

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

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Robert G. Taub

Competitive Product Prices  
Parcel Select  
Parcel Select Contract 1

Docket No. MC2012-16

Competitive Product Prices  
Parcel Select Contract 1 (MC2012-16)  
Negotiated Service Agreement

Docket No. CP2012-23

NOTICE AND ORDER CONCERNING REQUEST TO ADD PARCEL SELECT  
CONTRACT 2 TO THE COMPETITIVE PRODUCT LIST

(Issued May 8, 2012)

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 Select Contract 1 to the competitive product list.<sup>1</sup> The Commission notes there is already a Parcel Select Contract 1 on the competitive product list. See Docket Nos. MC2011-16 and

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<sup>1</sup> Request of the United States Postal Service to Add Parcel Select Contract 1 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, May 7, 2012 (Request). The Request supersedes a similar filing submitted May 4, 2012. See Notice of the United States Postal Service of Filing Errata to Request and Notice, filed May 7, 2012.

CP2011-53. It is the Commission's intent to rename the proposed new product Parcel Select Contract 2. Participants may address the name of the new product in their comments.

The Postal Service asserts that Parcel Select Contract 1 is a competitive product "not of general applicability" within the meaning of 39 U.S.C. 3632(b)(3). Request at 1. The Postal Service states that the explanation and justification for this contract are provided by Governors' Decision No. 11-6, included as Attachment A to the Request.<sup>2</sup> The Request has been assigned Docket No. MC2012-16.

The Postal Service contemporaneously filed a contract related to the proposed new product. *Id.*, Attachment B. The contract has been assigned Docket No. CP2012-23.

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

- Attachment A—a redacted copy of Governors' Decision No. 11-6;
- 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.

In the Statement of Supporting Justification, Karen F. Key, Manager, Shipping Products, asserts that the service to be provided under the contract will cover its attributable costs, make a positive contribution to institutional costs, and increase

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<sup>2</sup> *Id.* at 1; Decision of the Governors of the United States Postal Service on Establishment of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued March 22, 2011 (Governors' Decision No. 11-6).

contribution toward the requisite 5.5 percent of the Postal Service's total institutional costs. *Id.*, Attachment D. Thus, Ms. Key contends there will be no issue of market dominant products subsidizing competitive products as a result of this contract. *Id.*

*Related contract.* A redacted version of the specific Parcel Select Contract 2 is included with the Request. *Id.*, Attachment B. The contract will become effective on the later of the day following the date on which the Commission issues all approvals on June 1, 2012. Request at 6. The contract will expire on May 31, 2019 unless, among other things, either party terminates the agreement for convenience upon 6 months' written notice to the other party. *Id.* The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). *Id.*, Attachment D.

The Postal Service filed much of the supporting materials, including the specific Parcel Select Contract 2, under seal. *Id.*, Attachment F. It maintains that redacted portions of the contract, Governors' Decision No. 11-6, and related financial information should remain confidential. *Id.* at 2-3. This information includes the price structure and terms, expected profit, underlying costs and assumptions, cost coverage projections, and customer-related information. *Id.* at 3.

## II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2012-16 and CP2012-23 to consider the Request pertaining to the proposed Parcel Select 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 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than May 18, 2012. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Natalie Rea Ward to serve as Public Representative in these dockets.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket Nos. MC2012-16 and CP2012-23 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Natalie Rea Ward is appointed to serve as an 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 May 18, 2012.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams  
Acting Secretary