

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

Retail Access Optimization Initiative

Docket No. N2011-1

**RESPONSE OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
WITNESS MORRISON TO UNITED STATES POSTAL SERVICE
INTERROGATORIES USPS/APWU-T1-1-13
(October 7, 2011)**

The American Postal Workers Union, AFL-CIO hereby submits the responses of witness Morrison to the following interrogatories of the United States Postal Service: USPS/APWU-T1-1-13, filed on October 3, 2011.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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USPS/APWU-T1-1

- a. Please explain all of the analytical steps you took, from input data sources, assumptions, data limitations, all processing steps, output data, as the Commission's Rule 31(k) (39 C.F.R. § 3001.31(k)) requires. This documentation should include all data upon which you rely so that your analyses can readily be replicated. Please document each of your tables plus separate results reported in the text.
- b. Did you attempt alternative analyses that you ultimately chose not to include in your testimony? If not, why not? If so, please provide a general description of what those efforts attempted to do and why they were ultimately abandoned.

RESPONSE

- a. Under my supervision, Partners for Economic Solutions (PES) undertook the following steps:
 - Input the list of postal facilities being considered for closure (from USPS-LR-N2011/1-NP1) and the total list of postal facilities to ESRI's Arc Map GIS software with associated base mapping from the U.S. Census to determine which facilities are in urban areas and which are in rural areas based on the Census Bureau's delineation of Urbanized Areas and Urban Clusters. Some facilities had to be matched manually due to complications tied to duplicative names and zip code and address deficiencies.
 - Chose a random sample of 1,855 rural postal facilities to be used as a control group and comparison for rural facilities being considered for closure.
 - Chose a random sample of 1,289 urban postal facilities to be used as a control group and comparison for urban facilities being considered for closure.
 - Used ESRI to pull data for postal facility areas defined as a 0.5-mile radius for urban facilities and a 20-minute drive time for rural facilities. The data, provided in Library Reference APWU-LR-N2011-1/1, include 2010 population; 2010 households; 2010 household size; 2010 population by age groups (65-69, 70-74, 75-79, 80-84, 85+); 2010 median age; 2010 number of unemployed residents and unemployment rate; 2010 white population; 2010 households with incomes below \$10,000, from \$10,000 to \$14,999 and from \$15,000 to \$19,999; owner and renter households with no vehicle; and total number of businesses and employees.
 - Changed 13 facilities (Brooks AFB, TX; Clearwater Beach, FL; Convent Station, NJ; Downtown Lancaster, PA; Eltingville Finance, NY; Grove Hall, MA; Kapolei Station, HI; Lakewood, CT; Menlo Park, NJ; National Stock Yards, IL; Naval Air Station, TN; Tom Murray, TN; and Uphams Corner, MA) from rural to urban based on a high number of residents (more than

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Response to USPS/APWU-T1-1 (Continued)

20,000 residents within the 20-minute drive time) coupled with visual review of the map to confirm that the rural designation was a statistical anomaly.

- Excluded 114 facilities for which ESRI returned no population data. These are listed in Appendix Table A-1 to my testimony.)
- Calculated the percent of residents aged 65 and over, the percent minority (non-white) population, the percent of households with incomes below \$20,000, and the percent of households with no vehicle (based on American Community Survey data).
- Calculated the control group mean.
- Generated a frequency distribution in ranges defined by the control group mean, 50 percent of the mean and 150 percent of the mean.
- Compared the means for the facility areas being considered for closure and the control group areas.
- Ran a Student t-test on the rural facility areas, which were characterized by data with a bell curve distribution.
- Graphed the results for the postal facility areas and the control group areas.
- Generated a frequency distribution of USPS data (USPS-LR-N2011/1-NP7) on distance to the nearest station.
- Generated a frequency distribution of USPS data (USPS-LR-N2011/1-NP6) on hours and days the postal facilities being considered for closure are open.

- b. I attempted to correlate earned revenue data from USPS-LR-N2011/1-NP8 for both facilities being considered for closure and other rural facilities. However, the facility ID numbers, zip code and address information did not allow for accurate matching with our files using Microsoft Access database software.

I also attempted to quantify the number of rural facilities being considered for closure that provided free post office boxes and did not have direct delivery. However, the data format provided by the USPS in USPS-LR-N2011/1-NP9 did not allow the information to be manipulated using database software.

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USPS/APWU-T1-2

On what date were you contacted about the possibility of your providing testimony in this docket? Had there been any previous discussion about the potential for your testifying at some unknown point in the future? If so, please explain the context.

- a. By whom were you contacted? What goals for the research were discussed?
- b. Please describe how you arrived at the specific research design you used. What, if any, alternatives were considered and what factors led to the selection you finally made?
- c. How long did it take for your contract to be worked out? What details required the most attention to detail? When was it signed?
- d. How much time and effort did you put into the contract, including finalization of the testimony? (Please limit any quantified response to hours, leaving specific dollar amounts out.)
- e. Did you, whether with the assistance of the counsel or otherwise, consider other alternative methods for evaluating the Postal Service RAOI proposal, or were you always focused on the method presented in your testimony? Please explain what alternatives, if any, that you considered and why they were or were not used.

RESPONSE

- a. I was contacted on August 10, 2011 by Phillip Tabbita of the American Postal Workers Union, AFL-CIO. There was no previous discussion about providing testimony at some unknown point in the future.

The research goals were to identify any biases or flaws in the process used to identify candidate facilities for closure and to discuss impacts on customers.

- b. I developed the research design based on our previous work on the Station and Branch Optimization and Consolidation Initiative Docket No. N2009-1. Recognizing the emphasis on rural post offices in the Retail Access Optimization Initiative (RAOI), I decided it was important to compare the character of areas around postal facilities being considered for closure to other rural areas so as not to skew the results by the significant differences between rural and urban locales. This led to the creation of two control groups for urban and rural facility areas.

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Response to USPS/APWU-T1-2 (Continued)

- c. The contract was developed over three days. The primary issue related to whether to visit selected rural post offices to see firsthand the nature of the community and the retail alternatives that might be made available. Given the short time for developing testimony and the anecdotal nature of the feedback that would provide, we decided that it was better to focus on the data. The contract was signed August 15, 2011.
- d. I personally spent 61 hours and my colleague, Abigail Ferretti, spent an additional 77 hours.
- e. See the Response to USPS/APWU-T1-2(c).

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USPS/APWU-T1-3

Does the research you conducted involve comparison of two groups?

- a. Is one group the RAOI offices, or at least most of them?
- b. Is the second group a set of locations that are comparable to the first?
- c. How was the second group selected?
- d. Do postal facilities exist in every community and town, urban and rural?
- e. How do you know where postal facilities do not exist?
- f. Where does your research consider locations and customers not proximate to postal facilities?

RESPONSE

- a. My research included four groups. Two of the groups were RAOI offices in rural areas and RAOI offices in urban areas.
- b-c. The two comparison groups were facility areas chosen randomly from the full universe of retail postal facilities – one rural and one urban. As with the RAOI offices, the rural areas were defined based on a 20-minute drive time, and the urban areas were defined by a half-mile radius.
- d. No.
- e. I do not know all locations where postal facilities do not exist. I know that facilities have been closed prior to the RAOI, leaving at least those areas without a postal facility.
- f. I did not consider this factor.

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USPS/APWU-T1-4

Would you agree that the Postal Service is obliged to provide access to postal facilities throughout the domestic service area? Please explain any disagreement.

- a. How do people who live in communities, or in isolated locations, without classified postal facilities access retail services? Do you believe that such customers invariably drive to the closest classified facility? Please explain your conclusion and how you arrived at it.
- b. Do you believe customers like those identified in part (a) might consider accessing retail services through one of the alternate access possibilities witness Boldt (USPS-T-1) identifies? Please explain your understanding and reasoning.
- c. Assuming customers like those identified in part (a) are dissatisfied with their access to retail postal facilities: what coping strategies might they employ to improve their satisfaction levels?

RESPONSE

I agree.

- a-c I do not have independent knowledge of how people in isolated locations access retail services.

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USPS/APWU-T1-5. Have you reviewed the selection methods witness Boldt (USPS-T-1) explains for the four groups of facilities chosen for inclusion in RAOI?

- a. Please explain whether you believe any of those selection criteria were improper in that they could be expected to give rise to inappropriate discrimination by the Postal Service among locations selected, versus those not selected, for inclusion in RAOI. APWU-T-1 at 28.
- b. Do those criteria appear on their face to impart selection bias in favor of, or disfavor against, customers on the basis of:
 - i. population?
 - ii. number of households?
 - iii. income levels?
 - iv. ethnicity?
 - v. age?
 - vi. car ownership?
 - vii. any other demographic factor?
 - viii. urban location?
 - ix. rural location?

RESPONSE

Yes.

- a. The selection criteria for the fourth group of 265 closure candidates undergoing locally-initiated discontinuance review were not provided, so I cannot comment on those. Among the specified criteria, the emphasis on earned revenue could lead to discrimination based on resident incomes and population density. Areas with low population density also are at a disadvantage in access to Internet services.
- b. The emphasis on earned revenue could lead to discrimination based on resident incomes and number of households.

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USPS/APWU-T1-6

Are you recommending that the Postal Service undertake research so that it can pick offices for discontinuance in ways that do not demonstrate any different impact on customers based on any of the criteria identified in USPS/APWU-T1-5? If so, please explain.

RESPONSE

I recommend that the Postal Service introduce demographic and local community factors into its discontinuance process so that low-income, minority and elderly residents are not impacted disproportionately. I further recommend that in cases where disproportionate impacts occur, particular attention be given to strategies to mitigate those impacts.

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USPS/APWU-T1-7

You present various tables, data in text, and data generally. Does social research of the type you present ever rely upon statistical significance for evaluating the strength of relationships between measures?

- a. Please confirm what measure of statistical significance you use.
- b. What is the most significant result you present? Is it what you present in footnote 6?
- c. So which of your results are statistically significant at the 95 percent level or better?

RESPONSE

Yes.

- a. I ran a Student t-test on the rural facility results. The t-tests on the urban facility areas were not appropriate because the data did not have a bell curve distribution.
- b. Yes.
- c. The discrepancies in household income and ethnicity among rural facility areas were significant at the 93-percent level. The differences in the percent of households with no vehicles were not significant (the t-test indicated significance at the 63-percent level).

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USPS/APWU-T1-8

You presented testimony in PRC Docket No. N2009-1, which entailed a request by the Postal Service for an advisory opinion regarding its Station and Branch Optimization and Consolidation Initiative, 2009, is that right?

- a. Approximately what portion of your current testimony overlaps with that previous testimony?
- b. Did that, at least, facilitate preparation of your current testimony?
- c. Do you see any resemblance between this case and that one? If so, what similarity do you see?
- d. What is your understanding of what the Postal Service has changed since that previous docket?

RESPONSE

Correct.

- a. Approximately 15 to 20 percent.
- b. My participation in PRC Docket No. N2009-1 gave me familiarity with the data and the issues related to urban facilities.
- c. Yes. The fourth group of 265 closure candidates undergoing locally-initiated discontinuance review were presumably selected under the process used prior to RAOI.
- d. It appears that the RAOI review was more explicitly driven by objective metrics applied across the full spectrum of postal facilities; however, I have not analyzed data for all of the facilities with earned revenue of no greater than \$27,500 in order to confirm that impression. The process identified in the *PO-101 Postal Service-Operated Retail Facilities Discontinuance Guide* seems to have added better mechanisms for public feedback and input, including distribution of questionnaires to customers.

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USPS/APWU-T1-9

Assume, for a moment, that you work for the Postal Service and that you are asked to come up with a method that avoids any visible difference between locations that are nominated for discontinuance studies when compared with locations that either have no postal facilities, or locations that also have facilities, whether those differences are statistically significant or not, how would you do so?

- a. Would you undertake some sort of survey research? Please explain what you would do.
- b. How about a matched pairs design, so that you know only one of two very closely matched facilities has even the possibility of being discontinued, would that be workable? Please explain what you would do.
- c. How about a survey involving sets of facilities, one group of facilities nominated for discontinuance and another not, could that work? Please explain.

RESPONSE

- a. No, I would not undertake survey research prior to closure decisions. I would rely on Census and other demographic data that provide a common basis for comparison among locations. I would then screen the demographics of candidate facilities to identify areas with unusually high concentrations of low-income, minority and/or elderly residents. The closure decisions for those areas should receive particular scrutiny and a focus on mitigation measures. It would be very helpful to conduct survey research in areas where the postal facilities have been closed to determine the adequacy of alternative retail services and how customers have responded to the loss.
- b. I do not believe a matched pairs design would work due to the difficulty in identifying very closely matched pairs.
- c. I do not see how such a survey would help. A statistical comparison of the two groups could reveal bias that would need to be addressed on an individual facility basis.

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USPS/APWU-T1-10

You mention the revised Handbook PO-101 in your testimony, do you not?

- a. You also recommend that it be put on the internet, do you not?
- b. Have you used a search engine to look for it?
- c. Did you do so before filing your testimony?
- d. Have you done so more recently?

RESPONSE

Yes.

- a. Yes.
- b. Yes. I used Google within the usps.com website. In a couple of locations, I was referred to the Postal Service PolicyNet at <http://blue.usps.gov/cpim>. One reference in the US Postal Bulletin (<http://about.usps.com/postal-bulletin/2011/pb22315/pdf/pb22315.pdf>) had been updated 7/14/2011. That link was broken. I was finally able to reach a website that listed the handbook, but access was restricted to USPS personnel.
- c. Yes.
- d. Yes, I attempted to access the handbook on October 5, 2011. I was still unable to find a working link, despite having a very specific name to use as a search term. Searching under "closure process" was fruitless.

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USPS/APWU-T1-11

You describe in very brief terms on page 6, first full paragraph, how you gathered data used in your analysis, is that correct?

- a. Please expand that description so as to state precisely what data elements you got from which source.
- b. Please also describe whatever challenges you encountered, and why you needed to use multiple sources.
- c. For approximately how many locations did you collect data?
- d. What challenges did you face, and apparently resolve, in gathering data from multiple sources?
- e. Exactly what did you draw from ESRI?
 - i. a "National Geographic Information System" (which one)?
 - ii. 2007-09 American Community Survey (why 3 years?)?
 - iii. 2010 Census?

RESPONSE

Yes.

- a. All of the demographic data for facility areas were provided by ESRI. The 2010 U.S. Census of Population provided base data to ESRI on 2010 population; 2010 households; 2010 household size; 2010 population by age groups (65-69, 70-74, 75-79, 80-84, 85+); 2010 median age; and 2010 white population. These data were manipulated by ESRI, using its Geographic Information System (GIS), to conform to the half-mile radius and 20-minute drive time areas. ESRI estimated the 2010 number of unemployed residents and unemployment rate and 2010 households with incomes below \$10,000, from \$10,000 to \$14,999 and from \$15,000 to \$19,999. ESRI based the estimate of the number of owner and renter households with no vehicle on American Community Survey data provided by the U.S. Bureau of the Census. ESRI estimated the total number of businesses and employees based on data provided by *infoUSA*.
- b. This was a single source that aggregates the most recent relevant demographic data. The results of the 2010 U.S. Census of Population are not yet available on

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a small area basis for household income, unemployment rates and other economic characteristics.

Response USPS/APWU-T1-11 (continued)

- c. We pulled data for the 3,652 postal facility areas as well as control groups of 1,855 rural facility areas and 1,289 urban facility areas.
- d. The data from multiple sources were combined by ESRI. There were facility areas for which ESRI showed no population, which indicates some of the limitations of the GIS-based data. ESRI's methodology takes Census and other data available at the lowest available geography and then allocates them to even smaller geographies to allow estimates for geographies not defined by the Census Bureau but rather defined by driving times or a radius from a specific point.
- e. See Response to USPS/APWU-T1-11(a).
 - i. This was a generic description of ESRI and its GIS.
 - ii. This is a Census Bureau survey conducted annually to provide interstitial estimates between the decennial Census surveys. Because this is based on a sample, the Census Bureau combines results from three years to provide the best possible estimate.
 - iii. See Response to USPS/APWU-T1-11(a).

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USPS/APWU-T1-12

Would you agree that you make several references to the need for people to walk as their exclusive mode of transportation?

- a. What research have you conducted into patterns of walking, when people walk and when they do not?
- b. What is your understanding of when people walk?
- c. When do you walk? Do you also walk for exercise?
- d. Is it your understanding that automobile owners ever walk? If so, when?
- e. In your testimony, is there any occasion when you assume that an individual lacking an automobile does anything other than walk?
- f. Do the elderly walk?
- g. Do urban customers walk?
- h. Do rural customers walk?
- i. When do people who lack automobiles do anything other than walk?

RESPONSE

My testimony discusses the needs of people who now walk to a postal facility and do not own a vehicle to highlight the burdens of closing such postal facilities, particularly in the event where the next closest postal facility is not within walking distance or in a walkable environment.

- a. I have not personally conducted research on when people walk. However, I work extensively with urban planners and transportation planners who focus on the behavior of pedestrians, including how far people typically walk to and from transit and the impact of walkable environments on residents' willingness and ability to walk to school, retail, work and transit.
- b. My understanding is that people walk for a number of reasons and under a number of different circumstances. Many walk because they do not have access to a vehicle, cannot afford the costs of operating a car, or are not capable of operating a car (e.g., due to age or physical limitations). Others walk deliberately as a form of exercise, because they prefer the walking experience to waiting in traffic and searching for parking, and/or because it is more environmentally responsible and sustainable.

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- c. I am not sure of the particular relevance of this interrogatory to this proceeding; however, I actually walk a great deal, including three miles to and from the Metro

Response to USPS/APWU-T1-12 (continued)

most workdays and to the post office at least once a month. That is for exercise, convenience, environmental and other reasons.

- d. Of course. They are most likely to walk for errands when the distance is within one-quarter mile and when the pedestrian environment is attractive and supportive (e.g., with sidewalks and crossing signals on busy streets), particularly when they are not carrying heavy packages. They may walk to lunch when it is easier than moving their car and finding a new parking space. Many often walk for exercise.
- e. People who do not own vehicles have different options depending on where they live. They may bicycle. Where available, they may take a bus, a subway, a taxi or a rental car, each of which involves a cost. They may also ask a friend for a ride.
- f. Of course, if their physical limitations allow and their destinations are proximate enough. They also may walk for exercise, as I'm sure many do in rural areas, picking up their mail from their postal boxes.
- g. Of course.
- h. Of course.
- i. In my experience, people who lack automobiles do anything other than walk most often on their way to work or when shopping for groceries or other bulky items.

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USPS/APWU-T1-13

You observe on page 8 regarding a group of 2981 offices that they serve a “diverse selection of communities.” Is this, in your mind, a good thing?

- a. Should the Postal Service be nominating offices for discontinuance so that it ends of with a diverse group of offices? Why or why not? Please explain your response.
- b. Is it your understanding that the Postal Service undertook effort to ensure that this major subset of RAOI offices is diverse? What is your understanding based upon?

RESPONSE

Yes.

- a. Yes. Given the great diversity among American cities, suburbs, towns, villages and hamlets, the selection of postal facilities also should reflect such diversity so that low-income, elderly and minority customers are not burdened disproportionately.
- b. I have no direct understanding of the Postal Service's efforts in this regard.