

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 MODIFICATION ONE TO GLOBAL EXPEDITED PACKAGE
SERVICES (GEPS)—NON-PUBLISHED RATES 14 CONTRACT WITH SERIAL
NUMBER ENDING: 0108

(Issued April 10, 2019)

I. INTRODUCTION

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

¹ 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: 0108, April 5, 2019 (Notice). The modification is an attachment to the Notice (Modification).

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 0108 (Existing Agreement).³ On April 5, 2019, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.⁴

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice 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 (Filing Notice).

⁴ In its Notice, the Postal Service acknowledges the Commission's request in Order No. 5030 that the Postal Service set effective dates for successor agreements to NPR agreements far enough in the future than the Postal Service can rely on existing early-termination provisions rather than filing modifications. Notice at 2 n.4. The Postal Service notes the Modification was sent to the customer prior to Order No. 5030. *Id.* The Postal Service also clarifies that it first used modifications to terminate GEPS-NPR agreements as far back as 2011. *Id.*

The Existing Agreement is set to expire December 31, 2019.⁵ The Modification revises the expiration date of the contract to April 14, 2019. Notice at 1-2.

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

Other considerations. The Existing Agreement, as modified, is set to expire April 14, 2019. *Id.* If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, 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 0108, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, April 14, 2019.

By the Commission.

Stacy L. Ruble
Secretary

⁵ See Filing Notice at 5 (setting effective date as January 1, 2019); 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).