

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

Before Commissioners:

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

Competitive Product Prices
Global Plus 2C Contracts (MC2012-5)
Negotiated Services Agreements

Docket No. CP2013-36

NOTICE AND ORDER CONCERNING
AN ADDITIONAL GLOBAL PLUS 2C CONTRACT

(Issued January 10, 2013)

I. INTRODUCTION

Notice of filing. On January 8, 2013, the Postal Service filed a notice announcing that it is entering into an additional Global Plus 2C contract (Agreement).¹ The Postal Service seeks to have the Agreement included within the Global Plus 2C product on the grounds of functional equivalence to a previously approved baseline agreement. *Id.* at 2.

Background. Customers for Global Plus 2C contracts are Postal Qualified Wholesalers (PQWs) and other large businesses that offer mailing services to end

¹ Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 2C Contract Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, January 8, 2013 (Notice). The Notice was filed in accordance with 39 CFR 3015.5. *Id.* at 1.

users for shipping articles via Global Direct and/or International Business Reply Service. *Id.* at 6. The Commission added Global Plus 2 to the competitive product list, based on Governors' Decision No. 08-10, by operation of Order No. 112. *Id.* at 1. It later approved the addition of Global Plus 2C contracts to the competitive product list as a result of Docket No. MC2012-5.² The Commission designated the contracts filed in companion Docket Nos. CP2012-10 and CP2012-11 as the baseline agreements for purposes of establishing the functional equivalency of other agreements proposed for inclusion with the Global Plus 2C product. Notice at 2. The Agreement that is the subject of this filing is the immediate successor instrument to the agreement in Docket No. CP2012-11. *Id.* at 4.

II. CONTENTS OF FILING

The filing includes the Notice, along with the following attachments:

- Attachment 1—a redacted copy of the Agreement;
- Attachment 2—a redacted copy of the certification required under 39 CFR 3015.5(c)(2);
- Attachment 3—a redacted copy of Governors' Decision No. 11-6; and
- Attachment 4—an application for non-public treatment of material filed under seal.

The material filed under seal consists of unredacted copies of the Agreement and supporting financial documents. *Id.* at 2. The Postal Service filed redacted versions of the sealed financial documents in public Excel spreadsheets. *Id.* at 3.

Functional equivalency. The Postal Service asserts that the instant Agreement and the baseline agreements are functionally equivalent because they share similar cost and market characteristics. *Id.* at 5. It notes that the pricing formula and classification established in Governors' Decision No. 08-10 ensure that each Global

² See Docket Nos. MC2012-5, CP2012-10, and CP2012-11, Order No. 1135, Order Adding Global Plus 2C to the Competitive Product List and Approving Functionally Equivalent Global Plus 2C Agreements, January 13, 2012.

Plus 2C contract meets the criteria of 39 U.S.C. 3633 and related regulations. *Id.* The Postal Service also indicates that the pricing formula relied on for these Global Plus 2C contracts is included in Governors' Decision No. 11-6. *Id.* The Postal Service further asserts that the functional terms of the two agreements are the same and the benefits are comparable. *Id.* at 5-6.

The Postal Service states that prices may differ, depending on when an agreement is signed, due to updated costing information. *Id.* at 6. It also identifies other differences in contractual terms, but asserts that the differences do not affect either the fundamental service being offered or the fundamental structure of the Agreement.³ *Id.*

Effective date; term. The Agreement, as filed, includes a stated effective date of January 14, 2013; however, given its filing date (January 8, 2013) and advance notice requirements, the Agreement can take effect no sooner than January 23, 2013, assuming regulatory approval.⁴ By operation of Order No. 1612, the Commission, at the Postal Service's request, extended the January 13, 2013 termination date of the original agreement to coincide with approval of the instant Agreement.⁵ The extension avoids the gap in coverage that otherwise would occur.

The Agreement is expected to be in effect for approximately 1 year. Termination is linked to either the date prior to the date in January 2014 that Canada Post Corporation takes action on price changes for certain domestic products⁶ or, in the event of inaction, a date certain (January 31, 2014). *Id.*

³ The list includes, among other things, the non-inclusion of a particular service, the addition and revision of articles, and related renumbering of articles. *See id.* at 7-8.

⁴ This allows the Postal Service to satisfy the 15 days' advance notice requirement in 39 CFR 3015.5.

⁵ *See* Order No. 1612, Order Granting Motion for Temporary Relief, January 8, 2013.

⁶ The products are domestic Lettermail, Incentive Lettermail, Admail, and/or Publications Mail products. Notice, Attachment 1 at 10.

III. COMMISSION ACTION

The Commission establishes Docket No. CP2013-36 for consideration of matters raised in the Notice. Interested persons may submit comments on whether the Agreement is consistent with the requirements of 39 CFR 3015.5 and the policies of 39 U.S.C. 3632, 3633, and 3642. Comments are due no later than January 18, 2013. The public portions of the Postal Service's filing can be accessed via the Commission's website at <http://www.prc.gov>. Information on how to obtain access to nonpublic material appears at 39 CFR 3007.40.

The Commission appoints James F. Callow to represent the interests of the general public (Public Representative) in this case.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. CP2013-36 for consideration of matters raised in the Postal Service's Notice.
2. Pursuant to 39 U.S.C. 505, the Commission designates James F. Callow to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. Comments are due no later than January 18, 2013.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary