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

COMPETITIVE PRODUCT PRICES PRIORITY MAIL--NON-PUBLISHED RATES – 2 (MC2020-156) NEGOTIATED SERVICE AGREEMENTS	Docket No. CP2020-170

USPS NOTICE OF FILING
PMNPR-2 CONTRACTS WITH
SERIAL NUMBER ENDING: 0850 AND 0855-0856
(June 4, 2021)

The United States Postal Service hereby gives notice of filing Priority Mail—Non-Published Rates - 2 (PMNPR-2) customer agreements, with serial numbers ending in 0850, 0855, and 0856. The Postal Service also gives notice of filing the inputs used to generate customer-specific pricing for the agreements. The effective dates and scheduled termination dates for the agreements filed with this notice are listed below.

Attachment A is a redacted version of a model contract for these agreements. The redacted version of each individual agreement would be substantially similar to the model redacted contract in Attachment A. Therefore, the Postal Service requests that the Commission consider the model redacted contract in Attachment A as representative of the contracts being filed. Unredacted versions of the agreements and the inputs worksheet are being filed with the Commission under seal. The redacted version of the inputs worksheet is being filed publicly along with this notice.

The Postal Service herein incorporates by reference the application for non-public treatment that was filed in conjunction with the Postal Service's June 11, 2020

Request filing in this docket, for the protection of the materials that the Postal Service is today filing under seal.

SERIAL NUMBER	EFFECTIVE DATE	TERMINATION DATE
PMNPR2-FY21-0850	May 26, 2021	May 25, 2024
PMNPR2-FY21-0855	May 31, 2021	May 30, 2024
PMNPR2-FY21-0856	June 3, 2021	June 2, 2024

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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June 4, 2021

ATTACHMENT A

REDACTED MODEL CONTRACT

SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
REGARDING
PRIORITY MAIL SERVICE

This Contract for shipping services is made by and between a corporation organized and existing under the laws of with its principal office at ("Customer") and the United States Postal Service, an independent establishment of the Executive Branch of the United States Government established by the Postal Reorganization Act, Public Law 91-375, with its principal office at 475 L'Enfant Plaza, SW, Washington, DC 20260 (the "Postal Service"). The Postal Service and Customer are referred to herein collectively as the "Parties" and each as a "Party."

WHEREAS, it is the intention of the Parties to enter into a Shipping Services Contract that will benefit the Postal Service, the postal system as a whole, and Customer, and that will comply with the requirements of Title 39 United States Code, as amended by the Postal Accountability and Enhancement Act of 2006,

NOW, THEREFORE, the Parties agree as follows:

I. Terms

The following terms apply as of the effective date, as defined below:

A. Except to the extent different terms or prices are specified in this Contract, applicable provisions of the Domestic Mail Manual (as may be regularly updated by the Postal Service and posted at http://pe.usps.com/text/dmm300/dmm300_landing.htm) and of other postal laws and standards, including USPS Publication 52 - Hazardous, Restricted, and Perishable Mail, apply to mail tendered under this Contract.

B. This Contract applies to Customer's inbound and outbound packages (collectively "Contract Packages"), excluding packages originating from and/or addressed to ZIP Codes contained in Table A below, as follows:

- Priority Mail

C. Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. "reselling"). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer's dropshipping activities.

D. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. The Parties have mutually agreed to specific shipping locations from where outbound Contract Packages must originate, along with the associated Customer Registration ID, Mailer ID and Payment Method information required for each shipping location provided that dropshipping, as may be approved by the Postal Service, may originate from other locations. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer's other Priority Mail packages (collectively "Total Packages") shipped from authorized permits and/or PC Postage accounts and from the specific shipping locations agreed to by the Parties shall count toward the volume commitments in Section I.G and Exhibit 1.

E. The Postal Service will provide Customer with Priority Mail Flat Rate Envelopes and Priority Mail Flat Rate and Regional Rate Boxes. The Postal Service will provide Customer with standard Priority Mail packaging for weight rated and cubic rated packages.

F. The terms and prices contained herein will take effect on the effective date as defined in Section II. The Contract Years and Contract Quarters are defined as:

1. Contract Years.
Contract Year 1. The twelve (12) months following the effective date of the Contract.
Subsequent Contract Years. The twelve (12) months following the anniversary date of the Contract in subsequent years.

2. Contract Quarters. "Quarter(s)" or "Contract Quarter(s)", refer to the periods as follows:
The first Contract Quarter shall begin on the effective date of the Contract through the end of the first Calendar Quarter.
Subsequent Contract Quarters are set equal to the subsequent Calendar Quarters.

Example: If the effective date is July 15th then:

- Contract Year 1, Contract Quarter 1 is July 15th through September 30th
- Contract Year 1 and all Subsequent Contract Years, Contract Quarter 2 is October 1st through December 31st
- Contract Year 1 and all Subsequent Contract Years, Contract Quarter 3 is January 1st through March 31st
- Contract Year 1 and all Subsequent Contract Years, Contract Quarter 4 is April 1st through June 30th
- In all Subsequent Contract Years, Contract Quarter 1 is July 1st through September 30th

G. Tier Volume Thresholds. The quarterly average volumes outlined in Exhibit 1 and as described in Section I.H must be met in order to achieve the applicable Contract Package prices in Exhibit 2. For any price cells not contained within Exhibit 2, Customer shall pay the corresponding, prevailing published Priority Mail Commercial Plus prices. For regulatory purposes, only revenue, pieces and weights for Contract Packages shall be counted as NSA revenue, pieces and weights.

H. Tier Pricing. From the effective date of the Contract through the end of the first full Contract Quarter, Customer will pay Tier 1 prices for Contract Packages, pursuant to corresponding table in Exhibit 2. Subsequent tier pricing will be determined by the quarterly average of Total Packages shipped during the term of this Contract. If the volume of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices for the subsequent Contract Quarter.

I. Pricing Mechanism. Customized prices for this Contract will be based on a rolling four (4) quarter average. The average will be based on the number of Total Packages shipped divided by the number of full quarters achieved. At the conclusion of the first four (4) full quarters, pricing for subsequent quarters will be calculated by the number of Total Packages shipped in the previous four (4) quarters divided by four (4). At the conclusion of each quarter, the Postal Service will calculate the total number of Total Packages and the number of applicable quarters to calculate and apply the appropriate rate table within thirty (30) calendar days of the conclusion of that quarter. Exhibit 3 illustrates the method in determining tier level and corresponding prices.

J. Annual Adjustment

1. For Subsequent Contract Years, beginning on the latter of: (a) the anniversary date of the effective date of this Contract, or (b) the first change in rates of general applicability for Priority Mail Commercial Plus prices, the previous year's customized prices will increase based on the most recent cell-by-cell increase in published rates of general applicability for Priority Mail Commercial Plus prices (as of the anniversary date). If the annual price change in a subsequent Contract Year pursuant to this Section is scheduled to occur within thirty (30) days following a Contract Quarter and it is known that a tier adjustment will occur pursuant to Sections I.G-I above, then the annual price adjustment and tier adjustment will be rescheduled to occur on the same date within thirty (30) days following that Contract Quarter. For example, if the first anniversary date of the effective date of this Contract is July 15, 2021 and Customer achieves a different tier for Contract Year 2 than was effective in Contract Year 1, then the price change as a result of the annual adjustment pursuant to this section and the tier adjustment will be scheduled to occur on the same date no later than July 30, 2021.

2. Customized prices for the subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent. If the Postal Service maintains or decreases published rates of general applicability for Priority Mail Commercial Plus in any price cell there shall be no change to Contract pricing for that price cell in that Contract Year.

K. Quarterly Business Reviews. The Parties shall, within fifteen (15) calendar days after the conclusion of each full Contract Quarter in each Contract Year, jointly conduct a business review of Customer's Total Packages and other performance expectations under this Contract either in person, by telecom, or by webinar. If either Party is unable to conduct a business review within fifteen (15) calendar days after the conclusion of the above referenced Contract Quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter. The Postal Service must notify Customer, within

thirty (30) calendar days after the start of each full Contract Quarter, of the applicable tiered discounts for any Contract Packages shipped during that Contract Quarter. The calculated rate for the new Contract Quarter will become effective within thirty (30) calendar days from the start of the new Contract Quarter.

L. 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.

II. Regulatory Review and Effective Date

This Contract is subject to approval by Postal Service senior management and/or the Governors of the Postal Service as well as by the Postal Regulatory Commission ("the Commission"). In accordance with Title 39 and the Commission's Rules of Practice and Procedure, the Postal Service will make required filings with the Commission. The effective date of this Contract will be determined by the Postal Service and shall be within seven (7) business days following the signature date of the Contract; however, the Postal Service may delay the effective date for up to sixty (60) calendar days if it determines that Customer or Customer's payment systems are not prepared for shipping at Contract Prices. The Postal Service will communicate the effective date to Customer and to the Postal Regulatory Commission within a timely manner. For the purposes of this SSC, business days are defined as Monday through Friday, excluding federal holidays and days on which the Postal Service Headquarters is administratively closed.

III. Expiration, Termination, and Extension

This Contract shall expire three (3) year(s) from the effective date, 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, this 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, throughout the extension period.

IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to: TClinton.Thorn@usps.gov. The appeal is forwarded to the Pricing and Classification Service Center ("PCSC"), 90 Church Street Suite 3100, New York, NY 10007-2951 ((212) 330-5300 / Fax: (212) 330-5320). The decision of the PCSC Manager will be administratively final. Any decision that is not appealed as prescribed becomes the final Postal Service decision.

V. Confidentiality

Customer acknowledges that as part of the Postal Service's regulatory requirements, the Contract and supporting documentation may be required to be filed with the Postal Regulatory Commission in a docketed proceeding. In that case, the Postal Service shall request from the Commission non-public treatment of information that the Postal Service deems to be eligible for protection from public disclosure when it files such material with the Commission, including Customer's identity, the terms of this Contract, and supporting data relating to postal costs, prices, and Customer's shipping profile. The Postal Service will redact such information from its public filing. Customer authorizes the Postal Service to determine the scope of information that must be made publicly available in the Commission's docketed proceeding. Customer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. Customer agrees to treat as confidential and not disclose to third parties absent express written consent by the Postal Service any information related to this Contract that is determined by the Commission to be non-public.

VI. Amendments

This Contract shall not be amended except expressly, in writing, by authorized representatives of the Parties.

VII. Assignment

Neither Party may, or shall have the power to, assign its rights under the Contract or, delegate its obligations hereunder, without the prior consent of the other; such consent is not to be unreasonably withheld. In addition, in the event that Customer is merged with or into or acquires another entity, pricing under this Contract following such merger or acquisition shall apply only to mail sent by the entity existing prior to the merger or acquisition. Following any such merger or acquisition, the parties may negotiate in good faith to extend, modify or enter into a new contract applicable to the merged or acquired entity.

VIII. Waiver

Any waiver by a party shall not constitute a waiver for any future occurrence. No waiver shall be valid unless set forth in a writing executed by the party waiving such provision.

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

UNITED STATES POSTAL SERVICE

Signed by: Shavon Keys

Printed Name: Shavon Keys

Title: Vice President, Sales

Date: 5/25/2021

[redacted]

EXHIBIT 1

[redacted]

EXHIBIT 2

[redacted]

[redacted]

[redacted]

[redacted]

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[redacted]

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[redacted]

[redacted]

EXHIBIT 3

[redacted]