

published elsewhere in this issue of the *Federal Register*.]

PART 25—GIFT TAX; GIFTS MADE AFTER DECEMBER 31, 1954

Par. 11. The authority citation for part 25 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 12. Section 25.6081-1 is added to read as follows:

§ 25.6081-1 Automatic extension of time for filing gift tax returns.

[The text of proposed § 25.6081-1 is the same as the text of § 25.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 26—GENERATION-SKIPPING TRANSFER TAX REGULATIONS UNDER THE TAX REFORM ACT OF 1986

Par. 13. The authority citation for part 26 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 14. Section 26.6081-1 is added to read as follows:

§ 26.6081-1 Automatic extension of time for filing generation-skipping transfer tax returns.

[The text of proposed § 26.6081-1 is the same as the text of § 26.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 53—FOUNDATION AND SIMILAR EXCISE TAXES

Par. 15. The authority citation for part 53 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 16. Section 53.6081-1 is added to read as follows:

§ 53.6081-1 Automatic extension of time for filing the return to report taxes due under section 4951 for self-dealing with a nuclear decommissioning fund.

[The text of proposed § 53.6081-1 is the same as the text of § 53.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 55—EXCISE TAX ON REAL INVESTMENT TRUSTS AND REGULATED INVESTMENT COMPANIES

Par. 17. The authority citation for part 55 continues to read, in part, as follows:

Authority: 26 U.S.C. 6001, 6011, 6071, 6091, and 7805 * * *

Par. 18. Section 55.6081-1 is added to read as follows:

§ 55.6081-1 Automatic extension of time for filing a return due under Chapter 44.

[The text of proposed § 55.6081-1 is the same as the text of § 55.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 156—EXCISE TAX ON GREENMAIL

Par. 19. The authority citation for part 156 continues to read, in part, as follows:

Authority: 26 U.S.C. 6001, 6011, 6061, 6071, 6091, 6161, and 7805 * * *

Par. 20. Section 156.6081-1 is added to read as follows:

§ 156.6081-1 Automatic extension of time for filing a return due under Chapter 54.

[The text of proposed § 156.6081-1 is the same as the text of § 156.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 157—EXCISE TAX ON STRUCTURED SETTLEMENT FACTORING TRANSACTIONS

Par. 21. The authority citation for part 157 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 22. Section 157.6081-1 is added to read as follows:

§ 157.6081-1 Automatic extension of time for filing a return due under Chapter 55.

[The text of proposed § 157.6081-1 is the same as the text of § 157.6081-1T published elsewhere in this issue of the *Federal Register*.]

PART 301—PROCEDURE AND ADMINISTRATION

Par. 23. The authority citation for part 301 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 24. Section 301.6081-2 is added to read as follows:

§ 301.6081-2 Automatic extension of time for filing an information return with respect to certain foreign trusts.

[The text of proposed § 301.6081-2 is the same as the text of § 301.6081-2T published elsewhere in this issue of the *Federal Register*.]

Mark E. Matthews,
Deputy Commissioner for Services and Enforcement.

[FR Doc. 05-21982 Filed 11-4-05; 8:45 am]

BILLING CODE 4830-01-P

POSTAL SERVICE

39 CFR Part 111

Proposal To Require the Electronic Verification System (e-VS) for Destination Entry Parcel Shipments

AGENCY: United States Postal Service.

ACTION: Proposed rule.

SUMMARY: The Postal Service is proposing to require the use of the Electronic Verification System (e-VS) which is an electronic manifest system, for postage manifesting and payment of all Parcel Select mailings. This includes all Standard Mail machinable parcels or other Package Services Parcels (Bound Printed Matter, Library Mail, or Media Mail) authorized for commingling with Parcel Select Mailings. This requirement would contribute to reduced costs and greater efficiencies. The Postal Service is also exploring expanding the program to all parcel mailings in the future. The proposed rule is being published with an intended implementation date of no sooner than 1 year from the date of publication of the *Federal Register* final rule. The proposed rule would apply as follows:

- Parcel shippers/consolidators and mailers claiming Parcel Select rates would be required to use e-VS for postage manifesting and payment.
- Parcel shippers/consolidators and mailers who commingle Standard Mail machinable parcels or other Package Services parcels with Parcel Select as authorized by *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®), 705.6.0 and 705.7.0, would be required to use e-VS for postage manifesting and payment.

DATES: Comments must be received on or before December 7, 2005.

ADDRESSES: Mail or deliver comments to the Manager, Business Mailer Support, U.S. Postal Service, 475 L'Enfant Plaza, SW., Room 2P846, Washington, DC 20260-0846. Copies of all written comments will be available for inspection and photocopying between 9 a.m. and 4 p.m., Monday through Friday, at the Postal Service Headquarters Library, 475 L'Enfant Plaza, SW., 11th Floor North, Washington, DC.

FOR FURTHER INFORMATION CONTACT: John Gullo via e-mail at john.f.gullo@usps.gov, by phone at (202) 268-8057 or by writing to e-VS Program Manager, Business Mailer Support, 475 L'Enfant Plaza, SW., Room 2P846, Washington, DC 20260-0846. Additionally, the following technical guides should be reviewed for detailed program information:

- The October 2005 draft of Publication 205, *Electronic Verification System Technical Guide* (Contact John Gullo for a copy.)

- Publication 91, *Confirmation Services Technical Guide*, which is available at <http://www.usps.com/cpim/ftp/pubs/pub91/welcome.htm>.

SUPPLEMENTARY INFORMATION:

Background

The Postal Service™ is moving towards a seamless acceptance process to promote customer convenience and flexibility in the mail induction and payment process. The current procedures for acceptance and verification of parcel mailings are paper-driven and often challenging. Large-volume parcel shippers are tied to the schedule of Postal Service verification clerks who visit their facilities to verify and accept their mail. For destination-entry parcel shippers this poses a greater challenge as they must prepare paper documentation for each scheduled induction event at the time of acceptance and verification. This paper documentation serves as proof of payment and must travel with the parcel shipments to each induction location. After mail is verified by Postal Service clerks, it often flows through consolidators and transporters who occasionally alter the presentation from what was originally presented to the Postal Service clerks on PS Form 8125, *Plant-Verified Drop Shipment (PVDS) Verification and Clearance*, at verification. The challenge to accurately project mail profiles for each induction event at the time of acceptance is most evident when parcels are commingled, for example by consolidators and transporters, making it even more difficult to update the original certified paper documentation (PS Form 8125) created at the time of acceptance. It is also challenging for Postal Service clerks at induction facilities to reconcile the paper documentation against the physical mail. Clearly there is a need to provide a more flexible and convenient mechanism for mailers to provide and update documentation, induct mail, and for the Postal Service to verify parcel mailings.

In a move to simplify and improve the acceptance, verification, and induction process the Postal Service has worked with the mailing industry to develop a new model for acceptance, verification, and induction of package mailings. Under this model, commonly referred to as the Electronic Verification System (e-VS), mailers barcode all packages and submit an electronic manifest to the Postal Service. This manifest lists all barcoded packages and includes

pertinent information such as weight, destination, and induction facility to support postage and fee information. Mail is no longer verified at mailers' plants and mailers are no longer required to create paper documentation (PS Form 8125) describing induction activities. Mailers simply present the mail at the desired facilities. The Postal Service draws statistical samples of the mailings at the appropriate plants and delivery units, and compares these against the electronic manifest submitted to verify the accuracy of the mailing. Electronic reports provide information on the discrepancies noted which facilitate an automated reconciliation process.

E-VS offers significant benefits to both the mailers and the Postal Service. Mailers no longer have to wait for Postal Service verification clerks to verify their mail. Each package is barcoded, providing greater specificity in accounting and postage. Electronic manifests eliminate the need for paper documentation, greatly improve the efficiency of operations and reporting, and provide greater flexibility for updating information. In today's environment where mailers engage in dynamic scheduling, electronic manifests enable them to update information as change occurs. Mailers can pay the Postal Service closer to the time of mailing as electronic manifests can be received right before the mail is inducted. E-VS also facilitates convenient payment capabilities as payment is debited electronically upon receipt of the documentation. The e-VS electronic infrastructure provides a wealth of online reports for the mailers to attain up-to-date mailing and transaction information. E-VS is accessible 24 hours a day, 7 days a week, which facilitates convenient information sharing between the Postal Service and mailers. E-VS eliminates the need for mailers to provide paper documentation and postage statements, thereby contributing to reduced costs and greater efficiencies.

Given the significant benefits that e-VS offers, the Postal Service is announcing plans to mandate its use for postage manifesting and payment of all Parcel Select mailings. This includes all Standard Mail machinable parcels or other Package Services parcels (Bound Printed Matter, Library Mail, or Media Mail) authorized for commingling with Parcel Select mailings. The Postal Service is also exploring expanding the program to all parcel mailings in the future.

Participation in e-VS has two fundamental requirements. The first is the ability to create and transmit an

electronic manifest to the Postal Service. This information replaces today's hardcopy manifest, postage statement, and PS Form 8125. The second requirement is the application of a unique barcode on each parcel. Standardized e-VS barcode formats include the Confirmation Services barcodes (i.e., Delivery Confirmation™ and Signature Confirmation™) and the Package Services enroute barcode as an alternative for parcels not containing Confirmation Services.

The Postal Service will mandate implementation no sooner than 1 year from the date of a published final rule to allow mailers time to comply with the requirements for e-VS. The requirements and specifications for e-VS are outlined in the October 2005 draft of Publication 205, *Electronic Verification System Technical Guide*, and are available by contacting John Gullo via e-mail at john.f.gullo@usps.gov.

E-VS represents a significant milestone in strengthening the partnership between the Postal Service and the mailing community by offering a convenient and flexible solution for parcel shippers.

Requirements for e-VS Participants

The following requirements are mandatory for e-VS participants:

- Mailers/Parcel shippers are required to pay any appropriate presort or destination entry mailing fees per the DMM;
- Mailers/Parcel shippers must pay the appropriate postage by successfully transmitting electronic manifest files to the PostalOne! e-VS application using the electronic file format identified in the October 2005 draft of Publication 205;
- Mailers/Parcel shippers must apply an authorized UCC/EAN 128 e-VS barcode in compliance with Publication 205;
 - The mailer ID used in the barcode must be exclusive for the e-VS program and must be unique to the parcel shipper or its client.
 - Each barcode must be unique for a period of 1 year.
 - Since Delivery Confirmation service does not require any additional fees for Parcel Select items, mailers/shippers are encouraged to apply a Delivery Confirmation service barcode to all Parcel Select pieces.
 - Delivery Confirmation service is available on other Package Services and Standard Mail parcels for \$0.13 when using the electronic option. Mailers/shippers may elect to apply an alternate e-VS barcode as described in the October 2005 draft of Publication 205 to avoid paying the \$0.13 fee. However, no

delivery information will be available when using this barcode.

All specifications and requirements for e-VS can be found in the October 2005 draft of Publication 205 and Publication 91.

Manifest Mailing Operations Using e-VS

Mailers and shippers who meet program requirements may ship parcels using the following procedure:

1. The mailer/parcel shipper transmits an electronic manifest to the Postal Service detailing all e-VS parcels to be deposited into the mail stream on or before the date of mailing;

2. The Electronic Verification System generates a postage statement based on the information received from the mailer's manifest and submits it to PostalOne!

The PostalOne! system is a new information infrastructure deployed by the Postal Service to facilitate convenient centralized payment capabilities and electronic postage reporting. It features an automated, streamlined alternative to the existing hardcopy documentation used in the business mail acceptance process. The PostalOne! system links a customer's mailing information electronically with acceptance, verification, and payment systems, eliminating most of the paperwork. It also provides a wealth of online information customers can use to manage their businesses more efficiently.

3. Postage is debited from the mailer's PostalOne! payment account, and account information including current balances and transactions is updated in the e-VS Web site. The mailer/parcel shipper is able to access the Web site to view postage statements and associated funds debited from the mailer's account;

4. The mailer/parcel shipper transports and enters the mail at the appropriate destination entry Postal Service facility:

- Destination Bulk Mail Center (DBMC).
- Destination Auxiliary Service Facility (DASF).
- Destination Sectional Center Facility (DSCF).
- Destination Delivery Unit (DDU).

5. As parcels are deposited at the destination entry facilities, random parcels are sampled and the resulting data is transmitted to the e-VS application. The sampling process collects information to verify that the postage paid for the sampled parcels has been correctly calculated based on parcel characteristics, including:

- Entry and destination ZIP Code.
- Zone.
- Size.

- Rate markings.
- Weight.
- Barcode information.

Based on the data collected, e-VS calculates the appropriate postage for the sampled parcels and compares the calculated postage to the postage reported on the manifest. The results of the comparison are recorded in the e-VS database and used to calculate the postage adjustment factor (PAF) described in the next section.

6. When barcodes are scanned during the normal processing and delivery operations (e.g., delivery scans collected for Delivery Confirmation), the barcode data is transmitted to the e-VS application to determine if parcels are "mis-shipped" or "un-manifested". "Mis-shipped" parcels are mail pieces that have been dropped at the incorrect destination entry facility. "Un-manifested" parcels are mail pieces that have been scanned but do not appear on the mailer's manifest.

7. As sample data is received, the e-VS application compares the data to the mailer's electronic manifest. This process is used to measure the accuracy of the mailer's electronic manifest for proper postage payment.

8. The mailer/parcel shipper is assessed postage for discrepancies found in their electronic manifest through the processes previously described in items 5–7. These assessments include additional postage for mis-shipped and incorrectly rated parcels, as well as postage for un-manifested parcels.

Postage Assessments

The e-VS program will collect postage daily based on the electronic manifest(s) received that day from mailers. In addition, postage will be calculated and assessed for the following types of errors when detected:

- If parcels are dropped at an incorrect entry location and the Postal Service transports the parcels to the correct destination, mailers/parcel shippers will be charged the difference between the manifested postage and the single-piece rate for the parcel.
- If a parcel is not identified on a manifest, the mailer ID in the barcode will be used to determine ownership and responsibility of the parcel and to establish accountability for payment of postage. Postage for these parcels will be based on data collected at destinating Postal Service facilities on these parcels. The mailer/parcel shipper will be allowed to reconcile "un-manifested" parcels by transmitting an electronic manifest for the parcels within 10 days of the close of the mailing period. Any "un-manifested" parcels receiving a

manifest record prior to the 10th day will be removed from this assessment.

- If total paid postage for the parcels on a manifest is understated by more than 1.5%, a Postage Adjustment Factor, or PAF, is calculated by dividing the total postage from the sampled parcels by the postage claimed for the sampled parcels on the mailer's manifest. If the PAF exceeds 1.015, then the manifested postage amount for the entire mailing period is multiplied by the PAF to determine the additional postage due. A mailing period is defined as a calendar month for purposes of calculating adjustments in e-VS.

Postage Payment Schedule

Under the e-VS program, the collection of postage occurs as follows:

- The mailer's PostalOne! payment account is debited on a daily basis. Payment for each manifest is debited on the day the manifest is submitted.

- The mailer's PostalOne! payment account is debited weekly for mis-shipped postage accumulated from the previous week.

- At the end of each mailing period, defined as a calendar month, the mailer's PostalOne! payment account is debited for postage assessed for (1) un-manifested parcels and (2) for any postage adjustments necessary if their PAF is greater than 1.015. The PAF adjustment and postage assessment for un-manifested parcels are processed on the 21st day of the month following the mailing period to allow mailers time to investigate and reconcile discrepancies. Between the end of a mailing period and the 21st day of the following month, there are two 10-day review periods:

- The first 10-day period is a mailer review period and begins immediately after the end of the mailing period and extends through the 10th day of the month following the mailing period. During this period, the mailer may submit manifests to account for un-manifested parcels.

- The second 10-day period is a Postal Service/MAILER joint review period and begins immediately following the mailer review period and extends through the 20th day of the month following the mailing period. During this period, at the mailer's request, the mailer may jointly review the sampling data with the Postal Service to dispute any data indicating a postage adjustment is due.

- Appeals and refund requests must be submitted in writing to the Business Mailer Support manager within 30 days following the end of the Postal Service/MAILER joint review period.

e-VS Implementation

Implementation will occur no earlier than 1 year from the date of the published final rule. This one year implementation period will provide mailers with ample time to comply with e-VS standards, as well as time to perform testing necessary to ensure satisfactory operation.

Although 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), the Postal Service invites public comment on the following proposed revisions to the Code of Federal Regulations. See 39 CFR 111.1.

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, 3001–3011, 3201–3219, 3403–3406, 3621, 3626, 5001.

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

Mailing Standards of the United States Postal Service

Domestic Mail Manual

* * * * *

400 Discount Mail Parcels

* * * * *

440 Standard Mail

* * * * *

446 Enter and Deposit

* * * * *

2.0 Destination Entry

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2.3 Postage Payment

[Revise 2.3 to read as follows:]

Except for mailings paid using the Electronic Verification System (e-VS), mailers pay postage at the Post Office where they are authorized to present mailings for verification. For mailings paid using e-VS, mailers must pay postage to the Post Office where they hold the permit imprint. Prior to mailing, mailers must ensure that they have paid the correct mailing fee(s) for the current 12-month period at the Post Office where they are paying postage for the mailing.

* * * * *

2.7 Verification

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2.7.2 Mail Separation and Presentation

[Revise 2.7.2 to read as follows:]

Effective January 1, 2007, mailers who commingle Standard Mail parcels with Parcel Select mailings authorized under 705.6.0 must present mailings and pay postage using the Electronic Verification System (e-VS) (See 705.2.9). Until January 1, 2007 or unless they are already presenting mailings using e-VS, mailers must present destination entry rate mailings for verification and acceptance as follows:

a. Present mailings for verification and acceptance at a business mail entry unit (BMEU) located at a destination BMC, destination sectional center facility, or other destination postal facility designated by the Postal Service; or

b. Present mailings for Postal Service verification under a plant-verified drop shipment (PVDS) system (see 705.15.0), and then enter mailings at destination entry facilities under the following conditions:

1. Mailers must ensure that mailings are accompanied by a Form 8125, 8125–C, or 8125–CD completed by the mailer and the verifying Post Office.

2. Mailers must separate mailings for deposit at one destination postal facility from mailings for deposit at other facilities to allow reconciliation with each accompanying Form 8125, 8125–C, or 8125–D.

3. Mailers may deposit only PVDS mailings at a destination delivery unit not co-located with a postal facility having a BMEU.

c. When Periodicals mail is on the same vehicle as Standard Mail, mailers should load the Periodicals mail toward the tail of the vehicle so that it can be offloaded first.

[Delete 2.7.3 and renumber 2.7.4 to 2.7.7 as 2.7.3 to 2.7.6.]

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450 Parcel Post

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454 Postage Payment and Documentation

1.0 Basic Standards for Postage Payment

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1.2 Postage Payment

[Revise 1.2 to read as follows:]

Mailers must pay postage and fees to the Post Office where they are authorized to present mailings for verification. See 456.2.2.4 for additional

information about paying postage and fees for Parcel Select mailings.

* * * * *

456 Enter and Deposit

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2.0 Parcel Select

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2.2 Rate Eligibility for Parcel Select Rates

* * * * *

2.2.4 Postage Payment

[Revise 2.2.4 to read as follows:]

Postage payment is subject to the following:

a. Mailers must pay postage and fees to the Post Office where they are authorized to present mailings for verification, except under 2.2.4b. Except for plant-verified drop shipments (see 705.15.0) or metered mail drop shipments (see 705.17.0), mailers must have a meter license or permit imprint authorization at the parent Post Office for mailings deposited for entry at a DBMC or ASF, at a DSCF, or at a DDU.

b. Effective January 1, 2007, mailers who mail parcels claimed at the Parcel Select rate must use the Electronic Verification System (e-VS) as described in 705.2.9. Mailers using e-VS must pay postage and fees to the Post Office where they hold the permit imprint.

* * * * *

2.4.3 Mail Separation and Presentation

[Revise 2.4.3 to read as follows:]

Effective January 1, 2007, mailers must present all Parcel Select mailings using the Electronic Verification System (e-VS) (see 705.2.4.3). Until January 1, 2007, mailers may present Parcel Select mailings without using e-VS. Mailers must have destination entry rate mail verified under a PVDS system (see 705.15.0) or present mailings for verification and acceptance at a BMEU located at a designated destination postal facility. Mailers may deposit only PVDS mailings at a destination delivery unit not co-located with a Post Office or other Postal Service facility having a business mail entry unit. Mailers presenting destination entry mailings to the Postal Service must meet the following requirements:

a. Mark each piece of DBMC, DSCF, or DDU rate Parcel Post as either “Parcel Post” or “Parcel Select,” according to standards in 402.2.2. Also, effective January 1, 2007, mailers also must mark each piece “e-VS,” adjacent to the rate marking.

b. Separate DBMC rate mailings by zone for permit imprint mailings of

identical-weight pieces that are not mailed using a special postage payment system under 705.2.0 through 705.4.0, or that are not mailed under 455.1.4.

c. Except for PVDS mailings presented using e-VS, mailers must ensure that all PVDS mailings are accompanied by a Form 8125, 8125-C, or 8125-CD completed by the mailer and the verifying Post Office.

d. Separate each mailing from other mailings for verification. For PVDS mailings, separate mailings for deposit at different destination postal facilities to allow for reconciliation with each Form 8125, 8125-C, or 8125-CD, unless presenting mailings using e-VS.

e. Separate mail from freight transported on the same vehicle.

f. If Periodicals mail is on the same vehicle as Parcel Post, load the Periodicals mail toward the tail of the vehicle so that, for each destination entry, the Periodicals mail can be offloaded first.

* * * * *

460 Bound Printed Matter

* * * * *

466 Enter and Deposit

* * * * *

2.0 Destination Entry

* * * * *

2.3 Postage Payment

[Revise 2.3 to read as follows:]

Postage payment is subject to the following:

a. Mailers must pay postage and fees to the Post Office where they are authorized to present mailings for verification, except for mail paid using the Electronic Verification System (e-VS).

b. Effective January 1, 2007, when parcels for any destination rates are commingled with Parcel Select mail under 705.7.0, mailers must document and pay postage using e-VS under 705.2.9.

c. For mailings paid using e-VS, mailers must pay postage and fees to the Post Office where the mailer holds the permit imprint.

* * * * *

2.8 Verification

* * * * *

2.8.2 Mail Separation and Presentation

[Revise text of 2.8.2 to read as follows:]

Effective January 1, 2007, mailers must present all BPM parcel manifest mailings commingled with Parcel Select mail (under 705.7.0) using the

Electronic Verification System (e-VS) (see 705.2.4.3). Until January 1, 2007, mailers may present mailings using a Manifest Mailing System (MMS) without participating in e-VS. Mailers must have destination entry rate mail verified under a PVDS system (see 705.15.0) or present mailings for verification and acceptance at a BMEU located at a designated destination postal facility. Mailers may deposit only PVDS mailings at a destination delivery unit not co-located with a Post Office or other Postal Service facility having a business mail entry unit. Mailers presenting destination entry mailings to the Postal Service must meet the following requirements:

a. Except for mailings presented using e-VS, mailers must ensure that all PVDS mailings are accompanied by a Form 8125, 8125-C, or 8125-CD completed by the mailer and the verifying Post Office.

b. Separate each mailing from other mailings for verification. For PVDS, separate mailings for deposit at different destination postal facilities to allow reconciliation with each Form 8125, 8125-C, or 8125-CD, unless presented using e-VS.

c. Separate mail from freight transported on the same vehicle.

d. If Periodicals mail is on the same vehicle as Standard Mail, load the Periodicals mail toward the tail of the vehicle so that, for each destination entry, Periodicals mail can be offloaded first.

* * * * *

700 Special Standards

* * * * *

705 Advanced Preparation and Special Postage Payment Systems

* * * * *

2.0 Manifest Mailing System (MMS)

2.1 Description

[Add new 2.1.1 and transfer text from old 2.1 to new 2.1.1. Change the last sentence in new 2.1.1 to read as follows:]

2.1.1 Using an MMS

* * * The standards in 2.2 describe how to mail using an MMS.

[Add new item 2.1.2 to read as follows:]

2.1.2 Required Use of Electronic Verification System (e-VS)

Effective January 1, 2007, mailers using MMS when presenting Parcel Select mailings under 456.2.0 or commingled mailings with Parcel Select under 705.6.0 or 705.7.0 also must document and pay postage using e-VS under 2.9. Business Mailer Support

(BMS) can provide mailers with information for developing and receiving approval for these systems.

* * * * *

2.4 Authorization

* * * * *

2.4.1 Application

[Revise by adding the following sentence to the end of 2.4.1 to read as follows:]

* * * *Publication 205, Electronic Verification System Technical Guide* provides the application procedures for mailers required to use e-VS (see 2.1.2). To receive a copy, contact the Business Mailer Support manager, USPS Headquarters (See 608.8.0 for address.).

* * * * *

2.4.3 General Requirements for Authorization

* * * * *

[Revise item b, renumber items c, d, and e as items e, f, and g, and add new items c and d to read as follows:]

b. If total postage of pieces sampled during verification indicates that the mailer has underpaid postage by more than 1.5% when compared to the manifest, USPS will adjust total postage in accordance with procedures in Publication 205. USPS will charge e-VS participants at the end of the review period at the end of the mailing period.

c. USPS will charge e-VS participants the appropriate single-piece rate for mis-shipped parcels (parcels deposited at incorrect destination facilities). USPS will transport these mis-shipped parcels to the correct destination.

d. USPS will charge e-VS participants for any parcels that do not appear on the mailer's manifest but are identified by USPS processing scans as being mailed. In addition, USPS will remove these un-manifested parcels from any sampling adjustments.

* * * * *

2.4.4 Approval Authority

The final authority for manifest mailing approval is as follows:

* * * * *

[Revise 2.4.4 b. to read as follows:]

b. The Business Mailer Support manager, USPS Headquarters, approves manifest mailing systems that produce presorted First-Class Mail and Standard Mail mailings, Package Services mailings, PVDS mailings, and all mailings using e-VS.

* * * * *

[Add new 2.9 to read as follows:]

2.9 Electronic Verification System (e-VS)

2.9.1 Required Use

Effective January 1, 2007, mailers depositing parcels at Parcel Select rates must document and pay postage using e-VS as described in 2.9. In addition, mailers authorized to commingle Standard Mail machinable parcels or Package Service parcels with Parcel Select under 705.6.0 and 705.7.0 must document and pay postage for all parcels in the mailing using e-VS.

2.9.2 Mailer System

Mailers must have an automated system that produces mail according to USPS standards and calculates postage accurately. Mailers must assign a barcode to each mailpiece in accordance with Publication 205, *Electronic Verification System Technical Guide*. USPS will scan barcodes during sampling to verify information from the mailer's manifest. Mailers also must produce and submit an electronic manifest, as described in Publication 205, for each mailing deposited at a destination postal facility. USPS will scan barcodes during sampling to verify information from the mailer's manifest. The electronic manifest must account for every piece in the mailing, under the following conditions:

- a. For each mailpiece produced, the electronic manifest must list the postage for the piece and the factors used to calculate the correct amount of postage, such as the piece weight and destination postal zone.
- b. For each record produced, the manifest must include the unique package identification code represented by the barcode on the mailpiece.
- c. When extra services are requested, the manifest must include the correct fees for each piece.

2.9.3 Mailer Quality Control

Mailers must implement a quality control program that ensures proper mail preparation and provides accurate documentation. The service agreement must detail the USPS-approved quality control procedures.

2.9.4 Required Barcode

Mailers must apply an approved barcode on the address side of each mailpiece. Barcodes must meet specifications described in Publication 205, *Electronic Verification System Technical Guide*.

2.9.5 Postage Payment

USPS will calculate postage payment and electronically debit postage from the mailer's postage account based on

information received from the mailer's electronic manifest and data collected through USPS operational and sampling scans. Mailings deposited under the e-VS program must meet the standards for permit imprint mail in 604.6.0. Mailers must pay for postage through a Centralized Account Payment System (CAPS) account.

2.9.6 General Requirements for Participation

General requirements for participation are as follows:

- a. Mailers must apply on each mailpiece a unique barcode with the mailer ID number.
- b. Mailers must transmit an electronic manifest on or before the date of mailing.
- c. USPS randomly samples parcels and considers verification samples to be representative of the entire mailing period. USPS applies postage adjustment calculations, based on verification samples, to all mailpieces mailed during the mailing period. A mailing period is defined as a calendar month for purposes of calculating adjustments in e-VS.
- d. USPS will adjust the total postage for the mailing period if the total postage or the total weight of pieces sampled during the mailing period results in an underpayment by 1.5% or greater.
- e. The mailer must pay additional postage for any underpayments identified by USPS verification. Mailers must maintain sufficient funds in their postage accounts to cover any underpayments discovered after acceptance of the mail.

2.9.7 Authorization

Mailers must be authorized to participate in e-VS according to the following procedures:

- a. Mailers must submit an e-VS application and supporting documentation as specified in Publication 205, *Electronic Verification System Technical Guide*, to the Business Mailer Support manager, USPS Headquarters (See 608.8.0 for address.).
- b. After mailers successfully complete development and testing for e-VS, the USPS will grant temporary approval. USPS will conduct a review within 90 days of the temporary approval and will give final approval if the mailer's system is working as required. The Business Mailer Support manager, USPS Headquarters, has final authority for e-VS participation approval.
- c. After receiving final authorization, the mailer and a USPS representative must sign a service agreement. The agreement contains provisions regarding

mailer and USPS responsibilities, including electronic documentation, document retention, quality control, and the duration of the agreement.

2.9.8 Denial

If USPS denies an e-VS application, the mailer may appeal the decision within 15 days from the receipt of the notice by filing a written appeal, including evidence showing why they should be authorized to use e-VS. Send the appeal to the Business Mail Acceptance manager, USPS Headquarters, who issues the final agency decision (See 608.8.0 for address).

2.9.9 Revocation

The Business Mailer Support manager has authority to revoke authorization for e-VS participation for any of the following reasons:

- a. A mailer provides incorrect data in the electronic manifest and is not able or willing to correct the problems.
- b. A mailer is not properly completing the required quality control procedures.
- c. The mailings no longer meet e-VS criteria established by this standard or in the e-VS service agreement.
- d. A mailer does not present mailings using e-VS for more than 6 months (except as noted in the service agreement).
- e. A mailer presents mailings that are improperly prepared.
- f. A mailer is not paying proper postage.

2.9.10 Corrective Action

After USPS issues a notice of revocation, to a mailer, the mailer and the USPS determine corrective actions, including an implementation schedule. At the conclusion of the implementation period, the USPS reexamines the mailer's system to determine if it complies with the program requirements. Failure to correct identified problems is sufficient grounds to sustain revocation of the mailer's e-VS authorization.

2.9.11 Appeal of Revocation

After receiving initial notice of revocation, a mailer has 15 days from the date of receipt of the revocation notice to file a written appeal with the Business Mail Acceptance manager, USPS Headquarters. The appeal must include the reason the e-VS authorization should not be revoked. The mailer may continue to mail using e-VS during the appeal process. The Business Mail Acceptance manager issues the final agency decision. The final revocation takes effect 15 days

after the date of the final agency decision.

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6.0 Preparation for Combined Mailings of Standard Mail and Package Services Parcels

[Revise title of 6.1 as follows:]

6.1. Combined Machinable Parcels—DBMC Entry

* * * * *

[Revise title of 6.1.2.]

6.1.2 Basic Standards

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6.1.3 Postage Payment

[Revise 6.1.3 to add requirement for e-VS and reorganize to read as follows:]

Mailers must pay postage for all pieces with a permit imprint at the Post Office serving the mailer's plant using one of the following postage payment systems. The applicable system agreement must include procedures for combined mailings approved by Business Mailer Support.

a. Manifest Mailing System (MMS), under 2.0;

b. Optional Procedure (OP) Mailing System, under 3.0, until January 1, 2007; or

c. Alternate Mailing System (AMS), under 4.0, until January 1, 2007.

d. Effective January 1, 2007, for mailings presented under 705.6.0, mailers must document and pay postage using the Electronic Verification System under 705.2.9.

* * * * *

[Revise title of 6.2 to read as follows:]

6.2 Combining Parcels—DSCF Entry, Parcel Post OBMC Presort and BMC Presort

* * * * *

6.2.3 Postage Payment

[Revise text of 6.2.3 to include e-VS requirement for DSCF Entry parcels, to read as follows:]

Mailers must pay postage for all pieces with a permit imprint at the Post Office serving the mailer's plant using an approved manifest mailing system under 2.0. The following conditions also apply.

a. The applicable system agreement must include procedures for combined mailings approved by Business Mailer Support.

b. Effective January 1, 2007, for mailings presented under 705.6.0, mailers must document and pay postage using the Electronic Verification System under 705.2.9.

* * * * *

7.0 Combining Package Services Parcels for Destination Entry

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7.1 Combining Parcels

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7.1.2 Basic Standards

[Add the following sentence at the end of 7.1.2b.]

b. * * * Effective January 1, 2007, for mailings presented under 705.7.0, mailers must document and pay postage using the Electronic Verification System under 705.2.9.

* * * * *

An appropriate amendment to 39 CFR 111 to reflect these changes will be published if the proposal is adopted.

Neva R. Watson,

Attorney, Legislative.

[FR Doc. 05-22156 Filed 11-4-05; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

49 CFR Part 385

[Docket No. FMCSA-1998-3639]

RIN 2126-AA37

Safety Fitness Procedures; Withdrawal

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), DOT.

ACTION: Advance notice of proposed rulemaking (ANPRM); withdrawal.

SUMMARY: The Federal Motor Carrier Safety Administration [formerly Office of Motor Carriers (OMC) within Federal Highway Administration (FHWA)] withdraws its July 20, 1998 ANPRM and request for comments pertaining to the future evolution of the safety fitness rating system. After the ANPRM was published, FMCSA began the Comprehensive Safety Analysis 2010 Initiative (CSA 2010), a comprehensive review and analysis of FMCSA's current commercial motor carrier safety compliance and enforcement programs. FMCSA held a series of public listening sessions pertaining to CSA 2010 in September and October 2004. Many commenters at those listening sessions suggested that FMCSA delay publishing a notice of proposed rulemaking (NPRM) until the agency makes its final decisions regarding its long-term plan for monitoring motor carrier safety under CSA 2010. Therefore, this rulemaking is no longer necessary because, as CSA 2010 proceeds, FMCSA

expects to publish a rulemaking that would propose a new and improved safety compliance and monitoring methodology based on more recent information and policy.

DATES: The ANPRM with request for comments published July 20, 1998 is withdrawn as of November 7, 2005.

FOR FURTHER INFORMATION CONTACT: Ms. Nicole McDavid, Office of Enforcement and Program Delivery, (202) 366-0831, Federal Motor Carrier Safety Administration, 400 Seventh Street, SW., Washington, DC 20590-0001. Office hours are from 7:45 a.m. to 4:15 p.m., e.t., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Background

On November 6, 1997, FHWA (now FMCSA) published a final rule incorporating its safety fitness rating methodology (SFRM) as Appendix B to 49 CFR 385. In that document, the agency identified its ultimate goal as creating a more performance-based means of determining the fitness of motor carriers to conduct commercial motor vehicle (CMV) operations in interstate commerce. The final rule announced that FHWA would soon publish an ANPRM that would address the future evolution of its rating system methodology. Since that final rule, Congress substantially heightened the importance of Unsatisfactory ratings by amending 49 U.S.C. 31144 to prohibit transportation of any property in interstate commerce by motor carriers with Unsatisfactory ratings. (Transportation Equity Act for the 21st Century [Pub. L. 105-178, June 9, 1998, 112 Stat. 107])

On July 20, 1998, FHWA issued an ANPRM titled "Safety Fitness Procedures" (63 FR 38788) seeking comments and supporting data on what issues should be considered in developing a future safety fitness rating system. Specifically, the ANPRM invited responses to 21 detailed questions focusing on what a future SFRM should include.

On October 9, 1999, the Secretary of Transportation (Secretary) rescinded his authority to FHWA to carry out most of the motor carrier functions and operations (64 FR 56270, October 19, 1999) and re delegated that authority to the Director of the new Office of Motor Carriers. On October 29, 1999, the Secretary rescinded his authority to FHWA to carry out other duties and powers related to motor carrier safety vested in the Secretary by statute (64 FR 58356). Then, on January 1, 2000, responsibility for motor carrier