

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

FOLLOW-UP INTERROGATORIES OF UNITED
PARCEL SERVICE TO UNITED STATES POSTAL
SERVICE WITNESS BRADLEY
(UPS/USPS-T18-5 through 6)
(April 11, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves these follow-up interrogatories directed to United States Postal Service witness Bradley: UPS/USPS-T18-5 through 6.

Respectfully submitted,

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FOLLOW-UP INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY

UPS/USPS-T18-5. Refer to your answer to interrogatory MPA/USPS-T18-4.

(a) Explain the economic reasoning underlying the practice in previous rate cases of specifying separate equations, according to truck capacity, for the Intra-P&DC, Intra-CSD, Inter-P&DC, Inter-Cluster, and Inter-Area accounts?

(b) Consider the case where the USPS chooses to increase capacity on a route, because of increased mail volume, by expanding truck capacity from a van to a tractor-trailer.

(i) In this case, would you consider the two types of capacity to be substitutes as inputs into the production of mail movement? If not, why not?

(ii) In this case, would you consider all of the extra costs due to the provision of greater truck capacity to be volume variable? If not, why not?

(iii) How is this dimension of variability in costs accounted for in a system where cost variability in van trips and cost variability in tractor-trailer trips are estimated in separate equations?

(c) Confirm that your empirical model of highway transportation costs holds vehicle capacity constant when estimating volume variability. If not confirmed, explain why not.

(d) Confirm that your empirical model of highway transportation costs incorporates no variables representing the relationship between the volume of mail and the choice of vehicle capacity. If not confirmed, explain why not.

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(e) Have you examined the extent to which, or frequency with which, truck capacity changes over time under a contract? Have you examined the frequency with which truck capacity changes as contracts expire and are replaced with new contracts? If so, provide the results of your analyses. If not, explain why not.

UPS/USPS-T18-6. Refer to your answer to interrogatory MPA/USPS-T18-10. Your response indicates that the variable CONTYPE in Workpaper WP-3 at page 5 denotes whether a contract is a regular contract, an emergency contract, or a temporary contract.

(a) Are these variables defined in the same manner that they are defined in the Postal Operations Manual, pages from which you attached to your response to UPS/USPS-T18-3?

(b) If not, provide a table of correspondence to these terms as defined in the Postal Operations Manual.

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

Dated: April 11, 2000
Philadelphia, Pa.

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