

Nat Trumbull's August 24, 2017 Questions and the SSA Staff's Answers to Them

1. *At the July 6, 2017 Port Council meeting, a 9.8% increase in truck traffic to Martha's Vineyard in May 2017, compared to the same month last year, was reported. Port Council members at the meeting speculated that the reason for the increase was higher construction levels on the Vineyard or the introduction of the larger MV Woods Hole on the Vineyard route. (We see in the 2017 schedule that the MV WH was on the Vineyard route from March 17 to May 14, 2017, but not during the second half of May 2017.)*

We have four related questions:

- A. *To what factors does SSA staff attribute the 9.8% increase in truck traffic in May 2017 in comparison with May 2016?*

The staff has not looked into this issue and, therefore, has not attempted to attribute the increase in truck traffic to any factors. However, given that most trucks travel on business days (non-holiday weekdays), we suspect that at least a portion of the increase is attributable to the fact that there were 22 business days in May 2017, while there were only 21 business days in May 2016.

- B. *Were there similar significant increases in truck traffic in January 2017 to April 2017, and June and July 2017, in comparison with those same months in 2016?*

Attached are our traffic statistics for each of the first seven months of 2017 that show the truck traffic for that month and the truck traffic for the same month in 2016. During the first seven months (January 1 through July 31) of 2016 and 2017, we carried the following numbers of trucks between Woods Hole and Martha's Vineyard:

	<u>2016</u>	<u>2017</u>	<u>Difference</u>	<u>% Diff</u>
Less than 20 feet				
Regular	27,410	28,160	750	2.7%
Excursion	<u>20,108</u>	<u>21,091</u>	<u>983</u>	4.9%
Subtotal	47,518	49,251	1,733	3.6%
20 feet and over	<u>29,664</u>	<u>30,833</u>	<u>1,169</u>	3.9%
Total	77,182	80,084	2,902	3.8%

- C. *Are SSA-projected/expected freight traffic numbers for 2018 expected to be closer to 2017 levels, or to 2016 numbers?*

We have not made any projections of our freight traffic numbers for 2018.

- D. *What is the approximate average annual growth in truck traffic that the SSA uses in its projections for planning purposes for providing freight service to the Vineyard?*

We do not project any growth in truck traffic for planning purposes for providing freight service to the Vineyard. When preparing our operating budget, we generally use the traffic figures from the most recent 12-month period to estimate our expected traffic for the following calendar year. For example, for our traffic and revenue projections in our draft 2018 Operating Budget, we will be using traffic figures from August 2016 through July 2017.

2. A. *What have been the main counter-arguments or obstacles to broadening the SSA's yield management approach to include truck freight and time of day modified pricing?*

Assuming that you are using the term “yield management” as it is defined by Wikipedia – namely, “a variable pricing strategy, based on understanding, anticipating and influencing consumer behavior in order to maximize revenue or profits from a fixed, time-limited resource (such as airline seats or hotel room reservations or advertising inventory)” – we do not remember any recent discussion about the possibility of broadening the SSA’s variable pricing strategy for freight trucks to include modified pricing based upon the time of day that trucks travel on the Martha’s Vineyard route.

On the Nantucket route, on occasion, when the SSA has had a substantial number of people who are unable to obtain automobile reservations to leave Nantucket during the day, the SSA has asked freight shippers who have truck reservations from Nantucket to Hyannis during the day if they are willing instead to have their trucks transported from the island during an evening trip and, when a freight shipper has agreed to the request, the SSA has waived the fees it otherwise would have charged to drive the truck on and off of the ferry. In addition, we do provide discounted rates for automobiles less than 20 feet in length that travel on certain specified off-peak trips between Hyannis and Nantucket.

As mentioned on page 35 of the SSA’s Report on the Proposed 2018 Winter and Spring Operating Schedules, while the SSA from time to time has considered “premium pricing” for certain popular sailing times of the day and popular travel days of the week, in 1997 it was advised that increasing fares during popular travel times and/or days would not necessarily decrease the number of people traveling at

those times and/or days. Indeed, the SSA's consultants at that time, Joseph Savage and Frank Mahady, found that the amount of automobile traffic was just as likely to go up after a fare increase as go down, and they concluded that people make decisions as to whether or not to take their cars for reasons that do not have much to do with the amount of the fare. Further, Messrs. Savage and Mahady cautioned the SSA not to use fare increases in an attempt to control growth on the islands, and they emphasized that certain market segments of the SSA's customer base will be burdened by any fare increase imposed by the SSA. However, we do not remember any recent discussion about "premium pricing" for trucks based upon their travel times and/or days.

- B. *We know there is already a yield management pricing approach taken with the winter season discount for both cars and trucks.*

We don't agree that the purpose of the lower fares from November through March for automobiles less than 20 feet in length and commercial vehicles less than 30 feet in length is to influence consumer behavior in order to maximize revenues or profits. In addition, there is no "winter season discount" for commercial vehicles that are 30 or more feet in length. See Appendix I to the SSA's Report on the Proposed 2018 Winter and Spring Operating Schedules.

- C. *Has a similar yield management approach been considered to help even out the demand on truck freight sailing times during the day?*

No, we have not considered that.

- D. *For example, if the evening run were not doing well, a lower price be offered then. (One could imagine this being a revenue-neutral approach for freight if rates were raised slightly on the most-in-demand sailing times, and lowered slightly at the least-in-demand sailing times.)*

No offense, but you are making a statement and not asking a question.

3. A. *How many fuel trucks are involved in the refueling of SSA vessels that operate out of Woods Hole?*

Usually only one that travels twice to and from the Woods Hole terminal.

- B. Is that refueling daily? If not, on what days of the week does that refueling take place?*

The refueling generally takes place on Mondays, Wednesdays and Fridays.

- C. At what approximate time of day are those fuel deliveries made?*

The truck generally arrives around 6:30 a.m. to fuel two of the ferries and then returns around 9:00 a.m. to fuel the other two ferries.

- D. Are the fuel trucks approximately the same size and weight as the fuel trucks that the SSA carries daily to the Vineyard?*

No. The truck usually is 38 feet long and holds 5,900 gallons of fuel.

Answers provided on August 25, 2017