

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Priority Mail Contract 166  
(MC2016-40)  
Negotiated Service Agreement

Docket No. CP2016-49

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO  
PRIORITY MAIL CONTRACT 166

(October 13, 2016)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to a notice initiating this docket.<sup>1</sup> In that Initiating Notice, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service notice to Amend Priority Mail Contract 166.<sup>2</sup>

II. BACKGROUND

The Commission approved the original Priority Mail Contract 166 in Order No. 3070.<sup>3</sup> In that Order the Commission ordered the Postal Service to provide contract specific volumes, costs, and workhours on a quarterly basis for the duration of the contract. *Id* at 10. The Commission required that if after four consecutive quarterly

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<sup>1</sup> Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, October 6, 2016 (Initiating Notice).

<sup>2</sup> Notice of United States Postal Service of Amendment to Priority Mail contract 166, October 5, 2016 (Notice).

<sup>3</sup> Order Adding Priority Mail Contract 166 to the Competitive Product List, February 12, 2016 (Order No. 3070).

filings the contract is not covering its costs, the Postal Service must negotiate an amendment raising prices or terminate the contract in accordance with Article IV of the contract. *Id.*<sup>4</sup> To support the Amendment Notice, the Postal Service filed a redacted copy of the amendment in Attachment A. The amendment is scheduled to become effective two business days 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 financial worksheets filed, as well as all other documentation related to the original and amended Priority Mail Contract 166. Based upon that review, the Public Representative concludes that the requested amendment for Priority Mail Contract 166 will satisfy the requirements of 39 U.S.C. § 3633(a) going forward. The Public Representative recommends that the Commission review the financial data filed with this amendment carefully. The Commission is also urged to carefully monitor future quarterly filings related to the contract-specific volumes, costs, and workhours to ensure this contract remains in compliance with 39 U.S.C. 3633(a). The Commission will also have an opportunity to review the revenue, cost and volume data for the amended Priority Mail Contract 166 in its future Annual Compliance Determination Reports.

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

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<sup>4</sup> The first required quarterly report was filed under seal on August 3, 2016.

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