

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Plus  
Negotiated Service Agreements

Docket No. CP2008-8  
Docket No. CP2008-9  
Docket No. CP2008-10

COMMENTS OF PARCEL SHIPPERS ASSOCIATION  
IN RESPONSE TO ORDER NO. 81 CONCERNING  
PRICES UNDER GLOBAL PLUS NEGOTIATED SERVICE AGREEMENTS  
(June 19, 2008)

Pursuant to Order No. 81, (June 6, 2008), the Parcel Shippers Association (PSA) submits these comments on the United States Postal Service's June 2, 2008 notices announcing proposed pricing and classification changes for competitive products not of general applicability for Global Plus Contracts. Recent filings of price and classification changes for competitive products, and the contracts that are the subject of those filings, are another welcome step in the roll out of the Postal Accountability and Enhancement Act, Pub. L. 109-435, §302, 120 Stat. 3198 (Dec.20, 2006)(PAEA).

PSA is a voluntary industry association consisting of members that ship packages, largely from business to consumers, and companies that support those activities. A list of members is available on its web site at [www.parcelshippers.org](http://www.parcelshippers.org). PSA's mission is to promote competition in the package delivery sector.

PSA members ship internationally. They also, collectively, touch the vast majority of the Postal Service's product in the Package Services class now categorized as "competitive products." See 39 U.S.C. §3631(a); and, they ship, or consolidate for delivery to the Postal Service, hundreds of millions of packages, such as First-Class Mail parcels, Standard Mail parcels, Bound Printed Matter, and Media Mail, that are now categorized as "market dominant products." See U.S.C. §3621(a). PSA members also make extensive use of carriers other than the Postal Service.

Because its mission is to promote competition in the package delivery sector, PSA is concerned that the "playing field" for that competition be as level as possible. Congress in the PAEA sought to promote such a level playing field by affording the Postal Service substantial pricing flexibility with respect to the competitive products it offers, and at the same time ensuring the Postal Service does not use its status as a Government monopoly to compete unfairly. The Postal Regulatory Commission (Commission) must balance these considerations in reviewing the contracts in these and similar competitive product proceedings.<sup>1</sup> These comments focus on three issues we believe are key to pending competitive product proceedings, and almost certainly, such future proceedings.

First, the Commission has suggested that it might be appropriate to group functionally equivalent contracts as a single product. PRC Order No. 43, at 57-58, 64, 75. We believe the Postal Service request in this docket for a "shell classification" under which contracts with similar cost and market characteristics may be grouped for classification purposes is an appropriate response to that

---

<sup>1</sup> See e.g. docket nos. CP2008-4-7.

suggestion. A separate classification proceeding under 39 U.S.C. §3642 for each individual contract seems to us an unnecessarily complicated procedure which could easily thwart the PAEA requirement that the Postal Service Governors need provide not more than 15 days advance notice of a change in rates or classes not of general applicability. See, 39 U.S. C. §3632(b)(3).

Second, confidentiality with respect to contracts for rates not of general applicability is extremely important. Without it, we doubt the Postal Service can successfully compete in the competitive product market place. We know our members carefully guard the terms of contracts they have negotiated with carriers. Non disclosure clauses are the rule. Indeed, we understand many of our members have contracts with multiple carriers, and disclosure of just who they have a contract with could be problematic. We also believe the Postal Service assertion that “the names of Global Plus customers should remain confidential, due to the substantial likelihood that the Postal Service’s private competitors would use such information to target their efforts and undercut the Postal Service’s prices” is well placed.

Third, to promote a level playing field, the PAEA prohibits cross subsidization. See 39 U.S.C. §3633. However, a level playing field requires that it be the Commission, not a Postal Service competitor, that reviews and examines the terms of contracts for rates not of general applicability to ensure there is no cross subsidization and that they otherwise comply with applicable law. We are confident the Commission can and will fulfill its responsibilities in this area without the assistance of others.

Finally, we commend all parties in this docket and the other pending competitive product docket. We are all feeling our way here under new rules. The cooperative spirit which prevailed in earlier PAEA implementation regulatory proceedings appears to be carrying over here. This undoubtedly will benefit all of us in the mailing community.

Respectfully submitted,

Timothy J. May  
Patton Boggs LLP  
2550 M Street, NW  
Washington, DC 20037  
Telephone: (202) 457-6050  
Facsimile: (202) 457-6315  
Email: [tmay@pattonboggs.com](mailto:tmay@pattonboggs.com)

James Pierce Myers  
Attorney at Law  
1617 Courtland Road  
Alexandria VA 22306  
Telephone: (571) 257 7622  
Facsimile: (571) 257-7623  
Email: [jpm@piercemyers.com](mailto:jpm@piercemyers.com)

Counsel for Parcel Shippers Association

Dated June 19, 2008