

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**Reply Of Major Mailers Association's To December 15, 2006
Opposition Of The United States Postal Service To Major Mailers
Association Motion To Strike Errata To Library References And Rebuttal
Testimony Of Postal Service Witness Loetscher**

Major Mailers Association (MMA) hereby submits the following reply to the Postal Service's December 15, 2006 "Opposition Of The United States Postal Service To Major Mailers Association Motion To Strike Errata To Library References And Rebuttal Testimony Of Postal Service Witness Loetscher" (December 15 Opposition).

MMA reaffirms everything set forth in its December 14, 2006 motion to strike the USPS errata and request to have the record supplemented.¹

Since MMA's Motion was filed, it has come to MMA's attention that the Postal Service December 13, 2006 errata filings were based on a material misrepresentation about the nature and extent of the revisions made to USPS witness Loetscher's rebuttal testimony and exhibits. The "United States Postal Service Notice Of Errata Regarding USPS Library Reference L-34 [Errata], dated December 13, 2006 (USPS Errata Filing), states on page 1:

The United States Postal Service hereby gives notice that it is filing revised copies of the electronic version of USPS Library Reference L-34 with the Commission today. The electronic files should replace the files that were filed on May 3, 2006. A list of changes is attached to this notice, and the specific changes are in bold print in the revised version of USPS-LR-L-34. The changes are necessary because in reviewing the input data, **six** instances of duplicate entries were discovered. **Five** of the duplicate records were the result of the field sending revisions to data collection forms that they had previously submitted, and they were mistakenly entered as separate

¹ See "Major Mailers Association's Motion To Strike Errata To Library References And Rebuttal Testimony Of USPS Witness L. Paul Loetscher And For Order Directing The Public Service To Supplement The Record," dated December 14, 2006 (MMA Motion).

observations rather than revisions. The **sixth** duplicate record arose because one form was submitted by both the site coordinator and the field office. These duplicate records contained a slight revision in one portion of the form, and thus were not detected by the software used to identify duplicates.

The Postal Service's description of the revisions made to Library Reference USPS-LR-L-34 is patently false and misleading. Attached hereto as Appendix 1, is an Excel spreadsheet. That information, taken directly from the original alldata2 file, one of the files that the Postal Service seeks to revise as part of its Errata Filing. As Appendix I shows, there were, in fact, **64** instances of duplicate volume reports, not **6** as the Postal Service's Errata Filing states. Making a mistake of that magnitude is one thing. But the Postal Service in fact has compounded that error by removing all **64** duplicates from the substitute alldata2 files submitted on December 13, 2006 while maintaining that only **6** duplicates were removed. Specifically, MMA reviewed the revised alldata2 file submitted on December 13, 2006 and confirmed that all the volumes that had been shown for **Site 1533** have been removed. For these reasons, the quoted statements in the USPS Errata Filing are patently false and misleading.

The Postal Service's stealth revisions are material and serious. In total, the duplicates removed represent almost **5%** of the total volumes included in the 2005 Study's alldata2 results.

The Postal Service's December 15 Opposition (at 2-3) seeks to place blame on MMA for not bringing these errors to its attention earlier in the proceeding. Of course, there is no requirement that MMA do so. Expert witnesses have an independent obligation to check their own work. Intervenors should not be expected to do it for them.

It appears in this case that Mr. Loetscher and his team were misled by the Postal Service's BRM Team that provided them with "guidance." As the record shows, during cross examination in August 2006, USPS witness Loetscher admitted that, as a check on the reasonableness of the new BRM Practices Study's conclusion that almost 27% of all High Volume QBRM is hand counted, he compared that result to the finding of the Postal Service's 1997 BRM

Practices Study (R97-1 Study) that 47% of all BRM was hand counted. He also admitted that he

- (1) was not even aware of the fact that, in R2000-1, the 1997 Study results were effectively repudiated by USPS witness Campbell who conducted a survey of High Volume QBRM counting methods when it became apparent that the 1997 Study was unreliable (Tr. 7/1575);
- (2) never even reviewed KeySpan Energy witness Bentley's High Volume QBRM presentation in R2000-1 (id);
- (3) had never reviewed the Commission's R2000-1 Recommended Decision (Tr. 7/1576);
- (4) was not even aware of the fact that, in R2000-1, the Commission rejected the 1997 Study results and, instead, relied entirely upon the High Volume QBRM counting method analysis presented KeySpan Energy witness Bentley ((Tr. 7/1575).);
- (5) was not even aware of any statements of USPS policy on using more automated methods of counting business reply mail (Tr. 7/1585); and
- (6) was not even aware ***until "a couple days" before testifying***, that, in R2001-1, USPS witness Michael Miller expanded USPS witness Campbell's survey results and demonstrated that the percentage of High Volume QBRM that is manually counted is much lower than Mr. Campbell thought. Indeed, Mr. Loetscher confirmed that the only reason he found out about Mr. Miller's survey results was that "somebody came racing back and said [MMA counsel] Mike Hall is going to beat you over the head with this, so maybe you ought to study it." (Tr. 7/1577-78).

This was the status of the record when Mr. Loetscher testified in August. At that time, MMA had no reason to attack Mr. Loetscher's new 2005 BRM Practices Study because that study simply missed the mark. If anyone is to blame here it is the USPS BRM Team that advised and guided Mr. Loetscher.

The need to review the 2005 BRM Practices Study arose only on November 20, 2006, when Mr. Loetscher filed rebuttal testimony nominally

directed at MMA witnesses analysis but really calling into question, ***for the very first time***, the Commission's R2000-1 decision and the surveys conducted by USPS witnesses Campbell and Miller.

For all these reasons, there is no merit to arguments that MMA should have pointed out Mr. Loetscher's errors to him at an earlier stage of the proceeding.

Respectfully submitted,

Major Mailers Association

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**Dated: Middleburg, Virginia
December 18, 2006**

Site 1533, Zip 11735 Data Collected on 1/24/05				Site 1783, Zip 11735 Data Collected on 1/24/05			
Fee Paid	EOR from BCS	Manual Counting	Total Pieces	Fee Paid	EOR from BCS	Manual Counting	Total Pieces
HVQBRM	53,408	-	53,408	HVQBRM	53,408	-	53,408
HVQBRM	24,282	-	24,282	HVQBRM	24,282	-	24,282
QBRM	7,349	-	7,349	QBRM	7,349	-	7,349
QBRM	6,546	-	6,546	QBRM	6,546	-	6,546
QBRM	5,295	-	5,295	QBRM	5,295	-	5,295
QBRM	4,326	-	4,326	QBRM	4,326	-	4,326
QBRM	3,881	-	3,881	QBRM	3,881	-	3,881
QBRM	2,484	-	2,484	QBRM	2,484	-	2,484
QBRM	1,994	-	1,994	QBRM	1,994	-	1,994
QBRM	1,514	-	1,514	QBRM	1,514	-	1,514
QBRM	985	-	985	QBRM	985	-	985
QBRM	828	-	828	QBRM	828	-	828
QBRM	760	-	760	QBRM	760	-	760
QBRM	760	-	760	QBRM	760	-	760
QBRM	355	-	355	QBRM	355	-	355
HVBRM	-	288	288	HVBRM	-	288	288
QBRM	-	175	175	QBRM	-	175	175
QBRM	66	-	66	QBRM	66	-	66
QBRM	63	-	63	QBRM	63	-	63
HVBRM	-	46	46	HVBRM	-	46	46
HVBRM	-	40	40	HVBRM	-	40	40
HVBRM	-	39	39	HVBRM	-	39	39
QBRM	31	-	31	QBRM	31	-	31
QBRM	26	-	26	QBRM	26	-	26
QBRM	24	-	24	QBRM	24	-	24
HVBRM	-	24	24	HVBRM	-	24	24
QBRM	23	-	23	QBRM	23	-	23
HVBRM	-	22	22	HVBRM	-	22	22
QBRM	20	-	20	QBRM	20	-	20
QBRM	19	-	19	QBRM	19	-	19
HVBRM	-	15	15	HVBRM	-	15	15
QBRM	-	14	14	QBRM	-	19	19
QBRM	-	14	14	QBRM	-	14	14
QBRM	10	-	10	QBRM	10	-	10
QBRM	-	7	7	QBRM	-	7	7
BRM	-	7	7	BRM	-	7	7
QBRM	5	-	5	QBRM	5	-	5
HVQBRM	5	-	5	HVQBRM	5	-	5
HVQBRM	5	-	5	HVQBRM	5	-	5
QBRM	-	5	5	BRM	5	-	5
QBRM	-	5	5	QBRM	-	5	5
HVBRM	-	5	5	QBRM	-	5	5
HVBRM	-	5	5	HVBRM	-	5	5
HVBRM	-	5	5	HVBRM	-	5	5
BRM	-	5	5	HVBRM	-	5	5
QBRM	4	-	4	QBRM	4	-	4
HVBRM	-	4	4	HVBRM	-	4	4

HVBRM	-	4	4	HVBRM	-	4	4
QBRM	-	3	3	QBRM	-	3	3
BRM	-	3	3	BRM	-	3	3
BRM	-	3	3	BRM	-	3	3
HVQBRM	2	-	2	HVQBRM	2	-	2
QBRM	2	-	2	QBRM	2	-	2
QBRM	2	-	2	QBRM	2	-	2
HVBRM	-	2	2	HVBRM	-	2	2
HVBRM	-	2	2	HVBRM	-	2	2
BRM	-	2	2	BRM	-	2	2
QBRM	1	-	1	QBRM	1	-	1
QBRM	1	-	1	QBRM	1	-	1
QBRM	1	-	1	QBRM	1	-	1
QBRM	1	-	1	QBRM	1	-	1
QBRM	1	-	1	QBRM	1	-	1
BRM	-	1	1	BRM	-	1	1
BRM	-	1	1	BRM	-	1	1
115,079	746	115,825		115,084	746	115,830	

Total Sample Size
% Duplicates

2,428,568
4.77%