

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Reseller Expedited Package Contracts
(MC2010-21)
Negotiated Service Agreement

Docket No. CP2011-1

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO
UNITED STATES POSTAL SERVICE NOTICE REGARDING ENTRY INTO AN
ADDITIONAL GLOBAL RESELLER EXPEDITED PACKAGE CONTRACT
NEGOTIATED SERVICE AGREEMENT

(October 12, 2010)

In response to Order No. 551¹, the Public Representative hereby comments on the October 1, 2010 Postal Service Notice announcing that it has entered into an additional Global Reseller Expedited Package (GREP) contract.

The Postal Service 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, 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 GREP 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 551, [Notice and Order Concerning](#) an Additional Global Reseller Expedited Package Contract Negotiated Service Agreement, October 4, 2010.

Pricing, Cost Coverage and Contribution

The GREPS NSA model was established in Docket No. CP2010-36. Order No. 445, which established GREP Contracts 1 as a product, also authorized functionally equivalent agreements to be included within the product, provided that they meet the requirements of 39 U.S.C. 3633. The Commission therein approved the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Reseller Expedited Package Contracts, issued March 24, 2010 (Governors' Decision No. 10-1), and filed with the Commission March 29, 2010. Order No. 445, which established GREP Contracts 1 as a product, also authorized functionally equivalent agreements to be included within the product, provided that they meet the requirements of 39 U.S.C. 3633. The Notice (at 4-5) outlines terms of the instant contract which were negotiated between the parties, and vary somewhat from the underlying GREP NSA template. The terms of the instant agreement do not appear to be significant enough to take this agreement out of functional equivalency (*f ~*) with the previous GREPS contract (CP2010-36). The Commission found that the GREPS NSA template met the requirements of 39 USC 3633(a) for cost coverage and contribution to the Postal Service fund. In competitive products, the bright line identifying success for the Postal Service and the general public, is 39 USC 3633(a). When an NSA generates 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, all parties win. The flexibility permitted beyond that statutory, three-fold requirement enables the Postal Service to

explore ways to introduce additional efficiencies and provide discounted pricing for customers.

Conclusion

The Public Representative, after accessing and reviewing all materials the United States Postal Service submitted under seal (See Notice, Attachment 4) in this matter, acknowledges that the pricing in the present *f*-GREPS contract (CP2011-1) comports with relevant provisions of title 39. This contract appears 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 This contract contains provisions favorable to both the Postal Service and the public.

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

Paul L. Harrington
Public Representative

901 New York Ave., NW Suite 200
Washington, D.C. 20268-0001
(202) 789-6867; Fax (202) 789-6883
e-mail: paul.harrington@prc.gov

² 39 C.F.R. § 3015.7(c).