

ORDER NO. 3045

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

Before Commissioners:

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

Competitive Product Prices  
Global Reseller Expedited Package Services 4  
(MC2014-38)  
Negotiated Service Agreement

Docket No. CP2014-67

ORDER APPROVING MODIFICATION TO  
GLOBAL RESELLER EXPEDITED PACKAGE SERVICES 4  
NEGOTIATED SERVICE AGREEMENT

(Issued January 22, 2016)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Services 4 negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves Modification Two.

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<sup>1</sup> Notice of the United States Postal Service of Filing Modification Two to Global Reseller Expedited Package Contracts 4 Negotiated Service Agreement, January 13, 2016 (Notice). The Modification is an attachment to the Notice (Modification Two).

In Order No. 2170, the Commission approved the Global Reseller Expedited Package Services 4 negotiated service agreement (Existing Agreement).<sup>2</sup> On January 13, 2016, the Postal Service filed notice that it has agreed to Modification Two to the Existing Agreement. Notice. On January 14, 2016, the Commission issued an order reopening this docket to consider Modification Two, appointing a Public Representative, and providing interested persons with an opportunity to comment.<sup>3</sup>

The Postal Service intends for Modification Two to become effective on February 1, 2016, and the Existing Agreement, as modified, will expire February 5, 2021.<sup>4</sup>

## II. COMMENTS

Comments were filed by the Public Representative.<sup>5</sup> No other person submitted comments. The Public Representative has reviewed Modification Two, Modification One, the Existing Agreement, all financial documentation filed under seal, as well as the relevant cost, volume, and revenue information filed in the Postal Service's Fiscal Year (FY) 2014 and FY 2015 Annual Compliance Reports.<sup>6</sup> Based on that review, she

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<sup>2</sup> See Docket Nos. MC2014-38 and CP2014-67, Order Adding Global Reseller Expedited Package Contracts 4 to the Competitive Product List and Approval of Designation as Baseline Agreement, August 26, 2014 (Order No. 2170). The contract was later modified. See Order No. 2222, Order Approving Modification to Global Reseller Expedited Package Contracts 4 Negotiated Service Agreement, October 22, 2014.

<sup>3</sup> Order No. 3028, Notice and Order Concerning Modification Two to a Global Reseller Expedited Package Services 4 Negotiated Service Agreement, January 14, 2016.

<sup>4</sup> Notice at 1; Modification Two at 2. See *also* United States Postal Service Response to Order No. 2170 Concerning Effective Date of Global Reseller Expedited Package Contracts 4 Negotiated Service Agreement, August 28, 2014.

<sup>5</sup> Public Representative Comments Concerning Modification Two to Global Reseller Expedited Package Contracts 4 Negotiated Service Agreement, January 21, 2016 (PR Comments).

<sup>6</sup> PR Comments at 2-3. See *also* Notice of the United States Postal Service of Filing Modification to Global Reseller Expedited Package Contracts 4 Negotiated Service Agreement, October 8, 2014 (Modification One); Docket No. ACR2014, United States Postal Service FY 2014 Annual Compliance Report, December 29, 2014; Docket No. ACR2015, United States Postal Service FY 2015 Annual Compliance Report, December 29, 2015.

concludes that the Existing Agreement, as modified, should continue to generate sufficient revenue to cover costs and satisfy 39 U.S.C. § 3633(a). PR Comments at 3.

### III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

Modification Two does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Functional Equivalency.* The Existing Agreement is the baseline agreement for the Global Reseller Expedited Package Services 4 product.<sup>7</sup> Modification Two revises Article 11 (term of the agreement) as well as the articles concerning postage payment, in order to allow postage payment through the Electronic Verification System. Notice at 1. The Commission finds that Modification Two does not alter the Existing Agreement

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<sup>7</sup> See generally Order No. 2170; see also Docket Nos. MC2014-38 and CP2014-67, Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts 4 to the Competitive Products List and Notice of Filing a Global Reseller Expedited Package 4 Negotiated Service Agreement, August 8, 2014 (Request).

ability to act as the baseline agreement for the Global Reseller Expedited Package Services 4 product.

*Other considerations.* The Postal Service intends for Modification Two to become effective on February 1, 2016. *Id.* The Existing Agreement, as modified, will expire February 5, 2021, and may be modified or terminated sooner pursuant to Articles 12 and 13 of the Existing Agreement.<sup>8</sup>

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Global Reseller Expedited Package Services 4 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble  
Secretary

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<sup>8</sup> Modification Two at 2; Request, Attachment 4 at 7-8.