

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators

Docket Nos. MC2010-34

Competitive Product Prices
Strategic Bilateral Agreement Between United States
Postal Service and Koninklijke TNT Post BV and
TNT Post Pakketservice Benelux BV (MC2010-34)
Negotiated Service Agreement

CP2010-95

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO UNITED STATES
POSTAL SERVICE FILING ADDING INBOUND MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1 TO THE MARKET DOMINANT PRODUCT
LIST AND NEGOTIATED SERVICE AGREEMENT

(September 1, 2010)

In response to Order No. 517¹, the Public Representative hereby comments on the August 13, 2010 Postal Service Request to add Inbound Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Negotiated Service Agreement. (Request)

This proposed multi-service bilateral agreement, between the Postal Service and Koninklijke TNT Post BV and TNT Post Pakketservice Benelux BV, collectively "TNT Post" (TNT Agreement), appears to comport with title 39.

¹ Commission Order 517, Notice and Order Concerning Adding Inbound Market Dominant Multi-service Agreements with Foreign Postal Operators 1 to the Competitive Product List and Negotiated Service Agreement, August 19, 2010.

Summary

The Postal Service Request 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, notice and publication. These requirements are fulfilled through the Notice itself. Furthermore, and most importantly, each pertinent element of 39 USC 3633(a) appears to be met by this multi-service bilateral negotiated service agreement (NSA).

Discussion

Scheduled implementation for this contract is October 1, 2010.(Request, at 3)
The TNT Agreement governs rates for Inbound Air Parcel Post (Air CP), Surface Parcel Post (Surface CP) and Express Mail Service (EMS), along with ancillary services. The TNT agreement covers two one-year periods with different rates for the second period, and unique operating terms and conditions that modify the default arrangements of the UPU.(Request, at 4.)

The Postal Service states that this product's pricing meets the pricing criteria of the Governors' Decision No. 10-3 (August 6, 2010). (Attachment 2) Section 3622(c)(10) authorizes the Postal Service to enter into private mailer agreements that either "improve the net financial position of the Postal Service" [3622(c)(10)((A)(i)] or "enhance the performance of [postal operations]." The Universal Postal Union recognizes, and encourages, bilateral agreements between postal operators. The United States Postal

Service is obligated to objectively analyze “before rates” baseline costs to determine the net revenue impact of the NSA discounts offered. The Postal Service has reviewed the volume and pricing elements of the instant agreement and the Governors approved the contract pricing.

Conclusion

The Public Representative acknowledges that this bilateral agreement with TNT comports with provisions of title 39. The Public Representative respectfully submits the preceding Comments for the Commission’s consideration.

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