Postal Regulatory Commission
Submitted 6/8/2020 3:16:03 PM
Filing ID: 113430
Accepted 6/8/2020

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH FOREIGN POSTAL OPERATORS UNITED STATES POSTAL SERVICE CONTRACTUAL BILATERAL AGREEMENT – FY20-2 (MC2010-34) NEGOTIATED SERVICE AGREEMENT	Docket No. CP2020-167

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING FUNCTIONALLY EQUIVALENT INBOUND COMPETITIVE MULTI-SERVICE AGREEMENT WITH FOREIGN POSTAL OPERATOR – FY20-2

(June 8, 2020)

In accordance with 39 C.F.R. § 3035.105 and Order No. 546,[1] the United States Postal Service (Postal Service or USPS) hereby gives notice to the Postal Regulatory Commission (Commission or PRC) that the Postal Service entered into an Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator (FPO).[2] Pursuant to 39 C.F.R. § 3035.105(a), a change in rates not of general applicability must be filed at least 15 days prior to their effective date; in this case, the rates will take effect on July 1, 2020, if favorably reviewed by the Commission. This Notice concerns the inbound portions of the competitive multi-product agreement entered into between the Postal Service and a FPO (referred to as the "FPO-USPS Agreement FY20-2") that the Postal Service seeks to include within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product.

Prices and classifications for competitive products not of general applicability for

[1] PRC Order No. 546, Order Adding Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement, Docket Nos. MC2010-34 and CP2010-95, September 29, 2010.
[2] The Postal Service considers the identity of the FPO to be sensitive commercial information and, therefore, does not disclose this information in this Notice.

Inbound Competitive Multi-Service Agreements with Foreign Postal Operators were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-published Competitive Rates (Governors' Decision No. 19-1), issued on February 7, 2019. This Decision authorized rates for, among other things, "Inbound International Competitive Agreements" that "consist of negotiated service agreements with foreign postal operators … that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2)."

In Order No. 546, the Commission determined that the bilateral agreement presented by the Postal Service in Docket No. CP2010-95 (hereinafter "CP2010-95 Agreement") should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product.[3] In this Order, the Commission also acknowledged that the Postal Service proposed "that additional agreements functionally equivalent to the [CP2010-95] Agreement be added to the competitive product list as price categories under the Competitive Multi-Service Agreements product."[4] Moreover, in Order No. 840, the Commission accepted the Postal Service's designation of the CP2010-95 Agreement "as the baseline agreement for functional equivalency analyses of the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product."[5]

[3] PRC Order No. 546, at 8-10.
[4] PRC Order No. 546, at 4.
[5] PRC Order No. 840, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2011-69, September 7, 2011, at 5.

The FPO-USPS Agreement FY20-2 is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the terms of this agreement are similar in scope and purpose to the terms of the CP2010-95 Agreement. Although there are variations between these two agreements, the agreements share many terms and clauses in common. Accordingly, the Postal Service requests that the Commission include the FPO-USPS Agreement FY20-2 within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

In addition, the Commission is familiar with the negotiation cycle and regulatory process associated with this type of bilateral agreement given that many bilateral and multilateral agreements, including those under the PRIME umbrella, are included in this product grouping. For instance, in Order Nos. 1088, 1934, 2963, and 4309, the Commission determined that bilateral agreements made with foreign postal operators should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.[6] Similarly, in Order No. 5437, the Commission approved the Postal Service's request to transfer five negotiated service agreements (NSAs) from the Market Dominant product list of the Mail Classification Schedule (MCS) to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product in the Competitive product list.[7] These

[6] PRC Order No. 1088, Order Adding an Additional Bilateral Agreement to Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Product, Docket No. CP2012-4, December 30, 2011, at 7; PRC Order No. 1934, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2014-13, December 30, 2013, at 6; PRC Order No. 2963, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2016-57, December 30, 2015, at 7; PRC Order No. 4309, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2018-96, December 28, 2017, at 7.

[7] PRC Order No. 5437, Order Approving Transfer of Market Dominant Negotiated Service Agreements to the Competitive Product List, Docket No. MC2020-73, February 19, 2020, at 10-11.

agreements consist of: Inbound Market Dominant Exprès Service Agreement 1, Inbound Market Dominant Registered Service Agreement 1, Inbound Market Dominant PRIME Tracked Service Agreement, and two bilateral agreements with foreign postal operators.[8]

Notably, in Order No. 5437, the Commission cited to its previous determination in Order No. 4980 to conditionally transfer letter post small packets and bulky letters to the Competitive product list, and found that the five NSAs concern these same products or services, including tracking, delivery scanning, and registered service, related to these products.[9] The Commission concluded that the transfer of these NSAs to the competitive product list is consistent with the statutory product classification definitions under 39 U.S.C. § 3642(b)(1).[10] This further buttresses the Postal Service's request to also include the FPO-USPS Agreement FY20-2 within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Concurrent with this Notice, the Postal Service will file the contract containing the rates and supporting documents separately under seal with the Commission. The Postal Service requests that these rates and supporting documents remain confidential and includes an Application for Non-Public Treatment as Attachment 1 to this Notice. Additionally, the Postal Service attaches the following to this Notice: (1) Attachment 2 – a copy of the FPO-USPS Agreement FY20-2; (2) Attachment 3 – a copy of Governors' Decision No. 19-1; (3) Attachment 4 – a certified statement concerning the FPO-USPS Agreement FY20-2 that is required by 39 C.F.R. § 3035.105(c)(2); and (4) the

[8] *Id.*
[9] *Id.* at 5-6; PRC Order No. 4980, Order Conditionally Approving Transfer, Docket No. MC2019-17, January 9, 2019, at 23.
[10] PRC Order No. 5437, at 5.

supporting financial documentation as separate Excel files. Redacted copies, where appropriate, of these documents are filed publicly, while unredacted versions are filed under seal for the Commission's review.

Identification of the Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators

The Postal Service submits that, like the agreements between the Postal Service and other postal operator counterparties, the FPO-USPS Agreement FY20-2 fits within the current version of the MCS.[11] The FPO-USPS Agreement FY20-2 is intended to become effective on July 1, 2020 and would expire, unless terminated early, on December 31, 2020. The FPO exchanges mail with the Postal Service and applies the Universal Postal Convention and Universal Postal Convention Regulations to those exchanges, except as otherwise agreed to by contract. The competitive services offered by the Postal Service to the FPO in the FPO-USPS Agreement FY20-2 include rates for inbound packets.[12] Many rates will be based on a per-piece and per-kilo structure and in Special Drawing Rights (SDRs).[13]

In this docket, the Postal Service presents only the inbound portions of the FPO-USPS Agreement FY20-2, which concern competitive products. The rates paid by the Postal Service to the FPO under the FPO-USPS Agreement FY20-2 for outbound delivery of competitive postal products within the FPO's country were not presented previously to the Commission and are not presented here. Those rates represent

[11] *See* PRC, (Draft) Mail Classification Schedule, posted March 31, 2020, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 592-593, available at http://www.prc.gov/mail-classification-schedule.
[12] The inbound competitive rates that are the subject of this filing include the inbound rates appearing in Annex 1 of the FPO-USPS Agreement FY20-2 (as shown in Attachment 2 to this Notice). *See* Attachment 2, at Annex 1, pp. 3-4.
[13] Attachment 2, at Annex 1, pp. 3-3.

supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its shipping customers for outbound competitive products to be dispatched to, and delivered in, the FPO's country. An agreement concerning outbound competitive services with the FPO would no more need to be classified as a product or otherwise subjected to prior Commission review than would an agreement by the Postal Service to purchase trucking services from highway contractors or to purchase air transportation from air carriers.

Application for Non-public Treatment

The Postal Service maintains that the redacted portions of certain materials filed in this matter should remain confidential. Attachment 1 to this Notice is the Postal Service's application for non-public treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 1.

Functional Equivalency of Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

The inbound portions of the FPO-USPS Agreement FY20-2 are materially similar to the inbound competitive portions of the baseline CP2010-95 Agreement with respect to products and cost characteristics. Similar to the CP2010-95 Agreement, the FPO-USPS Agreement FY20-2 fits within the parameters outlined in section 2515.10 of the MCS.[14] There are, however, differences between the inbound portions of the FPO-USPS Agreement FY20-2 and the inbound competitive portions of the CP2010-95 Agreement, which include the following:[15]

[14] PRC, (Draft) Mail Classification Schedule, posted March 31, 2020, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 592-593, available at http://www.prc.gov/mail-classification-schedule.

[15] This comparison focuses on the differences between the sections of the FPO-USPS Agreement FY20-2 that concern inbound rates and the sections of the CP2010-95 Agreement that concern inbound

- The following articles in the FPO-USPS Agreement FY20-2 resemble the articles with similar titles that appear in the CP2010-95 Agreement: Purpose (Article 1), Guiding Principles (Article 2), Oversight and Effective Date (Article 3), Conditions Precedent (Article 4), Limitation on Liability and Cost (Article 5), Price Changes; No Effect on Service (Article 6), Monetary Transactions (Article 7), Termination (Article 9), Dispute Resolution and Governing Law (Articles 10), Liability (Article 12), Language (Article 13), Confidentiality Requirements and Regulatory Notice (Article 14), Severability (Article 15), Notices (Article 16), Force Majeure (Article 17), Legal Status of this Agreement (Article 18), Amendment (Article 19), Assignment (Article 20), Applicability of Other Laws (Article 21), Entire Agreement (Article 22), and Term (Article 23).
- The FPO-USPS Agreement FY20-2 has additional articles, such as the following: Customs Inspection (Article 8), Postal Security (Article 11), Intellectual Property, Co-Branding, and Licensing (Article 24), Survival (Article 25), Additional Warranties (Article 26), and Counterparts (Article 27).
- The inbound competitive rates and the explanatory terms included in Annex 1 of the FPO-USPS Agreement FY20-2 concern negotiated pricing for inbound packets.

---

competitive rates. The CP2010-95 Agreement included both inbound competitive and inbound market dominant portions, but the inbound portions of FPO-USPS Agreement FY20-2 are only competitive. *See* PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket No. R2010-5, September 30, 2010.

- Furthermore, additional annexes, which provide greater specificity about the terms of the competitive product, include the following: Business Rules for Operations of International Mail for Products Listed in Annex 1 (Annex 2), Accounting and Settlement (Annex 3), Detailed Item Content Restrictions (Annex 4), AED Requirements (Annex 5), and Importer of Record Number for Importers to the United States (Annex 6).

The FPO-USPS Agreement FY20-2 is also similar to the bilateral agreements that the Commission favorably reviewed in connection with the transfer petition in Docket No. MC2020-73.[16] The FPO-USPS Agreement FY20-2 is functionally equivalent to those agreements as it provides for inbound pricing of foreign origin packets, including both tracked and untracked services. Thus, the FPO-USPS Agreement FY20-2 is appropriately classified within the overall product grouping.

Furthermore, the Postal Service does not consider that the specified differences affect either the fundamental services that the Postal Service is offering or the fundamental structure of the agreements. Therefore, nothing detracts from the conclusion that these agreements are "functionally equivalent in all pertinent respects."[17]

Conclusion

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that the FPO-USPS Agreement FY20-2 is in compliance with the requirements of 39 U.S.C. § 3633 and is functionally equivalent to

[16] PRC Order No. 5437, Order Approving Transfer of Market Dominant Negotiated Service Agreements to the Competitive Product List, Docket No. MC2020-73, February 19, 2020, at 10-11
[17] PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket No. CP2008-8, June 27, 2008, at 8.

the inbound competitive portions of the CP2010-95 Agreement, which was included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product. Accordingly, the FPO-USPS Agreement FY20-2 should be added to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business and Service Development

Ian Brown
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1101
(202) 268-6706
Ian.D.Brown@usps.gov
June 8, 2020

ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. Part 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission). The materials pertain to the multi-product agreement entered into between the Postal Service and a Foreign Postal Operator (FPO) (referred to as the "FPO-USPS Agreement FY20-2"). The FPO-USPS Agreement FY20-2 and supporting documents are being filed separately under seal for the Commission's review. Redacted copies, where appropriate, of these documents are filed publicly.

The Postal Service hereby furnishes below the justification for this application as required by 39 C.F.R. § 3011.201(b).

(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third party business information that under good business practice would not be disclosed to the public. Based on its longstanding and deep familiarity with the postal and communications businesses and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish information pertaining to, among other things, the costs, volumes, revenues, rates, and markets for its competitive products. Rather, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. §

552(b)(3) and (4).[1] Because the portions of materials that the Postal Service is filing non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.[2]

The Postal Service has a proprietary interest in the information contained within the non-public materials. The Postal Service believes that the only third party that has a proprietary interest in the materials submitted in this matter is the FPO that is the counterparty to the FPO-USPS Agreement FY20-2. Since the identity of this affected FPO is commercially sensitive information, the Postal Service proposes that a

[1] In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. *See* 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1 (Mar. 20, 2009), at 11.

[2] Section 3011.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

designated Postal Service employee serve as the point of contact for any notices to this FPO. The Postal Service identifies as an appropriate contact person Robert Raines, Managing Director, Global Business. Mr. Raines' phone number is (202) 268-2978, and his email address is robert.h.rainesjr@usps.gov.

The Postal Service also hereby provides notice that, through terms of the agreement, it has already informed the FPO that is the counterparty to the FPO-USPS Agreement FY20-2, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and its right to address its confidentiality concerns directly with the Commission. Article 14 of the FPO-USPS Agreement FY20-2 provides the FPO with notice of the Postal Service's intent to file this agreement with the Commission and the Postal Service's intent to seek non-public treatment of information related to this agreement that the Postal Service determines may be withheld from public disclosure. This Article provides the FPO with information about how to submit any confidentiality concerns directly to the Commission.

(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.

In connection with the Notice filed in this docket, the Postal Service included redacted copies of the FPO-USPS Agreement FY20-2 (Attachment 2), Governors' Decision No. 19-1 (Attachment 3), the certified statement concerning the FPO-USPS Agreement FY20-2 that is required by 39 C.F.R. § 3035.105(c)(2) (Attachment 4), and supporting financial documentation files that the Postal Service used to generate specific rates for the counterparty FPO. These materials were filed under seal, with redacted copies filed publicly where appropriate. The Postal Service maintains that the

redacted portions of these materials should remain confidential as sensitive business information.

With regard to the redacted version of the FPO-USPS Agreement FY20-2 that was filed in this docket, the redactions withhold, among other things, the actual prices being offered between the Postal Service and the FPO, as well as business rules for operation and settlement, assignments of liability, customer service, Advance Electronic Data requirements, the specific products that the parties have agreed to make the focus of their collaborative development for their respective markets, and the FPO's identity as well as the information that, due to its context, would reveal the identity of the FPO. Similarly, the redactions to Attachment 4 to the Notice withhold the FPO's identity.

The Postal Service also redacted content on page two of Governors' Decision No. 19-1 and made redactions throughout the financial workpapers. These redactions protect sensitive commercial information concerning the incentive discounts, underlying costs and assumptions, negotiated pricing, applicable cost-coverage, and the non-published rates themselves. In addition, the redactions to the financial workpapers protect sensitive commercial information, including disaggregated revenue, cost, volume information which is country-specific, and the FPO's identity as well as the information that, due to its context, would reveal the identity of the FPO. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.

If the information the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal

Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice. In this regard, the Postal Service is not aware of any business with which it competes (or in any other commercial enterprise), either within industries engaged in the carriage and delivery of materials and hard copy messages, or those engaged in communications generally, that would disclose publicly information and data of comparable nature and detail.

If the portions of the attachments that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. FPOs that are not parties to the FPO-USPS Agreement FY20-2 could use the information to their advantage in negotiating the terms of their own future agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to the FPO that is the counterparty to the FPO-USPS Agreement FY20-2 for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. If the areas in which the FPO that is the counterparty to the FPO-USPS Agreement FY20-2 and the Postal Service intend to collaborate were to be disclosed publicly, its competitors could use this information to preemptively enter the market in those areas. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

Governors' Decision No. 19-1 and the financial models contain sensitive commercial information including the Postal Service's desired cost coverage for the

FPO-USPS Agreement FY20-2, specific rate information as well as disaggregated, country-specific revenue, cost, and volume information. All of this information is highly confidential in the business world. If this information were to be made public, the Postal Service's competitors would have the advantage of knowing the range of prices agreed to between the Postal Service and the FPO that is the counterparty to the FPO-USPS Agreement FY20-2, as well as the contribution margin used to establish the prices. Other FPOs interested in entering into separate bilateral agreements with the Postal Service could demand the absolute floor during negotiations, when it would otherwise be possible in some cases for the Postal Service to charge a higher, but still competitive, rate.

Additionally, competitors would be able to take advantage of this information to offer lower pricing to their customers, while subsidizing any losses with profits from other customers. Eventually, this could impact the Postal Service's volume and revenue in the inbound competitive markets for the products and services included in the FPO-USPS Agreement FY20-2. Especially since the financial models contain detailed information, the Postal Service believes that there is a great likelihood that the information would be used to the detriment of the Postal Service.

Moreover, the Postal Service's potential customers could also deduce from the rates provided in the FPO-USPS Agreement FY20-2 or from the information in the financial workpapers whether additional margin for net contribution exists under the prices in the FPO-USPS Agreement FY20-2. The settlement charges between the Postal Service and the FPO that is the counterparty to the FPO-USPS Agreement FY20-2 constitute costs underlying the postal services offered to the FPO's customers,

and disclosure of this cost basis would negatively impact the Postal Service's negotiations with contract customers by allowing these customers to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, an FPO or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the FPO that is the counterparty to the FPO-USPS Agreement FY20-2 could use the information in the financial workpapers in an attempt to renegotiate the rates in this instrument in the future, or by threatening to terminate the FPO-USPS Agreement FY20-2.

Price information in the FPO-USPS Agreement FY20-2 and financial spreadsheets also includes the counterparty FPO's sensitive commercial information. Disclosure of such information could be used by the FPO's competitors to assess the FPO's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The FPO would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of its supplier costs.

(5) At least one specific hypothetical, illustrative example of each alleged harm.

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

Harm: Public disclosure of rates or other information in the redacted attachments and financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website. It analyzes the data to determine what the Postal Service would have to charge the

counterparty FPO in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products to match the Postal Service's rates under the FPO-USPS Agreement FY20-2 or markets its ability to guarantee to beat the Postal Service on price for the products covered by the FPO-USPS Agreement FY20-2. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the market for these particular products.

Hypothetical: A FPO obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website and uses the rate information to demand the lowest possible rate for every product from the Postal Service knowing that the Postal Service's approved rates include those floor amounts. Using the rate information, the FPO could threaten that it would not use the Postal Service for its inbound international delivery service needs if it did not receive the lowest possible rates. This would severely affect the Postal Service's ability to offer competitive but profitable rates to FPOs within the minimum and maximum rates established by the Governors.

Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and becomes available to a competitor. The competitor, which could be a FPO operating in the United States, assesses the profitability of certain services based on the data released. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial

contribution, thereby hindering the Postal Service's ability to keep these customers' business.

Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and becomes available to a supplier of materials, transportation, or other services. Suppliers are made aware of expected contribution margins by product and are better able to assess the relative strengths and weaknesses of the Postal Service's product lines. With this information, suppliers, including FPOs in the case of international products, decide to increase the rates they charge the Postal Service to provide transportation and/or other services or become more resistant to negotiating favorable prices for their goods and services.

Harm: Public disclosure of the information redacted from the FPO-USPS Agreement FY20-2 would provide competitors commercial advantages at the Postal Service's expense.

Hypothetical: A competitor is able to review certain clauses and sections in the FPO-USPS Agreement FY20-2 that concern such sensitive commercial information as settlement rates, business rules for operation and settlement, or Advance Electronic Data requirements. The competitor could take this information and use it to differentiate its own product from the Postal Service's product when it sells to potential customers, including FPOs, and could convince those customers that the competitor's product is better.

Harm: Public disclosure of identifying information concerning the counterparty FPO to the FPO-USPS Agreement FY20-2 would give competitors a marketing advantage.

Hypothetical: A competitor is able to identify the counterparty FPO to the FPO-USPS Agreement FY20-2 from information provided on the PRC's website. The competitor uses this information to contact the FPO directly and attempt to undersell the Postal Service and obtain new business. The competitor could also use information included in the financial workpapers to "qualify" the counterparty FPO, choosing to focus marketing efforts only on this FPO if its mailing profile is attractive to the competitor, based on its business operations. In addition, considering that the Commission has now released the Postal Service's Universal Postal Union (UPU) default rates for E-format items into the public domain for certain flows, competitors would be able to assess which markets would be best suited for further targeted product initiatives and be armed with knowledge that the rates charged to the counterparty FPO in one of those markets would differ from those that the Commission publicly released. This would undermine the Postal Service's efforts to develop products and maintain its share in key markets.

Harm: FPOs could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral or multilateral remuneration with the Postal Service.

Hypothetical: Rates and disaggregated revenues, volumes, costs, and weights are disclosed to the public. FPOs obtain the information and use it to their advantage in negotiating bilateral or multilateral remuneration with the Postal Service. The disequilibrium in negotiating positions would be caused by the fact that the Postal Service's information would be known in advance, thereby depriving the Postal Service of the ability to engage in simultaneous exchange of rates in bilateral or multilateral negotiations.

Harm: Public disclosure of information regarding the competitive domestic and international products would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the non-public materials exposing rates, revenues, volumes, and weights from the Commission's website. It analyzes the data to determine what products and rates to offer in the competitive domestic and international markets in competition with the Postal Service, using data that would not ordinarily be available to competitors. Customers and potential customers could also use the data to negotiate better terms for themselves in contracts with the Postal Service or its competitors.

Harm: Public disclosure of rates or other information in the financial workpapers would be used by the counterparty FPO's competitors to its detriment, and to the Postal Service's detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Commission's website. The competitor analyzes the workpapers to assess the counterparty FPO's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives. In addition, disclosure of the rate information relating to U.S. origin flows would disclose the underlying costs of the Postal Service's outbound products, which in turn would significantly harm its ability to price freely in these marketplaces.

Harm: Public disclosure of information in the Governors' Decision No. 19-1, including the Governors' internal deliberative bases for setting competitive prices, would be used by competitors to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the Governors' Decision from the Postal Regulatory Commission's website, revealing both the Governors' pricing standards and the Postal Service's internal deliberative bases for setting certain specific prices for competitively classified products. Moreover, if the Commission were to compel such disclosure, it might also compel disclosure of other unredacted Governors' Decisions, past and future. The internal deliberative pricing processes, cost assumptions, and pricing formulas that the Postal Service uses to establish its prices for competitive products can, and does, vary at different times and for different competitive products. If the Commission gave competitors access to that type of information, and indeed also to such information over time as the Governors' Decisions may change, then the competitors could analyze the data to determine what the Postal Service would have to charge its customers for cost coverage and contribution to institutional costs; those competitors could then set their rates and market their own products similar to the Postal Service's offerings at competitively advantageous levels. That, in turn, harms the Postal Service commercially, and unfairly, as it does not have access to its competitors' similar information.

(6) The extent of protection from public disclosure deemed to be necessary.

The Postal Service maintains that the portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products (including both private sector integrators and FPOs), as well as their consultants and attorneys. Additionally, the Postal Service

believes that FPOs, as well as actual or potential customers of a postal operator for these or similar products should not be provided access to the non-public materials.

(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers and FPOs continue well beyond ten years, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

(8) Any other factors or reasons relevant to support the application.

Negotiated rates for the delivery of competitive inbound mail are not normally available publicly. Rather, they are considered by postal operators to be commercially sensitive.

Conclusion

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified materials.

CONFIDENTIAL—DO NOT DISCLOSE

[redacted]

This Agreement ("Agreement") is between the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L'Enfant Plaza SW, Washington, DC 20260, and [redacted]

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of, and/or non-objection by, various entities with oversight responsibilities, which may include, but not be limited to,

(a) For the USPS, USPS senior management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission, and

(a) [redacted]

Accordingly, the Parties acknowledge and understand that their ability to perform under this Agreement may not occur, and in this respect the provisions of Articles 3 and 4 shall apply;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement, including the terms of Article 4 of this Agreement entitled "Conditions Precedent;"

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

Article 1: Purpose of the Agreement

The purposes of this Agreement are the following:

1. to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;

2. to set out the principles and general terms and conditions that shall apply to the exchange of certain international mail products and services between the Parties; and

3. to set out the bilateral rates that will apply to the exchange of mail products as specified in Annex 1.

Article 2: Guiding Principles of the Agreement

1. The Parties agree to work together to improve the quality of postal delivery and other services between [redacted] nd the USPS in order to better serve the market.

CONFIDENTIAL DO NOT DISCLOSE

Article 3: Oversight and Effective Date

The terms and pricing set forth under this Agreement require the review of or approval from various entities that have oversight responsibilities for the USPS as set out in Article 4 below. This Agreement shall come into effect on the "Effective Date," which date shall be the later of (a) 01 July 2020, or (b) the first date on which all Conditions Precedent under Article 4 are fulfilled.

Article 4: Conditions Precedent

The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving favorable reviews or approvals from, and/or non-objection by one or more internal and external bodies that have oversight responsibilities (hereinafter "Conditions Precedent"), and such approvals may apply to certain mail flows after the Effective Date of this Agreement set forth in Article 23. Conditions Precedent may include but are not limited to: favorable reviews or approvals or, if applicable, non-objection, from USPS senior management, the Governors of the USPS, the Board of Governors of the USPS, and the U.S. Postal Regulatory Commission ("PRC" or "the Commission").

The Parties acknowledge that this Agreement or rates in connection with certain flows might not be approved by the PRC. Until such time as the Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under this Agreement, no obligation shall exist for the USPS or [redacted] and no benefit or rights granted through this Agreement or portion thereof, as appropriate, shall inure to either Party unless and until the Conditions Precedent shall have been fulfilled.

Article 5: Limitation on Liability and Costs

[redacted]

Article 6: Price Changes; No Effect on Service Terms

For any service which specific terms and conditions are set forth in the Annexes to this Agreement, any subsequent adjustments to the rates for that service shall be subject to the terms and conditions set forth in the Annexes of this Agreement.

Article 7: Monetary Transactions

1. [redacted]

2. [redacted]

3. [redacted]

CONFIDENTIAL—DO NOT DISCLOSE

[redacted]

Article 8: Customs Inspection

[redacted]

Article 9: Termination

1. Either Party may terminate this Agreement without cause upon 90 days' advance written notice to be served on the other Party, with such termination effective as of the end of the calendar month in which the 90-day notice period expires. The right to terminate the Agreement immediately upon written notice for good cause remains unaffected, [redacted]

2. [redacted]

3. [redacted]

Article 10: Dispute Resolution and Governing Law

1. [redacted]

2. [redacted]

3. [redacted]

CONFIDENTIAL—DO NOT DISCLOSE

4. [redacted]

5. [redacted]

6. [redacted]

7. [redacted]

   (i). [redacted]

   (ii). [redacted]

Article 11: Postal Security

[redacted]

Article 12: Liability

1. [redacted]

2. [redacted]

   (i). [redacted]

   (ii). [redacted]

   (iii). [redacted]

3. [redacted]

CONFIDENTIAL—DO NOT DISCLOSE

Article 13: Language

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

Article 14: Confidentiality Requirements and Regulatory Notice

1. The Parties consider the rate information included in this Agreement to be commercially sensitive information and agree that it should not be disclosed to third parties except as required by law. The Parties will treat as confidential and not disclose to third parties, absent express written consent by the other party or as otherwise required by law or necessary for governmental oversight purposes, any information related to this Agreement that is treated as non-public information by the U.S. Postal Regulatory Commission ("Commission"), including, but not limited to, rate information.

2. [redacted] acknowledges that, as part of securing favorable review or approval of this Agreement and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Commission in a docketed proceeding, which filings may be accompanied with a notice to add the Agreement to the Commission's competitive or market dominant or both products lists. [redacted] authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. [redacted] further understands that any unredacted portion of this Agreement or supporting documentation may be posted on the Commission's public website, prc.gov. In addition, the USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report ("ACR") for the USPS fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR202#, in which ACR202# signifies the USPS fiscal year to which the ACR pertains. [redacted] has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. As of April 20, 2020, the procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, U.S. Code of Federal Regulations, Part 3011, Including Sections 3011.201 and 3011.204. The procedure is also available on the Commission's website. At [redacted] request, the USPS will notify [redacted] of the docket number of the Commission proceeding to establish the rates in this instrument under U.S. law, once that docket number has been assigned. The Parties understand that the USPS may also be required to provide copies of this Agreement, and information related to this Agreement, to the U.S. Department of State, U.S. Customs and Border Protection, and other U.S. Government entities.

Article 15: Severability

If any of the provisions of this Agreement shall be held void or unenforceable, the other provisions shall survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement upon 90 days advance written notice.

Article 16: Notices

Except as otherwise specifically mentioned, any notice given or other document to be provided under this Agreement will be in writing and addressed as set out below. Notices may be delivered by email and also by expedited mail.

CONFIDENTIAL—DO NOT DISCLOSE

To the USPS:

Robert Raines
Managing Director
Global Business
475 L'Enfant Plaza SW
Washington, D.C., 20260
USA
robert.h.rainesjr@usps.gov

[redacted]

Article 17: Force Majeure

[redacted]

Article 18: Legal Status of this Agreement

This Agreement constitutes a legally binding commercial and operational agreement on the part of each signatory hereto and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into under, or subject to, international law. This Agreement does not involve the creation of a subsidiary, branch, or stable arrangement of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency, partnership, or employer-employee relationship be created between any of them by this Agreement. Through this Agreement, the Parties do not create or designate any third-party beneficiaries.

Article 19: Amendment

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of [redacted] and the USPS (an "Amendment"). Neither a Party's acquiescence in any performance at variance to this Agreement, nor a Party's failure to exercise any right or enforce any obligation shall be deemed an Amendment to this Agreement. The Amendment may be contingent upon any and all necessary reviews and approvals by

(a) For the USPS, USPS senior management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission, and

(a) [redacted]

If such approvals are required, the Amendment will not become effective until such time as all necessary approvals are obtained.

CONFIDENTIAL—DO NOT DISCLOSE

Article 20: Assignment

This Agreement may not be assigned, in whole or in part, by any Party without the prior written consent of the other Party.

Article 21: Applicability of Other Laws

1. [redacted]

2. [redacted]

3. [redacted]

Article 22: Entire Agreement

1. Except as otherwise provided in this Agreement, this Agreement, including all Annexes to this Agreement, shall constitute the entire agreement between the Parties concerning the bilateral exchange of international mail described herein. For the avoidance of doubt, the rates set out in the Annexes to this Agreement will supersede any multilateral Agreement.

2. Unless otherwise indicated in this Agreement, any prior bilateral agreement, understanding, or representation of any kind between the Parties pertaining to the subject matter of this Agreement and preceding the date of execution of this Agreement shall not be binding upon either Party This Agreement does not abrogate any agreements under international law between the Parties' respective governments.

3. Except to any extent inconsistent with this Agreement, the Parties confirm their adherence to all other terms and conditions set forth in any multilateral agreements to which they both are parties.

4. [redacted]

Article 23: Term

1. Except as otherwise provided in Article 23.2 below, the Parties intend that the effective date of this Agreement, including the settlement rates for the products set forth in Annex 1 of this Agreement, shall be 01 July 2020, but only if all Conditions Precedent in Article 4 are fulfilled.

2. After the Agreement enters into force, the Agreement shall remain in effect until 31 December 2021, unless terminated sooner pursuant to Article 9 of this Agreement. Not later than one hundred and eighty days before the expiration of this period, the Agreement shall be reviewed by both Parties to consider whether to extend or modify this Agreement.

CONFIDENTIAL—DO NOT DISCLOSE

Article 24: Intellectual Property, Co-Branding, and Licensing

[redacted] acknowledges and agrees that the USPS is the exclusive owner of the trademarks USPS®, United States Postal Service®, and United States Postal Service and Eagle Design®, among other USPS marks (also known as the "USPS Marks"); that [redacted] may use the USPS Marks only with express written permission and under license from the USPS; and that any uses by [redacted] of USPS Marks shall inure to the benefit of the USPS.

USPS acknowledges and agrees that the [redacted]

Article 25: Survival

The terms and conditions of other portions of this Agreement that, by their context or nature, are intended to survive after performance hereunder, shall survive the termination or expiration of this Agreement, including, but not necessarily limited to, the provisions of Articles 5, 7, 9, 10, 12, 13, 14, 15, 16, 18, 21, 22, 23, 24, and 25.

Article 26: Additional Warranties

The Parties, through the undersigned, represent and warrant that they have authority to, intend to, and hereby do bind themselves and their respective operating subsidiaries, divisions, and branches to the obligations and commitments set forth in this Agreement.

Article 27: Counterparts

This agreement may be entered into by counterparts, which taken together constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties agree to be bound, as of the latest date of signature, to the terms and conditions of this Agreement.

[redacted]

United States Postal Service

Robert H Raines Jr

Name Robert H. Raines Jr
Title Managing Director, Global Business

June 2, 2020

Date

Annex 1

Settlement Rates

[redacted]

[redacted]

[redacted]

[redacted]

Annex 2

Business Rules for Operations of International Mail for Products Listed in Annex 1

[redacted]

[redacted]

Annex 3

Accounting and Settlement

[redacted]

[redacted]

For the USPS

Name: Robert H Rainesjr

Title: Managing Director, Global Business

Email: Robert.H.Rainesjr@usps.gov

Phone: 202-268-2978

[redacted]

Annex 4

Detailed Item Content Restrictions

[redacted]

For the USPS

Name: Robert H Rainesjr

Title: Managing Director, Global Business

Email: Robert.H.Rainesjr@usps.gov

Phone: 202-268-2978

[redacted]

Annex 5

AED Requirements

[redacted]

[redacted]

[redacted]

[redacted]

Annex 6

Importer of Record Number for Importers to the United States

[redacted]

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)

February 7, 2019

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1) (2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

Regulatory Commission. [redacted]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover [redacted] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

Robert M. Duncan

Robert M. Duncan
Chairman, Board of Governors

UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS

CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 19-1

Consistent with 39 USC 3632(a), I hereby certify that the following Governors voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan
David C. Williams

Michael J. Elston
Secretary of the Board of Governors (A)

7 February 2019
Date

Certification of Prices for Inbound Competitive Multi-Service Agreement with [redacted]

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, United States Postal Service, am familiar with the inbound competitive [redacted] – United States Postal Service Multi-Product Bilateral Agreement" (referred to as the "[redacted]-USPS Agreement") executed in 2020. The prices contained in the [redacted]-USPS Agreement were established in accordance with the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-published Competitive Rates (Governors' Decision No. 19-1), issued on February 7, 2019.

I hereby certify that the cost coverage for the [redacted]-USPS Agreement has been appropriately determined and represents the best available information. The rates are in compliance with 39 U.S.C. § 3633(a)(1), (2), and (3). The rates demonstrate that the [redacted]-USPS Agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from the [redacted]-USPS Agreement should be much smaller. The [redacted]-USPS Agreement should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
DN: cn=Nan K. McKenzie, o, ou=Manager, Pricing Innovation, email=nan.k.mckenzie@usps.gov, c=US
Date: 2020.06.08 10:43:51 -04'00'

Nan K. McKenzie

Date