

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Competitive Product Prices  
Direct Entry Parcels Contract (MC2009-26)  
Negotiated Service Agreement

Docket No. CP2009-36

COMMENTS OF PUBLIC REPRESENTATIVE  
IN RESPONSE TO ORDER NO. 369  
(January 5, 2010)

Pursuant to Order No. 369, the Public Representative hereby submits comments concerning price changes for Direct Entry Parcels. On December 21, 2009, the Postal Service filed a notice of price changes under a Direct Entry Parcels Contract.<sup>1</sup> These price changes are triggered by cost changes in excess of a threshold specified in the contract. The Public Representative has confirmed that the total costs reported by the Postal Service for Harmonization Service have changed by a small amount.<sup>2</sup> The Public Representative has also confirmed that the unit costs reported by the Postal Service for International Return Service have changed by an amount in excess of the contract threshold.<sup>3</sup> Finally, the Public Representative has confirmed that the reported cost coverages for Harmonization Service and International Return Service fall within the parameters set in Attachments B-2 and B-3 of Governors' Decision No. 09-7, June 10, 2009.

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<sup>1</sup> Notice of United States Postal Service of Change in Prices, December 21, 2009.

<sup>2</sup> *Compare* Excel file DEP and Harmonization Service\_~~deleted~~\_2009.12.17.xls, Tab 13, cell C7 with Excel file 2009 Direct Entry Parcels and Harmonization Service Cost Cov.xls, Tab 13, cell C7. All files are under seal.

<sup>3</sup> Old unit cost is found at Excel file International Return Service\_~~deleted~~\_06 10 2009.xls, Tab 09, cell D7. New unit cost is calculated from Excel file International Return Service\_~~deleted~~\_2009.12.17.xls, Tab 06, cell D70, and *id.*, Tab 10, cell D7. All files are under seal.

The Public Representative notes a significant reallocation of volume across weight cells.<sup>4</sup> This reallocation is unexplained (both in purpose and in effect) and adds to the significant change in total costs and total revenues for International Return Service.<sup>5</sup> The Public Representative has not been able to isolate the effect of volume reallocation from changes in prices and costs.

Respectfully submitted,

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<sup>4</sup> Compare Excel file International Return Service\_[deleted]\_06 10 2009.xls, Tab 06, cells D8:D69 *with* International Return Service\_[deleted]\_2009.12.17.xls, Tab 06, cells D8:D69.

<sup>5</sup> Total revenue under new prices is at Excel file International Return Service\_[deleted]\_2009.12.17.xls, Tab 10, cell C7; total cost under new prices is at *id.*, cell D7. Total costs and revenues under old prices are calculated using unit costs and unit revenues at International Return Service\_[deleted]\_2009.12.17.xls, Tab 09, cells C7:D7, and total volume at International Return Service\_[deleted]\_2009.12.17.xls, Tab 06, cell D70.