

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
International Business Reply Service Contracts 1
Negotiated Service Agreement

Docket No. CP2009-22
(MC2009-14)

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE TO
UNITED STATES POSTAL SERVICE NOTICE CONCERNING FILING OF
ADDITIONAL INTERNATIONAL BUSINESS REPLY SERVICE CONTRACT 1
NEGOTIATED SERVICE AGREEMENT

(February 11, 2009)

In response to Order No. 177,¹ the Public Representative hereby comments on the January 30 Request (hereafter "Notice") of the United States Postal Service to approve an additional International Business Reply Service (IBRS) Contract 1 negotiated service agreement (NSA).

The Notice complies with title 39 stipulations and the relevant Commission Rules of Practice and Procedure. It appears, therefore, to be beneficial to the general public.

The Public Representative has accessed and reviewed all materials the United States Postal Service submitted under seal in this matter, documentation

¹ Notice and Order Concerning Filing of Additional International Business Reply Service Contract 1 Negotiated Service Agreement February 4, 2009.

in its original (not redacted) version. Additionally, it appears from the data submitted that the instant contract's pricing terms fully comport with the Governors' December 24, 2008 Decision (08-24). Due to its substantially similar content, form and purpose, this NSA appears to be the functional equivalent of the recently-approved IBRS NSA (Docket Nos. MC2009-14 and CP2009-20, Commission Order 178, February 5, 2009). The Notice (and its accompanying documentation) is persuasive. Each element of 39 USC 3633(a) appears to be met by this IBRS contract.

Accountability and Confidentiality

For a competitive products pricing schedule *not of general applicability*,² the Postal Service must demonstrate that the contract will comply with 39 USC 3633(a): It will not allow market dominant products to subsidize competitive products, it will ensure that each competitive product covers its attributable costs; and enable competitive products as a whole to cover their costs (contributing a minimum of 5.5 percent to the Postal Service's total institutional costs). The Governors and the Postal Service executives who analyzed this NSA certified that that the IBRS contract meets the statutory requirements.

The Postal Service Notice contains a rationale for maintaining confidentiality concerning pricing, processes which enable discounted pricing, the attendant formulae and other contractual terms which are matters of commercial

² See 39 C.F.R. 3015.5-7.

sensitivity.³ Here, it would appear that the Postal Service has concisely justified the extent of confidentiality appropriate in this matter, providing a brief explanation for maintaining the confidentiality of each aspect of the matters remaining under seal. It appears that the Postal Service has made a good faith effort to supply enough pertinent details to demonstrate the need for material under seal to be protected.

Public Interest in International Business Reply Service

The general public interest in Business Reply Mail (BRM) is served by having an affordable and facile method of responding to business proposals, or returning merchandise. Domestic BRM is a service purchased by the original mailer. With BRM, the mailer can receive First-Class Mail back from customers and pay postage only for the pieces returned to the mailer from the original distribution of BRM pieces. These pieces are starkly different from other mail. They must have a specific address (automation readable) and format. In a rectangle above the address with the legend, "Business Reply Mail," the mailer's BRM permit number and Post Office where the permit is held are noted. A box in the upper right corner of the mailpiece indicates there is "no postage necessary" when conditions are met. To the left, several vertical bars -- comprising the Facing Identification Mark (FIM) appear. Immediately below the "no postage"

³ Postal Service Request, at 2-3.

indicum, a series of horizontal bars parallel to the length of the mailpiece. The thick bars must be uniform in length, at least one inch long and evenly spaced.

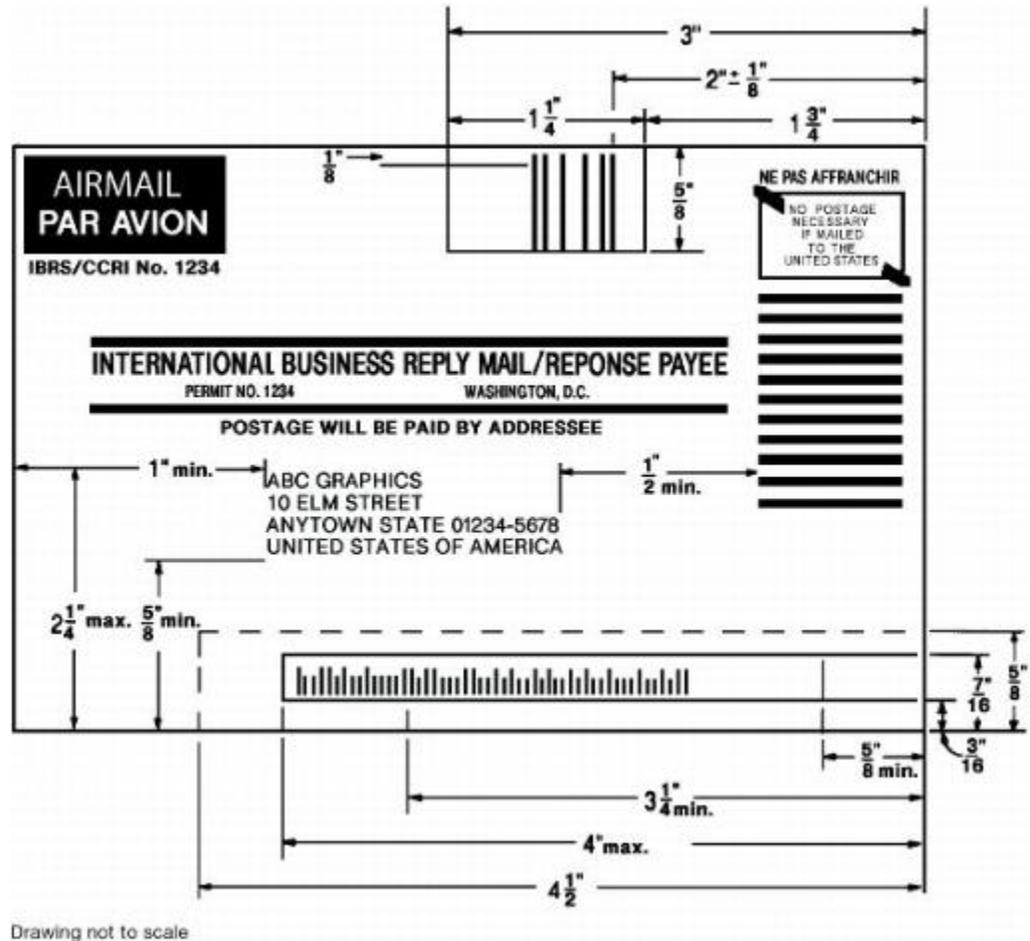


Illustration from the *International Mail Manual* Issue 35, May 12, 2008 (updated with *Postal Bulletin* revisions through January 29, 2009), Exhibit 373.6.

Only BRM permit holders may use business reply mail, and postage and fees are collected when the mail is delivered back to the original mailer. Nevertheless, the special formatting enables BRM to be processed expeditiously throughout its handling. Delivery occurs when the BRM permit holder picks up

the replies at the designated postal facility. For business mailers, this service provides an excellent means for customers to contact the permit holder.

Aside from the convenience of using BRM to communicate with permit holders, and the added efficiencies BRM can add to mail processing, the interest of the general public in BRM is somewhat tangential. One might think of BRM as the sophisticated business' *Répondez s'il vous plaît*, providing a free method for the correspondent to R.S.V.P. It is a refinement of courtesy reply mail (CRM), where a mailer provides envelopes or postcards to customers, to expedite delivery of their responses. With CRM, the correspondent must affix the postage before mailing the reply. The general public might also see a relation between IBRS and international reply coupons (IRCs). These are coupons that are exchangeable for postage at post offices in member countries of the Universal Postal Union. IRCs are sold by post offices worldwide. IRCs enable members of the public to prepay the postage for a return reply from a foreign correspondent.

When a product increases the efficiency of the mails, it serves the public interest. IBRS not only does so, it makes it more efficient for the business mailer to further transactions with foreign customers. Doing so at a negotiated rate is in the best interest of the mailer, the Postal Service and ultimately, the general public who uses the mail – a “win-win-win” situation.

Cost Coverage

The essential inquiry into competitive products and competitive product NSAs is that of cost coverage, individually and in the aggregate, and assurance

that the product will contribute a requisite percentage to the Postal Service's institutional costs. Pricing data submitted under seal indicate that this NSA indicates an affirmative to each part of this three-point inquiry.

Conclusion

The Public Representative submits that the present IBRS Contract 1 agreement complies with title 39. It will not allow market dominant products to subsidize competitive products, it will ensure that each competitive product covers its attributable costs; and enable competitive products as a whole to cover their costs (contributing a minimum of 5.5 percent to the Postal Service's total institutional costs). The Postal Service request also fulfills all relevant requirements for Commission Rules of Practice and Procedure.

The Public Representative respectfully offers the preceding Comments for the Commission's consideration.

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