

INTERNATIONAL MAILERS' ADVISORY GROUP
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June 19, 2008

Steve Williams
Secretary
United States Postal Regulatory Commission
901 New York Avenue, NW
Suite 200
Washington, D.C. 20268-0001

**Re: Competitive Product Prices – Global Plus Negotiated
Services Agreements, PRC Docket No. CP2008-10**

Dear Mr. Williams:

The International Mailers' Advisory Group (IMAG) hereby submits these comments in response to the Postal Regulatory Commission's (PRC or Commission) Order No. 81, inviting interested parties to submit comments on the Postal Service's June 2, 2008 notices announcing proposed pricing and classification changes for competitive products not of general applicability for Global Plus Contracts. IMAG appreciates this opportunity to share the views of our association on the first proposed competitive price adjustments for an international Global Plus Contracts under the Postal Accountability and Enhancement Act of 2006 (PAEA).

IMAG focuses its comments on three primary key issues: (1) the need to afford the Postal Service maximum flexibility for competitive contract rates not of general applicability, (2) the importance of protecting the confidentiality of commercially sensitive information, and (3) the unique circumstances of these initial filings.

1. Maximizing Flexibility

To effectively compete in a competitive international market, the Postal Service must be afforded the maximum flexibility to implement new competitive contract rates not of general applicability. The PAEA

and the Commission's rules specifically contemplate expedited procedures for competitive contract rates not of general applicability and vests responsibility for establishing these rates with the Postal Service Governors.

An essential element of procedural flexibility is the ability of the Postal Service to implement competitive contract rates quickly. The PAEA and the Commission's regulations suggest that the Postal Service may introduce new competitive contract rates in as few as 15 days. As of the date of this filing, 17 days have already elapsed since the Postal Service provided notice to the Commission. IMAG respectfully urges the Commission to complete its review of the proposed pricing changes to the Global Plus Agreements as expeditiously as possible.

Equally important as a means of managing business and legal risk is the predictability of the Commission's review process. While IMAG recognizes that every proposed competitive contract may be different, the Commission should endeavor to create a consistent and predictable review process so that the Postal Service and its strategic partners and customers may reasonably anticipate when new products and prices may be brought to market. The Postal Service is uniquely disadvantaged by having to seek third-party review of the competitive contracts that it negotiates. Anything the Commission can do to streamline and standardize its review process to introduce a predictable process would benefit the Postal Service, its strategic partners, and its customers.

2. Protecting Commercially Sensitive Information

The flexibility to negotiate and implement competitive contract rates must include rules that minimize the amount of information that must be publicly disclosed. Undue disclosure of confidential commercial information would put the Postal Service at a competitive disadvantage by allowing its competitors to undercut the negotiated prices. Undue disclosure would also deter private companies from doing deals with the

Postal Service out of fear that confidential, commercially sensitive information will be made public.

Notwithstanding the critical importance of confidentiality, IMAG appreciates that the Commission must strike an appropriate balance between confidentiality and transparency in the review process. Along these lines, the Postal Service is to be commended for reasonably discriminating between information that is, in fact, confidential commercial information (e.g., the names of the Global Plus partners and the pricing information) and information that could be disclosed without prejudice to the Postal Service or the other parties to the proposed Global Plus Contracts (e.g., the expiration dates of the proposed contracts).

Finally, IMAG respectfully urges the Commission to resist the notion that the views of interested parties are necessary to inform the Commission's compliance determinations for competitive contract rates. Absent comprehensive protective measures, the Commission is uniquely and singularly qualified to make these determinations.

3. Unique Circumstances

The transitional nature of these initial proposed pricing adjustments for competitive rates not of general applicability present unique issues. Specifically, Order No. 81 observes that under the proposed Global Plus contracts "mailers would pay discounted rates prior to necessary regulatory approval for such rates subject to subsequent collection of the full rate if regulatory approval is not obtained." Order at 4. The Commission further states that "[t]he Postal Accountability and Enhancement Act does not appear to contemplate this arrangement for new products." *Id.*

In response to the Commission's specific inquiry regarding the "retroactivity" provisions of the proposed Global Plus contracts the Postal Service appropriately emphasizes the transitional nature of these initial filings. The Postal Service notes specifically that the provisions "were made available so that customers could continue mailing while the

Commission and the Postal Service continue their collaborative approach to navigating from the former Postal Reorganization Act to the PAEA.” USPS Response at 8. The Postal Service also appropriately discusses the necessity of these provisions in pragmatic terms, noting that “it would have been highly disruptive to the mailing industry if the Postal Service had been unable to offer a solution to maintain the status quo during this period of uncertainty as to the new regulatory approval process” Id., at 9-10.

The Postal Service’s interest in protecting its customers and the continuity of these services in a competitive market represents “sound business judgment,” even if the “retroactivity” provisions are not best practice from a commercial or regulatory perspective. Accordingly, IMAG respectfully requests that the Commission, mindful of the unique, transitional nature of these filings, allow the Postal Service to implement these Global Plus contracts without further delay.

Thank you for your consideration.

Respectfully submitted,

Richard N. Miller
Executive Director
International Mailers’ Advisory Group