

ORIGINAL

**OFFICIAL TRANSCRIPT OF PROCEEDINGS
BEFORE THE
POSTAL REGULATORY COMMISSION**

In the Matter of:)
)
STATION AND BRANCH)
OPTIMIZATION AND CONSOLIDATION)
INITIATIVE, 2009)

Docket No.: N2009-1

VOLUME #3

POSTAL REGULATORY
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C O N T E N T S

WITNESSES APPEARING:

MICHAEL T. BARRETT

ANITA S. MORRISON

MARIO A. PRINCIPE

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
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Anita S. Morrison					
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By Mr. Hollies	---	672	---	737	---
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P R O C E E D I N G S

(10:01 a.m.)

1
2
3 CHAIRMAN GOLDWAY: Good morning. Welcome to
4 the Postal Regulatory Commission hearing room. Today
5 is November 18, 2009. I am glad to see all of you
6 here today. I am Chairman Ruth Goldway, and with me
7 to my immediate left is Vice Chairman -- all the way
8 to the left is Vice Chairman Tony Hammond. To my
9 immediate left is Commissioner Mark Acton, and all the
10 way to my right is Commission Nancy Langley.

11 We have an empty seat here. Commissioner
12 Blair is not with us today because he is traveling in
13 Iraq on behalf of the National Association of Public
14 Administration, visiting with their newly elected
15 government to assist in providing advice on
16 establishing civil society, and we are told he has
17 avoided all bullets and been warmly welcomed. He
18 regrets not being here today.

19 This hearing is a continuation of Docket No.
20 N2009-1, reviewing the Postal Service's Station and
21 Optimization and Consolidation Initiative. Today we
22 will receive testimony filed as rebuttal to the
23 evidence presented by the Postal Service in support of
24 its initiative. Three witnesses are scheduled to
25 appear here today. They are witnesses Michael T.

1 Barrett, Anita P. Morrison, and Mario Principe.

2 At the end of today's hearing I will ask
3 counsel to indicate whether there is any current
4 intention to submit surrebuttal testimony. However,
5 parties have until the close of business tomorrow to
6 notify the Commission. Any participant wishing to
7 file evidence in response to rebuttal testimony shall
8 submit that testimony on or before November 27, 2009.

9 I note that the Postal Service as submitted
10 additional materials since our first hearing.
11 Participants wishing to have these materials added to
12 the evidentiary record shall present a motion to that
13 effect by November 24, 2009. Objections may be filed
14 by November 27, 2009.

15 If there is no surrebuttal testimony, these
16 additional designated materials shall be placed on a
17 separate volume of transcripts. The parties may cite
18 these materials in briefs even if a separate
19 transcript volume has not yet been published.

20 Does any participant have a procedural
21 matter to raise before we begin?

22 Any Commissioners wish to say anything?

23 Briefly, our process is as follows: We
24 will call each witness and receive their testimony.
25 We will then enter written cross-examination into the

1 record. After that we will allow oral cross-
2 examinations. After oral cross-examinations an
3 opportunity will be given to present redirect
4 testimony.

5 Is it Ms. Wood who is here today? Ms. Wood,
6 APWU counsel, will you identify the first witness so I
7 can swear him in.

8 MS. WOOD: Yes. Good morning, Madam
9 Chairman.

10 Our first witness is Michael T. Barrett.

11 CHAIRMAN GOLDWAY: Mr. Barrett, would you
12 please stand?

13 Whereupon,

14 MICHAEL T. BARRETT

15 having been duly sworn, was called as a
16 witness and was examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MS. WOOD:

19 Q Mr. Barrett, on the table in front of you
20 are two copies of a document that is designated APWU-
21 T1. It's entitled Rebuttal Testimony of Michael T.
22 Barrett on Behalf of American Postal Workers Union,
23 AFL-CIO.

24 Was that document prepared by you or under
25 your supervision?

1 A Yes.

2 Q If you were to provide the contents of that
3 document orally today, would it be the same?

4 A No.

5 Q Sorry. Could you turn your microphone on,
6 please.

7 A Okay.

8 Q Are there any corrections you would like to
9 make to it?

10 A On page, I believe it's page 12. Let's see.
11 Line No. 27. "The Services looks to the average of
12 October and March."

13 Q So the correction is page 12, line 27,
14 change "for October through March period" to "of
15 October and March"?

16 A Yes.

17 Q And has that change been made in the copy
18 before you today?

19 A Yes.

20 Q Are there any other changes?

21 A No.

22 MS. WOOD: Madam Chairman, APWU would then
23 move to have this testimony admitted into evidence.

24 CHAIRMAN GOLDWAY: Are there any objections?

25 Hearing none I will direct counsel to

1 provide the reporter with two copies of the corrected
2 direct testimony of Michael T. Barrett. That
3 testimony is received into evidence. However,
4 consistent with the Commission practice, it will not
5 be transcribed.

6 (Direct Testimony of Michael
7 T. Barrett was marked for
8 identification as Exhibit No.
9 APWU-T-1 and was received
10 into evidence.)

11 CHAIRMAN GOLDWAY: We will next receive
12 written cross-examination. The Postal Service
13 indicated that it intended to enter written cross-
14 examination of Mr. Barrett.

15 Mr. Barrett, have you received this
16 material?

17 THE WITNESS: Yes, I have.

18 CHAIRMAN GOLDWAY: And determined whether if
19 those questions were posed to you orally today your
20 answers would be the same as those you previously
21 provided in writing?

22 THE WITNESS: Yes.

23 CHAIRMAN GOLDWAY: Are there any corrections
24 you would like to make to those answers?

25 THE WITNESS: No.

1 CHAIRMAN GOLDWAY: Counsel, would you please
2 provide two copies of the corrected designated written
3 cross-examination of Mr. Barrett to the reporter?

4 That material is received into evidence and
5 it is to be transcribed into the record.

6 (Designated Written Cross-
7 Examination of Michael
8 Barrett was received into
9 evidence and transcribed into
10 the record as Exhibit No.
11 USPS/APWU-T-1)

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RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS MICHAEL BARRETT TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T1-1

In your testimony, pages 6-9, you discuss several reports that are currently available in the USPS Retail Data Mart that could be useful to the Postal Service in determining labor costs and in reviewing activities in the office.

- (a) Is it your understanding that these reports reference:
 - (i) Top-Bottom Products by Walk-in Revenue?
 - (ii) Same Period Last Year Product Revenue performance?
 - (iii) Window Operations Survey Account Identifier Code lookup data?
- (b) Does your testimony assume that all retail transactions formerly conducted at the consolidated station or branch that remain as postal transactions will migrate to another Post Office, station or branch? If so, please provide all supporting data, studies, and analyses performed by or for APWU that support this assumption.
- (c) If your testimony does not make the assumption referenced above in subpart (b), please indicate the page and line numbers in your testimony which reference any alternate assumption.
- (d) Please confirm that some of these transactions referenced above in subpart (b) will migrate to the alternate postal access retail channels described in USPS-T-1.

Response:

- (a)(i-iii) Yes, these are the reports I reference in my testimony.
- (b) No.
- (c) I did not make any specific assumption about the amount of retail transactions formerly conducted at a consolidated station or branch that will migrate to another Postal facility. Rather, my testimony indicates that there is a cost to moving transactions to another facility, regardless of the percentage of transactions that migrate and that these costs should be considered in any closure or consolidation study conducted by the Postal Service. The costing spreadsheet permits analyzing costs based on an assumption that only a certain percent of business migrates. See APWU-LR-2009-1-1, worksheet "Cost Information" cell H26. It is also possible to exclude all or part of certain transactions by altering transaction counts in worksheet "Revenue Transactions FY 2009."

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- (d) Yes. Some transactions may well migrate to alternative postal access retail channels. While such cost is not evaluated in my spreadsheet, there is a cost associated with migration to alternative channels – or loss of business.

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USPS/APWU-T1-3

Please refer to your testimony at page 11, lines 1-5.

- (a) Please refer to USPS Library References N2009-1/14 through N2009-1/18 and identify all instances where a station or branch with a box section was consolidated and
- a neighboring station or branch did not have sufficient vacant post office boxes or space into which to transfer the post office boxes from the consolidated location; and
 - the closing of the discontinued station or branch initially turned "the entire volume of arriving box mail into Undeliverable As Addressed mail."
- (b) Please quantitatively indicate on an annual basis the percentage of total UAA mail volume and UAA mail cost associated with the phenomenon described at page 11, lines 1-10 of your testimony
- (c) Please refer to your testimony at page 11, lines 12-13. Please confirm that persons whose mail was addressed to a post office box at a consolidated station and who do not wish to go to a different post office box location generally have the option of directing that such mail be delivered to their street address.

Response:

- (a-c) I am not suggesting that the Postal Service has insufficient boxes or that customers will not get mail delivery, although review of the studies provided in USPS Library References indicate that there may not be enough boxes for customers affected by the Elizabethport, NJ. closure. The Elizabethport study, Docket No. 07206, contained in USPS-LR-N2009-1/17 shows that 352 PO Box customers would be affected by the closure of this facility, yet only 142 boxes were available at nearby facilities. My point is that when a closure requires change of address filings, the initial impact of the closure is to turn mail addressed to the closed facility into UAA. Changes of Address (COA) can be avoided or reduced in those situations where the customer receives both street and PO Box delivery, or where a neighboring station or branch can set aside a block of PO Boxes designated with the same box numbers and same zip code. However, even where more than enough boxes are available for rent in a neighboring facility, it is

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often not possible to set up a whole section with the same numbers and zip code; therefore, it is often not possible to avoid COAs.

In reviewing Library References USPS-LR-1, 2, 14, 15, 16, and 17, I found 22 facilities. Thirteen closures required all box holders to file changes of address. While nine did not, the circumstances varied including facilities not offering box service and facilities suspended for various lengths before closure decisions. Here is a summary:

USPS-LR-1

1. Buhl, PA. Docket No. 16146

Post Office Customers Affected: 105 (Item No. 11 p. 1)

Number of Boxes Available at Nearest Facility: 200 (Item No. 11 p. 2) and 100 (Item No. 11 p. 3)

Customers with Duplicate Delivery Service: 20 (Item No. 11 p.1)

No need to change Box number (Item No. 14 p. 2)

USPS-LR-2

***2. Washburn, IA. Docket No. 50706**

Post Office Customers Affected: 22 (Item No. 1 p. 1)

Number of Boxes Available at Nearest Facility: 216, 7.97 miles away (Item No. 20 p. 2) and 16, 3.21 miles away (Item No. 20 p. 3)

Customers with Duplicate Delivery Service: 0 (Item No. 20 p. 1)

Change in Address Required

USPS-LR-14

3. Charleston Naval Base, SC (was suspended since 1996)

No PO Boxes or delivery

4. East Liverpool. Docket No. 43920

Post Office Customers Affected: 207 (Item No. 51, p. 1)

Customers with Duplicate Delivery Service: 0 (Item No. 51 p.1)

Number of Boxes Available at Nearest Facility: 786, 3.8 miles away (Item No. 51 p. 3)

No change of address required, entire PO Box section transferring (page 1).

***5. Statehouse, KS. Docket No. 66612 (was suspended since 2002)**

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Number of Boxes Available at Nearest Facility: 1500, 1 mile away (p. 1)
Change in Address Required

USPS-LR-15

6. Northwest Plaza, MO. Docket No. 63074

PO Box Customers Affected: 78 (page 1)
PO Boxes Available at Nearest Facility: 200, 1.1 miles away (page 1)
Number of Customers with Duplicate Service: 0 (Item 30 p. 1)
No Change in Address for those keeping PO Box (Item 30 p. 2)

***7. Apparel Mart, TX. Docket No. 75258 (suspended since 2004)**

Boxes Available at Nearest Facility: 3127, 2 miles away (page 1; page 4 of LR)
Change in Address Required

***8. Buckeye, OH. Docket No. 44212**

PO Box Customers Affected: 82 (page 1)
Boxes Available: 112 (Item No. 42, p. 1)
Change in Address Required for at least 13 customers (Item 42 p. 2)

***9. Observatory Station, PA. Docket No. 15214**

PO Box Customers Affected: 27 (page 1)
Boxes Available at Nearest Facility: 104, 3 miles away and 423, 4 miles away
(page 1)
Number of Customers Receiving Duplicate Service: 27 (Item No. 21, p.1)
Change in Address Required; PO Box fees may increase (page 5)

***10. Overbrook, NJ. Docket No. 07009 (was suspended)**

PO Box Customers Affected: 26 (page 1)
Boxes Available: 26 (page 22 of LR)
Boxes Available at Nearest Facility: 107, 1.2 miles away (page 1)
Customers with Duplicate Service: 0
Change in Address Required

11. Ritz Finance Station. Docket No. 07026

No PO Boxes at Station (page 9 of LR)
Boxes Available at Nearest Facility: 200, 0.59 miles away and 100, 0.6 miles away
(page 1)
No Change in Address

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12. Universal City, CA. Docket No. 91608 (was suspended)

PO Box Customers Affected: 588 (page 1)

Nearest Facility 2 miles away, no information is given about PO Box availability,
But documents state customers will keep same mailing address and ZIP.

USPS-LR-16

13. Rolling Acres, OH. Docket No. 44320

No BO Boxes

***14. Civic Center, VA. Docket No. 23240**

PO Box Customers Affected: 71 (page 1)

Boxes Available at Nearest Facility: 201, 0.31 miles away and 120, 0.39 miles
away (page 1)

Number of Customers Receiving Duplicate Service: Unknown (Item No. 12 p.1)

Change in Address Required

***15. Ecorse, MI. Docket No. 48229**

PO Box Customers Affected: 145 (page 1)

Boxes Available at Nearest Facility: 335, 1.7 miles away (page 1)

Change in Address Required

***16. Mayport, FL. Docket No. 32267 (was suspended)**

PO Box Customers Affected: 51 (page 1)

Boxes Available at Nearest Facility: 550, 5 miles away (page 1)

Number of Customers Receiving Duplicate Service: 0 (Item No. 8, p. 1)

Change in Address Required

17. Stanton, DE. Docket No. 19804

PO Box Customers Affected: 191 (page 1)

Customers Receiving Duplicate Service: 0 (page 8 of LR)

Boxes Available at Nearest Facility: 318, 1.5 miles away

No Change in Address

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USPS-LR-17

***18. Elizabethport, NJ. Docket No. 07206 (previously suspended)**

PO Box Customers Affected: 352 (page 1)

Customers Receiving Duplicate Service: Unknown

Boxes Available at Nearest Facility: 132, 1.78 miles away (page 1) and 10, 0.9 miles away (Item 1, p. 2)

Change in Address Required (page 2)

***19. Air Mail Facility, VA. Docket No. 23250**

PO Box Customers Affected: 147 (page 1)

Customers Receiving Duplicate Service: Unknown

Boxes Available at Nearest Facility: 195 (moved PO Box section) 2.4 miles away (Item No. 11 p. 2) and 67, 2.2 miles away (page 1)

Change in Address Required (page 2)

***20. Detroit AMC, MI. Docket No. 48242 (previously suspended)**

PO Box Customers Affected: 293 (page 1)

Customers Receiving Duplicated Service: 0

Boxes Available at Nearest Facility: 300, 4 miles away (page 1)

Change in Address Required (page 2)

***21. General Lafayette, NJ. Docket No. 07304 (previously suspended)**

PO Box Customers Affected: 260 (page 1)

Customers Receiving Duplicated Service: Unknown

Boxes Available at Nearest Facility: 90, 1.29 miles away and 45, 0.83 miles away (Item No. 1 p. 2) (differs from what is reported on page 1 of study and discontinuance checklist – 115 and 284 respectively)

Change in Address Required (page 3)

22. Pioneer, UT (previously suspended since 2006)

Docket No. 84147

PO Box Customers Affected: 575 (page 1)

Customers Receiving Duplicated Service: N/A

Boxes Available at Nearest Facility: Boxes moved to facility 0.6 miles away (page 1)

"For Most" No Change in Address (Item 2, p. 1)

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USPS/APWU-T1-4

Please refer to page 9 of your testimony, lines 1-8. You indicate that analysis of these transactions [non-revenue] provide a critical window into how customers are using the station and branch. You further state that the Postal Service should record and evaluate the non-revenue transactions.

- a. Please describe how specific analysis on non-revenue transactions as identified on page 8, lines 1-28 of your testimony will provide insights into how the office is used.
- b. In terms of workload, what will an analysis of non-revenue transactions, as identified on page 8, lines 1-28 of your testimony show?
- c. On Page 10, Lines 13-19, you indicate the use of demographic data of the surrounding neighborhood to indicate population with incomes less than \$20,000 immigrant population and potential language barriers.

Response:

- (a) Whether and to what extent customers use various non-revenue transactions can provide useful insight. For example
 1. Request Passport forms - We might find that the community served by the facility has significant international family or business ties. If this office does not currently process passports, the location may be a good candidate to become a Passport Acceptance Facility. These customers might also be using or be potential customers for Postal Service international products.
 2. Hold Mail - Customers may be using this service for the security of their mail while they are absent from their residence. This could suggest that residents in the serviced neighborhoods are less likely to avail themselves of carrier pickup of outgoing packages and mail.
 3. Product/Service Rate Inquires – Analysis of this information may suggest small or home businesses comparing shippers. For example, a person presenting one or two packages and requesting the precise postages and services – and then walking away without mailing anything – may be selling and shipping identical items on eBay or through a home business. The convenience of support from

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the Postal Service may determine whether this business comes to or stays with the Postal Service. The same is true of customers picking up flat rate envelopes and boxes.

4. Response to CFS Issues – The types of problems may indicate a transient community or the presence of multi-generational or multi-family households.
 - (b) In terms of workload the analysis of non-revenue transaction has a time element associated with the task. For example in responding to a Computerized Forwarding System (CFS) issue where some family members moved out, but others remain at the old address and now all mail is forwarded; it could take 3 to 5 minutes to sort out. The problem and the time to fix it does not disappear with a closure.
 - (c) This subpart does not appear to be a question.

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USPS/APWU-T1-5

Please refer to your testimony at page 9, lines 2-3 and indicate whether the "we" who advise clerks referenced there is postal management or the American Postal Workers Union.

Response:

In my experience, both postal management and APWU have advised clerks to print and store receipts of non-revenue transactions. In classes APWU presents for APWU students, I or other APWU officials have advised clerks to save these receipts. I have also worked in a Function 4 team alongside Postal Management wherein Postal Managers have also recommended that these receipts be printed and stored.

1 CHAIRMAN GOLDWAY: Is there any additional
2 written cross-examination for Witness Barrett?

3 That brings us to oral cross-examination.
4 One participant has requested oral cross-examination.
5 Would you identify yourself, Mr. Tidwell.

6 MR. TIDWELL: Good morning, Madam Chairman.
7 Michael Tidwell on behalf of the U.S. Postal Service.

8 CHAIRMAN GOLDWAY: Is there any other
9 participant that wants to cross-examine witness
10 Barrett?

11 Mr. Tidwell, will you please begin.

12 MR. TIDWELL: Thank you.

13 CROSS-EXAMINATION

14 BY MR. TIDWELL:

15 Q Good morning, Mr. Barrett. The T stands
16 for?

17 A Thomas.

18 Q Excellent, excellent. Good to see a member
19 of the club here.

20 If I could turn your attention first to your
21 response to Postal Service Interrogatory 1, subpart
22 (d). Do you have that in front of you?

23 A (B) you said?

24 Q Subpart (d) of Interrogatory 1.

25 A Yes.

1 Q Okay. In the last line of the response you
2 referred to alternate channels. Are the alternate
3 channels you're referring to such things as USPS.com,
4 consignment sale of stamps, approved shippers, the
5 contract postal unit, those sorts of things?

6 A Correct.

7 Q Okay. I just wanted to be clear.

8 Direct your attention to your response then
9 to Interrogatory No. 5 of the Postal Service. Have
10 you got it?

11 A Yes.

12 Q Okay. There you describe some classes
13 presented by APWU for APWU students where the students
14 are advised to save receipts of non-revenue
15 transactions. For what purposes would they be advised
16 to save such receipts?

17 A There are certain types of transactions that
18 we're now receiving credit for on a POS machine. If
19 the office was to go through a Function 4 review, we
20 advise them to keep that transaction so they can
21 actually get credit for doing those type of
22 transactions, especially in small offices.

23 Q For the benefit of those of us who don't
24 touch the mail, what is a Function 4 review?

25 A A Function 4 review is a postal management

1 team that goes into station branches to make sure that
2 they are following procedures and counting the mail
3 correctly, making sure the workflow is going through,
4 making sure that every employee is punching into the
5 right operation for wherever they are working, and
6 also they are to collect data from the window through
7 the POS tour through the EDW, which is the enterprise
8 data warehouse, to determine proper stamping and
9 hours.

10 Q I was sort of curious about the phrasing in
11 your answer. You didn't say that you worked on a team
12 with management but in a team alongside management.
13 Give me some insight into what that means.

14 A When I was asked from the postal management
15 in our Western New York District if I would work with
16 the team to provide insight to what's going on the
17 station or branch, so I would count mail like the
18 parcels, for example, while management might count the
19 letters. We would pool all our data together and then
20 they would input it into the Function 4 summary.

21 Q You indicated that postal managers
22 recommended that non-revenue transaction receipts be
23 printed and stored. I take it it would be for
24 purposes of this Function 4 review?

25 A That's correct.

1 Q And for how long would they recommend that
2 such receipts be retained?

3 A Well, they actually did it during the review
4 so they can get credit for the non-revenue
5 transactions that were actually taking place at the
6 window during the time the team was there.

7 Q Okay. Turn to your response to Postal
8 Service Interrogatory No. 4. That was the
9 interrogatory where we referenced page 10 of your
10 testimony, lines 13 through 19, and as your response
11 indicates we sort of garbled the question in subpart
12 (c). I went back to my notes and I'm going to try to
13 patch that question back together for you.

14 A Okay.

15 Q At lines 13 through 19 you used a \$20,000
16 household income threshold as a factor in triggering
17 further investigation into alternatives available to
18 postal customers. Are the alternatives you're
19 referring to there, are they the same ones we
20 discussed earlier, the alternative postal retails, the
21 USPS.com, approved shippers, contract units,
22 consignment sale of stamps?

23 A I'm trying to find the page where I said
24 that in my testimony.

25 Q Okay. Yes, page 10.

1 A Page 10.

2 Q Lines 13 through 19.

3 A Okay. Could you please repeat the question?

4 Q Yes. In that segment, you refer to
5 alternatives available to postal customers. I just
6 wanted to get a sense of what alternatives you were
7 referring to, whether you were referring to
8 alternative postal retail channels such as USPS.com,
9 ProShippers, postal contract units and the like.

10 A I was actually referring to like banking
11 facilities in the nearby neighborhood, what kind of
12 opportunity for postal, yes, that was also be included
13 into alternate channels.

14 Q Okay. Alternative channels for them to
15 access postal products and services.

16 A When I said this question, it's more
17 referring to the type of availability such as banking.
18 I wasn't looking at the USPS.com.

19 Q Okay, okay. I just wanted to get that clear
20 then. What analysis did you perform that led you to
21 settle on the \$20,000 income figure?

22 A I was reviewing some of the tests, some of
23 the information from Ms. Morrison, and that's where I
24 saw the \$20,000, so I used that as part of my
25 statement here, but I have no data to support anything

1 of such.

2 Q At line 14 there, you indicate that the
3 investigation of alternatives should be triggered if a
4 large percentage of households have incomes less than
5 \$20,000. In this context, what's the lowest
6 percentage, roughly speaking, that you would consider
7 to be large?

8 A I don't have any data to back anything up
9 for determining how much, how large or anything like
10 that.

11 Q Okay, so you didn't have any particular or
12 even rough percentage in mind in terms of what the
13 percentage hold would be to distinguish between large
14 and something smaller than large?

15 A Are we referring to the transactions or are
16 we referring just to the monetary amount here?

17 Q The monetary amount. You say that the
18 investigation would be triggered if there is a large
19 percentage of households that have income of less than
20 20,000, and I was trying to get at, well, maybe is
21 there a tipping point in terms of percentage of
22 households with incomes of less than 20,000 that you
23 had in mind.

24 A I have nothing in mind on that.

25 Q Okay. Did you have in mind perhaps a count

1 of customers, a number of customers within a service
2 area that might serve as a trigger? Ten customers,
3 100 customers?

4 A No, sir.

5 MR. TIDWELL: Okay. Thank you very much.
6 Madam Chairman, that's all we have.

7 CHAIRMAN GOLDWAY: Oh, I'm sorry, my mic
8 wasn't on. Is there any follow-up cross-examination?
9 Do you have any questions?

10 MS. WOOD: Oh, do you mean direct
11 examination, redirect?

12 CHAIRMAN GOLDWAY: Are there questions from
13 the bench?

14 MS. WOOD: Could I confer for just a minute?

15 CHAIRMAN GOLDWAY: Would you like time with
16 your counsel? You are counsel.

17 THE WITNESS: Yes.

18 CHAIRMAN GOLDWAY: Would you like time with
19 your witness to determine whether you want redirect or
20 not?

21 MS. WOOD: Yes, Madam Chairman, just a
22 couple of minutes. Thank you.

23 (Whereupon, a short recess was taken.)

24 CHAIRMAN GOLDWAY: Ms. Wood.

25 MS. WOOD: Madam Chairman, we have no

1 redirect.

2 CHAIRMAN GOLDWAY: Thank you. That
3 completes your testimony here today, Mr. Barrett. We
4 appreciate your appearance and your contributions to
5 our record. Thank you. You are excused.

6 THE WITNESS: Thank you.

7 (Witness excused.)

8 CHAIRMAN GOLDWAY: Ms. Wood, would you like
9 to call your next witness?

10 MS. WOOD: Yes, Madam Chairman, the next
11 witness on behalf of APWU is Ms. Anita Morrison.

12 CHAIRMAN GOLDWAY: Ms. Morrison, will you
13 please stand?

14 Whereupon,

15 ANITA S. MORRISON

16 having been duly sworn, was called as a
17 witness and was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MS. WOOD:

20 Q Good morning, Ms. Morrison.

21 On the table in front of you are two copies
22 of a document that is designated APWU-T2 for purposes
23 of this docket. It's entitled Rebuttal Testimony of
24 Anita B. Morrison on Behalf of American Postal Workers
25 Union, AFL-CIO.

1 written cross-examination. The Postal Service
2 indicated that it intended to enter written cross-
3 examination of Ms. Morrison.

4 Ms. Morrison, have you received this
5 material?

6 THE WITNESS: Yes.

7 CHAIRMAN GOLDWAY: And determined whether if
8 those questions were posed to you orally today you
9 would answer --

10 THE WITNESS: Yes.

11 CHAIRMAN GOLDWAY: -- the same as you
12 previously answered in writing?

13 THE WITNESS: Yes.

14 CHAIRMAN GOLDWAY: Yes. Are there any
15 corrections or additions you would like to make to
16 those answers?

17 THE WITNESS: No.

18 CHAIRMAN GOLDWAY: Counsel, would you please
19 provide two copies of the designated written cross-
20 examination of Witness Morrison to the reporter?

21 That material is received into evidence and
22 it is to be transcribed into the record.

23 //

24 //

25 //

1 (Designated Written Cross-
2 Examination of Anita Morrison
3 was received into evidence
4 and transcribed into the
5 record as Exhibit No.
6 USPS/APWU-T2-1.)

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USPS/APWU-T2-1

Please indicate the date on which you were first contacted by a representative of APWU for purposes of considering the preparation of analysis and testimony in this docket and the date on which you were contracted to do so.

Response:

PES was first contacted on October 2, 2009 and was contracted to prepare this analysis on October 6, 2009.

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USPS/APWU-T2-2

Please refer to lines 1 through 3 of (unnumbered) page 5 of your testimony where you describe its purpose and scope. There you state that the purpose of your testimony is to determine "if there was evidence that the process used was adversely impacting low income, elderly and/or minority persons."

- (a) Is it your testimony that the discontinuance of operations at postal retail stations and branches has no adverse impact upon persons who are not low-income, or not elderly or not members of a racial or ethnic minority?
- (b) Do the data, analysis and conclusions in APWU-T-2 and its Appendix A regarding the impact of the Station and Branch Optimization and Consolidation (SBOC) Initiative on low income, elderly and/or minority persons reflect all of the data and analysis conducted, and all of the conclusions considered in connection with the preparation of your testimony? If not, please explain and provide all documents reflecting any alternative data, analyses and conclusions not included in APWU-T-2 or Appendix A.
- (c) Did you perform any analysis or reach any conclusions regarding any adverse impact on postal customers resulting from the process used to pre-screen the total universe of SBOC candidate stations and branches to identify the 759 candidates for further study listed in the September 2, 2009 revision to USPS Library Reference N2009-1/4? If not, why not? If so, please provide all documents reflecting all such analysis and conclusions.
- (d) Did you perform any analysis or reach any conclusions regarding any adverse impact on postal customers resulting from the process that reduced the number of candidate facilities under consideration from 759 to 413, as reflected in the September 2, 2009 revision to USPS Library Reference N2009-1/4? If not, why not? If so, please provide all documents reflecting all such analysis and conclusions.
- (e) Please confirm that it is your understanding that the reduction from 413 to 371 in the number of stations and branches still under consideration occurred between September 2nd and October 9th, 2009. If you do not confirm, please explain the basis for any contrary understanding.

Response:

- (a) No. However, the impacts are much greater on low-income persons, particularly those who do not have access to a car to drive to the next post office.
- (b) Yes.
- (c) I reviewed the description of the process provided on the USPS website. I did not prepare a demographic analysis of the total universe of SBOC candidate stations and branches. That was beyond the scope of our contract. As I understand it, the complete list of the entire universe of potential candidate

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branches or stations was not filed in the docket for this case until after we completed our analysis.

PES benchmarked the demographics of the residents within one-half mile of the 413 stations and branches to those of the U.S. as a whole. The U.S. averages served as a proxy for the total universe of post office stations and branches.

- (d) No. When PES began our analysis, the list had already been reduced to 413 candidate stations and branches. During our study period, the list was further refined to 371 candidates. I took the opportunity then to compare the 371 candidates still on the list for consideration with the 42 stations and branches that had been eliminated from further consideration, working with my partner, Abigail Ferretti.
- (e) My understanding is that the revised list of 371 stations and branches was effective as of October 9 and available on the USPS website by October 16.

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USPS/APWU-T2-3

Please refer to APWU-T-2 page 6, lines 4-5. Please confirm whether the "areas surrounding the listed stations and branches" are the "close in" service areas referenced later in lines 8-9. If not confirmed, please explain. Please define or describe the portion of the service area of a station or branch that is not "close in."

Response:

Yes. They are the same geographies.

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USPS/APWU-T2-4

Please refer to APWU-T-2 at page 6, lines 8 through 11. There you describe the use of the street address of a postal retail station for the purpose of defining its "close in service area" as the one-half mile radius around that station.

- (a) For the stations analyzed in your testimony on average, what percentage of the walk-in customers who utilize that station:
 - (i) live or work within one-half mile of it?
 - (ii) live or work within the remainder of its service area, as defined in response to USPS/APWU-T2-3?
- (b) Please describe all analysis performed and provide all supporting documentation in connection with the assertion at line 10 of page 6 that patrons within this one-half mile radius are "most dependent on the physical facility," compared to patrons within the service area of the station who live or work outside the one-half mile radius, but are
 - (i) within a $\frac{3}{4}$ -mile radius;
 - (ii) within a one-mile radius.
- (c) Please describe all analysis performed and provide all supporting documentation in connection with the assertion at lines 10-11 of page 6 that patrons within this one-half mile radius are "most likely to utilize the facility," compared to patrons within its service area of the station who live or work outside the one-half mile radius, but are
 - (i) within a $\frac{3}{4}$ -mile radius;
 - (ii) within a one-mile radius.
- (d) Please describe and provide the results of all analysis performed in connection with APWU-T-2 which utilized any service area definition other than a $\frac{1}{2}$ -mile radius (for example, any radii referenced in subparts (b) and (c), any areas defined by ZIP Code boundaries, or any other you utilized).

Response:

- (a) I do not have that information.
- (b-c) Throughout my work with transit-oriented development and other land use planning, I have found that the large majority of Americans will not walk more than one-half mile to access transit or other services. The Washington Metropolitan Area Transit Authority conducted ridership surveys in 2005 that demonstrated the share of office commuters that traveled by automobile increased from 48 percent by auto for offices at Metro stations to 83 percent for those with offices one-half mile from the station. For resident-based commutes, the share by auto increased from 29 percent for those located at Metro stations to 54 percent for those located one-half mile from the station. Typically, one

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would expect that residents would be more willing to walk to transit for a daily commute than to stores or a post office because of the inherent savings in parking and commuting costs. When free parking is available, persons are more willing to drive. (See Washington Metropolitan Area Transit Authority, *2005 Development-Related Ridership Survey: Final Report*, p. S-3. http://www.wmata.com/pdfs/planning/2005_Development-Related_Ridership_Survey.pdf)

The U.S. Green Building Council's LEED-Neighborhood Development certification for a neighborhood's environmental impact and energy efficiency includes criteria for proximity to transit services. A key criterion is location within one-quarter mile of a streetcar stop or one-half mile of a rapid transit stop. This measure is intended to capture the fact that many daily trips can be made on foot or by bicycle, reducing residents' dependence on travel by private automobile. (See Congress for the New Urbanism, Natural Resources Defense Council and the U.S. Green Building Council, *LEED 2009 for Neighborhood Development*, pp. 56-57. <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=148>)

In addition, community land planners from the Congress for the New Urbanism designing walkable communities try to provide services within a five-minute walk of residents to encourage walking rather than driving

- (d) I did not prepare any analyses for any service area definition other than a one-half-mile radius.

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USPS/APWU-T2-5

Please describe all surveys or interviews conducted in connection with the preparation of your testimony that were designed to gather information from postal patrons, including any who are low income, elderly and/or members of racial/ethnic minorities. Please provide copies of all survey instruments and all data regarding the nature and quantities of postal retail transactions these patrons conduct that were collected as part of any such effort. Please provide any analysis conducted in connection with APWU-T-2 that compares these patrons to any baseline group. In providing any such data, please differentiate between patrons who live or work within a half-mile of a postal retail station and those who do not.

Response:

I did not conduct any direct surveys or interviews with postal patrons.

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USPS/APWU-T2-6

At page 4, lines 12 through 15, you describe various client groups with whom Partners for Economic Solutions (PES) has worked "extensively" to bring "real estate and economics expertise to bear on a wide range of urban development and public policy issues." Appendix B of APWU-T-2 indicates that you have been affiliated with PES since September 2008.

- (a) Please specifically list the clients of PES described at lines 12 through 15 of page 4, to the extent that they are not listed in the first paragraph of your autobiographical sketch.
- (b) With respect to each specific PES client, please list and describe the urban development and public policy issues referenced at page 4, to the extent that they are not listed and described in the first paragraph of your autobiographical sketch.
- (c) Please provide copies of all written testimonies or reports authored by you since the year 2000 and presented before any public agencies on behalf of any PES or other clients.

Response:

- (a) Since founding PES, my clients have included:
 - District of Columbia Office of the Deputy Mayor for Planning and Economic Development
 - District of Columbia Office of Planning
 - Maryland Department of Transportation
 - Montgomery County Planning Department, Maryland-National Capital Park and Planning Commission
 - Fort Monroe Federal Area Development Authority
 - Albany Housing Authority
 - University of Arkansas Technology Development Foundation
 - Office of the Attorney General for the District of Columbia
 - Republic Properties
 - City of Mount Rainier, Maryland
 - Abdo Development, LLC
 - Clark Realty Capital, LLC
 - Maryland Transportation Authority
 - Gateway to Baltimore Homes
 - City of Raleigh, North Carolina

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(b)

Client	Issues
District of Columbia Office of the Deputy Mayor for Planning and Economic Development	Commercial development opportunities on Rhode Island Avenue, NE and at Boathouse Row along the Anacostia River; economic development strategies for Rhode Island Avenue
District of Columbia Office of Planning	Commercial development opportunities on Mount Pleasant Street, NW
Maryland Department of Transportation	Public/private partnership for State Center redevelopment
Montgomery County Planning Department, Maryland-National Capital Park and Planning Commission	Financial impacts of new mixed-use zoning on private development, and potentials for biotechnology development in the Gaithersburg West subarea
Fort Monroe Federal Area Development Authority	Fiscal impacts of redeveloping Fort Monroe and strategies for providing municipal services
Albany Housing Authority	Asset management strategies for long-term redevelopment and positioning of the AHA housing portfolio
University of Arkansas Technology Development Foundation	Economic development strategies for the City of Fayetteville, Arkansas
Office of the Attorney General for the District of Columbia	Extent of damages caused by delay in finalizing the redevelopment agreement for the Old Convention Center Site
Republic Properties	Fiscal impacts of proposed redevelopment along Maryland Avenue, SW
City of Mount Rainier, Maryland	Commercial development opportunities in the Town Center and Gateway Arts District; financial feasibility of new mixed-use development
Abdo Development, LLC	Fiscal impacts of proposed development on New York Avenue, NE in DC
Clark Realty Capital, LLC	Fiscal impacts of proposed development near Hechinger Mall in DC
Maryland Transportation Authority	Development impacts of new highway
Gateway to Baltimore Homes	Market and financial feasibility of new housing in Baltimore
City of Raleigh, NC	Housing and economic development strategies for Comprehensive Plan
Montgomery County Office of the County Executive	Fiscal impacts of County land transactions in support of Smart Growth initiatives at the Shady Grove Metro station

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- (c) I cannot provide copies of all reports and testimonies because the products are owned by my clients and by my former employer, Bay Area Economics. Following is a list of Internet links to more than 20 reports I have prepared or contributed to since 2000.

Greater Shaw/U Street Plan

<http://planning.dc.gov/planning/cwp/view,a,1285,Q,619216.asp>

Georgia Avenue/Petworth Metro Station Area and Corridor Plan

<http://planning.dc.gov/planning/cwp/view,a,1285,q,627329.asp>

Brookland/CUA Metro Station Small Area Plan

<http://planning.dc.gov/planning/cwp/view,A,1285,Q,640097.asp>

Boathouse Row Planning Study

<http://planning.dc.gov/planning/cwp/view,a,1285,q,646558.asp>

Barry Farm/Park Chester/Wade Road Redevelopment Plan

<http://planning.dc.gov/planning/cwp/view,a,1285,q,639019.asp>

Lincoln Heights and Richardson Dwellings New Communities Revitalization Plan

<http://planning.dc.gov/planning/cwp/view,a,1285,q,639012.asp>

Ward 8 Comprehensive Housing Analysis

http://www.cnhed.org/download/123321_U127242_742768/Ward%208%20Housing%20Data%20Report2.pdf

Rhode Island Avenue Economic Development Plan

<http://dcbiz.dc.gov/dmped/cwp/view,A,1365,Q,608751.asp>

Montgomery County Biotechnology Potentials

<http://www.montgomeryplanning.org/community/gaithersburg/documents/Appendix9.pdf>

Prince George's County Subregion 1 Preliminary Master Plan

http://www.pgplanning.org/Resources/Publications/Subregion_1.htm

Prince George's County Branch Avenue Corridor Master Plan

<http://www.pgplanning.org/Resources/Publications/Plan.htm>

Prince George's County Landover Gateway Sector Plan

<http://www.pgplanning.org/Resources/Publications/Plan.htm>

Fayetteville, Arkansas Economic Development Strategy

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http://www.accessfayetteville.org/government/economic_development/documents/EK_Plan_Framework-Final_1-23-09.pdf

Raleigh, North Carolina Comprehensive Plan

http://www.raleighnc.gov/publications/Planning/Comprehensive_Plan/Economic_Development-Hi_Res.pdf

Pinellas County, Florida Housing Nexus Study

<http://www.pinellascounty.org/community/nexus.pdf>

Baltimore Industrial Land Use Study

http://www.baltimoredevelopment.com/files/pdf/industrial_development/final_baltimore_industrial_report_summary.pdf

Atlanta Analysis of Development Incentives

<http://www.atlantada.com/media/AtlantaEconomicAnalysisBrochure-rev12.14.05.pdf>

Economic Impact of Johns Hopkins University

http://www.jhu.edu/news_info/reports/impact/

Atlantic City Mixed-Use Development Feasibility Analysis

http://www.nicrda.com/PDF/Block-336_12-07.pdf

Asheville Regional Housing Consortium Market and Needs Assessment

http://www.nicrda.com/PDF/Block-336_12-07.pdf

Howard County Route 40 Market Analysis

<http://www.howardcountymd.gov/DPZ/DPZDocs/MarketAnalysisFINAL020904.pdf>

Northwestern University Economic Impact

http://www.northwestern.edu/communityrelations/Economic_Impact_Report.pdf

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USPS/APWU-T2-7

Please provide all studies, and analysis thereof, undertaken in connection with APWUT-2 that relate to the impact of automobile ownership and/or access to public transportation on the ability of postal patrons to:

- (a) shop at grocery or other retail stores and pharmacies,
- (b) to conduct banking transactions,
- (c) to commute to and from work, and/or
- (d) otherwise conduct routine life activities that generally require leaving one's abode.

Please provide all data generated by all such studies, surveys or interviews.

Response:

- (a-d) I did not analyze these questions.

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USPS/APWU-T2-8

Please provide all studies, and analysis thereof, undertaken in connection with APWUT-2 that relate to the relative burdens experienced by postal patrons seeking access to retail Post Offices, stations or branches that address, in any way, patrons' status as the member of a racial or ethnic minority. Please provide all data generated by all such studies, surveys or interviews.

Response:

My testimony includes the full analysis of the disproportionate representation of racial and ethnic minorities within a half-mile radius of the 413 and 371 stations and branches considered for closure.

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USPS/APWU-T2-9

Assume, hypothetically, that you were responsible for making an unavoidable decision that required you to maintain an adequate level of service while reducing by one the number of postal retail stations or branches within the service area of a Post Office. Also assume that, in carrying out that solemn responsibility, you were limited to consideration of only:

- (a) perfect and complete data concerning actual use of that facility by customers and the services provided to them from that facility; or
- (b) perfect and complete demographic data concerning age, income level and racial/ethnic minority status or persons who lived within ½ mile of the facility.

On which set of data would you prefer to rely? Please explain your response.

Response:

This hypothetical premise presents a false dichotomy between the consideration of facility use data and demographic data. The point is that the process should consider **both** sets of data. Both sets of data were available to the USPS reviewers. The USPS screening process used less than perfect and complete data on facility use by relying on revenues generated without considering the mix of transactions (see APWU-T-1) and no demographic data.

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USPS/APWU-T2-10

Please provide all studies, and analysis thereof, undertaken in connection with APWU-T-2 that relate to the relative burdens experienced by postal patrons seeking access to retail Post Offices, stations and branches that address any one or more socioeconomic factors, including postal patron racial/ethnic minority status, income and age. Please provide all data generated by all such studies, surveys or interviews.

Response:

My testimony includes the full analysis of the disproportionate representation of low-income households within a half-mile radius of the 413 and 371 stations and branches considered for closure.

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USPS/APWU-T2-11

Please refer to APWU-T-2 at page 15, lines 16-19. Please provide your understanding of the extent to which non-postal money orders can be purchased at non-postal retail locations.

Response:

It is my understanding that non-postal money orders are available through various drugstores, grocery stores and check cashing stores.

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USPS/APWU-T2-12

Please confirm that your testimony does not sponsor, explain or provide access to the survey methodology or results referenced at APWU-T-2, from page 15, line 28 to page 16, line 1.

Response:

The following footnote provides access to the source of the estimates:

Pew Internet and American Life Project, *Home Broadband Adoption 2009*, July 2009, <http://www.pewinternet.org/~media/Files/Reports/2009/Home-Broadband-Adoption-2009.pdf>. It notes that the survey interviewed 2,253 Americans with 561 interviewed on their cell phones.

I made no independent review of the survey methodology.

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USPS/APWU-T2-13

Please explain your understanding of whether www.usps.com is accessible via broadband Internet exclusively or whether it is also meaningfully accessible via dial-up Internet service.

Response:

www.usps.com is accessible via dial-up Internet service as well as through broadband Internet service. The Pew Internet & American Life Project 2009 survey found that only seven percent of Americans access the Internet through dial-up service at home. Among non-Internet users, 48 percent are households with incomes of less than \$20,000. (See Pew Internet & American Life Project, *Home Broadband Adoption 2009*, July 2009, p. 37. <http://www.pewinternet.org/Reports/2009/10-Home-Broadband-Adoption-2009.aspx?r=1>)

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USPS/APWU-T2-14

In APWU-T-2, in the text on page 16, lines 6-8, you paraphrase a passage from an online newspaper article that appears to summarize research which appears in a book referenced at page 16, n.7. Please provide citations to the page(s) in the book that discuss the research referenced by the newspaper reporter.

Response:

Rebecca M. Blank and Michael S. Barr (editors), *Insufficient Funds: Savings, Assets, Credit and Banking Among Low-Income Households*, Russell Sage Foundation, New York, 2009, p. 3 references a 2006 publication: Brian K. Bucks, Arthur B. Kennickell and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances" *Federal Reserve Bulletin* 92(February): A13.

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USPS/APWU-T2-15

Please refer to APWU-T-2, page 20, lines 9-11. If the Postal Service were to adopt the policy that you state should be required, how many additional postal retail facilities would need to be established in each of the 5-digit ZIP Code service areas where the 413 stations and branches identified in October 9, 2009 version of USPS Library Reference N2009-1/4 are located?

Response:

I was not asked to research this question. Our point was not that USPS should undertake a new investment to make all post office branches accessible on foot; rather, it was that accessible branches should not be discontinued in areas that do not have walkable access to other branches without specific consideration of the impacts of that move.

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USPS/APWU-T2-16

Please refer to APWU-T-2, Appendix A. To what period of time do the unemployment rates depicted in the final column relate? To what extent have those rates increased over the same period:

- (a) one year earlier;
- (b) two years earlier.

Response:

The unemployment rates are 2008 data provided by ESRI. I do not have the statistics for previous years.

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USPS/APWU-T2-17

Please refer to APWU-T-2, page 12, lines 12-13.

- (a) Please define "business district" as you use the term in your testimony.
- (b) Please provide copies of all economic studies and analysis that you have read, performed, or reviewed, which support the assertion that postal stations and branches "anchor many business districts across America" and that quantify the economic impact the presence of a postal station or branch has on a business district.
- (c) Please cite any examples and supporting analyses for the conclusion that any specific business district would not exist but for the presence of a postal station or branch.

Response:

- (a) Business district refers to a cluster of businesses (typically five or more) located in close proximity to each other.
- (b) I do not have economic studies to demonstrate that postal stations and branches anchor business districts. The statement is based on my 32 years working in retail feasibility analysis and neighborhood business district revitalization.
- (c) It is not my assertion that the business districts exist because of the presence of a postal station or branch. At the time that many of these older business districts were created, there were multiple anchors as well as a larger population that did not own cars. Since then, the expansion of competitive shopping centers and the proliferation of private automobiles have changed the retail landscape. In some instances, the post office branch or station may be the sole remaining anchor. In other cases, it is an important activity generator. My concern is that the USPS process did not consider the potential economic impacts of closure on the surrounding business districts.

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USPS/APWU-T2-18

Please refer to APWU-T-2, page 7.

- (a) At lines 8-9, you reference a \$20,000 annual household income benchmark. Why was this figure selected?
- (b) Did you perform any analysis based on one or more different annual household income figures? If so, please describe the analysis or each and provide any data generated in connection with the consideration of each alternative.
- (c) Did you consider performing any analysis based on a different benchmark or income range. If not, why not?
- (d) At lines 12-14, you indicate that 9 percent of households have incomes below \$20,000 compared with 12 percent of households within ½-mile of certain postal facilities. Did you perform any analysis based on one or more different radii of those facilities (for example, ¾-mile or 1-mile)? If so, please provide and describe data generated by all such analyses.
- (e) Are the 9 percent of the population referenced at lines 12-14 randomly distributed across the United States?

Response:

- (a) The \$20,000 break relates to the availability of income data by income bracket. This is roughly the lower quintile of households (17.8 percent of U.S. households had incomes below \$20,000 in 2008 according to the American Community Survey conducted by the U.S. Bureau of the Census.
- (b) I did not perform any analysis based on different annual household income figures.
- (c) No, the \$20,000 benchmark seemed to be an appropriate indicator of the location of low-income households in areas surrounding postal stations or branches.
- (d) I did not perform any analysis based on different radii.
- (e) In my experience, low-income households are most typically clustered in inner-city neighborhoods, rural areas and the exurban fringe of metropolitan areas.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-19

At APWU-T-2, page 7, lines 20-21 you assert the creation of an "undue" burden on low income residents by the Station and Branch Optimization and Consolidation Initiative.

- (a) Please fully describe the level of "not undue" or "due" burden it would be reasonable for the residents of household with \$20,000 annual income to bear.
- (b) Please fully describe the level of "not undue" or "due" burden that it would be reasonable for residents of household with \$30,000 annual income to bear.
- (c) Please fully describe the level of "not undue" or "due" burden that it would be reasonable for residents of household with \$40,000 annual income to bear.
- (d) Please fully describe the level of "not undue" or "due" burden that it would be reasonable for residents of household with \$60,000 annual income to bear.
- (e) Please fully describe the level of "not undue" or "due" burden that it would be reasonable for residents of household with \$100,000 annual income to bear.
- (f) Please describe the process or algorithm that enables you to evaluate "due" and "undue" burden and distinguish one from the other.
- (g) Please provide citations to authoritative or other peer reviewed sources that support your answers to each part of this interrogatory.

Response:

- (a) I did not use an explicit definition of undue burden. The US Department of Housing and Urban Development defines a "disproportionate" burden on minority and other special populations to be 110 percent of the rate of the general population (typically referring to rent burdens, overcrowding and substandard housing conditions). The term "reasonable" is a value judgment that I did not make.
- (b-e) The term "reasonable" is a value judgment that I did not make.
- (f-g) See Response to subpart (a) above.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-20

Please refer to APWU-T2, page 18, lines 15-16 and 30-32. Please identify the socioeconomic groups discussed in your testimony who, in your opinion, could be disadvantaged by an increased reliance by the Postal Service on web-based communications tools?

Response:

My analysis suggests that low-income and minority households would be disadvantaged by a system that relied on web-based communication.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-21

Please refer to APWU-T-2, page 18, lines 8-9. Please explain the basis for your assertion that all postal customers seeking to respond to paper surveys are required to request a form from a postal clerk and that no such forms are available on retail lobby tables or counters.

Response:

This was information provided by my client based on the response of USPS Witness Matalik to APWU Interrogatory USPS/APWU-T2-2(d-e), [Tr. Vol. 2, page 401, September 30, 2009]. Attached to this response was "Station and Branch Optimization and Consolidation Initiative Community Input Field Guidelines-as of July 15, 2009." On the first page of the Guidelines it states "questionnaires will be made available to walk-in retail customers upon request." This is also stated in USPS Library Reference N2009-1/5, Discontinuance of Classified Stations and Branches Training Slides, page 18.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-22

Please refer to APWU-T-2, page 17, lines 10-20. Please confirm that the statistics obtained from the National Complete Streets Coalition are based upon a survey of persons throughout the United States and are not focused on persons residing in proximity to the 413 postal stations and branches that serve as the focus of a portion of your testimony.

Response:

Confirmed.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-23

Please summarize the extent of your knowledge concerning the general relationship between the level of household income and the level of postal retail transactions generated by a household.

Response:

I have not undertaken analysis of that relationship.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-24

Please refer to APWU-T-2, page 13, lines 15-16. Would you agree that the convenience of alternative channels through which postal customers can obtain postal products and services (for example, the purchase of postage stamps at consignment locations, the ability to conduct postal retail transactions at www.usps.com, and the ability to transact postal business at contract postal units, as described in USPS-T-1) is "a critical factor in . . . [the Postal Service's ability] to compete for customers and operate profitably." If not, please explain.

Response:

Yes, but the efficacy of those alternative channels depends upon the nature of the community and should be considered in the closure decision process. Inner-city neighborhoods often do not have grocery stores or drugstores, so those alternative channels may not be readily available to those residents.

RESPONSES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS ANITA MORRISON TO INTERROGATORIES
OF UNITED STATES POSTAL SERVICE

USPS/APWU-T2-25

Please refer to APWU-T-2, page 13, lines 26-28. Please estimate the percentage residential postal customers who make daily visits to postal retail facilities. Please provide the basis for your estimate. Please estimate the frequency with which such postal customers generally visit other retailers or institutions. Please identify those institutions and provide the basis for your frequency estimates.

Response:

I do not have statistics on the percentage of residential postal customers who make daily visits to postal retail facilities.

1 CHAIRMAN GOLDWAY: Is there any additional
2 written cross-examination for Witness Morrison?

3 Well, this brings us to oral cross
4 examination. One has requested oral cross-
5 examination. United States Postal Service, Mr.
6 Tidwell.

7 MR. HOLLIES: Good morning, Ms. Morrison,
8 Madam Chairman. I'm Ken Hollies for the Petitioner.
9 Before I begin I would like to thank you for your
10 contributions to the record in this proceeding by
11 submitting formal testimony and affording Postal
12 Service an opportunity to probe it via written and
13 oral cross. Your contributions establish an
14 appropriate foundation on which the Commission can
15 base any advisory opinion it might issue. Should the
16 Commission determine to issue such an opinion, the
17 Postal Service expects that your contributions will
18 improve the quality of the advice the Commission
19 offers.

20 I would also like to note that my cross-
21 examination today is not intended to be difficult or
22 detractive in any way. Your credentials are
23 impressive and establish you as an expert in your
24 field. You have offered opinions in good faith and my
25 questions are intended to recognize that good faith,

1 and avoid any attempts to mischaracterize or impugn
2 your testimony or motives.

3 My expectation is that the bulk of my
4 questions will lend themselves to straightforward and
5 ready responses by you. So if any of my questions
6 should seem odd or unfair, I urge you to point that
7 out to me and allow me to rephrase or otherwise
8 establish a shared understanding of what I'm asking
9 you.

10 CROSS-EXAMINATION

11 BY MR. HOLLIES:

12 Q In view of how my co-counsel proceeded, I
13 think I should begin by asking what your middle
14 initial stands for.

15 A Bishop.

16 Q Bishop. Thank you.

17 Looking at your testimony, page 4, lines 5
18 and 6, you state that you've not previously testified
19 before the Postal Service Regulatory Commission nor
20 any congressional committee. Where have you
21 previously testified?

22 A I've testified in court on one occasion, and
23 I can't give you the specifics of the court name and
24 all of that, and then to the Zoning Commission of the
25 District of Columbia.

1 Q The latter sounds as though it was in your
2 capacity as an expert. Is that also true of the
3 former?

4 A Yes.

5 Q Have you testified before a legislative
6 body? The Zoning Commission might be considered that.

7 A No.

8 Q What about regulatory bodies? Again, the
9 Zoning Commission might fit that.

10 A The Zoning Commission would certainly be a
11 regulatory body, yes.

12 Q Any Executive Branch agency such as a
13 cabinet agency?

14 A No.

15 Q How is it that you arrived at the actual
16 words you use, "I have not testified before the Postal
17 Regulatory Commission or any congressional
18 committee."?

19 A I believe that was language used in another
20 person's testimony.

21 Q It could be read to imply that the Postal
22 Regulatory Commission is comparable or analogous to a
23 congressional committee. Was that your intention?

24 A No.

25 Q Perhaps leaving aside the public, what is

1 your understanding of the Commission's primary
2 constituency?

3 A I don't have any particular expertise
4 relative to the Regulatory Commission's
5 responsibilities. I would expect the major role would
6 be its obligation to the public.

7 Q Thank you. Looking now to unnumbered page
8 5, the purpose and scope section, lines 1 to 8. Your
9 contract was signed, I think you state, on October 6,
10 2009, and the testimony was submitted to the
11 Commission website on October 21, is that correct?

12 A I don't have the October 21st date, but it
13 sounds accurate.

14 Q Well, do you have a copy of your testimony
15 as it was accepted by the Commission with the four
16 lines in the upper right-hand corner of the first
17 page?

18 A Yes. That was October 21st, yes.

19 Q When was -- I'm sorry.

20 A I'm sorry. It was submitted and accepted on
21 the 22nd.

22 Q Yes. We've seen the wonders of the
23 precision with which the docket section here operates.
24 It's a boom to everybody. But if you are any seconds
25 after 4:30, it's filed the next day.

1 When was this purpose and scope section of
2 your testimony written; at the beginning or the end of
3 your writing?

4 A I don't recall.

5 Q Was the purpose and scope of your study
6 defined in your contract with APWU?

7 A I don't recall if the purpose was defined.
8 There was a scope defined.

9 Q Could you characterize that for us?

10 A The scope was to look at the characteristics
11 of the area surrounding the postal stations proposed
12 or being considered for closure, and to comment on the
13 economic development neighborhood impacts of closure.

14 Q Okay, thank you.

15 The last sentence in this section of your
16 testimony states, "I offer recommendations to improve
17 the study process to ensure that the impacts on these
18 vulnerable communities are considered and properly
19 mitigated."

20 You do make various suggestions together
21 with your fellow APWU witness as to how discontinuance
22 studies affecting discontinuance of stations and
23 branches can be improved, do you not?

24 A Yes.

25 Q And your suggestions address both how the

1 current process collects information and how it uses
2 the information it collects, is that correct?

3 A Yes.

4 Q I'm going to move to a somewhat different
5 focus although it is not unrelated. Would you also
6 agree that the quality of a study informs the quality
7 of its result?

8 A Yes.

9 Q Is it true that more study always yields as
10 better study?

11 A Not always.

12 Q When would that not be true?

13 A It would depend whether the additional work
14 address issues that were meaningful.

15 Q I'm trying to understand your answer. So
16 if there was additional work that was not progressive,
17 not -- could you --

18 A In any analysis there are at times detours
19 into other topics or related topics that are not as
20 important as the core.

21 Q So it might be safer to say that more study
22 may yield a better study?

23 A Yes.

24 Q And that a better study should yield a
25 better result?

1 A Yes.

2 Q So the quality of data underlying a study
3 can be important?

4 A Yes.

5 Q Can the process or the procedures employed
6 also be critical to ensuring the quality of a study
7 and its results?

8 A Yes.

9 Q So can we agree that good science normally
10 entails reliance upon generally accepted methodology
11 and quality data?

12 A Yes.

13 Q What do you understand is the purpose of a
14 Postal Service station or branch discontinuance study?

15 A My understanding it's to determine which
16 station or branches can be closed with the minimal
17 impact on services, service delivery.

18 Q Okay. Are the Postal Service's
19 discontinuance studies a scientific undertaking?

20 A I don't really have any basis to make that
21 judgment.

22 Q Well, do you believe those studies are
23 undertaken for the purpose of being published in
24 scientific journals?

25 A No.

1 Q What about your testimony, would it be
2 something suitable for publication in a scientific
3 journals?

4 A No.

5 Q Why, why would that be?

6 A It was developed to point out issues of
7 concern as opposed to being a definitive analysis
8 subject to the rigors of a scientific publication.

9 Q Has any of your work in the past been
10 published in peer-review journals?

11 A No.

12 Q Has it been published in other types of
13 journals?

14 A No.

15 Q I'm again going to change tack a little bit
16 here. Do you understand that the Postal Service faces
17 any financial challenges?

18 A Yes.

19 Q Do you have any expectation as to whether
20 the Postal Service considers the costs necessary to
21 the conduct of discontinuance studies?

22 A I'm sorry. Could you repeat that?

23 Q Do costs of these studies matter to the
24 Postal Service?

25 A Yes.

1 Q Might that tie-up with those situations when
2 more study does not necessarily lead to a better
3 study?

4 A It could.

5 Q You have had a long and evidently quite
6 successful career. Are you a founding principal of
7 Partners for Economic Solutions?

8 A Yes.

9 Q I expect that the list of projects upon
10 which you have worked spark recognition within most of
11 those present here today inasmuch as so many of them
12 touch localities through which -- in which we live and
13 through which we pass.

14 When a new project request for proposals or
15 other contract opportunity presents itself, you
16 examine it closely to determine requirements, your
17 capability for meeting them, how it fits with existing
18 and previous work, and whether you and PES should
19 pursue that opportunity. Is that a fair
20 characterization?

21 A Yes.

22 Q Hypothetically speaking for the purpose of
23 this question, should you and PES succeed in getting a
24 contract for this new work, I'm sure you have a lot to
25 think about in getting the work underway.

1 Might one consideration be whether your firm
2 has done similar work in the past?

3 A Yes.

4 Q And if you have done such work and it was
5 well received by your clients, what use, if any, would
6 you make of that work under the new contract?

7 A I expect it would inform our personal
8 standards of the quality of the analysis.

9 Q Have you or PES had previous work that
10 resembles what you've done for your client APWU in
11 this proceeding?

12 A I have been involved in strategies and
13 analysis of neighborhood business districts and
14 quarters for many years. In that respect, it relates
15 to what we were asked to do for APWU. But not looking
16 at 400 stations, we have not done that before.

17 Q Well, I'm going to try and characterize your
18 response. Was the quality of that work of any use as a
19 standard setting basis for your APWU work?

20 A Yes.

21 Q How?

22 A The reliance on hard data is one of our
23 major standards, looking at demographics and other
24 important measures of the community's character.

25 Q If statistically sensible modeling efforts

1 were used in previous economic work for which you have
2 a new and related contract, would you review that
3 previous work to relate its applicability to your
4 current context?

5 A If it had direct relevance, yes.

6 Q And what impact, if any, would there be if
7 the previous modeling work had been accepted and
8 identified as the foundation of a regulatory body's
9 approval of the particular proposal?

10 A I'm confused. Would you restate your
11 question?

12 Q Well, I asked you about what the value would
13 be of previous economic modeling work would be, and
14 I'm asking now, would that impact be improved or
15 worsened if that previous work had been relied upon by
16 a regulatory body?

17 A I'm not sure how to answer what you're
18 looking for. I can't answer that. We have not been
19 in that situation of establishing regulatory policies.

20 Q Well, you've done a fair amount of work that
21 looks at economic development.

22 A Yes.

23 Q And has that work ever been relied upon by
24 governmental or quasi-governmental bodies making
25 decisions?

1 A Yes.

2 Q With that in mind, let me restate my
3 question and see if it works a little better for you.

4 What impact, if any, would there be if the
5 previous economic work had been accepted and
6 identified as the foundation for a regulatory body's
7 approval of a particular proposal?

8 Let me take out that very last --

9 A Yes.

10 Q As the foundation for a regulatory body's
11 approval.

12 A I believe we might recuse ourselves. It's
13 sort of a hypothetical situation, so I'm not clear on
14 exactly the nature of what you're suggesting.

15 Q I think that's a lovely answer. I'll go on
16 from there.

17 Did your work for the APWU in this
18 proceeding, does it involve any modeling effort?

19 A No, it's not modeling in the sense of
20 creating a mathematical or economic model that would
21 predict behavior or predict outcomes.

22 Q Does your testimony include or rely upon any
23 quantified estimates of how statistically robust your
24 results are?

25 A No.

1 Q Did you consider undertaking any tests for
2 statistical reliability of any of the results you
3 present?

4 A No.

5 Q On page 6 of your testimony you described
6 the purpose of your study as follows, and I'll give a
7 partial quote, "...to determine if there was evidence
8 that the process used was adversely impacting low
9 income, elderly, and/or minority persons."

10 Have I stated that correctly?

11 A Yes.

12 Q And your conclusion is affirmative, such
13 adverse impact does exist, correct?

14 A Yes, or that the data suggests that there
15 would be an adverse impact.

16 Q Did you conclude that any other groups were
17 adversely impacted?

18 A Our main -- it was minorities, low-income
19 households and households without access to cars were
20 the main things that we found a differential impact
21 on.

22 Q So you did not find any suggestion that
23 Hispanics or middle-aged couples were impacted
24 adversely?

25 A We did not analyze those separately or

1 specifically.

2 Q Well, let's try and deal with the rest of my
3 list in one group in that case. Would that also be
4 true of Caucasians, illiterates, blind, deaf and hard
5 of hearing, and physically challenged persons?

6 A Yes.

7 Q Also in Section 1, the one paragraph of the
8 purpose and scope statement, you indicate that you
9 offer recommendations so that adverse impacts on
10 vulnerable communities is "considered and properly
11 mitigated." Is that correct?

12 A Yes.

13 Q Is proper mitigation necessary for low-
14 income customers?

15 A It may be suggested. If there are not other
16 alternatives available to them, that there may be some
17 actions that the Postal Service could take that would
18 offset some of the burdens created by closure.

19 Q Is proper mitigation necessary for elderly
20 customers?

21 A In individual situations, individual
22 stations that might be appropriate if they were
23 adversely impacted, but overall we didn't find that
24 the stations had a much higher percentage of elderly
25 than ones that -- than the national average.

1 Q Okay. I would like to make a suggestion
2 just to -- could you bring the microphone just a
3 little bit closer.

4 A Okay.

5 Q This is actually being webcast, and having
6 been a the listening end there have been occasions
7 when the sound pressure levels between speakers was a
8 mess. I think we can improve that here.

9 All right, the form of the question I was
10 working with is proper mitigation, whether it's
11 necessary for various groups of customers, and we
12 talked about elderly. What about minority persons?

13 A The mitigation efforts would depend on the
14 location. It might suggest not closing a particular
15 station if there were no alternatives within walkable
16 distance.

17 Q What about Hispanics?

18 A It would be the same. It would depend on
19 the nature of the individual station area.

20 Q Would the same be true for proper mitigation
21 might be necessary for middle-aged couples?

22 A I don't really have any evidence about
23 middle-aged couples.

24 Q What about illiterate customers?

25 A I also have no information about them.

1 Q Since proper mitigation -- that term in
2 quotes "proper mitigation" -- is clearly one of your
3 goals, how is that term defined?

4 A I don't think there was a rigorous
5 definition of proper mitigation. In my mind proper
6 mitigation would be reducing impacts on the population
7 that had been affected to allow them to still have
8 reasonable access to the services provided by postal
9 branches.

10 Q So is that a qualitative judgment?

11 A Yes.

12 Q Where would it border, the boundary between
13 proper mitigation and improper mitigation be?

14 A It would depend on the individual station
15 situation to what would be most appropriate.

16 Q Can you take a situation, hypothetical or
17 real, and illustrate for us the difference between
18 proper and improper mitigation, or choose a different
19 alternative if you wish?

20 A In a situation where there were a large
21 number of low-income households impacted by the
22 closing might suggest a mobil vans providing services
23 once a week, something like that, but this is beyond
24 my expertise in terms of the actual mechanics of
25 moving the mail.

1 Q Okay. Well, thank you for that effort.

2 Have you reviewed the Postal Service
3 testimony in this docket?

4 A Not all of the testimony, just pieces of it.

5 Q And what pieces were those?

6 A Related to the process of soliciting
7 feedback surveys from the public, from postal patrons.

8 Q Did you look at the documents that are
9 identified on the surface, on their front page, much
10 as your testimony is, those documents identified as
11 USPS-T1 or USPS-2?

12 A I don't believe so.

13 Q Well, let me rephrase it.

14 A Yes, thanks.

15 Q The witnesses were Ms. Van Gorder and Ms.
16 Metakik, M-E-T-A-L-I-K.

17 A No.

18 Q Did the materials you look at perhaps look
19 and feel a bit like your own interrogatory questions
20 and responses?

21 A I believe they were direct testimony.

22 Q Okay.

23 A But I'm not remember specifically. I need
24 to go back to the paperwork.

25 Q Well, maybe if your counsel chooses, you can

1 get that on redirect, but that's up to both of you.

2 Commission proceedings rely upon something
3 of a legal fiction known as library references. That
4 means basically materials that fit into one or more of
5 six categories, but they are basically supporting
6 materials of some kind or another, and they are
7 usually -- they are often voluminous, and they may be
8 filed, for example, in response to an interrogatory
9 that seeks a bulky set of information.

10 The Postal Service has filed quite a number
11 of those in this proceeding. Have you reviewed any of
12 those?

13 A No.

14 Q And I believe you already stated you did not
15 review the written cross-examination of any witness?

16 A I don't believe so.

17 Q Moving to a slightly different topic now, in
18 particular, the methodology section which appears in
19 line 7 through 24 on page 6.

20 Your methodology relies upon a collection of
21 demographic profiles involving certain vectors
22 describing the "close in" or half-mile radius areas
23 surrounding respective facilities identified as
24 subject to the station and branch discontinuance and
25 optimization of lead station and branch, optimization

1 and consolidation initiative -- let me start that
2 again and see if I can get it all right at once.

3 Your methodology relies upon collection of
4 demographic profiles involving certain vectors that
5 describe the close-in or half-mile radius areas
6 surrounding respective facilities identified as
7 subject to the Station and Branch Optimization and
8 Consolidation Initiatives, is that right?

9 A Yes.

10 Q And to help that sort of question out in the
11 future I'm going to refer to the initiative as SBOB,
12 the acronym. Thank you.

13 MR. HOLLIES: The witness nodded in response
14 to that last statement of counsel.

15 BY MR. HOLLIES:

16 Q You compare the values for respective
17 vectors for close-in areas with national values, is
18 that right?

19 A Yes.

20 Q And those vectors include, for example,
21 population, household counts, income levels,
22 ethnicity, age, and car ownership as you describe on
23 lines 12 through 14, is that correct?

24 A Yes.

25 Q You also compare aggregate groups of 421

1 close-in areas, 371 such areas. Are those numbers
2 right?

3 A I believe it's 371 that were still being
4 considered for closes on October 16th and 42 others,
5 so if we started with a group of 413.

6 Q Thank you, that does clarify the error in my
7 question. I was using 421 when I intended to use 413.

8 All right, I've taken you through, I think,
9 a summary of your work, the form of the analysis, what
10 I've called vectors that you've used and the counts of
11 facilities, and the difference between two of those
12 counts that were the subject of your study.

13 Are there further distinctions or exceptions
14 to this framework that should be identified in this
15 summary level review of what you've done?

16 A I don't believe so.

17 Q Neither do I, but thank you.

18 I need to touch on several examples of what
19 you did not study, after which I have a few questions
20 that compare what you chose to study with what you
21 chose not to study, and I guess I am assuming that
22 what you studied was your choice. Was it your choice?

23 A Yes.

24 Q I want to confirm one detail just to make
25 sure we start on the same page. Each SCOB study

1 examined in part customers of a specific facility, you
2 used demographic information regarding close-in
3 customers, yet when it comes to make a comparison to
4 national data you use all national data without
5 maintaining the requirement for proximity to postal
6 retail facilities.

7 A Yes.

8 Q Wouldn't the comparison be closer to an
9 apples-to-apples comparison rather than apple-to-
10 oranges if the proximity condition is maintained at
11 the national level?

12 A Perhaps.

13 Q Could you explain your equivocation?

14 A I'm not -- one, it would be a difficult
15 undertaking but I --

16 Q I'll concede that; we'll get there.

17 A Ideally, I guess, you would compare it to
18 populations within walking distances of post offices.

19 Q And as your partial answer a moment ago
20 indicated, that might be a difficult undertaking, is
21 that correct?

22 A Yes.

23 Q So you used national data as a proxy for
24 aggregated, closely approximate retail customers of
25 postal facilities nationwide, is that right?

1 A Yes.

2 Q Is it your understanding that the aggregate
3 data are not available? Excuse me. The aggregate
4 data maintaining the proximity conditions are not
5 available?

6 A They would have to be -- my understanding is
7 that they would have to be generated in the same way
8 we generated the estimates for those being considered
9 for closure.

10 Q Was the limited time in which you had to
11 complete your analysis critical?

12 A It was critical that we meet the deadlines,
13 yes. It helped us focus on the scope of work as well.

14 Q If you had had say a year more time, and a
15 client prepared to pay for it, could you have
16 maintained the proximity conditions for the national
17 data set?

18 A I believe so, yes.

19 Q I'm going to take on a new subject here
20 which will clarify itself in just a moment for you.
21 In other PRC proceedings comparisons of local with
22 national data commonly rely upon local data sets
23 defined at very specific levels that you did not use.
24 My guess is that such local data were not available to
25 you or not considered necessary to your study, but you

1 may also have made expressed decisions not to use such
2 points for comparison. So I'd like to identify those
3 possible points of comparison to establish why you did
4 not rely upon them.

5 MR. HOLLIES: The witness is nodding.

6 THE WITNESS: Yes.

7 BY MR. HOLLIES:

8 Q If you would speak rather than nod, it comes
9 out much better in the transcript.

10 A Yes.

11 Q Thank you.

12 And I take it then I'm making sense to you.

13 A Yes. Yes.

14 Q As I think I said, I want to establish
15 whether you expressly considered and rejected each for
16 some empirical or some other reason, or was there some
17 epithological or empirical reason why you made no
18 comparisons to -- our first example -- the five-digit
19 ZIP code level?

20 A We did not consider that the ZIP code level
21 because we were concerned about the ability to walk to
22 the station, and that the nature of ZIP code areas is
23 often much wider than walking distance.

24 Q So for that example you did consider it and
25 expressly rejected it?

1 A Yes.

2 Q Thank you. What about a three-digit ZIP
3 code, would that same reasoning apply?

4 A Even more so, yes.

5 Q What about a metropolitan area or an SMSA?

6 A The metropolitan area comparison could have
7 some -- we considered the metropolitan area comparison
8 but the problem of characterizing the data prevented
9 us from using that information.

10 Q I expect that all of these others are going
11 to draw the same answer as it has before, so let me
12 aggregate them and see if that's correct.

13 Other possibilities that you might have
14 considered using were a city, a state, a postal
15 district, a postal performance cluster, a postal area,
16 and a regional of the country. Was your reasoning in
17 not considering or not using any of those essentially
18 the same as for your rejection of five and three-digit
19 ZIP codes?

20 A Consideration of populations by region and
21 some of the other jurisdictions, boundary levels you
22 drew are not -- as a comparison may be appropriate,
23 they would not be appropriate to look at the impacts,
24 so I'm not -- if we are talking about the same thing,
25 we chose the half-mile radius to define the waking

1 distance. A comparison of the findings of -- of the
2 demographic profile within that half-mile radius to a
3 proxy for the rest of the country. We used the U.S.
4 numbers in part because of the use of comparisons.

5 Q Thank you. But you could have used these as
6 a basis for comparing also to your national proxy, is
7 that not correct?

8 A Yes.

9 Q You do indicate on page 7 that nationally
10 9.0 percent of households have incomes below \$20,000,
11 is that right?

12 A Yes.

13 Q Would those 9 percent be randomly
14 distributed across the country or would they cluster
15 in certain areas?

16 A They would tend to cluster in areas with
17 housing at lower prices and in rural areas, for
18 instance.

19 Q They would tend to cluster in areas with
20 lower cost housing and in rural areas?

21 A Yes.

22 Q So rural areas do not also have lower cost
23 housing?

24 A They also -- generally they would have lower
25 cost housing as well.

1 Q So would it be reasonable to collapse your
2 response to just lower cost housing?

3 A Yes.

4 Q On page 7 of your testimony you being a
5 discussion of income citing that 9 percent of
6 households with incomes below 20,000. You also state
7 that 12 percent of households close into the stations
8 and branches being examined have income below \$20,000,
9 is that right?

10 A Yes.

11 Q For purpose of this particular comparison,
12 were you working with the 371 or the 413 stations and
13 branches?

14 A That statistic referred to the 371 still
15 under consideration for closure.

16 Q Did you do the calculation for any other
17 group?

18 A We looked at the 42 stations that had been
19 excluded between October 6th and October 19th.

20 Q The difference between the 14 --

21 A Yes.

22 Q The 13 and the --

23 A Right, right.

24 Q In one of your interrogatory response, that
25 would be H and E, you indicate that urban areas often

1 house clusters of poor households, and that's similar,
2 I think, to what you said a moment ago, is that right?

3 A Yes, right.

4 Q Would that also mean that the average
5 occurrence of households with income levels below
6 \$20,000 would exceed the national average? Did I say
7 that correctly?

8 A In what geography?

9 Q In the urban areas.

10 A What I said in response to Interrogatory 18
11 was they were clustered in intercity neighborhoods,
12 rural areas, and the ex-urban fringe of metropolitan
13 areas. So you would expect a higher percentage of
14 low-income households in some intercity neighborhoods
15 and ex-urban fringes of metropolitan areas.

16 Q In what areas do the stations and branches
17 being nominated for study exist?

18 A Metropolitan areas subject to a level of
19 postmasters.

20 Q Are they urban?

21 A I believe they would include urban and
22 suburban, but this is beyond my expertise.

23 Q Well, your qualifications as an expert in
24 this are, as I think we've noted, exemplary, and you
25 have been examining, at least at the aggregate level,

1 these groups, in particular, the 371 stations and
2 branches. Based on the attributes of those that you
3 have observed, what parts of cities, metropolitan
4 areas would you assert that they exist within?

5 A Not recognizing all the addresses of the 371
6 stations, they appears to be mostly urban, yes.

7 Q What is the average percentage -- excuse me,
8 average percent of occurrence of low-income urban
9 households?

10 A I don't have that statistic with me.

11 Q Is it one that you've encountered before?

12 A I expect so, but it's more generalized than
13 I normally deal with information on a particular
14 geography as opposed to national information in that
15 regard.

16 Q Do you have sufficient feel to make a
17 comparison to the 12 percent of households close into
18 stations and branches whether that number -- the 12
19 percent is lower or higher?

20 A I believe it's higher, but I don't have the
21 statistics to back it up.

22 Q If I rephrased the question instead of
23 asking for an average percentage occurrence of low-
24 income urban households as requesting a median, would
25 that make it any easier to answer?

1 A No, I don't believe so.

2 Q And we may have covered this, but what about
3 close-in households served by postal facilities
4 nationwide, do you have an average or median
5 occurrence of low-income households close to postal
6 retail facilities?

7 A No.

8 Q Are the 371 stations and branches
9 distributed randomly across the country?

10 A I don't believe so. If I understand the
11 initial screening process, it was limited to stations
12 within service areas where the postmaster level is 24.

13 Q So the same would be true of the count of
14 413 stations and branches?

15 A Yes.

16 Q On page 7, you variously assert that the
17 national 9.0 percent of households nationwide have
18 income of below \$20,000; that the median share of sub-
19 20,000 households close into the 42 stations and
20 branches comprising the difference between the 413 and
21 371 is 10.9 percent, and that these facts inform your
22 conclusion that "this suggests that the process favors
23 postal stations in more affluent neighborhoods."

24 Now have I accurately characterized that
25 portion of page 7 of your testimony?

1 A Yes. No, it's not strictly the median. It
2 is also the concentration in the areas with even
3 higher concentrations; not just above the median, but
4 in this case it would be 50 percent more than the
5 median. Those would be the categories we'd be most
6 interested in.

7 Q Have you employed any statistical measures
8 of how robustly these numbers support your
9 "suggestion"?

10 A No.

11 Q The last sentence on page 9 of your
12 testimony reads: "This suggests that the process
13 favors postal stations in more affluent neighborhoods,
14 creating an undo burden on low-income residents." And
15 I would note just to be clear that you've used the
16 term "stations" in your testimony as a bit of a
17 shorthand meaning both stations and branches.

18 Have I quoted that sentence correctly?

19 A Yes, but it's on page 7, not 9.

20 Q That's a good response. Thank you.

21 The Postal Service asked you for an
22 explanation of what distinguishes an undue burden from
23 one that isn't undue or I guess in other words is due,
24 that was in interrogatory 19. The first response of
25 your sentence states, "I did not use an explicit

1 definition of undue burden." Now, the Postal Service
2 recognized the absence of an explicit definition,
3 which is why we asked you interrogatory 19. Can you
4 define "undue burden" for us today distinguishing it
5 from a burden that does not arise to the level of
6 being undue?

7 A I use the example that HUD uses, Housing and
8 Urban Development, where they look at indications of
9 whether minority and other special populations are
10 unduly burdened relative to housing costs or housing
11 conditions. They use a standard that's 110 percent of
12 the rate of the general population in the same
13 geography. I expect that undue would be higher than
14 110 percent, but I didn't have an explicit definition.

15 Q So you did not apply that 110 percent
16 explicitly?

17 A No.

18 Q Or a higher value?

19 A No.

20 Q Aside from the example you have just
21 described, has any body of research or literature
22 arrived to the best of your knowledge of what
23 constitutes an undue burden?

24 A Not to the best of my knowledge, no.

25 Q I hope I've got the page right, on page 8

1 lines 8 to 13 you state, "The study process's focus on
2 major city appears to favor postal facility closures
3 in neighborhoods with high percentages of households
4 dependent on walking, biking, or public transit,
5 causing greater hardship than in more suburban
6 locations where the rate of car ownership is greater."
7 Have I accurately quoted that?

8 A Yes.

9 Q Thank you. I believe you stated a couple of
10 minutes ago your understanding -- the fact that you do
11 understand how the Postal Service identified the set
12 of stations and branches that it would evaluate as to
13 whether to undertake discontinuance studies when you
14 referred to the selection criteria of stations and
15 branches reporting to EAS level 24 and above post
16 offices, is that correct?

17 A Yes.

18 Q How, if at all, could the Postal Service
19 have undertaken its consideration of which offices
20 should be studied for discontinuance that would avoid
21 a focus on households that depend upon walking,
22 biking, or public transit?

23 A You know, the selection criteria for
24 Postmaster levels is one, I don't know how to
25 distinguish it with other Postmaster levels as to

1 whether that would have, if you'd move the standard
2 down that would have included other more suburban
3 areas, I don't fully understand the logic of the 24.

4 Q Well, I can explain that I think enough that
5 you can understand whether or how it might be used.

6 A Okay.

7 Q That EAS level is a fairly direct measure of
8 economic activity, so an office that has more delivery
9 points, that takes in more business, does more
10 business at a retail counter, that has more activity,
11 more postal related activity, gets a higher EAS
12 number. So with that understanding, are you prepared
13 to venture an opinion regarding whether the Postal
14 Service had a different way of approach its station
15 and branch discontinuance effort?

16 A That's beyond my expertise.

17 Q So you have no basis for asserting that the
18 Postal Service could reasonably have studied offices
19 that avoided this focus?

20 A Yeah, I don't have the depth of
21 understanding of the system's structure to give you
22 the specifics as to how that could have been avoided.

23 Q But do you remain confident that it could
24 have been avoided?

25 A I do, yes.

1 Q In the sentence that I quoted starting this
2 section, which was from page 8, you used the words
3 "appears to," and I emphasized them as I read that
4 sentence to you because I was going to ask you a
5 question about it. What is the foundation for your
6 opinion that such an appearance exists?

7 A The statistics that are shown on table 2 on
8 page 9 suggest a much higher level of households
9 without vehicles, and it's that statistical
10 relationship that I was referring to.

11 Q What evidence if any would cause you to
12 change your characterization of the study attribute
13 from "it appears" to something more certain such as
14 "it is certain that"?

15 A So the factual statement that the results of
16 the process have focused closure decisions on
17 neighborhoods with high levels of households without
18 vehicles is, I mean it's a fact, it's not just an
19 appearance, it's just a question of direct
20 relationship between the process and that outcome.

21 Q Okay, just to make sure we're both on the
22 same page here, I believe you're saying that if a
23 discontinuance study or if a group of discontinuance
24 studies -- strike that, let me start again. If the
25 facilities on which the Postal Service proposed to

1 conduct discontinuance studies focused exclusively on
2 offices serving customers who walk, bike, and use
3 public transit, in that circumstance you would answer
4 my question by saying, that's an example where you
5 would be able to say it is certain that rather than it
6 appears?

7 A Yes.

8 Q Okay, thank you, didn't quite realize what I
9 was getting into there. The Postal Service SBOC
10 analysis begins from a broad analytical understanding
11 through a sequence of decisions that ended up
12 including the direct case filed before the Postal
13 Regulatory Commission, and further narrowing during
14 the conduct of that proceeding to the point that
15 relatively few facilities are now undergoing formal
16 discontinuance studies. So that we, both of us and
17 others here, understand the foundation for my next set
18 of questions I'm going to take two paragraphs to
19 summarize this process that the Postal Service has
20 undertaken.

21 The Post Office of the United States faces
22 historic challenge after: (1) centuries of mail
23 volume growth have been upended by the information
24 age, new communication patterns supplant hard copy
25 business and personal correspondence; (2) electronic

1 and other access to postal services and automated mail
2 processing technologies that require fewer carriers on
3 the street rather than many sorting mail by hand leave
4 substantial excess mail processing delivery and retail
5 real estate in outdated brick-and-mortar network; (3)
6 yet the network of delivery points continues to
7 expand.

8 Second paragraph. This Docket No. N-2009-1
9 case is part of the Postal Service effort to reduce
10 its brick-and-mortar footprint. It began with a
11 target of somewhere in the range of 3,200 to 3,600
12 stations and branches that were administered by
13 relatively large post offices, meaning that they were
14 located in urban and some suburban areas. While no
15 postal official ever believed that that many offices
16 would be discontinued, the potential for a nationwide
17 or substantially nationwide impact nonetheless
18 triggered the filing of this case.

19 During the case a number of potentially
20 affected facilities that might be discontinued
21 decreased from roughly 3.5 thousand to 759 to 413 to
22 379, and perhaps less than that, substantially less
23 than that in the next report that the Postal Service
24 provides. So, Ms. Morris, and I've tried to simplify
25 this history because the details are not critical here

1 today, the point is that the number of facilities
2 considered by SBOC has decreased consistently from the
3 mid-3,000s down to the low hundreds, and that it
4 continues to narrow as facilities are progressively
5 eliminated from future consideration for
6 discontinuance, do you understand that point?

7 A Yes.

8 Q And that's a point that you previously
9 recognized, is that right?

10 A Yes.

11 Q In the methodology and demographic summary
12 subsections, page 6, of major heading 2, "Review of
13 stations being studied for closure," you refer to the
14 371 stations and branches that were then under
15 consideration, I think we were in agreement about
16 that, correct?

17 A Yes.

18 Q You also refer to the somewhat larger subset
19 of stations and branches once identified under
20 consideration, that would be the 413?

21 A Yes.

22 Q And your understanding of the difference
23 between the 371 and the 413 is what?

24 A That there were 42 stations eliminated from
25 further consideration during that period in October.

1 Q Are you aware that in this proceeding the
2 Postal Service began with the 3,500 facilities on the
3 table so to speak?

4 A I understood that it was all those within
5 the level of Postmaster, I didn't realize it was the
6 exact number.

7 Q Well, the exact number was a bit hard to pin
8 down, as some people have observed. When did you
9 become aware how big that set of offices originally
10 was?

11 A Today, in terms of the number.

12 Q So what was your understanding of how many
13 offices were under consideration at the high end
14 before today?

15 A My understanding had been the 759, is that
16 the number that started?

17 Q So your understanding was we began with 759?

18 A That was in terms of being on the list as
19 opposed to the total universe, that was my
20 understanding.

21 Q Okay, and you were not aware that the 759
22 was a list winnowed from a larger group?

23 A No, I was aware that it had come from the
24 full universe of stations or branches within the
25 jurisdiction of Postmasters at level 24 and above, I

1 didn't know how many had been actively considered.

2 Q Okay, thank you, that clarifies what I was
3 trying to figure out. Do you have any understanding
4 of how many facilities have been the subject of
5 discontinuance studies such that they are now pending
6 for decision at headquarters?

7 A I don't know the process well enough to
8 understand exactly at what point you become under
9 consideration at headquarters, so I would --

10 Q I think that's a no?

11 A No.

12 Q Thank you. All right, now we'll get to the
13 meat here. Within the range of the facilities that
14 have been considered during this SBOC undertaking,
15 your analysis picked two points in time corresponding
16 to two reported numbers of affected facilities and
17 relies upon those two points and attributes of
18 differences between those groups as well as the
19 attributes of those facilities excluded from further
20 consideration, that is the 42, is that correct?

21 A Yes.

22 Q Substantially correct? How did you happen
23 to conclude that 413 at 71, a small slice of those
24 facilities originally considered, compared with a few
25 facilities likely ever to be affected were the

1 appropriate endpoints to use for the purposes of your
2 analysis?

3 A We chose the 413 because that was the list
4 as it stood at the time we were put under contract,
5 and it was only because the list was further winnowed
6 down during the process of our study that we focused
7 on the 371 and the difference between the two.

8 Q So your choice of those two counts of
9 stations and branches had the advantage of recency or
10 being the most up to date available?

11 A Yes.

12 Q If you could step back for a moment to
13 consider the whole range and sequence by which the
14 universe of several thousand stations and branches was
15 winnowed progressively down to a smaller group, is it
16 your understanding that the Postal Service expects to
17 discontinue operations in some of these stations and
18 branches it studies?

19 A Yes.

20 Q For the purpose of my question, assume for a
21 moment that the net result of SBOC is discontinuance
22 studies affecting 290 facilities and ultimate
23 discontinuance of 50, hence from a starting universe
24 of somewhere around 3,500 offices the actual impact is
25 winnowed down to 50 discontinuance actions, do you

1 understand my hypothetical?

2 A I understand your assumption, yes.

3 Q Thank you. The purpose of your study was to
4 see if the process or its results adversely impact low
5 income, elderly, and/or minority persons, is that
6 correct?

7 A Yes.

8 Q If we further assume that the process or its
9 results did have the adverse impacts you were looking
10 for, could you have compared the 3,500 offices to the
11 50 whose operations were discontinued and also found
12 those impacts?

13 A With enough time we could have compared
14 those two populations, I don't know what the answer
15 would be.

16 Q And you could have examined, had you enough
17 time and resources, those offices culled from the
18 original 3,500 but excluded from the 50, correct?

19 A Yes.

20 Q And presumably you also could have compared
21 the original set, the final set, and the differences
22 between those two sets on the same model that you did
23 in your study?

24 A Yes.

25 Q And assuming you found the results, I'm

1 positive that you did, that there was adverse impact
2 upon low income, elderly, and/or minority customers,
3 you would have been able to put numbers behind those
4 results similar in most respects to what you've
5 provided in your testimony, is that right?

6 A Yes.

7 Q In fact your analysis could be even more
8 granular given the suppositions that you had the
9 entire process available for your analysis and you had
10 the time and willing client to do the analysis, is
11 that right?

12 A Yes.

13 Q So you could have broken out each of the
14 steps where the number of offices reported decreased,
15 compared the before and after sets as well as the
16 demographics associated with those offices excluded at
17 each step?

18 A Yes.

19 Q And you could have aggregated any two or
20 more of those steps and you could have aggregated all
21 of them, correct?

22 A Yes.

23 Q I offered an opinion on this up front, but
24 I'm going to ask you anyway, you are well credentialed
25 for your work on APW's behalf, are you not?

1 A Yes.

2 Q You have two college degrees I think, let's
3 see, a BA in poliscience at University of Michigan and
4 master of public policy and economics, also in Ann
5 Arbor?

6 A Yes.

7 Q And you've done a lot of professional work
8 since you completed your education?

9 A Yes.

10 Q In your academic work and your subsequent
11 work as a professional economist, have you learned
12 anything about statistics?

13 A Yes.

14 Q I was pretty sure about that answer. Have
15 you used statistics, formal tests of statistical
16 basis, in your previous work?

17 A At times, yes.

18 Q Could you provide us an example or two?

19 A It would be primarily in the use of survey
20 statistics, consumer surveys.

21 Q And could you elaborate a little bit upon
22 what statistical tools you used?

23 A Those cases it would be measures of
24 statistical significance provided through SPSS, the
25 statistical software package.

1 Q Go ahead and say the full name, just because
2 I got it.

3 A Oh, yeah --

4 Q Statistical Package for Social Sciences is
5 SPSS?

6 A Yes, right, yes.

7 Q I too need to be reminded that nodding
8 doesn't show up on the transcript. And could you give
9 us no more than a one-paragraph description of what
10 the concept of statistical significance entails?

11 A Statistical significance looks at the
12 distribution of answers or characteristics within a
13 population and then determines whether two measures
14 measure an actual difference or just the result of
15 randomness in the data. That's not a good idea.

16 Q I believe I've heard instructors state it
17 more precisely, but you've got the gist of it, yes.

18 A Yes, right.

19 Q Thank you. I take it you're also familiar
20 with concepts such as standard error or confidence
21 intervals?

22 A Yes.

23 Q If you were to read a published economic
24 analysis that (1) explains its research design in
25 detail, (2) describes statistically significant

1 results while providing enough information to check
2 those results yourself, (3) reports a large number of
3 observations, perhaps in both groups or both study
4 sets, and (4) very small confidence intervals, what
5 would this mean to you?

6 A That there was higher likelihood to be
7 measuring a real difference.

8 Q I'm going to go to a much smaller matter.
9 Footnote 2 on page 6, I would like to draw your
10 attention to that which states, "Data were not
11 available for two stations in Puerto Rico being
12 considered for closure and two stations excluded from
13 further consideration." Is there a word missing or is
14 the syntax odd there?

15 A Oh, actually all four stations were from
16 Puerto Rico.

17 Q So it could have been this form then, data
18 were not available for two stations in Puerto Rico
19 being considered for closure, and those two and two
20 others were excluded from further consideration?

21 A No.

22 Q Okay.

23 A What it would be is, data were not available
24 for two stations in Puerto Rico being considered for
25 closure and two additional stations, also in Puerto

1 Rico, that were excluded from further consideration.

2 Q Okay, the point being that data were not
3 available for all four?

4 A All four Puerto Rico facilities, yes.

5 Q Okay. The data that were missing, was this
6 from ESRI?

7 A Yes.

8 Q On page 9, you present two, I'll call them
9 visual displays, one labeled as table 2 and the other
10 unlabeled?

11 A Yes.

12 Q They appear to bear on households lacking
13 automobiles, is that correct?

14 A Yes.

15 Q In as simple terms as you can, where are the
16 most households in the Postal Service's domestic
17 service area lacking in automobile located, in the
18 desert, on islands?

19 A Generally in urban areas where you can
20 manage without driving.

21 Q And why would, well maybe you just answered
22 this, why would households lacking a personal
23 automobile be located in the cities?

24 A In some cases it's because of poverty, in
25 other cases it's because of the explicit choice not to

1 own a car.

2 Q Could it also be the convenience available
3 through city resources that get you access to food,
4 clothing, and transportation without the necessity of
5 a vehicle?

6 A Either walking or transit, yes.

7 Q Looking only at the second display, visual
8 display there on page 9, would it be fair to describe
9 it as showing that the Postal Service targeting of
10 facilities for discontinuance studies examines
11 neighborhoods with both the highest and the lowest
12 rates of car ownership, but not those with moderate
13 rates of car ownership?

14 A From the visual display -- I guess it would
15 be the definition of moderate levels of car ownership,
16 whether if the national average is a moderate level
17 then it would be both higher and lower. To some
18 extent in any visual it's a question of the choice of
19 the width of the range that you choose to use in
20 displaying the data so that, for example the 27.9 or
21 more includes a much wider range of percentages and
22 that's why it looks much larger. I'm not sure I can
23 answer your question specifically.

24 Q That's fine, I'll break it down a little
25 bit.

1 A All right.

2 Q The shortest bar, the one that's third from
3 the top, just above the U.S. average of 9.3 percent,
4 indicates that the fewest number of stations and
5 branches were targeted for consideration of
6 discontinuance studies of all of these groups, is that
7 correct?

8 A Yes.

9 Q Okay, and the top bar, which as you've
10 pointed out has percentages that are basically ranging
11 from 27.9 percent of households with vehicles up to
12 much higher percentages, actually shows the largest
13 number of stations and branches being examined for
14 possible discontinuance, is that right?

15 A Yes. I should correct the record actually,
16 the line for the U.S. average equals 9.3 percent
17 should be between the second and third from the bottom
18 instead of the third and fourth from the bottom.

19 Q Thank you. Turning to the second visual
20 display on page 10, could it be summarized as showing
21 that the Postal Service is targeting facilities with
22 moderate percentages of senior residence but not those
23 with either the highest or lowest percentages of
24 senior residence?

25 A Yes.

1 Q In your discussion of ethnicity on page 10
2 you assert that the "closures being considered appear
3 to have a disproportionate impact on minority
4 populations." I've got that quote correct I think,
5 right?

6 A Yes.

7 Q How is it that the mere evaluation of a
8 possible discontinuance decision by itself constitutes
9 a disproportionate impact?

10 A I'm sorry, can you point me to the original
11 language you first quoted? We just talked about the
12 disproportionate impact? Oh, I'm sorry, here, okay.
13 And that may be a phrasing, essentially I was saying
14 if these 371 stations still under study were the ones
15 that were actually closed, the closure decisions would
16 have a disproportionate impact. The study process I
17 believe has disproportionate impacts in that sense.

18 Q In some sense that same shading, or
19 mischaracterization in an ungenerous world, exists
20 throughout your study. In fact the Postal Service
21 identification of those numbers of offices was that
22 those would be ones in which a discontinuance study
23 would go forward, is that correct?

24 A I don't know the full extent of the process
25 that will continue from this point on, but yes.

1 Q That was not my question. Of the 371
2 offices, what does the Postal Service propose to do
3 with those 371?

4 A My understanding is that there will be
5 continued consideration, and I don't know under what
6 exactly the Postal Service proposes to do to winnow
7 the list further, I just don't know the details of the
8 future process.

9 Q All right, is it your understanding that all
10 371 of those offices will cease operations?

11 A No.

12 Q Is it your understanding that any of those
13 will necessarily cease operations?

14 A Yes.

15 Q And why is that, on what basis?

16 A The discussion that you read into the record
17 about the financial stresses on the Postal Service, it
18 suggests there will be requirements of closing
19 stations.

20 Q Well I would submit that was a description
21 of economic pressure, not results.

22 A Yes.

23 Q Do you know that any of these 371 will in
24 fact cease operations?

25 A No.

1 Q So in your study, you're drawing inferences
2 from the fact that the Postal Service has identified
3 an office as one in which a discontinuance study will
4 be undertaken, is that correct?

5 A I don't know personally that that was the
6 definition of what was going to happen, that there
7 would be a specific discontinuance study in more
8 detail, I just don't know your process from this point
9 forward.

10 Q Do you have any understanding of what's
11 going to happen in those 371 offices?

12 A My understanding is that there will be
13 further winnowing of the list before you recommend
14 ones for closure.

15 Q Did you review any of the Postal Service
16 testimony which described how it undertakes a
17 discontinuance study?

18 A I don't believe so, no.

19 Q So you're not familiar with the processes
20 the Postal Service actually employs in evaluating
21 conditions in a specific office?

22 A Going forward from this point on, no.

23 Q Well, please accept as a hypothetical in the
24 371 offices that the Postal Service in identifying
25 those 371 offices is identifying them as offices in

1 which it then expects to undertake a discontinuance
2 study.

3 A All right.

4 Q That discontinuance study would document the
5 conditions, including demographics of the type you
6 describe in your testimony, and put together a
7 decision package that would be sent to headquarters.

8 A All right.

9 Q The vice president of Delivery and Post
10 Office Operations would then make a decision affecting
11 each office, and in a sense that would be a decision
12 either to discontinue its operations or not to. Okay,
13 with that understanding as an assumption on your part,
14 your analysis of the 371 offices identified as
15 candidates for discontinuance studies in effect
16 assumes that those discontinuance studies are
17 undertaken and that those offices' operations are
18 discontinued, is that correct?

19 A Yes, it assumes for the purposes of talking
20 about potential impacts it assumes that that list is,
21 that all of the stations on that list are closed, yes.

22 Q Thank you. We can -- I would assert a
23 discontinuance but that's a whole other discussion
24 that we completely don't need to go into here, the
25 import of your statement was clear, thank you.

1 CHAIRMAN GOLDWAY: Mr. Hollies, how much
2 longer do you have? Unfortunately I have another
3 meeting I have to attend and we may have to switch
4 presiding officers here for the rest of the meeting.

5 MR. HOLLIES: I've got 4 of 15 pages left,
6 but that overstates the amount of time I need.
7 Fifteen or twenty minutes I would guess. What time is
8 your?

9 CHAIRMAN GOLDWAY: Well, I'm going to have
10 to leave in ten minutes.

11 MR. HOLLIES: Yeah, I suppose I can get them
12 in.

13 CHAIRMAN GOLDWAY: Okay, I'd appreciate it.

14 BY MR. HOLLIES:

15 Q To what extent are minority populations
16 clustered in urban areas?

17 A Without having the statistics in front of me
18 there is a fair amount of clustering within
19 metropolitan areas, but I don't have the actual
20 statistics.

21 Q Do you have any understanding of whether
22 members of a single minority group tend to live in
23 proximity to one another?

24 A Yes, that's often true.

25 Q Would you agree that for any urban retail

1 unit the Postal Service studies for discontinuance
2 that minorities are likely to be a significant portion
3 of the customer population? Let me use the word
4 substantial rather than significant.

5 A I would not expect that there would be a
6 substantial that -- using the word twice -- that a
7 substantial number of the stations being considered
8 would have substantial minority populations.

9 Q In other words some would?

10 A Some would, yes.

11 Q On page 15, you discuss customers who do not
12 own a car, how do such customers buy and transport
13 groceries home?

14 A In some cases they take taxis, they may take
15 transit, they may have a friend who will drive them.
16 It's some --

17 CHAIRMAN GOLDWAY: Those little shopping
18 carts.

19 THE WITNESS: Yeah, I'm sure those are
20 people who grew up in New York.

21 CHAIRMAN GOLDWAY: Right.

22 BY MR. HOLLIES:

23 Q Why would their access to postal services be
24 different from their needs for groceries or
25 transportation to work? These are customers who do

1 not own a car.

2 A Right. I mean it's the same burden that
3 they face or the same issues they face in getting to
4 work as well, it's the cost and the inconvenience of
5 transit, we're talking about moving from walking to
6 relying on transit or help from friends.

7 Q You notice the bottom of page 6 that the 371
8 stations and branches then identified as candidates
9 for the conductive discontinuance studies "include,"
10 I'm changing the form of that word, "include
11 concentrations of low income, minority, and elderly
12 populations." Are you aware of any postal stations
13 and branches for which this would not be true?

14 A Well there were certainly some within on the
15 list being considered for closure for which that is
16 not true, yes.

17 Q So you're speaking generally, not in terms
18 of actually applies to all 371?

19 A Yeah, the actual language says that the 371
20 include a large number of areas with concentrations,
21 not that they all have concentrations.

22 Q On page 7 in the first full paragraph, you
23 assert that "households with income of less than
24 \$20,000 are those most likely to be affected by the
25 inconvenience and cost of accessing a more distant

1 post office" following discontinuance of a closer one?

2 A Yes.

3 Q So that's right. On what empirical or other
4 data do you base your conclusion? That is, how do you
5 know that what you once characterized as the lowest
6 quintile of households are more seriously impacted
7 than the second lowest quintile given that use of
8 postal services correlates positively with income?

9 A I don't have independent information about
10 the use of stations correlating with income. My
11 assertion was based on costs of accessing transit.
12 Well, having access to cars as a proportion of their
13 income is more significant at the lowest end than at
14 the second quintile.

15 Q Okay. In your response to our number 2
16 interrogatory part A, you assert that impacts upon low
17 income persons of the Postal Service discontinuing
18 operations are "much greater" on low income persons,
19 yet the question also asked you about elderly and
20 racial or ethnic minorities compared to other
21 demographically defined customers. You allow that
22 adverse impacts upon other customer groups are
23 possible yet stick to your "much greater" claim. Why
24 did you fail to address elderly or minority groups in
25 your response?

1 A That was primarily an oversight. There are
2 impacts on the elderly by virtue of their more limited
3 mobility, on their more restricted ability to drive.
4 I don't particularly assert that there was anything
5 inherent in being a racial or ethnic minority that
6 increases the impact other than the correlation with
7 income.

8 Q Interrogatory 4 to you from the Postal
9 Service inquires regarding your choice of the half-
10 mile radius surrounding stations and branches as the
11 critical distance affecting consumer choices to walk
12 or drive. You also refer in your response to a source
13 that considers a five-minute walk as a threshold. Can
14 you cite any source that identifies a half-mile
15 threshold as being critical to customers who do not
16 own or have access to automobiles?

17 A What I included here was demonstrations of
18 less willingness to walk more than half a mile that
19 had been empirically shown in Washington Metropolitan
20 Area Transit Authority's ridership surveys. It is
21 generally accepted within the field that walking
22 beyond even a quarter mile is more restricted, but
23 almost certainly beyond a half a mile, but I don't
24 have a specific cite that says people walk only half a
25 mile.

1 Q Well is there an empirical reason to think
2 that customers with access to automobiles have a
3 different distance threshold from those who have no
4 such access?

5 A I suppose it's more common sense than
6 specific empirical evidence. The questions that I was
7 looking at were, how likely were you to walk? And
8 just the reaction that if I have to drive an extra
9 minute or two it's not as significant as if I have to
10 walk an extra mile, but that's not from an empirical
11 study.

12 Q In the Postal Service's interrogatory 9 to
13 you, we pose a hypothetical question, which is a
14 standard way of posing questions to expert witnesses,
15 and you are appearing as an expert witness. The
16 question reads, "Assume hypothetically that you were
17 responsible for making an unavoidable decision that
18 required you to maintain an adequate level of service
19 while reducing by one the number of postal retail
20 stations or branches within the service area of a post
21 office.

22 "Also assume that in carrying out that
23 solemn responsibility you are limited to the
24 consideration of only (a) perfect and complete data
25 concerning actual use of that facility by customers

1 and the services provided to them from that facility,
2 or (b) perfect and complete demographic data
3 concerning age, income level, and racial/ethnic
4 minority status or persons who live within one half
5 mile of the facility. On which set of data would you
6 prefer to rely? Please explain your response."

7 You effectively refused to answer the
8 question identifying it as setting up a false
9 dichotomy, yet the question does not pose a false
10 dichotomy, rather it poses a clear choice in part A
11 between the information available to the Postal
12 Service regarding a given facility studied for
13 discontinuance and part B which summarizes your
14 testimony to the effect that the Postal Service relies
15 upon incomplete or insufficient information regarding
16 the effects of a discontinuance upon the elderly,
17 poor, and racial or ethnic identities of the customers
18 served by a given facility. I will also grant that
19 part B characterizes the impact upon customers in less
20 value laden terms by instead referring to age, income
21 level, and racial or ethnic identity. Why are you
22 unable to answer the question directly?

23 A What I was saying was a false dichotomy was
24 the precept that you only could have access to one set
25 of data. My point in all of the testimony was that

1 you should be using both sets, that you have both
2 sets, that the Postal Service has access to both sets
3 of information, and as you continue with your
4 discontinuance studies those should both be
5 considered.

6 Q All right, a few minutes ago you told me
7 that you were not familiar with how the Postal Service
8 undertakes a discontinuance study.

9 A And I was responding to the information that
10 you provided as a result of that question in my answer
11 to that question.

12 Q So you're taking the position that the
13 Postal Service does not rely upon any demographic data
14 when it makes its decisions?

15 A I do not have evidence of how the Postal
16 Service considered demographics in its screening
17 process.

18 Q Interrogatory 11 from the Postal Service
19 inquires into alternate sources for the purchase of
20 money orders. Your answer confirms that drug stores,
21 grocery stores, and check cashing outlets also sell
22 money orders. Do you know what proportion of money
23 orders sold are sold by stations and branches?

24 A No.

25 Q Do you have any idea how close or far

1 alternate money order sources may be located from
2 close end customers as compared to the average station
3 or branch?

4 A No, my experience in neighborhood business
5 districts in urban areas is that the drug stores,
6 grocery stores do not always exist within close
7 walking distance, that that's not empirically tied to
8 the specific stations.

9 Q Interrogatory 14 from the Postal Service
10 inquires about your paraphrase of an online newspaper
11 article that itself summarizes what appears to be 2009
12 research regarding the banking practices of low income
13 families. Your response indicates the research cited
14 in the article actually cites other research reported
15 in 2006. When did you first review the 2009 research
16 itself?

17 A I reviewed the actual book in response to
18 your interrogatory.

19 Q And when if at any time did you first review
20 the 2006 research reported in the 2009 source?

21 A In response to the interrogatory.

22 Q In interrogatory 16 from the Postal Service
23 we inquire about the data you provide in appendix A to
24 your testimony.

25 A Yes.

1 Q Your response indicates that the data
2 provided pertains to 2008 and that you do not have
3 data for previous years. Did you review the 2008 data
4 and develop any opinion as to their consistency,
5 reliability, or plausibility?

6 A I did not spend any significant time looking
7 at the unemployment rate data, and we did not use it
8 in the analysis, but I was concerned at the lack of
9 source data for small area unemployment rates after
10 the census.

11 Q That last sentence is a little unclear.

12 A Yeah, it's probably too much information,
13 but the last survey that would have gotten to small
14 area geographies with enough sample size would have
15 been the 2000 census, and they actually then would
16 have extrapolated that to an estimate of 2008 with
17 less information than perhaps some of the other
18 estimates they make. But in any case we didn't use
19 it.

20 Q So are these data applicable to some close
21 end Postal Service customers on which you otherwise
22 focus or not?

23 A It is the same geography, yes, as provided
24 by ESRI.

25 MR. HOLLIES: In response to part E of

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1 Postal Service's interrogatory 18 to you, you state
2 your a priori understanding that low income households
3 cluster in inner cities, something we've discussed a
4 couple of times. You are aware of the locations of
5 the stations and branches considered by the Postal
6 Service for possible discontinuance studies that might
7 lead to formal discontinuance, that necessarily
8 underlies your research. The locations of facilities
9 under consideration -- no, I'm sorry, strike that
10 sentence. Strike this question, I'll just move on.
11 And with that, this closes my cross-examination, thank
12 you very much.

13 CHAIRMAN GOLDWAY: Thank you, Mr. Hollies.
14 As I said earlier I'm going to have to leave and I'll
15 ask Vice Chairman Hammond to take my place. Before I
16 do, I did want to ask the Postal Service
17 representatives when they think we will see the next
18 revision in the list of post offices that are being
19 considered for closure?

20 MR. TIDWELL: Friday.

21 CHAIRMAN GOLDWAY: Friday?

22 MR. TIDWELL: This Friday.

23 CHAIRMAN GOLDWAY: Okay, thank you. Is
24 there anyone else wishing to examine this Witness?

25 (No response.)

1 CHAIRMAN GOLDWAY: Questions from the bench?

2 (No response.)

3 CHAIRMAN GOLDWAY: All cross-examination?

4 (No response.)

5 CHAIRMAN GOLDWAY: If not, Ms. Wood, would
6 you like some time with your Witness before you start
7 about rebuttal?

8 MS. WOOD: Yes.

9 CHAIRMAN GOLDWAY: We'll switch now then
10 while you're out.

11 MS. WOOD: Okay, would ten minutes be all
12 right? I think that's all we need. Thank you.

13 (Whereupon, a brief recess was taken.)

14 COMMISSIONER HAMMOND: We'll come back into
15 session. Ms. Wood, do you have comments to make or
16 questions of your Witness?

17 MS. WOOD: Yes, Vice Chairman, just a
18 couple, we'll be very brief.

19 COMMISSIONER HAMMOND: Please proceed.

20 REDIRECT EXAMINATION

21 BY MS. WOOD:

22 Q Ms. Morrison, when you began your study had
23 the Postal Service provided a complete list of all the
24 stations and branches, the roughly 3,500 or so, that
25 they started out with?

1 A No, I don't believe so.

2 Q Okay. And do you know if the Postal Service
3 has provided a list of the entire universe of stations
4 and branches?

5 A As I understand it was just recently
6 released put into the record.

7 Q Oh, I mean, I'm sorry, you had testified on
8 cross-examination about stations and branches that
9 were at the EAS Postmaster 25 and above, are you aware
10 of any list that would include all of the stations and
11 branches, not just that segment?

12 A No, we -- oh, I'm sorry, all stations? No.

13 Q No, okay. Was PF, your firm, provided with
14 any documents to review prior to or during preparation
15 of your analysis?

16 A Yes.

17 Q Do you recall the names or titles of any of
18 those documents?

19 A No.

20 Q Would you be able to recall them if you were
21 in your office?

22 A Yes.

23 MS. WOOD: With permission of the Chairman,
24 we would like to submit a written response to that
25 with a list of materials that Ms. Morrison was

1 provided.

2 COMMISSIONER HAMMOND: Would there be any
3 objection to that?

4 MR. HOLLIES: Yes, that would eliminate any
5 opportunity to cross-examine on that list. There was
6 some discussion about what she had seen and what she
7 had not. But I will agree to undertake with Ms. Wood
8 a possible stipulation as to what was shown to her if
9 that's acceptable.

10 COMMISSIONER HAMMOND: Would that be
11 acceptable to you, Ms. Wood?

12 MS. WOOD: That's fine, I mean you could
13 always ask followup interrogatories and we could try
14 to turn a response around, I'm just afraid that Ms.
15 Morrison is not familiar with all of our vocabularies
16 and what we call different documents, and so I don't
17 want her testimony to reflect that she didn't receive
18 something that in fact she had she just couldn't
19 recall the name of it.

20 COMMISSIONER HAMMOND: If that's acceptable
21 to you, well let's work.

22 MR. HOLLIES: Yeah, I think a stipulation
23 will work fine.

24 COMMISSIONER HAMMOND: All right then.

25 BY MS. WOOD:

1 Q And just one final question, was the purpose
2 of your study to make a determination of whether or
3 not any of the 371 facilities should be closed?

4 A No.

5 MS. WOOD: Okay, thank you. That's all I
6 have.

7 COMMISSIONER HAMMOND: All right, is there
8 any recross to explore the issues that were raised in
9 redirect?

10 MR. HOLLIES: Just one question.

11 RECCROSS-EXAMINATION

12 BY MR. HOLLIES:

13 Q I believe counsel for APWU referenced level
14 EAS 25 and above -- or the stations and branches that
15 report to post offices at level EAS 25 and above, was
16 it not 24 and above?

17 A My understanding was it was 24.

18 MR. HOLLIES: Thank you, I have no further
19 questions.

20 MS. WOOD: My mistake.

21 COMMISSIONER HAMMOND: All right. I guess,
22 Ms. Morrison, that completes your testimony here
23 today. We appreciate your appearance and your
24 contribution to the record, and thank you, you're
25 excused.

1 (Witness excused.)

2 COMMISSIONER HAMMOND: And now I believe
3 we'll call on Mr. Sidman, the public representative,
4 for him to identify the next witness so that we can
5 swear him in.

6 MR. SIDMAN: Thank you, Mr. Vice Chairman.
7 Robert Sidman on behalf of the public representative.
8 I'm going to help Mr. Principe and the Association of
9 United States Postal Lessors get their direct
10 testimony into evidence, so I'd like to call Mr.
11 Principe to the stand.

12 Whereupon,

13 MARIO A. PRINCIPE

14 having been duly sworn, was called as a
15 witness and was examined and testified as follows:

16 COMMISSIONER HAMMOND: Counsel, will you ask
17 the Witness to identify his direct testimony and to
18 make any changes necessary?

19 DIRECT EXAMINATION

20 BY MR. SIDMAN:

21 Q Sure. Mr. Principe, on the table in front
22 of you I've placed two copies of your direct testimony
23 entitled "Affirmative rebuttal testimony of Mario
24 Principe on behalf of Association of the United States
25 Postal Lessors," and I've marked it as AUSPL-T1, do

1 you have that in front of you?

2 A Yes.

3 Q Was this document prepared by you or under
4 your directions?

5 A Yes.

6 Q If you were to provide the contents of that
7 document as oral testimony today, would your answers
8 be the same?

9 A Yes.

10 Q Are there any corrections you would like to
11 make?

12 A No.

13 Q Mr. Vice Chairman, I would like to move on
14 behalf of the Association of United States Postal
15 Lessors to receive that direct testimony into
16 evidence.

17 COMMISSIONER HAMMOND: Is there any
18 objection?

19 (No response.)

20 COMMISSIONER HAMMOND: Hearing none, I will
21 direct counsel to provide the reporter with two copies
22 of the corrected direct testimony of Mario Principe.
23 That testimony is received into evidence, however,
24 consistent with the Commission practice it will not be
25 transcribed.

1 (Direct Testimony of Mario
2 Principe was marked for
3 identification as Exhibit No.
4 AUSPL-RT1 and was received
5 into evidence.)

6 COMMISSIONER HAMMOND: We will next receive
7 written cross-examination, and the Postal Service
8 indicated that it intended to enter written cross-
9 examination of Mr. Principe. Mr. Principe, have you
10 reviewed this material to determine whether if the
11 questions contained in that packet were posed to you
12 orally today your answers would be the same as those
13 you previously provided in writing?

14 THE WITNESS: I would like to make one
15 change if I may. On USPS/AUSPL-T1-1D, I would like to
16 change that estimate of 40 percent to 30 percent,
17 approximately 30 percent.

18 COMMISSIONER HAMMOND: Okay, counsel, would
19 you please provide two copies of the corrected
20 designated written cross-examination of Witness
21 Principe to the reporter, and that material is
22 received into evidence and it shall be transcribed
23 into the record.

24 //

25 //

1 (Designated Written Cross-
2 Examination of Mario Principe
3 was received into evidence
4 and transcribed into the
5 record as Exhibit No.
6 USPS/AUSPL-T1.)

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**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-1

Please refer to page 5, lines 43-45 of your testimony, as well as USPS Library Reference N2009-1/4 (as revised October 9, 2009).

a. Please list and describe the various postal operations referenced on page 5, line 45 of your testimony.

Response:

Stations, branches, post offices, carrier annexes, mail processing centers, and vehicle maintenance facilities.

b. Please explain the basis for and provide documentation supporting the estimate of lines 44-45 of page 5 that AUSPL members lease ~~40~~³⁰ percent of the space utilized by the Postal Service to house these various operations.

√ **Response:**

I indicated in my statement that AUSPL has 3,300 members who lease (approximately 33,500,000 square feet) space to the Postal Service, and we provide approximately 40 percent of **leased** space used to house various postal operations nationwide. At that time, a USPS representative told us the Postal Service leased 97 million square feet. Today, another USPS representative said the Postal Service **leases** 105,012,925 square feet. USPS pays \$950 million in annual rent.

c. Please identify which of the postal facilities listed in USPS Library Reference N2009-1/4 are leased to the Postal Service by members of AUSPL.

√ **Response:**

1. Vet Adm Finance, Dayton, OH
2. Canton Deuber, Canton, OH
3. Akron East Akron, Akron, OH
4. Akron Maple Valley, Akron, OH
5. Youngstown Southside Station, Youngstown, OH
6. Southwest Station, Oklahoma City, OK
7. POR-Solomon, Portland, OR
8. Neville Island Branch, Neville Island, PA
9. Kno-Norwood Fsta, Knoxville, TN
10. MEM-White Station, Memphis, TN
11. CHA-East Lake Station, Chattanooga, TN

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
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12. JAC-Bemis Station, Jackson, TN
13. Ari-Great Southwest, Arlington, TX
14. Irving Downtown, Irving, TX
15. Cresthaven, San Antonio, TX
16. Station A, San Antonio, TX
17. MGY-Boylston, Montgomery, AL
18. MGY-Capitol Heights Station, Montgomery, AL
19. MOB-Chickasaw Fin, Mobile, AL
20. Pleasant Ridge Station, Little Rock, AR
21. Tucson Midtown, Tucson, AZ
22. Dimond, Oakland, CA
23. Kaiser Center, Oakland, CA
24. Niles, Fremont, CA
25. Oakland Station B, Oakland, CA
26. San Pablo Branch, San Pablo, CA (This is in Richmond, CA, but listed as San Pablo, CA)
27. Vallejo Station A, Vallejo, CA
28. Cole Branch, Los Angeles, CA
29. Market Station, Los Angeles, CA
30. Morningside Pk Station, Inglewood, CA
31. N Inglewood Station, Inglewood, CA
32. Stockton Tuxedo Park, Stockton, CA
33. George Washington, San Diego, CA
34. North Park Retail, San Diego, CA
35. IRV-East Irvine Station, Irvine, CA
36. LBC-No Long Beach, Long Beach, CA
37. RC-Etiwanda, Rancho Cucamonga, CA
38. SNA-Diamond Station, Santa Ana, CA
39. PNS-Downtown Station, Pensacola, FL
40. MBH-Surfside Branch, Surfside, FL
41. MIA-Goulds Fsta, Miami, FL
42. ORL-Arthur Kennedy Station, Orlando, FL
43. ORL-Pine Hills Branch, Orlando, FL
44. SAR-Southgate Station, Sarasota, FL
45. SPT-Central Station, Saint Petersburg, FL
46. ATL-Eastwood, Atlanta, GA
47. Capitol Station-Charleston, Charleston, WV
48. Spring Hill Station, South Charleston, WV
49. Silver Spring Center, Silver Spring MD
50. Detroit-Harper-Station, Detroit, MI
51. Flint-Cody Station, Flint, MI

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
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52. East 14th Retail-Des Moines, Des Moines, IA
53. Fort Wayne-Waynesdale-Fin Station, Fort Wayne, IN
54. Gary-Downtown Finance-Fin Station, Gary, IN
55. Gary-Miller-Station, Gary, IN
56. Indianapolis-West Indianapolis Fin Station, Indianapolis, IN
57. South Bend Olive Street Station, South Bend, IN
58. Kck-Fairfax, Kansas City, KS
59. Saint Louis-Baden-Fin Station, Saint Louis, MO
60. Saint Louis-Berkeley-Branch, Saint Louis, MO
61. Saint Louis-Soulard-Fin Station, St Louis, MO
62. Lnk-Woods Park Station, Lincoln, NE
63. Oma-Station B, Omaha, NE
64. Trenton Chambersburg (F), Trenton, NJ
65. Lic Pp Annex, Long Island City, NY
66. ALB-Patrol, Albany, NY
67. Buffalo-Broadway Fillmore Station, Buffalo, NY
68. Buffalo-Lackawanna Branch, Buffalo, NY
69. Newton Branch, Cincinnati, OH

d. Please indicate the number of properties leased to the Postal Service by the ten AUSPL members with the highest number of such leaseholds.

Response:

1. Lawrence Magdovitz	900
2. Leonard Spodak	373
3. Frall Developers, Inc.	205
4. MACO	170
5. United Postal Inc.	141
6. Nationwide Real Estate	126
7. Barwick/Poelstra, LLC	125
8. Keith Barket	99
9. Republic Postal Group	95
10. John VerMass	87

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-2

Page 7, lines 11-13. Has AUSPL conducted any member or public survey, research or poll that serves as the basis for this statement in your testimony? If so, please provide all the documents used to describe the methodology and results of that undertaking. If not, please describe the basis for that statement.

Response:

Since 1956, I have been actively involved in assisting customers, elected officials and the general public on postal matters. More recently, I have advised postal lessors and served as an advocate regarding issues involving postal consolidations/closures. In my experience, nearly every person considers a post office, just that. The general public does not know the difference between a station, branch, community post office or main post office. AUSPL has not conducted any surveys or polls.

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-3

Please refer to the definitions provided in your testimony at page 8, lines 4-5. Please provide citations to any publications in which these definitions may be found.

Response:

Independent Post Office:

See Handbook 101, Post Office Discontinuance Guide, August 2004, part 232.14
"Contract stations or branches offer the same postal and nonpostal services as those of an independent Post Office, except for postage meter settings and permit mailings". This term is commonly used to refer to a postal facility operated by a postmaster and was used to try to clarify this particular facility for readers.

Classified Station

See glossary of terms in a publication called Stations and Branches obtained from the postal historians web site titled "glossary".

Classified Branch:

See the above response for station. It is the same for branch.

Community Post Office

See Handbook 101, Post Office Discontinuance Guide, August 2004, part 625 Name of Facility Established by Consolidation, section b.

Discontinuance:

This term was commonly used by postal personnel to identify either a closing or consolidation. This term may have been adopted so that closing or consolidation wasn't repeated numerous times in training material both oral and written, and other documents.

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-4

Please refer to page 9, lines 22-23 of your testimony. Please list and describe each of the "non-postal needs" of the community to which you refer.

Response:

In addition to mailing services, post offices serve a variety of needs for the community. Listed below (in no particular order) are some of those services, which vary from post office to post office.

- Government tax forms, social security applications, selective service applications, and passport applications.
- Fishing and hunting licenses.
- Community services, including message center, announcements posted on bulletin boards, community meeting place.
- Networking: customers enjoy the walk to the post office and talking with friends and neighbors while the mail is being sorted.
- Postmasters often assist elderly customers in preparing parcels for mailing or assist in helping them read their mail and sometimes even serve as a counselor.
- Meeting place.
- In small communities, postmasters will take action to check on customers who does not pick up their mail to make certain they are ok.
- School bus site.

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-5

Please refer to your testimony at page 9, lines 27-32 and to the testimony of Postal Service witness Kimberley Matalik at Tr. Vol2, page 525, lines 5-16.

a. Is it your belief that witness Matalik testified there that the Postal Service gives no consideration at all to customer input in the discontinuance review process? If so, please explain the basis for your belief.

Response:

When Jennifer L. Wood, Attorney for the American Postal Workers Union asked Kimberley Matalik what weight customer input had in determining whether a facility would remain open or be closed, Kimberley Matalik's response was "no weight attached to this process".

b. If your response to subpart (a) above is anything other than an unqualified negative ("no"), would you agree, based on a review of Tr. Vol. 2, page 525, lines 5-16, that Matalik testified to the effect that, as part of its qualitative judgment regarding the consolidation of a station or branch, the Postal Service assigns no specific quantitative weighing to the various factors it considers, including customer input? If not, please explain.

Response:

Yes.

**RESPONSES OF AUSPL WITNESS MARIO PRINCIPE
TO INTERROGATORIES AND REQUEST FOR PRODUCTION
OF UNITED STATES POSTAL SERVICE**

USPS/AUSPL-T1-6

Please refer to page 11, lines 5 through 12 of your testimony.

a. Please review USPS-T-2 (as amended on September 16, 2009) and confirm that the number "95" on page 11, line 5 of your testimony should be revised to read "21". If you cannot confirm, please explain.

Response:

I agree since the Postal Service has readjusted the figure from 96 to 21 for Fiscal Years 2005 thru 2008.

b. During your review of Post Office closure proposals as a postal employee, do you recall ever being aware that there were discontinuance proposals that were formulated and examined at the local or district level but:

(i) that never advanced to the region/area office for review or to headquarters for a final review and decision?

Response:

I worked on discontinuance proposals that were submitted to Postal Headquarters for a final determination by the Regional offices. However, I provided training to many district representatives with the Regional offices and offered guidance directly to district representatives by telephone whenever requested. District offices submitted discontinuance proposals to Regional offices for review before submitting the revised proposal to Postal Headquarters.

(ii) that advanced to the region/area office for consideration but did not advance to headquarters for a final agency review?

Response:

I am aware of cases that were returned to District offices by Regional offices because the documentation was incomplete or inadequate.

1 COMMISSIONER HAMMOND: Is there any
2 additional written cross-examination for Witness
3 Principe?

4 (No response.)

5 COMMISSIONER HAMMOND: Then this brings us
6 to the oral cross-examination. One participant has
7 requested oral cross-examination, the United States
8 Postal Service.

9 CROSS-EXAMINATION

10 BY MR. TIDWELL:

11 Q Good afternoon, Mr. Principe. Michael
12 Tidwell on behalf of the Postal Service. To be
13 consistent I guess I should ask you about your middle
14 initial?

15 A A for Anthony.

16 Q Thank you.

17 COMMISSIONER HAMMOND: Cool.

18 BY MR. TIDWELL:

19 Q Something for everybody today. Mr.
20 Principe, I'd like you to take a look at your response
21 to Postal Service interrogatory 1, it's USPS/AUSPL-T1-
22 1, do you have that in front of you?

23 A Yes.

24 Q It's the one you just corrected. On the
25 fourth line of the response, the subpart B, there's a

1 reference to a figure of 97 million square feet, and
2 in the fifth line there is a reference to a figure of
3 approximately 105 million square feet, and in your
4 response to the interrogatory you indicate that you
5 received this information from a postal
6 representative, could you identify for the record who
7 that postal representative was?

8 A I did not personally receive the
9 information, that part of the testimony was prepared
10 by the office in California.

11 Q What office in California would that be?

12 A The office of AUSPL in Costa Mesa,
13 California.

14 Q And so you don't know who they may have
15 contacted?

16 A No, I don't know who the individual is.

17 Q Do you think that it would be possible for
18 you to find out for us for the record?

19 A Certainly, I could call.

20 Q How quickly do you think you would be able
21 to obtain that information?

22 A Do you need it today?

23 Q I'd like it today.

24 A Yeah, I could call this afternoon after
25 we're done. I'd gladly call.