

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 & First-Class Package Service Contract 98
(MC2019-114)
Negotiated Service Agreements

Docket No. CP2019-123

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

(Issued September 11, 2019)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail & First-Class Package Service 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 98, Filed Under Seal, September 9, 2019 (Notice). The title of the Notice and two of the references in the body of the Notice erroneously refer to Priority Mail Express & Priority Mail Contract 98. See Notice at 1. The Commission interprets the Notice as applying to Priority Mail & First-Class Package Service Contract 98. The amendment is an attachment to the Notice (Amendment).

In Order No. 5051, the Commission approved the Priority Mail & First-Class Package Service Contract 98 negotiated service agreement (Existing Agreement).² On September 9, 2019, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Amendment will become effective one business day after the date that the Commission issues all necessary regulatory approval.³ Notice, Attachment A 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 revises the list of locations from which the customer's contract packages may originate or be returned. Notice, Attachment A 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

² See Docket Nos. MC2019-114 and CP2019-123, Order Adding Priority Mail & First-Class Package Service Contract 98 to the Competitive Product List, April 9, 2019 (Order No. 5051).

³ Notice, Attachment A at 1. The Postal Service also states that the Amendment will be become effective two days after the Commission completes its review. Notice at 1. The Commission interprets the Amendment language in the attachment as controlling.

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 Amendment shall become effective one business day after the date that the Commission issues all necessary regulatory approval. 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 & First-Class Package Service Contract 98 negotiated service agreement, as amended.
2. 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