

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

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POSTAL RATE AND FEE CHANGES

Docket No. R2001-1

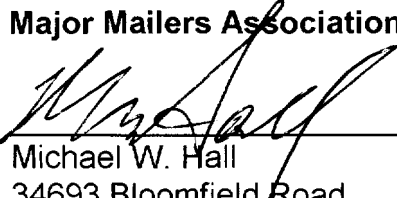
**Major Mailers Association's Notice Of Filing
Correction To Initial Brief (ERRATA)**

Major Mailers Association hereby gives notice that it is filing errata to page 19 of its initial brief, originally filed on March 4, 2002. The only change on that page reflects completion of a transcript citation in footnote 31.

Respectfully submitted,

Major Mailers Association

By: _____

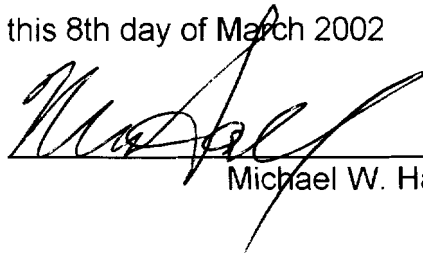

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document and corrected file electronically upon all active participants, in compliance with the Commission's Rules of Practice.

Dated this 8th day of March 2002



Michael W. Hall

IV. The MMA Methodology -- Correcting Problems With The USPS' Delivery Cost Savings

Table 2 above shows the workshare cost savings that are derived using what is called the "MMA Methodology." It is important to understand what the differences are between the Commission's methodology (called the "PRC Methodology" in Table 2) and the MMA Methodology. The PRC Methodology is **exactly** the same as the methodology that the Commission employed barely more than a year ago in setting the First-Class workshare discounts it recommended to the Governors in its Opinion and Recommended Decision in Docket No. R2000-1.³⁰ The PRC Methodology does not make any correction for the flaws discovered in Dr. Schenk's delivery cost study since it was essentially the same as the study that USPS witness Daniel's generated and the Commission relied upon in the last case.

In contrast, the MMA Methodology makes the adjustments necessary to correct the errors in Dr. Schenk's method of determining unit delivery costs. See Tr 13/5218-19 and Library Reference MMA-LR-J-1.³¹ The MMA Methodology also uses single piece metered letter delivery costs as the proxy for BMM delivery costs rather than NAMMA letters. The reasons supporting use of single piece metered letters as the proxy were succinctly stated by Mr. Bentley:

(1) single piece metered letters are used as a proxy for BMM mail processing costs, (2) there is no reason to expect that single piece and bulk metered letters should have different delivery costs, and (3) it makes sense to use a non-workshare rate category as the benchmark from which to measure workshare cost savings. The unsupported assumption that NAMMA letters provide a reasonable proxy for BMM should be rejected because that assumption fails to reflect the specific impact that worksharing has on delivery costs.³²

Mr. Bentley also suggested the Commission request that, before the next case is filed, the Postal Service examine delivery costs, for both DPS and non-DPS letters, to find

³⁰ See Tr 13/5162; Library Reference MMA-LR-J-3.

³¹ The specific changes to Dr. Schenk's study are shown in Library Reference MMA-LR-J-2, which is based upon Library Reference USPS-LR-J-117 that Dr. Schenk sponsored. More specifically, Mr. Bentley made the necessary corrections using data furnished to MMA by the USPS in response to interrogatory MMA/USPS-3. See Tr 14/5698.

³² Tr 13/5219-20.