Postal Regulatory Commission
Submitted 2/11/2016 8:52:46 AM
Filing ID: 94960
Accepted 2/11/2016

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

COMPETITIVE PRODUCT PRICES GLOBAL EXPEDITED PACKAGE SERVICES 3 (MC2010-28) NEGOTIATED SERVICE AGREEMENT	Docket No. CP2015-86

NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING MODIFICATION TO GLOBAL EXPEDITED PACKAGE SERVICES 3 NEGOTIATED SERVICE AGREEMENT
(February 11, 2016)

In Order No. 2568, the Commission included the agreement that is the subject of this docket within the Global Expedited Package Contracts 3 product.[1] Attached to this notice is a modification to the agreement that is the subject of this docket. The modification revises a few articles in the agreement and replaces Annex 1 of the agreement. The modification is intended to go into effect on March 1, 2016.

A redacted copy of the modification and a redacted version of the certified statement required by 39 C.F.R. § 3015.5(c)(2) are filed as Attachments 1 and 2 respectively. In addition, the Postal Service is filing in separate Excel files redacted versions of the revised supporting financial documents for the contract that is the subject of this docket.

With respect to the nonpublic version of the modification, certified statement and the revised financial workpapers that are filed under seal, the Postal Service hereby incorporates its Application for Non-Public Treatment filed in conjunction with its June

[1] Order No. 2568, Order Approving Additional Global Expedited Package Services 3 Negotiated Service Agreement, Docket No. CP2015-86, July 7, 2015, at 5.

23, 2015, notice in this docket.[2] The application protects from disclosure the information that has been redacted from the materials that the Postal Service is filing publicly today with this notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business and Service Development
Corporate and Postal Business Law Section

Christopher C. Meyerson
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7820; Fax -5628
christopher.c.meyerson@usps.gov
February 11, 2016

[2] Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2015-86, June 23, 2015, Attachment 4.

MODIFICATION ONE TO THE GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE AND [redacted]

This Modification amends the Global Customized Mail Agreement ("Agreement") between [redacted] ("Mailer") with offices at [redacted] and the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998, signed by the Mailer on June 8, 2015, and signed by the USPS on June 10, 2015. The Mailer and the USPS may be referred to individually as a "Party" and together as the "Parties."

The purpose of this Modification is to make the following twelve changes to the Agreement.

First, Article 1 is replaced with the following:

> **1. Purpose of the Agreement.** This Agreement shall govern the use the Mailer may make of customized mail service for Priority Mail Express International and for Priority Mail International.

Second, Article 3(5) is replaced with the following:

> (5) "Non-Qualifying Mail" means mail that does not meet the requirements set forth in Article 4 of this Agreement. Priority Mail Express International and Priority Mail International tendered to the USPS at a Business Mail Entry Unit, at a USPS retail window, or at any commercial mail receiving agency are Non-Qualifying Mail.

Third, Article 4 is replaced with the following:

> **4. Qualifying Mail.** Only mail that meets the requirements set forth in IMM 220 for Priority Mail Express International or meets the requirements set forth in IMM 230 for Priority Mail International, with the exception of: (a) Any Flat Rate item; (b) Any item destined for any country included in Country Groups E-1 and E-2 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740 available at http://www.gpo.gov/fdsys/pkg/CFR-2015-title15-vol2/pdf/CFR-2015-title15-vol2-part740-appNo-.pdf; (c) Any item addressed to persons or entities identified on the Office of Foreign Assets Control's (OFAC's) Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, the Bureau of Industry and Security's (BIS's) Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; and (d) Any item tendered on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; shall be considered as Qualifying Mail, except as those requirements conflict with the applicable specific preparation requirements set forth in Article 6.

Fourth, Article 6(4) is replaced with the following:

[redacted]

Fifth, Article 7(2) is replaced with the following:

> (2) Undeliverable Items To return: (a) Priority Mail Express International items refused by an addressee or that are undeliverable, to the Mailer via Priority Mail Express [redacted] (b) Priority Mail International items refused by an addressee or that are undeliverable, to the Mailer in accordance with the provisions of IMM 771

Sixth, Article 8(1) is replaced with the following:

8. Obligations of the Mailer – General. The Mailer hereby agrees: (1) Postage To pay postage for Priority Mail Express International and Priority Mail International Qualifying Mail in accordance with the price charts in Annex 1 of this Agreement.

Seventh, Article 9(3) is replaced with the following:

(3) Address Labels and Customs Declarations To create address labels and Customs declarations for Priority Mail Express International Qualifying Mail and Priority Mail International Qualifying Mail using USPS-approved Global Shipping Software (GSS).

Eighth, Article 10(1) is replaced with the following:

10. Minimum Commitment. (1) The Mailer is required to meet an annualized minimum commitment of [redacted]

Ninth, Article 16 is replaced with the following:

16. Entire Agreement and Survival. This Agreement, including all Annexes thereto, shall constitute the entire agreement between the Parties regarding customized prices for Priority Mail Express International and Priority Mail International commencing on the Effective Date of the Agreement, and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement. The provisions of Article 7, Paragraph 4; Article 8, Paragraph 5; and Article 18 shall expire ten (10) years from the date of termination or expiration of this Agreement.

Tenth, the first sentence of Article 20 is replaced with the following:

20. Intellectual Property, Co-Branding and Licensing. The Mailer is allowed the use of the words "Priority Mail Express International," and "Priority Mail International" and the acronyms "PMEI" and "PMI."

Eleventh, Article 24 is replaced with the following:

24. Suspensions of Mail Service. In the event that a suspension of either Priority Mail Express International service or Priority Mail International service from the United States to a country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Priority Mail Express International or Priority Mail International, as appropriate, to the USPS until service is restored. The annualized minimum commitment for Qualifying Mail set forth in Article 10 shall be recalculated pro rata to reflect the reduction in available service time.

Twelfth, Annex 1 of the Agreement is replaced by the revised Annex 1 attached to this Modification.

The USPS will notify the Mailer of the Effective Date of this Modification within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS.

All other terms and conditions of the Agreement shall remain in force.

The Parties acknowledge and understand that all obligations of the USPS under this Modification shall be contingent on the USPS receiving approvals (hereinafter "Conditions Precedent") from one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that this Modification may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the USPS to provide the products or services contemplated under this Modification, no obligation shall exist for the USPS and no benefit shall inure to either Party. In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of this Modification. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential, or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any costs incurred by either Party attributable to such non-approval such as attorney's fees.

The Mailer acknowledges that the Modification and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding (CP2015-86). The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding in which information related to this Modification must be filed. The Mailer further understands that any unredacted portion of the Modification or supporting information will be available on the Commission's public website, http://www.prc.gov. In addition, the USPS may be required to file information in connection with this Modification (including revenue, cost or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which ACR201# signifies the USPS fiscal year to which the ACR pertains. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website at http://prc.gov/Docs/63/63467/Order225.pdf.

The Parties may execute this Modification in one or more counterparts (including by facsimile or by electronic means such as .pdf format). Not all Parties need be signatories to the same document. All counterpart signed documents shall be deemed an original and one instrument.

In witness whereof, this Modification is deemed executed on the latter of the two dates accompanying the Parties' signatures.

ON BEHALF OF THE UNITED STATES POSTAL SERVICE:

Signature: Franca Sul Ins

Name: for Giselle E. Valera

Title: Managing Director, Global Business and Vice President,

Date 2/9/2016

ON BEHALF OF [redacted]

Signature: [redacted]

Name: [redacted]

Title: [redacted]

Date: 2/8/2016

REVISED ANNEX 1 PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER

ANNEX 1
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)

The postage prices for Priority Mail Express International (PMEI) Qualifying Mail and Priority Mail International (PMI) Qualifying Mail set forth in this Annex 1 are only available for PMEI Qualifying Mail and PMI Qualifying Mail that is presorted and that is:

1. paid for through a separate permit imprint using USPS-provided Global Shipping Software (GSS), which is not used for any other type of mail than Qualifying Mail that meets the requirements set forth in this Agreement and Annex 1;
2. [redacted]
3. [redacted] and
4. tendered to the USPS at any of the following USPS International Service Center locations:

- JOHN F KENNEDY AIRPORT MAIL CENTER
  US POSTAL SERVICE
  JOHN F KENNEDY INTERNATIONAL AIRPORT BLDG 250
  JAMAICA NY 11430-9998

- JT WEEKER INTERNATIONAL SERVICE CENTER
  US POSTAL SERVICE
  11600 WEST IRVING PARK ROAD
  CHICAGO IL 60666-9998

- LOS ANGELES INTERNATIONAL SERVICE CENTER
  US POSTAL SERVICE
  5800 WEST CENTURY BLVD
  LOS ANGELES CA 90009-9998

- SAN FRANCISCO INTERNATIONAL SERVICE CENTER
  US POSTAL SERVICE
  660 WEST FIELD ROAD
  SAN FRANCISCO CA 94128-3161

- MIAMI INTERNATIONAL SERVICE CENTER
  US POSTAL SERVICE
  11698 NW 25TH ST
  MIAMI FL 33112-9997

[redacted]

ANNEX 1 CHART A
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL EXPRESS INTERNATIONAL
PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)
RATES FOR COUNTRY GROUPS 1 – 17

Weight Not Over (LBS)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
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ANNEX 1 – PRICE CHART B
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL
PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)
RATES FOR COUNTRY GROUP 1

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ANNEX 1 CHART C
PRICES IN UNITED STATES DOLLARS FOR PRIORITY MAIL INTERNATIONAL
PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)
RATES FOR COUNTRY GROUPS 2- 17

Weight Not Over (LBS)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
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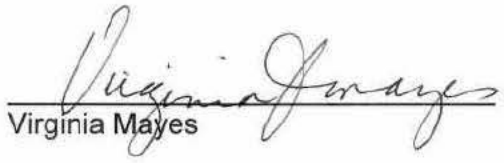
Certification of Prices for the Global Expedited Package Services Contract with [redacted]

I, Virginia Mayes, Manager of Cost Attribution, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for the Global Expedited Package Services Contract with [redacted] The prices contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Expedited Package Services Contracts, issued May 6, 2008 (Governors' Decision No. 08-7), which established prices by means of price floor and ceiling formulae.

I hereby certify that the numerical cost values underlying the prices in the [redacted] contract are the appropriate costs to use in the formulae and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governors' Decision, exclusive of pickup on demand and international ancillary services fees, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Expedited Package Services Contracts should be even smaller. The Agreement with [redacted] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Virginia Mayes