

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Michael Kubayanda

Competitive Product Prices
Global Expedited Package Services (GEPS)—
Non-Published Rates 14 (MC2018-186)

Docket No. CP2018-260

ORDER APPROVING MODIFICATIONS TO GLOBAL EXPEDITED PACKAGE
SERVICES (GEPS)—NON-PUBLISHED RATES 14 CONTRACTS WITH
SERIAL NUMBERS ENDING: 0094 AND 0185

(Issued March 27, 2019)

I. INTRODUCTION

The Postal Service seeks to modify two Global Expedited Package Services (GEPS)—Non-Published Rates 14 (GEPS—NPR 14) negotiated service agreements.¹ For the reasons discussed below, the Commission approves the Modifications.

¹ See Notice of the United States Postal Service of Filing Modification One Terminating the Global Expedited Package Services - Non-Published Rates 14 Customer Contract with Serial Number Ending: 0094, March 22, 2019; Notice of the United States Postal Service of Filing Modification One Terminating the Global Expedited Package Services – Non-Published Rates 14 Customer Contract with Serial Number Ending: 0185, March 25, 2019 (collectively, Notices). The modifications are attachments to the Notices (Modifications).

In Order No. 4702, the Commission approved Global Expedited Package Services (GEPS)—Non-Published Rates 14 negotiated service agreements.² On November 16, 2018, the Postal Service filed notice that it entered into the GEPS—NPR 14 contract with serial number ending 0094 (GEPS—NPR 14 #0094), and on January 10, 2019, the Postal Service filed notice that it entered into the GEPS—NPR 14 contract with serial number ending 0185 (GEPS—NPR 14 #0185) (collectively, Existing Agreements).³ On March 22, 2019, the Postal Service filed notice that it has agreed to the Modification to GEPS—NPR 14 #0094 and on March 25, 2019, the Postal Service filed notice that it has agreed to the Modification to the GEPS—NPR 14 #0185.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notices and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

² See Docket Nos. MC2018-186 and CP2018-260, Order Concerning the Addition of Global Expedited Package Services (GEPS)—Non-Published Rates 14 to the Competitive Product List, July 9, 2018 (Order No. 4702).

³ Customer Contract Filing Notice for Global Expedited Package Services – Non-Published Rates 14 Serial Numbers Ending: 0058-0110, November 16, 2018 (#0094 Filing Notice); Customer Contract Filing Notice for Global Expedited Package Services – Non-Published Rates 14 Serial Numbers Ending: 0180-0196, January 10, 2019 (#0185 Filing Notice).

GEPS—NPR 14 #0094 is set to expire November 30, 2019.⁴ GEPS—NPR 14 #0185 is set to expire February 29, 2020.⁵ The Modifications revise the expiration dates of both contracts to be dependent upon the date that successor agreements currently pending before the Commission are approved, but no later than their original expiration dates. See Notices at 2.

The Modifications do not materially affect the underlying financial analysis of the Existing Agreements. Thus, the Commission finds that the Existing Agreements, as modified, comport with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Challenges Posed by Modifications in Non-Published Rates Dockets. The Postal Service first filed a modification to shorten the term of a Non-Published Rates (NPR) Negotiated Service Agreement (NSA) on February 14, 2019.⁶ Prior to this filing, modifications in NPR dockets had been limited to occasional extensions of specific agreements.⁷ Hundreds of NPR NSAs distinguished only by serial number can be filed in a single NPR docket. If it becomes commonplace to file modifications to individual NPR NSAs, effective review of both the NPR docket as a whole as well as the history of individual NSAs may be compromised. To avoid that possibility, the Commission urges the Postal Service to include more flexible early-termination provisions in future NPR

⁴ See #0094 Filing Notice at 4 (setting effective date as December 1, 2018); Docket Nos. MC2018-186 and CP2018-260, Request of the United States Postal Service to Add Global Expedited Package Services - Non-Published Rates 14 (GEPS – NPR 14) to the Competitive Products List and Notice of Filing GEPS – NPR 14 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, June 22, 2018, Attachment 4 at 3-4 (showing one year terms for GEPS—NPR 14 agreements that take effect on the first day of a month) (GEPS—NPR 14 Request).

⁵ See #0185 Filing Notice at 3 (setting effective date as March 1, 2019); GEPS—NPR 14 Request, Attachment 4 at 3-4 (showing one year terms for GEPS—NPR 14 agreements that take effect on the first day of a month).

⁶ See Notice of the United States Postal Service of Termination of Global Expedited Package Services - Non-Published Rates 14 Customer Contract with Serial Number Ending: 0130, February 14, 2019.

⁷ See Docket No. CP2016-122, Order Approving Modification One to Global Expedited Package Services (GEPS)—Non-Published Rates 10 Contract with Serial Number Ending: 0064, November 2, 2017 (Order No. 4200).

contracts to permit the Postal Service to terminate NPR NSAs on the effective date of a successor agreement. For extant NPR NSAs, the Commission urges the Postal Service to set effective dates for successor agreements far enough in the future that the Postal Service can rely on existing early-termination provisions rather than filing modifications to individual NSAs in NPR dockets.⁸

Other considerations. If either of the Existing Agreements, as modified, are terminated prior to the revised expiration dates, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreements, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Expedited Package Services (GEPS)—Non-Published Rates 14 contract with serial number ending 0094, as modified.
2. The Commission approves the Global Expedited Package Services (GEPS)—Non-Published Rates 14 contract with serial number ending 0185, as modified.
3. The Postal Service shall notify the Commission if either of the Existing Agreements, as modified, terminate prior to their revised expiration dates.

By the Commission.

Stacy L. Ruble
Secretary

⁸ For example, NPR contracts in the instant docket can be terminated early with 30 days advance notice to the contract partner. GEPS—NPR 14 Request, Attachment 4 at 4.