

ORDER NO. 1998

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

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman; and  
Robert G. Taub

Competitive Product Prices  
Priority Mail  
Priority Mail Contract 78

Docket No. MC2014-19

Competitive Product Prices  
Priority Mail Contract 78 (MC2014-19)  
Negotiated Service Agreement

Docket No. CP2014-32

NOTICE AND ORDER CONCERNING THE ADDITION OF  
PRIORITY MAIL CONTRACT 78 TO THE COMPETITIVE PRODUCT LIST AND  
REQUEST FOR SUPPLEMENTAL INFORMATION

(Issued February 27, 2014)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service filed a formal request and associated supporting information to add Priority Mail Contract 78 to the competitive product list.<sup>1</sup>

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<sup>1</sup> Request of the United States Postal Service to Add Priority Mail Contract 78 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, February 26, 2014 (Request).

The Postal Service contemporaneously filed a redacted contract related to the proposed new product under 39 U.S.C. 3632(b)(3) and 39 CFR 3015.5. *Id.* Attachment B.

To support its Request, the Postal Service filed six attachments: a copy of the contract, a redacted copy of Governors' Decision No. 11-6, proposed changes to the Mail Classification Schedule, a Statement of Supporting Justification, a certification of compliance with 39 U.S.C. 3633(a), and an application for non-public treatment of certain materials. It also filed supporting financial workpapers.

## II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2014-19 and CP2014-32 to consider the Request pertaining to the proposed Priority Mail Contract 78 product and the related contract, respectively.

Interested persons may submit comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR 3015.5, and 39 CFR part 3020, subpart B. Comments are due no later than March 7, 2014. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints James F. Callow to serve as Public Representative in these dockets.

## III. REQUEST FOR SUPPLEMENTAL INFORMATION

The contract is scheduled to take effect one business day following the day on which the Commission issues all necessary regulatory approval. Request, Attachment B at 9. Quarter 1 of the contract begins on April 1 and ends on June 30, and Quarter 4 of the contract begins on January 1 and ends on March 31. *Id.*, Attachment B at 2. Section 1.H.1. of the contract provides that "[f]or subsequent years of the contract, beginning on the first anniversary of the contract's effective date, customized prices

under this contract will be the previous year's prices plus the most recent (as of the anniversary date) average increase in prices of general applicability, as calculated by the Postal Service, for Priority Mail Commercial Plus." *Id.*, Attachment B at 9.

If the Commission approves the Request in March 2014, the first anniversary of the contract's effective date is likely to occur during Quarter 4 of the first contract year. The Postal Service is requested to specify whether prices will be adjusted pursuant to section I.H.1. of the contract during Quarter 4 of the first contract year. The Postal Service is also requested to confirm that prices will be adjusted pursuant to section I.H.1. of the contract during Quarter 4 of the second and third contract years.

Finally, the Postal Service is requested to confirm that the second paragraph of section III of the contract is intended to refer to the escalation clause in section I.G. and I.H. of the contract (which establish subsequent year prices and an annual adjustment mechanism, respectively) rather than section I.E. and I.F (which establish contract quarters and first-year prices, respectively).

The Postal Service response is due no later than March 5, 2014.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket Nos. MC2014-19 and CP2014-32 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, James F. Callow is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
3. The response to the request for supplemental information is due no later than March 5, 2014.

4. Comments by interested persons in these proceedings are due no later than March 7, 2014.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary