



March 26, 2010

Postal Regulatory Commission
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Honorable Shoshana Grove
Secretary
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Ms. Grove:

Pursuant to 39 U.S.C. § 407(d)(2), the U.S. Postal Service (Postal Service) is providing a copy of a commercial contractual agreement between the United States Postal Service and Post Danmark A/S. The Postal Service has marked the non-public versions of the document as "Confidential" and "Non-Public" because the document contains information considered confidential and commercially sensitive by the affected postal operators and the Postal Service. The Postal Service considers certain portions of the document to be protected by 39 U.S.C. § 410(c)(2) and thereby not subject to mandatory disclosure under the Freedom of Information Act (FOIA). Further, the document contains the commercial information of a third-party postal operator, and as such, certain portions of the instrument are subject to protection under Exemption 4 of the FOIA. Consequently, we have attached an application for non-public treatment of the document under 39 C.F.R. § 3007.21. In addition, we respectfully request that the Postal Regulatory Commission coordinate with us in the event that the document becomes subject to a FOIA request, so that we can engage in appropriate consultations with the affected postal operator.

Please feel free to contact me if further information would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony F. Alverno".

Anthony F. Alverno
Chief Counsel
Global Business

Enclosure

Commercial Contractual Agreement

between

The United States Postal Service (USPS)

and

Post Danmark A/S

Pursuant to Annex B2 of Sub-Agreement B to the Agreement for the Delivery of Day-Certain Cross-Border Parcels ("Sub-Agreement"), this constitutes a contractual agreement between the United States Postal Service (USPS) and Post Danmark. For E Parcels Group (EPG) parcels sent from the USPS to Post Danmark for delivery in the Faroe Islands and Greenland, the USPS agrees to pay the appropriate transit charges set forth in the most recent Table CP 82 that Post Danmark has communicated to the USPS in accordance with Article RC 161.8 of the Universal Postal Union's (UPU's) Parcel Post Regulations, with the addition of a mutually agreed [REDACTED] special handling fee. As illustration, based on Post Danmark's Table CP 82 dated January 1, 2010, the rates would be as follows:

Faroe Islands:

[REDACTED] for transit fee
[REDACTED] for handling
[REDACTED] air conveyance fee
[REDACTED] for special handling (manual separation in Copenhagen of Air Parcel items subject to EPG rules from Parcel Post items subject to UPU rules, extra J and K scans performed, and IPC extraction logic from EPG reporting)

Greenland:

[REDACTED] for transit fee
[REDACTED] for handling
[REDACTED] air conveyance fee
[REDACTED] for special handling (manual separation in Copenhagen of Air Parcel items subject to EPG rules from Parcel Post items subject to UPU rules, extra J and K scans performed, and IPC extraction logic from EPG reporting)

With the exception of the special handling charge, the charges shown above are illustrative only and are subject to change in accordance with any later-provided Table CP 82 communicated by Post Danmark as set forth in Article RC 160.8 of the UPU Parcel Post Regulations.

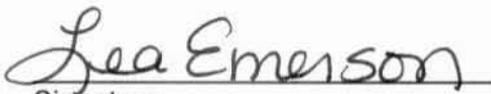
Except for the special handling charge of [REDACTED], the application of Post Danmark's transit rates for these destinations will take effect on the tenth day subsequent to the later of the parties' signatures, subject to any filing requirement prior to effectiveness, as described in the subsequent paragraph. The special handling charge will take effect upon Post Danmark's written communication to the USPS that Post Danmark is prepared to provide J and K scan events for applicable Air Parcel Post items from the United States to the Faroe Islands and Greenland. The application of the transit rates and the special handling charge will remain in effect for the remainder of calendar year 2010, unless amended or extended by mutual written agreement of both parties, subject to the right of

either party to exercise its option to withdraw from the EPG Core Agreement or Sub-Agreement B. The Postal Service and Post Danmark will also apply this Agreement to any outstanding amounts incurred in calendar year 2009, using the applicable rates from the version of Post Danmark's Table CP 82 in effect at the time of the relevant dispatches. All taxes and duties continue to be the sole responsibility of the party to which they are duly assessed and shall not be charged to the other party in any form, unless otherwise agreed in writing between the parties.

Post Danmark acknowledges that United States law may require that this agreement be filed with the U.S. Postal Regulatory Commission (Commission) and the U.S. Department of State. Post Danmark authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. Post Danmark further understands that any unredacted portion of this document may be posted on the Commission's public website, www.prc.gov. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website: www.prc.gov/Docs/63/63467/Order225.pdf. Post Danmark has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. At Post Danmark's request, the U.S. Postal Service will notify Post Danmark of the docket number of the Commission proceeding, if any, used in connection with this agreement.

This commercial contractual agreement does not bind the governments of the United States and Denmark and is not an international law agreement. The agreement is made in duplicate and may be signed in counterparts.

United States Postal Service


Signature

for Pranab Shah
Managing Director, Global Business
and Vice President

January 13, 2010
Date

Post Danmark A/S


Signature

Carsten Dalbo Pedersen
Deputy Head of Business Area Logistics
Senior Vice President

February 23, 2010
Date

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for non-public treatment of the enclosed commercial contractual agreement between the United States Postal Service and Post Danmark A/S for Air Parcel Post items sent from the Postal Service to Post Danmark for delivery in the Faroe Islands and Greenland, which the Postal Service is transmitting to the Postal Regulatory Commission (Commission) in accordance with 39 U.S.C. § 407(d). A redacted version of this contract is enclosed with the instant transmittal. The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).² Because the portions of materials filed non-publicly fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of contracts such as the one transmitted here, the Postal Service believes that the postal operator that is a party to the contract is the only third party with a proprietary interest in the materials. Due to language differences, cultural sensitivities, and the intricacies of the Postal Service's relationship with the affected foreign postal operator, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operator.³ The Postal Service identifies as an appropriate contact person Giselle Valera, Executive Director, Global Finance and Business Analysis. Ms. Valera's phone number is (202) 268-5931, and her email address is Giselle.E.Valera@usps.gov. The Postal Service has already

² The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

³ The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's response might be construed as beyond the scope of this exception, the Postal Service respectfully requests a waiver that would allow it to designate a Postal Service employee as the contact person under these circumstances, in light of the practical considerations outlined herein.

informed the postal operator, in compliance with 39 C.F.R. § 3007.20(b), about the nature and scope of this filing and about the postal operator's ability to address any confidentiality concerns directly with the Commission.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

As required by 39 U.S.C. § 407(d), the Postal Service is transmitting a contract with a foreign postal operator that is an agency of a foreign government. The commercial contractual agreement identifies rates for Air Parcel Post items sent from the Postal Service to Post Danmark for delivery in the Faroe Islands and Greenland. The Postal Service maintains that the redacted portions of the document should remain confidential.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices.

Competitors could use the information to assess costs to the USPS of providing international Parcel Post service to the relevant operator. Additionally, foreign postal operators or other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of price information in the enclosed contract would provide foreign postal operators extraordinary negotiating power in pricing negotiations with the Postal Service.

Hypothetical: A foreign postal operator's negotiated Parcel Post pricing information is disclosed publicly on the Commission's website. Another postal operator sees the information and uses the publicly available rate information to the Postal Service's detriment in pricing negotiations, in an effort to extract the payment of comparable rates for delivery of Parcel Post items.

Harm: Public disclosure of information in the contract would be used by the Postal Service's competitors, as well as competitors of the foreign postal operator with which Parcel Post items are exchanged.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the contract from the Postal Regulatory Commission's website. The competitor analyzes the contract to assess the foreign postal operator's prices and the Postal Service's underlying foreign delivery costs. The competitor uses that information as a baseline to develop lower-cost alternatives.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive

decision-making in the relevant market for international expedited and parcels products (including private sector integrators), as well as their consultants and attorneys. Additionally, the Postal Service believes that, except for the foreign postal operator that already has access to this information, actual or potential customers of the Postal Service for products related to Inbound Air Parcel Post, Priority Mail International, or similar products should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.