

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman;  
Dan G. Blair;  
Tony L. Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Global Plus 2B Contracts (MC2011-8)  
Negotiated Services Agreements

Docket Nos. MC2011-8  
CP2011-41  
CP2011-42

NOTICE AND ORDER CONCERNING FILING OF  
FUNCTIONALLY EQUIVALENT GLOBAL PLUS 2B CONTRACTS  
NEGOTIATED SERVICE AGREEMENTS

(Issued December 13, 2010)

I. INTRODUCTION

Pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service seeks to add Global Plus 2B as a new product, to the competitive product list.<sup>1</sup> The Request has been assigned Docket No. MC2011-8. In addition, the Postal Service filed

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<sup>1</sup> Request of the United States Postal Service to Add Global Plus 2B to the Competitive Products List and Notice of Filing Two Functionally Equivalent Global Plus 2B Contracts Negotiated Service Agreements and Application for Non-Public Treatment of Materials Filed Under Seal, December 9, 2010 (Request).

notice, pursuant to 39 CFR 3015.5, announcing that it has entered into two Global Plus 2B contracts.

The Postal Service states that the instant contracts are functionally equivalent to one another and to previously submitted Global Plus 2 contracts.<sup>2</sup> It states further that the instant contracts are supported by Governors' Decision No. 08-10, which establishes prices and classifications not of general applicability for Global Plus Contracts.<sup>3</sup> The two contracts have been assigned Docket Nos. CP2011-41 and CP2011-42, respectively.

*The instant contracts.* The Postal Service states that the instant contracts are the immediate successors to the Global Plus 2A contracts in Docket Nos. CP2010-69 and CP2010-70 that are scheduled to expire on 11:59 p.m on January 16, 2011. Request at 3-4. The instant contracts are expected to begin January 17, 2011, and expire at 11:59 p.m. on the day prior to the day in January 2012 when Canada Post Corporation institutes price changes for its domestic Lettermail, Incentive Lettermail, Admail, and/or Publications Mail products. If these prices do not change during the month of January the contracts terminate on January 31, 2012. *Id.* at 4-5.

The Postal Service filed copies of the contracts, Governors' Decision with attachments, and supporting financial documentation under seal. *Id.* at 3.

Additionally, the Postal Service filed the following five attachments:

- Attachment 1—a statement of supporting justification required by 39 CFR 3020.32;
- Attachments 2A and 2B—a redacted copy of each contract and applicable annexes;

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<sup>2</sup> See Docket Nos. CP2008-8 through CP2008-10, Order Concerning Global Plus Negotiated Service Agreements, June 27, 2008.

<sup>3</sup> See Docket No. CP2008-8, Notice of United States Postal Service of Governors' Decision Establishing Prices and Classifications for Global Plus Contracts, June 2, 2008, at 1.

- Attachments 3A and 3B—certified statements required by 39 CFR 3015.5(c)(2);
- Attachment 4—a redacted copy of Governors’ Decision No. 08-10, which establishes prices and classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts, formulas for the prices, analyses and certifications of the formulas and certification of the Governors’ vote;
- Attachment 5—an application for non-public treatment of materials to maintain the contract and supporting documents under seal.

*Functional equivalence.* The Postal Service asserts that the instant contracts are functionally equivalent to one another and to the precursor Global Plus 2A contracts in that they share similar cost and market characteristics. *Id.* at 4. It contends as a result the instant contracts should be grouped together as a single product. *Id.* at 4-6.

The Postal Service addresses similarities between the instant contracts and their predecessors, *e.g.*, the fundamental terms and conditions of the contracts remain essentially unchanged. *Id.* at 6. It identifies minor changes in contract terms that distinguish the instant contracts from each other, *e.g.*, customer name, penalties, and identification of prior agreements. The Postal Service asserts that the differences do not affect functional equivalency. *Id.* at 5-6.

*Baseline treatment.* The Postal Service states that each of the instant contracts takes the place of its immediate predecessor which served as the baseline contract for the Global Plus 2A Contracts product.<sup>4</sup> It requests that the instant contracts be considered “the new ‘baseline’ contracts for consideration of future functional analyses concerning the Global Plus 2B product.” *Id.* at 4, footnote omitted.

*Filing under part 3020.* In support of its filing, the Postal Service submitted a statement of Supporting Justification and a copy of Governors’ Decision No. 08-10 as 39 U.S.C. 3642(b) is unnecessary here because of the Commission findings in Order

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<sup>4</sup> See Docket Nos. MC2010-27, CP2010-69 and CP2010-70, Order Approving Functionally Equivalent Global Plus 2A Contracts Negotiated Service Agreements, July 30, 2010.

No. 43 that negotiated service agreements for outbound International Mail are classified as competitive. Further it contends that the classification requirements of section 3642 have been met and that there is, "no further need to ponder whether Global Plus 2B contracts are market dominant or covered within the postal monopoly." *Id.* at 7.

The Postal Service states that its filings demonstrate that the instant contracts comply with the requirements of 39 U.S.C. 3633, fit within the Mail Classification Schedule language for Global Plus contracts under Governors' Decision 08-10, and are functionally equivalent to each other. *Id.* at 7-8. It urges the Commission to add Global Plus 2B contracts to the competitive product list and to establish the instant contracts as the baseline contracts for the Global Plus 2B product. *Id.*

## II. NOTICE OF FILING

The Commission establishes Docket Nos. MC2011-8, CP2011-41 and CP2011-42 for consideration of matters raised in the Postal Service's Request.

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 December 22, 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 Paul L. Harrington to serve as Public Representative in these dockets.

### III. ORDERING PARAGRAPHS

*It is Ordered:*

1. The Commission establishes Docket Nos. MC2011-8, CP2011-41 and CP2011-42 for consideration of matters raised by the Postal Service's Request.
2. Comments by interested persons in these proceedings are due no later than December 22, 2010.
3. 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.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary