

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. ~~PR 0001~~
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SATURATION MAIL COALITION
NOTICE OF TYPOGRAPHICAL CORRECTIONS TO REPLY BRIEF

The Saturation Mail Coalition hereby gives notice of the following two typographical corrections to its Reply Brief:

Page 5, beginning of second paragraph:

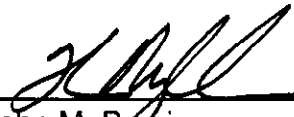
Change "This points are addressed" to "These points are addressed"

Page A-7, last two lines:

The words "Nonprofit" and "Parcel" are reversed. The parenthetical clause should be changed to read "(0-0.5 ounces for Parcels, and 13-16 ounces for Nonprofit)"

Revised pages reflecting these two changes are attached.

Respectfully submitted,



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CERTIFICATE OF SERVICE

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



Thomas W. McLaughlin

September 27, 2000

A. What Val-Pak Has Not Addressed On Brief.

1. Haldi and Val-Pak Have Both Forgotten His Correct Demonstration In Docket R97-1 That The Pound Rate Is Too High.

Noticeably absent from the myriad of new arguments Val-Pak raises on brief is any discussion of Crowder's testimony concerning the interrelationship between shape-related and weight-related costs, which Crowder described as "[o]ne of the most critical factors bearing on the weight-cost relationship." ADVO-RT-1 at 14, Tr. 19379. In particular, Crowder highlighted the flagrant inconsistency between Haldi's testimony here and in Docket R97-1. In R97-1, Haldi demonstrated both conceptually and mathematically that, because of the interrelationship between the letter-nonletter cost differences and weight-related differences, the even lower pound rate proposed there was "conservative." *Id.* at 14-16, Tr. 19379-81. Haldi in this proceeding has not even acknowledged his R97-1 analysis. Using a methodology comparable to Haldi's R97-1 analysis, Crowder then computed the implicit weight-related costs under the extreme assumption that the entirety of the letter-nonletter cost differential is due to weight rather than shape. The resulting per pound costs (even if marked up) are far below the proposed pound rate. *Id.* at 16-17, Tr. 19381-82.

These points are addressed in detail in our initial brief at 17-20. However, Crowder's exposé of Haldi's silent abandonment of his R97-1 testimony is *not* addressed in Val-Pak's initial brief. Given the "kitchen sink" nature of its arguments on brief -- addressing in some fashion almost every other one of Crowder's topics -- Val-Pak's oversight on this telling point of Crowder's testimony is most curious. It may be that Val-Pak simply does not have an answer to explain away Haldi's unexplained departure from his R97-1 analysis (there is no explanation on this record). Or perhaps Val-Pak, as a tactical move, is holding back until reply brief to "explain" Haldi's unexplainable departures from his R97 testimony and analyses, in order to evade critical comment. Whatever the case, Haldi's R97-1 analyses and statements remain

Val-Pak's only "criticisms" are the preposterous and meaningless statements that her results (1) "broaden the varied smorgasbord of regression results," (2) "add to the confusion accompanying the interpretation and application of such data," and (3) "widen the range of uncertainty surrounding witness Daniel's results"! *Id.* Val-Pak does not bother to explain how Crowder's analyses "add to confusion." And far from "widening" any alleged uncertainty about Daniel's results, Crowder's various analyses accomplish just the opposite: they serve to *eliminate any uncertainty* about the conclusion from Daniel's analyses that the pound rate is too high in relation to weight-related costs.

5. **Val-Pak And NAA's Attempts To Use Anomalous Weight-Cost Results For Very Small-Volume Nonprofit And Parcels Categories Are Specious.**

Noticeably, neither Val-Pak nor NAA argue that any of Daniel's results for ECR flats (the predominant type of mail to which the pound rate applies) are "counter-intuitive" or "anomalous." Instead, reaching for any straw they can find, they focus on Daniel's unit costs and regression results for extremely small-volume categories within Standard A mail, claiming that "anomalous" results in these tiny categories invalidate her entire analysis.

Val-Pak focuses on Daniel's regression results for the small Standard A Regular *Parcels* and *Nonprofit* ECR flats categories, which have only *one-twentieth* the volume of commercial ECR flats. It claims that Daniel's regressions for these small categories produce counter-intuitive results -- a regression line for *Parcels* that declines with increasing weight, and a regression line for *Nonprofit* ECR that is steeper than that for commercial ECR. VP Brief at 43. On that score, we can agree: her regression results for these two categories are indeed counter-intuitive and should be given no weight. What Val-Pak carefully does not mention is that these weird regressions are the result of just a few wildly anomalous unit costs in the extreme weight increments (0-0.5 ounces for *Parcels*, and 13-16 ounces for *Nonprofit*) that have almost no volume.