

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

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

Docket No. CP2010-26

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO UNITED STATES
POSTAL SERVICE FILING OF ADDITIONAL GLOBAL EXPEDITED PACKAGE
SERVICES 2 NEGOTIATED SERVICE AGREEMENT

(March 19, 2010)

In response to Order No. 420¹, the Public Representative hereby comments on the March 10, 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).

¹ Commission Order 420, Notice and Order Concerning Filing of Additional Global Expedited Package Services 2 Negotiated Service Agreement, March 11, 2010

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 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. The Notice (3-6) outlines terms of the instant 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. As the Postal Service observes in its Notice, this contract is the immediate successor to the NSA in Docket No. CP2009-59 (which would expire September 5, 2010), approved by the Commission in Order No. 286. That approval recognized the functionally equivalent (*f ~*) relationship between the CP2009-59 NSA and CP2009-50, the GEPS NSA template authorized by the Postal Service Governors. The pricing formulae and terms of the instant NSA have thus passed scrutiny -- directly and indirectly -- several times.

Conclusion

The Public Representative acknowledges that the pricing in the present *f ~* GEPS 2 contract (CP2010-26) comports with all relevant 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.² In addition to having the mailer prepare mailings for less costly handling by the Postal Service, the contract

² 39 C.F.R. § 3015.7(c).

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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