

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 Expedited Package Services Contracts  
Non-Published Rates

Docket No. MC2016-97

Competitive Product Prices  
Global Expedited Package Services Contracts  
Non-Published Rates 10 (MC2016-97)

Docket No. CP2016-122

NOTICE AND ORDER CONCERNING THE ADDITION OF GLOBAL EXPEDITED  
PACKAGE SERVICES–NON-PUBLISHED RATES CONTRACT 10 (GEPS–NPR 10) TO  
THE COMPETITIVE PRODUCT LIST

(Issued March 16, 2016)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, and Order No. 2967,<sup>1</sup> the Postal Service filed a formal request and associated supporting information to add Global Expedited Package Services–Non-Published Rates Contract 10 (GEPS–NPR 10)

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<sup>1</sup> Docket Nos. MC2016-46 and CP2016-61, Order Adding Global Expedited Package Services–Non-Published Rates Contract 9 (GEPS–NPR 9) to the Competitive Product List, December 30, 2015, at 6-8 (Order No. 2967).

to the competitive product list.<sup>2</sup> The Postal Service states the addition of GEPS–NPR 10 to the competitive product list is necessary due to its revision of the Management Analysis of the Prices and Methodology for Determining Prices for Negotiated Service Agreements under Global Expedited Package Services–Non-Published Rates 9 and accompanying financial model. Request at 3.

To support its Request, the Postal Service filed the following attachments:

- Attachment 1, an application for non-public treatment of materials filed under seal;
- Attachment 2A, a redacted version of Governors’ Decision No. 11-6;
- Attachment 2B, a revised version of Mail Classification Schedule section 2510.8 GEPS–NPR;
- Attachment 2C, a redacted version of the GEPS–NPR 10 Management Analysis;
- Attachment 2D, Maximum and Minimum Prices for Priority Express Mail International (PMEI), Priority Mail International (PMI), and Global Express Guaranteed (GXG); First-Class Package International Service (FCPIS); and International Merchandise Return Service (IMRS) prices under GEPS–NPR 10 Contracts;
- Attachment 2E, a certified statement concerning the prices for applicable negotiated service agreements under GEPS–NPR 10, required by 39 CFR 3015.5(c)(2);
- Attachment 3, a Statement of Supporting Justification, which is filed pursuant to 39 CFR 3020.32; and
- Attachment 4, a redacted version of the GEPS–NPR 10 model contract.

*Id.* at 3-4.

In a Statement of Supporting Justification, Giselle Valera, Managing Director and Vice President, Global Business, asserts the product is designed to increase efficiency of the Postal Service’s process, as well as enhance its ability to compete in the marketplace. *Id.*

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<sup>2</sup> Request of the United States Postal Service to Add Global Expedited Package Services - Non-Published Rates 10 (GEPS - NPR 10) to the Competitive Products List and Notice of Filing GEPS - NPR 10 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, March 15, 2016 (Request).

Attachment 3 at 1. She contends GEPS–NPR 10 belongs on the competitive product list as it is part of a market over which the Postal Service does not exercise market dominance,<sup>3</sup> is not subsidized by market dominant products, covers costs attributable to it, and does not cause competitive products as a whole to fail to make the appropriate contribution to institutional costs. Request at 3.

The Postal Service included a redacted version of the GEPS–NPR 10 model contract with the Request. *Id.* Attachment 4. The Postal Service represents the GEPS–NPR 10 model contract is a slight modification of the GEPS–NPR 9 model contract approved by the Commission in Order No. 2967. See Request at 3.

The Postal Service represents it will notify each GEPS–NPR 10 customer of the contract's effective date no later than 30 days after receiving the signed agreement from the customer. *Id.* Attachment 4 at 4. Unless terminated earlier, each contract will expire the later of one year from the effective date or the last day of the month which falls one calendar year from the effective date, unless terminated sooner. *Id.* The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). Request at 5; *id.* Attachment 2E; *id.* Attachment 3 at 2-3.

The Postal Service filed much of the supporting materials, including an unredacted model contract, under seal. Request at 3. It maintains that the redacted portions of the materials should remain confidential as sensitive business information. *Id.* Attachment 1 at 1-2, 4. This information includes sensitive commercial information concerning the incentive discounts and their formulation, applicable cost coverage, non-published rates, as well as some customer-identifying information in future signed agreements. *Id.* at 4-5. The Postal Service asks the Commission to protect customer-identifying information from public disclosure for ten years after the date of filing with the Commission, unless an order is entered to extend the duration of that status. *Id.* at 11.

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<sup>3</sup> The Postal Service claims it does not exercise sufficient market power to set the price of PMEI, PMI, FCPIS, and GXG substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. *Id.* at 3-4; see 39 U.S.C. 3642(b).

## II. NOTICE OF COMMISSION ACTION

The Commission establishes Docket Nos. MC2016-97 and CP2016-122 to consider the Request pertaining to the proposed GEPS–NPR 10 product and the related model contract, respectively.

The Commission invites comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than March 23, 2016. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Katalin K. Clendenin to serve as Public Representative in these dockets.

## III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket Nos. MC2016-97 and CP2016-122 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
3. Comments are due no later than March 23, 2016.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble  
Secretary