

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Robert G. Taub, Vice Chairman; and  
Mark Acton

Competitive Product Prices  
Global Expedited Package Services 3 (MC2010-28)  
Negotiated Service Agreement

Docket Nos. CP2015-9

PUBLIC REPRESENTATIVE COMMENTS ON  
NOTICE AND ORDER CONCERNING ADDITIONAL  
GLOBAL EXPEDITED PACKAGE SERVICES 3  
NEGOTIATED SERVICE AGREEMENT

(November 20, 2014)

In response to Order No. 2249, the Public Representative hereby comments on the November 12, 2014 notice of United States Postal Service of filing a functionally equivalent Global Expedited Package Services (GEPS) 3 negotiated service agreement (Notice).<sup>1</sup>

The Postal Service's Notice stipulates that this NSA is consistent with the policies of 39 U.S.C. 3633 and 39 C.F.R. 3015.5. *Notice at 2.* Further, the Notice demonstrates that the agreement is functionally equivalent to the contract that is subject of Docket No. CP2010-71. *Id at 1.* This contract serves as the baseline agreement detailed in

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<sup>1</sup> Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 3 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, November 12, 2014 (Notice).

Governors' Decision No. 08-7.<sup>2</sup> The Postal Service states that its contract is substantially similar to this baseline agreement and as a result "should be added to the competitive product list as a GEPS 3 contract." *Notice at 4*. The Notice mentions, however, differences between the contract and the baseline contract, which include name and address of customer, revision of paragraphs, references to "Priority Mail Express International" instead of "Express mail International", and revisions of several articles.

### **Pricing, Cost Coverage and Contribution**

The GEPS NSA model provides incentives for a mailer sending large volumes of EMI and/or PMI to foreign addressees. Prices offered under the contracts may differ depending on the volume or postage commitments made by the customers. *Id.* Prices also may differ depending upon when the agreement is signed, due to the incorporation of updated costing information. *Id.* The Postal Service states, however, that these differences do not alter the contracts' functional equivalency. *Id.* This contract's pricing reflect appropriate costs and revenue calculations and comports with the template in Governors' Decision 08-7, which established the GEPS product.

The contract is effective "as soon as possible", but no later than thirty (30 days, after receiving regulatory approval. *Agreement at 6*. The duration of the contract extends for one calendar year from the effective date, unless terminated sooner. *Id.*

### **Conclusion**

The Public Representative, after accessing, reviewing, and comparing materials the United States Postal Service submitted under seal in this matter and the corresponding baseline agreement, acknowledges that the pricing in the present GEPS 3 contract comports with relevant provisions of title 39. This contract appears able to generate sufficient revenue to cover attributable costs based on information provided by the Postal Service. In addition, this contract employs pricing incentives based upon

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<sup>2</sup> The Governors established a pricing formula and classification that ensures each GEPS contract meets the criteria of 39 U.S.C. 3633 and the regulations promulgated thereunder. Therefore, the costs of each contract conform to a common description. In addition, the GEPS language proposed for the MCS requires that each GEPS contract must cover its attributable costs.

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volumes and other provisions favorable to the Postal Service, NSA partner, and the public.

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

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