

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

Competitive Product Prices  
Parcel Select Contract 4 (MC2012-33)  
Negotiated Service Agreement

Docket No. CP2012-41

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO  
PARCEL SELECT CONTRACT 4  
NEGOTIATED SERVICE AGREEMENT

(December 17, 2014)

The Public Representative hereby provides comments pursuant to Order No. 2280.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of Amendment to Parcel Select Contract 4.<sup>2</sup> The Postal Service also filed (under seal) the contract amendment and supporting financial data.

The instant contract amendment is effective the day following the date on which the Commission issues all necessary regulatory approvals. Notice at 1. The contract is to expire three years from the effective date<sup>3</sup>, unless either party terminates the contract upon the provision of three months written notice, renews or extends the contract or the contract is superseded. *Id.*

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<sup>1</sup> PRC Order No. 2280, Notice and Order Concerning Amendment to a Parcel Select Contract 4, December 11, 2014.

<sup>2</sup> Notice of the United States Postal Service to Amend Parcel Select Contract 4, with Portions Filed Under Seal, December 9, 2014 (Notice).

<sup>3</sup> July 31, 2015 per the Original Contract.

**COMMENTS**

The Public Representative has reviewed the original contract, and successive amendments thereto, the Statement of Supporting Justification, and the financial data and model filed under seal that accompanies the Postal Service's Notice. Based upon that review, the Public Representative concludes that the instant contract in its final year should generate sufficient revenues to cover costs and thereby satisfy the requirements of 39 U.S.C. § 3633(a).

*Requirements of 39 U.S.C. § 3633.* Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial model filed under seal with the Postal Service's Notice, it appears the negotiated prices in the instant contract should generate sufficient revenues to cover costs during its final year.

In addition, the Commission has, and has had, an opportunity to review the financial results of the instant contract for compliance with 39 U.S.C. § 3633(a) each year of the contract in the Annual Compliance Determination.

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

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