

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

Investigation of Suspended Post Offices)
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Docket PI 2010-1

COMMENTS OF
THE NATIONAL LEAGUE OF POSTMASTERS
MARCH 3, 2010

The National League of Postmasters (League) hereby submits its Comments in this Docket pursuant to Commission Orders 335, 389 and 408, issued November 9, 2009, January 12, 2010 and February 12, 2010 respectively.

In its November Notice and Order, the Commission started this investigation to develop further information on 1) the Postal Service's practice of suspending offices for extended periods without affording the public the rights guaranteed by 30 U.S. C. 404(d) and 2) the status of the 97 specific post offices that have been suspended due to lease expiration during the last five years . Order 335 at 1-2. The other orders extended the comment period.

Introduction

At the outset, the League would like to commend the Commission for its initiative in this matter. This is a very important investigation and goes to the very core of how well the Postal Service serves the American Public. The Commission should know that the League has been concerned about this matter for some time, and has felt that for years the Postal Service has been *intentionally* using the emergency suspension process to circumvent the dictates of the Post office closing laws. That must stop. The

Post Office closing laws are the law of the land and unless and until they are removed, the Postal Service must follow them. It is not above the law. Moreover, the Post Office Closing Rules are in the postal statutes for a reason. That reason has not changed; nor have the facts underlying it.

The League's Comments are in three parts. The first part discusses how the Postal Service is to act like a business, how it must serve its customers needs, and how this issue fits into that framework.

In the second part of its Comments, the League offers a perspective that is broader than the typical perspective of what a post office is, and what roles it plays in the postal system. We point out that far from being mere retail facilities, post offices also the final distribution node in the postal delivery system, and a critical final delivery point for remittance mail. Both functions are as important, if not more important, than the retail function. We would note that key to the Postal Service's plan to switch from 6 day to 5 day delivery is keeping post offices open for remittance mailers and others.

Finally, the League would like to offer the Commission some history and perspective on the issue of Post Office suspensions and the Post Office closing laws. This is not the first time we have been down this road and the remedial process agreed to the last time we dealt with this issue has not been followed.

I.
**The Customer Bases of The Postal Service
& The Importance of This Inquiry.**

The Postal Service is to act like a business. That is axiomatic. However, while most businesses have one set of customers, the Postal Service is different. The Postal

Service—much like newspapers, magazines, radio and TV—has two sets of customers to serve, *not just one*. Newspapers and magazines must serve—and serve well—*both* their readers *and* advertisers in order to be successful. Ignore either one, and the publication is in trouble. It is the same thing with radio and television stations, although in their case it is viewers and not readers that constitute the first customer base.

Likewise, the Postal Service must serve two masters to be successful, the American Public *and* the mailing community. Serving just one is not an option. The distinction is important for an extensive post office base is critical to serve the needs of the American Public, and not necessarily those of the mailing community.¹

This fact is not only a matter of historical tradition, but a matter of modern day reality, and a reality that is very well embedded in law. As the first sentence of the first section of this nation's postal policies states:

The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people.

39 U.S.C. §101(a).

People care, and care passionately about their post offices. This is not simply a matter of empty rhetoric, but it is very much a matter of reality. This is shown not only by the views expressed in all the letters from around the country that have come to the Commission in this docket and other post office dockets, but it is also shown by the breadth and depth of the Congressional reaction that typically

¹ A critical—perhaps the critical—customer base is the mailing community. They must be served and their needs met. Their needs are fairly to simple to state, but at times difficult to serve. Mailers need their mail pieces delivered in a timely and consistent manner, at reasonable prices, and done through a system that functions in a business-like manner, rather than a stifling and overly bureaucratic fashion.

occurs when the Postal Service threatens to close down a post office in a community, particularly a rural community. If the Postal Service is thinking of closing the only post office in town, or a post office that a community feels is critical, the community often reacts quite strongly.

This is a very important point for it is the community's view of whether a post office is critical that is the important fact, not what the Postal Service thinks. Post offices exist for the community and because of the community, and it is not the other way around. That is why the "effects on the community," and the "policy of the Government, as stated in section 101(b)" are mentioned before the needs of the Postal Service in Section 404(d).

Critical to any assessment about the importance of a post office to the community is knowing the needs and desires of the community. Critical to knowing the needs of the community is asking the community what they think. Post offices are important, and to the American Public, they are even more important than an extra penny or two on the single piece first class stamp.

This too is an important point. We believe that, if given a choice between paying an extra penny (or even two) on the Single Piece First Class Stamp, and closing local post offices, the American Public would gladly pick the stamp increase over the closing. The League would like to make it clear that it is not suggesting here that bulk First Class rates be raised to specifically compensate for post offices. Rather, we suggest that the Single Piece First Class Rates could be raised, for the *quid pro quo* between the American Public's relatively minor interest in rates and the American Public's relative major interest in local post offices makes this tradeoff practical and appropriate.

In terms of the American Public's post office interest, the convenience of the location of the post office is usually a key factor in assessing the needs of the community. When a citizen has to go to the Post Office to pick up mail that didn't fit in a cluster box or to pick up a package that wasn't delivered, when a small business has to pick up its daily checks from its post office box, or when an urgent letter needs to be dropped at the post office itself, the time it takes to make the round trip to the post office is critical. The difference between a 10 or 20 minute round trip and a 45 minute or hour round trip is enormous. The experience of the postmasters in the League suggests that the a 10 or 20 minute round trip is generally acceptable to the American Public while a 45 minute or hour trip is not.

For this Commission, the quality of the "post office" (as opposed to mail) service that the American Public receives is a fundamental public policy question. It is just as critical as the question of the quality of mail service that the mailing community receives. Moreover, it is critical not only to the "public," but it is critical to the economic conditions and the quality of life in the towns they live in. Congressmen know that. That is why they react so strongly when a post office closes, for they understand that adequate access to post office services is—and has been for centuries—a fundamental right of the American Public and a fundamental obligation of the federal government, which is one reason why the ability to "establish post offices and post roads" in an enumerated power in the constitution.

There is no question that post offices—where they are and when they are open—need to change over time. But they do change over time and they have always changed over time, in response to the changing needs of the community. Generally,

what has prompted those changes is not necessarily a function of postal volumes, but rather a function of community growth, or the lack thereof, and questions of access to fast transportation.

What controls where *and* when post offices are needed is how much a community grows, or shrinks, in what direction that growth or shrinkage has taken place, and as a result how long it takes to get back and forth to the post office. Sometimes more post offices (and we include stations and branches in this calculation) need to open as communities expand, and sometimes they need to close as communities shrink. Those types of assessments are made by postmasters and district managers all the time, every month of every year. One thing is certain, however, and that is regardless of growth or shrinkage, to completely take away a town's only post office is a very serious matter, and can mean a death sentence for a community. That is why the post office closing laws exist, and why they have been and will be so vigorously defended.

In this area—and we wholeheartedly agree with the Commission that the “post offices” in section 303 were meant to include stations and branches—the Postal Service has an obligation to let the community know what it is truly thinking, to listen seriously to the community's reaction, and to act accordingly. In such situations, the Postal Service needs to respond to the community's needs, and not just brush them off as has often (but admittedly not always) occurred.

Finally, as the League has attested to many times before Congress and this Commission, small rural post offices are critical parts of their local communities and often provide the social and cultural cohesion that keeps rural communities together. When the Postal Service uses the emergency suspensions procedure to avoid the post

office closing laws, the parties most grievously harmed in these circumstances are communities that these post offices served before they were “closed” on an “emergency basis.”

Finally, it is important to note that there would could be a conflict between the needs of the public and the needs of the mailing community, if the price tag for serving the needs of the American Public was a significant. But it isn't. The price of operating the smallest 10,000 post offices is less than one percent of the Postal Service's budget.

II. A Post Office is Not Just A Retail Facility.

The League has noticed that in comments submitted to this Commission and to Congress dealing with post offices and post office closings, much of the analysis assumes that the offices play a retail function in the postal system, and that this retail function is the only function that they perform. Thus, the argument goes, in this age where many brick and mortar retail establishments are less necessary than they have been in the past, post offices become less necessary as stamps are bought online, at grocery stores, etc.

Such an assumption ignores the reality that while post offices are indeed retail facilities, they are also the facilities out of which the Postal Service's carrier force operates and is managed. They are the final processing and distribution nodes in the postal delivery system, and online buying of stamps does not replace that function. Further, post offices—or their functional equivalent—are absolutely critical final delivery points for most of the remittance mail that tens of thousands of businesses depend upon. These function would still be necessary and present even if every aspect of a

retail function disappeared.

A. Distribution Nodes. While a typical post office has a set of retail windows, where retail functions occur, many post offices also have carriers operating out of them, for they are the final delivery node in the system. Indeed, for every clerk found in a typical post office, there are at least two carriers and many more in larger post offices. If the post office is big enough, several supervisors are employed to aid the postmaster in managing the carriers.² Further, in larger areas there are also a variety of stations and or branches, as well as carrier annexes. All of these brick and mortar facilities made up the final distribution node in the system and all are managed by the postmaster. Moreover, all this brick and mortar is still necessary to deliver the mail today, even in this electronic age.

Eliminating or reducing retail functions might reduce clerk time, but not the necessity of the facilities that house the carrier operations. Moreover, each of the facilities has forms and mail that come back from unsuccessful deliveries where notices for pickup and other matters are left at individual houses. In all these cases, somehow the right packages or mail piles must get to the right retail facilities so that they are there when the postal patron comes in to pick up and sign for the mail. In many cases, this can get to be a fairly complicated set of dynamics, for the retail facility that should get the package is not always the same as the one from which the carrier operates. This occurs for a variety of reasons, but most have to do with size. Say a post office serves a particular community, but has become a tad too small, as the community has expanded. Some (but not all) of the carriers may be housed in that post office, but

² Some very small post offices have no carriers, but that is because all their distribution is through their post office boxes. Hence they still serve as the final distribution node, and as explained below, as the actually final delivery point as well.

others might be housed, for space reasons, in an adjoining branch or station.

Eliminating a building and moving those functions to a distant location is often not practical, regardless of the question of retail function.

B. Final Delivery Points. In terms of businesses and remittance mail, more and more small, medium, and large businesses are obtaining post office boxes and getting their mail via the box rather than street delivery, or picking up their checks at processing facilities. In this day and age, for a business to have a post office box—where mail is always up by 11 a.m.—means that they can get their checks early and deposit them before the banks close at 2 or 3. The savings on float can be significant. That box function, which is becoming increasingly more important, is compromised where access to post offices boxes in a post office is not convenient. As the Postal Service is doing all it can to save remittance mail, making it less convenient to pick up is a bad idea and would simply increase the speed of electronic diversion. We note that the key to the potential success of the Postal Service's six day to five day plan is the delivery of remittance mail to P.O. boxes in post offices and the continued easy accessibility of post offices to the American Public.

Thus, the facile assumption that many make, which is that post offices are not necessary in an environment where stamps are purchased in other places, is not accurate. This is why the notion of a post office "losing money" makes no sense. Having efficient final distribution nodes is critical to the system. Practically all the parts of the final distribution nodes are post offices, branches, stations, and annexes thereto. There is no direct relationship between any one of these nodes and any revenue that might walk in the front door. Indeed, a carrier annex has no revenue walking in the front

door. Since it “loses money,” should it be eliminated? Of course not. The system needs carrier annexes, post offices, branches, and stations to complete the delivery process. Without them, there is no postal system.

III.

We would like to provide the Commission with some historical and contextual background on the issue of emergency suspensions and Section 404(d) procedures. First however, we would like to address the reasons the Postal Service have used the emergency suspension is fairly obvious. First, if the Postal Service really wants to close a post office, it wants no resistance and no public outcry. Indeed, the Postal Service usually wants to close the post offices as quickly as it can and as much “under the radar” as it can.³ By using the emergency suspension route to circumvent Section 404(d) procedures, the Postal Service can avoid giving the community advance notice and thus avoid getting negative public comment. Since the public tends to go to Congress when their interests and concerns are ignored (and particularly when public comments are ignored), by circumventing Section 404(d) and cutting off notice and public comment, the Postal Service also tends to cut off Congressional intervention since it tends to spin the issue as a *fait accompli*. Finally, when the Postal Service uses the emergency suspension route to circumvent Section 404, the Postal Service also cuts off any appeal from the American Public to this Commission, under Section 404.⁴

³ This “under the radar” attitude is in direct opposition to the letter and spirit of Section 404(d).

⁴ Two other areas where the Postal Service has been “less than aggressive” is in finding alternate sites for a new post office, and finding replacement postmasters. The League’s experience in this area is that

This is not the first time this issue has flared up. In the late 1990s there was a rash of post offices closing and suspensions. Both postmaster groups took the issue to Congress and the Postal Service. Then Chairman John McHugh asked the GAO to investigate the matter. GAO did so and responded to Chairman McHugh in 1997, and also issued a formal report that validated the postmasters concerns.⁵

In response, in March 1998, a moratorium on post office closings was announced by the Postal Service, in a memorandum signed by Postmaster General Marvin Runyon, Deputy Postmasters General Michael Coughlin, and Chief Operating Officer Bill Henderson. A copy of that memo is attached. We apologize for the quality of the reproduction, but it is the only file copy we could find.

In February 2000, after almost two years of working with both postmaster groups on the issue, the Postal Service and both groups issued a joint memorandum that developed a process for review of future suspensions, and included as a key element the formation of a suspension review team where input from postmasters would be given and the initial decision to suspend would be reviewed and either affirmed or overruled by that team. A copy of that memorandum is attached.

Significantly, that process—including the Review Team’s role—is encapsulated in Section 616 of the Post Office Discontinuance Guide, PO-101:

the Postal Service doesn’t try very hard to find an alternative site, and only makes half-hearted attempts (or none) to replace postmasters when a vacancy occurs.

⁵ See Letter concerning U.S. Postal Service: Information on Emergency Suspensions of Operations at Post Offices, from Richard E. Motley, Associate Director, Government Business Operations Issues to The Honorable John McHugh, Chair, Subcommittee on the Postal Service, Committee on Government Reform and Oversight (GAO/GGD-97-70R April 23, 1997); see generally Information on Post Office Closures and Affected Communities (GAO/GGD-97-38BR, Mar. 11, 1997).

616 Suspension Review Team

When a district manager, Customer Service and Sales, suspends operations at a Post Office, a suspension review team must be formed to review the decision. The suspension review team members must include the district Post Office review coordinator; manager, Post Office Operations, or his/her designee; state presidents of each postmaster organization or their designees and a representative from administrative services.

- a. The suspension review team must conduct an onsite visit to the suspended Post Office.
- b. Within 10 business days of the onsite visit, the suspension review team must notify the district manager, Customer Service and Sales, the national postmaster organizations and the vice president, Delivery and Retail, of their recommendation to suspend or not suspend the office. See exhibit 616b for a sample notice.
- c. If the suspension team recommends suspension, the formal discontinuance process should be initiated.
- d. If the suspension team finds that there is insufficient justification to suspend the office, the office should be reopened.

Despite this memorandum of understanding, and Section 616 of the Guide, this process has not been generally followed.

Not only have both postmaster groups or their designees not been involved in each suspension, as was agreed upon ten years ago, but our attempts to get a full set of information on the issue have been (until recently) strongly resisted. What is particularly frustrating about that resistance is that we know that the Postal Service has a "Post Office Discontinuance Tracker System" that can furnish practically any information on this subject as the mere touch of several keys.

Interestingly, now that the Commission has taken an interest in this matter, things seem to have changed. We have recently been sent information showing that, as of February 1, 2010, 401 post offices are currently under emergency suspensions, 117 of those have been closed and 30 reopened. We would be happy to officially provide a copy of this information to the Commission or the Consumer Advocate if the Postal Service hasn't already done so.

However, given the problems we have previously had, we are not sure that the list

is complete. Consequently, in order to have a clear and complete record in this matter we would suggest that the Commission order the Postal Service to provide, for the full public record, a complete list of *all post offices* that have been suspended in the last five years—lease expiration or not—including:

- The Notice of Suspension.
- The Underlying Logs. See Section 133.5 of the Post Office Discontinuance Guide Handbook PO-101
- The person at the Postal Service responsible for the suspension.
- Whether a suspension Review Team was formed per Section 616. If one was formed, who was on it. If one was not formed, why not.
- Was a plan of action sent to the Headquarters Post Office review coordinator through the vice president, Delivery and Retail, within 90 days after the suspension occurred per Section 141 (f). If so, produce the study. If not, why was the plan of action not developed or sent.
- Has the formal discontinuance process been initiated? If so, what was the result. If not, why not.
- Has a formal discontinuance study been conducted in accordance with the procedures in the Postal Operations Manual and Handbook PO-101.

None of this information should, in the League's view, be confidential. We do not believe that any privacy or business confidentiality issue are at stake here, and thus we think that all this information should be a matter of public record in this docket. It is the right, after all, of all these communities to know where they stand. Further, the Commission should instruct Postal Service to provide any party any further information from this database it, should they desire it.

Conclusion

The Commission should continue its investigation of this issue, and bring out all the facts. While it may take an extended proceeding to do so, it is time to shine a bit

more light on this issue, and draw out all the facts and put them on the public record. Enough has been sweep under the rug for too long. Seeking broad public input from the communities where post offices have been closed on an emergency basis under the emergency suspension rules would be an excellent idea. Perhaps field hearings should be held.

In any case, should the Commission come to the conclusion that the Postal Service has been using the emergency suspension process to avoid its statutory responsibilities in the post office closing area, we would urge the Commission to officially and strongly report that abuse to Congress.

Respectfully submitted,

/S/

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March 3, 2010

Appendices

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February 1, 2000

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO

SUBJECT: Emergency Suspension Review Process

On March 16, 1998, a moratorium on post office closings went into effect. A team, comprised of representatives from the Postal Service and the postmaster associations was established to review the post offices under suspension as well as the process used to review such suspensions. Both the Postal Service and the postmaster associations recognize that under well-defined emergency situations, some offices must be suspended or closed.

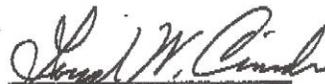
We have reviewed all recent and proposed post offices closings and emergency suspensions and have determined the appropriate action for each. We have also developed a process for the review of future suspensions.

In the past, offices have been emergently suspended without input from the two postmaster associations. An emergency suspension review process has been jointly developed to replace the former system of review. Each district will implement this process by April 1, 2000. This process will allow input from the postmaster associations when an emergency situation is identified. It will also assist the districts in determining that all criteria have been met before an office can be suspended.

The attached procedures jointly developed with the postmaster associations are to be followed whenever a potential need for issuance of an emergency suspension has been identified.



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Chief Operating Officer
and Executive Vice
President



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League of Postmasters
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March 16, 1996

LEADERSHIP TEAM

SUBJECT: Post Office Closings

After lengthy discussions at the Management Committee level, we have decided to place a moratorium on management-initiated post office closings effective today. Management-initiated post office closings have been misunderstood and misinterpreted by employees and the public for years. We have never had a campaign to close post offices. Rather, senior management has recognized the importance that post offices play in their communities. Indeed, it is one of the fundamental strengths of the U.S. Postal Service.

The Management Committee recognizes that from time to time we will have to suspend operations at a post office, typically because the Postmaster has retired and no one in the community is willing to take on the responsibility of a post office in his or her home or business.

We believe this move is a step toward furthering Postmaster and employee understanding for management's long-term goals and objectives.

Marvin Runyon
 Marvin Runyon
 Postmaster General, CEO

Michael S. Coughlin
 Michael S. Coughlin
 Deputy Postmaster General

William J. Henderson
 William J. Henderson
 Chief Operating Officer &
 Executive Vice President

U.S. POSTAL SERVICE
March 16, 1996

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