

Before the
Postal Regulatory Commission
Washington, DC 20268-0001

Competitive Product Prices
Global Direct Contracts 1 (MC2010-17)
Negotiated Service Agreement

Docket No. CP2010-19

PUBLIC REPRESENTATIVE'S COMMENTS
IN RESPONSE TO ORDER NO. 374

(January 6, 2010)

The Public Representative submits the following comments in response to Order No. 374,¹ and the December 23, 2009 Postal Service Notice.² It appears that the Negotiated Service Agreement entered into by the Postal Service is in the interest of the general public and consistent with 39 U.S.C. § 3633.

Discussion

The Postal Service has entered into an additional Global Direct Contracts 1 agreement. Global Direct Contracts allow the Postal Service to provide customers with price based incentives to commit to large amounts of mail volume or postage revenue for Global Direct, a competitive service for delivery of Letter Post items bearing foreign postage and indicia.

The Public Representative has reviewed the contract and supporting financial documentation which were filed under seal. It appears that this Negotiated Service Agreement (NSA) complies with 39 U.S.C. § 3633 and 39 CFR 3015.5. The

¹ See PRC Order 374, Notice and Order Concerning Filing of Additional Global Direct Contracts 1 Negotiated Service Agreement, December 30, 2009.

² Notice of the United States Postal Service Filing of Functionally Equivalent Global Direct Contracts 1 Negotiated Service Agreement, December 23, 2009 (Notice).

pricing structures and certification indicate that there is no cross-subsidization of this NSA by market dominant products. While some of the terms of the agreement are different than previously approved contracts, nothing seems to preclude a showing that the contract is functionally equivalent to the contract in Docket Nos. MC2019-17 and CP2010-18. The Postal Service explains that the only difference is that the instant agreement allows the customer to tender items that meet the requirements for Canada Post's domestic Ad Mail Service, in addition to the types of Canada Post items covered by the previous contract.³

Public Interest

The Public Representative believes that it is in the interest of the general public to have a profitable Postal Service. By partnering with other entities and creating such agreements, the Postal Service displays its commitment to being a competitive force in the new decade. The Public Representative hopes that these agreements will prove to be lucrative for the Postal Service and strengthen its financial stability.

The major concern for the Public Representative is the possibility that market dominant products may end up cross-subsidizing this NSA. As the general public weathers the nation's economic downturn, the Postal Service must ensure that individuals only pay for the mail they send. It is not in the interest of the general public to help finance this agreement. The Public Representative is assured of the Postal Service's efforts to prevent cross-subsidization by its certification establishing that this product does cover its costs.

³ Notice at 3.

Conclusion

It appears that this NSA satisfies the statutory requirements for a competitive product and is consistent with the interests of the general public. Therefore, the NSA should be approved by the Commission. The Public Representative respectfully submits the preceding comments for the Commission's consideration.

Respectfully submitted,

Jeremy L. Simmons
Public Representative

901 New York Avenue NW Suite 200
Washington DC 20268-0001
202-789-6880
jeremy.simmons@prc.gov