

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ALEXANDROVICH TO INTERROGATORY OF UNITED PARCEL SERVICE
(UPS/USPS-T5-1)

The United States Postal Service hereby provides responses of witness Alexandrovich to the following interrogatory of United Parcel Service: UPS/USPS-T5-1, filed on July 24, 1997.

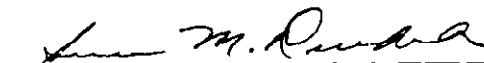
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
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August 7, 1997

Response of the United States Postal Service Witness Alexandrovich
to
Interrogatories of United Parcel Service

UPS/USPS-T5-1. Please refer to Exhibit USPS-5A, page 3, Cost Segment 14 (Purchased Transportation). Describe in detail the treatment of Alaska Air transportation costs reflected in that exhibit.

RESPONSE

The development of Alaska air transportation costs is shown in detail in my Workpaper B, specifically Worksheets 14.0.7. The cost of Alaska air transportation accrues to eight accounts. Four accounts apply to preferential service:

53563 Bush linehaul

53564 Mainline linehaul

53567 Bush terminal handling

53568 Mainline terminal handling

Four accounts apply to non-preferential service:

53581 Bush linehaul

53583 Mainline linehaul

53585 Bush terminal handling

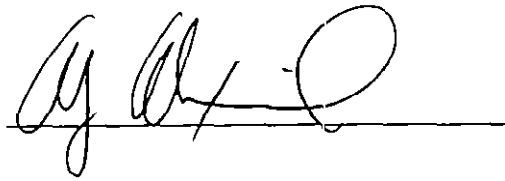
53587 Mainline terminal handling

All of these costs are considered 100 percent variable with volume. Volume variable costs for preferential and nonpreferential Alaska air service are distributed separately to the various classes, subclasses, and major rate

categories based on distribution key data collected in a special study. These data are provided in Docket No. MC97-2, Library Reference PCR-21, Intra-Alaska and Intra-Hawaii Air Transportation Studies, Distribution Key Development Programs and Documentation.

DECLARATION

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

A handwritten signature in black ink, appearing to read "Joe Alexandrovich", is written over a horizontal line.

Dated: 8/7/97

CERTIFICATE OF SERVICE

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



Susan M. Duchek

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