

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

Hoxie Post Office
Hoxie, Arkansas

Docket No. A2011-36

ORDER AFFIRMING DETERMINATION

(Issued November 18, 2011)

I. INTRODUCTION

On July 29, 2011, the Commission received a petition for review of the consolidation of the Hoxie, Arkansas post office. The petition was filed by Lanny Tinker, Mayor of the City of Hoxie (Petitioner).¹ After review of the record in this proceeding, the Commission affirms the Final Determination to consolidate the Hoxie post office.

¹ Petition for review received from Lanny Tinker regarding Hoxie, Arkansas post office 72443, July 29, 2011 (Petition).

II. PROCEDURAL HISTORY

In Order No. 787, the Commission established Docket No. A2011-36 to consider the appeal, designated a Public Representative, and directed the Postal Service to file the Administrative Record or otherwise file a pleading responsive to the appeal.²

On August 15, 2011, the Postal Service filed the Administrative Record with the Commission.³ The Postal Service also filed comments requesting that the determination to consolidate the Hoxie post office be affirmed.⁴ On October 19, 2011, the Commission posted nine letters received from citizens of Hoxie, Arkansas. The Public Representative filed comments on November 7, 2011.⁵ Petitioner did not file any documents other than the petition for review.

III. BACKGROUND

The Postal Service has determined to consolidate the Hoxie, Arkansas post office by reclassifying the post office as a classified branch under the administrative responsibility of the Walnut Ridge post office which is located 1.7 miles away. The Hoxie post office will remain open at least the same number of retail service hours and continue to provide retail and Post Office Box Service. As a classified branch, the Hoxie post office will be operated by career postal employees and provide the same services as an independent post office, except for postage meter setting and acceptance of permit mail. Delivery service will be provided through the Walnut Ridge post office. Final Determination at 2.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, August 2, 2011 (Order No. 787).

³ The Administrative Record was filed simultaneously with United States Postal Service Notice of Filing, August 15, 2011 (Administrative Record). The Administrative Record includes, as Item 47, the Final Determination to Consolidate the Hoxie, AR Post Office and Continue to Provide a Classified Branch (Final Determination).

⁴ United States Postal Service Comments Regarding Appeal, September 22, 2011 (Postal Service Comments).

⁵ Comments of the Public Representative, November 7, 2011 (PR Comments).

The Hoxie post office, currently classified as level EAS-16, provides retail service from 8:30 a.m. to 4:00 p.m. Monday through Friday. The post office is closed on Saturday. The lobby is open 24 hours a day, Monday through Saturday. In addition to providing retail services, e.g., sale of stamps, stamped paper, and money orders, it serves 197 post office box customers, 1,020 city delivery customers, 265 rural delivery customers, and retail customers. The Hoxie office has five meter customers. *Id.*

The Hoxie post office averages 51 window transactions each day accounting for 54 minutes of workload daily. Its revenues have changed from \$78,106 in FY 2008, to \$71,340 in FY 2009, to \$73,382 in FY 2010. *Id.*

On January 2, 2010, the Hoxie postmaster was reassigned. Since then an officer in charge (OIC) has operated the office. After consolidation, a career postal employee would continue to provide the same services (except for meter setting and acceptance of permit mail) that would be available at an independent office. *Id.*; Postal Service Comments at 2.

Retail service also is available at the nearby Walnut Ridge post office. The Walnut Ridge post office, classified as level EAS-18, provides retail service from 8:30 a.m. to 4:10 p.m. Monday through Friday. The post office is closed on Saturday. One hundred forty-one post office boxes are available.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioner contends that the Hoxie post office should not be consolidated in light of the statutory provisions that call for a maximum degree of effective and regular postal services to rural areas, communities and small towns where the post office is not self sustaining. Petitioner asserts that consolidation with the Walnut Ridge post office would result in the loss of community identity. He states there will not be a local postmaster to address postal issues. He mentions that seniors use the post office as a meeting place to socialize. He foresees inconveniences in purchasing money orders and stamps, sending and receiving of certified letters,

registered letters, and CODs. Finally the Petitioner disputes the Postal Service's estimate of economic savings. Petition at 1.

Postal Service. The Postal Service contends that the Commission should affirm the determination to consolidate the Hoxie post office. Postal Service Comments at 2. The Postal Service maintains that it has followed the procedures of 39 U.S.C. § 404(d) and carefully considered the required factors of section 404(d)(2) in making its determination. *Id.* at 3.

The Postal Service states that its decision to consolidate the Hoxie post office was based on several factors, including:

- the postmaster vacancy;
- the variety of delivery and retail options available;
- minimal impact upon the community,
- very little recent growth in the area; and
- expected financial savings.

Id. at 4.

Public Representative. The Public Representative concludes that the Postal Service will continue to provide effective and regular postal services at the Hoxie branch after consolidation. PR Comments at 4. The Public Representative notes that the Postal Service will be maintaining a facility in the community, the community will keep its current ZIP Code, the facility can still be used as a meeting place for seniors, and the facility will be staffed by Postal Service employees. Thus, the Postal Service has considered the effect of consolidation on the Hoxie community. *Id.* at 5. However, the Public Representative questions the estimate of economic savings, given that no cost for replacement service is included in the calculation or any estimate of the salary and benefits for the employee placed in charge of the Hoxie branch. *Id.* at 4-5.

Citizen letters. All of the letters from Hoxie citizens posted on October 19, 2011, express concerns related to the possible closing of the Hoxie post office, such as the inconvenience of having to travel to a more distant post office. Some of the letters oppose the replacement of the current officer in charge of the Hoxie office.

V. COMMISSION ANALYSIS

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

Notice of the Postal Service's proposal to consolidate the Hoxie post office and continue to provide a classified branch was posted at the Hoxie post office from March 1, 2011 through May 2, 2011. Administrative Record, Item No. 33 at 1. The Final Determination to consolidate the Hoxie post office was posted at the Hoxie post office from June 21, 2011 through July 23, 2011. Final Determination at 1.

Based on 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 to consolidate 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. On November 30, 2010, questionnaires regarding a possible change in service were distributed to delivery customers of the Hoxie post office. Questionnaires were also available over the counter. Final Determination at 2. On February 17, 2011, the Postal Service held a community meeting in Hoxie to address customer concerns. Forty-nine customers attended. *Id.*; see also Administrative Record, Item No. 24. The Postal Service responded to each customer individually. Administrative Record, Item No. 22. The Postal Service's responses to customers' concerns are summarized in the Final Determination.

Petitioner expresses concern about the effect on community identity of the consolidation of the Hoxie post office. The Postal Service will preserve the community identity by continuing to use the community name and ZIP Code in addresses. Final Determination at 3.

The citizens of Hoxie who wrote letters to the Commission were concerned about the detrimental effect on the community caused by closing the Hoxie post office. The Postal Service is not closing the Hoxie post office. Final Determination at 3. The facility will remain open and provide service at current levels, except for postage meter setting and acceptance of permit mail.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has satisfied the requirement that it consider the effect of consolidation on the community. 39 U.S.C. § 404(d)(2)(i).

Effective and regular service. Petitioner raises the issue of the effect on postal services of the Hoxie post office's consolidation, foreseeing inconveniences in purchasing money orders and stamps, as well as sending and receiving certified letters, registered letters, and CODs. All of these services will continue to be available at the Hoxie post office when the post office becomes a branch of the Walnut Ridge post office.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has considered its ability to provide a maximum degree of effective and regular service. 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates that the consolidation of the Hoxie post office will generate annual savings of \$73,326. This figure represents the cost of a postmaster's salary and benefits. Final Determination at 5.

Petitioner alleges that there will be no savings as a result of consolidating the Hoxie post office with the Walnut Ridge post office. He states that the clerk who will replace the postmaster would be paid the same as a postmaster.

The Public Representative asserts that the estimate of savings is inflated. She points out that the Postal Service did not include the cost of replacement service in its estimate of cost savings. She also asserts that there may be other costs associated with the conversion to a branch that have not been itemized. PR Comments at 4-5.

The Postal Service states that reclassifying Hoxie as a branch would cost “substantially less” than maintaining Hoxie as an independent post office. Postal Service Comments at 8.

The Commission accepts the Postal Service’s representation that the administration of Hoxie as a branch will cost less than the administration of Hoxie as a post office. However, the level of projected savings appears to be inflated. The Postal Service’s estimate of financial savings could be improved by providing a more complete and realistic picture of the salaries and benefits of the employees of Hoxie as a post office versus the salaries and benefits of the employees of Hoxie as a branch. The Commission finds that the Postal Service has considered economic savings.

VI. CONCLUSION

Based on the review of the record, the Commission concludes that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service’s determination to consolidate the Hoxie, Arkansas, post office is affirmed.

It is ordered:

The Postal Service’s determination to consolidate the Hoxie, Arkansas, post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

CONCURRING OPINION OF CHAIRMAN GOLDWAY

I concur in the affirmance of the Postal Service decision to convert the Hoxie post office into a branch of the Walnut Ridge post office.

Nevertheless, as the majority view suggests, the Service has not realistically considered the economic savings as is required in the Final Determination and in the Administrative Record.

Specifically, the Service projects savings of \$73,326 per year, which comprises an EAS-16 postmaster salary with fringe benefits. Yet, the record states that the Hoxie post office has been staffed by an officer-in-charge (OIC) following the departure of the former postmaster. The salary and benefits for an OIC are less than the postmaster compensation.

Savings estimates offered by the Postal Service in its proposals to close or consolidate and in the Final Determination and the Administrative Record should be, at the very least, not contradictory to the facts. Estimates should be based on projected savings related to the actual situation.

Ruth Y. Goldway