

Title: Application for 10-Point Veteran Preference.

OMB Number: 3206-0001.

Affected Public: Federal Employees, retirees, individuals and households.

Number of Respondents: 18,418.

Estimated Time per Respondent: 10 minutes/hour.

Total Burden Hours: 3,070 hours.

U.S. Office of Personnel Management.

John Berry,

Director.

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POSTAL REGULATORY COMMISSION

[Docket Nos. CP2010-96, CP2010-97, CP2010-98, CP2010-99, CP2010-100, and CP2010-101; Order No. 520]

New Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently-filed Postal Service request to add six Global Expedited Package Services 3 (MC2010-28) contracts to the competitive product list. This notice addresses procedural steps associated with the filing.

DATES: Comments are due: August 27, 2010.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Commenters who cannot submit their views electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on alternatives to electronic filing.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, stephen.sharfman@prc.gov or 202-789-6820.

SUPPLEMENTARY INFORMATION:

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- II. Notice of Filing
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I. Introduction

On August 18, 2010, the Postal Service filed a notice announcing that it has entered into six additional Global Expedited Package Services 3 (GEPS 3) contracts.¹ The Postal Service believes

¹ Notice of United States Postal Service of Filing Six Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreements and Application for Non-Public Treatment of Materials Filed Under Seal, August 18, 2010 (Notice).

the instant contracts are functionally equivalent to previously submitted GEPS contracts, and are supported by Governors' Decision No. 08-7, attached to the Notice and originally filed in Docket No. CP2008-4. *Id.* at 1-2, Attachment 3. The Notice also explains that Order No. 86, which established GEPS 1 as a product, also authorized functionally equivalent agreements to be included within the product, provided that they meet the requirements of 39 U.S.C. 3633. *Id.* at 2. In Order No. 290, the Commission approved the GEPS 2 product.² In Order No. 503, the Commission approved the GEPS 3 product. Additionally, the Postal Service requested to have the contract in Docket No. CP2010-71 serve as the baseline contract for future functional equivalence analyses of the GEPS 3 product.

The instant contracts. The Postal Service filed the instant contracts pursuant to 39 CFR 3015.5. In addition, the Postal Service contends that each contract is in accordance with Order No. 86. The term of each contract is one year from the date the Postal Service notifies the customer that all necessary regulatory approvals have been received. Notice at 3.

In support of its Notice, the Postal Service filed four attachments as follows:

1. Attachments 1A, 1B, 1C, 1D, 1E and 1F—redacted copies of the six contracts and applicable annexes;
2. Attachments 2A, 2B, 2C, 2D, 2E and 2F—certified statements required by 39 CFR 3015.5(c)(2) for each of the six contracts;
3. Attachment 3—a redacted copy of Governors' Decision No. 08-7 which establishes prices and classifications for GEPS contracts, a description of applicable GEPS contracts, formulas for prices, an analysis of the formulas, and certification of the Governors' vote; and
4. Attachment 4—an application for non-public treatment of materials to maintain redacted portions of the contracts and supporting documents under seal.

The Notice advances reasons why the instant GEPS 3 contracts fit within the Mail Classification Schedule language for GEPS. The Postal Service identifies customer-specific information and general contract terms that distinguish the instant contracts from the baseline GEPS 3 agreement all of which are highlighted in the Notice. *Id.* at 4-5. These modifications as described in the

² Docket No. CP2009-50, Order Granting Clarification and Adding Global Expedited Package Services 2 to the Competitive Product List, August 28, 2009 (Order No. 290).

Postal Service's Notice apply to each of the instant contracts.

The Postal Service contends that the instant contracts are functionally equivalent to the baseline contract for GEPS 3 and share the same cost and market characteristics as the previously filed GEPS contracts. *Id.* at 4. It states that the differences including updates and volume or postage commitments of customers, do not alter the contracts' functional equivalency. *Id.* The Postal Service asserts that "[b]ecause the agreements incorporate the same cost attributes and methodology, the relevant characteristics of these six GEPS contracts are similar, if not the same, as the relevant characteristics of previously filed contracts." *Id.*

The Postal Service concludes that its filings demonstrate that each of the new GEPS 3 contracts complies with the requirements of 39 U.S.C. 3633 and is functionally equivalent to the baseline GEPS 3 contract. Therefore, it requests that the instant contracts be included within the GEPS 3 product. *Id.* at 5.

II. Notice of Filing

The Commission establishes Docket Nos. CP2010-96 through CP2010-101 for consideration of matters related to the contracts identified in the Postal Service's Notice.

These dockets are addressed on a consolidated basis for purposes of this order. Filings with respect to a particular contract should be filed in that docket.

Interested persons may submit comments on whether the Postal Service's contracts are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642. Comments are due no later than August 27, 2010. The public portions of these filings can be accessed via the Commission's Web site (<http://www.prc.gov>).

The Commission appoints Paul L. Harrington to serve as Public Representative in the captioned proceedings.

III. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket Nos. CP2010-96 through CP2010-101 for consideration of matters raised by the Postal Service's Notice.

2. Comments by interested persons in these proceedings are due no later than August 27, 2010.

3. Pursuant to 39 U.S.C. 505, Paul L. Harrington is appointed to serve as the officer of the Commission (Public Representative) to represent the interests of the general public in these proceedings.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Shoshana M. Grove,
Secretary.

[FR Doc. 2010-21423 Filed 8-27-10; 8:45 am]

BILLING CODE 7710-FW-S

POSTAL REGULATORY COMMISSION

[Docket No. MC2010-36; Order No. 521]

Product List Transfer

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently-filed Postal Service request to transfer commercial Standard Mail Fulfillment Parcels from the market dominant product list to the competitive product list. This notice addresses procedural steps associated with the filing.

DATES: Comments are due September 17, 2010; reply comments are due October 15, 2010.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Commenters who cannot submit their views electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on alternatives to electronic filing.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, stephen.sharfman@prc.gov or 202-789-6820.

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I. Introduction

Pursuant to 39 U.S.C. 3642 and 39 CFR 3020 *et seq.*, on August 16, 2010, the Postal Service filed a request to transfer its commercial Standard Mail Fulfillment Parcels product from the market dominant product list to the competitive product list in the Mail Classification Schedule (MCS) on file with the Commission.¹

The Postal Service states that, to avoid confusion, this filing is based on the assumption that classification changes proposed in Docket No. R2010-4 will be

approved by the Commission prior to consideration of this request.² Request at 1, n.1. In that docket, the Postal Service proposes to segment Standard Mail parcels into two main categories: Marketing Parcels and Fulfillment Parcels. Current commercial and nonprofit Standard Mail Parcels would become Standard Mail Fulfillment Parcels.³ The Postal Service does not propose to transfer nonprofit Standard Mail Fulfillment Parcels. Request at 1, n.1. The Postal Service suggests that upon their transfer to the competitive product list, the Standard Mail Fulfillment Parcels would be classified as a "Lightweight" subcategory of the Parcel Select product. *Id.* at 1. The minimum weight would be less than 16 ounces.⁴

As required by 39 CFR 3020.31 of the Commission's rules, a copy of Governors' Resolution No. 10-4 is included with the Request as Attachment A. Attachment B to the Request contains the Statement of Supporting Justification required by 39 CFR 3020.32 of the Commission's rules. Attachment C is the proposed draft MCS language and prices incorporating the language proposed in Docket No. R2010-4 as if already approved by the Commission with proposed additions and deletions for this Request.

The Postal Service summarizes the required Statement of Supporting Justification by noting that the current classification of parcels weighing less than one pound as market dominant products, and parcels weighing more than one pound as competitive products, produces a misalignment in the marketplace. Competitors make no such distinction and can offer seamless shipping options. The transfer would allow the Postal Service to offer similar comprehensive shipping solutions including contracts covering all parcels regardless of weight. *Id.* at 3.

The Postal Service's Statement of Supporting Justification offers an explanation why the transfer to the competitive product list will not result in violation of the standards in 39 U.S.C. 3633. *Id.*, Attachment B, at 1. The

² See Docket No. R2010-4, Exigent Request of the United States Postal Service, July 6, 2010.

³ As proposed in Docket No. R2010-4, current commercial and nonprofit Standard Mail NFMs would become Standard Mail Marketing Parcels. Because of addressing standards, some current customers using commercial Standard Mail NFMs for fulfillment would be required to use commercial Standard Mail Fulfillment Parcels. Request at 2-3.

⁴ *Id.*, Attachment C, Competitive Products, 2115.2, Size and Weight Limitations; see also *id.*, 2115.6 Prices, Machinable Lightweight Parcels (greater than 3.3 ounces) and Irregular Lightweight Parcels (3.3 ounces or less) and (greater than 3.3 ounces).

Postal Service notes that in FY 2009, commercial Standard Mail Fulfillment Parcels and other Standard Mail parcel categories had a collective cost coverage of 75.23 percent. It requests a 23.3 percent rate increase in Docket No. R2010-4 for Standard Mail parcel categories which, if approved, will yield a cost coverage in excess of 100 percent. Thus, it contends that commercial Standard Mail Parcels, if treated as a subcategory of Parcel Select, would satisfy 39 U.S.C. 3633(a)(1) and (2). *Id.* at 2.

The Statement of Supporting Justification seeks to demonstrate, pursuant to 39 CFR 3020.32(d), that the requested change does not propose to classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without losing a significant level of business, set the price of the product substantially above costs, raise prices significantly, decrease quality, or decrease output. *Id.* at 3-7. The Statement of Justification also seeks to explain the limited extent Standard Mail Fulfillment Parcels are either covered by the postal monopoly or within the scope of the exceptions or suspensions to the Private Express Statutes, noting that normally Standard Mail Fulfillment Parcels cannot contain items required to be sent by First-Class Mail. The Postal Service indicates an intention to promulgate mailing standards in its Domestic Mail Manual limiting the inclusion of letters in any Lightweight Parcel Select parcel unless covered by an exception or suspension to the Private Express Statutes pursuant to 39 CFR parts 310 or 320. *Id.* at 7-9.

Pursuant to 39 CFR 3032(f), the Postal Service states that the primary competitors to its Standard Mail Fulfillment Parcel services are the ground shipping services offered by UPS and FedEx and that each have the flexibility to price parcel products to maximize profitability. *Id.* at 9. The Postal Service states there is likely a distortionary effect on the marketplace because Standard Mail Fulfillment Parcels are priced below full cost coverage. Because of this market distortion, the "[Postal Service] has attempted to structure profitable contracts with large shippers for lightweight parcels but failed because its efforts were undercut by its own Standard Mail parcel prices." *Id.* at 10. The Postal Service claims the transfer should ameliorate any distortionary effect on the current pricing structure. *Id.* The Postal Service states that it is also losing full network First-Class Mail package volume where its competitors

¹ Request of the United States Postal Service to Transfer Commercial Standard Mail Parcels to the Competitive Product List, August 16, 2010 (Request).