

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

COMPETITIVE PRODUCT PRICES
INBOUND EMS 2
(MC2009-10)

Docket No.
CP2015-117

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING CHANGES IN
RATES NOT OF GENERAL APPLICABILITY FOR INBOUND EMS 2**
(July 31, 2015)

In accordance with 39 C.F.R. § 3015.5, the United States Postal Service (Postal Service) hereby gives notice of a change in rates not of general applicability for Inbound EMS 2. Prices and classifications not of general applicability for Inbound EMS 2 were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of New Prices and Classifications for Inbound Express Mail International (EMS), issued on November 3, 2008 (Governors' Decision No. 08-20),¹ as well as by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on March 22, 2011 (Governors' Decision No. 11-6).² The Postal Regulatory Commission (Commission) previously determined that Inbound EMS 2 is appropriately classified as a competitive

¹ A redacted copy of this decision appears as Attachment 2A to this Notice. An unredacted copy of the decision was filed under seal with the Request of the United States Postal Service Regarding Inbound Express Mail International (EMS) from Foreign Posts to Add Inbound International Expedited Services 2 to Competitive Product List; and Notice of Establishment of Rates and Classifications Not of General Applicability, Docket Nos. MC2009-10 and CP2009-12, Nov. 19, 2008.

² See Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2012-52, August 13, 2012, at Attachment 2B.

product and that an initial review of the rates indicated compliance with statutory requirements.³

Subsequently, the Commission reviewed changes in rates not of general applicability for Inbound EMS 2 effective each January 1 from 2010 through 2015.⁴ The Commission determined in its Annual Compliance Determination Report for Fiscal Year 2014 that this product covered its attributable costs in compliance with 39 U.S.C. § 3633(a)(2).⁵ With this filing, the Postal Service notifies the Commission of changes to Inbound EMS 2 rates that are intended to take effect January 1, 2016.⁶

Governors' Decision Nos. 08-20 and 11-6, rates and supporting documents establishing compliance with 39 U.S.C. § 3633(a)(2) and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. The Postal Service's Application for Non-public Treatment of those materials is included with this Notice as Attachment 1. Redacted copies of Governors' Decision Nos. 08-20 and 11-6 are included as Attachments 2A and 2B. A redacted version of the new rates is included as Attachment 3, and the certified statement required by 39 C.F.R. § 3015.5(c)(2) is included as

³ PRC Order No. 162, Order Adding Inbound International Expedited Services 2 to Competitive Product List, Docket Nos. MC2009-10 and CP2009-12, Dec. 31, 2008, at 8.

⁴ PRC Order No. 281, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2009-57, August 19, 2009; PRC Order No. 523, Order Concerning Filing of Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2010-90, August 23, 2010; PRC Order No. 806, Order Approving Changes in Rates for Inbound International Expedited Services 2, Docket No. CP2011-66, August 16, 2011; PRC Order No. 1456, Order Approving Rate Changes For Inbound International Expedited Services 2, Docket No. CP2012-52, August 30, 2012; PRC Order No. 1822, Order Approving Rate Changes For Inbound International Expedited Services 2, Docket No. CP2013-77, August 30, 2013; PRC Order No. 2140, Order Adding Changes in Rates Not of General Applicability for Inbound EMS 2, Docket No. 2014-58, August 1, 2014.

⁵ PRC, Annual Compliance Determination Report FY 2014, at 78.

⁶ Ordinarily, notice of a change in rates not of general applicability must be filed not less than 15 days prior to the effective date of the new rates. 39 U.S.C. § 3632(b)(3). In the case of Inbound EMS rates, however, the Commission previously advised the Postal Service that the Commission's review would be more meaningful if the notice of the change were filed at least 15 days prior to the Postal Service's deadline for informing the Universal Postal Union's International Bureau of the new rates, which is August 31 of each year. PRC Order No. 162, at 9.

Attachment 4. The entirety of the rates is authorized by Governors' Decision No. 08-20 in combination with Governors' Decision No. 11-6. To illustrate compliance with 39 U.S.C. § 3633, the Postal Service assumed a scenario for cost coverage which would provide the greatest possible discount to all current Pay-for-performance Plan agreement holders.

In accordance with the Commission Order No. 2140 to provide the most recent annual EMS PFP Plan available, along with the most recent annual Report Card and all available quarterly Report Cards for the calendar year preceding the effective date of the Inbound EMS 2 rates that are the subject of the filing, those document are included as Attachment 5. In addition, information on whether or not the Postal Service received PFP penalties in the most recent calendar year for which annual performance results are available, which was 2013, can be found in note five of the methodology, in the narrative section of the financials.

The Postal Service further notes that in declaring unilaterally its rates each year with the Universal Postal Union, the Postal Service reserves the right to impose inbound EMS rates reciprocally when another country's inbound EMS rates for U.S. origin EMS shipments exceed the Postal Service's announced rates. This contingency results in the Postal Service increasing the rates charged to certain foreign EMS operators from the unilaterally set rates, so this only will have favorable impacts on the cost coverage for Inbound EMS 2. As the Postal Service did in PRC Docket No. CP2014-58, the Postal Service proposed to file these reciprocal rates with the Quarter 3, FY 2016 quarterly filing, once all such rates have been established.

Explanation of Classification and Rates

In Governors' Decision No. 08-20, the Governors established a classification for EMS 2 that serves as the basis for the Tier 1 and Tier 2 rates in this filing.

Subsequently, the Governors adopted Decision No. 11-6. These two Decisions serve as the basis for the entirety of the rates adopted in connection with this filing. The Postal Service incorporates by reference the basic explanations for Inbound EMS 2 contained in its 2009 Request, as well as other materials filed in Docket No. CP2009-57. In those filings, the Postal Service explained that the two-tiered rate structure for Inbound EMS 2 exists as a result of the EMS Cooperative's expectation that all of its members will participate in the Pay-for-performance Plan.⁷ In Docket No. CP2013-77, the Postal Service notified the Commission of a change in the tier structure for Pay-for-Performance members. The Postal Service advised of a pricing separation of Tier 1 for Pay-for-Performance members into Tiers 1a and 1b. As explained in Docket No. CP2013-77, Tier 1a prices are available to EMS Cooperative members that participate in the Cooperative's Pay-for-Performance Plan, while Tier 1b offers a range of discounts from Tier 1a prices to any EMS Cooperative member that participates in the Pay-for-Performance Plan and agrees to grant a reciprocal discount from the charges for delivery of U.S.-origin EMS items in the territory served by such a member.

The Postal Service also notes that in PRC Order No. 1822, the Commission reviewed the reciprocal price discount category within Tier 1b offered to select Pay-for-performance participants. In that order, the Commission directed that the Postal Service file any agreements based on the new Tier 1b with the Commission pursuant to

⁷ See Notice of the United States Postal Service of Filing Changes in Rates Not of General Applicability, Docket No. CP2009-57, July 28, 2009, at 2.

39 C.F.R. part 3015. The Postal Service subsequently sought reconsideration of that portion of the order. Upon reconsideration, the Commission modified its previous order to permit the Postal Service to notify the Commission of any new reciprocally discounted rates for Tier 1b as part of the routine quarterly reporting process.⁸ The Postal Service proposes to continue that practice in connection with the instant docket.

Confidentiality

The Postal Service maintains that the portions of the Governors' Decisions, the new rates, and related financial information should remain confidential. The Postal Service provides its Application for Non-public Treatment of materials filed under seal as Attachment 1.

Conclusion

For the reasons discussed above, and on the basis of the supporting information filed under seal, the Postal Service has established that these new Inbound EMS 2 rates are in compliance with the requirements of 39 U.S.C. § 3633(a)(2). Accordingly, the Postal Service respectfully submits that it has met its burden of providing notice to the Commission of changed rates within the scope established by Governors' Decision Nos. 08-20 and 11-6, as required by 39 U.S.C. § 3632(b)(3).

⁸ See PRC Order No. 1865, Order Granting Motion for Reconsideration of Order No. 1822, Docket No. CP2013-77, October 30, 2013.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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July 31, 2015

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission) in this docket. The materials pertain to the Inbound EMS 2 rates which will be effective on January 1, 2016. The rates and the financial work papers used to demonstrate compliance with 39 C.F.R. § 3015.5(c)(1) are being filed separately under seal with the Commission. The Postal Service furnishes the justification for this application required by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).¹ Because the portions of materials filed non-publicly in this docket fall within the scope of

¹ The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, March 20, 2009, at 11.

information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and email address for any third party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of Inbound EMS 2, the other members of the EMS Cooperative of the Universal Postal Union may have a proprietary interest in the materials. Due to the practical difficulties of providing adequate notice to the over 150 members of the EMS Cooperative, the Postal Service seeks a waiver from notifying all EMS Cooperative members and proposes that it be deemed sufficient for the Postal Service to identify as the appropriate contact person Haley E. McKittrick, Manager, International Relations. Ms. McKittrick's phone number is (202) 268-4315, and her email address is

Haley.E.McKittrick@usps.gov.

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with the Postal Service's Notice filed in this docket, the Postal Service includes the new rates and supporting financial workpapers. The rates and financial workpapers are being filed under seal, with a redacted copy filed publicly, after notice to the International Bureau of the Universal Postal Union.

The redactions applied to the financial workpapers protect commercially

sensitive information such as underlying costs and assumptions, volumes, pricing formulas, and cost coverage projections. The redactions to the rate chart are applied to the actual prices established for 2016.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the portions of the withheld materials that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that the Postal Service would suffer commercial harm. Information about pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice.

The financial workpapers concerning the EMS rates include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, incoming volumes, and projections of variables. All of this information is highly confidential in a competitive business environment, and the Postal Service does not believe that it would be disclosed under good business practice. If the portions of the financial workpapers that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm.

Competitors could use such information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas. Likewise, competitors would be able to take advantage of the information to offer lower

pricing to customers, which could include foreign posts because they are not required to use the Postal Service for delivery of EMS items destined to the United States. Unlike the Postal Service, its competitors can subsidize any product-specific losses with profits from other customers and products.

Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Potential customers, including foreign posts, could also deduce from the rates provided in the work papers whether additional margin for net profit exists. From this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of information in the financial workpapers would be used by the Postal Service's competitors to its detriment.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to determine what the Postal Service would have to charge its customers in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then

sets its own rates under that threshold for products similar to those that the Postal Service offers other posts and markets its ability to guarantee to beat the Postal Service on price for inbound EMS delivery. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the inbound EMS delivery market.

Harm: Foreign postal operators could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral EMS charges.

Hypothetical: The disaggregated revenue, volume, and weights are disclosed to the public. Foreign postal operators obtain the information and use it to their advantage in negotiating bilateral EMS charges with the Postal Service in an effort to lower the rates charged for delivery of EMS in the United States.

Harm: Public disclosure of information in the financial work papers would be used by the EMS Cooperative members' competitors to the detriment of the EMS Cooperative members.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to assess the underlying costs for the corresponding products of the foreign postal operators. The competitor uses that information as a baseline to negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives. Alternatively, competitors of the foreign postal operators extract information

regarding the volumes they are sending to the United States as a means of gaining market intelligence for targeting their own global expansion efforts.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international expedited and parcels products (including both private sector integrators and foreign postal operators), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products (including other postal operators), as well as actual or potential customers of a postal operator or expedited/parcel integrator for this or similar products, should not be provided access to the non-public materials.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE
ESTABLISHMENT OF NEW PRICES AND CLASSIFICATIONS FOR INBOUND EXPRESS MAIL
INTERNATIONAL (EMS) (GOVERNORS' DECISION NO. 08-20)**

November 3, 2008

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability produced pursuant to EMS Cooperative¹ procedures for inbound Express Mail International (EMS) tendered by foreign postal administrations,² and such changes in classification as are necessary to implement the new prices.^{3 4} This decision establishes three price tiers, effective January 1, 2009, that fall within price floor and price ceiling formulas for inbound EMS. The price floor and price ceiling formulas are specified in Attachment B, and management's analysis of and recommendation in favor of their use is explained in Attachment C. We have reviewed the analysis and conclude that the three price tiers established by EMS Cooperative procedures and the prices for each tier set by management are consistent with the formulas, and that the classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7.

¹The EMS Cooperative is a voluntary group established in 1998 by the Universal Postal Union's (UPU's) Postal Operations Council. The UPU is a specialized United Nations multilateral organization that facilitates the exchange of international mail. One hundred fifty EMS operators are currently members. Inbound EMS prices for those international posts who are not members of the EMS Cooperative are also set using the same timetable and procedures.

²Under these procedures, each destination administration sets its charges once a year by notifying all partners either directly or through the UPU's International Bureau no later than August 31 of the year prior to the effective date. The Postal Service normally makes notification through the UPU International Bureau, but also sends letters directly to the origin administrations.

³The Mail Classification Schedule (MCS) language describing the three EMS price tiers seeks to address Postal Regulatory Commission (Commission) suggestions that a consistent approach be adopted for "organizing competitive product negotiated agreements within the Mail Classification Schedule." PRC Order No. 84, Order Concerning the China Post Group Inbound EMS Agreement, Docket No. CP2008-7, June 27, 2008, at 6. Classification language appears as Attachment A.

⁴Specific operational agreements must also define how EMS is exchanged between and among posts. The USPS has many such bilateral/multilateral agreements, at least some of which may be supplanted by an umbrella operational agreement while the price tiers approved herein are effective.

The PAEA provides that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. We have previously determined that prices established according to the formulas listed in Attachment B are appropriate for EMS.⁵ Inclusion of those formulas here, and management's analysis of them, confirms our decision that they retain their vitality and that such formulas are appropriate in the instant circumstances. Under the UPU process, each destination administration sets prices for three tiers:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) EMS Cooperative: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

As a general matter, the three tiers are mutually exclusive; at times, however, a foreign post may migrate from the second tier to the first.

We are satisfied that the prices established pursuant to EMS Cooperative processes and falling within the formulas in Attachment B meet the applicable statutory and regulatory requirements. The price floor formula provides greater than 100 percent coverage of the costs attributable to each of the price tier. We accept and rely upon the certification in Attachment D that the correct cost inputs for the formulas have been identified. In addition,

[REDACTED]
[REDACTED] should cover attributable costs and provide a contribution toward the Postal Service's institutional costs. The formula should thus prevent a cross-subsidy from market dominant products. As noted in the certification in Attachment D, the price tiers established pursuant to this Decision should not impair the

⁵ The same formula ranges were established and made applicable to incoming EMS from China Post in a non-UPU context. See Governors' Decision No. 08-5 filed in PRC Docket No. CP2008-7. An unredacted copy of our decision was filed under seal on May 20, 2008, while a redacted copy was filed on July 23, 2008.

ability of competitive products as a whole to cover an appropriate share of institutional costs.

The three price tiers authorized pursuant to this Decision may not go into effect until submitted to the Postal Regulatory Commission with a notice that complies with 39 C.F.R. § 3015.5. The notice must include a financial analysis demonstrating that the price tiers cover attributable costs, based on [REDACTED]

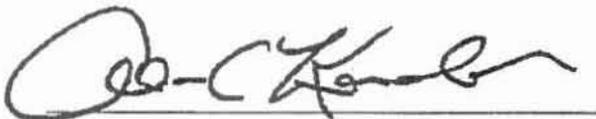
[REDACTED] Attachment B. The notice must also include a certification from a Postal Service official that the numerical values chosen for the price tiers are appropriate, in that they represent the best available information and that the price tiers should not result in a cross-subsidy from market dominant products and should not impair the ability of competitive products, as a whole, to cover an appropriate share of institutional costs.

ORDER

In accordance with the foregoing Decision of the Governors, the formulas set forth herein which establish the three price tiers produced pursuant to EMS Cooperative processes for inbound EMS, and the classification changes necessary to establish those prices, are hereby approved and ordered into effect.

Prices and classification changes established pursuant to this Decision will take effect on January 1, 2009, after review by the Postal Regulatory Commission.

By The Governors:



Alan C. Kessler
Chairman

CHANGE IN MAIL CLASSIFICATION SCHEDULE

The Postal Service requests the addition of one new product to Competitive Product List:

Inbound International Expedited Services 2 (MC2009-10, CP2009-12)

This new language should appear as follows in the Competitive Product List:

PART B—COMPETITIVE PRODUCTS

2000 COMPETITIVE PRODUCT LIST

EXPRESS MAIL

Express Mail
Outbound International Expedited Services
Inbound International Expedited Services
 Inbound International Expedited Services 1 (CP2008-7)
 Inbound International Expedited Services 2 (CP2009-12)

* * *

Three pricing tiers also should be included in the Mail Classification Schedule (MCS).¹]

Inbound International Expedited Services 2 (MC2009-10, CP2009-12).

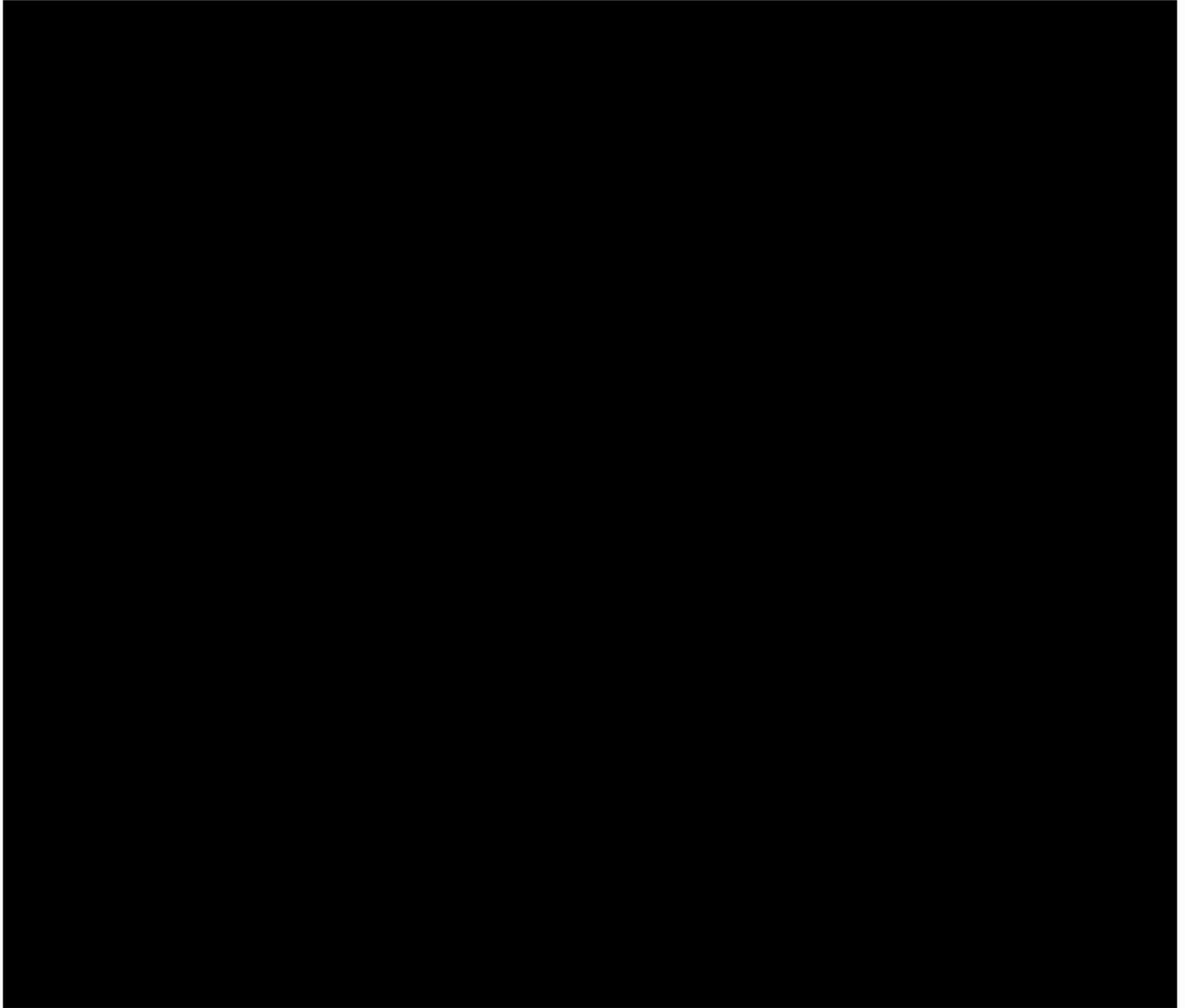
Pursuant to EMS Cooperative procedures, each destination administration sets three price categories or tiers:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) Not pay-for-performance: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

¹ Based on PRC Order Nos. 79 and 84, the proposed MCS language is a clean sheet approach.

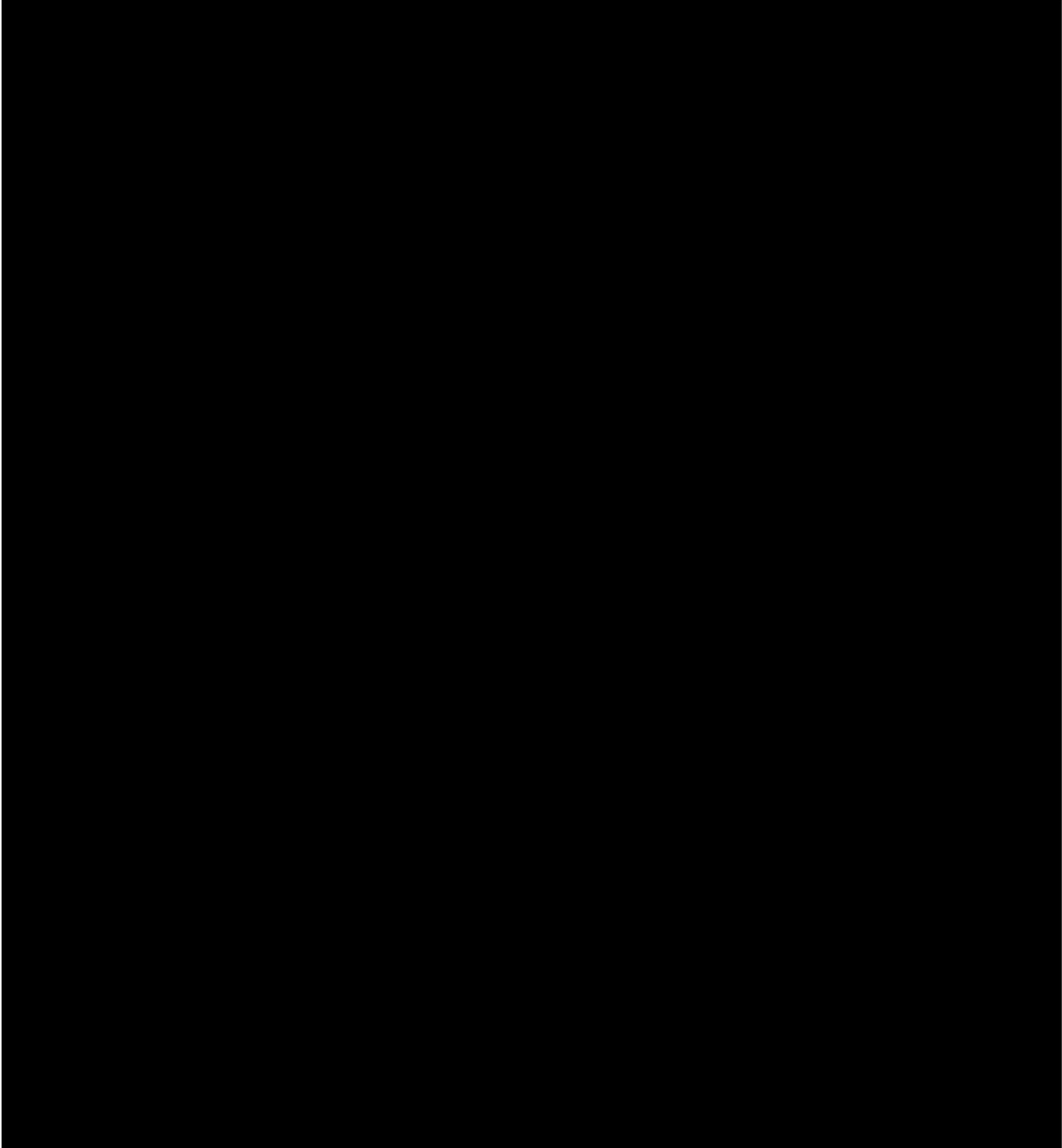
Attachment B

Price Formulas for Inbound Express Mail International (EMS)



Attachment C

Analysis of Price Formulas for Inbound Express Mail International (EMS)

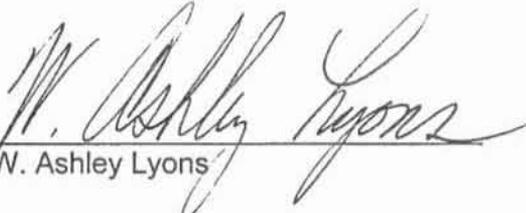


Attachment D

Certification as to the Price Formulas for Inbound Express Mail International (EMS)

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the price floor formula and price ceiling formula for Inbound Express Mail International (EMS) which are set forth in Attachment B.

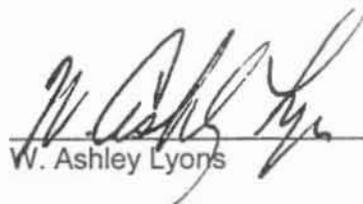
I hereby certify that these formulas adequately represent all necessary cost elements. If the Postal Service were to enter into agreements that set prices above the price floor, the Postal Service would be in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The price floor formula is designed to ensure that each agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. Even if all the agreements for Inbound EMS are signed at the price floor, they should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.


W. Ashley Lyons

**Certification of Prices for Inbound Express Mail International (EMS)
Entered by Foreign Posts**

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the rate elements and prices for Inbound Express Mail International (EMS) sent by foreign posts for delivery in the Postal Service domestic service area; these prices were set in accordance with UPU/EMS Cooperative procedures by a letter to the International Bureau of the Universal Postal Union (UPU) dated August 28, 2008.

I hereby certify that the numerical cost values underlying the EMS prices are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of more than [REDACTED], are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that EMS should cover its attributable costs and preclude the subsidization of competitive products by market dominant products.



W. Ashley Lyons

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 11-6)

March 22, 2011

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments, but nonetheless arise from other sources, such as the Universal Postal Convention.

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

Governors' Decision No. 11-6

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With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to present such product description to the Postal Regulatory Commission.

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established all prices that will cover [REDACTED] [REDACTED] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a quarterly basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant, new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

Governors' Decision No. 11-6

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This Decision does not supersede or otherwise modify Governors' Decision Nos. 08-5, 08-6, 08-7, 08-8, 08-10, 08-20, 08-24, 09-5, 09-6, 09-7, 09-14, 09-15, 09-16, 10-1, 10-2, 10-3, 10-6, and 10-7, nor does it affect the validity of prices and classifications established under those Decisions. Management may also continue to present to the Postal Regulatory Commission for its review, as appropriate, rate and classification changes to succeed the minimum and maximum non-published rates in Decision Nos. 10-2 and 10-6.

ORDER

In accordance with the foregoing Decision of the Governors, the prices set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:



Louis J. Giuliano
Chairman

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

Attachment A

Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each "product") will be [REDACTED]

[REDACTED]

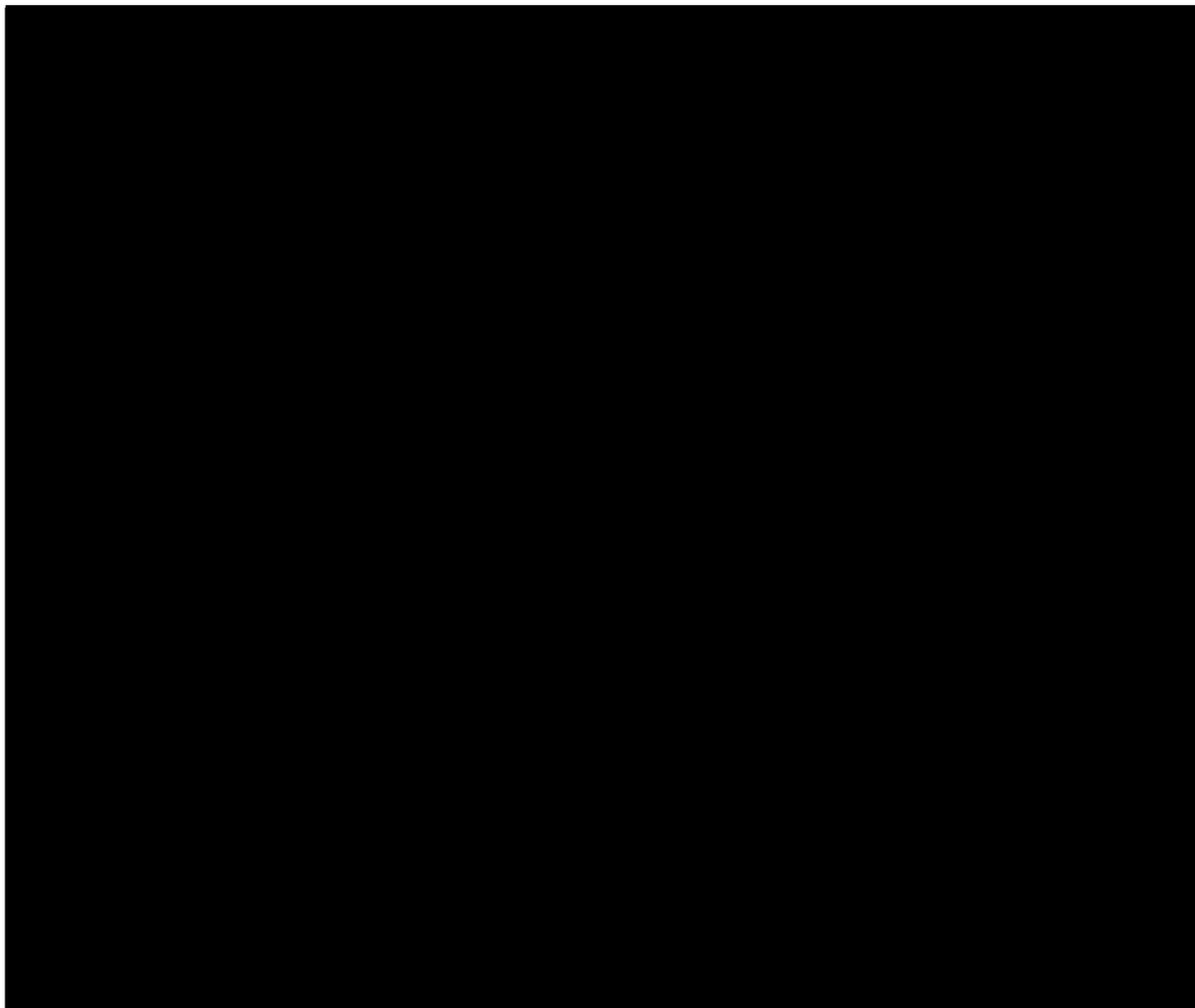
The cost coverage for a product equals [REDACTED]

[REDACTED]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Express Mail, Parcel Return Service, Priority Mail International, Express Mail International, International Priority Airmail, International Surface Air Lift, Inbound Air Parcel Post, Inbound Surface Parcel Post, Inbound Direct Entry, and Inbound International Expedited Services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[REDACTED]

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE



[REDACTED]

Prices established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. § 3633(a)(3), which, as implemented by (39 C.F.R. § 3015.7(c)) requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)).

**CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 11-6**

I hereby certify that the Governors voted on adopting Governors' Decision No. 11-6, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.



Julie S. Moore
Secretary of the Board of Governors

Date: 3/22/2011

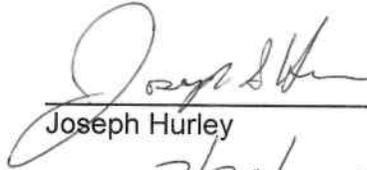
Inbound EMS 2
Rates to Become Effective January 1, 2016

	SDR Rate per item	SDR Rate per kilogram
Tier 1a (Non-discounted Pay for Performance members)	████	████
Tier 1b (Maximum discount for Pay for Performance members)	████	████
Tier 2 (Other Posts)	████	████

Certification of Prices for Inbound EMS 2

I, Joseph Hurley, Acting Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for Inbound EMS to be in effect as of January 1, 2016. These prices were established by means of the pricing formula set forth in the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on March 22, 2011 (Governors' Decision No. 11-6).

I hereby certify that the numerical cost values underlying the new Inbound EMS prices are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision No. 11-6, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that Inbound EMS should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. These prices should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Joseph Hurley
7/29/15

Date



Pay-for-performance Plan 2015

EMS Unit – EMS Cooperative

Berne, 1 January 2015



Article 1
Definitions

- a "Participating operator" means an EMS operator that is a member of the EMS Cooperative that is eligible to apply the EMS Pay-for-performance Plan, as provided in article 2, and that adheres to the provisions of the Plan.
- b "EMD event" means the date and time that an EMS item is received at the destination office of exchange.
- c "EME event" means the date and time that an EMS item is handed over to Customs.
- d "EMF event" means the date and time that an EMS item is dispatched from the destination office of exchange, if appropriate, after passing through Customs.
- e "EDH event" means the date and time of the arrival of an item at a collection point for pick-up.
- f "EMH event" means the date and time of an attempted, but unsuccessful delivery of an EMS item.
- g "EMI event" means the date and time of a successful delivery of an EMS item.
- h "On-time transmission" means transmission of data related to [REDACTED]
- i "Delivery standards" means a definition of the delivery service provided in sufficient detail to allow EMS operators to understand the service offered and to schedule export dispatches. Delivery standards must be validated by the EMS Cooperative.
- j "Validated delivery standards" means delivery standards defined in a way that allows delivery performance measurement by the model used by the monitoring organization for the EMS Cooperative. The definition will be confirmed by the EMS Unit and the monitoring organization and agreed to by the participating operator.
- k "On-time delivery" means an attempted or successful delivery in accordance with a participating operator's validated delivery standards.
- l "Transmission of sufficient data in its EMS event messages" means transmission of [REDACTED]

Article 2
Eligibility

- a An EMS operator that fulfils the requirements below shall be considered eligible to be a participating operator:
 - 1 membership of the EMS Cooperative;
 - 2 use of the UPU standard EMS identifier and barcode on 100% of its outward EMS items;
 - 3 transmission of sufficient data in its EMS event messages so that its delivery performance may be measured against its validated delivery standards;
 - 4 obtainment of validated delivery standards by the EMS Unit.
- b Eligibility of an EMS operator to become a participating operator in this Plan shall be confirmed by the EMS Unit of the EMS Cooperative according to the procedure below:
 - 1 when an EMS operator fulfils all the requirements specified in article 2a, pay-for-performance reports are produced;
 - 2 the EMS Unit shall analyze the first pay-for-performance report produced and shall notify the results of the analysis to the EMS operator;
 - 3 once the EMS Unit has provided the EMS operator with the first pay-for-performance report analysis, it shall notify all EMS Cooperative members that the EMS operator is eligible to become a participating operator.

Article 3
Delivery charges

- a The EMS delivery charges applied by participating operators during a given year to EMS items delivered under the EMS Pay-for-performance Plan shall be those in effect on 1 January of that year.
- b A participating operator may only increase its EMS delivery charges by notifying the UPU International Bureau of the increase by 31 August of the year prior to that during which the increase will take effect. Participating operators may, however, reach bilateral agreements concerning delivery charges.

Article 4
Calculation of EMS inter-operator payments in the Pay-for-performance Plan

- a EMS inter-operator delivery payments shall be based on gross flows of EMS traffic between participants in the EMS Pay-for-performance Plan.
- b The gross flow of items containing documents and merchandise shall be calculated separately.
- c The percentage of the delivery charge to be applied between participating operators in the EMS Pay-for-performance Plan shall be based on [REDACTED]
- d If an item is handed over to Customs, an EME event, followed by an EMF event when the item is released from Customs, should be transmitted.

e [REDACTED]

f [REDACTED]

- g The percentage of delivery charge paid for penalized items and the incentive threshold shall be as follows:

<i>Year</i>	<i>Percentage delivery charge paid for penalized items below threshold</i>	<i>Threshold</i>
2015	[REDACTED]	[REDACTED]

- h When an EMS operator applies the EMS Pay-for-performance Plan 2015, the percentage of the delivery charge, to be applied reciprocally, shall be as shown in the table below:

<i>EMD event</i>	<i>EDH/EMH/EMI event</i>	<i>On-time transmission of EDH/EMH/EMI event</i>	<i>On-time delivery</i>	<i>Percentage of delivery charge for items below the incentive threshold</i>
[REDACTED]				

- i For EMS operators that apply the EMS Pay-for-performance Plan 2015, the incentive threshold shall be set at [REDACTED]

¹ According to table (article 4, item g.).

[REDACTED]

- j In 2015, the minimum amount that a destination EMS operator shall receive is [REDACTED] of that EMS operator's EMS delivery charge. This relates to items [REDACTED]
- k Each participating operator applying the EMS Pay-for-performance Plan shall receive a quarterly payment document showing the number of items for which the EMD event was transmitted, the number of items delivered in accordance with each participating operator's validated delivery standards, and the number of items for which EDH, EMH, and EMI events were transmitted on time.
- l If a participating operator pays a separate delivery charge for documents and for merchandise, it shall transmit the necessary data, PREDES message version 2, including enough information to distinguish between documents and merchandise so that a separate quarterly payment document for document and merchandise items may be produced. If the participating operator does not transmit the necessary data to produce a separate quarterly payment document for document and merchandise items, all items shall be considered as merchandise.
- m Any two participating operators which have agreed bilaterally on a per item per kilogramme rate for either one or both operators shall settle the per item component of the rate quarterly following normal pay-for-performance procedures. The per kilogramme component of the rate shall be settled annually, using methods agreed bilaterally by both participating operators.
- n Two EMS operators with only unilateral traffic may also choose to enter this Pay-for-performance Agreement, in which case the Pay-for-performance Plan 2015 shall be applied in its current form to settle accounts between them.
- o Two EMS operators exchanging fewer than [REDACTED] items per quarter may agree bilaterally to forgo quarterly accounting and elect to carry out the accounting on an annual basis. Annual accounting shall be carried out using the four quarterly invoices, however only one annual settlement shall be made.

Article 5
Delivery standards

- a Participating operators may revise their validated delivery standards [REDACTED].
- b Participating operators wishing to revise their validated delivery standards should present the new standards to the EMS Unit for revalidation, using the revalidation package published on the EMS Cooperative website (www.ems.coop).
- c The EMS Unit shall work with the participating operator to complete the revalidation, which shall be carried out once the participating operator has signed and returned the acceptance form for the new validated delivery standards.
- d The implementation of the new validated delivery standards shall be carried out at the start of the month following the acceptance of the new validated delivery standards.
- e New validated delivery standards can only be implemented on the first of each month.
- f The validated delivery standards for each designated office of exchange in the EMS Operational Guide must cover the entire area of the country (or territory of an EMS operator) to which EMS items are delivered.
- g The participating operator agrees to send EMS items only to offices of exchange designated for the receipt of EMS dispatches in the EMS Operational Guide consistent with the UPU IMPC list and for which delivery standards have been validated. EMS items that arrive at non-designated offices of exchange shall be sent to designated offices of exchange for the scanning of the EMD event.

- h The following data must be transmitted for the validation of the delivery standards:
- tracking event code;²
 - item identifier;
 - destination EMS operator;
 - office of exchange code;
 - date;
 - time;
 - delivery office code (e.g. postcode, delivery office depot, province code or other appropriate code identifying the delivery zone).
- i The "delivery zone" refers to geographic areas where EMS items are delivered on a given day. For example, areas where items are delivered on their day of arrival at the destination office of exchange constitute one delivery zone, while areas where items are delivered the following day constitute a separate delivery zone.

Article 6
Accounting procedures

- a EMS operators participating in the EMS Pay-for-performance Plan shall apply the following procedures to their quarterly settlement and payment of accounts:
- b Delivery charges to be applied are described in article 3 of the EMS Pay-for-performance Plan.
- c Quarterly payment documents, produced by the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan, shall be the basis for EMS inter-operator payments in respect of the EMS Pay-for-performance Plan.
- d The supporting documentation will be in the following tables produced by the monitoring organization chosen by the EMS Cooperative to provide data and reports to the EMS Pay-for-performance Plan as part of the EMS Cooperative's Pay-for-performance Plan:

<i>Table</i>	<i>Name</i>
1a	Payment document – Total inbound EMS items
1b	Payment document – Total outbound EMS items
1c	Payment document – Inbound EMS document items
1d	Payment document – Outbound EMS document items
1e	Payment document – Inbound EMS merchandise items
1f	Payment document – Outbound EMS merchandise items
2a	Diagnostic report – Inbound EMS items
2b	Diagnostic report – Outbound EMS items
2c	Explanatory report
2d	Explanatory report
3a	Monthly accounting preview document/Quarterly accounting document

- e All of these tables shall be produced monthly.
- f The monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan shall provide all the pay-for-performance documents electronically to the EMS Unit in Berne, which shall be responsible for distributing the reports to the EMS operators.

² Tracking event code is defined in standard 2 of the EMS standards and in the UPU standard M 17 – EMSEVT v1.0 and M 40 – EMSEVT v3.0.

Monthly documents shall be received by the EMS Unit up to the 20th day of the month following the month for which the reports are produced. Quarterly documents shall be received by the EMS Unit up to the 30th day of the month following the quarter for which the reports are produced.

- g The reports shall include event data received by the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan by the 10th day of the month following the month for which the reports are produced.
- h The EMS Unit shall, in turn, e-mail the pay-for-performance documents to participating operators two working days after receiving the pay-for-performance reports. At the same time, the monitoring organization chosen by the EMS Cooperative to provide data and reports for the EMS Pay-for-performance Plan shall make the flat files available with supporting data and inform the EMS Unit accordingly. The EMS Unit shall then inform each participating operator of the availability of the flat files.
- i From the date of receipt of the monthly reports and quarterly payment documents from the EMS Unit, each participating operator shall have 30 days to raise questions concerning the data.
- j Upon receiving the quarterly payment document, each EMS operator shall:
 - verify the amounts in the quarterly payment document; and
 - determine with which EMS operator it is a net creditor.
- k In cases where the EMS operator is a net creditor, it shall create an invoice in the same format as the quarterly payment document, and shall send the signed invoice within 14 days of receiving the quarterly payment document from the EMS Unit (this may be accomplished by inserting page breaks in the Excel file containing the payment document and printing the individual pages).
- l The net debtor EMS operator to which the invoices are sent shall verify the information on the invoices and either send the signed invoice to the net creditor EMS operator, or communicate its proposed amendments within 14 days of receiving the invoice.
- m The net debtor EMS operator shall pay invoices within 60 days after they are accepted. The method of payment shall be agreed between participating operators.

Article 7

Exchange of event data

Each participating operator agrees to receive all tracking event data transmitted by all other participating operators with which it applies this Plan.

Article 8

Application of provisions of bilateral EMS agreements

The multilateral or bilateral EMS agreements in force between participating operators that apply the Plan with one another shall be applicable, by analogy, in all cases not expressly governed by this Plan.

Article 9

Entry into force and duration

- a The provisions of this Plan shall enter into force on 1 January 2015.
- b Either participating operator may terminate this Agreement by giving three months' notice of termination. The termination shall be effective 31 December of the year in which timely notice of termination is given.
- c Operators previously participating in the Pay-for-performance Plan will automatically participate under this version of the Plan, without making further agreements with current partners. Only operators not agreeing to continue participation under this version of the Pay-for-performance Plan will contact their partners in this regard.

Article 10

Bilateral implementation of the Pay-for-performance Plan between partners

- a Once an EMS operator has completed the steps towards becoming eligible to be a participating operator, it should contact any other EMS operator with which it wishes to enter the Pay-for-performance Plan. The two participating operators must agree from which quarter the agreement will be implemented.
- b Both participating operators shall choose their preferred method for establishing a legally binding agreement related to their adhesion to the Pay-for-performance Plan. Both participating operators must complete the Pay-for-performance Partners Agreement form (Attachment 2) and return it to the EMS Unit in order to inform the EMS Unit of the agreement. Once the EMS Unit has received this form from both operators, it is confirmed for reporting purposes that these two operators are partners in the Pay-for-performance Plan.

Article 11

Multilateral implementation of the Pay-for-performance Plan between partners

- a An EMS operator which intends to sign the Pay-for-performance Plan multilaterally shall, once it has completed the necessary steps towards becoming eligible to be a participating operator, complete the Pay-for-performance Multilateral Agreement form (Attachment 3) and return it to the EMS Unit. On this form, the operator shall indicate the quarter from which it intends to implement the agreement.
- b Upon receipt of the completed and signed form, the EMS Unit shall confirm the addition of the EMS operator as a signatory of the Multilateral Pay-for-performance Agreement and inform all current signatories of the new signatory.

Article 12

Disputes

In the event of disputes among participating operators resulting from different interpretations of the Plan, participants may present the circumstances of the dispute to the EMS Unit. The EMS Unit and Pay-for-performance Team will facilitate in the interpretation and clarification of the aspects of the Plan which are in dispute. If the dispute cannot be resolved with the facilitation of the EMS Unit and the Pay-for-performance Team, the participants may present the circumstances of the dispute to the EMS Board to facilitate the interpretation and clarification of the aspects of the EMS Pay-for-performance Plan in dispute. If the dispute still cannot be resolved, the participants may use the existing UPU arbitration process outlined in the Acts of the Union (Constitution and General Regulations) to resolve the dispute, provided that the arbitrators are participating operators in the EMS Pay-for-performance Plan.

Article 13

Force majeure

- a A participating operator shall not be liable for any penalties under the Plan if it fails to perform any of its obligations under the Plan insofar as it complies with article 14:
 - 1 the failure was due to an impediment beyond its reasonable control;
 - 2 the participating operator could not reasonably be expected to have taken the impediment, and its effect upon its ability to perform, into account at the time of entering the Pay-for-performance Agreement; and
 - 3 it could not have reasonably avoided or overcome such an impediment, or at least its effects.
- b An impediment, within the meaning above, could result from events including the following:
 - 1 war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage, acts of terrorism;
 - 2 natural disasters, such as violent storms, cyclones, volcanic activity, earthquakes, tidal waves, floods, destruction by lightning;

- 3 explosions, fires, destruction of machines, of factories, and of any kind of installations;
 - 4 acts of authority, whether lawful or unlawful, apart from acts for which the party seeking relief has assumed risk by virtue of other provisions of the Agreement; and apart from the matters mentioned in paragraph c below.
- c For the purposes of paragraph a above, and unless otherwise provided for in the Plan or bilateral agreement, impediment does not include lack of authorizations, of licences, of entry or residence permits, or of approvals necessary for the performance of the Plan; nor does it include strikes or other industrial action (which are covered by section d below).
- d The definition of a strike, for the purposes of this document, is the serious interruption of normal operations due to industrial action.
- 1 External strike
 - An external strike is a strike which does not involve the participating operator itself but nevertheless affects that participating operator's ability to handle EMS items or provide on-time transmission of EMS items. If an external strike takes place, the participating operator can claim an exemption from any penalties that may otherwise apply under the Plan for a period extending from the beginning of the external strike until two days after being notified of its conclusion.
 - After an external strike, any other participating operator facing an increase in the volume of EMS items received from the participating operator affected by the external strike can apply for an exemption from any penalties that may otherwise apply under the Plan, for the first two days after the external strike.
- e [REDACTED]

Article 14

Application of force majeure

- a Application of force majeure under article 13 b and d:
- 1 The EMS Unit shall confirm in each case whether the force majeure shall be applied, in accordance with the rules.
 - 2 Any failure to inform the EMS Unit within the timeframe defined below will be reason for non-application of the force majeure, in which case reports will not be re-run.
 - 3 The EMS operator shall notify the EMS Unit within 24 hours of the incident.
 - 4 The EMS Unit shall provide this information to all EMS operators.
 - 5 When the service is resumed, the EMS operator shall inform the EMS Unit within 24 hours from the moment that the service went back to normal.
 - 6 The EMS Unit shall provide the information to all EMS operators.
 - 7 For reporting purposes, the days and/or the area where the EMS service was disrupted shall be excluded from the performance calculation.
 - 8 In the case that the disruption occurs close to the end of the month and continues beyond the cut-off date for the reports, thereby affecting two or more months, the EMS operator shall contact the EMS Unit by the last day of the month and by the 10th of the following month reconfirming that the problem still exists and that actions are being taken to resolve it. The relevant reports shall discount these days in the current month and in the following one.
 - 9 The above process shall also be applied if the disruption only affected one part of the national coverage. However, in this case, the EMS operator shall make clear to the EMS Unit what areas are affected and their respective delivery office codes, which will be excluded from the measurement during the period of disruption

■

[REDACTED]

■

[REDACTED]

Anomalies

1 Anomalies for which no payments are applied

No.	Anomaly	Description	Payment applied for items below the threshold and reason
1	Missing EDH/EMH/EMI events	If an EMD event is transmitted and no EDH, EMH, or EMI event is transmitted over the reporting period, performance measurement is not possible.	[REDACTED]

2 Anomalies for which reduced payments are applied

No.	Anomaly	Description	Payment applied for items below the threshold and reason
1	No office of exchange (OE) code or invalid OE code	If the OE code in the EMD event is not transmitted, or if the OE code transmitted is not defined in the definition tables, performance measurement against the validated delivery standards is not possible.	[REDACTED]
2	No delivery office or invalid delivery office code (delivery zone indicator)	If the information required to identify the delivery zone in the EDH/EMH/EMI event is not transmitted, performance measurement against the validated delivery standards is not possible.	
3	Events out of sequence	If the date or time of the EDH/EMH/EMI event is earlier than the date or time of the EMD event, performance measurement is not possible.	
4	Item held by Customs	If events EMD and EME are transmitted and no other events are transmitted after the EME event, performance measurement is not possible. Items that fall into this category will be considered held by Customs.	

3 *Anomalies which have no effect on payments*

<i>No.</i>	<i>Anomaly</i>	<i>Description</i>	<i>Disposition</i>
1	EDH, EMH and EMI events	If any combination of EDH, EMH, and EMI events are transmitted for the same item, the date and time of delivery is taken from whichever event is earlier. The measurement of late transmission of data is made against the event used for measurement of on-time delivery.	
2	Time zone	If a participating operator transmits event data during different time zones, it could be penalized unfairly for late transmission.	
3	Duplicate item identifiers	If a destination EMS operator receives an item whose identifier duplicates that of an item dispatched within the last 14 months by the same EMS operator, the item cannot be included in the performance reports, but will be listed in the anomaly files.	
4	Non-standard item identifier	If a destination EMS operator receives an item whose identifier does not conform to the UPU 13-character standard, the performance reports will not reflect on-time delivery or on-time transmission. The item will not be included in the performance reports.	
5	Items held by Customs in the previous month	If an item had an EMD and an EME event in the previous month and no further scans, the item will be considered held by Customs in the previous month.	
6	Items en route in the previous month	If an item had an EMD, an EME, and an EMF event in the previous month and no further scans, the item will be considered en route in the previous month.	

Pay-for-performance partners agreement form

EMS operators entering into the agreement:

<i>Year/quarter</i>	<i>Percentage of delivery charge pad for penalized items below threshold</i>	<i>Threshold</i>

Partner 1

I, as a representative of (EMS operator) _____, hereby agree that my organization will participate in the EMS Pay-for-performance Plan under the above-stated conditions.

Date: _____ Signature: _____

Partner 2

I, as a representative of (EMS operator) _____, hereby agree that my organization will participate in the EMS Pay-for-performance Plan under the above-stated conditions.

Date: _____ Signature: _____

Please return to:

EMS Unit
International Bureau
Universal Postal Union
Weltpoststrasse 4
P.O. Box 312
3000 BERNE 15
SWITZERLAND

Fax: +41 31 351 52 00
E-mail: EMS.Unit@upu.int

Multilateral Pay-for-performance Agreement form

EMS operator entering into the Agreement:

Quarter/year of implementation:

The EMS operator of _____ hereby undertakes to adopt the Multilateral Pay-for-performance Agreement. The Pay-for-performance Plan, as a multilateral agreement accepted by all EMS Cooperative members which are signatories to it, shall normally form the legal basis for the settlement of accounts between the signatories without any further requirement for the exchange of bilateral pay-for-performance agreements between parties to the Multilateral Pay-for-performance Agreement.

Date: _____ Signature: _____

EMS operator signatories of the Multilateral Pay-for-performance Agreement

The list of signatories of the Multilateral Pay-for-performance Agreement is published on the EMS Cooperative website.

Please return to:

EMS Unit
International Bureau
Universal Postal Union
Weltpoststrasse 4
P.O. Box 312
3000 BERNE 15
SWITZERLAND

Fax: +41 31 351 52 00
E-mail: EMS.Unit@upu.int

1. Delivery Performance

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Delivery on-time	■	■	■	■	■
Delivery 1 day late	■	■	■	■	■
Delivery 2 days late	■	■	■	■	■
Delivery 3 days late	■	■	■	■	■
Delivery more than 3 days late	■	■	■	■	■
No delivery information	■	■	■	■	■
Items Held in Customs	■	■	■	■	■

3. Call Center performance

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Response on-time through Rugby	■	■	■	■	■
Phone answered within 20 seconds	■	■	■	■	■
Phone answered in between 20 seconds and 1 minute	■	■	■	■	■
Phone busy	■	■	■	■	■
Phone not answered	■	■	■	■	■
Accessibility by e-mail 24 hours a day	■	■	■	■	■
Response by e-mail within 24 hours	■	■	■	■	■

2. Tracking

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
EMA over EMC	■	■	■	■	■
EMC over EMA	■	■	■	■	■
EMD over EMC	■	■	■	■	■
EMC over EMD	■	■	■	■	■
EMF over EME	■	■	■	■	■
EMF over EMD	■	■	■	■	■
EMH/EMI over EMD	■	■	■	■	■
EMH events with reason code	■	■	■	■	■
EMD over EMH/EMI	■	■	■	■	■
Transmission on-time	■	■	■	■	■

4. EMS Customs Information

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Overall customs score	■	■	■	■

5. EMS Service Information

Indicator	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Score
Provision of Written Proof of Delivery -	Yes	Yes	Yes	Yes	Yes
EMS Operational Guide update	Yes	Yes	Yes	Yes	Yes
Participation in EMS Pay-for-Performance	Yes	Yes	Yes	Yes	Yes
Percentage of inbound traffic exchanged under PfP	■	■	■	■	■

RESDES over PREDESv2	■	■	■	■	■
PREDES over number of partners	■	■	■	■	■
RESCON over PRECON	■	■	■	■	■

Missing EMH/EMI events	■	■	■	■	■
No delivery zone indicator	■	■	■	■	■
No Office of Exchange Code	■	■	■	■	■
EMH/EMI before EMD	■	■	■	■	■
No Standard	■	■	■	■	■





EMS Cooperative Report Cards

Prepared by PricewaterhouseCoopers

Period

1. Quarter 2015 Aggregate Report Card

Attachment 5 to Postal Service Notice
PRC Docket No. CP2015-117
EMS Operator

United States of America

1. Delivery Performance

Indicator	Current result	Last quarterly result	Current global result
Delivery on-time	████	████	████
No delivery information	████	████	████
Items Held in Customs	████	████	████

Results based on information provided by International Postal Corporation (PC) using systems validated by PricewaterhouseCoopers (PwC). PwC is not responsible for the data shown in the

2. Call Center performance

Indicator	Current result	Last quarterly result	Current global result
Phone answered within 20 seconds	████	████	████
E-mails answered	████	████	████

Results based on measurements/test carried out by PwC.

Rugby - GlobalCSS

Indicators as replying partner	Current result	Last quarterly result	Current global result
On-time reply	████	████	████
First level resolution	████	████	████
Cases closed within 15 working days	████	████	████
Customer Service Response Quality	████	████	████
Time to open requests received (hh:mm)	████	████	████
Outstanding inquiries	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

3. Tracking

Indicator	Current result	Last quarterly result	Current global result
EMA over EMC	████	████	████
EMD over EMC	████	████	████
EMF over EME	████	████	████
EDH/EMH/EMI over EMD	████	████	████
EMH events with reason codes	████	████	████
Transmission on-time	████	████	████
RESDES over PREDES	████	████	████
PREDES over number of partners	████	████	████
RESCON over PRECON	████	████	████
Missing EDH/EMH/EMI events	████	████	████
No delivery zone indicator	████	████	████
No Office of Exchange Code	████	████	████
EDH/EMH/EMI before EMD	████	████	████
No Standard	████	████	████

Results based on information provided by IPC using systems validated by PwC. PwC is not responsible for the data shown in the results.

4. EMS Customs Information

Indicator	Current result	Last quarterly result
Overall customs score	████	████

Results based on information provided by the EMS Unit. PwC is not responsible for the data shown in the results.

5. EMS Service Information

Indicator	Current result
Provision of Written Proof of Delivery - WPOD	Yes
EMS Operational Guide update	Yes
Participation in EMS Pay-for-Performance	Yes
Percentage of inbound traffic exchanged under Pay-for-Performance	████

Results based on information provided by the EMS Unit using procedures validated by PwC.

