

ORDER NO. 5221

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 5 (MC2019-59)
Negotiated Service Agreements

Docket No. CP2019-63

ORDER APPROVING MODIFICATION ONE TO
GLOBAL PLUS 5 NEGOTIATED SERVICE AGREEMENT

(Issued September 6, 2019)

I. INTRODUCTION

The Postal Service seeks to modify a Global Plus 5 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 to Global Plus 5 Negotiated Service Agreement, September 5, 2019 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 4954, the Commission approved the Global Plus 5 negotiated service agreement (Existing Agreement).² On September 5, 2019, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

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).

The Modification revises the expiration date of the Existing Agreement from September 30, 2019, to January 31, 2020, and provides 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). Notice at 1; *id.* Attachment 1 at 1. The Modification additionally adds new contract language concerning notification of the approval process and a provision for two three-month extensions. Notice, Attachment 1 at 1.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

² See Order Adding Global Plus 5 to the Competitive Product List and Designating Baseline Agreement, December 28, 2018 (Order No. 4954).

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 Modification contains provisions that allow the Postal Service to extend the Existing Agreement 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 Agreement, as modified, is 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.

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

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Plus 5 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, as described in the body of this Order.

By the Commission.

Darcie S. Tokioka
Acting Secretary