

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
STANDARD MAIL
PHI ACQUISITIONS, INC.

Docket No. MC2014-21

MARKET DOMINANT PRODUCT PRICES
PHI ACQUISITIONS, INC. (MC2014-21)
NEGOTIATED SERVICE AGREEMENT

Docket No. R2014-6

**NOTICE OF THE UNITED STATES POSTAL SERVICE
OF TEMPORARY SUSPENSION OF AGREEMENT**
(December 8, 2017)

In its most recent Annual Compliance Determination, the Postal Regulatory Commission (“PRC” or “Commission”) expressed concern regarding the negative net contribution of the negotiated service agreement that is the subject of this docket.¹ In response, the Postal Service informed the Commission of ongoing discussions between the parties to negotiate an amendment to the agreement.² The Postal Service hereby submits (as Attachment A to this Notice) a signed suspension letter concerning the enforcement of certain agreement terms during the remainder of this contract year.

In particular, the attached letter suspends the Postal Service’s obligations to pay rebates for the period of January 1, 2018 through June 30, 2018, or until a revised agreement is approved by the Commission, whichever is sooner. The parties hope to use this suspension period to finalize an amendment that ensures that the contract

¹ Docket No. ACR2016, Annual Compliance Determination Report for Fiscal Year 2016, at 73 (March 28, 2017).

² Docket No. ACR2016, Second Response of the United States Postal Service to Commission Requests for Additional information in the FY 2016 Annual Compliance Determination (June 26, 2017).

results in positive net financial contribution for the Postal Service. As provided for in the attached letter, the Postal Service has reserved its right to terminate the agreement in the event that the Parties are unable to finalize an amendment, and file it with the PRC, by June 30, 2018.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

John F. Rosato

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-2990, Fax -6187
John.F.Rosato@usps.gov
December 8, 2017

ATTACHMENT A

December 7, 2017

Mr. Jonathan Fleishmann
President and CEO
PHI Acquisitions, Inc.
101 Billerica Ave., Bldg. #2
N. Billerica, MA 01862

Re: Letter Suspending Enforcement of and Performance under PHI Acquisition, Inc. ("PHI") Negotiated Service Agreement ("NSA")

Dear Mr. Fleishmann,

The purpose of this acknowledgement letter is to memorialize in writing the agreement between the United States Postal Service ("Postal Service") and PHI (the "Parties") to suspend the obligations of the Postal Service to pay rebates pursuant to Article IV of the PHI NSA, for the period January 1, 2018 to June 30, 2018. Except as specifically set forth in this letter, the obligations of the Parties under the NSA, including mail volume reconciliation and activity tracking, shall remain in full force and effect, including, without limitation, the obligation to make rebate payments earned by PHI for periods prior to January 1, 2018.

The Parties have agreed to this suspension to determine whether it is possible to revise the PHI NSA so that, in compliance with Section 3622 of the PAEA, it improves the net financial position of the Postal Service by increasing overall contribution to its institutional costs and, if so, to prepare and submit such revisions to the Postal Regulatory Commission ("Commission") for approval.

The obligation to make rebate payments shall remain suspended until June 30, 2018 or until a revised version of the NSA, that increases overall contribution to the Postal Service's institutional costs, has been submitted to and approved by, the Commission, whichever is sooner. The Parties further agree that, after this suspension is lifted, the Postal Service will not



be responsible for retroactively paying rebates on PHI NSA mail volume sent while the suspension was in effect, unless the parties subsequently agree otherwise.

Should the Parties be unable to agree to, and file with the Commission, a mutually agreeable amendment by June 30, 2018, the Postal Service reserves its right to terminate the PHI NSA with thirty (30) calendar days' notice, in accordance with Section V.D thereof.

Nothing herein contained shall be deemed to require the Postal Service or PHI to take any action contrary to any applicable statutory or regulatory requirement to which either is subject.

If any one or more of the provisions of this letter agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall not be affected thereby.

We would appreciate your written confirmation of PHI's agreement with the above. For your convenience, we have enclosed an acknowledgement page for you to sign.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cliff Rucker". The signature is written in a cursive, flowing style.

Cliff Rucker

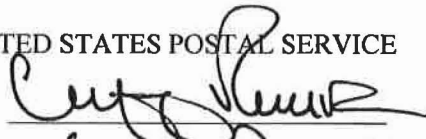
A small, handwritten mark or initials in black ink, possibly "CR" or similar, located to the right of the signature.

cc: Robert Webb, SVP Marketing
Potpourri Group, Inc.

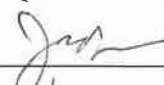
Enclosure

This letter agreement has been signed by officers of PHI Acquisition, Inc. and the United States Postal Service. Such execution shall bind PHI Acquisition, Inc. and the Postal Service to the above listed terms, which relate to the PHI Acquisition, Inc. Negotiated Service Agreement, executed January 23, 2014 and amended February 4, 2015.



UNITED STATES POSTAL SERVICE
By: 
Name: CLIFF RUCKER
Title: Senior VP Sales
Date: 12/2/17

ACCEPTED AND AGREED TO THIS 7th DAY OF December 2017:

PHI ACQUISITIONS, INC.
By: 
Name: JONATHAN L. FREISCHMANN
Title: PRESIDENT & CEO