

ORDER NO. 5209

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

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Competitive Product Prices  
Priority Mail Express, Priority Mail &  
First-Class Package Service Contract 40 (MC2018-187)  
Negotiated Service Agreements

Docket No. CP2018-261

ORDER APPROVING AMENDMENT ONE TO  
PRIORITY MAIL EXPRESS, PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE  
NEGOTIATED SERVICE AGREEMENT

(Issued August 23, 2019)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail Express, Priority Mail & First-Class Package Service negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Amendment.

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<sup>1</sup> USPS Notice of Amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 40, Filed Under Seal, August 22, 2019 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 4699, the Commission approved the Priority Mail Express, Priority Mail & First-Class Package Service Contract 40 negotiated service agreement (Existing Agreement).<sup>2</sup> On August 22, 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 two business days after the date that the Commission completes its review of the Notice. 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 Amendment exceptionally permits adults ages 18 to 20 to sign for contract packages when the customer selects Adult Signature Required or Adult Signature Restricted Delivery. Notice, Attachment A at 2. The Amendment also revises a provision related to the applicability of other Postal Service publications. *Id.* at 1.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

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<sup>2</sup> See Docket Nos. MC2018-187 and CP2018-261, Order Adding Priority Mail Express, Priority Mail & First-Class Package Service Contract 40 to the Competitive Product List, July 6, 2018 (Order No. 4699).

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.

*Product description of Competitive Ancillary Services.* The Mail Classification Schedule language for Competitive Ancillary Services states that packages receiving Adult Signature service require signatures from adults 21 years of age or older, rather than the 18 years of age or older permitted for Adult Signature service under the Existing Agreement, as amended.<sup>3</sup> The Existing Agreement is a separate product from Competitive Ancillary Services, and the Commission can thus approve the Amendment despite the discrepancy.

The Commission notes, however, that it is the responsibility of the Postal Service to ensure that product descriptions accurately reflect the current offerings of the Postal Service. 39 C.F.R. § 3020.90(a). The Existing Agreement, as amended, provides the contract partner access to the Adult Signature service available with the Competitive Ancillary Services product in a way that conflicts with the existing definition of that product. The Commission therefore directs the Postal Service to, within 30 days of the issuance of this Order, file under 39 C.F.R. § 3020.90(b) minor corrections to the product description for Competitive Ancillary Services to indicate that the age requirements for Adult Signature service can be changed by contract.

*Other considerations.* The Postal Service states that the Amendment shall become effective two business days after the date that the Commission completes its review. Notice 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.

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<sup>3</sup> Compare Mail Classification Schedule, section 2645.1.1, *with* Notice, Attachment A at 2.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Express, Priority Mail & First-Class Package Service Contract 40 negotiated service agreement, as amended.
2. The Commission directs the Postal Service to, within 30 days of the issuance of this Order, file under 39 C.F.R. § 3020.90(b) minor corrections to the product description for Competitive Ancillary Services as described in the body of this Order.
3. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Darcie S. Tokioka  
Acting Secretary