

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Parcel Select Contract 2 (MC2012-16)  
Negotiated Service Agreement

Docket No. CP2012-23

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO  
PARCEL SELECT CONTRACT 2

(March 24, 2014)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2026.<sup>1</sup> In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to amend Parcel Select Contract 2.<sup>2</sup>

II. BACKGROUND

The Commission approved the original Parcel Select Contract 2 in Order 1349, dated May 22, 2012.<sup>3</sup> Currently, the Postal Service filed the notice that it has agreed to amend the existing Parcel Select Contract 2 subject to the current docket (Amendment). As the Postal Service asserts, the prices under Parcel Select Contract 2 “have changed as contemplated by the contract’s terms”. Notice at 1. To support the Notice, the Postal

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<sup>1</sup> Notice and Order Concerning Amendment to Parcel Select Contract 2, March 19, 2014 (Order No.2026).

<sup>2</sup> Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Parcel Select Contract 2, March 18, 2014 (Notice).

<sup>3</sup> Order Adding Parcel Select Contract 2 to the Competitive Product List, May 22, 2012 (Order No. 1349). See also: Notice of the United States Postal Service of Filing Errata to Request and Notice, May 7, 2012 (Notice of Errata).

Service files certified statement of compliance with 39 U.S.C. 3633(a) and a redacted copy of the amendment to the existing Parcel Select Contract 2. It also files (under seal) the unredacted version of the amendment and the financial documentation.

The Amendment applies to Section I.B. through I.E. and Section I.F. of the initial contract. The Amendment broadens the application of the contract to include prices and fees not only for Parcel Select DDU pieces, but also for Parcel Select DSCF 5-Digit pieces that are subject to the amended contract.<sup>4</sup> The Amendment becomes effective the day following its approval by the Commission. Notice, Attachment B at 2.

### III. COMMENTS

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product's attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial worksheets provided by the Postal Service in the initial Docket, the workpapers and documentation filed with the amendment as well as the Postal Service library reference related to Negotiated Service Agreements filed with FY2013 Annual Compliance Report.<sup>5</sup>

Based upon that review, the Public Representative concludes that the existing contract generates sufficient revenue to cover costs and satisfies the requirements of 39 U.S.C. § 3633(a). It also appears that the amended prices should generate sufficient revenue to cover costs in the period between the effective day of the Amendment and the next anniversary of the contract's effective day. The mechanism of annual adjustment of prices included in the initial contract should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) in subsequent years.<sup>6</sup>

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<sup>4</sup> Notice, Attachment A at 1-2 and Notice of Errata, Attachment B at 1-2

<sup>5</sup> Docket No. ACR2013, USPS-FY12-NP27, Revised on February 6, 2014.

<sup>6</sup> Until terminated as described in Section III of the initial contract, the instant contract will remain in effect until May 2019. Notice of Errata, Attachment B at 6.

The Public Representative is also mindful that the Postal Service continues to file cost, revenue and volume data associated with the instant contract in each year's Annual Compliance Report. This will aid the Commission in ensuring that Parcel Select Contract 2 complies with the requirements of 39 U.S.C. § 3633(a) over the life of the contract.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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