DOCKET SECTION

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

POSTAL RATE AND FEE CHANGES, 1997 Docket No. R97-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS HATFIELD TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION (MMA/USPS-T25-12 - 17)

The United States Postal Service hereby files the responses of witness Hatfield to the following interrogatories of Major Mailers Association, dated September 16, 1997: MMA/USPS-T25-12 through 17.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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September 30, 1997

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-12. In response to MMA/USPS-T-25-2 you state that "heavier pieces *may lead to lower throughputs on automated equipment and cause more jams and* damage."

A) What is the basis for this conclusion?

B) What do you mean by "heavier" pieces in terms of an actual weight measurement? Please support your answer.

RESPONSE:

A) In addition to observation, my bases for this conclusion come from the information provided in Docket No. MC95-1. Specifically, see the response of witness Pajunas to MMA/USPS-T-2-12 submitted in Docket No. MC95-1, on June 16th, 1995. *This response was accompanied by an attachment reporting the engineering study* results from a test of letter pieces weighing between 1.75 and 4.5 ounces. The response (without the attachment) can be found at TR 28/13059 in Docket No. MC95-1.

B) By heavier pieces I was not referring to any one specific weight measurement. Rather, I mean that, when comparing different pieces, heavier pieces may tend to lead to lower throughputs on automated equipment than lighter pieces.

ENGINEERING

UNITED STATES
POSTAL SERVICE

June 16, 1995

MEMORANDUM FOR TONY PAJUNAS

SUBJECT: Heavy Mail Testing

On at least three occasions; i.e., April 1989, August 1992 and the most recent study dated February 15, 1994, the Engineering Center has conducted studies concerning the relationship of heavy mail to the throughput of our automated letter equipment. We have found that in most cases as the weight of the letter increases the throughput (pieces fed per hour) decreases.

Tests were conducted both with pure runs as well as intermixed with the existing mail base, and the same conclusion was reached--throughput decreased as the heavier mail is fed.

L. A. Kidd, Manager
Distribution Technology

8403 LEE HIGHWAY
MERRIFIELD VA 22082-8101

Summary of EDC's Throughput Testing

of Heavier Mailpieces on the

Automation Equipment

The following is a summary of EDC's past testing of heavier mailpieces on the Automation Equipment. As can be seen from this table, the throughput decreases as the weight of the mailpiece increases. Tests conducted in 4/89, 11/89, 5/90 and 4/91 were homogeneous runs and therefore show the greatest throughput reduction. This would be representative of the equipments throughput in an 'originating' operation.

1.75 oz	24,710	pcs/hr
2.0	22,640	
2.25	22,120	
2.50	17,820	
2.75	16,910	
3.00	15,530	
3.25	15,500	
3.50	13,380	
4.50	10,900	

In August 1990, April 1991, and June 1991, EDC performed tests that consisted of heavier mailpieces intermixed with typical #10 enveloped pieces. This would be representative of 'secondary' operations. Again, the throughput decreases as the mailpiece weight increases, but not as drastically as the homogeneous test.

Heavyweight Mail Intermixed in Percentage Increments

Percent Heavyweight Pieces (%)	Throughput (pcs/hr)
0	34,100
1	33,900
3	33,400
5	33,500
7	33,300
9	32,200
11	32,600
13	32,500
15	31,400

TCP EDC 8/92

MACHINABLE REQUIREMENTS FOR AUTOMATION

WEIGHT VS. THROUGHPUT TEST

A number of field offices assisted with the testing of heavy Third Class letter sized mailpieces to determine the effect that weight has on throughput. Unfortunately, these results proved to be inconclusive because the characteristics of the live mail from the many offices varied greatly. (Length, height, and thickness of samples, within weight categories, for example). To obtain substantial results, mailpiece characteristics were controlled by using standard #10 envelopes stuffed with inserts to get the desired weight categories (2 oz., 2.25 oz.,2.5 oz., 2.75 oz., 3.0 oz., 3.25 oz., 3.5 oz.) of 1,000 pieces each, thickness ranging from 0.121 inches to 0.2004 inches, and an aspect ratio of 2.303 : 1. Third Class mail presently has a weight limitation of 3.37 ounces of per-piece rates. These results show a 3 - 29% decrease in throughput between a 2.5 ounce piece and a 3.25 ounce piece depending on the equipment used. Pieces weighing more than 2.5 ounces required operator assistance at the feeder due to the inability to be picked-off as constantly as the lighter weight pieces. These pieces also caused more jams in the transport.

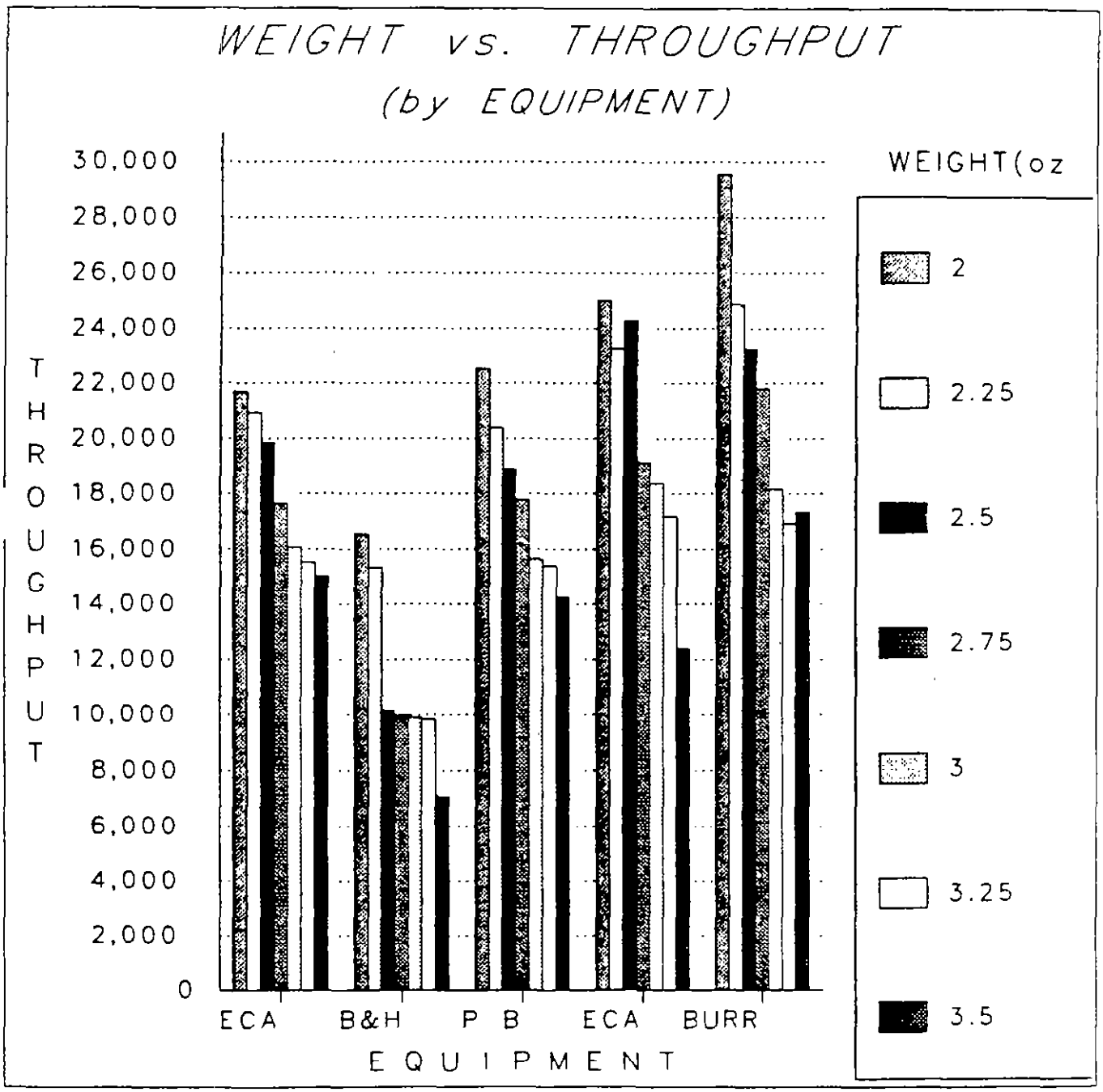
It is therefore recommended that in order to be eligible for the price incentive, mailpieces weighing 2.5 ounces or less are automation compatible.

Based on results of previous testing concerning securing mailpieces, it is recommended that all letter-sized mail, with paper exterior being sealed on four sides or two gum tabs of a permanent, pressure sensitive, non-removeable adhesive on the unbound edge of a bound piece is machinable, and folds and edges bound should be oriented down with the address label parallel to the fold or bound edge and the address right side up is readable, is automation compatible.

	DMM	PUB. 25	OUR RECOM.
SIZE	Min. 3 1/2 X 5 Max 6 1/8 X 11 1/2	Min. 3 1/2 X 5 Max 6 1/8 X 10 1/2	Min. Max x 9 1/2
THICKNESS	Min. 0 Max 3/4" or less	Min. .007" Max 0.1875"	Min. Max 0.150"
ASPECT RATIO	NOT MENTIONED	Min. 1.3 : 1 Max 2.5 : 1	Min. Max 2.3 : 1
WEIGHT	Min. Max 16 oz. or less	NOT MENTIONED	Min. Max 2 1/2 oz.
SEALING			*MENTIONED ABOVE
ENCLOSURES			NO PENS, PENCILS, OR STIFF (UNBENDALE) OBJECTS.
COMPOSITION (paper/non)			

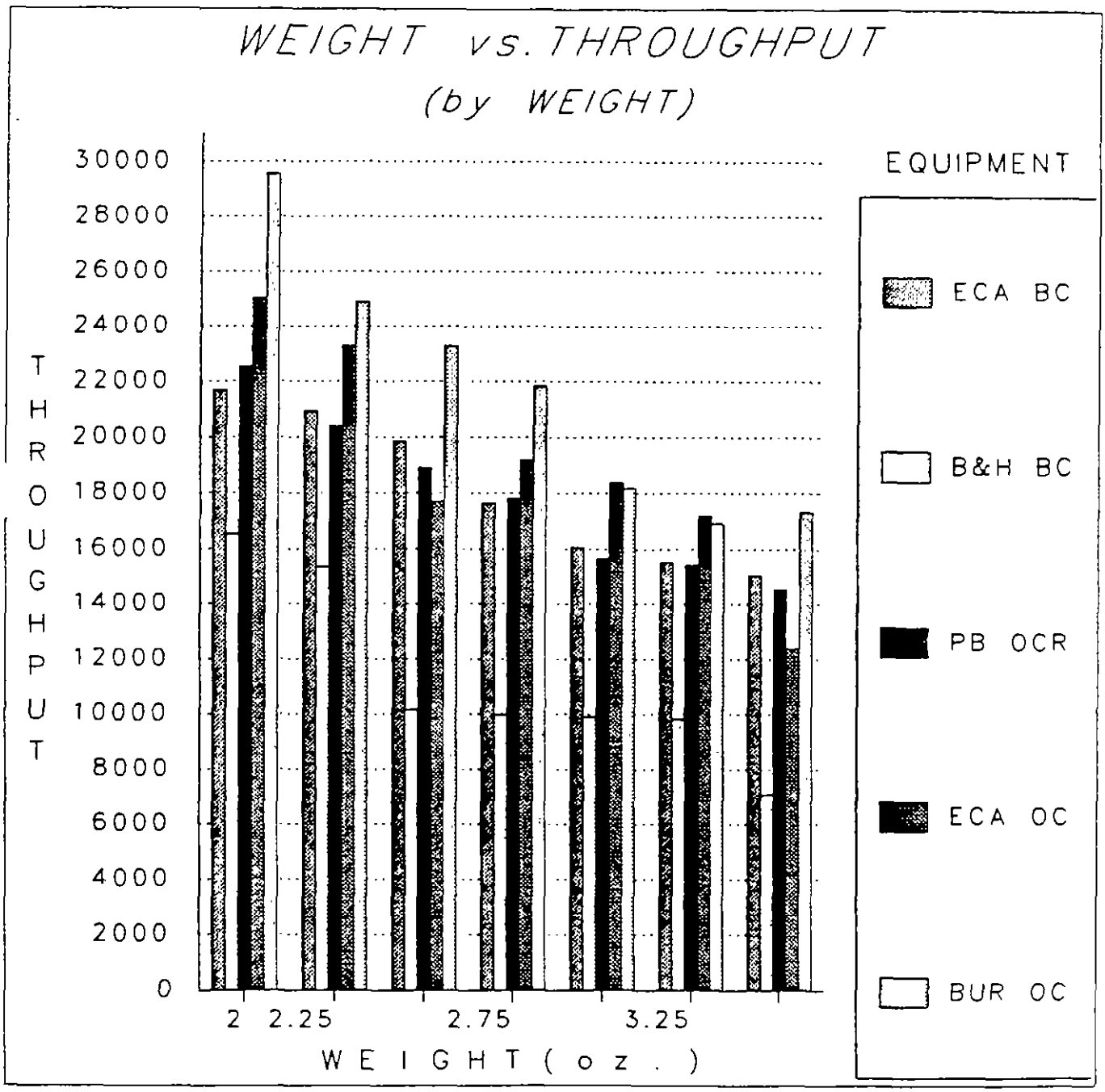
HEAVY-WEIGHT MAIL TEST

	ECA	B&H	P B	ECA	BURR
2	21,686	16,530	22,523	25,025	29,550
2.25	20,930	15,334	20,393	23,272	24,873
2.5	19,849	10,147	18,886	24,276	23,278
2.75	17,647	9,972	17,800	19,149	21,822
3	16,071	9,900	15,652	18,369	18,164
3.25	15,532	9,819	15,393	17,173	16,913
3.5	15,027	7,080	14,258	12,390	17,328


WEIGHT vs. THROUGHPUT
(by EQUIPMENT)
30,000
28,000
26,000
24,000
22,000
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
THROUGHPUT
ECA
B&H
P B
ECA
BURR
EQUIPMENT
WEIGHT(oz
2
2.25
2.5
2.75
3
3.25
3.5

HEAVY-WEIGHT MAIL TEST

	2	2.25	2.5	2.75	3	3.25	3.5
E CS	21686	20930	19849	17647	16071	15532	15027
B. CS	16530	15334	10147	9972	9900	9819	7080
PB OCR	22523	20393	18886	17800	15652	15393	14528
ECA OCR	25025	23272	17697	19149	18369	17173	12390
BUR OCR	29550	24873	23278	21822	18164	16913	17328


WEIGHT vs. THROUGHPUT
(by WEIGHT)
THROUGHPUT
30000
28000
26000
24000
22000
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
2
2.25
2.75
3.25
WEIGHT (oz.)
EQUIPMENT
ECA BC
B&H BC
PB OCR
ECA OC
BUR OC

SITE	WT. (oz.)	t (in.)	L (in.)	H (in.)	ASPECT RATIO	THROUGHPUT (pcs./hr.) OCR's ECA	OCR's PITNEY BOWES	OCR's BURROUGHS	BCS's ECA	BCS's BELL & HOWE
INDIANAPOLIS, IN	2	0.090	9 1/2	5 3/4	1.652	(597pcs./.06111hrs.) 25,285	----	----	(603pcs./.02444hrs.) 24,668	----
	2.6	0.172	9	4 1/4	2.118	(379pcs./.02055hrs.) 18,438	----	----	(380pcs./.01639hrs.) 23,186	----
	3.25	0.182	8 7/8	5 1/2	1.614	(338pcs./.01917hrs.) 17,635	----	----	(342pcs./.01833hrs.) 18,654	----
E & DC	1.862	0.135	9 1/2	4 1/4	2.235	(878pcs./.04028hrs.) 21,799	(885pcs./.05972hrs.) 14,819	(899pcs./.02253hrs.) 39,896	(890pcs./.03667hrs.) 24,272	(890pcs./.08722hrs.) 10,204
	1.989	0.170	8 1/2	4 1/4	2.005	(1,189pcs./.07972hrs.) 14,914	(979pcs./.11889hrs.) 10,068	(1,190pcs./.07134hrs.) 16,680	(1038pcs./.05139hrs.) 20,198	(1008pcs./.11028hrs.) 9,141
	2.021	0.153	9 1/2	4 1/4	2.235	(630pcs./.03139hrs.) 20,071	(584pcs./.07889hrs.) 7,770	(622pcs./.01894hrs.) 32,929	(633pcs./.02861hrs.) 22,124	(633pcs./.05805hrs.) 10,903
	2.324	0.101	10 34	5 1/4	2.048	(998pcs./.05472hrs.) 18,238	(1,002pcs./.07194hrs.) 13,927	(TOO LONG & HIGH)	(1,001pcs./.05444hrs.) 18,385	(998pcs./.10667hrs.) 9,356
	3.129	0.226	9 1/4	4 1/2	2.055	(1,003pcs./.09hrs.) 11,144	(1,005pcs./.16111hrs.) 6,238	(999pcs./.06259hrs.) 7,980	(1004pcs./.0775hrs.) 12,954	(1006pcs./.14555hrs.) 6,911
	3.880	0.186	9	5 3/4	1.565	(808pcs./.06361hrs.) 12,702	(813pcs./.06083hrs.) 13,364	(815pcs./.04207hrs.) 19,371	(818pcs./.07139hrs.) 11,458	(816pcs./.13805hrs.) 5,911
ORLANDO, FL	2	0.0787	9 1/2	4	2.375	(1039pcs./.0433hr.) 23,977	(1068pcs./.0458hr.) 23,105	----	(1047pcs./.0475hr 22,042	(1044pcs./.0786hr.) 13,344
	2.5	0.1181	9 3/4	5 3/4	1.696	(1024pcs./.0439hr.) 23,332	(1024pcs./.0444hr.) 23,049	----	(1024pcs./.0392hr.) 26,144	(1011pcs./.0394hr.) 25,631
	3	0.1968	8 7/8	5 7/8	1.5106	(cs./hr.)	(1026pcs./.0436hr.	----	(1022pcs./.0381hr.	(1019pcs./.0397hr.

SITE	WT. (oz.)	t (in.)	L (in.)	H (in.)	ASPECT RATIO	THROUGHPUT (pcs./hr.)				
						OCR's			BCS's	
						ECA	PITNEY BOWES	BURROUGHS	ECA	BELL & HOWEI
JACKSONVILLE, FL	1.97	0.141	9 3/8	4 1/8	2.723	(355pcs./.0144hrs.) 24,577	(355pcs./.01638hrs.) 21,661	-----	(350pcs./.0144hrs.) 24,230	-----
	2.03	0.172	9 /12	4 1/8	2.303	(311pcs./.0125hrs) 24,800	(307pcs./.0183hrs.) 16,745	-----	(311pcs./.0125hrs.) 24,880	-----
	2.46	0.141	9	5 3/4	1.565	(491pcs./.02083hrs.) 23,568	(491pcs./.02138hrs.) 22,909	-----	(491pcs./02277hrs.) 21,556	-----
	3.49	0.172	9 1/2	5 3/4	1.652	(232pcs./.01583hrs.) 14,653	(232pcs./.02416hrs.) 9,559	-----	(234pcs./.00888hrs.) 26,325	-----
KANSAS CITY, MO	2.00	0.125	9 1/2	6	1.583	(454pcs./.02388hrs.) 19,005	-----	(409pcs./.0361hrs.) 11,361	(449pcs./.02916hrs.) 15,377	(449pcs./.01472hrs.) 30,498
	2.50	0.125	9	6	1.50	(322pcs./.02083hrs.) 15,456	-----	(244pcs./.02722hrs.) 8,963	(322pcs./.02694hrs.) 11,951	(322pcs./.01444hrs.) 22,292
	3.00	0.250	9 1/2	4 1/2	2.11	(388pcs./.02577hrs.) 15,349	-----	(288pcs./.07139hrs.) 4,034	(392pcs./.01528hrs.) 11,200	(392pcs./.01528hrs.) 25,658
SAN DIEGO, CA	2.00	0.1875	8 3/4	6	1.458	(401pcs./.02083hrs.) 19,248	(395pcs./.06694hrs.) 5,900	(414pcs./.06639hrs.) 6,216	(402pcs./.04222hrs.) 9,544	-----
	2.50	0.1250	9	5 3/4	1.565	(742pcs./.02972hrs.) 24,964	(728pcs./.06805hrs.) 10,670	(764pcs./.06639hrs.) 11,471	(741pcs./.02861hrs.) 25,899	-----
	3.00	0.1875	9	5 3/4	1.565	(473pcs./ 1hrs. 05	(452pcs./.13833hrs.) 3,262	(497pcs./.08305hrs.) 5,964	(469pcs./.02555hrs.) 18,352	-----

SITE	WT. (oz.)	t (in.)	L (in.)	H (in.)	ASPECT RATIO	ECA / OCR
SO. MARYLAND DIV.	2.0	0.625	9 1/2	5 1/2	1.727	803pcs. .03138hrs. 25,582
	2.0	0.325	8	6	1.333	484pcs. .01724 30,041
	2.5	0.9375	7 1/2	4 1/4	1.765	368pcs. .01222hrs. 30,109
	3.0	0.125	8 1/2	5 1/2	1.545	364pcs. .01305 27,881
	3.0	0.125	8 1/2	5 1/2	1.545	367pcs. .01333hrs. 27,525
	3.5	0.125	9	6	1.5	500pcs. .03305hrs. 15,126
	3.5	0.0625	9	5 3/4	1.565	107pcs.

WT. (oz.)	t (in.)	L (in.)	H (in.)	ASPECT RATIO	ECA / BCS
2.0	0.03125	9	6	1.5	399pcs. .01194hrs. 33,404
2.0	0.03125	9	6	1.5	238pcs. .00944hrs. 25,200
2.5	0.0625	8	6	1.333	152pcs. .00472hrs. 32,188
2.5	.0625	9 1/2	6	1.583	151pcs. .00611hrs. 24,709
3.0	0.1875	7 3/4	4 1/2	1.722	169pcs. .00722hrs. 23,400
3.0	0.25	8	5 1/2	1.454	444pcs. .01528hrs. 29,061
3.5	0.25	9	6 1/4	1.52	80pcs. .00333hrs. 24,000
3.5	0.25	8	5 1/2	1.454	241pcs. .01167hrs. 20,657

11

WEIGHT VERSUS THROUGHPUT CONTROLLED TEST RESULTS

SPECIFICATIONS

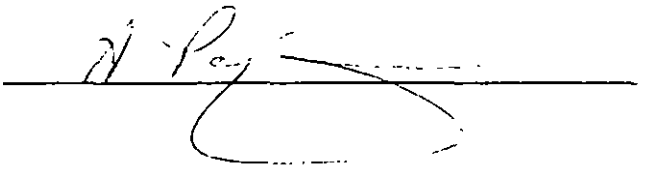
WEIGHT (ounces +/- .05 ounces)		Thickness (inches)
Required	Actual	
2.00	2.029	0.121
2.25	2.241	0.131
2.50	2.492	0.148
2.75	2.757	0.162
3.00	3.024	0.181
3.25	3.218	0.189
3.50	3.482	0.2004

UNIFORM SIZE: 9 1/2 in. X 4 1/8 in.

ASPECT RATIO (L/H): 2.303

DECLARATION

I, Anthony M. Pajunas, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 6-15-95

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-13. In response to MMA/USPS-T-25-3(E) you note that if you had assumed that labor costs were 100% variable in your cost models, it is likely that unit mail processing costs would increase. You do not, however, agree that the computed cost differences would increase.

A) Isn't it absolutely true that if you were able to assume that labor costs were 100% variable in your models, the unit costs would increase?

B) Do you agree given the nature of the mathematical computations that comprise your cost models, it is more than likely that the differences between the unit costs would also increase? Please explain any no answer.

C) Please explain how an intervenor in this proceeding can reproduce your cost models under the assumption that labor costs are 100% variable.

RESPONSE:

A) It is absolutely true that if I assumed that labor costs were 100 percent volume variable in the cost models, that the *modeled costs* would increase. However, since the total unit cost estimates produced in my testimony depend not only on *modeled costs*, but also on the benchmark costs by shape, I cannot say that it is absolutely true that the *total* unit costs would increase. This is because I am not familiar enough with the data used to produce the benchmark costs by shape to give an absolute answer as to the effect that changing methodology would have upon them. However, based on my knowledge of how the benchmark costs by shape are produced, I can say that it is likely that the benchmark costs by shape would increase if it were assumed that labor costs were 100 percent volume variable.

B) I am not sure that it is useful to argue the difference between 'likely' and 'more than likely'; however, I can say that it is likely that the differences between *modeled costs* would increase under an assumption of 100 percent volume variable

mail processing costs. Further, it is likely that the differences in *total unit costs* would also increase. However, I cannot say that cost differences (modeled or total) would necessarily increase under an assumption of 100 percent volume variable mail processing costs. For example, there could exist a situation where the change from the volume variability study results to the assumption of 100 percent volume variability would cause one model cost to increase the same as or more than another, higher model cost such that the difference between the two remained the same or decreased.

C) In order to develop *model costs* under an assumption of 100 percent volume variable mail processing costs, the cost estimates calculated on each of the cost summary pages of the mail flow models and in the bundle sorting model would need to be adjusted. This would be most easily accomplished by substituting the current productivity estimates with productivity estimates that do not reflect the current mail processing volume variability study results. Please see my response to MMA/USPS-T-25-9 for a description of where these estimates can be found.

However, calculating model costs under this assumption, without any further adjustments to my analysis, would yield incomplete information. Because the unit cost estimates produced in my testimony rely on the mail processing unit cost benchmarks, these costs would also need to be adjusted in order to determine the true effects of a 100 percent mail processing cost volume variability assumption. Adjusting these costs would require a separate analysis similar to that described in Library Reference USPS LR-MCR-10 from Docket No. MC95-1 or LR-H-106 from this docket (depending on how

the mail processing cost distribution is to be treated) to determine benchmark costs under such an assumption. This analysis has not been conducted.

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-14. In response to MMA/USPS-T-25-4 you provide the reasons for rejects form the MPBCS OSS operation. Please confirm that none of the problems provided can be directly tied to the weight of a letter.

RESPONSE:

The rejects described in my response to MMA/USPS-T-25-4 include only rejects associated with RBCS that can be counted by the machine software. In addition to these rejects, bar code sorters can also fail to sort pieces correctly when they cause jams in the machine or when pieces are damaged. Although not measured directly in Library Reference USPS LR-H-130, heavier pieces will tend to cause more jams and damage. This is supported by witness Pajunas' response to MMA/USPS-T-2-12 submitted in Docket No. MC95-1, on June 16th, 1995. The response can be found at TR 28/13059 in Docket No. MC95-1.

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-15. Please refer to your response to MMA/USPS-T-25-5.

A) Please confirm that it is the unit cost differences that you derive in your cost models (between the various presort/automation categories and the benchmarks discussed by witness Fronk (see his response to ABA/USPS-T-32-2(D)), that are the bases for the proposed First-Class presort/automation discounts in this proceeding. If you cannot confirm, please explain.

B) Please confirm that the specific changes in mail preparation and entry requirements that were implemented after re-classification are in no way taken specifically into account in your cost models. If you cannot confirm, please explain.

C) Please confirm that the specific changes in mail preparation and entry requirements that were implemented after re-classification are taken into account by the Postal Service, as far as you know, in the determination of the volume variable costs for the test year before and after rates. If you cannot confirm, please explain.

D) In part D) to your answer you indicate that you believe that your methodology does take into account differences in mail preparation costs. Compared to the mail preparation costs required to process single piece stamped mail, doesn't your methodology omit any cost savings that presorted letters provide? Please explain any no answer?

RESPONSE:

A) Confirmed.

B) The purpose of my testimony is to estimate the unit mail processing costs of the individual rate categories of presorted First-Class Mail letters in the test year, not to estimate the cost savings associated with changes in mail preparation requirements that were implemented as a result of Docket No. MC95-1. However, the cost models in my testimony are consistent with the test year in that they include the changes in mail preparation requirements as a result of Docket No. MC95-1. For example, one change in mail preparation requirements was to eliminate the preparation of automation mail in packages. This change is incorporated in the cost models included in my testimony.

C) Confirmed. Through the analysis contained in Library Reference USPS LR-H-126, cost savings due to changes in mail preparation and entry requirements were incorporated into the rollforward. By reconciling the cost analysis contained in my testimony to the mail processing unit costs by shape (developed using the rollforward mail processing costs), any mail processing cost savings reflected in the rollforward are also reflected in my unit cost estimates.

D) No. As stated above, the purpose of my testimony is to estimate the unit mail processing costs of the individual rate categories of presorted First-Class Mail letters. Therefore, the unit costs developed in my testimony do not include any costs associated with the processing of First-Class single piece stamped letters.

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-16. Please refer to your response to MMA/USPS-T-8(C). There you note that your models do take into account the stricter address requirements that have been implemented for First-Class Automation mail since re-classification.

A) Isn't it true that as a result of re-classification, the addresses for First-Class Automation mail are required to be more accurate and current? Please explain any no answer.

B) Isn't it true that more accurate and current addresses will result in fewer pieces being forwarded and returned? Please explain any no answer.

C) Please confirm that any cost savings due to reduced forwarding and return of First-Class Automation letters, resulting from the stricter address requirements that were implemented since re-classification, are not taken into account in your cost models. If you cannot confirm, please explain and provide data showing the numerical value given to those savings in you testimony and exhibits.

RESPONSE:

A) Yes.

B) Yes.

C) Confirmed. To the extent that lower mail processing costs as a result of reduced forwarding and return of presorted First-Class Mail letters are not reflected in the test year rollforward or in the mail processing benchmark costs by shape, they are not reflected in the unit costs produced in my testimony. However, as stated in my response to part (C) of MMA/USPS-T-25-8, the impact of improved address information on automation equipment accept and upgrade rates is accounted for in my testimony through the use of data from Library References USPS LR-H-113 and USPS LR-H-130.

RESPONSE OF POSTAL SERVICE WITNESS HATFIELD TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T-25-17. Please refer to your response to MMA/USPS-T-25-8(D).

A) Do you agree that there are cost savings associated from the new requirement that reply envelopes included with First-Class Automation outgoing letters be pre-barcoded and automation compatible? Please explain any no answer.

B) Since your testimony does not estimate these cost savings, please confirm that any cost savings due to the requirement that all reply envelopes included with First-Class Automation letters be pre-barcoded and automation-compatible, that was implemented since re-classification, are not taken into account in your cost models. If you cannot confirm, please explain and provide data showing the numerical value given to such savings in your testimony and exhibits.

C) Is it your position that these cost savings be credited to First-Class single piece mailers rather than First-Class automation mailers? Please explain.

RESPONSE:

A) Although I have not studied the costs of reply mail in my testimony, the mail processing costs associated with a barcoded, automation compatible piece of reply mail will be lower than the mail processing costs for a non-barcoded or non-automation compatible piece of reply mail.

B) Confirmed.

C) The purpose of my testimony in this docket is to develop the unit mail processing costs associated with presorted First-Class Mail letters. I have not estimated any costs associated with reply mail and I have taken no positions regarding how cost savings should be credited to Postal Service customers.

DECLARATION

I, Philip A. Hatfield, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Philip A. Hatfield

Dated: 9.30-97

CERTIFICATE OF SERVICE

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

Michael T. Tidwell

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