

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 Direct Contracts 1 (MC2010-17)
Negotiated Service Agreement

Docket No. CP2011-52

NOTICE AND ORDER CONCERNING FILING OF ADDITIONAL
GLOBAL DIRECT CONTRACTS 1
NEGOTIATED SERVICE AGREEMENT

(Issued December 28, 2010)

I. BACKGROUND

On December 23, 2010, the Postal Service filed a notice announcing its intent to enter into an additional Global Direct Contracts 1 agreement.¹ Global Direct Contracts provide a rate for mail acceptance within the United States, transportation to a receiving country of mail that bears the destination country's indicia, and payment by the Postal

¹ Notice of United States Postal Service Filing of Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement, December 23, 2010 (Notice). Although the agreement has not yet been signed, the Postal Service expects the agreement to be executed soon and will advise the Commission of any substantive changes to the text. Notice at 1 n.2.

Service of the appropriate settlement charges to the receiving country.² The Postal Service believes that the instant agreement should be included within the Global Direct Contracts 1 product because it is functionally equivalent to the Global Direct Contracts 1 agreement in Docket Nos. MC2010-17 and CP2010-18. Notice at 2.

The instant agreement. The Postal Service filed the instant agreement under 39 CFR 3015.5. *Id.* at 1. In addition, the Postal Service contends that the agreement is consistent with Order No. 386.³ The Postal Service states that the instant agreement succeeds the Global Direct Contract in Docket No. CP2010-19, which is scheduled to expire January 10, 2011. *Id.* at 2-3. The term of the instant agreement begins on January 11, 2011 and ends in January 2012 on the day before Canada Post Corporation implements price changes for its domestic Admail. *Id.* at 3, Attachment 1, at 7. If prices for Admail do not change during January 2012, then the instant agreement is scheduled to expire January 31, 2012. *Id.*

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

- Attachment 1—a redacted copy of the contract;
- Attachment 2—a certified statement required by 39 CFR 3015.5(c)(2);
- Attachment 3—a redacted copy of Governors' Decision No. 08-10, which establishes prices and classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts; and
- Attachment 4—an application for non-public treatment of materials to maintain redacted portions of the contract and supporting documents under seal.

² Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts, Docket Nos. MC2008-7, CP2008-16 and CP2008-17, issued July 16, 2008 (Governors' Decision No. 08-10). The Commission revised the Mail Classification Schedule language proposed in Governors' Decision No. 08-10 to reflect the actual payment practice under typical Global Direct Contracts. See Docket Nos. MC2009-9, CP2009-10 and CP2009-11, Order Concerning Global Direct Contracts Negotiated Service Agreements, December 19, 2008, at 9 (Order No. 153).

³ See Docket Nos. MC2010-17 and CP2010-18, Order Concerning Filing of Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement, January 11, 2010 (Order No. 386).

The Postal Service states that the instant agreement fits within the Mail Classification Schedule language for Global Direct Contracts included in Governors' Decision No. 08-10, with the modification proposed by the Commission to reflect the actual payment practice under these types of agreements. *Id.* at 2 (*citing* Order No. 153 at 9).

The Notice advances reasons why the instant agreement is functionally equivalent to the previous Global Direct Contracts 1 agreement in Docket Nos. MC2010-17 and CP2010-18. *Id.* at 3. Aside from cosmetic or customer-specific updates, the Postal Service contends that the only differences are that the instant agreement (1) concerns Global Direct service used with Admail to Canada; (2) contains more detailed procedures relating to penalties for mail that does not comply with applicable regulations; (3) addresses actual and potential changes in pricing; and (4) revises minimum commitments and annexes. *Id.* at 3-4. Despite these differences, the Postal Service contends that the instant contract is functionally equivalent to the Global Direct Contracts 1 agreement filed previously because the core terms and conditions remain the same. *Id.* at 4.

The Postal Service asserts that “the cost and market characteristics of this agreement are substantially similar to those of prior Global Direct contracts” and that the agreement complies with the requirements of 39 U.S.C. 3633. *Id.* It requests that the Commission include this agreement within the Global Direct Contracts 1 product. *Id.*

II. NOTICE OF FILING

The Commission establishes Docket No. CP2011-52 to consider matters related to the contract identified in the Notice.

Interested persons may submit comments on whether the Postal Service's contract is consistent with the policies of 39 U.S.C. 3632 or 3633 and 39 CFR part 3015. Comments are due no later than January 5, 2011. The public portions of these filings can be accessed via the Commission's website (www.prc.gov).

The Commission appoints John P. Klingenberg to serve as Public Representative in the captioned filings.

III. ORDERING PARAGRAPHS

It is Ordered:

1. The Commission establishes Docket No. CP2011-52 to consider matters raised by the Postal Service's Notice.
2. Comments by interested persons in these proceedings are due no later than January 5, 2011.
3. Pursuant to 39 U.S.C. 505, John P. Klingenberg 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