

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail
Priority Mail Contract 19

Docket No. MC2010-1

Competitive Product Prices
Priority Mail Contract 19 (MC2010-1)
Negotiated Service Agreement

Docket No. CP2010-1

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO UNITED STATES
POSTAL SERVICE REQUEST TO ADD PRIORITY MAIL CONTRACT 19
NEGOTIATED SERVICE AGREEMENT TO THE COMPETITIVE PRODUCTS LIST

(October 20, 2009)

In response to Order 313,¹ the Public Representative hereby comments on the October 13, 2009 United States Postal Service Request to Add Priority Mail Contract 19 to the Competitive Product List (Request).

This proposed contract's documentation is persuasive. Each pertinent element of 39 U.S.C. 3632, 3622, and 3642 appears to be met by this contract. Furthermore, the contract is consistent with policies in 39 CFR part 3015 and 39 CFR 3020 subpart B.

¹ Commission Order 313, Notice and Order Concerning Priority Mail Contract 19 Negotiated Service Agreement, October 15, 2009

The Public Representative has accessed and reviewed all materials the United States Postal Service submitted under seal in this matter, documentation in its original (not redacted) version. The Public Representative also reviewed the corrected version of the Excel spreadsheet the Postal Service filed with its Request in these dockets on October 15, 2009.

Accountability and Confidentiality

The Notice contains a rationale for maintaining confidentiality concerning pricing, processes which enable discounted pricing, the attendant formulae and other contractual terms which are matters of commercial sensitivity.² Here, it would appear that the Postal Service has concisely justified the extent of confidentiality appropriate in this matter, providing a brief explanation for maintaining the confidentiality of each aspect of the matters remaining under seal.

Discussion

The instant Priority Mail contract classification is based upon a formula approved by the Board of Governors, in which cost coverage is defined by a ratio between total contract revenue and total contract cost. This, in turn is capped at a percentage demonstrated to comply with title 39 provisions.

² Attachment F to the Request, Application for Non-Public Treatment of Materials.

Under the instant three-year agreement, the Postal Service will ship items prepared by the customer for the Priority Mailstream at negotiated rates which shall be adjusted annually. If the customer tenders Priority Mail shipments using the Electronic Verification System (eVS) for shipment and manifesting of such pieces, the Postal Service will include electronic delivery confirmation at no additional cost. These terms appear to be beneficial to both parties, and do not disadvantage the public.

Procedural requirements

Viewed as a whole, the Postal Service's Notice and Request appear to satisfy the procedural requirements for proposing a new product, a Priority Mail contract with a domestic customer. For a competitive products pricing schedule *not of general applicability*,³ the Postal Service must demonstrate that the contract will be in compliance with 39 USC 3633(a): It will not allow market dominant products to subsidize competitive products, it will ensure that each competitive product covers its attributable costs; and enable competitive products as a whole to cover their costs (contributing a minimum of 5.5 percent to the Postal Service's total institutional costs).

Conclusion

The Public Representative acknowledges that the pricing in the present Priority Mail Contract 19 comports with provisions of title 39. In addition to having the mailer

³ See 39 CFR 3015.5.

with eVS for shipment and manifesting, the contract employs pricing terms favorable to the customer, the Postal Service and thereby, the public.

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

Paul L. Harrington
Public Representative

901 New York Ave., NW Suite 200
Washington, D.C. 20268-0001
(202) 789-6867; Fax (202) 789-6883
e-mail: paul.harrington@prc.gov