

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS
NEGOTIATED SERVICE AGREEMENTS

Docket No. MC2013-51

COMPETITIVE PRODUCT PRICES
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS 2
(MC2013-51)
NEGOTIATED SERVICE AGREEMENTS

Docket No. CP2013-64

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

(June 10, 2013)

The United States Postal Service (Postal Service) hereby provides its response to Chairman's Information Request (CHIR) No. 1, issued on June 6, 2013. The question in CHIR No. 1 is stated verbatim and is followed by the response.

The response includes the redacted text of Article 14 from pages 8-9 of the redacted version of the contract that is the subject of this docket, which was included as Attachment 4 to the request and notice that the Postal Service filed in this docket on May 24, 2013.¹ A non-public version of the contract that is the subject of this docket was filed under seal in this docket on May 24, 2013. Concerning the redacted text of Article 14 included in the response filed today, the Postal Service hereby incorporates

¹ Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts 2 to the Competitive Products List and Notice of Filing a Global Reseller Expedited Package 2 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2013-51 and CP2013-64, May 24, 2013, Attachment 4.

its Application for Non-Public Treatment that was included in the Postal Service's request and notice filed in this docket on May 24, 2013.²

Respectfully submitted,

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² *Id.* Attachment 1.

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To clarify the basis of the Postal Service's request to add a Global Reseller Expedited Package Contracts 2 agreement to the competitive product list, the Commission requests the Postal Service provide a written response to the following question. The response should be provided as soon as possible, but no later than June 10, 2013.

Article 14 of the agreement filed in these dockets appears to discuss certain terms, conditions, and obligations in the agreement approved in Docket No. CP2011-55 that will continue to be in effect after the effective date of the agreement filed in these dockets. It also states that "[i]f an Effective Date for this Agreement is established, the 2010 Global Reseller Agreement shall terminate at 11:59pm on the day prior to the Effective Date of this Agreement."

Please identify the terms, if any, of the agreement approved in Docket No. CP2011-55 that will continue to be in effect assuming an effective date is established for the agreement in this docket.

RESPONSE:

Paragraph 2 of Article 14 of the agreement that is the subject of this docket (the 2013 Global Reseller Agreement) states that, were an effective date for the 2013 Global Reseller Agreement established, "with the exception of the obligations of the Parties set forth in Article 8, Paragraph 2; Article 10; Article 14, Paragraph 2; and Article 14, Paragraph 3" of the agreement that is the subject of Docket No. CP2011-55 (the 2010 Global Reseller Agreement), neither the Reseller nor the Postal Service would be released from any applicable obligations arising under the 2010 Global Reseller Agreement.

As background, Article 14 of the 2013 Global Reseller Agreement states the following.

1. This Agreement, including all Annexes thereto, shall constitute the entire agreement between the Parties regarding Express Mail International, Priority Mail International and First-Class Package

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International Service Qualifying Mail defined in Article 3 of this Agreement during the term of this Agreement.

2. Neither the Reseller nor the USPS is released from any applicable obligations arising under the Global Customized Mail Agreement between the United States Postal Service and [REDACTED] executed by [REDACTED] on December 27, 2010, and by the USPS on December 28, 2010 ("2010 Global Reseller Agreement"), with the exception of the obligations of the Parties set forth in Article 8, Paragraph 2; Article 10; Article 14, Paragraph 2; and Article 14, Paragraph 3 of the 2010 Global Reseller Agreement. If an Effective Date for this Agreement is established, the 2010 Global Reseller Agreement shall terminate at 11:59pm on the day prior to the Effective Date of this Agreement.
3. With the exception of the Agreement mentioned in Article 14, Paragraph 2, any prior understanding or representation of any kind regarding the use of Express Mail International, Priority Mail International and/or First-Class Package International Service Qualifying Mail that precedes the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement.
4. The obligations of the Parties with respect to confidentiality, as provided for in Article 5, Paragraph 3; Article 6, Paragraph 10; and Article 16 will expire ten (10) years from the date of termination or expiration of this Agreement.
5. The obligations of the Parties with respect to notice and payment of postage due, as provided for in Article 5, Paragraph 2, and Article 6, Paragraph 9, will expire ninety (90) days from the date of termination or expiration of this agreement.

Paragraph 2 of Article 8 of the 2010 Global Reseller Agreement states that, if the Reseller does not achieve the postage commitment set forth in Paragraph 1 of Article 8 of the 2010 Global Reseller Agreement, that the Reseller agrees to pay the Postal Service a certain amount. The Reseller has met the postage commitment set forth in Paragraph 1 of Article 8 of the 2010 Global

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Reseller Agreement, so the Reseller is released from the obligation set forth in Paragraph 2 of Article 8 of the 2010 Global Reseller Agreement.

Article 10 of the 2010 Global Reseller Agreement states that

Customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee. The Reseller shall notify the Reseller's Designated Customers that Customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee.

According to Paragraph 1 of Article 11 of the 2013 Global Reseller Agreement, the 2013 Global Reseller Agreement "will commence on the Effective Date."

Furthermore, according to Paragraph 2 of Article 14 of the same agreement, "[i]f an Effective Date for this Agreement is established, the 2010 Global Reseller Agreement shall terminate at 11:59pm on the day prior to the Effective Date of this Agreement." Thus, were an effective date for the 2013 Global Reseller agreement established, Article 10 of the 2013 Global Reseller agreement would come into effect, and the Reseller and the Postal Service would be released from their obligations under the identical Article 10 of the 2010 Global Reseller Agreement.

Paragraph 2 of Article 14 of the 2010 Global Reseller Agreement states that "The obligations of the Parties with respect to confidentiality, as provided for in Article 5, Paragraph 3, Article 6, Paragraph 10 and Article 16 will expire ten (10) years from the date of termination or expiration of this Agreement." If an effective date for the 2013 Global Reseller agreement were established, Paragraph 4 of Article 14 of the 2013 Global Reseller agreement would come into effect on that date. Furthermore, according to Paragraph 2 of Article 14 of

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the 2013 Global Reseller Agreement, the Reseller and the Postal Service would be released from their obligations under Paragraph 2 of Article 14 of the 2010 Global Reseller Agreement, but would still be subject to Article 19, the governing law provision of the 2010 Global Reseller Agreement.

Paragraph 3 of Article 14 of the 2010 Global Reseller Agreement states that “[t]he obligations of the Parties with respect to notice and payment of postage due, as provided for in Article 5, Paragraph 2, and Article 6, Paragraph 9, will expire ninety (90) days from the date of termination or expiration of this agreement.” If an effective date for the 2013 Global Reseller Agreement were established, the identical Article 5, Paragraph 2 and Article 6, Paragraph 9 of the 2013 Global Reseller Agreement would come into effect, and the Reseller and USPS would be released, at the time of termination of the 2010 Global Reseller Agreement, from any obligations under Paragraph 3 of Article 14 of the 2010 Global Reseller agreement. Such obligations concern

- The obligation of the Postal Service to provide the Reseller with a statement to support the calculation of postage due to the USPS as a result of discrepancies between the PC postage applied by Reseller’s Designated Customers sending Qualifying Mail and the actual postage due to the USPS under the 2010 Global Reseller Agreement, as set forth in Article 5, Paragraph 2 of that agreement, and
- The obligation of the Reseller to pay postage due to the Postal Service as a result of discrepancies between the PC postage

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applied by the Reseller's Designated Customers and the actual
postage due to the USPS under the 2010 Global Reseller

Agreement, as set forth in Article 6, Paragraph 9 of that agreement.

At present, the Postal Service has no such discrepancies to provide to the
Reseller concerning the 2010 Global Reseller agreement.