

ORDER NO. 5438

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 Contract 237 (MC2016-192)  
Negotiated Service Agreements

Docket No. CP2016-275

ORDER APPROVING AMENDMENT THREE TO  
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued February 21, 2020)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail 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 Contract 237, Filed Under Seal, February 20, 2020 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 3513, the Commission approved the Priority Mail Contract 237 negotiated service agreement (Existing Agreement).<sup>2</sup> On February 20, 2020, 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 Existing Agreement is set to expire March 12, 2020.<sup>3</sup> The Amendment revises the expiration date of the contract to June 10, 2020. 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

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<sup>2</sup> See Docket Nos. MC2016-192 and CP2016-275, Order Adding Priority Mail Contract 237 to the Competitive Product List, September 14, 2016 (Order No. 3513). The contract was later amended. See Order Approving Amendment to a Priority Mail Negotiated Service Agreement, January 11, 2017 (Order No. 3747); Order Approving Amendment to Priority Mail Negotiated Service Agreement, July 31, 2017 (Order No. 4020).

<sup>3</sup> See Order No. 3513 at 9 (setting original expiration date as September 14, 2019); USPS Notice of Extension of Priority Mail Contract 237, September 6, 2019 (extending contract to December 13, 2019); USPS Notice of Extension of Priority Mail Contract 237, December 5, 2019 (extending contract to March 12, 2020).

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 two business days after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is set to expire June 10, 2020. 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 Contract 237 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, June 10, 2020.

By the Commission.

Erica A. Barker  
Secretary