

ORDER NO. 5225

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

Market Dominant Product Prices  
Inbound Market Dominant Multi-Service Agreements  
with Foreign Postal Operators 1

Docket No. R2018-2

Canada Post Corporation - United States Postal Service  
Bilateral Agreement (MC2010-35)  
Negotiated Service Agreement

ORDER ACKNOWLEDGING MODIFICATION TWO TO AN INBOUND MARKET  
DOMINANT MULTI-SERVICE AGREEMENT WITH FOREIGN POSTAL  
OPERATORS 1 NEGOTIATED SERVICE AGREEMENT

(Issued September 11, 2019)

I. INTRODUCTION

Pursuant to 39 C.F.R. § 3010.40 *et seq.*, the Postal Service filed notice that it and the Canada Post Corporation (Canada Post) signed a modification to the current

bilateral negotiated service agreement between the postal operators (Agreement).<sup>1</sup> For the reasons discussed below, the Commission acknowledges Modification Two.

## II. BACKGROUND

In Order No. 4263, the Commission added the market dominant inbound portions of the Agreement to the Mail Classification Schedule under the Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 product.<sup>2</sup> On August 29, 2019, the Postal Service filed notice that it and Canada Post executed Modification Two to the Agreement. The Postal Service states that Modification Two “add[s] bilateral rates for certain market dominant inbound and outbound letter post mail streams.” Notice at 1. The Agreement includes prices for untracked letters, flats, small packets, and bulky letters that are based on the base terminal dues established by the Universal Postal Union (UPU). Order No. 4263 at 9. Because these rates are based upon UPU terminal dues, if the United States withdraws from the UPU, the Postal Service asserts that it would lack governing rates for untracked letters, flats, small packets, and bulky letters. Notice at 3. The Postal Service states that the purpose of Modification Two is to “preserve the continuity of basic letter post mail exchanges between mailers in the United States and Canada during the remaining two-and-one-half months term of the Agreement.” *Id.* at 4. In response to an information request,<sup>3</sup> the Postal Service states that base rates under Modification Two are equal in value to the base rates currently provided for in the Agreement.<sup>4</sup>

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<sup>1</sup> Notice of the United States Postal Service of Filing Modification to an Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, August 29, 2019, at 1-2 (Notice). Modification Two is an attachment to the Notice (Modification Two).

<sup>2</sup> See *generally* Order Approving Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Canada Post Corporation), December 4, 2017 (Order No. 4263).

<sup>3</sup> Chairman’s Information Request No. 2, September 4, 2019.

<sup>4</sup> Response of the United States Postal Service to Chairman’s Information Request No. 2, September 9, 2019.

The Postal Service states that Modification Two is scheduled to go into effect “after the fulfillment of certain conditions precedent specified in the [sic] Modification Two, which may occur (if at all) one year after October 17, 2018.” Request at 1-2; see Modification Two at 1-2.

### III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and Modification Two. Because the base rate as applied in Modification Two for untracked letters, flats, small packets, and bulky letters, are equal in value to the base rates provided for in the Agreement, Modification Two does not affect the costs and revenue of the Agreement. Thus, the Commission acknowledges the revisions made to the Agreement pursuant to Modification Two.

*It is ordered:*

The Commission acknowledges the revisions made to the Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 negotiated service agreement with the Canada Post Corporation pursuant to Modification Two.

By the Commission.

Darcie S. Tokioka  
Acting Secretary