Postal Regulatory Commission
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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268–0001

COMPETITIVE PRODUCT PRICES PRIORITY MAIL CONTRACT GROUP (MC2009-25) PRIORITY MAIL CONTRACT 10 NEGOTIATED SERVICE AGREEMENT	Docket No. CP2009–34

NOTICE OF ESTABLISHMENT OF RATES AND CLASS NOT OF GENERAL APPLICABILITY
(May 19, 2009)

In accordance with 39 U.S.C. § 3632(b)(3) and 39 C.F.R. § 3015.5, the Postal Service hereby gives notice of the establishment of rates not of general applicability for Priority Mail Contract 10 within the Priority Mail Contract Group that the Postal Service has requested the Commission to add to the competitive product list within the Mail Classification Schedule. A redacted version of the contract is provided in Attachment A and the unredacted contract is being filed under seal. The contract provides that it will become effective one day after the Commission issues all necessary regulatory approval.[1] The Governors' Decision, including the explanation and justification for the change and the record of proceedings, was filed in Docket No. MC2009-25.[2] The required revenue and cost data are being filed under seal.[3] Attachment B provides the certification of compliance with 39 U.S.C. § 3633(a)(1) and (3).[4]

This contract differs from the contract filed as Priority Mail Contract 6 in regards to the postage payment method, negotiated prices, term of the contract, and limitations regarding packaging and mail entry.

[1] 39 C.F.R. § 3015.5(a).
[2] *Id.* § 3015.5(b).
[3] *Id.* § 3015.5(c)(1).
[4] *Id.* § 3015.5(c)(2).

The Postal Service maintains that the contract, the customer's name, and the related financial information should remain confidential. The contract contains pricing and other information related to the customer and its processes as well as to Postal Service processes and procedures for handling the mail tendered under the contract. Related financial information contains cost and pricing information showing how prices are developed. Prices and other contract terms relating to the parties' processes and procedures are highly confidential in the business world and the Postal Service protects them in accordance with industry standards. The ability of the Postal Service to negotiate such contracts would be severely compromised if prices and other information pertaining to these types of agreements were publicly disclosed. Also, public disclosure would compromise the ability of the customer to negotiate favorable shipping services contracts in the future. The name of the customer should remain confidential due to the substantial likelihood that the Postal Service's competitors would use such information to target their efforts and undercut the Postal Service's prices. The Postal Service is aware of no competitor or private company of comparable size and scope that releases similar information to the public.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999, Fax -5402
scott.l.reiter@usps.gov
May 19, 2009

ATTACHMENT A

REDACTED CONTRACT

[redacted]

SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[redacted]
REGARDING PRIORITY MAIL SERVICE

This contract for shipping services is made by and between [redacted] ("Customer"), a corporation organized and existing under the laws of [redacted] with its principal office at [redacted] and the United States Postal Service ("the Postal Service"), an independent establishment of the Executive Branch of the United States Government established by the Postal Reorganization Act, Public Law 91-375, with its principal office at 475 L'Enfant Plaza, SW, Washington, DC 20260. The Postal Service and Customer are referred to herein collectively as the "Parties" and each as a "Party."

WHEREAS, it is the intention of the Parties to enter into a shipping services contract that will benefit the Postal Service, the postal system as a whole, and Customer, and that will comply with the requirements of Title 39 United States Code, as amended by the Postal Accountability and Enhancement Act of 2006,

NOW, THEREFORE, the Parties agree as follows:

I. Terms

The following terms apply as of the implementation date, as defined below:

A. Except to the extent different terms or prices are specified in this Contract, applicable provisions of the Domestic Mail Manual (as may be regularly updated by the Postal Service and posted at http://pe.usps.com/text/dmm300/dmm300_landing.htm) and of other postal laws and standards apply to mail tendered under this Contract.

B. Customer will use PC Postage to pay postage for pieces tendered under this contract.

C. The prices shown in the table below apply during the term of this contract to the Customer's Priority Mail pieces that meet the following conditions:

1. Packages do not exceed [redacted].
2. Packaging is provided by the customer; *i.e.*, items tendered in Postal Service-provided packaging are not eligible for these prices.
3. Pieces are transported by the Customer to a postal processing facility, *i.e.*, items picked up by the Postal Service or entered at retail facilities are not eligible for these prices.

[redacted]

II. Regulatory Review and Effective Date

This contract is subject to approval by the Postal Service Governors and the Postal Regulatory Commission ("the Commission"). In accordance with Title 39 and the Commission's Rules of Practice and Procedure, and upon approval of the Postal Service Governors, the Postal Service will make required filings with the Commission. The effective date of this contract shall be the day on which the Commission issues all necessary regulatory approval.

III. Expiration Date

This contract shall expire three months from the effective date, unless (1) terminated by either Party with 30 days notice to the other Party in writing, (2) renewed by mutual agreement in writing, (3) superseded by a subsequent contract between the Parties, (4) ordered by the Commission or a court, or (5) required to comply with subsequently enacted legislation.

IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this contract by submitting a written appeal within 30 days of receipt of notification of the determination giving rise to the appeal to: Manager, Pricing and Classification Service Center, 90 Church St. Ste. 3100, New York, NY 10007-2951 ((212) 330-5300 / Fax: (212) 330-5320). The decision of the PCSC Manager will be administratively final. Any decision that is not appealed as prescribed becomes the final Postal Service decision.

V. Confidentiality

Neither Party shall make public the terms of this contract, except to the extent required by law. The Postal Service shall request that the Commission, in executing its functions under the Act, not disclose Customer's identity, the terms of this contract, or supporting data, in accordance with the Commission's rules and practices.

VI. Amendments

This contract shall not be amended except expressly, in writing, by authorized representatives of the Parties.

VII. Assignment

Neither Party may, or shall have the power to, assign its rights under the contract or, delegate its obligations hereunder, without the prior consent of the other; such consent is not to be unreasonably withheld. In addition, in the event that Customer is merged with or into or acquires another entity, pricing under this contract following such merger or acquisition shall apply only to mail sent by the entity existing prior to the merger or acquisition. Following any such merger or acquisition, the parties may negotiate in good faith to extend, modify or enter into a new contract applicable to the merged or acquired entity.

VIII. Waiver

Any waiver by a party shall not constitute a waiver for any future occurrence. No waiver shall be valid unless set forth in a writing executed by the party waiving such provision.

IN WITNESS WHEREOF, the Parties hereto have caused this contract to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: _____

Printed Name: Gary Rubin

Title: Vice President Expedited Shipping

Date: 5/12/07

[redacted]

Certification of Prices for Priority Mail Contract 10

I, W. Ashley Lyons, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for Priority Mail Contract 10. The prices and terms are consistent with the formulas established by the Decision of the Governors of the United States Postal Service on Establishment of Rate and Class Not of General Applicability for Priority Mail Contract Group, dated April 27, 2009 (Governors' Decision No. 09-6).

I hereby certify, based on in the financial analysis provided herewith, that the prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

W. Ashley Lyons