

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

Before Commissioners:

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

Competitive Product Prices  
Global Reseller Expedited Package Services 2  
(MC2013-51)  
Negotiated Service Agreements

Docket No. CP2020-234

ORDER APPROVING MODIFICATION TWO TO  
GLOBAL RESELLER EXPEDITED PACKAGE SERVICES 2  
NEGOTIATED SERVICE AGREEMENT

(Issued August 25, 2022)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Services 2 negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Modification.

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<sup>1</sup> Notice of the United States Postal Service of Filing Modification Two to Global Reseller Expedited Package 2 Negotiated Service Agreement, August 16, 2022 (Notice). The modification is an attachment to the Notice (Modification).

## II. BACKGROUND

In Order No. 5624, the Commission approved the Global Reseller Expedited Package Services 2 negotiated service agreement (Existing Agreement).<sup>2</sup> On August 16, 2022, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement. On August 17, 2022, the Commission issued a notice reopening this docket to consider the Modification, appointing a Public Representative, and providing interested persons with an opportunity to comment.<sup>3</sup>

The Postal Service intends for the Modification to become effective September 1, 2022. Notice at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3035.105. *Id.*

## III. COMMENTS

Comments were filed by the Public Representative.<sup>4</sup> No other person submitted comments. The Public Representative reviewed the Modification and the financial model filed under seal. PR Comments at 2. Based on that review, he concludes that the Existing Agreement, as modified, should continue to generate sufficient revenue to cover costs and satisfy 39 U.S.C. § 3633(a). *Id.* He notes that the Commission will have an opportunity to annually review the financial results for the contract for compliance with 39 U.S.C. § 3633(a). *Id.*

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<sup>2</sup> See Order Approving Additional Global Reseller Expedited Package Services 2 Negotiated Service Agreement, August 11, 2020 (Order No. 5624). The contract was later modified. See Order Approving Modification One to Global Reseller Expedited Package Services 2 Negotiated Service Agreement, August 23, 2021 (Order No. 5967).

<sup>3</sup> Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, August 17, 2022.

<sup>4</sup> Public Representative Comments on Notice of Postal Service Filing Modification Two to Global Reseller Expedited Package 2 Negotiated Service Agreement, August 22, 2022 (PR Comments).

#### IV. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

*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. §§ 3035.105 and 3035.107. 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 extends the contract until August 31, 2023 and sets new rates following the effective rate of the Modification. Notice, Attachment 1 at 1.

Based on a review of the record, the Commission finds that the Existing Agreement, as modified, should cover its attributable costs. Consequently, the Commission finds that the Modification should allow the Global Reseller Expedited Package Services 2 product to continue to comply with 39 U.S.C. § 3633(a)(2). For this reason, the Commission finds that the Modification should not result in competitive products as a whole being subsidized by market dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modification is unlikely to prevent competitive products as a whole from contributing an appropriate share of institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modification indicates it is consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreement, as modified, the cost coverage of the Global Reseller Expedited Package Services 2 product, and the contribution of competitive products as a whole to the Postal Service's institutional costs in the Commission's Annual Compliance Determination to ensure that they continue to comply with 39 U.S.C. § 3633(a).

*Other considerations.* The Postal Service states that the Modification shall become effective September 1, 2022. Notice at 1. The Existing Agreement, as modified, is set to expire August 31, 2023. Notice, Attachment 1 at 1.

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.

## V. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Global Reseller Expedited Package Services 2 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, August 31, 2023.

By the Commission.

Erica A. Barker  
Secretary