

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

Competitive Product Prices  
Priority Mail Contract 169 (MC2016-43)  
Negotiated Service Agreement

Docket No. CP2016-52

PUBLIC REPRESENTATIVE COMMENTS ON  
NOTICE OF UNITED STATES POSTAL SERVICE OF  
CHANGE IN PRICES PURSUANT TO  
AMENDMENT TO PRIORITY MAIL CONTRACT 169

(August 11, 2016)

The Public Representative hereby provides comments pursuant to a Commission notice initiating the instant docket.<sup>1</sup> In that Notice, the Commission invites public comment, including comments from the undersigned Public Representative, regarding the Notice of the United States Postal Service to Change Prices Pursuant to Amendment to Priority Mail Contract 169.<sup>2</sup> The Commission previously added Priority Mail Contract 169 to the competitive product list.<sup>3</sup>

## COMMENTS

For compliance purposes, the Postal Service provided with its initial filings: (1) a redacted version of the Governors' Decision and accompanying analysis, (2) a redacted version of the Contract 167, (3) requested changes in the Mail Classification product list, (4) statement of supporting justification, (5) certification of compliance with 39 U.S.C. § (a)(1) and (3), an application for Nonpublic Treatment of the materials filed under seal,

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<sup>1</sup> Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings), August 5, 2016 (Commission Notice).

<sup>2</sup> Notice of the United States Postal Service to Change Prices Pursuant to Amendment to Priority Mail Contract 169, August 4, 2016 (Postal Service Notice).

<sup>3</sup> See Order No. 3073, Order Adding Priority Mail Contract 169 to the Competitive Product List, February 12, 2016.

and (6) cost and revenue data under seal. Based upon review of these files, the Public Representative concluded that the Postal Service's original filings were consistent with the policies of Title 39 U.S.C.<sup>4</sup>

In addition, based upon review of the financial data presented in the initial filing, the Public Representative concluded that Priority Mail Contract 169 should meet the requirements of 39 U.S.C. § 3633(a).<sup>5</sup> Notwithstanding, he offered two recommendations to the Postal Service for the Commission's consideration: more transparency in explaining the provisions offered under this contract, and provide contract-specific data in each Annual Compliance Determination proceeding during the life of the contract, including revenues, volumes by weight step, workhours, and miles.<sup>6</sup>

As part of its filings in the instant docket, the Postal Service's Notice includes two sets of financial data.<sup>7</sup> The first includes real/actually data from FY 2016 Q2 and Q3 and the other includes estimates based on the proposed price amendment. The Public Representative compared these models with the previous model initially filed. Based on this comparison and an assessment of the new estimates, the Public Representative is concerned that the Postal Service may not be able to satisfy section 3633(a) of 39 U.S.C.

As a result, the Public Representative urges the Commission to carefully investigate the changes filed in this docket and assess whether these changes will allow the Postal Service to satisfy 39 U.S.C. § 3633(a).

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<sup>4</sup> 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.

<sup>5</sup> Docket No CP2016-52, Public Representative Comments on Postal Service Request to Add Priority Mail Contract 169 to Competitive Product List, January 22, 2016 at 4.

<sup>6</sup> Id. at 5.

<sup>7</sup> The Postal Service filed a redacted version of the supporting financial documentation under seal in a separate Excel file.

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

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