

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

Before Commissioners:

Dan G. Blair, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Tony L. Hammond

Competitive Product Prices  
Global Expedited Package Services 1 (CP2008-4)  
Negotiated Service Agreement

Docket No. CP2009-52

NOTICE AND ORDER CONCERNING FILING OF ADDITIONAL  
GLOBAL EXPEDITED PACKAGE SERVICES 1  
NEGOTIATED SERVICE AGREEMENT

(Issued July 22, 2009)

I. INTRODUCTION

On July 21, 2009, the Postal Service filed a notice announcing that it has entered into an additional Global Expedited Package Services 1 (GEPS 1) contract.<sup>1</sup> GEPS 1 provides volume-based incentives for mailers that send large volumes of Express Mail International (EMI) and/or Priority Mail International (PMI). The Postal Service believes the instant contract is functionally equivalent to previously submitted GEPS 1 contracts, and is supported by the Governors' Decision filed in Docket No. CP2008-4.<sup>2</sup> Notice at 1. It further notes that in Order No. 86, which established GEPS 1 as a product, the Commission held that additional contracts may be included as part of the GEPS 1

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<sup>1</sup> Notice of United States Postal Service Filing of Functionally Equivalent Global Expedited Package Services 1 Negotiated Service Agreement, July 16, 2009 (Notice).

<sup>2</sup> See Docket No. CP2008-4, Notice of United States Postal Service of Governors' Decision Establishing Prices and Classifications for Global Expedited Package Services Contents, May 20, 2008.

product if they meet the requirements of 39 U.S.C. 3633, and if they are functionally equivalent to the initial GEPS 1 contract filed in Docket No. CP2008-5.<sup>3</sup> Notice at 1.

*The instant contract.* The Postal Service filed the instant contract pursuant to 39 CFR 3015.5. In addition, the Postal Service contends that the contract is in accordance with Order No. 86. The Postal Service states that the instant contract replaces the contract for the customer in Docket No. CP2008-13, which will end on August 31, 2009. *Id.* at 2. It submitted the contract and supporting material under seal, and attached a redacted copy of the contract and certified statement required by 39 CFR 3015.5(c)(2) to the Notice as Attachments 1 and 2, respectively. *Id.* at 1-2. The term of the instant contract is one year from the date the Postal Service notifies the customer that all necessary regulatory approvals have been received.

The Notice advances reasons why the instant GEPS 1 contract fits within the Mail Classification Schedule language for GEPS 1. The Postal Service asserts that the instant contract is functionally equivalent to the GEPS 1 contracts filed previously. It states that in Governors' Decision No. 08-7, a pricing formula and classification system were established to ensure that each contract meets the statutory and regulatory requirements of 39 U.S.C. 3633. The Postal Service contends that the instant contract demonstrates its functional equivalence with the previous GEPS 1 contracts because of several factors: the customers are small or medium-sized businesses that mail directly to foreign destinations using EMI and/or PMI, the contract term of one year applies to all GEPS 1 contracts, the contracts have similar cost and market characteristics, and each requires payment through permit imprint. *Id.* at 4. It asserts that even though prices may be different based on volume or postage commitments made by the customers, or updated costing information, these differences do not affect the contracts' functional equivalency because the GEPS 1 contracts share similar cost attributes and methodology. *Id.* at 4-5.

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<sup>3</sup> See Docket No. CP2008-5, Order Concerning Global Expedited Package Services Contracts, June 27, 2008, at 7 (Order No. 86).

The Postal Service also identifies several other contractual differences including provisions that clarify the availability of other Postal Service products and services, exclude certain flat rate products from the mail qualifying for discounts, simplify mailing notice requirements, modify mail tender locations, clarify the mailer's volume and revenue commitment in the event of early termination, and modify the original GEPS 1 agreement to reflect changes unrelated to the mailers or negotiations of either party's obligations under the agreement. *Id.* at 5-6.

The Postal Service states that these differences related to a particular mailer are "incidental differences" and do not change the conclusion that these agreements are functionally equivalent in all substantive aspects. *Id.* at 6.

The Postal Service requests that this contract be included within the GEPS 1 product. *Id.* at 7.

The Postal Service maintains that certain portions of the contract and certified statement required by 39 CFR 3015.5(c)(2), names of GEPS 1 customers, related financial information, portions of the certified statement which contain costs and pricing as well as the accompanying analyses that provide prices, terms, conditions, and financial projections should remain under seal. *Id.* at 3.

## II. NOTICE OF FILING

The Commission establishes Docket No. CP2009-52 for consideration of matters related to the contract identified in the Postal Service's Notice.

Interested persons may submit comments on whether the Postal Service's contract is consistent with the policies of 39 U.S.C. 3632, 3622 or 3642. Comments are due no later than July 31, 2009. The public portions of these filings can be accessed via the Commission's website ([www.prc.gov](http://www.prc.gov)).

The Commission appoints Paul L. Harrington to serve as Public Representative in the captioned filings.

### III. ORDERING PARAGRAPHS

*It is Ordered:*

1. The Commission establishes Docket No. CP2009-52 for consideration of the issues raised in this docket.
2. Comments by interested persons in these proceedings are due no later than July 31, 2009.
3. Pursuant to 39 U.S.C. 505, Paul L. Harrington is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in these proceedings.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Judith M. Grady  
Acting Secretary