

ORDER NO. 5614

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 104  
(MC2019-152)  
Negotiated Service Agreements

Docket No. CP2019-169

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

(Issued August 4, 2020)

I. INTRODUCTION

The Postal Service seeks to amend a 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 & First-Class Package Service Contract 104, Filed Under Seal, July 31, 2019 (Notice). The amendment is an attachment to the Notice (Amendment).

## II. BACKGROUND

In Order No. 5130, the Commission approved the Priority Mail & First-Class Package Service Contract 104 negotiated service agreement (Existing Agreement).<sup>2</sup> On July 31, 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 three business days after the date that the Commission completes its review of the Notice. Notice at 1.

## III. 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 Existing Agreement to require that packages must originate outside of the United States and explicitly permits the Postal Service to revert the customer to rates of general applicability if volume requirements are not met for First-Class Package Service. Notice, Attachment A at 2. The Amendment also adds a

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<sup>2</sup> See Docket Nos. MC2019-152 and CP2019-169, Order Adding Priority Mail & First-Class Package Service Contract 104 to the Competitive Product List, June 25, 2019 (Order No. 5130).

list of prohibited ZIP Codes and revises contract provisions related to contract manifesting and appeals. *Id.* at 1-3.

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

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail & First-Class Package Service Contract 104 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