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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES GLOBAL EXPEDITED PACKAGE SERVICES 8 CONTRACTS (MC2017-183 AND CP2017-284) NEGOTIATED SERVICE AGREEMENT	Docket No. CP2017-308

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING A FUNCTIONALLY EQUIVALENT GLOBAL EXPEDITED PACKAGE SERVICES 8 NEGOTIATED SERVICE AGREEMENT AND APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS FILED UNDER SEAL
(September 14, 2017)

In accordance with 39 C.F.R. § 3015.5, the United States Postal Service (Postal Service) hereby gives notice that it is entering into a Global Expedited Package Services (GEPS) 8 contract. Prices and classifications not of general applicability for similar contracts were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued March 22, 2011 (Governors' Decision No. 11-6).[1] The Postal Service requested the creation of the GEPS 8 product and a new baseline agreement on September 5, 2017.[2]

[1] A redacted copy of the Governors' Decision is filed as Attachment 3 to this Notice. *See* Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6), March 22, 2011.

[2] Request of the United States Postal Service to Add Global Expedited Package Services 8 Contracts to the Competitive Products List, and Notice of Filing (Under Seal) of Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2017-183 and CP2017-284, September 5, 2017.

The Postal Service hereby requests that the Postal Regulatory Commission (Commission) add the agreement that is the subject of this docket to the GEPS 8 contract product, once that GEPS 8 contract product has been established. This notice is similar to numerous filings in which the Postal Service asked the Commission to add GEPS 3 contracts to the GEPS 3 contract product, and the Commission determined that individual GEPS contracts may be included as part of the GEPS 3 product if they meet the requirements of 39 U.S.C. § 3633 and if they are functionally equivalent to the GEPS 3 baseline contract.[3]

The contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. A redacted copy of the contract, a certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract, and Governors' Decision No. 11-6 are filed as Attachments 1, 2, and 3, respectively. Attachment 4 to this Notice is the Postal Service's Application for Non-public Treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 4. The Postal Service urges the Commission to consider this request so that the agreement can be approved before its intended effective date.

I. Background

The first GEPS 8 contract was filed on September 5, 2017.[4] The Postal Service demonstrates below that the agreement that is included with this filing is functionally

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[3] *See* PRC Order No. 503, Order Approving Global Expedited Package Services 3 Negotiated Service Agreement, Docket Nos. MC2010-28 and CP2010-71, July 29, 2010, at 7.

[4] Request of the United States Postal Service to Add Global Expedited Package Services 8 Contracts to the Competitive Products List, and Notice of Filing (Under Seal) of Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2017-183 and CP2017-284, September 5, 2017.

equivalent to the contract that is the subject of Docket No. CP2017-284. Accordingly, this contract should be included within the GEPS 8 product.

II. Identification of the Additional GEPS 8 Contract

The Postal Service believes that this additional GEPS contract fits within the Mail Classification Schedule (MCS) language included with the Postal Service's request to establish the GEPS 8 product.[5]

This additional GEPS 8 contract is intended to become effective on October 1, 2017. Should the Commission not complete its review by this date, the Postal Service will notify the customer and the Commission of the effective date. If the effective date of the agreement is the first of the month, the agreement that is the subject of this docket is set to expire one year after its effective date. If the effective date of the agreement is not the first of the month, the agreement is set to expire on the last day of the month in which the effective date falls in the year subsequent to the effective date, unless the agreement is terminated earlier.

III. Functional Equivalency of GEPS 8 Contracts

This GEPS 8 contract is substantially similar to the contract filed in Docket No. CP2017-284. The contract shares similar cost and market characteristics with that contract. In Governors' Decision No. 11-6, the Governors established prices of general applicability for competitive products that meet the criteria of 39 U.S.C. § 3633 and the regulations promulgated thereunder. Therefore, the costs of each contract conform to a common description. In addition, the MCS requires that each GEPS contract must cover its attributable costs. The contract at issue here meets the Governors' criteria

[5] *Id.* at Attachment 3.

and thus exhibits similar cost and market characteristics to the previous GEPS contracts.

The functional terms of the contract at issue are the same as those of the contract that is the subject of Docket No. CP2017-284, which is intended to serve as the baseline agreement for the GEPS 8 product grouping. The benefits of the contract to the Postal Service are comparable as well. Therefore, the Postal Service submits that the contract is functionally equivalent to the contract that is the subject of CP2017-284 and should be added to the competitive product list as a GEPS 8 contract.

In a concrete sense as well, this GEPS 8 contract shares the same cost and market characteristics as the baseline GEPS 8 contract filed in Docket No. CP2017-284. Customers for GEPS contracts are small- or medium-sized businesses that mail products directly to foreign destinations using Priority Mail Express International, Priority Mail International, First-Class Package International Service, and Commercial e-Packet. Prices offered under the contracts may differ depending on the volume or postage commitments made by the customers. Prices also may differ depending upon when the agreement is signed, due to the incorporation of updated costing information. These differences, however, do not alter the contracts' functional equivalency. Because the agreement incorporates the same cost attributes and methodology, the relevant characteristics of this GEPS contract is similar, if not the same, as the relevant characteristics of the baseline GEPS 8 contract filed in Docket No. CP2017-284.

Like the contract that is the subject of Docket No. CP2017-284, this contract also fits within the parameters outlined by Governors' Decision No. 11-6. There are,

however, differences between this contract and the contract that is the subject of Docket No. CP2017-284, which include:

- The name of the customer in the title, the name and address of the customer in the first paragraph, the name of the customer in the footer of each page of the agreement and its annexes, and the name of the customer in the signature page; and
- Revised Annexes 1, 2, and 3.

The Postal Service does not consider that the specified differences affect either the fundamental service the Postal Service is offering or the fundamental structure of the contract. Nothing detracts from the conclusion that this agreement is "functionally equivalent in all pertinent respects"[6] to the contract that is the subject of Docket No. CP2017-284.

Conclusion

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that this GEPS 8 contract is in compliance with the requirements of 39 U.S.C. § 3633. In addition, the contract is functionally equivalent to the baseline contract that is the subject of Docket No. CP2017-284. Accordingly, the contract should be added to the GEPS 8 product grouping.

[6] *See* PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 27, 2008, at 8.

Respectfully submitted,

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September 14, 2017

GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE AND [redacted]

This Agreement ("Agreement") is between [redacted] ("Mailer"), with offices at [redacted] and the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998. The Mailer and the USPS may be referred to individually as a "Party" and together as the "Parties."

Introduction. WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein; WHEREAS, the Parties desire to be bound by the terms of this Agreement; NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

1. Purpose of the Agreement. This Agreement shall govern the use the Mailer may make of customized mail service for Priority Mail Express International ("PMEI"), Priority Mail International ("PMI"), and Commercial E-Packet ("CeP") [redacted]

2. Postage Payment through a Permit Imprint using USPS-provided Global Shipping Software (GSS) or other USPS-approved software. The Mailer shall pay postage to the USPS through the use of a permit imprint subject to the conditions stated in IMM 152.6 and DMM 604.5 that shall not be used for any other type of mail than Qualifying Mail that meets the requirements set forth in Article 4 of this Agreement.

3. Definitions. As used in this Agreement: (1) "IMM" means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (2) "DMM" means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (3) "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail. (4) "Qualifying Mail" means mail that meets the requirements set forth in Article 4 of this Agreement. (5) "Non-Qualifying Mail" means mail that does not meet the requirements set forth in Article 4 of this Agreement. Priority Mail International tendered to the USPS at a Business Mail Entry Unit, at a USPS retail window, or at any commercial mail receiving agency are Non-Qualifying Mail. (6) "PMEI Preparation Requirements Document" means the USPS document the USPS document entitled [redacted] setting forth the preparation requirements and payment requirements for Commercial E-Packet Qualifying Mail, which the USPS Shall provide the Mailer. (7) "PMI Preparation Requirements Document" means the USPS document entitled [redacted] setting forth the preparation requirements and payment requirements for Priority Mail International Qualifying Mail, which the USPS shall provide the Mailer. (8) "CeP Preparation Requirements Document" means the USPS document entitled [redacted] setting forth the preparation requirements and payment requirements for Commercial E-Packet Qualifying Mail, which the USPS shall provide the Mailer. (9) "Mailer" means Contractholder acting as Mailer.

4. Qualifying Mail. Only mail that meets the requirements set forth in IMM 220 for Priority Mail Express International, and the PMEI Preparation Requirements Document, IMM 230 for Priority Mail International and the PMI Preparation Requirements Document, or the CeP Preparation Requirements Document, with the exception of: (a) Any Flat Rate item; and (b) Any item addressed to persons or entities identified on the Office of Foreign Assets Control's (OFAC's) Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, the Bureau of Industry and Security's (BIS's) Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; shall be considered as Qualifying Mail, except as those requirements conflict with the applicable requirements set forth in Article 8.

5. Treatment of Non-Qualifying Mail. The USPS, at its option and without forfeiting any of its rights under this Agreement, may refuse to accept Non-Qualifying Mail or may accept Non-Qualifying Mail at the applicable published prices.

6. Specific Preparation Requirements. (1) Mailings of Qualifying Mail must be kept separate from any other type of mail the Mailer tenders and may only be presented at the Entry Site specified in Article 9(2). (2) Qualifying Mail must be prepared in accordance with the PMEI Preparation Requirements Document, PMI Preparation Requirements Document, or the CeP Preparation Requirements Document, and must be accompanied by a postage manifest and postage statement. (3) Mailer agrees to abide by any additional preparation requirements prescribed by USPS or [redacted] or by the customs authorities of the United States or [redacted]

7. Obligations of the USPS. The USPS hereby agrees: (1) Transportation To arrange with carriers to transport Qualifying Mail to international destinations where the proper authority will effect delivery. (2) Undeliverable Items To return: (a) PMI Qualifying Mail items refused by an addressee or that are undeliverable, to the Mailer according to the provisions of IMM 771. (b) CeP Qualifying Mail refused by an addressee or that are undeliverable to the Mailer [redacted] (3) Postage To provide prices for Qualifying Mail paid for and tendered as required by this Agreement. (4) Confidentiality To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission ("Commission"), or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements. (5) Technical Assistance To provide the Mailer with technical assistance necessary to prepare information linkages, electronic data files, and data exchanges as required for the proper functioning of USPS-provided Global Shipping Software (GSS). (6) To pay [redacted] for duties, taxes, and fees on behalf of Mailer [redacted]

8. Obligations of the Mailer – General. The Mailer hereby agrees: (1) Postage To pay postage for Qualifying Mail in accordance with the price charts in the Annexes to this Agreement. (2) Customs and Export Documentation To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of mail to the sender. (3) Customs and Export Requirements To comply with any regulation or order promulgated by the USPS, OFAC, the U.S. Department of the Treasury, the U.S. Census Bureau, BIS, the U.S. Department of Commerce, the U.S. Department of State, the U.S. Customs & Border Protection, the U.S. Fish and Wildlife Service, the Transportation Security Administration, a destination country foreign government, or other governmental unit, according to any requirements specified by those authorities. See IMM 5 for additional information. (4) Tender Not to: (a) Tender or attempt to tender any item under this Agreement that is destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740 available at www.gpo.gov/fdsys/pkg/CFR-2013-title15-vol2/pdf/CFR-2013-title15-vol2-part740-appNo-.pdf; (b) Tender or attempt to tender any item addressed to persons or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; (c) Tender or attempt to tender any item on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382. (d) Tender or attempt to tender any item that requires an export license or specific license, as applicable, from BIS, OFAC, the U.S. Department of State, the U.S. Department of Energy, or any other governmental unit that imposes restrictions on exports. (5) Confidentiality To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Commission. (6) Penalties To pay any fines or penalties as well as any other expenses, damages, and/or charges, including any applicable duties, taxes, and/or fees that result from an action of any other governmental entity that regulates exports and/or imports in relation to any item tendered under this agreement, or that results from the Mailer's failure to comply with applicable laws and regulations of the origin country, destination country, or any country through which a mailing tendered under this Agreement passes (including failure to provide necessary documentation and/or failure to obtain any required license or permit). (7) Notice of Investigations, Prosecutions, or Proceedings To notify USPS, via e-mail to globaltradecompliance@usps.gov and internationalmailsecurity@uspis.gov, of all criminal, civil, or administrative investigations, prosecutions, or proceedings relating to violations or potential violations of export control, customs, fraud, data, or mailability laws concerning transactions involving the Mailer, brought against the Mailer, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents, in no case more than 5 business days after discovery.

9. Additional Obligations of the Mailer. The Mailer hereby agrees: (1) Advance Notification To provide: (a) The Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov, with notification of any new permit number(s) to be used for Qualifying Mail at least ten (10) days in advance of the expected start date of mailings under the new permit number(s). The notification should include the permit number, the city, state, and ZIP Code where the permit is held, the name of the permit owner, and the requested implementation date. (b) The appropriate USPS acceptance site with notice of intent to mail. (2) Tender To present the mailings to the USPS at the acceptance location(s) as set forth in the PMI Preparation Requirements Document or the CeP Preparation Requirements Document, as applicable. (3) Address Labels and Customs Declarations To create address labels and Customs declarations for Qualifying Mail using USPS-provided Global Shipping Software (GSS). (4) Information Link To establish the necessary linkages with the USPS so that: (a) The Mailer and the USPS can exchange data transmissions concerning the Mailer's packages; (b) The USPS can, at the Mailer's request, extract information by scanning the Mailer-provided barcode on each package. (5) Data

Transmission To exchange electronic information with the USPS according to the instructions the USPS provides. (6) Customs Duties and Taxes To pay duties, taxes, and fees assessed by customs and postal authorities as provided in Article 15.

10. Minimum Commitment. The Mailer is required to meet an annualized minimum commitment of [redacted] in postage paid for Qualifying Mail. The postage commitment is for postage after all discounts have been applied.

11. Term of the Agreement. (1) The USPS will notify the Mailer of the Effective Date of the agreement as soon as possible, but no later than thirty (30) days, after receiving the approval of the entities that have oversight responsibilities for the USPS. If the Effective Date of this Agreement is the first of the month, the Agreement shall remain in effect for one calendar year from the Effective Date (for example, if the Effective Date of the Agreement is April 1, the Agreement will expire on March 31 of the subsequent year), unless terminated sooner pursuant to Article 12, Article 13, or Article 34. If the Effective Date of this Agreement is not the first of the month, the Agreement shall remain in effect until the last day of the month in which the Effective Date falls in the year subsequent to the Effective Date (for example, if the Effective Date of the Agreement is April 2 or a later day in April, the Agreement will expire on April 30 in the subsequent year), unless terminated sooner pursuant to Article 12, Article 13, or Article 34. (2) The USPS shall have no obligation to notify the Contractholder of the status of the approval process or of potential fulfillment of the approval process. (3) The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date. (4) If the Mailer has met its annualized minimum commitment under Article 10, the USPS may, prior to the expiration of this Agreement, provide notice to the Mailer in accordance with Article da that this Agreement has been extended for up to an additional three (3) months, and the USPS reserves the right to adjust the duration of such extension, depending on the effective date, if any, of a successor agreement with the Mailer.

12. Termination of the Agreement. (1) Either Party to this Agreement, in its sole discretion, may terminate the Agreement for any reason, without cost, fault, or penalty, except as provided for in Paragraph 3 of this Article, regardless of whether either Party is in default, upon a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. (2) If the Mailer is not in compliance with this Agreement, USPS will have the right to immediately terminate or suspend performance under this Agreement. (3) In the event that this Agreement is terminated for any reason before the termination date provided for in Article 11 (including for the reasons and under the terms set forth in Article 34), any penalties arising under this Agreement, shall be enforceable, and the minimum commitment in Article 10 shall be calculated on a pro rata basis to reflect the actual duration of the Agreement. (4) The USPS is under no obligation to remind the Mailer of the termination of this Agreement. In addition, the USPS is under no obligation to enter into a subsequent agreement with the Mailer.

13. Modification of the Agreement. (1) Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 14 and with the exception of a notice of termination under Article 12, shall be binding only if placed in writing and signed by each Party. (2) Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the Board of Governors of the USPS, the Governors of the USPS, the Commission, and/or any other governmental body with oversight responsibility for the USPS. (3) If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained. (4) The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS. (5) The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process.

14. Postage Updates. (1) In the event that the USPS incurs an increase in costs [redacted] the USPS shall notify the Mailer and modify the prices established under this Agreement. [redacted] (2) The USPS will give the Mailer thirty (30) days' notice of changes to the prices in the Annexes of this Agreement. (3) Any revision of prices in the Annexes of this Agreement shall not be retroactive. (4) No price shall increase beyond the non-discounted published price for the affected service. (5) If Mailer does not agree to such increase in price, then Mailer may avail itself of the termination provision contained in Article 12 of this Agreement. (6) All price changes under the provisions of this Article will be subject to review and oversight by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

15. Customs Duties and Taxes. (1) Customs duties, taxes, and/or fees for Qualifying Mail tendered under this Agreement are the responsibility of the Mailer. (2) In addition to payment of duties and taxes, Mailer agrees [redacted] (3) [redacted]

[redacted]

16. Entire Agreement and Survival. This Agreement, including all Annexes thereto and any corresponding written local pickup agreement, shall constitute the entire agreement between the Parties regarding customized prices for Priority Mail Express Mail International, Priority Mail International and Commercial E-Packet [redacted] commencing on the Effective Date of the Agreement, and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement. The provisions of Article 7, Paragraph 4; Article 8, Paragraph 5; and Article 18 shall expire ten (10) years from the date of termination or expiration of this Agreement. The terms and conditions of other provisions that by their context or nature are intended to survive after performance hereunder shall survive the termination or expiration of this Agreement.

17. Force Majeure. Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, labor disputes or shortages; governmental laws, ordinances, rules and regulations, whether valid or invalid; court orders whether valid or invalid; inability to obtain material, equipment or transportation; and any other similar or different contingency.

18. Confidentiality. The Mailer acknowledges that this Agreement and supporting documentation will be filed with the Commission in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding in which information related to this Agreement must be filed. The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which "201#" signifies the USPS fiscal year to which the ACR pertains. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website: www.prc.gov/Docs/63/63467/Order225.pdf.

19. Effect of Partial Invalidity. The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect.

20. Intellectual Property, Co-Branding and Licensing. The Mailer is allowed the use of the following trademarks: Priority Mail Express International™, Priority Mail International®, and Commercial ePacket™ and the acronyms PMEI™, PMI™ and CeP™ to indicate the service offered. The Parties acknowledge that in the service of marketing the

products under this Agreement that such product marketing may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property until such time that a license for such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which shall include but not be limited to any recordation requirements.

21. Limitation of Liability. (1) The liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as a result of late delivery or non-delivery of any Qualifying Mail (2) The USPS shall not be liable for any loss or expense, including, but not limited to fines and penalties, for the Mailer's failure to comply with any export laws, rules, or regulations. (3) The USPS shall not be liable for any act or omission by any person not employed or contracted by the USPS, including any act or omission of the Mailer, the Mailer's customer, or the recipient of an item tendered under this Agreement. (4) The USPS bears no responsibility for the refund of postage for Qualifying Mail in connection with actions taken by Customs authorities. (5) Priority Mail Express International, Priority Mail International, and CeP shipments mailed under this Agreement are not insured against delay in delivery. (6) Unless otherwise specified by notice published in a future issue of the *Postal Bulletin* that a date-certain, postage-refund guarantee will be offered for this particular type of Global Customized Mail Agreement, Priority Mail Express International With Money-Back-Guarantee Service Qualifying Mail mailed under this Agreement is not guaranteed against delay in delivery, and neither indemnity payments nor postage refunds will be made in the event of delay. (7) The USPS is not liable for any of the Mailer's actions and bears no liability in the event of termination with or without cause.

22. Indemnity. The Mailer shall indemnify and save harmless the USPS and its officers, directors, agents, and employees from any and all claims, losses, costs, damages, or expenses or liabilities, including but not limited to penalties, fines, liquidated damages, charges, taxes, fees, duties, or other money due ("Claims") growing out of or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, including Claims that result from the noncompliance of the Mailer with the laws of the United States and other countries.

23. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

24. Suspensions of Mail Service. In the event that a suspension of either Priority Mail Express International, Priority Mail International or Commercial E-Packet service from the United States to a country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Priority Mail Express International, Priority Mail International or Commercial E-Packet, as appropriate, to the USPS until service is restored.

25. Assignment. The rights of each Party under this Agreement are personal to that Party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other Party.

26. No Waiver. The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

27. Paragraph Headings and Reference Citations. The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM, IMM or Code of Federal Regulations within this Agreement are intended to refer to the substantive information found within the cited section(s) at the time this Agreement was drafted. Changes to the citations or the relevant substantive information due to published revisions of the DMM, IMM or Code of Federal Regulations shall be applicable to this Agreement upon the effective date of such revisions.

28. Mailability, Exportability, and Importability. (1) All items mailed under this Agreement must conform to the mailability requirements of the USPS as detailed in the IMM 130 and USPS Publication 52; all applicable United States laws and regulations, including export control and customs laws and regulations; and all applicable importation restrictions of the destination countries. For each item mailed under this Agreement, the Mailer is responsible for notifying the Mailer's customers of their responsibility for determining export and import requirements, obtaining any required licenses and permits, and ensuring that the recipient of the item is authorized by the laws of the United States as well as destination countries to receive the item, and for the exportation and importation status of the products mailed under this Agreement as detailed in IMM 112. (2) The Mailer is responsible for ensuring that no item mailed under this Agreement includes non-mailable dangerous goods. Internationally mailable dangerous goods include only

certain biological substances, certain radioactive materials, and small lithium batteries packaged in the devices they are meant to operate, as described in greater detail in IMM 135. Hazardous materials listed within the Department of Transportation's regulations, including at 49 C.F.R. § 172.101, are known as dangerous goods that are prohibited from all international mail, as set forth in Exhibit 331 of USPS Publication 52. These substances and items are in addition to any prohibitions or restrictions on imports that may be found in the Individual Country Listings in the IMM. Penalties for knowingly mailing dangerous goods may include civil penalties pursuant to 39 U.S.C. § 3018 and criminal charges pursuant to 18 U.S.C. § 1716.

29. Warranties and Representations. (1) The Mailer warrants and represents that the Mailer is not subject to, and is not related to, an entity that is subject to a temporary or other denial of export privileges by BIS and that the Mailer is not listed on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382. The Mailer is under an ongoing obligation to give notice of any such denial or listing pursuant to Article 8, Paragraph 7. (2) The Mailer warrants and represents that the Mailer is not aware of any pending investigations that would be subject to the notice obligation under Article 8, Paragraph 7. (3) The Mailer warrants and represents that there has been no criminal, civil, or administration enforcement action in the past 5 years against the Mailer, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents.

30. Conditions Precedent. (1) The Parties acknowledge and understand that all obligations of the USPS under this Agreement, including the prices listed in the Annexes, shall be contingent on the USPS receiving approvals hereinafter ("Conditions Precedent") from one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that the Agreement may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the Postal Service to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party. (2) In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual; special; indirect; incidental; punitive; consequential; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or for costs incurred by either Party attributable to such non-approval such as attorney's fees.

31. Notices. (1) All notices or demands to the Parties required by this Agreement shall be sufficient if delivered personally or mailed via Priority Mail Express Mail to the following individuals: (a) To the USPS: Managing Director, Global Business and Vice President; United States Postal Service; 475 L'Enfant Plaza SW Room 5012; Washington, DC 20260-4016; (b) To the Mailer: [redacted] Or via e-mail to the USPS at: icmusps@usps.gov; or to the Mailer at: [redacted]
(2) The Mailer hereby agrees to provide the USPS with updates to the contact information in Paragraph 1 of this Article.

32. Counterparts. The Parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all Parties need be signatories to the same documents, and all counterparty-signed documents shall be deemed an original and one instrument.

33. Compliance with Laws. Each party will comply with all federal, state, local and foreign laws, rules and regulations applicable to its performance of this Agreement.

34. Sovereign Acts. The USPS and the Mailer acknowledge and agree that this Agreement is subject to any legislation that might be enacted by the Congress of the United States or any orders or regulations that might be promulgated by any agency, branch, or independent establishment of the United States Government. The USPS and the Mailer further acknowledge and agree that this Agreement in no way waives the USPS's authority to act in its sovereign capacity and that, pursuant to the sovereign acts doctrine, the USPS shall not be held liable for any acts performed in its sovereign capacity, or for any acts performed by any branch, agency or independent establishment of the United States in their sovereign capacities that may directly or indirectly affect the terms of this Agreement. In the event that either Party is required by legislation enacted by the Congress of the United States or any orders or regulations that might be promulgated by any branch, agency or independent establishment of the United States Government to terminate, or otherwise as a result of such action is unable to perform its obligations under this Agreement, either Party may give notice of termination pursuant to Article 12 of this Agreement, which termination shall be effective immediately or on the effective date of such requirement, whichever is later. The Parties agree that in the event that this Agreement is terminated as set forth in the preceding two sentences, or in the event that either Party is enjoined from proceeding with this Agreement by any court of competent jurisdiction, such Party shall not be subject to any liability by reason of such

termination or injunction. Further, the USPS will evaluate the impact on the Agreement of amendments to statutes affecting its ability to perform under this Agreement and may give notice of termination pursuant to Article 12 of this Agreement based upon such amendments, which termination shall be effective immediately or as determined by the USPS. To the extent of termination on this basis, the USPS shall not be subject to any liability by reason of such termination.

35. PMEI [redacted]

In witness whereof, each Party to this Agreement has caused it to be executed on the latter of the two dates accompanying the Parties' signatures.

ON BEHALF OF USPS:		**ON BEHALF OF** [redacted]	
Signature:	Donald W. Ross	Signature:	[redacted]
Name:	Donald W Ross	Name:	[redacted]
Title:	Director International Sales	Title:	[redacted]
Date:	9-11-2017	Date:	9/5/17

ANNEX 1 PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL [redacted]

ANNEX 2 PRICES FOR PRIORITY MAIL INTERNATIONAL [redacted]

ANNEX 3 PRICES FOR COMMERCIAL E-PACKET [redacted]

ANNEX 1

PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL [redacted]

Weight Not Over (LBS)	[redacted]
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ANNEX 2
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL
[redacted]

Weight Not Over (LBS)	[redacted]
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ANNEX 3
PRICES IN UNITED STATES DOLLARS FOR COMMERCIAL E-PACKET [redacted]

	Commercial ePacket Rate (CeP)	
Destination	Per Piece	Per Pound
[redacted]	[redacted]	[redacted]

Certification of Prices for the Global Expedited Package Services Contract with [redacted]

I, Steven Phelps, Manager of Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for the Global Expedited Package Services Contract with [redacted]. The prices contained in this Contract were established in accordance with the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued March 22, 2011 (Governors' Decision No. 11-6), which established prices by means of price floor formulas.

I hereby certify that the numerical cost values underlying the prices in the [redacted] contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision, exclusive of pickup on demand and international ancillary services fees, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Expedited Package Services Contracts should be even smaller. The Agreement with [redacted] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven Phelps

Digitally signed by Steven Phelps
DN: cn=Steven Phelps, o, ou, email=steven.r.phelps@usps.gov, c=US
Date: 2017.09.13 13:26:53 -04'00'

Steven Phelps

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 11-6)

March 22, 2011

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments, but nonetheless arise from other sources, such as the Universal Postal Convention.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to present such product description to the Postal Regulatory Commission.

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established all prices that will cover [redacted] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a quarterly basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant, new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision does not supersede or otherwise modify Governors' Decision Nos. 08-5, 08-6, 08-7, 08-8, 08-10, 08-20, 08-24, 09-5, 09-6, 09-7, 09-14, 09-15, 09-16, 10-1, 10-2, 10-3, 10-6, and 10-7, nor does it affect the validity of prices and classifications established under those Decisions. Management may also continue to present to the Postal Regulatory Commission for its review, as appropriate, rate and classification changes to succeed the minimum and maximum non-published rates in Decision Nos. 10-2 and 10-6.

ORDER

In accordance with the foregoing Decision of the Governors, the prices set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:

Louis J. Giuliano
Chairman

Attachment A

Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each "product") will be [redacted]

The cost coverage for a product equals [redacted]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Express Mail, Parcel Return Service, Priority Mail International, Express Mail International, International Priority Airmail, International Surface Air Lift, Inbound Air Parcel Post, Inbound Surface Parcel Post, Inbound Direct Entry, and Inbound International Expedited Services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[redacted]

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

[redacted]

[redacted] Prices established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C.§ 3633(a)(3), which, as implemented by (39 C.F.R.§ 3015.7(c)) requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C.§ 3633(a)(1)).

**CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 11-6**

I hereby certify that the Governors voted on adopting Governors' Decision No. 11-6, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.

Julie S. Moore

Date: 3/22/2011

Julie S. Moore
Secretary of the Board of Governors

ATTACHMENT 4

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to an additional Global Expedited Package Services (GEPS) 8 contract that the Postal Service believes is functionally equivalent to a previously filed GEPS 8 agreement. The contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. A redacted copy of the contract, certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract, and related Governors' Decision are filed with the Notice as Attachments 1, 2, and 3, respectively.[1]

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(3) and (4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to

[1] The Postal Service informed the customer for the contract prior to filing a notice that the Postal Service would be seeking non-public treatment of the redacted portions of the contract. The Postal Service also informed the customer for the contract that it could file its own application for non-public treatment of these materials in accordance with 39 C.F.R. § 3007.22.

the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).[2] Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support the Postal Service's determination that these materials are exempt from public disclosure and grant the Postal Service's application for their non-public treatment.

(2) Identification, including name, phone number, and e-mail address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

Concerning this GEPS 8 contract, the Postal Service believes that the parties with a proprietary interest in the materials include the counterparty to the contract and a foreign postal operator. The Postal Service maintains that customer identifying information should be withheld from public disclosure. Therefore, rather than identifying the counterparty with a propriety interest in the materials for the contract that is the subject of this docket, the Postal Service gives notice that it has already informed that party of the nature and scope of this filing and their ability to address their confidentiality concerns directly with the Commission. The Postal Service employee responsible for providing notice to the customer with proprietary interest in the materials filed in this docket is Ms. Amy E. Douvlos, Marketing Specialist, Global Business, United States Postal Service, 475 L'Enfant Plaza, SW, Room 5427, Washington, DC 20260-4017,

[2] The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

whose email address is Amy.E.Douvlos@usps.gov, and whose telephone number is 202-268-3777.

As for foreign postal operator, the Postal Service has already informed that foreign postal operator, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission.[3]

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with its Notice filed in this docket, the Postal Service included a contract, financial workpapers, and a statement for the contract certifying that the agreement should meet the requirements of 39 U.S.C. § 3633(a)(1), (2), and (3). These materials were filed under seal, with redacted copies filed publicly, after notice to the customer. The Postal Service maintains that the redacted portions of the contract, related financial information, and identifying information concerning the GEPS customer, should remain confidential.

With regard to the GEPS 8 agreement filed in this docket, some customer-identifying information appears in the redacted sections of the agreement on page 1, in Article 31, in the signature block, and in the footer of the agreement and its annexes. This information constitutes the name or address of a postal patron whose identifying information may be withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c)(2). Therefore, such information is redacted.

[3] Because of the sensitive nature of the Postal Service's rate relationship with the foreign postal operator, the Postal Service proposes that a designated Postal Service employee, in accordance with 39 C.F.R. § 3007.21(c), serve as the point of contact for any notices to the relevant postal operator. The Postal Service identifies as an appropriate contact person Donald W. Ross, Executive Director, International Sales. Mr. Ross' phone number is (973) 477-4406, and his email address is donald.w.ross@usps.gov.

The redactions to Articles 1, 3, 6, 7, 10, 14, 15, 16 and 35 protect information with specific impact on the customer, including the preparation requirements, the identify of interested third parties, the minimum commitment to the Postal Service, the payment of customs duties and taxes, the timing and manner in which the Postal Service might change prices under the contract, and certain other negotiated terms. In addition, the prices in Annexes 1, 2 and 3 of the agreement are redacted.

The redactions made in the Annexes 1, 2, and 3 of the contract, other than those involving the customer's name, withhold the actual prices that are being offered to the customer in exchange for its commitments and performance of its obligations under the terms of the agreement.

The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, information relevant to the mailing profile of the customer, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b). However, in a limited number of cases, narrative passages, such as words or numbers in text, were replaced with general terms describing the redacted material. For example, where the mailer's name appears in the spreadsheet within a cell, it has been replaced by the word "Mailer."

To the extent that the Postal Service files data in future filings that will show the actual revenue and cost coverage of the customer's completed contract, the Postal Service will redact in its public filing all of the values included that are commercially

sensitive information and will also protect any customer identifying information from disclosure.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the portions of the contract that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. First, revealing customer identifying information would enable competitors to focus marketing efforts on current postal customers which have been cultivated through the efforts and resources of the Postal Service. The Postal Service considers that it is highly probable that if this information were made public, the Postal Service's competitors would take immediate advantage of the information. The GEPS 8 competitive agreements include a provision allowing the mailer to terminate the contract without cause by providing at least 30 days' notice. Therefore, there is a substantial likelihood of the Postal Service losing customers to a competitor that targets the Postal Service's customers with lower pricing.

Other redacted information in this Agreement (which is included as Attachment 1 to this notice) includes negotiated contract terms, such as the minimum revenue commitment agreed to by the customer, sensitive business information including payment processes and mail preparation requirements, the identifying information of any participating foreign postal operator(s) and the percentage of cost increase which may trigger a consequential price increase. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers made by the

Postal Service to its customers for any possible comparative vulnerabilities and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Additionally, other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial workpapers include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, mailer profile information, projections of variables, contingency rates included to account for market fluctuations and the exchange risks. Similar information may be included in the cost, volume and revenue data associated with the GEPS 8 agreement that the Commission may require the Postal Service to file after the expiration of this agreement. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing. Unlike its competitors, the Postal Service is required, as stated in the Mail Classification Schedule, to demonstrate in accordance with 39 U.S.C. § 3633 that each negotiated agreement within this group covers its attributable costs. Thus, competitors would be able to take advantage of the information to offer lower pricing to GEPS 8 competitive contract customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant market. Because these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the contract, from the information in the workpapers, or from the cost, volume and revenue data that the Commission may require the Postal Service to file after the agreement's expiration, whether additional margin for net profit exists between the contract being filed and the contribution that GEPS 8 competitive contracts must make. From this information, the customer could attempt to negotiate ever-increasing incentives, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even a customer involved in GEPS 8 contracts could use the information in the workpapers, or the cost, volume and revenue data associated with the expired agreement, in an attempt to renegotiate its own rates by threatening to terminate its current agreement, although the Postal Service considers this risk to be lower in comparison to those previously identified.

Price information in the contract and its financial spreadsheets, as well as any cost, volume and revenue date concerning the contract filed after the agreement's expiration, consists of sensitive commercial information of the customer. Disclosure of such information could be used by competitors of the customer to assess the customer's underlying costs, and thereby develop a benchmark for the development of a competitive alternative.

Information in the financial spreadsheets and any cost, volume and revenue data concerning this agreement filed after the expiration of this contract also consists of sensitive commercial information related to agreements between the Postal Service and interested third parties. Such information would be extremely valuable to competitors of both the Postal Service and third parties. Using detailed information about such

agreements, a competitor would be able to better understand the counterparty's underlying costs, and identify areas where the competitor could adapt their own operations to be more competitive. In addition, competitors of the counterparty could use such information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors of foreign postal operators could use the information in the financial spreadsheets to understand their nonpublished pricing to better compete against them.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Identified harm: Revealing customer identifying information would enable competitors to target the customers for sales and marketing purposes.

Hypothetical: The identity of the customer in a GEPS 8 contract is revealed to the public. Another delivery service has an employee monitoring the filing of GEPS 8 agreements and passing along the information to its sales function. The competitor's sales representatives could quickly contact the Postal Service's customer and offer the customer lower rates or other incentives to terminate its contract with the USPS in favor of using the competitor's services.

Identified harm: Public disclosure of the pricing included in the agreement would provide potential customers extraordinary negotiating power to extract lower rates.

Hypothetical: Customer A's negotiated rates are disclosed publicly on the Postal Regulatory Commission's website. Customer B sees the rates and determines that there may be some additional profit margin between the rates provided to Customer A

and the statutory cost coverage that the Postal Service must produce in order for the agreement to be added to the competitive products list. Customer B, which was offered rates identical to those published in Customer A's agreement, then uses the publicly available rate information to insist that Customer B must receive lower rates than those the Postal Service has offered it, or Customer B will not use the Postal Service for its expedited package service delivery needs.

Alternatively, Customer B attempts to extract lower rates only for those destinations for which it believes the Postal Service is the low-cost provider among all service providers. The Postal Service may agree to this demand in order to keep the customer's business overall, which the Postal Service believes will still satisfy total cost coverage for the agreement. Then, the customer might use other providers for destinations other than those for which the customer extracted lower rates. This would impact the Postal Service's overall projected cost coverage for the agreement, such that the Postal Service might no longer meet its cost coverage requirement. Although the Postal Service could terminate the contract when the Postal Service first recognizes that the mailer's practice and projected profile were at variance, the costs associated with establishing the contract, including filing it with the Postal Regulatory Commission, would be sunk costs that would have a negative impact on the GEPS 8 Contracts competitive product overall.

Identified harm: Public disclosure of information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service and foreign postal operators.

Hypothetical: A competing delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competing delivery service analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to meet the Postal Service's minimum statutory obligations for cost coverage and contribution to institutional costs. The competing delivery service sets its own rates for products similar to what the Postal Service offers its GEPS 8 competitive contract customers under that threshold, and then the competing delivery service markets its ability to guarantee to beat the Postal Service on price. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service and associated foreign postal operators out of the markets for which the GEPS 8 competitive contract product is designed.

Identified harm: Public disclosure of information in the contract and the financial workpapers would be used by the counterparty's and its customer's competitors to the counterparty's detriment.

Hypothetical: A firm competing with the customer obtains a copy of the unredacted version of the contract and financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the prices and the workpapers to assess the customer's underlying costs, volumes, and volume distribution for the corresponding delivery products. The competitor uses that information to (i) conduct

market intelligence on the customer's business practices, and (ii) develop lower-cost alternatives using the customer's mailing costs as a baseline.

Identified harm: Public disclosure of information in the contract and financial workpapers would be used by the competitors of the third party to the detriment of the Postal Service and/or the counterparty to the agreement.

Hypothetical: A firm competing with the interested third party obtains a copy of the unredacted version of the contract and financial workpapers from the Commission's website. The firm uses the information to assess the third party's revenue sources and growth opportunities, and thereby develop benchmarks for competitive alternatives. In addition, disclosure of such information could provide leverage to other parties in their negotiations with the Postal Service concerning financial arrangements that those parties may make with the Postal Service in the future.

Identified harm: Public disclosure of any cost, volume and revenue data concerning this agreement that the Commission may require the Postal Service to file after the contract's expiration would give competitors a marketing advantage.

Hypothetical: A competitor could use any cost, volume and revenue data associated with this agreement, which the Commission may require the Postal Service to file in this docket after this agreement's expiration, to "qualify" potential customers. The competitor might focus its marketing efforts only on customers that have a certain

mailing profile, and use information in the performance report to determine whether a customer met that profile.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for parcel and expedited services, as well their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof;

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.