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

POSTAL RATE & FEE CHANGES

Docket No. R2001-1

INITIAL BRIEF
OF
ALLIANCE OF NONPROFIT MAILERS,
AMERICAN BUSINESS MEDIA,
AOL TIME WARNER INC.,
COALITION OF RELIGIOUS PRESS ASSOCIATIONS,
DOW JONES & COMPANY, INC.,
MAGAZINE PUBLISHERS OF AMERICA, INC.,
NATIONAL FEDERATION OF INDEPENDENT PUBLICATIONS,
NATIONAL NEWSPAPER ASSOCIATION,
AND
THE MCGRAW-HILL COMPANIES, INC.

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AND
THE MCGRAW-HILL COMPANIES, INC.

The Alliance of Nonprofit Mailers, American Business Media, AOL Time Warner Inc., Coalition of Religious Press Associations, Dow Jones & Company, Inc., Magazine Publishers of America, Inc., The McGraw-Hill Companies, Inc., and National Newspaper Association (collectively "Periodicals Coalition") are signatories to the Joint Stipulation and Agreement ("Settlement Agreement") submitted by the Postal Service and opposed by only one participant in this case. As such, we fully support recommendation by the Commission, without change, of the rates and classifications contained in the Settlement Agreement.

Were this a fully litigated proceeding, we would have argued in favor of rates, classifications, ratemaking methodologies and estimated costs different from those embodied in the Settlement Agreement. As signatories, we defer those arguments to future proceedings and accept the evidence of record in this

proceeding as substantial under the law to support the rates and classifications contained in the Settlement Agreement.¹ In accordance with the terms of the Settlement Agreement (§§ 9, 10), we do not accept the rates, classifications, methodologies, estimated costs, or other factual or methodological assumptions or conclusions underlying the settlement rates and classifications as constituting findings on the merits or legal precedent for any future proceeding.

The Settlement Agreement represents, we believe, the best result that it is possible to achieve in the current circumstances. However, the circumstances themselves--i.e., the need for so much additional revenue so soon after the last two rate increases based on estimates developed prior to September 11, 2001--reflect poorly on the Postal Service, especially on its ability to restrain excessive growth in costs whether its revenues are rising or falling. In particular, we note that the indefensibly high rate of growth in the cost of processing Periodicals mail has not been arrested. We hope that, between now and the filing of its next rate case, the Postal Service will apply its utmost effort to understanding and reversing its current unsustainable rates of cost growth, in Periodicals mail processing in particular and in the system as a whole.

Considerable credit is due to all signatories for achievement of the Settlement Agreement. Credit is also due to others, of whom we wish to recognize two in particular.

Presiding Officer Omas realized before others that, in the circumstances following the events of September 11, 2001, settlement might provide the best outcome for this case and that a basis for achieving settlement existed (i.e., the prospect of a substantially increased revenue requirement in the absence of a settlement). Events have borne out his judgment. More worthy of approbation,

¹ See, e.g., Tr. 7/1323-25 (cross-examination of Postal Service witness Taufique).

however, is his boldness in acting on that judgment and committing the prestige of his office to the effort to move events in the direction of a settlement.

The Postal Service, especially the Postmaster General and his assistants and the Postal Service's legal representatives, also deserves credit for achievement of the Settlement Agreement. Once the possibility of settlement was raised by the Presiding Officer, the Postal Service pursued the suggestion with determination, openmindedness, and good faith.

For the reasons heretofore stated, the undersigned members of the Periodicals Coalition fully support recommendation by the Commission, without change, of the rates and classifications contained in the Settlement Agreement.

Respectfully submitted,

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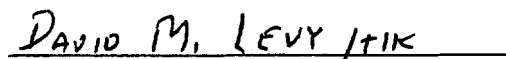
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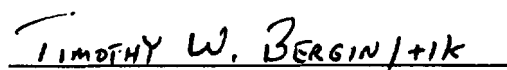
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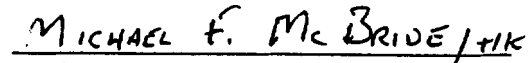
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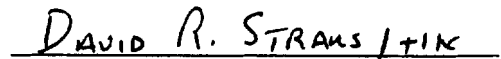
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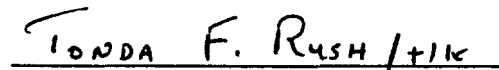
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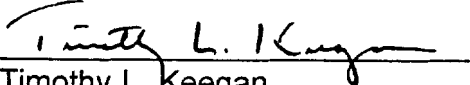
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CERTIFICATE OF SERVICE

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



Timothy L. Keegan

March 4, 2002