

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 128
(MC2020-29)
Negotiated Service Agreements

Docket No. CP2020-27

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

(Issued July 16, 2020)

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 Amendments.

¹ USPS Notice of Amendment to Priority Mail & First-Class Package Service Contract 128, Filed Under Seal, July 15, 2020 (Notice). The amendment is an attachment to the Notice (Amendment).

In Order No. 5324, the Commission approved the Priority Mail & First-Class Package Service Contract 128 negotiated service agreement (Existing Agreement).² On July 15, 2020, the Postal Service filed notice that it has agreed to an Amendment to the Existing Agreement. The Amendment is intended to take effect one calendar day after 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. §§ 3035.105 and 3035.107. 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 implementation of tiered pricing. Notice, Attachment A at 1. The Amendment also specifies that beginning January 1, 2021, subsequent tier pricing will be determined by the quarterly average for both Total Priority Mail Packages and Total First-Class Package Service Packages shipped during the term of the contract. *Id.*

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. MC2020-29 and CP2020-27, Order Adding Priority Mail & First-Class Package Service Contract 128 to the Competitive Product List, November 27, 2019 (Order No. 5324).

amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective one calendar day 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.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail & First-Class Package Service Contract 128 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.

Erica A. Barker
Secretary