

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Express and Priority Mail Contract 12
(MC2013-33)
Negotiated Service Agreement

Docket No. CP2013-44

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT TO
PRIORITY MAIL EXPRESS & PRIORITY MAIL CONTRACT 12

(August 7, 2015)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2635.¹ 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 amendment to Priority Mail Express & Priority Mail Contract 12 (Contract 12).²

II. BACKGROUND

The Commission approved the original Priority Mail Express & Priority Mail Contract 12 in Order No. 1652, dated February 11, 2013.³ On February 25, 2013 the

¹ Notice and Order Concerning Amendment 2 to a Priority Mail Express & Priority Mail Negotiated Service Agreement, August 4, 2015 (Order No.2635).

² Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Express & Priority Mail Contract 12, July 31, 2015 (Notice).

³ Order Adding Express Mail & Priority Mail Contract 12 to the Competitive Product List, February 11, 2013 (Order No. 1652). See also: Request of the United States Postal Service to Add Express Mail & Priority Mail Contract 12 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, January 23, 2013 (Request).

Commission approved the first amendment to the original Contract 12 (Amendment 1).⁴ On July 31, 2015, the Postal Service filed notice that it has agreed to the second amendment to the existing Priority Mail Express & Priority Mail Contract 12 (Amendment 2). To support the Notice, the Postal Service filed a redacted copy of Amendment 2 and a certification of compliance with 39 U.S.C. § 3633(a). Notice, Attachment A and B. The Postal Service also filed (under seal) the unredacted Amendment 2 and the updated financial documentation.

The Postal Service's Amendment 2 revises Section I ("Terms") by inserting new Sections I.F. and I.G. that set up contract prices. Amendment 2 also entirely replaces Section II ("Annual Adjustment") of the shipping services contract. Notice, Attachment A. Amendment 2 is scheduled to become effective one business day after the Commission completes its review of the filing. Notice at 1.

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 documentation filed under seal with the Notice, the original Contract 12 and Amendment 1. The Public Representative has also reviewed the library reference related to the Negotiated Service Agreements and filed in the FY 2014 Annual Compliance Report.

Based upon that review, the Public Representative concludes that Contract 12 should continue to generate sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a) during the next year of the contract. The terms of the amended contract include a mechanism of annual adjustment of prices that should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) over

⁴ Order Concerning Amendment to Express Mail & Priority Mail Contract 12, February 25, 2013 (Order No. 1667). See also Notice of United States Postal Service of Amendment to Express Mail & Priority Mail Contract 12, with Portions Filed under Seal, February 15, 2013.

the lifetime of the contract. The Commission will have an opportunity to review the revenue, cost and volume data for the amended Contract 12 in the future Annual Compliance Determination Reports.

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

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