



May 11, 2018

The Honorable Mark Meadows  
Chairman  
Subcommittee on Government Operations  
Committee on Oversight and Government  
Reform  
United States House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515-6143

The Honorable Gerald E. Connolly  
Ranking Member  
Subcommittee on Government Operations  
Committee on Oversight and Government  
Reform  
United States House of Representatives  
2157 Rayburn House Office Building  
Washington, DC 20515-6143

Dear Chairman Meadows and Ranking Member Connolly:

On behalf of the Subcommittee on Government Operations of the Committee on Oversight and Government Reform, you requested copies of the Parcel Select Negotiated Service Agreements (NSAs) between the Postal Service and Amazon, the United Parcel Service, and FedEx. You also asked for any analysis the Postal Service has done of the April 2017 report by Citigroup on the Postal Service's pricing policies.

Pursuant to that request, enclosed are the following unredacted NSAs relating to Parcel Select Service:

- 1) Shipping Services Contract Between the United States Postal Service and Amazon Fulfillment Services, Inc. Regarding Parcel Select Service and Parcel Return Service, agreed to on October 15, 2013, with amendments agreed to on March 23, 2015; October 20, 2015; January 22, 2016; September 9, 2016; December 8, 2016; and April 23, 2017
- 2) Shipping Services Contract Between the United States Postal Service and United Parcel Service, Inc. Regarding Parcel Select Service, agreed to on April 25, 2012, with amendments agreed to on February 27, 2014; July 11, 2014; and October 23, 2017
- 3) Shipping Services Contract Between the United States Postal Service and FedEx SmartPost, Inc. Regarding Parcel Select Service and Parcel Return Service, agreed to on April 25, 2012, with amendments agreed to on October 14, 2014; June 18, 2015; September 13, 2016; and February 12, 2018

Also enclosed is an internal analysis of the Citigroup report that the Postal Service prepared in April 2018.

Regarding the above-mentioned NSAs, we consider these contracts to contain commercially sensitive information which is protected from public disclosure pursuant to the terms of 5 U.S.C. § 552, and 39 U.S.C. § 410(c). Indeed, our consistent practice is to file unredacted copies of these and other competitive product contracts with the Postal Regulatory Commission (PRC) (as required by 39 U.S.C. § 3632(b)(3)) under seal. We note that the PRC, which has reviewed these contracts for compliance with the regulatory standards for competitive products (39 U.S.C. § 3633), has protected them from public disclosure. The Postal Service also publicly filed redacted versions of these contracts with the PRC, which we are also providing for your convenience.

The negotiated prices and terms in the unredacted contracts, if publicly disclosed, would cause significant commercial injury to the Postal Service as well as to the other party to the contract. Public disclosure would enable entities that are not party to the contract to utilize the materials to gain a competitive advantage in the marketplace, and the contracting parties as well as other prospective contract parties could use the information to negotiate more favorable prices or terms in future contracts with the Postal Service. In addition, public disclosure could have a significant negative effect on the Postal Service's ability to compete in the shipping services market, by making it harder for the Postal Service to enter into contracts with mailers. The growth of the Postal Service's competitive products business in recent years is a direct result of the successes the Postal Service has had in entering into such contracts, and the Postal Service would not be able to retain all of its current competitive products contracts, or add new contract partners in the future, if mailers believed that the negotiated prices and terms could be disclosed due to the fact that the Postal Service is subject to oversight by the Congress.

Public disclosure of some of the information contained in the Postal Service's internal analysis of the Citigroup report could similarly cause commercial injury to the Postal Service. That analysis, like the NSAs, contains sensitive information concerning pricing strategy and terms. If publicly disclosed, that information would enable entities that are not the subject of the analysis to gain a competitive advantage in the marketplace and to negotiate more favorable prices or terms in future contracts. Public disclosure could also compromise the Postal Service's ability to enter into future contracts and thereby to compete in the shipping services market. For your convenience, we are providing both a redacted and unredacted version of our analysis.

Because of the commercial sensitivity of this information, the Postal Service respectfully requests that the Subcommittee not publicly disclose the enclosed unredacted internal analysis or unredacted contracts. We also respectfully request that the Subcommittee maintain this information in a confidential manner and ensure that it is used only in relation to the work of the Subcommittee. Finally, we ask that this material be returned to the Postal Service or destroyed after the Subcommittee has completed its work regarding the contracts.

Pursuant to your invitation, we will also provide a briefing to the Subcommittee staff in order to explain and highlight important issues concerning these agreements. Of course, if you have any additional questions or concerns, or if I can be of further assistance, then please do not hesitate to let me know.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Marshall". The signature is written in a cursive style with a large, prominent initial "T".

Thomas J. Marshall

Enclosures