

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

Before Commissioners:

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

Competitive Product Prices
Priority Mail
Priority Mail Contract 22

Docket No. MC2010-4

Competitive Product Prices
Priority Mail Contract 22 (MC2010-4)
Negotiated Service Agreement

Docket No. CP2010-4

NOTICE AND ORDER CONCERNING PRIORITY MAIL CONTRACT 22
NEGOTIATED SERVICE AGREEMENT

(Issued October 16, 2009)

I. INTRODUCTION

On October 14, 2009, the Postal Service filed a formal request pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.* to add Priority Mail Contract 22 to the Competitive Product List.¹ The Postal Service asserts that Priority Mail Contract 22 is a competitive product “not of general applicability” within the meaning of 39 U.S.C.

¹ Request of the United States Postal Service to Add Priority Mail Contract 22 to Competitive Product List and Notice of Filing (Under Seal) of Contract and Supporting Data, October 14, 2009 (Request).

3632(b)(3). The Postal Service states that prices and classification underlying this contract are supported by Governors' Decision No. 09-6 in Docket No. MC2009-25. *Id.* at 1. The Request has been assigned Docket No. MC2010-4.

The Postal Service contemporaneously filed a contract related to the proposed new product pursuant to 39 U.S.C. 3632(b)(3) and 39 CFR 3015.5. The contract has been assigned Docket No. CP2010-4.

Request. In support of its Request, the Postal Service filed the following materials: (1) a redacted version of the Governors' Decision, originally filed in Docket No MC2009-25, authorizing certain Priority Mail contracts;² (2) a redacted version of the contract;³ (3) a requested change in the Competitive Product List;⁴ (4) a Statement of Supporting Justification as required by 39 CFR 3020.32;⁵ (5) a certification of compliance with 39 U.S.C. 3633(a);⁶ and (6) an application for non-public treatment of the materials filed under seal.⁷

In the Statement of Supporting Justification, Mary Prince Anderson, Acting Manager, Sales and Communications, Expedited Shipping, asserts that the service to be provided under the contract will cover its attributable costs, make a positive contribution to institutional costs, and increase contribution toward the requisite 5.5 percent of the Postal Service's total institutional costs. *Id.*, Attachment D. Thus, Ms. Anderson contends there will be no issue of subsidization of competitive products by market dominant products as a result of this contract. *Id.*

Related contract. A redacted version of the specific Priority Mail Contract 22 is included with the Request. The contract will become effective on the day that the

² Attachment A to the Request, reflecting Governors' Decision No. 09-6, April 27, 2009.

³ Attachment B to the Request.

⁴ Attachment C to the Request.

⁵ Attachment D to the Request.

⁶ Attachment E to the Request.

⁷ Attachment F to the Request.

Commission provides all necessary regulatory approvals. It is terminable upon 30 days' notice by a party, but could continue for 3 years with annual adjustments. The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a)(1). See *id.*, Attachment D. The Postal Service will provide the shipper with Priority Mail packaging for eligible Priority Mail items mailed by the shipper.

The Postal Service filed much of the supporting materials, including the specific Priority Mail Contract 22, under seal. In its Request, the Postal Service maintains that the contract and related financial information, including the customer's name and the accompanying analyses that provide prices, terms, conditions, cost data, and financial projections should remain under seal. *Id.* at 2. It also requests that the Commission order that the duration of such treatment of all customer identifying information be extended indefinitely, instead of ending after 10 years. *Id.*, Attachment F at 1 and 7.

II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2010-4 and CP2010-4 for consideration of the Request pertaining to the proposed Priority Mail Contract 22 product and the related contract, respectively. In keeping with practice, these dockets are addressed on a consolidated basis for purposes of this Order; however, future filings should be made in the specific docket in which issues being addressed pertain.

Interested persons may submit comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642 and 39 CFR part 3015 and 39 CFR 3020 subpart B. Comments are due no later than October 26, 2009. The public portions of these filings can be accessed via the Commission's website (www.prc.gov).

The Commission appoints Paul L. Harrington to serve as Public Representative in these dockets.

III. SUPPLEMENTAL INFORMATION

The Commission requests the Postal Service to provide the following supplemental information regarding the new agreement by October 20, 2009:

1. On page 3 of Attachment F to the Request, the Postal Service references redacted financial workpapers. However, no redacted workpapers were filed in support of this docket. Please provide these workpapers.

IV. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket Nos. MC2010-4 and CP2010-4 for consideration of the matter raised in each docket.
2. 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.
3. Comments by interested persons in these proceedings are due no later than October 26, 2009.
4. A response to the supplemental information request is due by October 20, 2009.

5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary