

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

Before Commissioners:

Robert G. Taub, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Michael Kubayanda

Competitive Product Prices
Priority Mail Express & Priority Mail Contract 18
(MC2015-49)
Negotiated Service Agreements

Docket No. CP2015-61

ORDER APPROVING AMENDMENT TWO TO
PRIORITY MAIL EXPRESS & PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued January 29, 2019)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail Express & Priority Mail negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail Express & Priority Mail Contract 18, Filed Under Seal, January 28, 2019 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 2480, the Commission approved the Priority Mail Express & Priority Mail Contract 18 negotiated service agreement (Existing Agreement).² On January 28, 2019, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective on the day that the Commission completes its review. Notice at 1.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire February 6, 2019.³ The Amendment revises the expiration date of the contract to August 5, 2019. Notice, Attachment A at 1.

² See Docket Nos. MC2015-49 and CP2015-61, Order Adding Priority Mail Express & Priority Mail Contract 18 to the Competitive Product List, May 12, 2015 (Order No. 2480). The contract was later amended. See Order Approving Amendment One to Priority Mail Express & Priority Mail Negotiated Service Agreement, November 6, 2018 (Order No. 4873).

³ See Order No. 2480 at 9 (setting original expiration date as May 12, 2018); USPS Notice of Extension of Priority Mail Express & Priority Mail Contract 18, May 3, 2018, at 1 (revising expiration date to August 10, 2018); USPS Notice of Extension of Priority Mail Express & Priority Mail Contract 18, July 27, 2018, at 1 (revising expiration date to November 8, 2018); Order No. 4873 at 5 (revising expiration date to February 6, 2019).

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Postal Service states that the Amendment shall become effective the day that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire August 5, 2019. Notice, Attachment A at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Express & Priority Mail Contract 18 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the revised expiration date, August 5, 2019.

By the Commission.

Stacy L. Ruble
Secretary