

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
First-Class Package Service
First-Class Package Service Contract 9

Docket No. MC2012-28

Competitive Product Prices
First-Class Package Service Contract 9 (MC2012-28)
Negotiated Service Agreement

Docket No. CP2012-37

PUBLIC REPRESENTATIVE COMMENTS

(July 3, 2012)

The Public Representative hereby provides comments pursuant to Order No. 1380.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's Request to add First-Class Package Service Contract 8 to the competitive products list within the Mail Classification Schedule.

Discussion

The Public Representative has reviewed the Postal Service's Request Attachments, and reviewed the supporting financial models filed under seal in the instant dockets. Based upon that review, the Public Representative concludes that the First-Class Package Service Contract 9 is expected to satisfy the requirements of section 3633(a) concerning rates for competitive products.

In its request, the Postal Service demonstrates that the rates in the instant First-Class Package Service Contract 9 are expected to conform to 39 USC 3633(a). First-Class Package Service Contract 9 is likely to generate sufficient revenue to cover its

¹ PRC Order No. 1380, Notice and Order on Request Concerning First-Class Package Service Contract 9, June 25, 2012.

attributable costs, enable competitive products as a whole to cover their costs and make a reasonable contribution to the Postal Service's total institutional costs.

Additionally, in Governors' Decision No. 11-6, the Postal Service establishes a minimum cost coverage for First-Class Package Service Contract 8. The Postal Service's supporting worksheets indicate that the instant contract's cost coverage is expected to exceed the minimum.

The Public Representative is concerned about the Postal Service's decision to exempt the NSA Partner from DMM 433.1.5.b. This exemption eliminates the NSA partner's requirement to apply intelligent mail barcodes (IMb) to the mailpieces. The Public Representative believes this exemption degrades the visibility of First-Class Package Services. The instant contract is for three years. In future contracts, the Postal Service should consider shorter contract terms in order for the Postal Service and the NSA Partner to evaluate whether the NSA Partner may be able to meet the requirements of DMM 433.1.5.b in future years.

Conclusion

The pricing in the present First-Class Package Service Contract 9 appears to comport with relevant provisions of title 39. This contract contains provisions favorable to both the Postal Service and the NSA Partner.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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For Docket Nos.
MC2012-28 and CP2012-37

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