



Quebecor World

Logistics

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Quebecor World Logistics Now Offers Two Catalog Co-Mail Pools Per Week

Quebecor World Logistics' (QWL) catalog offline co-mail program has drastically increased its volume, forcing the creation of a second catalog co-mail pool each week. The program started in February of 2006 as the first catalog co-mail in the industry. For the first year and a half of service, QWL has offered one co-mail pool per week in order to help our customers aggressively take advantage of lower postage expenses. The decision to now offer two offline catalog co-mail pools per week will not only help to accommodate the growing volume of participants but will also give each participant a new level of flexibility for participating in catalog co-mailing. By doubling the pools per week, QWL is assuring customers that even if there is a delay in production, the product will not have to be pulled out of co-mail in fear of missing the start of the pool. Specifically, with a co-mail pool now starting on both Tuesday and Friday, if a pool is missed there is very little delay until the next pool, helping to solidify customers' opportunity to receive the much needed discounted postal rates. Maximum flexibility has always and will continue to be the key feature of co-mail at QWL.

Hours of Service Looming Issue for Truck Drivers

The trucking industry could be in the midst of major changes as the Hours of Service regulations (HOS) have again come under major scrutiny. The topic has been a hotbed of contention in the logistics industry as print customers could potentially not only be affected by less daily travel time for their product, but could also become a victim of transferred costs to help retrain the truck drivers.

HOS Background

The HOS regulations were first set into place in the 1930s in order to provide structure and safety to a truck driver's schedule. This structure, which stayed nearly identical for seventy years, has been changed three times in the last four years causing severe disruption to an already turbulent industry. The last significant HOS regulation change was an increase in the maximum allowable driving time for one day, from 10 hours to 11. However, with the increase in possible driving hours also came the mandatory 34-hour restart provision. This restart provision requires all drivers to take a full 34-hour, off-duty break before they can restart their workweek. This provision ensures that all drivers are taking an elongated period of time for appropriate levels of rest. The remainder of the core

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USPS Prepares For Slim Jims

May 2007

The USPS began testing "Slim Jim" catalogs in hopes of solidifying the mailing standards associated with this size of media. "Slim Jim" catalogs have become an immediate priority for the USPS. The significant postal rate

increases have caused many catalogers to consider switching the format of their catalogs to the smaller size of the "Slim Jim" in order to take full advantage of the mailing discounts.

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New 8125 And 8125-C Have Been Published And Are Required For Use By November 1, 2007

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The Postal Service™ has revised PS Form 8125, *Plant-Verified Drop Shipment (PVDS) Verification and Clearance*, and PS Form 8125-C, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance*. The new forms are dated July 2007. The form changes are as follows:

- Block 15 on PS Form 8125 and Block 16 on PS Form 8125-C now require the SCF/ADC/BMC/ASF designator and ZIP Code™ from the DMM label list for the mailing presented. On PS Form 8125, the instructions
- On both forms, block 28 now requires the facility name, address, city, state,

and ZIP + 4® for the entry office as found in the Drop Ship product. The instructions for block 28 provide an Internet source for the Facility Access and Shipment Tracking (FAST™) system mail direction search to obtain a facility's entry information.

FAST – Facility Access and Shipment Tracking

Periodical Appointment numbers were required in FAST as of September 4, 2007

As of September 4, 2007, all Periodical mailers are now required to have an appointment number located on the PS Form 8125. Periodical mailers that arrive without an appointment number will still be accepted; however, they will be accepted **after** the Periodical mailers that contain an appointment number within the PS Form 8125.

What is FAST?

FAST is a program that was developed to handle both the allocation of all shipments to USPS facilities as well the tracking of these shipments via the scanning of mail containers.

How can a mailer register to appoint with FAST?

In order to take full advantage of the benefits provided by the FAST program, mailers and publishers should first obtain a

Scheduler ID by registering for FAST on the *PostalOne!*® website found at www.uspspostalone.com. For more information on the registration and training process, visit www.fast.usps.com and without logging in click on Resources, then Reference Documents and then download the *PostalOne!*® Customer Registration Job Aid.

How are appointments made?

Appointments can be made via the FAST website, www.fast.usps.com. The USPS will require periodical mailers to provide detailed appointment requests that include pallet and presort information. The USPS facilities will use this detailed information to more accurately schedule their dock operations and mail processing.

How will QWL help a mailer through this process?

All mail that is delivered through the QWL network will be appointed via web service messaging to FAST. QWL then sends FAST the pallet

composition and presort information for every pallet that we deliver to the USPS. Upon receiving this information, FAST will then send QWL and appointment number for each load. This appointment number is then placed on all outgoing 8125s.

What is QWL's experience with FAST?

Quebecor World Logistics was the first in the mailing industry to participate in the web service messaging system that communicates directly with FAST. Anita Pursley, QWL's VP of Postal Affairs, is the chair of the MTAC workgroup for FAST and has been the leading force in helping to develop and refine appointing within the FAST system. Since its inception, QWL has worked with FAST to set an appointment for every pallet within every load sent via USPS. Rest assured QWL takes care of your appointment needs. *For more information please email Anita Pursley, V.P. Postal Affairs at anita.pursley@quebecorworld.com*

Diesel Prices Continue to Affect Logistics

The cost of a barrel of oil has risen to record-breaking levels over the last several months and continues to dramatically affect the trucking industry within the United States. Diesel fuel and gasoline prices have raised accordingly, reaching record highs all around the country. Crude oil futures recently closed at over \$83.00 per barrel, topping the previous record of \$82.00. Contributing to these high prices is the commencement of another hurricane season, which threatens Gulf Coast refineries with every approaching tropical storm. Hopefully, prices will begin to at least temporarily fall as OPEC has agreed to raise its oil production by 500,000 barrels per day, which should increase

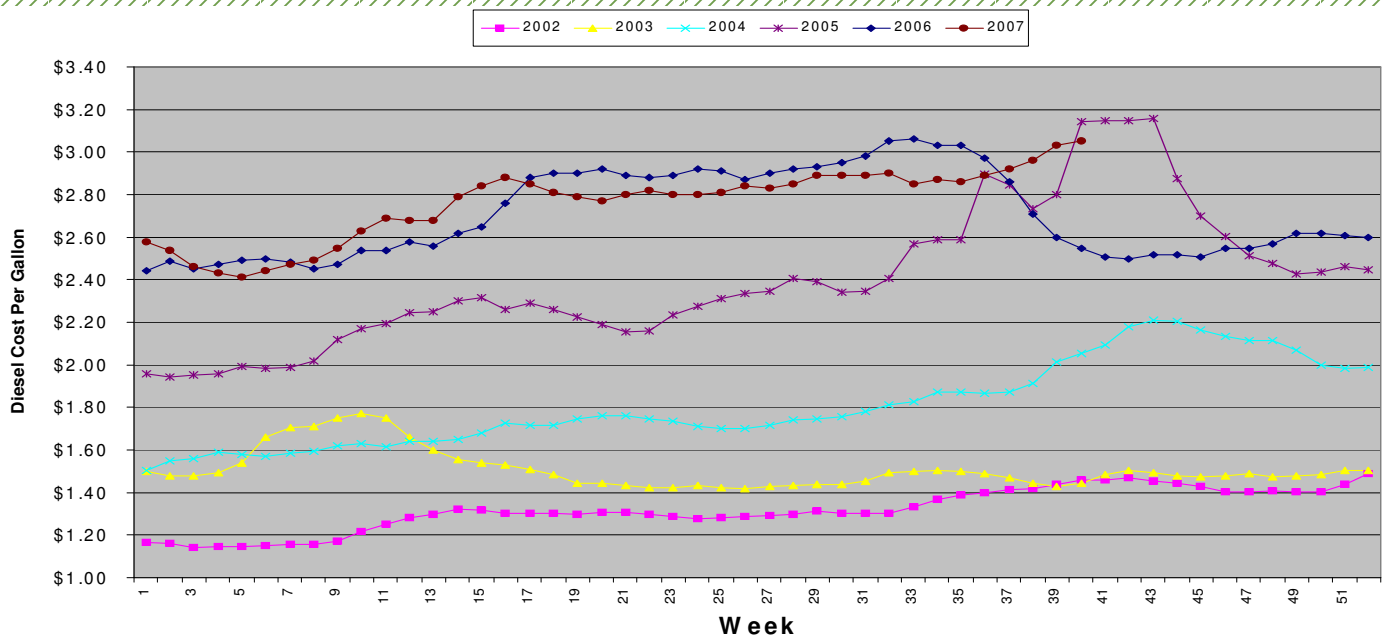
the availability of oil and help to drop the price. Currently, however, the price of crude oil is up more than \$30.00 per barrel from the beginning of this year when the cost was hovering around \$50.00 a barrel.

Ultimately, the increase in production of oil should provide limited cost reductions to the high fuel prices, which will eventually transfer on to logistics customers around the country. Currently, diesel prices are at a national average of \$2.96 per gallon. The U.S. Department of Energy's website shows this as approximately 25 cents per gallon over the price for the same week last year. Gasoline's national average is just over

\$2.78 per gallon, down 3 cents per gallon from last week but up almost 30 cents from the same week last year.

These elevated prices continue to hurt the logistics market as "American Trucking Associations' July for-hire truck tonnage index fell 3.7% from the same month a year ago" (Transport Topics). Quebecor World Logistics continues to combat these negative affects on the industry in attempts to mitigate the burden delivered to our customers. By offering additional services like postal savings, QWL does everything possible to move the product in the most efficient way.

Weekly Cost of Diesel Fuel 2002 to 2007



Hours of Service *Continued...*

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regulations, as instated in 2003, are as follows: Drivers are prohibited from “driving more than 11 hours in a row, working longer than 14 hours in a shift and driving more than 60 hours over a 7-day period or 70 hours over an 8-day period,” said Administrator Sandberg of the Federal Motor Carrier Safety Administration (FMCSA).

Court Ruling

This past July, the United States Court of Appeals of the D.C. Circuit ruled to eliminate both the previously extended 11-hour provision, reducing it back to 10, and the 34-hour restart. These provisions were eliminated because “according to the three-judge panel, the FMCSA ‘failed to give interested parties an opportunity to comment on the methodology of the crash-risk model the agency used to justify an increase in the maximum number of daily and weekly hours that truck drivers may drive and work,’” reported Inbound Logistics.

The FMCSA hopes to keep the current regulations in place as they believe these rules give truck drivers a symbiotic relationship between driving time and healthy sleep patterns that helps to promote a safer driving atmosphere. The American Trucking Association (ATA) has asked the court for an eight-month stay, which would allow

the FMCSA time to attempt to correct the problems recognized by the judges in the last appeals sitting and possibly get the last ruling reversed. The United States Court of Appeals recently granted the ATA a three-month stay. If the FMCSA fails to get this decision reversed then this time will act as a transitional period, allowing for the trucking industry as a whole to retrain for the new regulations.

Industry Viewpoints

Many prefer the regulations that went into effect in 2003, feeling that the 34-hour restart is exactly what truck drivers need. “Truck drivers have been complaining about the hours-of-service laws since they were instituted in the 1930s. They complained about the old hours, and they complain about the new ones. The fact remains that, given the opportunity, too many drivers are willing to drive until they drop before pulling over,” said Bob Guyette, a Driver Development Coordinator out of Green Bay, WI (Transport Topics). Bill Graves, President of the ATA, feels that the elimination of these two provisions would be a huge mistake given the fact that the 2006 fatalities involving semis were at the lowest level ever, down 4.7% from 2005, which was the largest one-year drop in fourteen years.

Others offer an opposing view. “Regarding the recent hours-of-service ruling in the news July 24: The bottom line is we need a rule where the driver has an incentive to take a break if he feels fatigued. The current rule encourages the driver to keep going because a one- to eight-hour break will penalize him...The Federal Motor Carrier Safety Administration will determine when drivers are tired, rather than themselves? In my opinion, this is a very dangerous ruling,” said John Lamps, a General Manager of Truckserv out of Waukesha, WI (Transport Topics).

HOS regulations prove to be a constant struggle with all parties involved pulling for what they feel to be the correct and safest solution. From a logistics’ standpoint, every business needs their product distributed in a timely and efficient manner; however, unsafe Hours of Service regulations could ultimately result in their product never arriving at all. If the United States Court of Appeals ruling holds up, logistics customers will not only be affected by less daily travel time for truckers but could also become a victim of transferred costs to help retrain the truck drivers, the operational crews responsible for the dispatch of the drivers, and the authorities charged with upholding these regulations.

Canadian Postage Rates

QWL customers shipping to Canada from the United States continue to be affected by the weakening U.S. Dollar. The U.S. Dollar, which was relatively strong in comparison to the Canadian Dollar one year ago, is now exchanging at 1.0004, which is a nearly even monetary exchange between these countries. Domestic companies that actively ship to Canada will be affected by the weakening exchange rates as they previously received favorable postage rates when the U.S. Dollar was stronger than the Canadian Dollar.



8125 Continued...

Mailers who create and present 8125s should adjust their forms to reflect these changes. These forms are also available on the USPS website: Go to usps.com. Click on *All Products & Services*, then *Forms*, then *Find a Form*, and then *Plant Verified Drop Shipment (PVDS) for Standard Mail Forms*. Mailers may use these revised forms immediately. Before November 1, 2007, mailers may continue to use the previous editions of these forms. Starting November 1, 2007, mailers must use the revised forms when presenting drop shipments.

Slim Jims Continued...

USPS Preparations

The United States Postal Service is working to eliminate any potential problems that it may incur with a significant increase in production of this form of media. If the USPS does not provide exact mailing standards to catalogers and print companies, there is a good chance that these companies will manufacture "Slim Jims" that may not conform to the correct specifications. If this happens, delivery bar code sorters are likely to experience jamming which will slow distribution times dramatically.

Preliminary runs of the "Slim Jims" are proving to cause complications; it is unclear, however, exactly why these complications are occurring. USPS Operations Specialist,

Barry Walsh, elaborated, "It is hard to tell which factors are causing problems, whether it is tab positioning, tab strength or thickness, for example." (DM News)

Currently, "Slim Jims" are considered to be 6.125 inches by 11.5 inches and are said to be at maximum size for letter-rate postage if they are tabbed and three ounces or less. If the size of the catalog exceeds these criteria, it will no longer qualify for the discounted postage rate for this size media and will be subject to Standard Mail Flat's postage rates, which are now significantly higher.

The USPS is not hiding behind the fact that the size specifications and rates for the "Slim Jims" are still very much open for debate, as this specific media must be able to

efficiently run through the Postal Services' DBCS machines without slowing the pace of the mail. This means that because there are problems with the "Slim Jims" causing jams, the specifications of this media are subject to change before all is said and done. Ultimately, a change in the thickness, tab strength or any other physical attribute of the "Slim Jim" may have the potential to change the postage rate. Each specification of this media is being tested individually to assure that the correct problem is located and an appropriate solution is devised. Once the "Slim Jim" specifications are set in stone, it is expected that many catalog companies will attempt to conform to this size media in hopes of gaining additional postage price relief.

New Border Arrangements Offer More Efficient Distribution

A new solution has been proposed in hopes of increasing the efficiency in cross-border deliveries between the United States and Mexico, eventually allowing for more efficient logistics operations between the two countries. This process has been plagued by political red tape for decades, with both countries forbidding the access of freight delivery in to the other country. The United States trucking industry came to an agreement with the Mexican government to begin allowing cross-border deliveries. If successful, this border agreement would help to significantly shorten delivery times for U.S. shipments crossing into Mexican borders and vice versa.

The U.S. Department of Transportation and its Federal Motor Carrier Safety Administration (FMCSA) division worked with the Mexican government to help find an acceptable solution to this problem. Although shipping

customers throughout both countries are pleased that they could potentially see increased efficiency in their U.S. to Mexico distribution pipeline, not everyone was as satisfied with the new program. Recently, the Owner-Operator Independent Driver's Association (OOIDA) filed a suit attempting to stop Mexican trucks from operating fully within the United States. Transport Topics reports: "OOIDA said it filed its petition on the basis that DOT's Federal Motor Carrier Safety Administration 'has not followed Congressional directives to implement its Mexican truck initiatives as a pilot program and has ignored important substantive and procedural rights of professional truck drivers in this country.'"

It looks like the OOIDA just may get its wish as Mexican trucking companies are currently halted while U.S. trucking companies are still running within Mexico. The cause of this delay was the 74-24 vote by the United States' Senate to ban the newly allowed Mexican trucks from traveling on U.S. soil. The FMCSA has since offered to develop a satellite tracking system that would monitor both American and Mexican trucks within the others borders. It has not yet been decided if the U.S. Senate will accept this as an viable solution.

If this new program can find a way to continue to run and proves to be successful, additional trucking companies will be added to both

countries in the temporary arrangement, as long as each company passes a thorough FMCSA vehicle and driver safety inspection. No more than 100 Mexican-based trucking companies will be allowed in entirety, if allowed at all.

FMCSA Admin. John Hill, explained the benefits of this arrangement to shipping customers if it goes according to plan, "If successful, this will put an end to the three-step process of moving freight across the border. It will mean less traffic and more opportunities for trade," said Hill in unveiling the commencement of the one-year test. "This long-awaited project will protect public safety on American highways as we work to...help our economy" (Transport Topics). This border arrangement is a progressive step towards simplifying the North American distribution channels, and if it is allowed to operate it could prove to be a great benefit to logistics' customers shipping to Mexico.

