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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

AUG 14 1974



Mr. Joseph Jones
Director, Logistics Department
United States Postal Service

Dear Mr. Jones:

You will recall that last year the General Accounting Office initiated a limited examination of the Postal Service's air taxi operations. Our objective was to obtain a sufficient understanding of these activities to judge whether a detailed audit should be undertaken.

The energy crisis impacted in the course of our effort. As a result of the crisis, the Service initiated a search for ways to achieve fuel economies. Air taxi operations were included. In view of these actions, we decided to terminate our own work to avoid any duplication of effort.

The purpose of this letter is to apprise you of the observations we made prior to stopping work for your consideration in your own investigations. As discussed below, we noted three situations where cutbacks in the use of relatively expensive air taxis appeared possible through substitution of ground transportation--without affecting quality of service.

The Service testified in September and October 1973 before the House Post Office and Civil Service Committee that air taxi service was established to fill service gaps in the scheduled air carrier networks to expedite delivery of airmail and to protect service standards for first-class mail. The types of aircraft used ranged from Aztecs to Falcon and Lear jets having mail-load capacities of up to 6,000 pounds. As of April 1974, the Service had 171 air taxi routes at a cost of over \$20 million annually.

We believe that the air taxi operating between Baltimore, Maryland and Newark, New Jersey could be replaced by surface transportation without affecting service. This change would result in savings of approximately \$200,000 and 80,000 to 100,000 gallons of fuel annually. Our discussions with Service personnel indicated that there were no compelling reasons for continuing this air taxi route.

In addition to the above air taxi route, the--Cumberland and Baltimore, Maryland and Martinsburg and Charleston, West Virginia,

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and the--Roanoke, Lynchburg and Richmond, Virginia and Baltimore, Maryland routes--appear to offer opportunities for eliminating or greatly reducing air taxi service. Postal Service records show that surface transportation is available that could carry additional mail and meet the established delivery goals for most segments of these routes. We discussed these routes with Service representatives who agreed that a switch to surface transportation would be possible for most segments.

We appreciate the cooperation extended to our representatives during the review. We would appreciate being informed of any action taken or proposed in connection with the matters discussed in this letter.

Sincerely yours,


John Landicho
Associate Director