

BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ Nov/Dec 2002

Co-Palletization Discounts

USPS files niche rate case for Periodicals

On September 26, 2002, the USPS filed a special niche classification rate case with the Postal Rate Commission (PRC). The special rate case involves postal discounts for Periodicals rate mail that is co-palletized, i.e. packages of presorted mail from multiple magazine titles are combined onto pallets. This rate case is an experimental rate case, which would last for two years. The case is designed to get more Periodicals mail out of sacks and on to pallets. Currently 70% of Periodicals mail is palletized, with the remaining 30% in sacks. Many short run and/or light-weight publications do not have enough weight or geographic density to qualify for palletization on their own (250 lbs. is the minimum weight per pallet). The key to the discounts is that the mail must be drop shipped to Sectional Center Facilities (SCF's) or Area Distribution Centers (ADC's) and is limited to mail that cannot qualify for pallets on its own.

The proposed discounts are \$.007 per piece for ADC pallets and \$.01 per piece for SCF pallets. The discounts are being offered based on data that indicates that the USPS cost at destination to handle

palletized mail is \$.0209 per piece less than the cost to handle sacked mail.

Unfortunately, many in the industry have voiced concerns that the proposed discounts are not deep enough to influence mailers to co-palletize. Co-palletization is not an easy thing to do, although software enhancements have at least made the documentation portion of the process easier. Logistically, co-palletizing mail is much more of a challenge, which is why so few printer/mailers are currently doing it. Conservative estimates for hardware and software to drive an automated co-palletizing operation in a printing plant

exceed \$1 million per plant. With this level of proposed discounts, it appears that the only economical way to handle this would be through a third party source, such as a drop shipping consolidator, so that these large capital costs can be spread across a greater volume of mail.

The USPS anticipates the rate case to be expedited with the discounts being made effective in early 2003. We will keep you posted on the progress of these discounts.

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Inside This Issue

Canadian Mail
Page 2

FedEx Ground Service to Expand
Page 2

Matching Data on Mailing Statements and Statement of Ownership
Page 3

Handbook for Applying for Periodicals Rates
Page 4

USPS to Re-Organize Accounting
Page 4

New Distribution Contact in Greenfield, OH Plant

As of October, there is a new contact for distribution related questions or concerns in Banta's Greenfield OH plant. The new contact is Bobby Rivers who joins Banta from AFL Web Printing in NJ. Bobby fills the position vacated by the departure of Margaret Mobley, who left to pursue other interests. Bobby has a strong background in mailing, data processing, and bindery functions. Bobby may be contacted at 937-981-6320 or brivers@banta.com. Welcome, Bobby!

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:

Entire Publications Group

Director, Mailing & Distribution Services
 Monica Lundquist
 816-792-6370 Phone
 816-792-3112 Fax
 mlundquist@banta.com

List Services Manager
 John Buck
 816-792-6349 Phone
 816-792-3112 Fax
 jbuck@banta.com

Long Prairie, MN plant

Distribution Manager
 Al Lemke
 320-732-7946 Phone
 320-732-7976 Fax
 alemke@banta.com

Distribution Supervisor
 Jane Zirbes
 320-732-7969 Phone
 320-732-7976 Fax
 jzirbes@banta.com

Liberty, MO plant

Distribution Manager
 Jeff Volkman
 816-792-6402 Phone
 816-792-2031 Fax
 jvolkman@banta.com

Mailing Coordinator
 Bobbie Hill
 816-792-5300 ext 6376 Phone
 816-792-2031 Fax
 bhill@banta.com

Shipping Manager
 Steve Bieri
 816-792-6363 Phone
 816-792-6480 Fax
 sbieri@banta.com

Greenfield, OH plant

Postal Specialist
 Bobby Rivers
 937-981-6320 Phone
 937-981-5032 Fax
 brivers@banta.com

Canadian Mail

Information on mailing in Canada

Many of our customers have a portion of the circulation for their magazines into Canada, so we thought it would be appropriate to share some information regarding Canadian mail:

- The province abbreviation for Newfoundland and Labrador has been changed from NF to NL, effective October 21, 2002. Make sure you make this change to your address database. Canadian provinces are similar to our domestic states, and the abbreviations for the province names are similar in format to our domestic state abbreviations. See table to the right for an updated listing of province abbreviations.

- Canada Post delivers 38 million pieces of mail per day to 30 million residents and 950,000 businesses and public institutions. It has 22 major processing plants and 12.9 million addresses.

- The postal code in Canada is an alpha numeric code and is made up of two segments. The first segment is the Forward Sortation Area (FSA), which is a major geographic area. The third digit of the FSA identifies the exact area of a city. The second segment of the postal code is the Local Delivery Unit (LDU), which identifies the smallest delivery unit. In urban areas, this may identify a city block, a building, or a receiver location. The postal code is in the alpha numeric form of ANA NAN where A is a letter and N is a number. An example of a Canada postal code: M4B 1G5

The letters D,F,I,O,Q, and U are never used. It is critical for delivery that the postal code be included in your Canadian addresses.

For more information about improving delivery and reducing postage costs for mailings into Canada, please contact our representative at World Distribution Services (a Banta business partner), Debbie Volpe at dvolpe@wdsmail.com.

Province Abbreviation	Province Name
AB	Alberta
BC	British Columbia
MB	Manitoba
NB	New Brunswick
NL	Newfoundland and Labrador
NT	Northwest Territories
NS	Nova Scotia
NU	Nunavut Territory
ON	Ontario
PE	Prince Edward Island
QC	Quebec
SK	Saskatchewan
YT	Yukon Territory

FedEx Ground Service to Expand

FedEx has announced plans to expand its ground delivery network over the next six years by adding new distribution hubs. The planned expansion will double its daily package volume from 2.5 million currently to 4.8 million by the end of FY 2009. FedEx's ground volume has seen steady growth since its inception 3 years ago. At that time, daily package volume was 1.4 million.

The first phase of the expansion calls for new hubs in Memphis, Dallas, Cincinnati, and Hagerstown MD by 2006. An additional six new hubs will be added by FY 2009. Estimated cost for the expansion is \$1.8 billion over the next six years.

On a related note, United Parcel Service (UPS) reports a decline in its daily ground package volume by 2.4% in the third quarter of this fiscal year (9.8 million packages daily). Much of this decline is attributed by volume shifts to other carriers during the UPS negotiations with the Teamsters.

Matching Data on Mailing Statements and Statement of Ownership

Now that the time has past when all Periodicals rate publishers have filed their annual Statement of Ownership, it is a good time to review the postal requirement to break out subscriber and non-subscriber copies on the mailing statements for each mailing. Once the Statement of Ownership is filed, the USPS reviews this document and compares it against the mailing statements for the issues reflected on the Statement of Ownership. One of the items they focus on is the number of subscriber and non-subscriber copies. If the data on the mailing statements over the course of the year does not match the data on the Statement of Ownership, it can cause problems during this audit process. We usually get questions from customers this time of year when this problem arises.

This area of subscribers/non-subscribers can be very confusing, particularly for trade publications which do not have paid circulation. The key to this exercise is to understand that the USPS definition of a subscriber and a publisher's definition of a subscriber can be very different. For purposes of the mailing statement requirements, you need to use the USPS definition of subscribers. Below is a guideline for determining which copies are subscriber copies and which are non-subscriber copies for postal purposes.

Copies considered subscriber copies:

- Copies paid for with a subscription price (may include subscriptions received under a premium offer or discount and gift subscriptions). Nominal rate subscriptions count only for magazines authorized as Requester publications.
- Copies paid for as part of dues, contributions, or membership fees. Must be able to document the portion of the dues, contributions or membership fees that go to the subscription of the magazine and the method used to obtain payment.
- Copies sold at newsstands, vending machines, street copies, or copies sold over the publisher's counter. Only SOLD copies count, not necessarily the entire allotment. May include copies sold through agents.

- Copies distributed to advertisers as proof that the ad was published, limited to one copy per advertiser.
- Copies distributed to other publications as a courtesy exchange on a one-to-one basis.
- Copies distributed free to recipients requesting the magazine. Requests may be in the form of written, signed, dated forms or internet/telemarketing requests (subject to documentation and audit).
- Copies requested for employees by their employer or department head (does not include requests by officials of membership organizations for distribution to organization members). Must be able to document the request and provide a listing of names/titles of employees receiving the publication.

Copies considered non-subscriber copies:

- Copies sent as samples, complimentary or bulk orders. This includes copies sent free to prospective subscribers or requesters.
- Expired subscriptions.
- Nominal rate subscriptions (except for Requester publications).
- Copies distributed to requests over 3 years old.
- Copies distributed to requests induced by premium offers.

In order to properly identify the subscribers and non-subscribers on your mailing statements, it is critical that you notify your mailing list processor which address records on your list files are subscribers and which are non-subscribers (using the USPS definitions). This way, the list processor can sort the mailing list properly so that accurate counts are reflected on the mailing statements for each issue. If this is done correctly, the data on the mailing statements will match the data on the annual Statement of Ownership. If your mailing list is processed by Banta Distribution Services, please contact your BDS customer service representative for more information.

“It is critical that you notify your mailing list processor which address records on your list files are subscribers and which are non-subscribers (using the USPS definitions).”

BANTA Mailbox 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.

Handbook Published

Guide covers applying for Periodicals rates

The USPS has published a handbook for mailers to use for guidance in the Periodicals mail application process. Because the regulations and rates for Periodicals are so complicated, this handbook is extremely helpful for any publisher who plans to apply for Periodicals authorization for their magazines. The handbook (Handbook DM-204) is titled "Applying for Periodicals Mailing Privileges" and is available on the USPS web site at www.usps.com. Click on Info, then on Postal Periodicals and Publications, then on Handbooks, then on DM-204. The handbook contains all necessary application forms and instructions for completing the forms.

Re-Organizing

USPS plans to consolidate accounting functions

The USPS will eliminate more than 800 accounting positions in 85 districts during its accounting re-organization. The USPS is moving toward more centralized accounting, and will open three accounting centers in St. Louis MO, Eagan, MN, and San Mateo CA beginning in November. The consolidation in accounting functions is expected to save the USPS \$25 million. This will affect mailers' ability to submit postage funds to trust accounts via wire transfer. Once the transition is complete, the only way to wire transfer postal funds will be through a CAPS (Centralized Automated Payment System) account. For more information regarding participation in CAPS, log on to www.usps.com. Click on Info, then on RIBBS, then on CAPS.

Web Site Re-Design

If you haven't visited our web site lately, please check out our new look by logging on to www.bds.banta.com.

Thanks to Banta PubNet for their great design assistance. Banta PubNet specializes in web design and hosting for magazine publishers. For more information on implementing a new web site or re-designing your existing web site, contact Wayne Metcalfe at wmetcalfe@banta.com or visit the web site at www.bantapubnet.com.