

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Classification Schedule
Modification of Eligibility Requirements
For Global Expedited Package Services Contracts

Docket No. MC2009-38

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO
UNITED STATES POSTAL SERVICE NOTICE OF CLASSIFICATION CHANGE FOR
GLOBAL EXPEDITED PACKAGE SERVICES CONTRACTS

(August 11, 2009)

The Public Representative submits the following comments in response to Order No. 270¹ and the July 28, 2009 United States Postal Service Notice of Classification Change. The proposed change appears to be in the interests of the general public and is consistent with 39 U.S.C. 3642. The Public Representative acknowledges that the proposed change may have positive ramifications for the general public. However, the Commission should consider: 1) whether or not the Postal Service is proposing to create an entirely new product and not simply modifying an existing product; and 2) whether there should be a transitional scale to provide discounts for mailers who fall just short of meeting the volume and revenue requirements.

¹ Notice of United States Postal Service of Classification Change, July 28, 2009 (Notice).

Discussion

The proposed classification change modifies the minimum capability requirements for Global Expedited Package Services (GEPS) contracts from the current thresholds. Currently, mailers seeking GEPS contracts are required to mail at least 5,000 pieces of mail or mail enough to meet a \$100,000 revenue requirement. *Id* at 1. If the proposed classification change is accepted, mailers seeking GEPS contracts will only be required to mail 2,500 pieces or \$50,000. *Id* at 1.

The proposed change applies directly to commercial entities that mail large volumes of mail which produce thousands of dollars of revenue for the Postal Service annually. The proposed changes may have an indirect impact on the general public. By decreasing the current thresholds, a larger number of mailers will have an opportunity to enter into GEPS contracts. The Postal Service states in its notice that the proposed change would make GEPS contracts available to a wider group of potential customers. *Id*. Decreasing the current thresholds may translate into greater volumes of mail for the Postal Service and greater volumes may increase revenue. The Public Representative is optimistic that an increase in revenue will result in cost savings for the public and a more efficient Postal Service.

The Postal Service is proposing to reduce the volume and revenue requirements by 50%. The Postal Service states that the underlying rationale for this requirement is to ensure that a GEPS customer is sufficiently large for the Postal Service to undertake the transaction costs to extend a customized agreement to a potential customer. *Id*. The Public Representative assumes that the Postal Service is not just using arbitrary figures to determine which customers are sufficiently large. More importantly, it should be noted that this is a 50% decrease in volume and revenue requirements. This is a substantial decrease and may be considered an entirely new product. If it is a new product the Postal Service should consider adding it to the Competitive Products list.

In addition, as the Postal Service has proposed a major change to the GEPS product, perhaps it should have gone farther and requested consideration of some type of transitional scale. The purpose of the transitional scale would be to provide some discount to mailers that fail to meet the proposed minimum GEPS requirements by a

diminutive amount. This suggestion would provide additional opportunities to mailers who just fail to meet the requirements and may competitors of mailers who have entered into GEPS contracts.

Conclusion

In closing, the Public Representative believes the change is consistent with 39 U.S.C. 3624 and hopes that any revenue gained by the change will translate into savings for general public. The Public Representative respectfully offers the preceding Comments for the Commission's consideration.

Jeremy L. Simmons
Public Representative

901 New York Ave., NW SUITE 200
Washington, D.C. 20268-0001
(202)789-6880
e-mail: Jeremy.simmons@prc.gov