

ORDER NO. 374

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
Global Direct Contracts 1 (MC2009-17)
Negotiated Service Agreement

Docket No. CP2010-19

NOTICE AND ORDER CONCERNING
FILING OF ADDITIONAL GLOBAL DIRECT CONTRACTS 1
NEGOTIATED SERVICE AGREEMENT

(December 30, 2009)

I. BACKGROUND

On December 23, 2009, the Postal Service filed a notice announcing that it has entered into an additional Global Direct Contracts 1 agreement.¹ Global Direct Contracts 1 provide a rate for mail acceptance within the United States and transportation to a receiving country, with the addition by the customer of appropriate foreign indicia, and payment by the Postal Service of the appropriate settlement charges to the receiving country. The Postal Service believes the instant agreement is

¹ Notice of United States Postal Service Filing of Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement, December 23, 2009 (Notice).

functionally equivalent to previously submitted Global Direct Contracts 1 agreements, and supported by the Governors' Decision filed in Docket No. MC2008-7.² The Postal Service contends that the instant agreement should be included within the Global Direct Contracts 1 product. *Id.* at 2.

The instant contract. The Postal Service filed the instant agreement pursuant to 39 CFR 3015.5. In addition, the Postal Service contends that the agreement is in accordance with PRC Order No. 153.³ *Id.* It submitted the contract and supporting material under seal, and attached the following:

- Attachment 1— a redacted copy of the contract;
- Attachment 2— a certified statement required by 39 CFR 3015.5(c)(2);
- Attachment 3—an application for non-public treatment of materials to maintain the contract and supporting documents under seal; and
- Attachment 4—a redacted copy of Governors' Decision No. 08-10, which establishes prices and classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts.

The Postal Service will notify the customer of the effective date of the contract, which is the immediate successor of the Global Direct contract at issue in Docket No. CP2009-18, within 30 days after receiving all regulatory approvals.⁴ Notice at 2-3. To that end, the Postal Service also explains that a redacted version of the supporting financial documentation is included with this filing as a separate Excel file. *Id.* at 2.

The Notice identifies the instant agreement as fitting within the Mail Classification Schedule language for Global Direct Contracts, and indicates that this agreement is set

² Notice at 1-2, *citing* Attachment 4 reflecting a redacted version of Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts (Governors' Decision No. 08-10), July 16, 2008. The Postal Service also filed under seal an unredacted version of the Governors' Decision in that docket.

³ Docket Nos. MC2009-9, CP2009-10 and CP2009-11, Order Concerning Global Direct Contracts Negotiated Service Agreements, December 19, 2008 (Order No. 153).

⁴ The contract at issue in Docket No. CP2008-19 was ruled functionally equivalent to other Global Direct Contracts, including the one at issue in Docket No. CP2008-11, which were added to the Competitive Product List. See Docket No. CP2009-18, Order Concerning Additional Global Direct Contracts Negotiated Service Agreement, January 9, 2009 (Order No. 166).

to replace the one expiring soon.⁵ The Notice also provides the Postal Service's rationale for concluding that the instant contract is functionally equivalent to the concurrently proposed new baseline contract filed in Docket Nos. CP2010-17 and CP2010-18. *Id.* The Postal Service submits that the instant contract and the proposed new baseline contract share similar cost and market characteristics with only a minor difference while the "core terms and conditions remain the same." *Id.* Unlike the proposed new baseline contract, the present contract "allows the customer to tender items that meet the requirements for Canada Post's domestic Ad Mail service, in addition to the types of Canada Post items covered by the contract in Docket Nos. MC2010-17 and CP2010-18." *Id.* This kind of distinction, it adds, has not precluded functionally equivalent treatment in the past. *Id.* at 3, n.6, *citing* PRC Order No. 166. Thus, it concludes that "this contract should be added to the existing Global Direct Contracts 1 product." *Id.* at 4.

II. NOTICE OF FILING

The Commission establishes Docket No. CP2010-19 for consideration of matters related to the agreement identified in the Postal Service's Notice.

Interested persons may submit comments on whether the Postal Service's agreement is consistent with the policies of 39 U.S.C. 3632, 3633, or 3642. Comments are due no later than January 6, 2010. The public portions of these filings can be accessed via the Commission's website (www.prc.gov).

The Commission appoints Jeremy Simmons to serve as Public Representative in the captioned filing.

⁵ *Id.* The Postal Service also states that this agreement is scheduled to remain effective for one year subject to automatic renewal unless terminated by the parties. *Id.* at 3.

III. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket No. CP2010-19 for consideration of the matters raised in this docket.
2. Pursuant to 39 U.S.C. 505, Jeremy Simmons 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 January 6, 2010.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary