

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

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

Docket No. CP2017-18

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

(October 20, 2016)

In response to a Commission notice¹, the Public Representative hereby comments on the notice of United States Postal Service of filing a functionally equivalent Global Expedited Package Services 3 (GEPS 3) negotiated service agreement (Request).²

The Postal Service's Request stipulates that this NSA establishes compliance with the policies of 39 U.S.C. 3633 and 39 C.F.R. 3015.5. *Request* at 2. Further, the Request attempts to demonstrate that the agreement is functionally equivalent to the contract that is subject of Docket No. CP2010-71. *Id.* This contract serves as the baseline agreement detailed in Governors' Decision No. 08-7.³ The Postal Service states that its contract is "substantially similar" to this baseline agreement and as a result of its functional equivalence "should be added to the competitive product list as a GEPS 3 contract." *Id.* at 3. The Request, however, mentions several differences between the contract and the baseline contract, which include customer name and address, references to "Priority Mail International" instead of "Express mail International", and several other revisions to multiple articles. *Id.* at 5-7.

¹ Notice Initiating Dockets for Recent Postal Service Negotiated Service Agreement Filings, October 18, 2016. (Notice)

² 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, October 17, 2016. (Request)

³ 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.

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.* at 4. 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 reflects appropriate costs and revenue calculations and comports with the template in Governors' Decision 08-7, which established the GEPS product.

The contract is intended to become effective on November 1, 2016. *Id.* at 3. The duration of the contract extends for one calendar year from the effective date. *Id.*

Conclusion

The Public Representative, after accessing 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 also appears able to generate sufficient revenue to cover attributable costs. In addition, it employs pricing incentives based upon volumes and other provisions favorable to the Postal Service.

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

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