

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

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Tony Hammond

Competitive Product Prices  
Priority Mail Contract 59 (MC2013-52)  
Negotiated Service Agreement

Docket No. CP2013-66

ORDER APPROVING AMENDMENT TO A  
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued July 8, 2016)

I. INTRODUCTION

The Postal Service seeks to amend the terms of Priority Mail Contract 59.<sup>1</sup> The Commission approves the Amendment.

II. BACKGROUND

In Order No. 1759, the Commission approved Priority Mail Contract 59 negotiated service agreement (Existing Agreement).<sup>2</sup> On July 7, 2016, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

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<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Contract 59, with Portions Filed Under Seal, July 7, 2016 (Notice). The amendment is an attachment to the Notice (Amendment).

<sup>2</sup> See Docket Nos. MC2013-52 and CP2013-66, Order Adding Priority Mail Contract 59 to the Competitive Product List, June 24, 2013 (Order No. 1759).

See Notice. The Amendment makes changes to section III of the Existing Agreement, which relates to the expiration date. Notice, Attachment A at 1. The Existing Agreement was initially set to expire after a three year term ending on June 24, 2016, but was later extended to July 24, 2016, following the Commission's approval of the Postal Service's request for temporary relief.<sup>3</sup>

The terms of the Amendment replace section III in its entirety and state that the Existing Agreement "shall expire four [] years from the effective date." Notice, Attachment A at 1. The effective date of the Existing Agreement is June 24, 2013. Therefore, the Existing Agreement, as amended, will expire on June 24, 2017.

In all other respects, the Existing Agreement remains unchanged. See *generally*, Notice, Attachment A. The Notice states that the amendment will not materially affect the Existing Agreement's cost coverage. Notice at 1. The Postal Service intends for the Amendment to become effective on the day the Commission completes its review of the filing. *Id.*

### III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of

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<sup>3</sup> See Order No. 3376, Order Granting Motion for Temporary Relief, June 17, 2016. See also Docket Nos. MC2013-52 and CP2013-66, Request of the United State Postal Service to Add Priority Mail Contract 59 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, June 12, 2013.

institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment does not affect the cost coverage or compliance with existing regulatory requirements for the Existing Agreement. The Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Postal Service states that the Amendment shall become effective on the day the Commission completes its review. Notice at 1. The Existing Agreement, as amended, will expire June 24, 2017, unless, among other things, either party terminates the contract with 30 days' written notice to the other party or it is renewed by mutual agreement.<sup>4</sup>

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Contract 59 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Ruth Ann Abrams  
Acting Secretary

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<sup>4</sup> See *id.* Attachment A at 1. Should both parties agree to renew the agreement, any such renewal is required to follow the requirements of 39 U.S.C. § 3633 and the Commission's implementing regulations of 39 C.F.R. part 3015.