

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 Expedited Package Services Contracts  
Non-published Rates 2 (MC2010-29)

Docket No. CP2011-45

ORDER CONCERNING GLOBAL EXPEDITED PACKAGE  
SERVICES—NON-PUBLISHED RATES 2  
MODEL CONTRACT

(Issued May 13, 2011)

I. INTRODUCTION

The Postal Service filed notice of changes in the model contract for Global Expedited Package Services—Non-published Rates 2 (GEPS–NPR 2), originally filed in this docket on December 15, 2010, that will apply to specific GEPS agreements sent to customers after the filing of its notice.<sup>1</sup> The Commission approves the changes to the model contract and directs the Postal Service to update the financial model for GEPS-NPR 2 to reflect the changes.

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<sup>1</sup> Notice of the United States Postal Service Concerning Global Expedited Package Services—Non-Published Rates 2 Model Contract, April 19, 2011 (Notice).

## II. POSTAL SERVICE FILING

The Notice identifies four changes to the GEPS–NPR 2 model contract, the principal one being to revise the definition of “qualifying mail” to exclude Flat Rate items. *Id.* at 2; see also *id.* Attachment 1, Article 4. The Postal Service indicates that the revision is being made because it does not discount Flat Rate items under GEPS contracts. A related change is also made to Article 8 to eliminate reference to Flat Rate items.

The Postal Service describes the two other changes as minor. Article 12 is amended to include reference to Article 17 because termination of an agreement is possible pursuant to a modification. Also, Article 20 is modified to provide that the Postal Service’s Annual Compliance Reports for FY 2011 and FY 2012 as filed with the Commission may contain revenue, cost, or volume data concerning the agreement.

## III. COMMISSION ANALYSIS

The development of the GEPS–NPR agreements in Docket Nos. MC2010-10 and CP2010-72 established an efficient process for the approval of GEPS agreements.<sup>2</sup> In Order No. 593, the Commission approved the GEPS–NPR 1 product and found that “[s]o long as the model contract and the financial model that the Commission has reviewed remain in use, each individual contract will comply with title 39.” *Id.* at 16.

On December 15, 2010, in Docket No. CP2011-45, the Postal Service filed modifications to the GEPS-NPR 1 product including an updated financial model that reflected changes in rates and related revisions to the contract model for GEPS–NPR 1 filed in Docket Nos. MC2010-29 and CP2010-72.<sup>3</sup> Additionally, in that filing, the Postal Service proposed to revise the model contract to include items mailed internationally in

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<sup>2</sup> Docket Nos. MC2010-29 and CP2010-72, Order Approving Postal Service Request to Add Global Expedited Package Services—Non-Published Rates 1 to the Competitive Product List, November 22, 2010 (Order No. 593).

<sup>3</sup> See Notice 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, December 15, 2010.

Flat Rate Boxes and Flat Rate Envelopes as “qualifying mail.” *Id.* at 3. In Order No. 630, the Commission approved the changes, established the GEPS–NPR 2 product and directed the Postal Service to provide copies of new GEPS–NPR 2 contracts within a reasonable timeframe, *e.g.*, within 10 days of the effective date of the contract.<sup>4</sup>

In the instant case, the Postal Service proposes to revise the model contract by eliminating Flat Rate services as a mailing option under GEPS–NPR 2 contracts. The Notice does not contain an updated financial model to reflect this revision. Ordinarily, changes in the contract template and financial model should be filed pursuant to 39 CFR 3015.<sup>5</sup> In this instance, the failure to do so is inconsequential.

The Postal Service indicates that it does not discount Flat Rate items under GEPS–NPR 2 contracts. The Commission’s analysis confirms that Flat Rate items have not been discounted in GEPS–NPR 2 customer agreements. Thus, eliminating that provision will not affect revenues or costs under either existing or future GEPS–NPR 2 contracts or their compliance with 39 U.S.C. 3633(a). Nonetheless, eliminating the Flat Rate services option does effect a change in the financial model.

On May 4, 2011, the Postal Service filed notice of a customer agreement based on the revised model contract with an effective date of May 12, 2011.<sup>6</sup> In future such notices, the Postal Service shall continue to identify the specific model contract used in executed GEPS–NPR 2 contracts, until the revision is used exclusively. Additionally, the Commission directs the Postal Service to submit the revised GEPS–NPR 2 financial model including any supporting documentation when it files its next notice for GEPS–NPR 2 customer agreements.

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<sup>4</sup> Order Adding Global Expedited Package Services—Non-Published Rates 2 to the Competitive Product List, December 30, 2010 (Order No. 630).

<sup>5</sup> In Order No. 593, the Commission found that the contract template and the financial model were integral to the GEPS–NPR classification. It indicated that “[a]ny change to the contract template or to the financial model must be approved in advance by the Commission pursuant to 39 CFR part 3015.” Order No. 593 at 17. (Footnote omitted.) See *also* Order No. 630 at 5.

<sup>6</sup> Customer Contract Filing Notice for Global Expedited Package Services—Non-Published Rates 2 Serial Numbers Ending: 0080-0088 and 0091-0092, May 4, 2011.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. As discussed in the body of this Order, the Postal Service shall notify the Commission in future filings of the specific Global Expedited Package Services—Non-Published Rates 2 model contract used in customer agreements filed with the Commission.
  
2. As discussed in the body of this Order, the Postal Service shall file its updated financial model based on the changes to the model agreement along with any supporting documentation with its next filing of a notice for Global Expedited Package Services—Non-Published Rates 2 customer agreements.

By the Commission.

Ruth Ann Abrams  
Acting Secretary