

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Priority Mail & First-Class Package Service
Contract 206 (MC2022–8)
Negotiated Service Agreements

Docket No. CP2022–9

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

(Issued November 30, 2022)

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 Amendment.

¹ USPS Notice of Amendment to Priority Mail & First-Class Package Service Contract 206, Filed Under Seal, November 28, 2022 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 6018, the Commission approved the Priority Mail & First-Class Package Service Contract 206 negotiated service agreement (Existing Agreement).² On November 28, 2022, 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 adds a new authorized entity to Exhibit A, a list of entities permitted to use Contract Pricing, in accordance with Section I.C. of the Existing

² See Docket Nos. MC2022-8 and CP2022-9, Order Adding Priority Mail & First-Class Package Service Contract 206 to the Competitive Product List, October 22, 2021 (Order No. 6018).

Agreement.³ Additionally, the Amendment purports to terminate a separate agreement in a different docket.⁴

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.

The Postal Service shall file a notice of termination for Priority Mail Express, Priority Mail & First-Class Package Service Contract 73 in Docket Nos. MC2021-59 and CP2021-61, as required by Order No. 5808. Order No. 5808 at 6.

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 206 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.

³ USPS Request to Add Priority Mail & First-Class Package Service Contract 206 to Competitive Product List and Notice of Filing Materials Under Seal, October 13, 2021, Attachment B at 2.

⁴ See Docket Nos. MC2021-59 and CP2021-61, Order Adding Priority Mail Express, Priority Mail & First-Class Package Service Contract 73 to the Competitive Product List, January 11, 2021 (Order No. 5808)

3. The Postal Service shall file a notice of termination for Priority Mail Express, Priority Mail & First-Class Package Service Contract 73 in Docket Nos. MC2021-59 and CP2021-61, as required by Order No. 5808.

By the Commission.

Erica A. Barker
Secretary