

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman;  
Nanci E. Langley; and  
Robert G. Taub

Peach Orchard, AR Post Office

Docket No. A2011-22

ORDER AFFIRMING DETERMINATION

(Issued October 27, 2011)

I. INTRODUCTION

On July 14, 2011, Marietta Austin (Petitioner) filed an appeal with the Commission seeking review of the Postal Service's determination to close the Peach Orchard, Arkansas post office (Peach Orchard post office).<sup>1</sup> After review of the record in this proceeding, the Commission affirms the Final Determination to close the Peach Orchard post office.

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<sup>1</sup> Petition for Review received from Marietta Austin Regarding Peach Orchard, AR Post Office 72453, July 14, 2011 (Petition). The Petition was signed by 50 individuals.

## II. PROCEDURAL HISTORY

In Order No. 763, the Commission established Docket No. A2011-22 to consider the appeal, designated a Public Representative, and directed the Postal Service to file the Administrative Record and any pleadings responding to the appeal.<sup>2</sup>

On July 29, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>3</sup> The Postal Service also filed comments requesting that the determination to close the Peach Orchard post office be affirmed.<sup>4</sup>

The Petitioner filed a participant statement in support of her petition.<sup>5</sup> On August 30, 2011, the Public Representative filed a reply brief.<sup>6</sup>

## III. BACKGROUND

Peach Orchard post office is located in Peach Orchard, Arkansas. Final Determination at 2. Peach Orchard post office provides window service from 7:30 a.m. to 11:30 a.m. and 12:00 p.m. to 4:00 p.m., Monday through Friday, and 8:15 a.m. to 10:15 p.m. on Saturday.<sup>7</sup> Administrative Record, Item 15. In addition to providing retail services, *e.g.*, sale of stamps, stamped paper, and money orders, it provides service to 69 post office box customers, 1 general delivery customer, and 59 intermediate rural route customers. *Id.* at 2; *see also* Administrative Record, Item No. 1 at 1.

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<sup>2</sup> Notice and Order Accepting Appeal and Establishing Procedural Schedule, July 19, 2011 (Order No. 763).

<sup>3</sup> The Administrative Record is attached to United States Postal Service Notice of Filing, July 29, 2011; *see also* United States Postal Service Notice of Filing Corrected Administrative Record—Errata August 25, 2011 (Administrative Record). The Administrative Record includes the Final Determination to Close the Peach Orchard, AR Post Office and Establish Service by Rural Route Service (Final Determination).

<sup>4</sup> United States Postal Service Comments Regarding Appeal, September 7, 2011 (Postal Service Comments).

<sup>5</sup> Participant Statement received from Marietta Austin, August 2, 2011 (Austin Statement).

<sup>6</sup> Reply Brief of the Public Representative, August 30, 2011 (PR Comments).

<sup>7</sup> The Final Determination indicates weekday hours from 7:30 a.m. to 4:00 p.m. with no closing for lunch. *Id.*

The Postal Service has made a determination to close the Peach Orchard post office. Post office box customers will be provided the option of obtaining Post Office Box service at Knobel post office located 3 miles away. *Id.* Post office box customers will continue to pay the same post office box fees at the Knobel post office. Administrative Record, Item No. 15 at 2.

The Postal Service reports that retail window averaged 15 transactions accounting for 14 minutes of retail workload daily, while revenue has declined by approximately 3.7 percent since FY 2008. Final Determination at 2. Receipts for the Peach Orchard post office decreased from \$8,865 in FY 2008 to \$8,534 in FY 2010. *Id.*

The Postal Service indicates that effective and regular service will continue to be provided through rural route service and retail service provided by the Knobel post office. Window service hours at Knobel post office are from 7:00 a.m. to 4:00 p.m., Monday through Friday, and 7:30 a.m. through 9:15 a.m. on Saturday. *Id.*

On March 17, 2011, the Postal Service distributed questionnaires regarding the possible change in service at the Peach Orchard post office to post office box customers. Additional questionnaires were made available to over-the-counter walk-in customers. A total of 150 questionnaires were distributed, and 35 were returned. *Id.*

#### IV. PARTICIPANT PLEADINGS

*Petitioner.* Petitioner opposes the closure of the Peach Orchard post office. In support of her position, she argues that the closing will negatively impact customers. She explains that the closure will inconvenience patrons, many of whom are seniors and do not drive. Austin Statement at 1. She adds that the Peach Orchard post office serves as a meeting place for the community and place to conduct business. *Id.* She notes that the current post office closing procedures are inadequate. *Id.* at 2.

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to discontinue the Peach Orchard post office. Postal Service Comments at 2. The Postal Service maintains that in making its determination, it has followed the

proper closing procedures pursuant to 39 U.S.C. § 404(d) and carefully considered the required factors of section 404(d)(2). *Id.* at 3.

The Postal Service explains that in addition to posting the Proposal and Final Determination, it distributed questionnaires to delivery customers. Questionnaires were also made available over the counter for retail customers. *Id.*

The Postal Service explains that its decision to close the Peach Orchard post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload, low office revenue (including the convenience of rural delivery and retail service);
- very little recent growth in the area; and
- expected financial savings.

*Id.* at 4.

The Postal Service also addresses the concerns raised by Petitioner. For example, the Postal Service discusses the advantages for seniors of not having to travel to a post office because services will be available roadside from the carrier. *Id.* at 5-6.

*Public Representative.* The Public Representative concludes that the decision to close the Peach Orchard post office should be affirmed. She explains that the Postal Service appears to have followed applicable procedures of section 404(d) and weighed the appropriate elements. PR Comments at 5.

In support of her conclusion, the Public Representative highlights the fact that many patrons travel outside of Peach Orchard for groceries and other services. *Id.* at 6. She states that some patrons drive up to 30 miles to obtain some services and that the 4.7 mile drive to Knobel post office is comparatively short.

The Public Representative notes that the Postal Service has shown that it will save \$47,396 annually by closing the Peach Orchard post office. *Id.* However, the Public Representative questions whether a penalty must be paid for terminating the

facility's lease. She contends that if a penalty is applicable, this will diminish the potential savings to the Postal Service. *Id.* at 6-7.

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

As part of its investigation, on March 17, 2011, the Postal Service distributed questionnaires to Peach Orchard delivery customers. Final Determination at 2. Questionnaires also were available over the counter for retail customers at the Peach

Orchard post office. *Id.* Thirty-five questionnaires were returned. Thirty-three responses were unfavorable, one favorable, and one expressed no opinion regarding the proposed alternate service. *Id.*; see also Administrative Record, Item No. 18.

On March 30, 2011, the Postal Service also held a community meeting attended by 54 customers. Final Determination at 2; see also Administrative Record, Item No. 24.

Notice of the Postal Service's proposal to close the Peach Orchard post office and invitation for public comment was posted at the Peach Orchard and Knobel post offices from April 8, 2011 through June 9, 2011. Postal Service Comments at 4. The Final Determination to close the Peach Orchard post office was posted at the same two post offices on June 30, 2011 through August 1, 2011. *Id.*

Based on a review of the record, the Commission finds that the Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

*Effect on the community.* As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Peach Orchard post office, customers raised concerns regarding the effect of the closure on postal services. Their concerns and the Postal Service's responses are summarized in the Final Determination.

Customers expressed concerns regarding the loss of community identity. Postal Service Comments at 2. The Postal Service explains that the community identity will be

preserved by continuing the use of the Peach Orchard name and ZIP Code in customer addresses. *Id.*

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on services. *Id.* at 5. Customers expressed concerns regarding having to travel further to obtain services. The Postal Service indicates that after the final determination is implemented, delivery and retail service will be provided by the Knobel post office located 3 miles away. There are an adequate number of post office boxes available at the Knobel post office to accommodate Peach Orchard customers. Final Determination at 2.

For customers choosing not to travel to the Knobel post office, the Postal Service explains that services provided at Peach Orchard will be available from the carrier at roadside mailboxes located in close proximity to customer residences. *Id.* The Postal Service adds that it is not necessary to meet the carriers for service since some transactions only require customers to complete order forms. *Id.* at 3.

Petitioner and customers also expressed concerns regarding continued access to service for senior citizens. Austin Statement at 1; see *also* Final Determination at 3. The Postal Service maintains that carrier service is beneficial to seniors because they will not have to make a special trip to the post office. Final Determination at 3.

Based on a review of the record, the Commission concludes that Peach Orchard customers will continue to receive effective and regular service.

*Economic savings and effect on employees.* The Postal Service estimates total annual savings of \$47,396. *Id.* at 5. It derives this figure by summing the following costs: postmaster salary and benefits \$44,279; and annual lease costs \$5,700, minus the cost of replacement service \$2,583.

The Public Representative notes that the Postal Service costs savings analysis fails to indicate whether it will be penalized for breaking the lease prior to the May 31, 2011 expiration date. PR Comments at 7.

The Postal Service indicates that the lease runs through May 31, 2015, and does not provide for a 30-day cancellation clause. Administrative Record, Item 15.

Therefore, the Postal Service is liable for the balance of the term and presumably will continue to make payments through May 2015. Taking this additional cost into effect (\$5,700 annually) reduces the net savings through May 2015. Alternatively, it could simply elect to make a one-time payment of approximately \$19,950 (42 months left in the term at \$475 per month). If that election were made, net first year savings would be reduced to \$27,446 (\$47,396 - \$ 19,950). Regardless of which approach the Postal Service elects, the additional costs should be factored into its net annual savings estimate to present a more accurate picture of the financial implications of the decision to close the facility.

The Postal Service indicates that the postmaster was promoted on July 3, 2010. The non-career postmaster relief may be separated from the Postal Service and no other employees will be adversely affected. Final Determination at 5.

The Commission finds that the Postal Service has taken economic savings into account.

## VI. CONCLUSION

Based on its review of the entire record before it, the Commission concludes that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, its determination to close the Peach Orchard post office and provide rural route delivery is affirmed.

*It is ordered:*

The Postal Service's determination to close the Peach Orchard post office is affirmed.

By the Commission.

Shoshana M. Grove  
Secretary