

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

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Competitive Product Prices  
Global Plus 3 (MC2016-152)  
Negotiated Service Agreements

Docket No. CP2017-249

Competitive Product Prices  
GEPS 8 (MC2017-183)  
Negotiated Service Agreements

Docket No. CP2018-302

Competitive Product Prices  
Global Plus 4 (MC2018-150)  
Negotiated Service Agreements

Docket No. CP2019-37

Competitive Product Prices  
Global Plus 1D (CP2016-193)  
Negotiated Service Agreements

Docket No. CP2019-64

ORDER APPROVING MODIFICATIONS TO  
INTERNATIONAL NEGOTIATED SERVICE AGREEMENTS

(Issued August 13, 2019)

## I. INTRODUCTION

The Postal Service seeks to modify four international negotiated service agreements (Existing Agreements).<sup>1</sup> For the reasons discussed below, the Commission approves the Modifications.

## 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).

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<sup>1</sup> Docket No. CP2017-249, Notice of the United States Postal Service of Filing Modification Three to Global Plus 3 Negotiated Service Agreement, August 12, 2019 (CP2017-249 Notice); Docket No. CP2018-302, Notice of the United States Postal Service of Filing Modification One to Global Expedited Package Services 8 Negotiated Service Agreement, August 12, 2019 (CP2018-302 Notice); Docket No. CP2019-37, Notice of the United States Postal Service of Filing Modification One to Global Plus 1D Negotiated Service Agreement, August 12, 2019 (CP2019-37 Notice); Docket No. CP2019-64, Notice of the United States Postal Service of Filing Modification One to Global Plus 1D Negotiated Service Agreement, August 12, 2019 (CP2019-64 Notice) (collectively, Notices). The modifications are attachments to the Notices (Modifications). The Commission interprets the CP2019-37 Notice as referring to the Global Plus 4 negotiated service agreement that is the subject of Docket No. CP2019-37.

The Modifications revise the expiration dates of the Existing Agreements and provide for early termination if “the United States does not express its unequivocal intention to rescind its notice of withdrawal from the Universal Postal Union” (UPU). Notices, Attachment 1 at 1. The Modifications additionally add new contract language concerning notification of the approval process and a provision for two three-month extensions. *Id.*

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.

*Other considerations.* The Modifications contain provisions that allow the Postal Service to extend the Existing Agreements for two three-month periods if the Commission is notified at least seven days prior to the contract’s expiration date. *Id.* The Commission finds the two potential three-month extension periods reasonable because the extension(s) should assist the Postal Service’s contract negotiations by providing additional flexibility.

If the Existing Agreements, as modified, are terminated prior to the scheduled expiration dates (including if the early termination provisions related to withdrawal from the UPU are triggered), the Postal Service shall promptly notify the Commission.

Section III contains a list of the dockets in which the Commission is approving modifications and the original and revised expiration dates for each Existing Agreement. The Commission approves the Existing Agreements, as modified.

### III. MODIFICATIONS APPROVED

1. *Docket No.:* CP2017-249. *Original Expiration Date:* August 31, 2019.  
CP2017-249 Notice at 1. *Revised Expiration Date:* January 31, 2020. *Id.*
2. *Docket No.:* CP2018-302. *Original Expiration Date:* August 31, 2019.  
CP2018-302 Notice at 1. *Revised Expiration Date:* January 31, 2020. *Id.*
3. *Docket No.:* CP2019-37. *Original Expiration Date:* September 30, 2019.  
CP2019-37 Notice at 1. *Revised Expiration Date:* January 31, 2020. *Id.*
4. *Docket No.:* CP2019-64. *Original Expiration Date:* September 30, 2019.  
CP2019-64 Notice at 1. *Revised Expiration Date:* January 31, 2020. *Id.*

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the international negotiated service agreements filed in the docket numbers listed in section III, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreements, as modified, terminate prior to the revised expiration dates, as described in the body of this Order.

By the Commission.

Darcie S. Tokioka  
Acting Secretary