

DOCKET SECTION

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 INTERROGATORIES OF UNITED PARCEL SERVICE
(UPS/USPS-T5-12-14 AND 21-26)

The United States Postal Service hereby provides responses of witness Alexandrovich to the following interrogatories of United Parcel Service: UPS/USPS-T5-12-14 and 21-26, filed on September 17, 1997. Interrogatories UPS/USPS-T5-15-20 were redirected.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 1, 1997

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-12. Please refer to your Workpaper B, W/S 7.0.4.2, Lines 53-54.

- a. Please confirm that the elasticities used in columns 6 through 10 do not equal the elasticities presented in Tables 6 and 7 of Postal Service witness Baron's testimony (T-17).
- b. If confirmed, please explain why they do not agree, and explain all adjustments made to Baron's elasticities. Also, please explain why similar adjustments were not made to elasticities related to SDR stops.
- c. Please provide the workpapers supporting all adjustments.

Response to UPS/USPS-T5-12

- a. Confirmed.
- b. They do not agree because the base year workpapers used an earlier version of Witness Baron's elasticities. The elasticities that appear in Mr. Baron's testimony were not available at the time the final base year model was run.
- c. Not applicable.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-13. In reference to your Workpaper B, worksheet 14.0.1, please explain the source of the variability factors for Exceptional Service highway transportation, accounts 53122, 53125, 53128, and 53132, and provide any studies to support these variabilities.

Response to UPS/USPS-T5-13

These four accounts contain the costs of highway transportation that is incurred on an as-needed basis. These costs are considered 100 percent variable with volume, as they have been since (at least) Docket R80-1. The underlying rationale for the 100 percent variability was developed in the R84-1 testimony of USPS witness Robers and accepted by the Commission in that proceeding. The Postal Service and the Commission have used the same variability in each rate and classification case since then.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-14. For BY 1996, please provide revenue estimates and volume estimates in terms of pieces, weight, and cubic feet for each category of mail subject to dropship discounts, including all OBMC, DMBC, DSCF, and DDU classifications for each class and subclass of mail.

Response to UPS/USPS-T5-14

Revenue, pieces, and weight data for Standard Mail (A) for GFY 1996 are provided in the Billing Determinants (USPS LR-H-145). Cubic feet estimates are not available for this time period, but information regarding density is available in USPS LR-H-108.

For Parcel Post, the FY 1996 distributions of DBMC volume, weight, and cube by zone and weight increment are provided in USPS LR-H-135. The estimated DBMC revenue for FY 1996 is provided at pages 5-6 of workpaper USPS-T-37, WP I.D. The estimated FY 1996 volumes of OBMC and DSCF Parcel Post are developed in workpaper WP I.F. of USPS-T-37. The estimated FY 1996 volume of DDU Parcel Post is provided in the footnote to USPS-T-37, workpaper WP I.A., page 23. Aside from using the estimated distributions of volume to weight increment for DSCF and DDU as provided at workpapers USPS-T-37, WP I.A., pages 21-23, there is no estimate of the weight, revenue, or cubic feet associated with these categories.

For Regular Rate Periodicals, information can be found at USPS-T34, workpaper RR-E, page 1. Information for Within County

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

Response to UPS/USPS-T5-14 (cont.)

Periodicals can be found at USPS-T-34, workpaper WC-D, page 1. Nonprofit

Periodicals and Classroom mail can be found at USPS-T-35, workpaper E, page
1-2.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-15. On page 124.1 of Workpaper A-2, you indicate that the distribution key for C/S.18 Repriced Annual Leave, Holiday Leave Variance and CS Retirement Fund Deficit Current (Components 199, 200 and 201) is Component 526. Please provide the breakdown of Component 526 used for these distributions and indicate by name and number which components comprise Component 526.

Response to UPS/USPS-T5-15

Redirected to witness Patelunas, USPS-T-15.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-16. On page 6.1 of Workpaper A-4, you indicate that PESSA variable costs for C/S 2 Time & Attendance Supervision are developed by taking the difference between total distributed variable costs and volume variable costs less PESSA costs. You further indicate that total distributed variable costs are developed by distributing a total variable cost based on component 527 (all salaries excluding C/S 2 T&A and E&LR, and C/S 3 T&A).

- a. Please explain what PESSA costs represent.
- b. Please explain the difference(s) between Components 525 and 527.
- c. Please explain how PESSA costs are treated in the Rollforward model.

Response to UPS/USPS-T5-16

Redirected to witness Patelunas, USPS-T-15.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-17. With reference to PCR-21 (Intra-Alaska and Intra-Hawaii Air Transportation Studies), the source for workpaper 14.0.2, please provide the following:

- a. A discussion on the reliability of the studies and specifically the reliability of all input data and the resulting distribution keys;
- b. A table of airport codes and airport names;
- c. A description of how flights with more than two legs are accounted for.

Response to UPS/USPS-T5-17

This interrogatory has been redirected.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-18. With reference to PCR-21, page 4, IV. B.2. please confirm that EXPFRAME.TXT (cited at page 60) contains data on all intra-Alaska Flights for APs 5 and 6 of FY 1996 and not just those flights with at least one leg originating or destinating at one of the four test facilities. Please explain any nonconfirmation.

Response to UPS/USPS-T5-18

This interrogatory has been redirected.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-19. With reference to PCR-21, pages 115-117, please confirm the following:

- a. Subject to the payment frame reorganization described at page 117, a record with an empty FAC_B field represents a one-leg flight wherein the origination airport is contained in the FAC_A field and the final destination is contained in the FINLDEST field.
- b. With reference to (a), the sum of the "WEIGHT" field for all records with the same FAC_A and FINLDEST fields represents the total weight of mail transported via air transportation between each respective origin-destination pair during APs 5 and 6.
- c. With reference to (a), the sum of the "AMOUNT" field for all records with the same FAC_A and FINLDEST fields represents the total cost of air transportation costs (linehaul and terminal handling) relating to all mail transported via air between each respective origin-destination pair during APs 5 and 6.
- d. Subject to the payment frame reorganization described at page 117, if the LEG_IND variable equals 1, then the MILES variable should be the same for each identical origination-destination pair as reflected by the FAC_A and FAC_B variables where the FAC_B variable is not blank. Please explain any nonconfirmation.
- e. Subject to the payment frame reorganization described at page 117, if the LEG_IND variable equals 2, then the miles variable should be the same for each identical origination-destination pair as reflected by the FAC_B and FINLDEST variables where the FAC_B variable is not blank. Please explain any nonconfirmation.

Response to UPS/USPS-T5-19

This interrogatory has been redirected.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-20. With reference to PCR-21, pp. 62 and 115, please confirm the following:

- a. TOTWT represents total pounds of bypass mail transported via air transportation in APs 5 and 6 FY 96.
- b. The WEIGHT variable in EXPFRAME.TXT includes all bypass volume (in pounds) transported via air in APs 5 and 6 of FY 96.
- c. Please explain any nonconfirmation.

Response to UPS/USPS-T5-20

This interrogatory has been redirected.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-21. Please provide any changes/modifications to the policy on Bypass Mail as described in the statement of policy dated April 1988.

Response to UPS/USPS-T5-21

Attachment 1 is the latest statement of policy on Bypass Mail, dated February 1996. It is my understanding that the only changes or modifications since the April 1988 policy (other than contacts and phone numbers) is a restriction on the mailing of building construction materials. See page 3.

STATEMENT OF POLICY ON BYPASS MAIL

February, 1996

This statement of policy constitutes the controlling document for the acceptance of mail bypassing a postal facility or facilities. The "Bypass Mail Program" was initiated for the mutual benefit of mailers, air carriers, addressees, and the US Postal Service. Bypass Mail is defined as Bulk Parcel Post, which is so prepared as not to require handling in a postal facility. Bypass shipments will be accepted only in Anchorage and Fairbanks. Nothing in this statement of policy should be construed to relieve the mailer of the responsibility of complying with all postal laws and regulations. To participate in the Bypass Program, a mailer should submit a letter and "Bypass Mail Program Application" to the appropriate postal authority listed below.

Manager, Processing & Distribution
US Postal Service
4141 Postmark Drive
Anchorage, AK 99502-9787

ATTN: Manager, Air Mail Facility

or

Postmaster
US Postal Service
5400 Mail Trail
Fairbanks, AK 99709-9998

ATTN: Bypass Mail Coordinator

The program has been developed for mutual benefit of the US Postal Service, mailers, air carriers, and addressees. The day-to-day administration of the program is delegated to either the Anchorage AMF or the Fairbanks Post Office. If discrepancies in preparation, appointments, or packaging occur, the Anchorage AMF or Fairbanks Post Office personnel will advise the shipper. Failure to correct the problem may result in denial of authorization to participate in the program.

Any questions regarding the acceptability of mail may be directed to the Anchorage Manager, Air Mail Facility at (907) 266-3365 or (907) 266-3324. When making Bypass Mail appointments, call (907) 266-3268. Questions regarding the program in Fairbanks should be directed to the Fairbanks Bypass Mail Coordinator (907) 455-5412.

Any questions regarding the Bypass Mail policy or procedures may be directed to the Anchorage Manager, Transportation Networks at (907) 266-3367, or the Air Transportation Specialist at (907) 266-3275.

PARTICIPATION REQUEST

The general time frame from receipt of applications for participation is approximately two weeks. The following information must be provided in the letter; if provided in the initial request, it can serve to expedite the approval.

Bypass Mail Policy
Page 2

(1) Local (Anchorage or Fairbanks) agent/representative information (Name, Address, Telephone Number, etc.)

(2) Potential volumes and shipment destinations (for planning purposes only)

(3) Facsimile of the label that will be used for the mail preparation and labeling (see "Attachment A" for a recommended label design)

An application form to request participation in the Bypass Program and to supply necessary mail profile data is attached ("Attachment B").

PAYMENT OF POSTAGE

Postage payment at the applicable rates must be affixed to each individual mailing piece. The method for payment is by the use of meter postage. (Other methods of payment will be given careful consideration on advance request by the mailer). Verification of postage will be performed at the time of acceptance; several pieces or the entire pallet may be reviewed for appropriate payment and accuracy of postage. (See "Attachment C" for present rates.)

In order to participate in the Alaska Bypass Program, all meters must be licensed in Anchorage if mail is being entered at that office, or Fairbanks if mail is entered at the Fairbanks office.

Questions concerning the licensing and refilling of meters in Anchorage may be directed to the Manager, Business Mail Entry at (907) 266-3277; in Fairbanks, you need to contact the Supervisor, Mail Classifications at (907) 455-5451.

This requirement is necessary in order to ensure postal revenue is credited to the entry office.

PREPARATION

The Domestic Mail Manual indicates specific requirements for mail preparation and packaging, as well as labeling, addressing, and posting of dates of mailing. If you have any questions regarding the acceptability or packaging of Bypass Mail, please contact the Bypass Mail Coordinator.

ADDRESSING AND LABELING

The requirements for addressing and labeling of the Bypass Mail is to be consistent with the requirements of the Domestic Mail Manual. In addition, the mail must be endorsed with the following endorsement on each piece: "BYPASS MAIL". Any label intended for use must be submitted for acceptability prior to acceptance in the program (see "Attachment A" for example). Just the word "BYPASS" is not acceptable.

All Bypass Mail must be addressed to a physical location at the destination. Post Office Box is not acceptable as an address, as this would indicate that mail would go to the Post Office. In instances where there are no street names at the destination, a simplified address of "APO Steno, Anchorage, AK 995XX" is acceptable.

Bypass Mail Policy
Page 3

In many cases, the mail will be flown to the Mainline or "Hub" destination on large cargo and jet aircraft. If necessary, it will be transferred to an aircraft substantially smaller; therefore, each piece of mail that is destined for a "Bush" destination must include the specific weight of the piece of mail on each package. This weight indicator will not be necessary for "Hub" points. (Refer to "Attachment D" for listings of Hub and Bush points.) Bypass shipments will be accepted only for destinations indicated on "Attachment D."

ACCEPTABILITY

Acceptability of articles of mail will be consistent with the Domestic Mail Manual. In no circumstances may matter intended for mailing exceed 108 inches (length and girth combined), nor weigh more than 70 pounds.

No mailing of an accountable nature (Insured, C.O.D.'s, Certified, etc.) requiring a signature on delivery may be entered as Bypass Mail.

Building construction materials are restricted from acceptance as Bypass Mail. This includes lumber, insulation, flooring, concrete, cement, or other materials for construction.

If you are not sure that the items you want to enter into the Bypass Mail system falls into one of the above categories, contact the AMF Manager at (907) 266-3365.

At the present time, freeze and chill items are being accepted into the Bypass Mail Program. These type items are entered into the mailstream with the understanding on the part of the bypass shipper that it is, "at his/her own risk." The Postal Service does not have freezers or coolers to store these items, nor does the Postal Service require air carriers to have freezers or coolers. The air carriers in Anchorage have offered the use of their freezers and coolers for temporary storage until flight time. Some air carriers at hubs have freezers and coolers. Due to the diverse weather conditions in Alaska, there are times that these items may arrive at the final destination in a spoiled or thawed condition.

Items identified as "hazardous material" by USPS and/or FAA or DOT regulations will not be mailed as Bypass Mail. Such articles, as may be mailable, must be entered through normal postal facility channels with proper documentation. It is recommended that the mailer contact the FAA or local air carrier for special information concerning hazardous material. Any hazardous material found in a Bypass Mail shipment will result in the entire order being refused. If a second violation occurs, the shipper may be subject to removal from the Bypass Mail Program.

PALLETIZING AND PACKAGING

Mailings not containerized must be palletized and secured to the pallet by shrinkwrap prior to delivery to the air carrier. The overall dimensions of the palletized load may not exceed 4 X 4 X 6 (width X length X height). For compliance with postal safety requirements, in no case may the overall height exceed 6 feet.

Each piece of mail on the pallet will require the specific postage, weight (as appropriate), and labeling. If several pieces of mail are banded together, it is required that a label be affixed to each of the banded pieces. In the event a banded piece is separated from the labeled piece, it will not hamper delivery nor present problems in identification. All pieces that are banded together are considered a single piece and must meet

Bypass Mail Policy
Page 4

Shippers should take necessary steps to have the individual labels turned to the inside of the banded unit so that the single piece address label is visible.

The weight of each pallet load may be as appropriate to accommodate the height restrictions; however, the total weight for the entire shipment must be above the minimum acceptable weight of 1,000 pounds per addressee. If shipments are less than the required weight, it may be considered unacceptable through the Bypass acceptance; entry at the appropriate postal facility will be necessary to effect mailing.

NOTIFICATION PROCEDURES

The appropriate General Mail Facility (Anchorage or Fairbanks) must receive the proper notification of the availability of mail and desire to schedule an appointment. Proper notification must be made the day prior to the intended day of delivery. The calls for appointments will be accepted between the hours of 8:00 a.m. and 3:30 p.m., Monday through Friday. The Transportation personnel will advise the mailer regarding which air carrier the mailing should be delivered to and appointed time of delivery. Considerations regarding morning or afternoon "appointments" will be incorporated to the extent possible; however, demand on the preferred time may not allow accommodations for all requests.

NOTE: Any shipment exceeding 50,000 pounds will require a 7-day advance notice by the shipper prior to the date of appointment.

When making the appointments, please have the following information available to ensure expediting the procedures:

1. Destination (community name; i.e., Bethel, King Salmon, etc.)
2. Estimate of the total weight (and number of pallets, if possible)
3. Addressee (store/business name)
4. Identify contents of mailing, i.e., groceries, dog food, etc.

When providing the estimated weight to Anchorage or Fairbanks, it is necessary that the estimate be within 10% of the actual weight. Accurate estimates are required in order to equitably tender mail to air carriers and avoid impact in mail service.

The appointment time is designed to facilitate the acceptance of the entire mailing. The program does not easily accommodate multiple shipments under one appointment; therefore, it is requested that multiple appointments be made to accommodate large volumes that cannot be easily made available for acceptance at the appointed time. If the shipper cannot make the appointments because unusual circumstances (truck breakdown, severe weather problems, strike, etc.) arise, it is necessary to advise the Anchorage or Fairbanks office to minimize the impact on postal and air carrier scheduling.

DELIVERY TO ADDRESSEE

It is the responsibility of the air carrier at the shipment's final destination to deliver the shipment to the addressee, thereby bypassing the postal facility. Arrangements must be made by the air carrier or their agent to pick up the bypass shipment at the airport or runway and transport the shipment to the addressee. Addressee cannot be required to pick up their shipment at the runway or postal facility.

The air carriers or their agents are responsible for delivering Bypass Mail shipments to the addressee during their normal business hours (8:00 a.m. to 5:00 p.m.). The air carriers' facilities should not be used to store or warehouse Bypass Mail, unless the mail arrives at times other than what is specified above. If a Bypass order arrives on an evening flight, that mail is to be delivered between 8:00 a.m. and 12:00 noon the next morning.

The addressee will be responsible to assure that Bypass Mail shipments can be delivered to their place of business during the air carriers' normal business hours. Any specific arrangements for delivery should be between the addressee and the airline or agent.

If an air carrier or their agent attempts delivery during their normal business hours and the addressee's place of business is closed, it will be the responsibility of the addressee to pick up his own mail at the air carrier's facility before the end of that business day. The bypass shipment will not be held at the Post Office for pickup.

Failure to adhere to these guidelines may result in the Postal Service's refusal to accept bypass shipments for the addressee.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-22. With respect to Bypass Mail, please confirm the following:

- a. It is the responsibility of the air carrier at the shipment's final destination to deliver the shipment to the addressee.
- b. Addressee cannot be required to pick up its own shipment at the runway or postal facility.
- c. The costs associated with the services described in (a) are captured in terminal handling costs.
- d. The costs associated with the services described in (a) are not air transportation costs, but in fact, surface transportation costs.
- e. The services described in (a) would still be required even assuming in a hypothetical world a surface transportation network replaced the Air transportation network.
- f. The costs of delivering bypass shipments to the addressee in the hypothetical world referred to in (e) would not be significantly different than those actually incurred by the air carrier or its agent.

Please explain any nonconfirmation of the above. In addition, please describe how the air carrier or its agent physically delivers the shipment to the addressee.

Response to UPS/USPS-T5-22

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Not confirmed. These costs are considered terminal handling costs. A primary rationale of the Bypass Mail program is to avoid the transfer of this mail through small postal facilities in the Alaska bush. In delivering the mail directly to the addressee, the air carrier is performing a service not unlike that performed by air carriers in the rest of the country. The

Response of United States Postal Service Witness Alexandrovich
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- terminal handling costs for all air carriers includes transporting the mail on the ground for tender. However, in the case of Bypass Mail, this tender is made directly to the addressee rather than the Postal Service.
- e. Not confirmed. Bypass mail would not exist if there were a surface transportation network in Alaska. Even today, there is no Bypass mail in those markets in which adequate surface transportation exists. For example, Bypass mail is not available between Anchorage and Fairbanks, and Anchorage and the Kenai peninsula (the towns of Kenai, Homer, Seward, and Soldotna) since the presence of highway transportation makes this service unnecessary. Also, the existence of a good surface water network eliminates the availability of Bypass mail to much of the southeastern peninsula.
- f. Not confirmed. Bypass Mail would not exist if there were an adequate surface transportation network in Alaska, as indicated in (e) above.

In response to how the air carrier or agent physically delivers the shipment to the addressee, it is my understanding that a variety of vehicles are used, including trucks, boats, sleds, trailers, and snow machines.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-23. With respect to Alaska Air transportation costs, please describe how mail is handled from the Air Mail Facility or Air Mail Center to the processing facility. Please also identify in which accounts those costs are captured.

Response to UPS/USPS-T5-23

In Anchorage, mail is tendered by the air carriers to the Air Mail Facility, which is co-located with the processing and distribution center. The air carriers accept the tender of outbound mail at the same location. In Fairbanks, the air carriers tender inbound mail and accept outbound mail at the processing and distribution facility. These costs are treated as terminal handling costs and are accrued in account numbers 53566 and 53568.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-24. With respect to Alaska Air transportation costs, please describe what services are captured in terminal handling. How are these services different from those defined as terminal handling in the lower 48 states?

Response to UPS/USPS-T5-24

It is my understanding that the services included in terminal handling costs for non-Bypass Mail are essentially the same in Alaska as in the lower 48 states.

These services include: accepting the tender of mail from the Postal Service; sorting and containerizing the mail to the appropriate flight; loading the mail onto the airplane at origin; unloading the mail at destination, and; tendering the mail to the Postal Service at the specified destination facility. With respect to Bypass Mail, the only differences are that the air carrier accepts the tender of mail directly from the mailer, and, at destination, tenders the mail directly to the addressee.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-25. Please refer to Workpaper B-14, WS 14.0.6. Please confirm the following:

- a. The top half of page 1 represents north-bound shipments and the lower half of page 1 represents south-bound shipments.
- b. The relative costs of north-and south-bound shipments approximate the *relative volumes of mail moving north-bound and south-bound*.

Response to UPS/USPS-T5-25

- a. Not confirmed. In southeast Alaska, Lynden operates a barge and ferry service which goes both north and south. Also, the drayage service provided by Montague moves between the Seattle BMC and the port for both inbound and outbound shipments.
- b. Confirmed to the extent that costs in general reflect volumes.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

UPS/USPS-T5-26. With respect to Alaska non-preferential air transportation costs, assuming a surface transportation network existed sufficient to replace the nonpreferential air movements, please provide the following:

- a. Identify, on average, how many days per week nonpreferential mail volumes would be moved on purchased highway contracts.
- b. Confirmation that purchased highway transportation would be based on round-trip contracts.
- c. The average and maximum number of miles a driver would be allowed to work in a 24-hour period. How would this differ from experience in the lower 48 states?
- d. The average and maximum number of hours a driver would be allowed to work in a 24-hour period. How would that differ from experience in the lower 48 states?
- e. Any guidelines, rules of thumb, or practices in estimating the appropriate amount of capacity necessary to meet the necessary mail volumes for a given route in the lower 48 states (e.g., that capacity should be x% higher than the peak volume on a particular segment).
- f. Confirmation that purchased highway transportation costs in Alaska would be higher than in the lower 48 states on a cost-per-mile basis because of higher prices and living costs in Alaska.
- g. The relationship between the great circle distance and actual surface distance between origin-destination pairs in the lower 48 states.

Response to UPS/USPS-T5-26

- a. It is impossible to provide a meaningful answer to this question.

Assuming that a surface transportation network could be built in Alaska, such a development would eliminate the need for the Bypass Mail program. A likely result would be that competing distribution networks would arise, and more cost-effective means of shipping groceries and

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of UPS

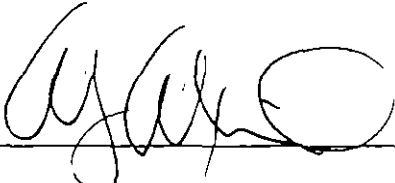
Response to UPS/USPS-T5-26 (cont.)

other essential items which make up the bulk of Bypass Mail would become available. The uncertainty about the volume of nonpreferential mail that would remain in such a scenario defies any attempt to estimate the frequency of any assumed highway contracts.

- b. Cannot confirm.
- c. I am unable to answer this question without more information. For example, what is the speed limit for trucks on these assumed highways?
- d. I assume that drivers in Alaska would be held to the same DOT regulations that govern the amount of time a driver can work in a 24-hour period in the lower 48 states.
- e. I assume that the methods to estimate capacity needs in Alaska would be similar to those employed in the lower 48 states.
- f. Cannot confirm. It is impossible to estimate the effect that a surface transportation network in Alaska would have on prices and living costs there.
- g. Without considerably more information about this hypothetical highway system, I cannot speculate on the relationship between great circle distance and actual surface distance between origin-destination pairs in Alaska as compared to those in the lower 48 states.

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: 10/1/97

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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", written over a horizontal line.

Susan M. Duchek

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October 1, 1997