

approved the information collection requirements and has assigned OMB Control Number 2120-0056.

Related Information

(h) Refer to MCAI European Aviation Safety Agency AD No.: 2009-0160, July 21, 2009 (corrected on July 28, 2009); and Extra Flugzeugproduktions- und Vertriebs- GmbH EXTRA Service Bulletin No. SB-300-2-97, Issue: C, dated September 24, 2009, for related information.

Material Incorporated by Reference

(i) You must use Extra Flugzeugproduktions- und Vertriebs- GmbH EXTRA Service Bulletin No. SB-300-2-97, Issue: C, dated September 24, 2009, to do the actions required by this AD, unless the AD specifies otherwise.

(1) The Director of the Federal Register approved the incorporation by reference of this service information under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) For service information identified in this AD, contact Extra Flugzeugproduktions- und Vertriebs- GmbH, Engineering Department/Office of Airworthiness/Quality Assurance, Schwarze Heide 21, 46569 Hünxe, Germany; Fax: +49 (0) 2858-9137-30; E-Mail: extraaircraft@extraaircraft.com.

(3) You may review copies of the service information incorporated by reference for this AD at the FAA, Central Region, Office of the Regional Counsel, 901 Locust, Kansas City, Missouri 64106. For information on the availability of this material at the Central Region, call (816) 329-3768.

(4) You may also review copies of the service information incorporated by reference for this AD at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call (202) 741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Issued in Kansas City, Missouri, on February 10, 2010.

Steven W. Thompson,

Acting Manager, Small Airplane Directorate, Aircraft Certification Service.

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POSTAL REGULATORY COMMISSION

39 CFR Part 3020

[Docket Nos. MC2010-16 and CP2010-16; Order No. 379]

New Postal Product

AGENCY: Postal Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Commission is adding Express Mail Contract 8 to the Competitive Product List. This action is consistent with a postal reform law. Republication of the Product Lists is also consistent with a statutory provision.

DATES: Effective February 23, 2010 and is applicable beginning January 4, 2010.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: *Regulatory History*, 74 FR 66242 (December 15, 2009).

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I. Introduction

The Postal Service seeks to add a new product identified as Express Mail Contract 8 to the Competitive Product List. For the reasons discussed below, the Commission approves the Request.

II. Background

Pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service filed a formal request and associated supporting information to add Express Mail Contract 8 to the Competitive Product List.¹ The Postal Service asserts that Express Mail Contract 8 is a competitive product “not of general applicability” within the meaning of 39 U.S.C. 3632(b)(3). The Postal Service states that prices and classification underlying this contract are supported by Governors’ Decision No. 09-14 in Docket Nos. MC2010-5 and CP2010-5. *Id.* at 1. The Request has been assigned Docket No. MC2010-16.

The Postal Service contemporaneously filed a contract related to the proposed new product pursuant to 39 U.S.C. 3632(b)(3) and 39 CFR 3015.5. The contract has been assigned Docket No. CP2010-16.

In support of its Request, the Postal Service filed the following materials: (1) A redacted version of the Governors’ Decision, originally filed in Docket Nos. MC2010-5 and CP2010-5, authorizing certain Express Mail contracts, and Certification of Governors’ Vote;² (2) a redacted version of the contract, and Certification of Governors’ Vote;³ (3) a requested change in the Competitive Product List;⁴ (4) a Statement of Supporting Justification as required by 39 CFR 3020.32;⁵ (5) a certification of

compliance with 39 U.S.C. 3633(a);⁶ and (6) an application for non-public treatment of the materials filed under seal.⁷

In the Statement of Supporting Justification, Susan M. Plonkey, Vice President, Sales, asserts that the service to be provided under the contract will cover its attributable costs, make a positive contribution to institutional costs, and increase contribution toward the requisite 5.5 percent of the Postal Service’s total institutional costs. *Id.*, Attachment D. Thus, Ms. Plonkey contends there will be no issue of subsidization of competitive products by market dominant products as a result of this contract. *Id.*

Express Mail Contract 8 is included with the Request. The contract was entered into on May 28, 2009, and will become effective as a Negotiated Service Agreement January 4, 2010. The contract provides that the Postal Service may not increase rates until after May 27, 2010. The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). *See id.*, Attachment D.

In its Request, the Postal Service maintains that the supporting financial information, including the analyses that provide prices, terms, conditions, cost data, and financial projections should remain under seal. *Id.*, Attachment D.

In Order No. 359, the Commission gave notice of the two dockets, requested supplemental information, appointed a public representative, and provided the public with an opportunity to comment.⁸ On December 18, 2009, the Postal Service provided its response to the Commission’s request for supplemental information.⁹ On December 23, 2009, Chairman’s Information Request No. 1 was issued for response by the Postal Service by December 28, 2009.¹⁰ The Postal Service filed its response on December 28, 2009.¹¹

III. Comments

Comments were filed by the Public Representatives.¹² No comments were submitted by other interested parties.

⁶ Attachment E to the Request.

⁷ Attachment F to the Request.

⁸ Notice and Order Concerning Express Mail Contract 8 Negotiated Service Agreement, December 15, 2009 (Order No. 359).

⁹ Supplemental Information Provided by the United States Postal Service in Response to Order No. 359, December 18, 2009.

¹⁰ Chairman’s Information Request No. 1, December 23, 2009 (CHIR No. 1).

¹¹ Responses of the United States Postal Service to Chairman’s Information Request No. 1, December 28, 2009.

¹² Comments of Public Representatives in Response to PRC Order No. 359, December 23, 2009.

¹ Request of the United States Postal Service to Add Express Mail Contract 8 to Competitive Product List and Notice of Filing (Under Seal) of Supporting Data, December 11, 2009 (Request).

² Attachment A to the Request, reflecting Governors’ Decision No. 09-14, October 26, 2009.

³ Attachment B to the Request.

⁴ Attachment C to the Request.

⁵ Attachment D to the Request.

The Public Representatives state that the Postal Service's filing meets the pertinent provisions of title 39 and the relevant Commission rules. *Id.* at 3. The Public Representatives also believe that the Postal Service has provided appropriate justification for maintaining confidentiality in this case. *Id.* However, the Public Representatives assert that the Postal Service should have filed the instant contract with the Commission when it was executed in May of 2009. *Id.* at 4. As a result, the Public Representatives ask the Commission to "direct the Postal Service to file all existing Express Mail contracts which have not been previously filed." *Id.* The Public Representatives also request that the Commission encourage the Postal Service to submit all materials referenced in the relevant enabling Governors' Decision. *Id.* at 4–5.

IV. Commission Analysis

The Commission has reviewed the Request, the contract, the financial analysis provided under seal that accompanies it, responses to CHIR No. 1, and the comments filed by the Public Representative.

Statutory requirements. The Commission's statutory responsibilities in this instance entail assigning Express Mail Contract 8 to either the Market Dominant Product List or to the Competitive Product List. 39 U.S.C. 3642. As part of this responsibility, the Commission also reviews the proposal for compliance with the Postal Accountability and Enhancement Act (PAEA) requirements. This includes, for proposed competitive products, a review of the provisions applicable to rates for competitive products. 39 U.S.C. 3633.

Product list assignment. In determining whether to assign Express Mail Contract 8 as a product to the Market Dominant Product List or the Competitive Product List, the Commission must consider whether

the Postal Service exercises sufficient market power that it can effectively set the price of such product 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.

39 U.S.C. 3642(b)(1). If so, the product will be categorized as market dominant. The competitive category of products consists of all other products.

The Commission is further required to consider the availability and nature of enterprises in the private sector engaged in the delivery of the product, the views of those who use the product, and the likely impact on small business concerns. 39 U.S.C. 3642(b)(3).

The Postal Service asserts that its bargaining position is constrained by the existence of other shippers who can provide similar services, thus precluding it from taking unilateral action to increase prices without the risk of losing volume to private companies. Request, Attachment D, para. (d). The Postal Service also contends that it may not decrease quality or output without risking the loss of business to competitors that offer similar expedited delivery services. *Id.* It further states that the contract partner supports the addition of the contract to the Competitive Product List to effectuate the negotiated contractual terms. *Id.*, para. (g). Finally, the Postal Service states that the market for expedited delivery services is highly competitive and requires a substantial infrastructure to support a national network. It indicates that large carriers serve this market. Accordingly, the Postal Service states that it is unaware of any small business concerns that could offer comparable service for this customer. *Id.*, para. (h).

No commenter opposes the proposed classification of Express Mail Contract 8 as competitive. Having considered the statutory requirements and the support offered by the Postal Service, the Commission finds that Express Mail Contract 8 is appropriately classified as a competitive product and should be added to the Competitive Product List.

Cost considerations. The Postal Service presents a financial analysis showing that Express Mail Contract 8 results in cost savings while ensuring that the contract covers its attributable costs, does not result in subsidization of competitive products by market dominant products, and increases contribution from competitive products.

Based on the data submitted, the Commission finds that Express Mail Contract 8 should cover its attributable costs (39 U.S.C. 3633(a)(2)), should not lead to the subsidization of competitive products by market dominant products (39 U.S.C. 3633(a)(1)), and should have a positive effect on competitive products' contribution to institutional costs (39 U.S.C. 3633(a)(3)). Thus, an initial review of proposed Express Mail Contract 8 indicates that it comports with the provisions applicable to rates for competitive products.

Other considerations. The Commission agrees with the Public Representatives that the instant contract could have been filed with the Commission for approval at a much earlier date. The Commission also shares the Public Representatives' concern that other, similar contracts might exist. Accordingly, the

Commission directs the Postal Service to file, by January 15, 2010, any outstanding Express Mail contract that may be categorized as a negotiated service agreement because its prices are not subject to change with the general competitive rate increase scheduled to take effect January 4, 2010.

In conclusion, the Commission approves Express Mail Contract 8 as a new product. The revision to the Competitive Product List is shown below the signature of this order and is effective upon issuance of this order.

V. Ordering Paragraphs

It is ordered:

1. Express Mail Contract 8 (MC2010–16 and CP2010–16) is added to the Competitive Product List as a new product under Negotiated Service Agreements, Domestic.

2. The Commission directs the Postal Service to file, by January 15, 2010, any outstanding Express Mail contract that may be categorized as having competitive rates not of general applicability because its prices are not subject to change with the general competitive rate increase scheduled to take effect January 4, 2010.

3. The Postal Service shall notify the Commission if termination occurs prior to the scheduled termination date.

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

List of Subjects in 39 CFR Part 3020

Administrative practice and procedure; Postal Service.

By the Commission.

Shoshana M. Grove,
Secretary.

■ For the reasons discussed in the preamble, the Postal Regulatory Commission amends chapter III of title 39 of the Code of Federal Regulations as follows:

PART 3020—PRODUCT LISTS

■ 1. The authority citation for part 3020 continues to read as follows:

Authority: Authority: 39 U.S.C. 503; 3622; 3631; 3642; 3682.

■ 2. Revise Appendix A to Subpart A of Part 3020—Mail Classification Schedule to read as follows:

Appendix A to Subpart A of Part 3020—Mail Classification Schedule

Part A—Market Dominant Products
1000 Market Dominant Product List
First-Class Mail
Single-Piece Letters/Postcards
Bulk Letters/Postcards

Canada Post—United States Postal Service Contractual Bilateral Agreement for Inbound Competitive Services (MC2010–14 and CP2010–13—Inbound Surface Parcel post at Non-UPU Rates and Xpresspost-USA)	Priority Mail Contract 8 (MC2009–25 and CP2009–32)	Outbound International Expedited Services
International Money Transfer Service	Priority Mail Contract 9 (MC2009–25 and CP2009–33)	[Reserved for Product Description]
International Ancillary Services	Priority Mail Contract 10 (MC2009–25 and CP2009–34)	Inbound International Expedited Services
Special Services	Priority Mail Contract 11 (MC2009–27 and CP2009–37)	[Reserved for Product Description]
Premium Forwarding Service	Priority Mail Contract 12 (MC2009–28 and CP2009–38)	Priority
Negotiated Service Agreements	Priority Mail Contract 13 (MC2009–29 and CP2009–39)	[Reserved for Product Description]
Domestic	Priority Mail Contract 14 (MC2009–30 and CP2009–40)	Outbound Priority Mail International
Express Mail Contract 1 (MC2008–5)	Priority Mail Contract 15 (MC2009–35 and CP2009–54)	[Reserved for Product Description]
Express Mail Contract 2 (MC2009–3 and CP2009–4)	Priority Mail Contract 16 (MC2009–36 and CP2009–55)	Inbound Air Parcel Post
Express Mail Contract 3 (MC2009–15 and CP2009–21)	Priority Mail Contract 17 (MC2009–37 and CP2009–56)	[Reserved for Product Description]
Express Mail Contract 4 (MC2009–34 and CP2009–45)	Priority Mail Contract 18 (MC2009–42 and CP2009–63)	Parcel Select
Express Mail Contract 5 (MC2010–5 and CP2010–5)	Priority Mail Contract 19 (MC2010–1 and CP2010–1)	[Reserved for Group Description]
Express Mail Contract 6 (MC2010–6 and CP2010–6)	Priority Mail Contract 20 (MC2010–2 and CP2010–2)	Parcel Return Service
Express Mail Contract 7 (MC2010–7 and CP2010–7)	Priority Mail Contract 21 (MC2010–3 and CP2010–3)	[Reserved for Group Description]
Express Mail Contract 8 (MC2010–16 and CP2010–16)	Priority Mail Contract 22 (MC2010–4 and CP2010–4)	International
Express Mail & Priority Mail Contract 1 (MC2009–6 and CP2009–7)	Priority Mail Contract 23 (MC2010–9 and CP2010–9)	[Reserved for Group Description]
Express Mail & Priority Mail Contract 2 (MC2009–12 and CP2009–14)	Priority Mail Contract 24 (MC2010–15 and CP2010–15)	International Priority Airlift (IPA)
Express Mail & Priority Mail Contract 3 (MC2009–13 and CP2009–17)	Outbound International	[Reserved for Product Description]
Express Mail & Priority Mail Contract 4 (MC2009–17 and CP2009–24)	Direct Entry Parcels Contracts	International Surface Airlift (ISAL)
Express Mail & Priority Mail Contract 5 (MC2009–18 and CP2009–25)	Direct Entry Parcels 1 (MC2009–26 and CP2009–36)	[Reserved for Product Description]
Express Mail & Priority Mail Contract 6 (MC2009–31 and CP2009–42)	Global Direct Contracts (MC2009–9, CP2009–10, and CP2009–11)	International Direct Sacks—M-Bags
Express Mail & Priority Mail Contract 7 (MC2009–32 and CP2009–43)	Global Expedited Package Services (GEPS) Contracts	[Reserved for Product Description]
Express Mail & Priority Mail Contract 8 (MC2009–33 and CP2009–44)	GEPS 1 (CP2008–5, CP2008–11, CP2008–12, CP2008–13, CP2008–18, CP2008–19, CP2008–20, CP2008–21, CP2008–22, CP2008–23, and CP2008–24)	Global Customized Shipping Services
Parcel Select & Parcel Return Service Contract 1 (MC2009–11 and CP2009–13)	Global Expedited Package Services 2 (CP2009–50)	[Reserved for Product Description]
Parcel Select & Parcel Return Service Contract 2 (MC2009–40 and CP2009–61)	Global Plus Contracts	International Money Transfer Service
Parcel Return Service Contract 1 (MC2009–1 and CP2009–2)	Global Plus 1 (CP2008–8, CP2008–46 and CP2009–47)	[Reserved for Product Description]
Priority Mail Contract 1 (MC2008–8 and CP2008–26)	Global Plus 2 (MC2008–7, CP2008–48 and CP2008–49)	Inbound Surface Parcel Post (at non-UPU rates)
Priority Mail Contract 2 (MC2009–2 and CP2009–3)	Inbound International	[Reserved for Product Description]
Priority Mail Contract 3 (MC2009–4 and CP2009–5)	Inbound Direct Entry Contracts with Foreign Postal Administrations	International Ancillary Services
Priority Mail Contract 4 (MC2009–5 and CP2009–6)	Inbound Direct Entry Contracts with Foreign Postal Administrations (MC2008–6, CP2008–14 and MC2008–15)	[Reserved for Product Description]
Priority Mail Contract 5 (MC2009–21 and CP2009–26)	Inbound Direct Entry Contracts with Foreign Postal Administrations 1 (MC2008–6 and CP2009–62)	International Certificate of Mailing
Priority Mail Contract 6 (MC2009–25 and CP2009–30)	International Business Reply Service Competitive Contract 1 (MC2009–14 and CP2009–20)	[Reserved for Product Description]
Priority Mail Contract 7 (MC2009–25 and CP2009–31)	Competitive Product Descriptions	International Registered Mail
	Express Mail	[Reserved for Product Description]
	[Reserved for Group Description]	International Return Receipt
	Express Mail	[Reserved for Product Description]
	[Reserved for Product Description]	International Restricted Delivery
		[Reserved for Product Description]
		International Insurance
		[Reserved for Product Description]
		Negotiated Service Agreements
		[Reserved for Group Description]
		Domestic
		[Reserved for Product Description]
		Outbound International
		[Reserved for Group Description]
		Part C—Glossary of Terms and Conditions [Reserved]
		Part D—Country Price Lists for International Mail [Reserved]

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