

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates

Docket Nos. MC2010-29
CP2010-72

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued July 28, 2010)

The Postal Service is requested to respond to the following questions to clarify its request to add Global Expedited Package Services Contracts—Non-published Rates to the competitive product list (GEPS—Non-published Rates).¹ Responses should be provided no later than August 4, 2010.

1. The Request refers to “business rules.” See Request at 3 and 7. Please identify each business rule applicable to the GEPS—Non-published Rates product.
2. Please refer to the Request, Attachment 3, Statement of Supporting Justification, at 2, which states: “[T]he product design approved...in Governors’ Decision 10-2 includes actual rates that, on a cell-by-cell basis, cover their costs or default to the lowest published rate, which the customer could get, even without a specific arrangement with the Postal Service.” Please provide the financial model relied upon by the Postal Service to determine whether the prices offered to a mailer

¹ See Notice and Request of the United States Postal Service Concerning Global Expedited Package Services—Non-published Rates and Application for Non-Public Treatment of Materials Filed Under Seal, July 16, 2010 (Request).

would, on a cell-by-cell basis, cover their costs or default to the lowest published rate.

3. Attachment 2 to the Request includes, among other things, the Governors' Decision.
 - a. Please refer to Attachment C to the Governors' Decision at 3. The chart on page 3 illustrates the expected cost coverage for the new GEPS agreements. Please provide an electronic copy of the model used to develop the chart, including all supporting workpapers.
 - b. Please refer to Attachment C to the Governors' Decision at 2-3. Please identify each pricing factor that the Postal Service intends to update monthly.
 - c. Does the monthly updating affect changes in prices under (then-existing) new GEPS agreements or only as to prospective agreements? If the former, which factors give rise to price changes?
 - d. Please confirm that the pricing factors identified in 3b., above are part of the Postal Service's financial model. If confirmed, please provide that financial model (if it is not provided in response to question 2, above). If not confirmed, please explain.
4. Please refer to Attachment C to the Governors' Decision at 3, which states:

"Each time the published rates for EMI and PMI change, the Postal Service will also secure a decision from the Governors' setting a new price floor for GEPS-Non-published Rates."

 - a. How frequently does the Postal Service anticipate changing the published rates for EMI and PMI?

- b. How will the Postal Service notify: (i) the Commission, and (ii) affected mailers of changes in published rates?
 - c. How will the Postal Service notify: (i) the Commission, and (ii) affected mailers of changes in rates as a result of monthly updates?
 - d. How will the Postal Service notify: (i) the Commission, and (ii) affected mailers of changes in terms and conditions of the underlying agreement?
5. Please refer to Attachment D to the Governors' Decision. The certification refers to "the methodology for determining the rates for individual customers." Please confirm that this methodology is exclusively based on the mailer's: (a) revenue commitment, (b) level of downstream access, and (c) destination country. If not confirmed, please elaborate.
6. Please confirm that the Postal Service intends to file a copy of each executed GEPS—Non-published Rates agreement with the Commission. If not confirmed, please explain.
7. The Postal Service indicates that it "anticipates that nearly all GEPS agreements will fit within the rates set by the Governors' decision for GEPS Non-published Rates." Request at 4.
 - a. Would any GEPS 1 shipper not have qualified for service under the GEPS—Non-published Rate classification? If so, please elaborate.
 - b. Would any GEPS 2 shipper not have qualified for service under the GEPS—Non-published Rate classification? If so, please elaborate?
 - c. Does the Postal Service anticipate that all expiring GEPS 2 agreements will be renewed as GEPS—Non-published Rates agreements, to the extent the shipper desires to continue such service and provided that

service fits with the GEPS—Non-published Rates classification? If not, please elaborate.

- d. If “nearly all” GEPS agreements will fit within the GEPS—Non-published Rates classification, please identify and discuss the GEPS agreements that will not be eligible for the GEPS—Non-published Rate classification.
8. Please confirm that to be eligible for GEPS—Non-published Rates each prospective shipper must sign a contract with the Postal Service. If confirmed, please explain why GEPS—Non-published Rates is appropriate as a niche classification.

Ruth Y. Goldway
Presiding Officer