

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

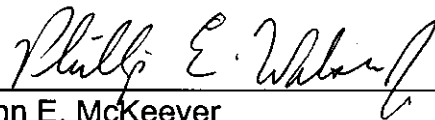
POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

FIRST SET OF INTERROGATORIES FROM
UNITED PARCEL SERVICE TO UNITED STATES
POSTAL SERVICE WITNESS BRADLEY
(UPS/USPS-T22-1 through 4)
(January 31, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to United States Postal Service witness Bradley (UPS/USPS-T22-1 through 4).

Respectfully submitted,



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INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY

UPS/USPS-T22-1. Confirm that "intrinsic costs," such as the expedited air network premiums (see USPS-T-22, p. 20, footnote 17), were previously called "specific-fixed costs" by the Postal Service. If you do not confirm, please explain.

UPS/USPS-T22-2. Refer to Docket No. R97-1, USPS-T-41, p. 4, where witness Takis presents a graphical comparison of incremental costs and volume variable costs, and to Docket No. R97-1, Tr. 4735-37, where witness Takis discussed the use of the term "specific-fixed."

(a) Confirm that the "darkly-shaded triangle" on page 4 of USPS-T-41 represents those costs "which are associated with the economies or diseconomies which are realized or lost as volumes change" (Docket No. R97-1, Tr. 4735). If you do not confirm, please explain.

(b) Confirm that a product's specific-fixed cost is not included in this "darkly-shaded triangle." If you do not confirm, please explain.

(c) Are a product's intrinsic costs included in this "darkly-shaded triangle"?

UPS/USPS-T22-3. Provide a precise definition of the term "product-specific cost." Include in your definition the relationship between product-specific cost and each of the following three terms:

- (a) Specific-fixed costs;
- (b) Intrinsic costs;

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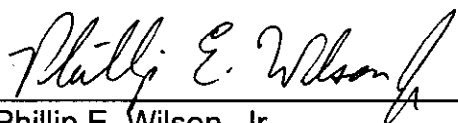
(c) Costs that are associated with the economies or diseconomies that are realized or lost as volume changes.

UPS/USPS-T22-4. Witness Kay uses the term "volume related incremental cost" at line 26, page 4, of USPS-T-23. Provide your definition or understanding of this term, and describe the relationship between "volume related incremental cost" and each of the following terms:

- (a) Product-specific costs;
- (b) Specific-fixed costs;
- (c) Intrinsic costs;
- (d) Costs that are associated with the economies or diseconomies that are realized or lost as volume changes.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.



Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: January 31, 2000
Philadelphia, Pa.