

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

THE REQUEST OF THE UNITED STATES POSTAL SERVICE TO ADD PARCEL SELECT & PARCEL RETURN  
SERVICE CONTRACT 1 TO COMPETITIVE PRODUCT LIST AND NOTICE OF ESTABLISHMENT OF  
RATES AND CLASS NOT OF GENERAL APPLICABLE

Filed November 25, 2009

Competitive Product Prices Docket No. MC2009-11

Parcel Select & Parcel Return Service

Parcel Select & Parcel Return Service Contract 1

Competitive Product Prices Docket No. CP2009-13

Parcel Select & Parcel Return Service Contract 1 (MC 2009-11)

Negotiated Service Agreement

POSTAL REGULATORY COMMISSION NOTICE AND ORDER CONCERNING  
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 1 NEGOTIATED SERVICE AGREEMENT

Order No. 142

DATED DECEMBER 2, 2008

REPOSE SUBMITTED BY BILL RAZZOUK PRESIDENT AND CEO NEWGISTICS INC

DATED DECEMBER 9, 2008

In response to the Postal Regulatory Commission Notice 142, Notice and Order Concerning Parcel Select & Parcel Return Service Contract 1 Negotiated Service Agreement, Newgistics Inc. offers the following comments for consideration.

The USPS is to be commended for initiating contracts that will strengthen its competitiveness in the package market, which should result in an increase of revenues, volumes, cost efficiencies and profitability. However, there must be assurances that all contracts entered into by the Postal Service are clear and in fact allow for the results stated by both parties cosignatory to this contract.

The pending contract must demonstrate that it will provide new volumes and revenues to the USPS. The contract must be structured to strengthen the USPS in the competitive package market to assure that it is positioned correctly in the marketplace against competitors such as UPS and FedEx and not against existing USPS mail service providers. The contract should be structured so that the company engaging in the contract with the USPS is not rewarded for taking volume from other Postal mail service providers, which will result in a no gain position for the Postal Service.

The contract must be auditable to ensure all volume is incrementally new to the USPS. To this point, the USPS Board of Governors was very clear in Decision No. 08-21 that was noted in Docket No. MC2009-11 and Docket No. CP2009-13 *Statement of Explanation and Justification* Attachment A stating "The contract offers incentives for ... to enter new Parcel Select and Parcel Return Service volume by providing a multi-year term and earned discounts ...."

The rates must not provide an unfair advantage to one company over another for the same results. Although the contract may contain special rates, it must show compatibility and comparability to published rates, especially under the PRS program.

The overall contract must ensure that profitability targets are established and achieved. This would include the mandated contributions to institutional costs.

In closing, we want to reiterate that Newgistics Inc. is very supportive of the USPS being allowed to enter into business contracts that will result in new package business for the organization. However, it must be done in a manner that promotes profitability while providing options for its customers.