Postal Regulatory Commission
Submitted 12/23/2019 2:38:15 PM
Filing ID: 111530
Accepted 12/23/2019

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

COMPETITIVE PRODUCT PRICES PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 7 (MC2019–64) NEGOTIATED SERVICE AGREEMENT	Docket No. CP2019–69

USPS NOTICE OF AMENDMENT TO
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 7,
FILED UNDER SEAL
(December 23, 2019)

The Postal Service hereby provides notice that the terms of Parcel Select & Parcel Return Service Contract 7, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select & Parcel Return Service Contract 7 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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December 23, 2019

ATTACHMENT A

REDACTED AMENDMENT TO PARCEL SELECT & PARCEL RETURN SERVICE

CONTRACT 7

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[redacted]
REGARDING
PARCEL SELECT
AND
PARCEL RETURN SERVICE

WHEREAS, the United States Postal Service ("the Postal Service") and [redacted] ("Customer") entered into a Shipping Services Contract regarding Parcel Select and Parcel Return Service, Contract #7/Docket No. CP2019-69, on December 19, 2018.

WHEREAS, the Parties desire to amend the terms in Sections I.B., I.C., I.G. and Tables 2 and 3, Sections I.H., I.I. and add new Tables 4, 5, 6 and 7, I.J., I.K., I.L., including new Table 8, I.M., and add new Sections I.N., I.O., I.P and Section III of the Contract, replace Attachment A, and add new Attachments D through H.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B., I.C., I.G. and Tables 2 and 3, Sections I.H., I.I. and add new Tables 4, 5, 6 and 7, I.J., I.K., I.L., including new Table 8, I.M., and add new Sections I.N., I.O., I.P. and Section III, replace Attachment A, and add new Attachments D through H, as follows.]

I. Terms

B. This Contract applies to Customer's packages (collectively, "Contract Packages") as follows:

1. Outbound Parcel Select DDU packages that are no greater than [redacted], are not addressed to any ZIP Codes in Attachment A, and are not shipped using any MIDs and permits listed in Attachment D or Attachment E [redacted];
2. Outbound Parcel Select DDU packages that are no greater than [redacted], are not addressed to any ZIP Codes in Attachment A, and are shipped using any MIDs and permits listed in Attachment D [redacted];
3. Outbound Parcel Select DDU packages that are no greater than [redacted], are not addressed to any ZIP Codes in Attachment A, and are shipped using any MIDs and permits listed in Attachment E [redacted];

4. Outbound Parcel Select DDU packages that are no greater than [redacted] are addressed to any ZIP Codes in Attachment A, and are not shipped using any MIDs and permits listed in Attachment D or Attachment E [redacted];
5. Outbound Parcel Select DDU packages that are no greater than [redacted] are addressed to any ZIP Codes in Attachment A, and are shipped using any MIDs and permits listed in Attachment D [redacted];
6. Outbound Parcel Select DDU packages that are no greater than [redacted] are addressed to any ZIP Codes in Attachment A, and are shipped using any MIDs and permits listed in Attachment E [redacted];
7. Outbound Parcel Select DSCF 5-Digit packages that are no greater than [redacted] and are not addressed to any ZIP Codes in Attachment A [redacted];
8. Outbound Parcel Select DSCF 5-Digit packages that are no greater than [redacted] and are addressed to any ZIP Codes in Attachment A [redacted]
9. Outbound Parcel Select DSCF 3-Digit machinable packages that are no greater than [redacted] and are not addressed to any ZIP Codes in Attachment A [redacted];
10. Outbound Parcel Select DSCF 3-Digit machinable packages that are no greater than [redacted] and are addressed to any ZIP Code in Attachment A [redacted];
11. Parcel Return Service Full Network packages that do not exceed [redacted] and are returned to the Customer's locations [redacted]
12. Parcel Return Service RDU packages that are no greater than [redacted] and are not shipped using any MIDs and permits listed in Attachments F or Attachment G [redacted];
13. Parcel Return Service RDU packages that are no greater than [redacted] and are shipped using any MIDs and permits listed in Attachment F [redacted];
14. Parcel Return Service RDU packages that are no greater than [redacted] and are shipped using any MIDs and permits listed in Attachment G [redacted] and
15. Parcel Return Service packages that are no greater than [redacted] and are returned to ADC's listed in Attachment B [redacted] The ADC's listed in Attachment B may be changed by the Postal Service at any time. The Postal Service will makes best efforts to provide notices ofchanges to Attachment B to Customer within a reasonable timeframe.

This Contract only applies to Customer's DSCF packages without prices in Table 2 and Customer's Parcel Select Lightweight packages to the extent that they may be eligible under Section I.M for certain Premium Services and Section I.N. for Sunday delivery.

The ZIP Codes contained in Attachment A may be modified once a year by the Postal Service or more frequently by written mutual agreement.

The MIDs and Permits listed in Attachments D through G may not be modified without prior review and approval of the Postal Service.

At its sole discretion, the Postal Service may revoke, deny or authorize Customer's access for any MID's and/or permits to [redacted] Contract Prices.

Contract Packages that meet any of the following criteria are not eligible for Contract Pricing:

- The origin of the package is from a ZIP Code listed in Table A below; or
- The destination of the package is addressed to a ZIP Code listed in Table A; or
- The origin of the package is from a ZIP Code listed in Table A and the package is addressed to a ZIP Code listed in Table A.

[redacted]

For the avoidance of doubt, if any DSCF or DDU package is addressed to a ZIP Code in Attachment A, and that ZIP Code is also listed in Table A, the package will not be eligible for contract pricing. The ZIP Codes listed in Table A may be modified by the Parties from time to time by written mutual agreement.

C. Customer will manifest Contract Packages under a separate account as specified by the Postal Service, using the Electronic Verification System ("eVS"). Current specifications can be found in Publication 205: eVS Business and Technical Guide. For PRS FN packages, Customer will use a separate advance deposit (postage-due) account funded through the Centralized Account Processing System (CAPS) debit account utilizing Scan Based Payment. Only Contract Packages and Customer's other Parcel Select pound rated packages (non-Parcel Select Lightweight) and Parcel Return Service packages ("Total Packages") shipped from authorized permit numbers shall count toward the Volume Estimation defined in Section I.D below.

G. Contract Prices. From this Contract's effective date, as defined in Section III below, until the first price adjustment defined in Section I.J below, the Contract prices pursuant to Tables 2 and 3 below shall apply to Contract Packages, except for PRS FN packages, which shall remain subject to Sections E and F, including Table 1b, above.

1. Contract Years. "Year(s)" or "Contract Year(s)" refers to the one-year period(s) from October 1 through September 30, unless otherwise specified.
2. Contract Quarters. "Quarter(s) or "Contract Quarter(s)" refers to the periods as follows:

Period Name	Start of Period	End of Period
Quarter 1	October 1st	December 31st
Quarter 2	January 1st	March 31st
Quarter 3	April 1st	June 30th
Quarter 4	July 1st	September 30th

3. Contract Year 1 Pricing. Based on the Volume Estimation under Section I.D above for Contract Year 1, Customer shall pay contract pricing for Contract Packages during Contract Year 1. The Parties agree that the Volume Estimation shall exceed the most recent twelve (12) months volume. If the Parties are unable to agree to a Volume Estimation then the Parties will use commercially reasonable efforts to adjust prices in Tables 2 and 3 below through an amendment prior to the following Contract Year.
4. Subsequent Contract Year Pricing.
   a. For subsequent Contract Years, Customer shall pay contract prices pursuant to Tables 2 and 3 below, as adjusted pursuant to Section I.J below, based on Customer's Volume Estimation for that Contract Year.
   b. If Customer's actual volume of packages falls more than [redacted]

   c. Where applicable, Customer shall pay the Shortfall Penalty within thirty (30) days of the end of the Contract Year.
5. Unmanifested packages, as defined per Publication 205, eVS Business and Technical Guide, are excluded from the volume calculation in Section I.G.4.

H. If at any time a Standard DDU and Standard DSCF Parcel Select or Standard RDU and Standard RADC Parcel Return Service price determined by this Contract exceeds the applicable published price for Parcel Select or Parcel Return Service for its corresponding published price cell, Customer will pay the applicable published price. If Customer has paid an amount in excess of the published rates for Parcel Select, the Postal Service will refund the difference between the Contract price and published price within 30 days of notification of such payment.

[redacted]

[redacted]

[redacted]

I. Beginning with the effective date of this Amendment, and until the first change of rates of general applicability in Calendar Year 2020, Customer will receive Contract Prices pursuant to Table 4 below for Table 5 below for Table 6 below for and Table 7 below for The Parties will mutually agree in writing to annual volume targets for each MID and/or permit or combination of MID's and/or permits by product, Parcel Return Service or Parcel Select, for each year of the Contract. The annual volume targets are expected to be accurate and grow or remain steady year-over-year. The Customer will make good faith efforts to ensure that all Alternate shippers meet said targets. If the annual volume target for any Alternate shipper is not met, the Postal Service will report to Customer during Quarterly Business Reviews pursuant to Section I.O, below. Should Customer fail to remedy an Alternate shipper's volume deficiency within two consecutive Quarters, the Postal Service reserves the right to remove the Alternate designation for that shipper and consequently update Attachments D through G. Customer will use commercially reasonable efforts to extend Alternate price discounts to shippers (Customer's customers). If the Postal Service determines misuse of Alternate Pricing, it will report to Customer in writing. Should Customer fail to remedy the misuse within ten (10) days of receipt of reported misuse to the Postal Service's satisfaction, the Postal Service reserves the right to remove the Alternate designation for any shipper or shippers associated with reported misuse of Alternate Pricing and consequently update Attachments D through G. The Parties may also mutually agree to modify Attachment D through G at any time.

[redacted]

[redacted]

J. Price Adjustments

1. Beginning in Calendar Year 2020 and for subsequent Calendar Years of the Contract, Contract prices that were in effect as of January 1st of the current Calendar Year will increase on the effective date of the first change in rates of general applicability for competitive products in each Calendar Year by the lesser of: (a) the current Calendar Year's prices, plus the overall average published percentage increase in prices of general applicability for pound rated (non lightweight) Parcel Select, as calculated by the Postal Service; or (b) the current Calendar Year's prices, plus [redacted] Parcel Select DDU and DSCF Contract prices will increase based on the published percentage increase in prices for DDU and DSCF, respectively. Contract prices for PRS FN, RADC and RDU will increase based on the published percentage increase in prices for Parcel Return Service.

2. If the Postal Service maintains or decreases published rates of general applicability for Parcel Select, there shall be no change to contract pricing for that Contract Year.

3. Beginning in Calendar Year 2020 and for subsequent Calendar Years of the Contract, if the average published percentage increase is more than [redacted] the difference between the published percentage increase and [redacted] shall be applied to the following Calendar Year's annual adjustment, as long as the increase does not exceed [redacted] for any Calendar Year.

4. Notwithstanding, in any Calendar Year, the Postal Service may elect to increase Contract Prices by a lesser amount than the increase determined by Sections I.J.1 above, but not less than [redacted]

5. The Postal Service shall supply Customer the updated price for each cell shown in Tables 1b, 2, and 3 no later than thirty (30) days prior to the rate change date.

6. Customized prices for the subsequent years will be calculated by the Postal

Service and rounded up to the nearest whole cent (i.e. $0.014 becomes $0.02).

K. Customer will pay any published additional fees and surcharges, if any, associated with Parcel Select and Parcel Return Service, as published in the Domestic Mail Manual.

[redacted]

[redacted]

[redacted]

[redacted]

O. Quarterly Business Reviews. The Postal Service and Customer shall, within thirty (30) days after the conclusion of each Contract Quarter 2 and Contract Quarter 4 of each Contract Year, jointly conduct a business review of Customer's Total Package volume, Attachments E and F shipper volume, weight and cube characteristics, time in transit, and other performance expectations, to include the names of each End-User and their assigned MIDs and/or permits, under this contract. If either Party is unable to conduct a business review within thirty (30) days after the conclusion of the above referencedcontract quarters, it shall notify the other Party in writing of that fact and propose a date as soon as practicable thereafter.

P. Record Keeping and Audit. Customer shall respond to the Postal Service's or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Customer's performance under this Contract.

III. Expiration Date and Termination

This Contract shall expire on January 31, 2022, unless (1) terminated by either Party with thirty (30) calendar days' notice to the other Party in writing; (2) renewed by mutual agreement in writing; (3) superseded by a subsequent contract between the Parties; (4) ordered by the Commission or a court; or (5) required to comply with subsequently enacted legislation.

If, at the conclusion of this Contract term, both Parties agree that preparation of a successor SSC is active, the SSC will be extended for up to two (2) ninety (90) calendar day

periods with official notification to the Commission at least seven (7) calendar days prior to the Contract's expiration date. Upon both Parties agreement of the extension, the escalation clause will be implemented in Section I.J above, throughout the extension period.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: T. Costello

Printed Name: ~~Sharon Owens~~ Tim Costello

Title: Vice President, Sales

Date: 11/4/19

[redacted]

ATTACHMENT D (PLACEHOLDER)

[redacted]

ATTACHMENT E (PLACEHOLDER)

[redacted]

ATTACHMENT F (PLACEHOLDER)

[redacted]

ATTACHMENT G (PLACEHOLDER)

[redacted]

ATTACHMENT H (PLACEHOLDER)

[redacted]

ATTACHMENT B

SIGNED CERTIFICATION

Attachment B

Certification of Prices for Amendment to Parcel Select & Parcel Return Service Contract 7

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select and Parcel Return Service Contract 7. The prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 18-2).

I hereby certify, based on the financial analysis provided herewith, that the prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. This contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven Phelps

Digitally signed by Steven Phelps
DN: cn=Steven Phelps, o=Pricing and Costing, ou=Pricing, email=steven.r.phelps@usps.gov, c=US
Date: 2019.12.23 13:56:26 -05'00'

Steven R. Phelps