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BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPARTMENT OF TRANSPORTATION

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DOCKET SECTION

U.S.-THAILAND ALL-CARGO)
FREQUENCY ALLOCATION CASE)
_____)

DOCKET OST-96-1496

Application of)
UNITED PARCEL SERVICE CO.)
for grant of an exemption pursuant to)
49 U.S.C. § 40109)
(delay in start-up))
_____)

DOCKET OST 97-3178

**APPLICATION OF
UNITED PARCEL SERVICE CO.
FOR GRANT OF AN EXEMPTION**

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Date: May 20, 1998

NOTE: Any person wishing to support or oppose this Application must file an answer with the DOT's Documentary Services Division by **June 4, 1998**. A copy of such answer must be served upon United Parcel Service Co. and its counsel and all persons named on the attached Service List.

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U.S.-THAILAND ALL-CARGO
FREQUENCY ALLOCATION CASE

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DOCKET OST 97-3178

**APPLICATION OF
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FOR GRANT OF AN EXEMPTION**

United Parcel Service Co. ("UPS") hereby applies pursuant to 49 U.S.C. Section 40109 and subpart D of the rules of Practice of the Department of Transportation (the "DOT" or the "Department"), for grant of an extension of its exemption from the 90-day dormancy condition applicable to its allocation of U.S.-Thailand all-cargo operating frequencies originally granted to UPS by Order 96-9-16, so as to authorize UPS to continue to suspend its utilization of five of its six U.S.-Thailand all-cargo frequencies until December 31, 1998 with the standard 90 day dormancy condition to commence from that date.

UPS urges that the grant of the requested exemption is in the public interest in that it will enable UPS to operate all-cargo services to Thailand in an economically viable manner.

In support of this application, UPS states as follows:

1. UPS was allocated six weekly all-cargo frequencies for services in the U.S.-Thailand market by Order 96-9-16, served September 19, 1996, for a period of one year, through September 19, 1997. The start-up date, after which time the frequencies would have automatically expired was initially April 1, 1997. In a Notice of Action Taken on March 28, 1997 (confirmed by Order 97-5-6) in Docket OST-97-2225 the Department granted UPS an Exemption delaying the start-up date until September 1, 1997. In a Notice of Action Taken on August 29, 1997 in Docket OST-96-1496 the Department granted UPS a renewal for two years of the allocation of six weekly U.S. Thailand all-cargo frequencies until August 29, 1999.

2. Before April 1, 1997 UPS commenced all-cargo service between the United States and Thailand one day per week over a Taipei-Bangkok-Singapore routing. The foregoing flight is operated utilizing DC-8-73 freighter aircraft, having a maximum gross payload of 103,000 pounds. The DOT subsequently extended the start-up date for UPS's Thailand service to June 30, 1998. (Notice of Action Taken, December 4, 1997).

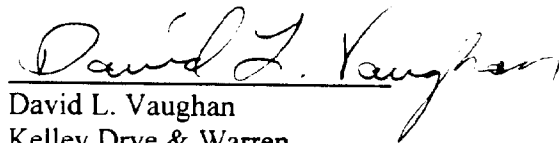
3. Because of the continuing economic difficulties in Thailand impacting the level of demand for its U.S.-Thailand cargo service, UPS hereby requests an extension of its existing exemption from the 90-day dormancy condition to enable UPS to defer the use of its five weekly frequencies until December 31, 1998, with the standard 90 day dormancy provision to begin on that date. Should economic conditions in Thailand improve before that date, UPS would commence the service sooner.

4. UPS hereby relies on the automatic extension provision of the Administrative Procedure Act, 5 U.S.C. 558(c), as implemented by 14 C.F.R. 377. UPS's service is an "activity of a continuing nature" as defined in 5 U.S.C. 558(c). This renewal application is timely filed

under Part 377.10(c) because it is being filed more than 60 days in advance of the expiration of the existing frequency allocation. The 90 day dormancy period for UPS begins to run on June 30, 1998 (Notice of Action Taken, December 4, 1997), thus UPS's frequencies would expire on September 28, 1998, more than 60 days from today. If the DOT interprets Part 377 to require a filing 60 days in advance of the June 30, 1998, UPS requests a waiver of that Part. Thailand will be an important part of UPS's system once traffic recovers, and UPS's service will be of significant benefit to shippers. UPS may be able to commence service sooner than December 31, 1998, and it would be in the public interest to allow UPS's frequency allocation to continue in effect.

WHEREFORE, United Parcel Service Co. respectfully requests that the Department to grant UPS an exemption from the applicability of the 90-day dormancy condition to its five weekly Thailand cargo frequencies until December 31, 1998, and grant such other and further relief as may be just and necessary.

Respectfully Submitted,



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