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Order 2002-10-12  
Served: October 9, 2002



UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.

Issued by the Department of Transportation  
on the 9<sup>th</sup> day of October, 2002

INTRA-ALASKA MAINLINE

Docket OST-95-429

SERVICE MAIL RATES

(Docket 38961)

**ORDER MAKING RATES FINAL**

By Order 2002-9-6, September 6, 2002, the Department proposed setting new intra-Alaska mainline mail rates for the period October 1, 2002, through September 30, 2003. The Department directed all parties to show cause within 20 days why it should not make final the proposed rates. No formal objections were filed.

On September 20, 2002, the United States Postal Service, however, filed a comment. The Postal Service is concerned with the 18.55% increase in the line haul rate, specifically the 28.1% increase in Alaska Airlines' nonfuel line haul costs from the preceding year. From inspection of Alaska Airlines' Form 41 data, the Postal Service notes that most of Alaska's cost increase comes from a surge in maintenance costs for its B-737-200 aircraft over the previous year. Because those aircraft carry the second largest percentage of mail revenue ton miles in the carrier pool, the Postal Service requests that Alaska Airlines provide information as to whether these increased costs are associated with discrete, one-time events, or whether similar costs increases may be anticipated in the future, and whether the reported costs are correct. The Postal Service also agreed with the Department's tentative decision not to add either ERA or Alaska Central Express to the mainline cost pool.

We find that the Postal Service's request for more information is reasonable and important for its out-year budget forecasting. Although the Postal Service did not specifically object to the proposed rates, we share its concern about this type of cost variation for the future. Therefore, while we will make final the rates proposed in Order 2002-9-6 from October 1, 2002, through September 30, 2003, we will also direct Alaska Airlines to provide information in this docket about the reasons for these increased costs, and whether the reasons will result in future increases of the magnitude reported. Alaska Airlines should submit this information no later than ten (10) days after the date of service of this order.

**ACCORDINGLY,**

1. We make final the rates tentatively set by Order 2002-9-6, from October 1, 2002, through September 30, 2003;
2. We direct Alaska Airlines to provide information as to the cause of the increase in its maintenance expense for B-737-200 aircraft and whether such continued cost increases should be anticipated no later than ten (10) days after the date of service of this order .; and
3. We will serve this order upon all parties on the Service List for this Docket.

By:

**READ C. VAN DE WATER**  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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