

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT & PARCEL RETURN SERVICE CONTRACT 3
(MC2012-15)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2012-22

**NOTICE OF UNITED STATES POSTAL SERVICE OF
CHANGE IN PRICES PURSUANT TO AMENDMENT TO
PARCEL SELECT AND PARCEL RETURN SERVICE CONTRACT 3**
(September 23, 2016)

The Postal Service hereby provides notice that prices under Parcel Select and Parcel Return Service Contract 3, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select and Parcel Return Service Contract 3 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

The supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3015.5, are also included with this filing. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.

Chief Counsel, Pricing and Product Support

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September 23, 2016

ATTACHMENT A
AMENDMENT TO PS-PRS CONTRACT 3

AMENDMENT 3 OF 3
TO
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND

[REDACTED]
REGARDING
PARCEL SELECT AND PARCEL RETURN SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a shipping services contract regarding Parcel Select Service and Parcel Return Service on April 25, 2012, as amended by Amendment 1 on October 14, 2014 and Amendment 2 on June 18, 2015 (the "Contract"); and

WHEREAS, the Parties desire to amend the terms of the contract in Sections I.B, I.C, I.D.5, I.E and III, and amend the Customer's name listed in the contract, to reflect the Customer's new company name, all as detailed below.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. All other sections, provisions and exhibits contained in the Contract shall remain unchanged and in effect pursuant to Section 3 of the Contract. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.C, I.D.5, I.E and III in their entirety, as follows:]

"I. Terms

- B. This Contract applies to Customer's Parcel Select DDU pieces [REDACTED] ("DDU pieces"), Parcel Return Service RDU pieces [REDACTED] ("RDU pieces"), Parcel Return Service RSCF pieces [REDACTED] ("RSCF pieces"), Parcel Select DSCF 3-Digit [REDACTED] [REDACTED] mailed to ZIP Codes that are identified in Attachment A to the Contract ("DSCF [REDACTED] pieces"), and Parcel Select DSCF 3-Digit [REDACTED] [REDACTED] mailed to any ZIP Codes that are not identified in Attachment A to the Contract ("DSCF Non Rural pieces"), subject to the following limitations: (1) any DDU pieces addressed to any ZIP Code in Attachment A; and (2) any pieces mailed as Parcel Select Lightweight packages, do not qualify for Contract Pricing under this Contract. All pieces eligible for Contract Pricing under this Contract shall collectively be known as "Contract Packages." The ZIP

Codes contained in Attachment A to the Contract will remain in effect for the term of the Contract, unless mutually modified by the Parties during the Business Reviews (Section I.G). The ZIP Codes contained in Attachment B to this Amendment, as more particularly described in Section II below, will remain in effect for the term of the Contract, unless the Postal Service provides thirty (30) day notice to Customer of a change to Attachment B.

C. Customer will manifest Contract Packages as specified by the Postal Service, and will use Electronic Verification System (eVS) or an approved USPS PC Postage vendor for shipments of such packages. Customer shall provide the Postal Service, in writing, a list of any permit numbers used for shipment of Contract Packages. Contract pricing for any newly reported permit numbers will be effective within fifteen (15) calendar days after the Postal Service receives written notification from Customer.

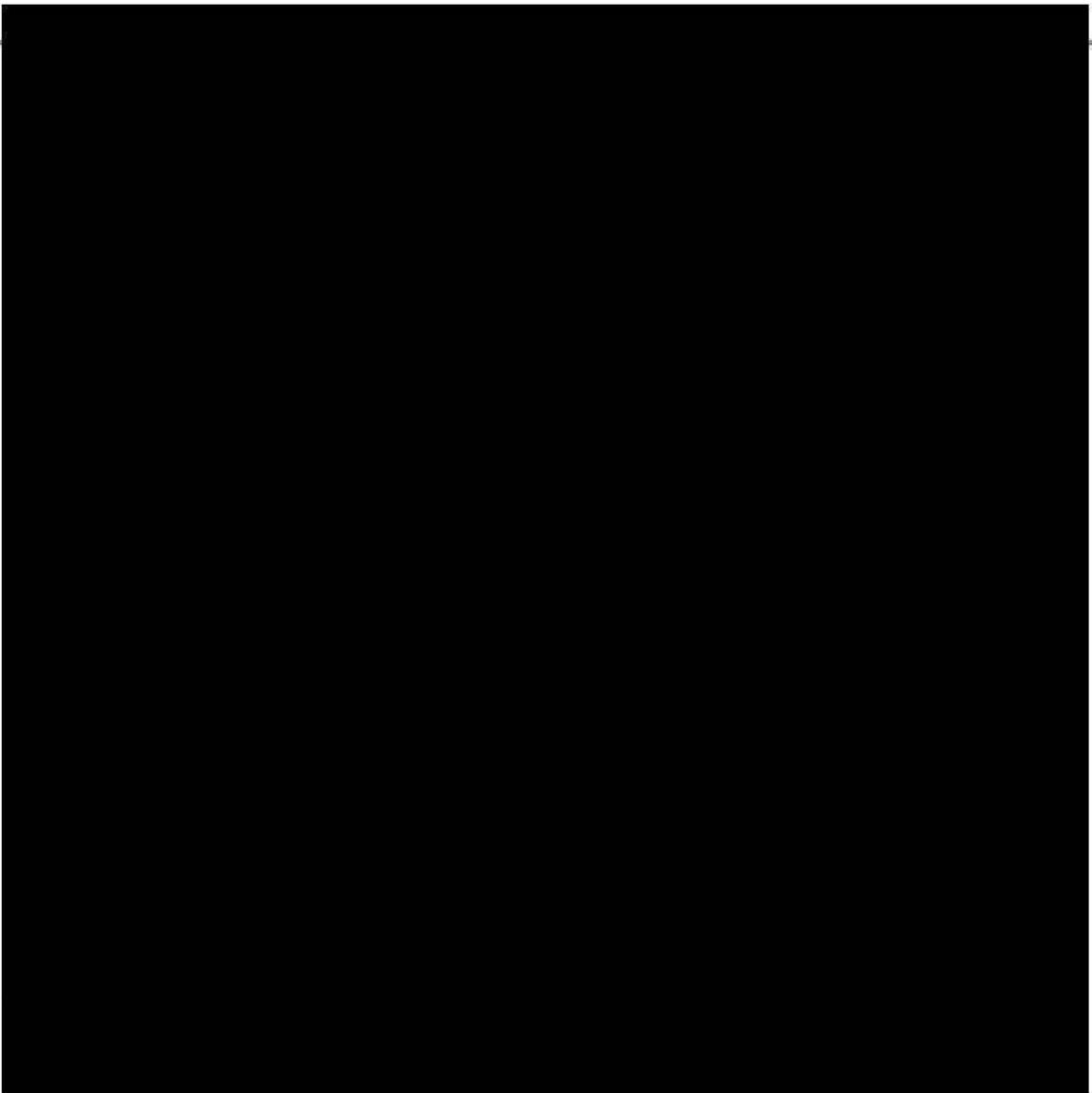
D. Price Calculation

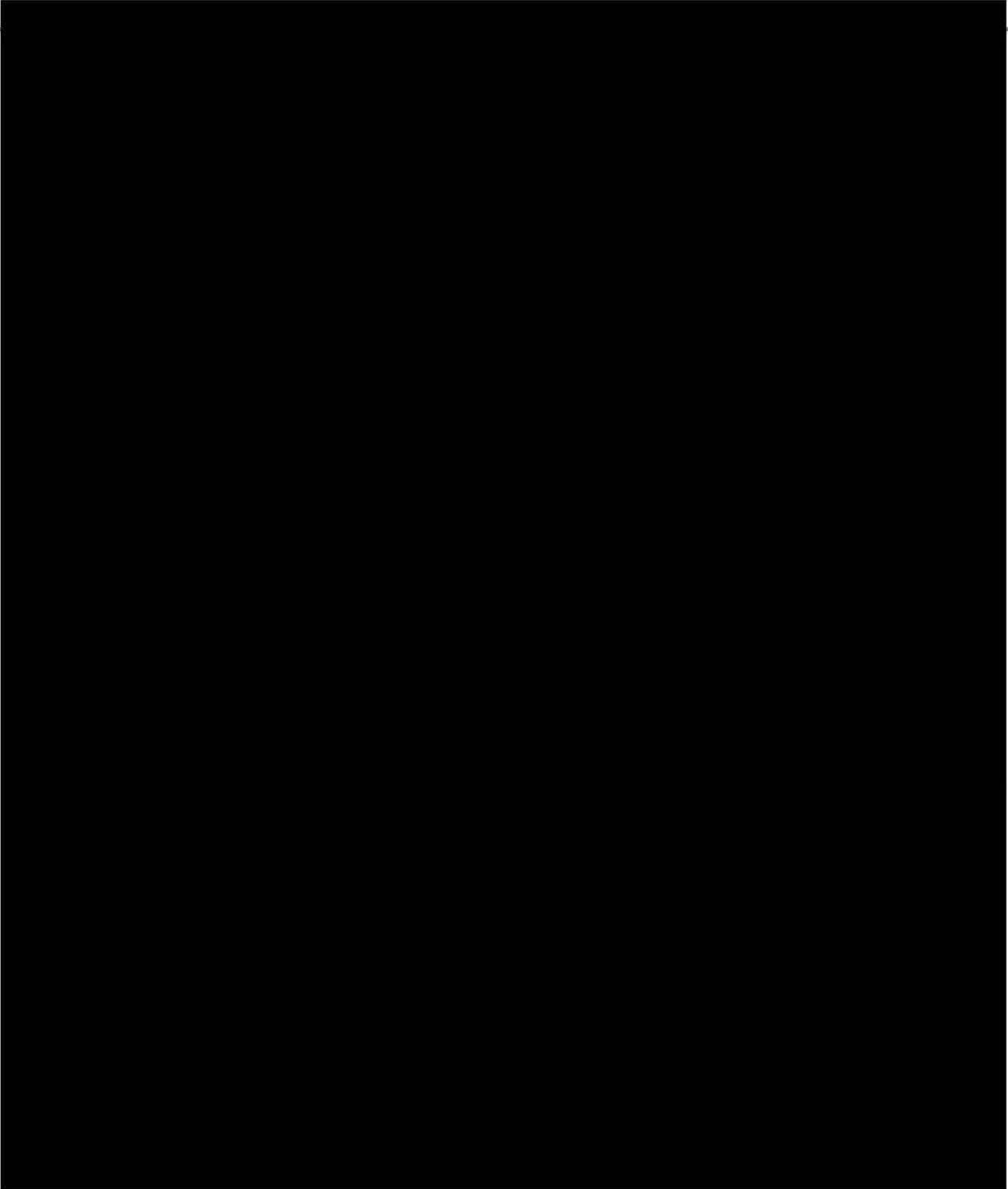
5. Beginning on the Effective Date of this Amendment, the rates in Tables 1a, 1b and 1c below shall apply to Customer's DDU, DSCF [REDACTED] DSCF [REDACTED] RDU and RSCF pieces.

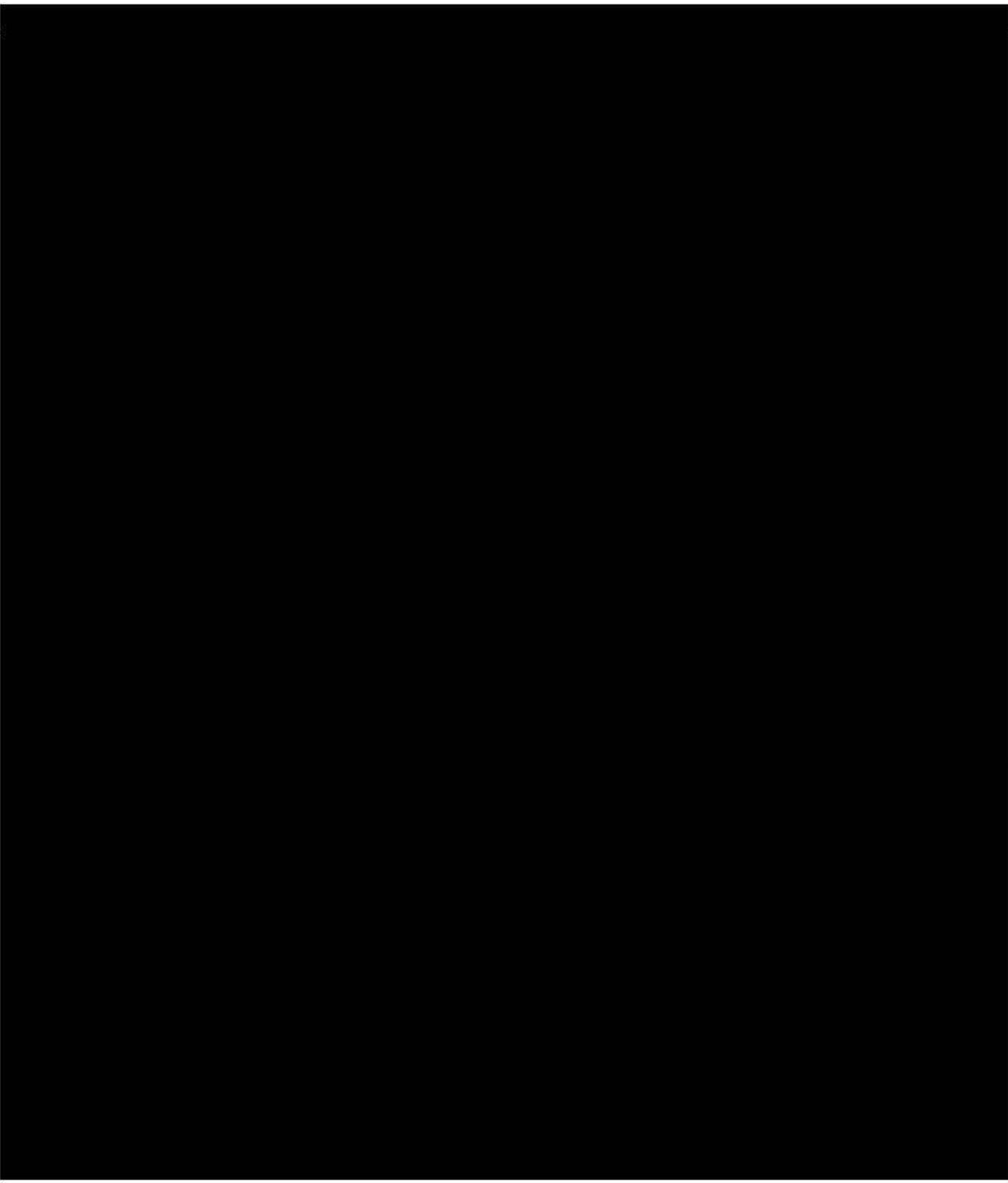
Customer shall receive prices pursuant to Table 1a below for DDU, DSCF [REDACTED] and DSCF [REDACTED] pieces from the effective date of this Amendment until the first anniversary date of this contract. Customer shall also receive Tier 1 prices, pursuant to Tables 1b and 1c below for RDU and RSCF pieces, from the effective date of this Amendment through the end of the first full Contract Quarter after the effective date of this Amendment.

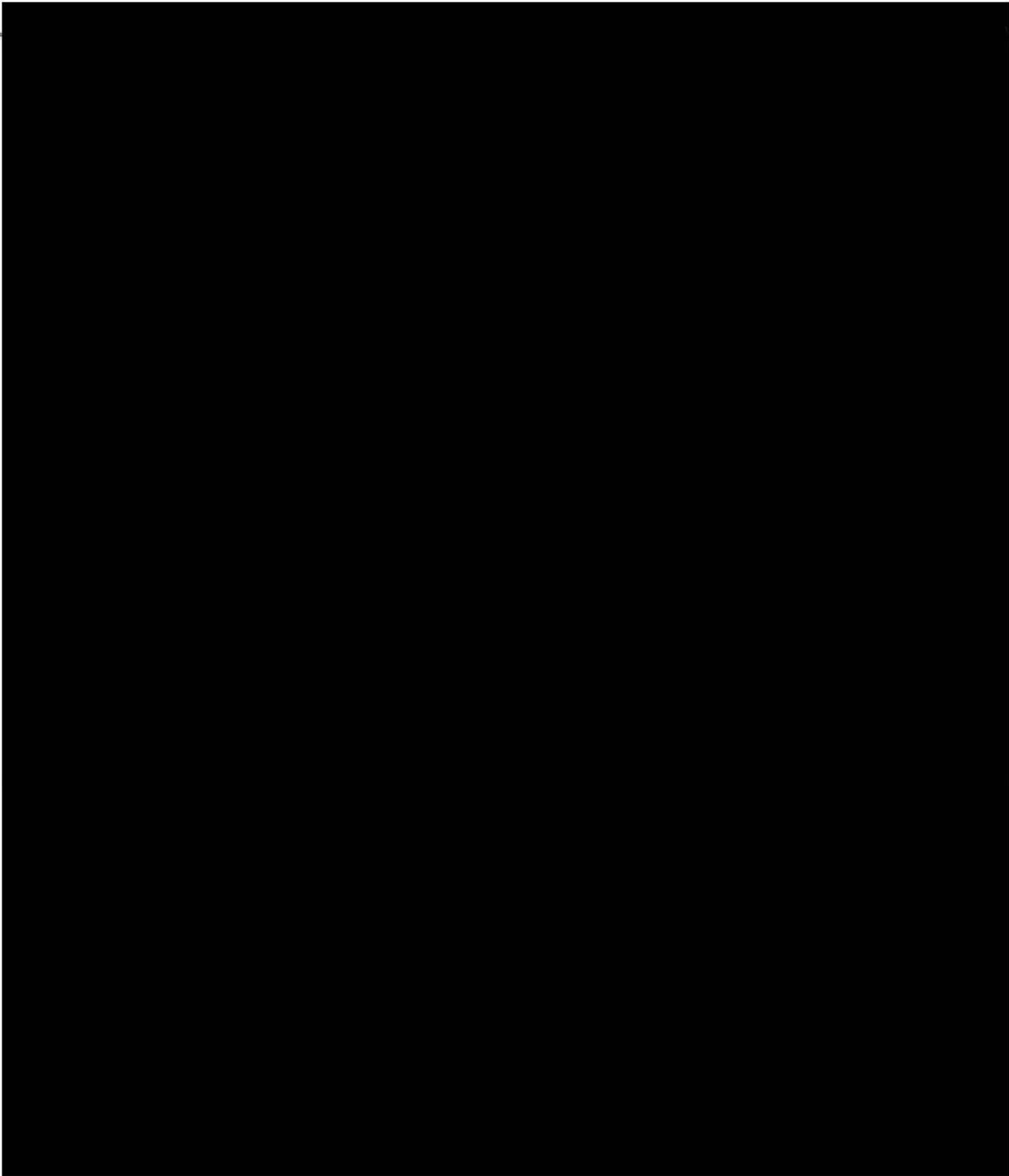
a. Contract prices for Customer's RDU pieces and RSCF pieces (Tables 1b and 1c below, respectively) shall be based on the Customer's previous trailing four (4) Contract Quarter's volume of RDU and RSCF pieces at the end of this full Contract Quarter.

b. The Postal Service will monitor Customer's volume of RDU and RSCF Packages, and, within ten (10) days after the start of each Contract Quarter, Postal Service and Customer will agree on the applicable tier for that Contract Quarter based on Tables 1b and 1c below, respectively. Tier price changes will be effective within fifteen (15) days after the start of each Contract Quarter.



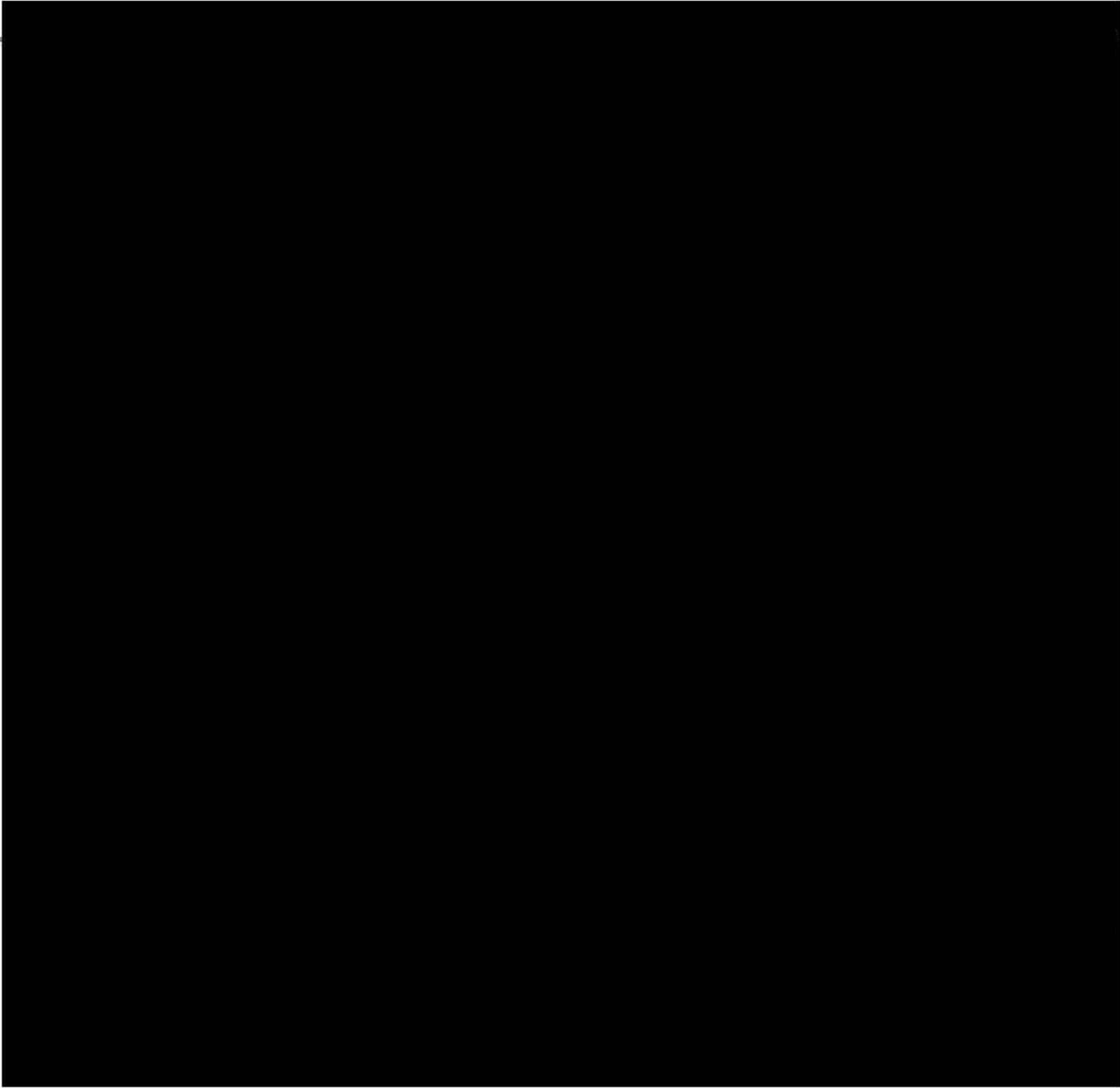






E. Annual Adjustment

- I. For subsequent Contract Years, Contract rates for each weight cell shown in Tables 1a through 1c for the Customer's DDU pieces, DSCF [REDACTED] pieces, DSCF [REDACTED] pieces, RDU pieces, and RSCF pieces shall be calculated as follows:
 - a. If the Postal Service increases published rates of general applicability for a Parcel Select weight cell and/or Parcel Return Service weight cell, the DDU Rate, DSCF [REDACTED] Rate, DSCF [REDACTED] Rate, RDU Rate, and RSCF Rate for each corresponding cell shown in Tables 1a through 1c shall become the lesser of: (1) the preceding Contract Year's price, plus the most recent (as of the anniversary date) published percentage increase in the rate for each applicable weight cell or (2) the preceding Contract Year's price, plus [REDACTED]
 - b. If the Postal Service maintains (no increase or decrease) published rates of general applicability for a Parcel Select weight cell and/or Parcel Return Service weight cell, there shall be no change to the Contract pricing for the subsequent Contract Year for that particular weight cell.
 - c. If the Postal Service decreases published rates of general applicability for a Parcel Select weight cell and/or Parcel Return Service weight cell, the DDU Rate, DSCF [REDACTED] Rate, DSCF [REDACTED] Rate, RDU Rate, and RSCF Rate for each corresponding cell shown in Tables 1a through 1c shall be the lesser of: (1) the preceding Contract Year's price plus [REDACTED] or (2) the prevailing published rate, minus [REDACTED] for DDU pieces; the prevailing published rate, minus [REDACTED] for the RDU pieces; the prevailing published rate, minus [REDACTED] for RSCF pieces; the prevailing published rate, minus the corresponding percentage for each cell contained in Table 1d below, for DSCF [REDACTED] pieces and DSCF [REDACTED] pieces.



2. In any Contract Year, if the published percentage increase for any rate cell in Tables 1a through 1c increases more than [REDACTED], the difference between the published percentage increase for such cell and [REDACTED] shall be banked and applied to the following Contract Year's annual adjustment for that cell. In no event shall any rate cell in Tables 1a through 1c increase by an amount that exceeds [REDACTED] of the previous Contract Year's rate for such cell.
3. In the event there is a Contract rate increase under Section I.E.1.a,

the Postal Service may elect to charge Customer a rate for DDU, RDU, RSCF, DSCF [REDACTED] and/or DSCF [REDACTED] pieces that is less than either: (1) the preceding Contract Year's prices, plus the most recent (as of the anniversary date) published percentage increase in those rates for each applicable weight cell or (2) the preceding Contract Year's prices, plus [REDACTED]. The reduced DDU Rate, RDU Rate, RSCF Rate, DSCF [REDACTED] Rate, and DSCF [REDACTED] Rate for each applicable weight cell would be reflected in Tables 1a through 1c for the subsequent Contract Year.

4. The annual adjusted prices will take effect on June 1st of each Contract Year. The Postal Service shall supply Customer the updated rate for each cell shown in Tables 1a through 1c no later than May 15th of each Contract Year.
5. Contract prices for subsequent Contract years will be calculated by the Postal Service and rounded to the nearest whole cent (i.e., \$0.015 and above becomes \$0.02, and \$0.014 and below becomes \$0.01)."

III. Expiration Date and Termination

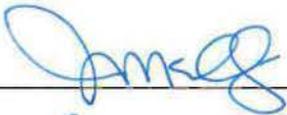
This contract shall expire on May 31, 2021, unless (1) terminated by mutual agreement in writing, (2) renewed by mutual agreement in writing, (3) superseded by a subsequent written contract between the Parties, (4) ordered by the Commission or a court, or (5) required to comply with subsequently enacted legislation. Either Party may terminate this contract for convenience upon providing twelve (12) months written notice.

The Parties hereby agree to change the Customer's company name from [REDACTED] to [REDACTED]. Customer's principal office address will remain the same.

Apart from the name change and the revisions to Sections I.B, I.C, I.D.5, I.E and III detailed above, all other provisions of the contract remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on its behalf by its duly authorized representative.

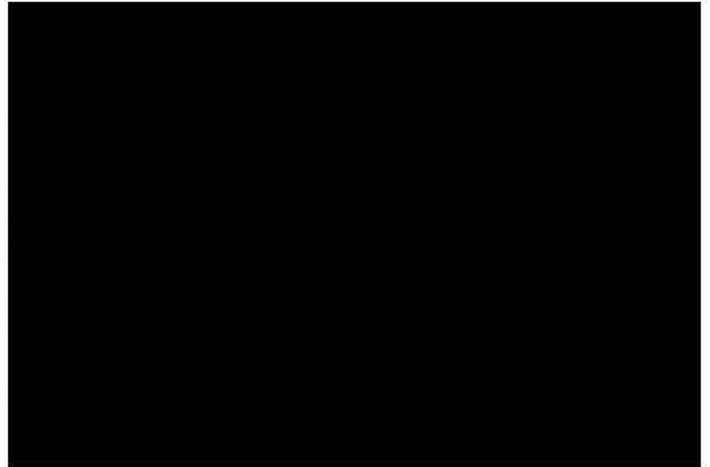
UNITED STATES POSTAL SERVICE

By: 

Printed Name: ^{for} Cliff Rucker

Title: VP Sales

Date: 9/13/16

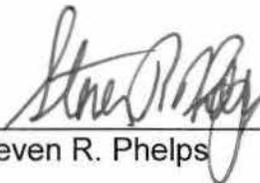


ATTACHMENT B
FINANCIAL CERTIFICATION

**Certification of Prices for Amendment to
Parcel Select/Parcel Return Service Contract 3**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select/Parcel Return Service Contract 3. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.



Steven R. Phelps