

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

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman; and  
Robert G. Taub

Competitive Product Prices  
International Business Reply Service  
Competitive Contract 3 (MC2011-21)  
Negotiated Service Agreement

Docket No. CP2015-10

PUBLIC REPRESENTATIVE COMMENTS ON THE  
POSTAL SERVICE NOTICE TO FILE AN ADDITIONAL  
INTERNATIONAL BUSINESS REPLY SERVICE COMPETITIVE CONTRACT 3  
NEGOTIATED SERVICE AGREEMENT

(November 24, 2014)

The Public Representative hereby provides comments pursuant to Order No. 2248.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, regarding the Postal Service Notice to enter into an additional International Business Reply Service (IBRS) competitive contract 3.<sup>2</sup> IBRS competitive contracts included within the International Businesses Reply Service Competitive Contract 3 product “are businesses that sell light-weight articles and their containers to foreign consumers and desire to offer their consumers a way to return those articles to the United States.” Notice at 4.

In this proceeding, the Postal Service requests that the Commission add the instant contract to the IBRS Competitive Contract 3 product based on its functional

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<sup>1</sup> PRC Order No. 2248, Notice and Order Concerning Additional International Business Reply Service Negotiated Service Agreement, November 13, 2014. (Order)

<sup>2</sup> Notice of United States Postal Service Filing of a Functionally Equivalent International Business Reply Service Competitive Contract 3 Negotiated Service Agreement, November 12, 2014 (Notice).

equivalence to the baseline contract in Docket Nos. MC2011-21 and CP2011-59. Notice at 6. The Postal Service intends for the contract that is the subject of this docket to become effective within thirty days after receiving the approval of the entities that have oversight responsibilities for the USPS. The contract will remain in effect for two calendar years from the Effective Date unless termination of the agreement occurs earlier. *Id.* at 3.

After reviewing all materials filed in this docket, the Public Representative recommends approval of this contract.

## COMMENTS

The Public Representative has reviewed the negotiated contract and supporting financial model filed under seal that accompanies the Postal Service's Notice. Based upon that review, the Public Representative concludes that the instant contract is functionally equivalent to the baseline agreement. In addition, it appears the negotiated prices in the instant contract should generate sufficient revenues to cover costs and satisfy the requirements of 39 U.S.C. § 3633.

*Functional Equivalence.* The Postal Service asserts that the instant contract is functionally equivalent to the IBRS 3 baseline contract. Notice at 4. However, the Postal Service identifies what it considers to be "minor differences" between the instant contract and the IBRS 3 baseline contract, including: a revision to Article 15, which states that "the Postal Service may be required to file information in connection with the contract (including revenue, cost, or volume data) in other Commission dockets, including various ACR dockets; and an additional Article 30, concerning Intellectual Property, Co-Branding, and Licensing. *Id.* at 5. For other contract differences, the Postal Service maintains that the differences do not affect either the fundamental service that the Postal Service is offering nor the fundamental structure of the agreement. *Id.* The Public Representative agrees and concludes that the instant contract is functionally equivalent to the baseline agreement.

*Requirements of 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. Based upon a review of all documents filed as well as the financial model filed under seal, it appears the negotiated prices in the instant contract should generate sufficient revenues to cover costs and make the required contribution to institutional costs and thereby satisfy the requirements of section 3633(a).

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

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