

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

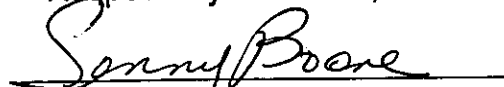
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

NOTICE OF
THE NATIONAL NEWSPAPER ASSOCIATION
CONCERNING ERRATA TO
THE TESTIMONY OF
WITNESS HEATH
(NNA-T-1) (ERRATA)

(JULY 11, 2000)

Pursuant to the Commission's Rules of Practice, the National Newspaper Association hereby provides notice of the filing of errata to the testimony of Witness Heath (NNA-T-1). These corrections to typographical errors in Witness Heath's were testimony were entered into the transcript July 10, 2000, when Witness Heath was examined orally before the Postal Rate Commission. The errata correct lines 14 on page 8 ("Shopping" corrected to "Shipping") and 16 on page 20 ("To Unfriendly" deleted). The attached pages replace the original pages 8 and 20, filed as part of NNA-T-1 on May 22, 2000.

Respectfully submitted,



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NNA General Counsel
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III. NNA Proposes Extending the DDU Discount Rate to Exceptional

2 Dispatch Mail, with Appropriate Limitations

3 In R97-1, NNA asked the Commission to recommend a discount
4 equivalent to the DDU rate for periodicals volumes utilizing exceptional dispatch.
5 In this case, I am renewing my request, suggesting some limitations that may
6 resolve misgivings about this proposal, and offering additional information that
7 may help the Commission to evaluate the need for this discount.

8 The Commission heard testimony in R97-1 from me and from Patsy
9 Speights, publisher of the Prentiss (MS) Headlight. We explained that current
10 exceptional dispatch mail was being carried by mailers at their own expense,
11 without compensation through a discount for bypassed transportation and mail
12 processing functions.

13 The Commission did not recommend the discount, but urged the Postal
14 Service to work with NNA to improve options for Plant Verified Drop Shipping
15 (PVDS). It also agreed to the Postal Service's request to lower the additional
16 entry fee from \$85 to \$50, to assist community newspapers in overcoming entry
17 barriers to achieving DDU discounts.

18 In this case, I offer further information to explain how exceptional dispatch
19 works today and why the prescriptions suggested in R97-1 have not achieved the
20 improvements the Commission may have hoped for. I explain why exceptional
21 dispatch provides both the mailers and the Postal Service with important
22 protections and why a DDU discount would add no new costs to the system, but
23 would also open no new risks for the Postal Service. I further explain that in
24 today's periodicals processing environment, it behooves both the Postal Service

2 volume. But these rates will deprive the Postal Service of the benefit of the
3 circulation growth.

4 There are two likely results from this sort of impact. Since many
5 newspapers will not be able to manage a full passthrough, one result is to reduce
6 profitability to our companies. The other, and a sad one for a devoted print guy
7 like myself, is that the Internet will pick up more business from us. In fact, our
8 collegiate papers are actively pursuing an Internet strategy, offering the Internet
9 issues for now in conjunction with the printed paper. On the first day of offering
10 by the Cat's Pause in Kentucky, we sold 10 subscriptions. Other Landmark
11 community papers are also online, and I believe many readers are going to
12 decide in time they would rather read it there than to deal with the other problems
13 that come with mail delivery. A certain amount of this diversion is inevitable for
14 the Postal Service, but in this case, it seems to me as if some parts of the Postal
15 Service are standing at the loading docks, trying to wave us off.

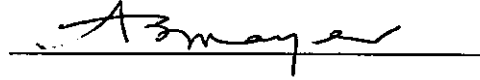
16 **B. Signals In This Case Are Unfriendly To Newspapers**

17 **1. Service Remains A Major Problem, But It Is Clear To Me That** 18 **Postal Service Efforts To Address This Problem Are Not At The** 19 **Root Of Cost Trends**

20 I testified in R97-1 about the severe decline in reliable service. At the time,
21 NNA was beginning work through my MTAC position on the National Periodicals
22 Service Improvement Team, where commitment to improve service without
23 creating new cost was the first order of business. Postal Service employees
24 such as Paul Vogel and Tony Dobush have made a genuine and wholehearted

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "A. Baden-Mayer", is written over a solid horizontal line.

Alexis Baden-Mayer

Arlington, VA
July 11, 2000