

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
JOSEPH E. NASH (USPS-T-16) TO INTERROGATORIES OF
DOUGLAS F. CARLSON (DFC/USPS-T16-1, 3)
(June 15, 2006)

The United States Postal Service hereby provides the responses of witness Joseph E. Nash (USPS-T-16) to the following interrogatories of Douglas F. Carlson, filed on June 1, 2006:

DFC/USPS-T-16-1, 3

Objections were filed to questions 2 and 4 of this set of interrogatories on June 12, 2006. Each answered interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF USPS WITNESS NASH (USPS-T-16) TO
INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T16-1 Please refer to your testimony at page 2. Please explain the concept of "Great Circle Distance."

RESPONSE:

The great-circle distance is the shortest distance between any two points on the surface of a sphere measured along a path on the surface of the sphere (as opposed to going through the sphere's interior). For any two points on a sphere which are not antipodal (i.e., directly opposite each other), there is a unique great circle connecting the two points, whose center is coincident with the center of the sphere. The two points separate the great circle into two arcs. The length of the shorter arc is the great-circle distance between the points. Between two points which are antipodal, there are infinitely many half circles, but all with the same length equal to half the circumference of the circle.

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DFC/USPS-T16-3 Please refer to your testimony at page 5, lines 11–14. Please explain the basis for your assumption that “the same percentage of Priority Mail uses air vs. highway transportation when traveling within the offshore regions as when traveling between the offshore regions and the continental U.S.”

RESPONSE:

The assumption is an implicit one in my proposed methodology. Let’s take the example of Hawaii as an offshore location, and let’s assume that ODIS/RPW indicates Base Year (FY 2005) Priority Mail volume of 100 pounds traveling to or from Hawaii (i.e., between Hawaii and the continental United States, Alaska or the Caribbean) and 20 pounds traveling within Hawaii (intra-Hawaii). In line with the 100 to 20 (or 5 to 1) ratio, my methodology assumes that for every six pounds loaded onto an intra-Hawaii flight, five pounds represent mail originating or “destinating” outside Hawaii (let’s call it extra-Hawaii mail), and one pound represents mail both originating and “destinating” in Hawaii (intra-Hawaii mail). This breakout, five pounds vs. one pound, is needed to eliminate the double-counting inherent in the traditional methodology. The traditional methodology read the 5 pounds on a flight to or from Hawaii, making a Zone 8 attribution; and then redundantly (and incorrectly) read the 5 pounds on the connecting intra-Hawaii flight as a separate Zone 1 shipment. In my proposed methodology, the 5 pounds is counted only once as a Zone 8 shipment. That is, the intra-Hawaii transportation is treated as the starting or final leg of a Zone 8 shipment.

Implicit in this new methodology is that extra-Hawaii mail has no greater proclivity

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to use air vs. highway transportation *when traveling within Hawaii* than intra-Hawaii mail. Otherwise, the ratio of the two traveling on intra-Hawaii flights would differ from the 5 to 1 ratio found for all Hawaii Priority Mail in ODIS/RPW. I believe this is a reasonable assumption. For example, the percentage of mail originating in Honolulu and “destinating” in Maui, which requires air transportation (because it is inter-island), is likely to be reasonably close to the percentage of mail originating in the continental U.S., landing in Honolulu, and connecting to an intra-Hawaii flight for delivery in Maui. To the extent that there may be a difference in the percentages (for example, if one big mailer located in Honolulu is sending a disproportionate number of packages to Maui), I assume that such differences will tend to average out over the many origin-destination combinations within Hawaii. And ultimately my methodology does not rely on a precise specification of air vs. highway transportation for each origin-destination combination (like Honolulu-Maui), but rather just an overall average, air vs. highway, for all intra-Hawaii mail and all extra-Hawaii mail.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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