

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 Expedited Package Services 3 (MC2010-28)
Negotiated Service Agreement

Docket No. CP2011-19

NOTICE AND ORDER CONCERNING FILING OF AN ADDITIONAL
GLOBAL EXPEDITED PACKAGE SERVICES 3
NEGOTIATED SERVICE AGREEMENT

(Issued October 15, 2010)

I. INTRODUCTION

On October 14, 2010, the Postal Service filed a notice announcing that it has entered into an additional Global Expedited Package Services 3 (GEPS 3) contract.¹ The Postal Service believes the instant contract is functionally equivalent to previously submitted GEPS contracts, and is supported by Governors' Decision No. 08-7, attached to the Notice and originally filed in Docket No. CP2008-4. *Id.* at 1, Attachment 3. The Notice explains that Order No. 86, which established GEPS 1 as a product, also

¹ Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, October 14, 2010 (Notice).

authorized functionally equivalent agreements to be included within the product, provided that they meet the requirements of 39 U.S.C. 3633. *Id.* at 1-2. In Order No. 290, the Commission approved the GEPS 2 product.² In Order No. 503, the Commission approved the GEPS 3 product. Additionally, the Postal Service requested to have the contract in Docket No. CP2010-71 serve as the baseline contract for future functional equivalence analyses of the GEPS 3 product.

The instant contract. The Postal Service filed the instant contract pursuant to 39 CFR 3015.5. In addition, the Postal Service contends that the instant contract is in accordance with Order No. 86. The Postal Service states the instant contract is the immediate successor to the contract in Docket No. CP2010-10 that is scheduled to expire November 30, 2010. It explains that the mailer has already met the minimum commitment under its current contract and upon regulatory approval of the instant contract, the current contract will be terminated and an effective date for the new contract will be confirmed. Notice at 3. The term of the instant contract is one year from the date the Postal Service notifies the customer that all necessary regulatory approvals have been received. *Id.* at 3.

In support of its Notice, the Postal Service filed four attachments as follows:

- Attachment 1—a redacted copy of the contract and applicable annexes;
- Attachment 2—a certified statement required by 39 CFR 3015.5(c)(2);
- Attachment 3—a redacted copy of Governors’ Decision No. 08–7 which establishes prices and classifications for GEPS contracts, a description of applicable GEPS contracts, formulas for prices, an analysis and certification of the formulas and certification of the Governors’ vote; and
- Attachment 4—an application for non–public treatment of materials to maintain redacted portions of the contract and supporting documents under seal.

² Docket No. CP2009-50, Order Granting Clarification and Adding Global Expedited Package Services 2 to the Competitive Product List, August 28, 2009 (Order No. 290).

The Notice advances reasons why the instant GEPS 3 contract fits within the Mail Classification Schedule language for the GEPS 3 product. The Postal Service identifies customer-specific information and general contract terms that distinguish the instant contract from the baseline GEPS 3 agreement. *Id.* at 4-5. It states that the differences, which include price variations based on updated costing information and volume commitments, do not alter the contract's functional equivalency. *Id.* at 3-4. The Postal Service asserts that “[b]ecause the agreement incorporates the same cost attributes and methodology, the relevant characteristics of this GEPS contract is similar, if not the same, as the relevant characteristics of previously filed contracts.” *Id.* at 4.

The Postal Service concludes that its filings demonstrate that this new GEPS 3 contract complies with the requirements of 39 U.S.C. 3633 and is functionally equivalent to the baseline GEPS 3 contract. Therefore, it requests that the instant contract be included within the GEPS 3 product. *Id.* at 5.

II. NOTICE OF FILING

The Commission establishes Docket No. CP2011-19 for consideration of matters related to the contract identified in the Postal Service's Notice.

Interested persons may submit comments on whether the Postal Service's contract is consistent with the policies of 39 U.S.C. 3632, 3633, or 3642. Comments are due no later than October 25, 2010. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Natalie Rea to serve as Public Representative in the captioned proceedings.

III. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket No. CP2011-19 for consideration of matters raised by the Postal Service's Notice.
2. Comments by interested persons in this proceeding are due no later than October 25, 2010.
3. Pursuant to 39 U.S.C. 505, Natalie Rea is appointed to serve as the officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary