscription order or renewal form or for promotional material within the magazine. It is critical that these pieces be designed so that they meet USPS specifications. Failure to meet USPS specs can result in additional postage, delayed return mail, or in the worst case scenario un-mailable pieces. To make sure you are designing these pieces to meet these specs, or to verify the specs for pieces that are supplied by outside sources, there are a number of tools available:

- Notice 67, which is a clear plastic template that can be used either when designing pieces or to verify that printed pieces meet specifications.
- Publication 25, Designing Letter and Reply Mail. This USPS publication contains details regarding the specifications for letter size mail and

reply mail, both business reply and courtesy reply. This publication can be obtained from the USPS in hard copy or by logging on to the USPS web site at www.usps.com. Click on Info, then on RIBBS, then on Business Publications.

- Online templates. You can access additional information about designing reply mail and use online templates by logging on to http://pe.usps.gov/mpdesign/mpdfr_intro_all.htm.

- Mailpiece Design Analysts. Your local post office is staffed with Mailpiece Design Analysts who can assist with the design of pieces or check mock-ups or existing pieces for conformance to specifications. You can locate the closest Mailpiece Design Analyst by logging on to the US Postal Service web site at http://pe.usps.gov/mpdesign/mpdfr_mda_lookup.htm.

International Mail Statistics

Did you know that there are 189 postal systems in the world and that they generate \$200 billion in revenue? Even more interesting is the fact that 80% of that revenue is generated by nine countries: United States, United Kingdom, Germany, France, Japan, Italy, Canada, Australia, and Switzerland.

Standard Mail Rates

SETTLEMENT vs CURRENT

	REGULAR CURRENT	PROPOSED	PERCENT CHANGE	NONPROFIT CURRENT	PROPOSED	PERCENT CHANGE
PER PIECE RATES (Pieces 3.3 ounces or less)						
BASIC NON-AUTO LETTER	\$ 0.253	\$ 0.268	5.9%	\$ 0.158	\$ 0.165	4.4%
BASIC NON-AUTO FLAT	0.322	0.344	6.8%	0.220	0.230	4.5%
MXD AADC AUTO LETTER	0.200	0.219	9.5%	0.133	0.144	8.3%
AADC AUTO LETTER	0.200	0.212	6.0%	0.133	0.136	2.3%
BASIC AUTO FLAT	0.278	0.300	7.9%	0.179	0.189	5.6%
3/5 DIGIT NON-AUTO LETTER	0.233	0.248	6.4%	0.146	0.153	4.8%
3/5 DIGIT NON-AUTO FLAT	0.266	0.288	8.3%	0.171	0.183	7.0%
3 DIGIT AUTO LETTER	0.190	0.203	6.8%	0.123	0.129	4.9%
5 DIGIT AUTO LETTER	0.177	0.190	7.3%	0.108	0.114	5.6%
3/5 DIGIT AUTO FLAT	0.239	0.261	9.2%	0.154	0.166	7.8%
CARRIER ROUTE (BASIC NON-AUTO)	0.178	0.194	9.0%	0.118	0.126	6.8%
DESTINATION DISCOUNTS (PER PIECE)						
BMC	0.019	0.021	10.5%	0.019	0.021	10.5%
SCF	0.024	0.026	8.3%	0.024	0.026	8.3%
DDU (CARRIER ROUTE ONLY)	0.029	0.032	10.3%	0.029	0.032	10.3%
PER PIECE/PER POUND RATES (Pieces over 3.3 ounces)						
PER PIECE RATES						
BASIC NON-AUTO	0.184	0.198	7.6%	0.107	0.110	2.8%
BASIC AUTO	0.140	0.154	10.0%	0.066	0.069	4.5%
3/5 DIGIT NON-AUTO	0.128	0.142	10.9%	0.058	0.063	8.6%
3/5 DIGIT AUTO	0.101	0.115	13.9%	0.041	0.046	12.2%
CARRIER ROUTE (BASIC NON-AUTO)	0.046	0.068	47.8%	0.042	0.050	19.0%
PER POUND RATES						
CARRIER ROUTE	0.638	0.610	-4.4%	0.370	0.370	0.0%
ALL OTHERS	0.668	0.708	6.0%	0.550	0.584	6.2%
DESTINATION DISCOUNTS (PER PIECE)						
BMC	0.093	0.100	7.5%	0.093	0.100	7.5%
SCF	0.114	0.125	9.6%	0.114	0.125	9.6%
DDU (CARRIER ROUTE ONLY)	0.140	0.157	12.1%	0.140	0.157	12.1%
AVERAGE INCREASE LETTERS						
			7.3%			
AVERAGE INCREASE FLATS						
			11.1%			

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is a monthly publication produced by the BANTA Publications Group. Any comments or questions are welcome. Please contact Monica Lundquist of the BANTA Publications Group by phone at 816-792-6370, by e-mail at mlundquist@banta.com, or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

Don't Miss Out on Drop Ship Discounts!

As we discussed in the January issue, there are postal discounts that can be achieved by taking advantage of drop shipping mail to multiple entry points. To illustrate the potential savings, here are some statistics from two of our printing plants for the month of December:

Kansas City: 33 titles drop shipped for a total savings of over \$27,000. Savings per title (net savings after shipping/handling and administrative fees) ranged from \$113 to \$3,320.

Long Prairie: 26 titles drop shipped for a total savings of over \$48,000. Savings per title (net savings after shipping/handling and administrative fees) ranged from \$100 to \$8,436.

Not all magazines will qualify for drop ship savings, and not every issue of a magazine will necessarily qualify for savings. This has to be determined individually for each mailing. Drop ship savings are generally greater for Standard rate and Package Services rate mail than for Periodical rate mail, but the po-

tential for savings exists in all three classes of mail.

If your mailing list is processed by Banta Distribution Services (BDS), chances are your mailings are already being analyzed for possible drop ship savings. This is the case because BDS automatically generates a mail.dat file for each job, which is used by software at the printing plant that is specifically designed for drop ship analysis. If your mailing list is not processed by BDS, however, we can't analyze your mailing for drop ship savings unless your list processor provides us with a mail.dat file for each issue. You could be missing out on some significant savings! Ask your list processor about providing mail.dat files before this savings potential passes you by.

If you are interested in a drop ship analysis, contact your plant Customer Service Representative or the distribution manager at the appropriate plant.

Mail Volume Plunges

The USPS has experienced in the first quarter of FY 2002 the largest volume decline in more than 30 years. The first quarter (Sept. 8 to Nov. 30) saw total volume decline by 2.8 billion pieces or 5.5% from the same period the previous year. First-class volume was down 550 million pieces (2.3%), Priority Mail down 47 million pieces (16.9%), Periodicals mail down 1.4%, and Standard mail down 2.2 billion pieces (9%). While Periodicals mail volume percentage decline was small, the weight volume was down a significant 11.2%. This reflects the dwindling ad pages that have occurred in the softened economy. International mail volumes were also down in the first quarter by 20.9%.

Unfortunately, this volume decline also affects USPS financials. Revenue for the first quarter was \$15.3 billion against a plan of \$16.2 billion. Net income for the first quarter was \$108 million, which was \$521 million less than plan. At the same time, the USPS was able to hold down costs, with total expenses coming in at \$355 million below plan. Part of this cost cutting included reduced work hours and staffing cuts. Mailers have seen the negative side affect of these cuts in the decline in delivery service. We've received reports from mailers of delivery times exceeding one month for domestic Periodicals mail. This class of mail has a delivery standard of 1-7 days.
