

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
Parcel Return Service
Parcel Return Service Contract 2

Docket No. MC2011-6

Competitive Product Prices
Parcel Return Service Contract (MC2011-6)
Negotiated Service Agreement

Docket No. CP2011-33

NOTICE AND ORDER CONCERNING
PARCEL RETURN SERVICE CONTRACT 2
NEGOTIATED SERVICE AGREEMENT

(Issued November 19, 2010)

I. INTRODUCTION

Pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service filed a formal request and associated supporting information to add Parcel Return Service

Contract 2 to the competitive product list.¹ The Postal Service asserts that Parcel Return Service Contract 2 is a competitive product “not of general applicability” within the meaning of 39 U.S.C. 3632(b)(3). *Id.* at 1. The Postal Service states that prices and classifications underlying this contract are supported by Governors’ Decision No. 10-5. *Id.* The Request has been assigned Docket No. MC2011-6.

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 Postal Service states that the instant contract is the successor contract for the Parcel Return Service Contract 1 product in Docket Nos. MC2009-1 and CP2009-2.² The contract has been assigned Docket No. CP2011-33.

Request. In support of its Request, the Postal Service filed six attachments as follows:

- Attachment A—a redacted copy of Governors’ Decision No. 10-5, authorizing Parcel Return Service;
- Attachment B—a redacted copy of the contract;
- Attachment C—a proposed change in the Mail Classification Schedule competitive product list;
- Attachment D—a Statement of Supporting Justification as required by 39 CFR 3020.32;
- Attachment E—a certification of compliance with 39 U.S.C. 3633(a); and
- Attachment F—an application for non-public treatment of materials to maintain redacted portions of the contract and supporting documents under seal.

¹ Request of the United States Postal Service to Add Parcel Return Service Contract 2 to the Competitive Product List and Notice of Filing (Under Seal) of Contract and Supporting Data, November 17, 2010 (Request).

² The contract for Parcel Return Service Contract 1 originally was set to expire on November 7, 2010. In Order No. 576, the Commission granted the Postal Service’s Motion for Temporary Relief allowing the contract to remain in effect until November 30, 2010, based on the expectation that the Postal Service would file the successor contract by November 5, 2010. See Docket Nos. MC2009-1 and CP2009-1, Motion of the United States Postal Service for Temporary Relief, November 3, 2010, at 2, n.1. By this Order, the Commission extends the effective date until December 31, 2010.

In the Statement of Supporting Justification, Daniel J. Barrett, Manager, Return Solutions, Shipping Services, asserts that the service to be provided under the 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. Request, Attachment D. Thus, Mr. Barrett contends there will be no issue of subsidization of competitive products by market dominant products as a result of this contract. *Id.*

A redacted version of the specific Parcel Return Service Contract 2 is included with the Request. The contract will become effective the day that the Commission provides all necessary regulatory approvals. It is terminable upon 30 days' notice by either party, but could continue for 3 years.³ The Postal Service represents that the contract is consistent with 39 U.S.C. 3633 (a). *Id.*, Attachment D.

The Postal Service maintains that the contract and related financial information, including the customer's name and the accompanying analyses that provide prices, terms, conditions, cost data, and financial projections should remain under seal. *Id.*, Attachment F. It also requests that the Commission order that the duration of such treatment of all customer-identifying information be extended indefinitely, instead of ending after 10 years. *Id.*, ¶¶ 1 and 7.

II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2011-6 and CP2011-33 for consideration of the Request pertaining to the proposed Parcel Return Service Contract 2 product and the related contract, respectively.

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

³ The instant contract provides that its term is 2 years from the effective date unless terminated, renewed or extended by both parties in writing. *Id.*, Attachment B, at 5. Governors' Decision No. 10-5 provides that the contract is for 2 years with an option for an additional year if certain conditions are met. *Id.*, Attachment A, at 1.

3642 and 39 CFR part 3015 and 39 CFR 3020, subpart B. Comments are due no later than November 30, 2010. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Paul L. Harrington to serve as Public Representative in these dockets.

III. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket Nos. MC2011-6 and CP2011-33 for consideration of the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Paul L. Harrington 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 November 30, 2010.
4. The current contract filed in Docket Nos. MC2009-1 and CP2009-2 for Parcel Return Service Contract 1 is authorized to continue in effect through December 31, 2010.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams
Acting Secretary