

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
NOTICE OF UNITED STATES POSTAL SERVICE OF
FILING SECOND AMENDMENT TO
PARCEL SELECT CONTRACT 2

(August 5, 2014)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2137.¹ 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 of a second amendment to Parcel Select Contract 2.²

II. BACKGROUND

The Commission approved the original Parcel Select Contract 2 in Order 1349, dated May 22, 2012.³ Subsequently, the Postal Service filed notice that it agreed to amend the Parcel Select Contract 2 subject to the current docket. Currently, the Postal Service provides notice of filing a second amendment to the afore-mentioned contract.

¹ Notice and Order Concerning Amendment to Parcel Select Contract 2 and Request for Supplemental Information, July 30, 2014.

² Notice of United States Postal Service of Filing Second Amendment to Parcel Select Contract 2, July 29, 2014.

³ 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).

Notice at 1. The Postal Service asserts, the revised language “was inadvertently excluded from the first amendment filed in this docket on March 18, 2014.” *Notice at 1.*

The Amendment applies to Section I.F. of the contract. The Amendment broadens the application of the contract to include annual adjustments to subsequent contract years.⁴ The Postal Service notes, “The amendment will not materially affect the cost coverage of the original contract.” *Id. 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 original financial worksheets provided by the Postal Service in the initial Docket, documentation filed with both amendments, and previous comments submitted by interested parties – including the former Public Representative.

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 language does not affect this revenue but allows the Postal Service to recalculate prices in subsequent years due to inflation. *Attachment A at 1.* This mechanism should help maintain the contract’s ability to meet the requirements of 39 U.S.C. § 3633(a) in subsequent years.

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.

⁴ Notice, Attachment A at 1.

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

Curtis Kidd
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6881
Curtis.Kidd@prc.gov