

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Expedited Package Services 2 (CP2009-50)
Negotiated Service Agreement

Docket No. CP2010-25

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO UNITED STATES
POSTAL SERVICE FILING OF ADDITIONAL GLOBAL EXPEDITED PACKAGE
SERVICES 2 NEGOTIATED SERVICE AGREEMENT
(March 1, 2010)

In response to Order No. 411¹, the Public Representative hereby comments on the February 19, 2010, Notice of United States Postal Service Filing of an additional Functionally Equivalent Global Expedited Package Services 2 (GEPS-2) Negotiated Service Agreement, a negotiated service agreement (NSA) with an individual mailer (Notice).

The Notice is persuasive. This NSA is consistent with the policies of 39 U.S.C. 3632, with regard to Action of the Governors; section 3622, Modern rate regulation; and section 3642, with regard to adding new products to the Mail Classification List (MCL), notice and publication. Furthermore, each pertinent element of 39 USC 3633(a) appears to be met by this GEPS contract. Likewise, this NSA comports with each of the requirements of 39 C.F.R. 3015.7(c) -- which amplifies 39 USC 3633(a).

Pricing, Cost Coverage and Contribution

The GEPS-2 NSA model provides volume-based incentives for a mailer sending large volumes of EMI and/or PMI to foreign addressees. The instant contract's pricing

¹ Commission Order 411, Notice and Order Concerning Filing of Additional Global Expedited Package Services 2 Negotiated Service Agreement, February 22, 2010

reflects appropriate increases in costs, yet it still comports with the pricing shell in Governors' Decision 08-7 (May 6, 2008), which established the GEPS product.

***f* ~ (Functional Equivalency)²**

The Postal Service presents the instant contract as *f* ~ to the Global Express Package Services 2 product established in Docket No. CP2009-50. Additional contracts may be included as part of the GEPS 2 product provided they meet the requirements of 39 U.S.C. 3633 and *if* they are *f* ~ to the initial GEPS 2 contract filed in Docket No. CP2009-50. The Notice (3-6) outlines terms of the instant one-year contract which were negotiated between the parties, and vary somewhat from the underlying GEPS NSA template. The terms of the instant agreement do not appear to be significant enough to take the instant agreement out of functional equivalency with prior GEPS 2 contracts.

The Notice proposes that the instant contract fully comports with materials filed in accordance with 39 CFR § 3015.5, under the Rules of Practice and Procedure regarding requests to modify the product lists within the Mail Classification Schedule. The instant NSA also falls between the price floor and ceiling formulae proposed in Attachment B to the Governors' Decision No. 08-7. Because this contract *does* fall within these parameters and pricing guidelines, it would appear to be an *f* ~ GEPS agreement.

² For convenience, the Public Representative again employs a combination of the mathematical representation of "function" – a lowercase, italicized "f"; combined with a tilde, used in mathematics to denote an equivalence relation (quite different than "equal to") to abbreviate the terms "functional equivalent," "functionally equivalent," and "functional equivalency".

Conclusion

The Public Representative acknowledges that the pricing in the present GEPS 2 contract (CP2010-25) comports with provisions of title 39. This contract appears to be able to generate sufficient revenue to cover its attributable costs, enable competitive products as a whole to cover their costs, and contribute a minimum of 5.5 percent to the Postal Service's total institutional costs.³ In addition to having the mailer prepare mailings for less costly handling by the Postal Service, the contract employs pricing incentives based upon volumes and other provisions favorable to both the Postal Service and the public.

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

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³ 39 C.F.R. § 3015.7(c).