

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 Reseller Expedited Package Contracts  
Negotiated Service Agreements

Docket No. MC2010-21

Competitive Product Prices  
Global Reseller Expedited Package Contracts  
(MC2010-21)  
Negotiated Service Agreement

Docket No. CP2010-36

NOTICE AND ORDER CONCERNING FILING OF  
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS  
NEGOTIATED SERVICE AGREEMENT

(Issued April 1, 2010)

I. INTRODUCTION

On March 29, 2010, the Postal Service filed a formal request pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.* to add Global Reseller Expedited Package (GREP) Contracts to the Competitive Product List.<sup>1</sup> The Postal Service asserts that Governors' Decision No. 10-1 establishes prices and classifications "not of general

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<sup>1</sup> Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts to the Competitive Products List, and Notice of Filing (Under Seal) of Contract and Enabling Governors' Decision, March 29, 2010 (Request).

applicability” within the meaning of 39 U.S.C. 3632(b)(3) for the GREP Contracts product.<sup>2</sup> The Postal Service asserts this classification change is consistent with the requirements of 39 U.S.C. 3642, and further proposes conforming Mail Classification Schedule language. *Id.* at 1-2. This Request has been assigned Docket No. MC2010-21.

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. CP2010-36. The Postal Service filed a copy of the contract, Governors’ Decision with attachments, and supporting financial documentation under seal. *Id.* at 2.

Additionally, in support of its Request, the Postal Service filed five attachments as follows:

- Attachment 1—a Statement of Supporting Justification as required by 39 CFR 3020.32;
- Attachment 2—a redacted copy of Governors’ Decision No. 10-1 which establishes prices and classifications for GREP contracts, a description of applicable GREP contracts including proposed Mail Classification Schedule language, formulas for prices, an analysis and certification of the formulas as required by 39 CFR 3015 and certification of the Governors’ vote;
- Attachment 3—a redacted copy of the contract, and applicable annexes;
- Attachment 4—a certified statement required by 39 CFR 3015.5(c)(2); and
- Attachment 5—an application for non-public treatment of materials to maintain the contract and supporting documents under seal.

In the Statement of Supporting Justification, Frank Cebello, Executive Director, Global Business Management, asserts that the service to be provided under the

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<sup>2</sup> Governors’ Decision No. 10-1, filed March 24, 2010, establishes prices and classifications not of general applicability for Global Reseller Expedited Package Contracts.

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 1. Thus, Mr. Cebello contends there will be no issue of subsidization of competitive products by market dominant products as a result of this contract. *Id.*

Joseph Moeller, Manager, Regulatory Reporting and Cost Analysis, Finance Department, certifies that the contract complies with 39 U.S.C. 3633(a). *Id.*, Attachment 4. He asserts that the prices for the GREP contract “should cover its attributable costs and preclude the subsidization of competitive products by market dominant products.” *Id.*

The Postal Service states that it uses GREP contracts to provide discounted prices for Express Mail International and/or Priority Mail International to a Sales Agent also known as a Reseller. The Reseller, is not a mailer, but instead, markets Express Mail International and Priority Mail International at discounted prices to customers, particularly small and medium-sized businesses. *Id.* at 3.

*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 Governors' Decision No. 10-1. *Id.* at 1. The term of the contract is one year from the date the Postal Service notifies the customer that all necessary regulatory approvals have been received. *Id.* at 3.

Substantively, the Request seeks to add the instant GREP contract and any subsequent functionally equivalent GREP Contracts as one product to the Competitive Product List. *Id.* at 2.

The Postal Service's Request advances reasons why the GREP Contracts product is competitive, not covered by the postal monopoly and is in compliance with 39 3642 (b)(2), all of which are highlighted in the Request. *Id.* at 3-4. The Postal Service urges the Commission to approve the request to add the GREP contracts product to the Competitive Product List. *Id.* at 7.

## II. NOTICE OF FILING

The Commission establishes Docket Nos. MC2010-21 and CP2010-36 for consideration of matters raised in the Postal Service's Notice.

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, 39 CFR part 3015, and 39 CFR 3020 subpart B. Comments are due no later than April 15, 2010. The public portions of these filings can be accessed via the Commission's website ([www.prc.gov](http://www.prc.gov)).

The Commission appoints Kenneth Richardson to serve as Public Representative in these dockets.

## III. ORDERING PARAGRAPHS

*It is Ordered:*

1. The Commission establishes Docket Nos. MC2010-21 and CP2010-36 for consideration of matters raised by the Postal Service's Request.
2. Comments by interested persons in these proceedings are due no later than April 15, 2010.

3. Pursuant to 39 U.S.C. 505, Kenneth Richardson is appointed to serve as the 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.

Shoshana M. Grove  
Secretary