

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  
Inbound International Expedited Services 2  
(MC2009-10)

Docket No. CP2009-57

NOTICE AND ORDER CONCERNING FILING OF CHANGES IN RATES  
FOR INBOUND INTERNATIONAL EXPEDITED SERVICES 2

(Issued August 4, 2009)

I. INTRODUCTION

On July 28, 2009, the Postal Service filed a notice announcing changes in rates not of general applicability for Inbound International Expedited Services 2 effective January 1, 2010.<sup>1</sup> The Postal Service attached a redacted copy of the 2010 rates and a certified statement establishing compliance with 39 U.S.C. 3633 and 39 CFR 3015.5(c)(2) to the Notice as Attachments 1 and 2, respectively. *Id.* at 2. The Postal Service also submitted a listing of countries in each pricing tier and incorporated by

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<sup>1</sup> Notice of the United States Postal Service of Filing of Changes in Rates Not of General Applicability, July 28, 2009 (Notice).

reference the description of Inbound International Expedited Services 2 contained in its supporting documentation filed in Docket Nos. MC2009-10 and CP2009-12. The Postal Service submitted the rates, related financial information, and certified statement required by 39 CFR 3015.5(c)(2) under seal.

## II. BACKGROUND

The Notice states that in Docket No. MC2009-10, the Governors established prices and classifications not of general applicability for Inbound Express Mail International (EMS). In Order No. 162, the Commission added Inbound International Expedited Services 2 to the Competitive Product List as a new product under Express Mail, Inbound International Expedited Services.<sup>2</sup> The rates took effect on January 1, 2009.

In accordance with the provisions of the EMS Cooperative of the Universal Postal Union (UPU), rates for the delivery of inbound Express Mail International must be communicated to the UPU by August 31 of the year before which they are to take effect. As a member of the EMS Cooperative, the Postal Service may not change its rates for the coming year after August 31. In Order No. 162, the Commission raised concerns with filing these rates with the Commission after August 31, even though they do not take effect until January 1 of the following year. The Commission indicated that if a product is found to violate the Postal Accountability and Enhancement Act (PAEA), e.g., does not satisfy section 3633(a)(2), the Postal Service may be without a suitable remedy until the rate change is permitted for the following year. *Id.* at 9. The Commission, therefore, appreciates the Postal Service's filing the 2010 rates well in advance of the August 31, 2009 UPU deadline.

In its Notice, the Postal Service indicates that the rates to take effect in 2010 are divided into two tiers. Tier one applies to postal operators with a performance-level

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<sup>2</sup> See PRC Order No. 162, Docket Nos. MC2009-10, CP2009-12, Order Adding Inbound International Expedited Services 2 To Competitive Product List, December 31, 2008.

agreement, such as EMS Pay-for-performance Plan participants and Kahala Posts Group. Tier two applies to all other postal operators that transmit EMS to the United States. Notice at 2-3. The Postal Service provided a listing of countries in each tier, noting that this list may be subject to change on January 1, 2010. *Id.*; Attachment 3.

The Postal Service states that the China Post Group, whose inbound EMS rates were established by a bilateral agreement approved by the Commission in Docket Nos. CP2008-6 and CP2008-7, is expected to join Tier 1 grouping. *Id.* at 3. The parties have agreed to have the bilateral agreement expire at the end of the one-year term. *Id.* at 3.

The Postal Service maintains that the rates, related financial information, and certain portions of the certified statement required by 39 CFR 3015.5(c)(2), should remain under seal. *Id.* at 4.

### III. NOTICE OF FILING

The Commission establishes Docket No. CP2009-57 for consideration of matters related to the issues 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 August 12, 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 as Public Representative in this proceeding.

### IV. SUPPLEMENTAL INFORMATION

Pursuant to 39 CFR 3015.6, the Commission requests the Postal Service to provide the following supplemental information by no later than August 10, 2009:

1. Please provide the 2010 EMS Pay for Performance Plan that will apply to EMS Cooperative members.

2. Please provide the Postal Service's EMS Cooperative Report Cards, including performance measurements, for calendar year 2008 and the first three quarters of 2009, if available.
3. In Excel file WP\_Inbound\_EMS\_2009.07.28, worksheet 02\_Narrative, cell C107, the Postal Service makes an assumption about arrival scan performance. Please explain this assumption further, its rationale, and how its application comports with the provisions of the 2010 EMS Pay for Performance Plan and the Postal Service's performance.

V. ORDERING PARAGRAPHS

*It is Ordered:*

1. The Commission establishes Docket No. CP2009-57 for consideration of the issues raised in this docket.
2. Comments by interested persons in these proceedings are due no later than August 12, 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