

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

Goodwin, Arkansas Post Office
Goodwin, Arkansas

Docket No. A2011-28

ORDER AFFIRMING DETERMINATION

(Issued November 21, 2011)

I. INTRODUCTION

On July 22, 2011, the Postal Regulatory Commission received an appeal from Randy Jones (Petitioner) seeking review of the Postal Service's determination to close the Goodwin, Arkansas, post office (Goodwin post office).¹ After review of the record in this proceeding, the Commission affirms the Final Determination to close the Goodwin post office.

II. PROCEDURAL HISTORY

In Order No. 771 (July 26, 2011), the Commission established Docket No. A2011-28 to consider the appeal, designated a Public Representative, and directed the

¹ Appeal on Behalf of Customers of Goodwin, Arkansas Post Office, July 22, 2011 (Petition).

Postal Service to file the Administrative Record or otherwise file a pleading responsive to the appeal.²

On August 8, 2011, the Postal Service filed the Administrative Record with the Commission.³ On August 28, 2011, Petitioner filed a participant statement.⁴ The Postal Service filed comments on September 15, 2011, requesting that the determination to close the Goodwin post office be affirmed.⁵ The Public Representative filed comments on November 4, 2011.⁶ There were no interventions.

III. BACKGROUND

The Goodwin post office, classified as level EAS-53, provides window service 22.5 hours a week from 7:30 a.m. to 11:45 a.m., Monday through Friday, and 8:00 a.m. to 9:15 a.m. on Saturday. Final Determination at 2. The lobby is open 24 hours a day Monday through Saturday. *Id.* In addition to providing retail services, *e.g.*, sale of stamps, stamped paper, and money orders, it provides service to 58 post office box customers. *Id.*

The Goodwin post office averages six transactions amounting to 7 minutes of workload per day. *Id.* Revenue over the last 3 years was \$5,998 in FY 2008; \$5,480 in FY 2009; and \$3,991 in FY 2010. *Id.*

The Postal Service has made a decision to close the Goodwin post office and provide retail services and rural route delivery administered by the Wheatley post office

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, July 26, 2011 (Order No. 771).

³ The Administrative Record is attached to United States Postal Service Notice of Filing, August 8, 2011 (Administrative Record). The Administrative Record includes as Item No. 41 the Final Determination to Close the Goodwin, AR Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁴ Participant Statement, August 28, 2011 (Participant Statement).

⁵ United States Postal Service Comments Regarding Appeal, revised November 16, 2011 (Postal Service Comments).

⁶ Public Representative Comments, November 4, 2011 (PR Comments).

located 5 miles away.⁷ *Id.* Post office box and retail services are available at the Wheatley post office from 8:00 a.m. to 4:30 p.m., Monday through Friday, and 8:00 a.m. to 10:00 a.m. on Saturday. *Id.* The lobby is open 24 hours a day.⁸

The Postal Service will continue to use the Goodwin name and ZIP Code. *Id.* at 2.

On February 27, 2010, the Goodwin postmaster was promoted. *Id.* A non-career postmaster relief is serving as the officer in charge (OIC) of the Goodwin post office. Administrative Record, Item No. 15.

On February 17, 2011, the Postal Service distributed questionnaires to post office box customers regarding the possible change in service at the Goodwin post office. Final Determination at 2. Additional questionnaires were available over the counter to walk-in customers. *Id.* A total of 58 questionnaires were distributed and 19 were returned. *Id.*; Item No. 23. On March 1, 2011, the Postal Service held a community meeting in Wheatley attended by 27 residents to address customer concerns.⁹

IV. PARTICIPANT PLEADINGS

Petitioner. In his appeal, Petitioner asserts that unqualified employees in the Goodwin post office caused customers to take their business to other post offices, which then caused revenues at the Goodwin office to decline. Petition at 2. He also

⁷ Mapquest estimates the drive time between the Goodwin and Wheatley post offices to be approximately 8 minutes.

⁸ See usps.com for information regarding the Wheatley post office.

⁹ The Community Meeting Roster indicates that the meeting took place in Goodwin. Administrative Record, Item No. 24 at 2-3. The Postal Service states that the meeting was held at the Goodwin post office, citing a Letter to Customer and a Community Meeting Letter. Postal Service Comments at 3. However, the Letter to Customer (Item No. 21) contains no location or time for the meeting. It states, "Postal representatives will be at the on [sic] 03/01/2011 from to to [sic] answer questions...." The Community Meeting Letter (Item No. 26) contains identical language. Petitioner states that he attended the meeting in Wheatley. Participant Statement at 1.

states that economic savings from closing the Goodwin office are incorrectly estimated. *Id.*; see also Participant Statement at 1.

Postal Service. The Postal Service argues that the Commission should affirm the determination to discontinue the Goodwin post office. Postal Service Comments at 2. The Postal Service maintains that it has followed the closing 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 close the Goodwin post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload generating low and declining revenue;
- 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. The Postal Service asserts that it has addressed each of the concerns raised by Petitioner and that it has satisfied the requirements of 39 U.S.C. § 404(d).

Public Representative. The Public Representative questions whether closing the Goodwin post office will yield the savings estimated by the Postal Service. PR Comments at 4. She also states that the citizens of Goodwin will receive regular and effective postal services through rural route carrier delivery and retail service provided by the Wheatley post office. *Id.* at 5.

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).

Notice of the Postal Service's proposal to close the Goodwin post office and provide rural route service was posted at the Goodwin post office from March 14, 2011 through May 15, 2011. Administrative Record, Item No. 36, at 1. At the same time, the Postal Service posted an invitation for customers to comment on the Proposal. *Id.* at 2. The Postal Service received no comments during the 60-day posting period. *Id.* Item No. 38. The Final Determination to close the Goodwin post office was posted at the same post office from June 21, 2011, through July 23, 2011. Administrative Record, Item No. 47, at 1. No one has objected to the adequacy of the Postal Service's notices.

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 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. Goodwin is an unincorporated community located in St. Francis County, Arkansas. The St. Francis County Sheriff's Office provides police protection. The community is administered politically by St. Francis County. Fire protection is provided by the Palestine and Wheatley Fire Departments. The questionnaires completed by Goodwin post office customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Goodwin must travel elsewhere for other supplies and services. Postal Service Comments at 8.

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. As part of its investigation, on February 17, 2011, the Postal Service distributed questionnaires to post office box customers regarding the possible change in service at the Goodwin post office. Additional questionnaires were available over the counter to retail customers. A total of 58 questionnaires were distributed and 19 were returned. Administrative Record, Item No. 23.

On March 1, 2011, the Postal Service held a community meeting in Wheatley to address customer concerns. Twenty-seven residents attended.

Petitioner did not raise issues concerning the effect on the Goodwin community of the closing of the post office. Nevertheless, the statute requires the Postal Service to consider the effect of closing a post office on the community.

In response to concerns expressed by customers about the loss of community identity, the Postal Service stated that a community's identity derives from the interest and vitality of its residents and their use of its name, and that the Postal Service is helping to preserve community identity by continuing the use of Goodwin, AR 72350, in addresses. Final Determination at 2. In addition, nonpostal services provided by the Goodwin post office can be provided by the Wheatley post office. Government forms usually provided by the post office are also available by contacting local government agencies. Postal Service Comments at 8.

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 closing on the community. 39 U.S.C. § 404(d)(2)(A)(i).

Effective and regular postal service. Customers raised various concerns about the effect on postal services of the Goodwin post office's closing. See Final Determination at 2-3. Among the concerns were the inconvenience of traveling to another post office, the irregular schedule of the rural carrier, and the need to erect a mailbox. *Id.* The Postal Service responded that customers do not have to travel to a distant post office for service. *Id.* The carrier can provide delivery and retail service to roadside mailboxes. *Id.* If customers find rural delivery to be inconvenient, the Postal Service informed them that they could rent a box at the Wheatley post office. *Id.* at 3.

The Public Representative concludes that the Postal Service can continue to provide regular and effective postal services to the Goodwin community. PR Comments at 5.

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 total annual savings of \$20,292. It derives this figure by summing the following costs: postmaster salary and benefits of \$19,212, plus annual lease costs of \$1,080, minus the cost of replacement service, \$0. Final Determination at 6.

Both Petitioner and the Public Representative point out that the Final Determination does not show any costs for replacement service. Petition at 2; PR Comments at 3. In his participant statement, Petitioner elaborates further on the absence of any replacement costs in the Postal Service's estimate of economic savings:

The Postal Service has determined that Goodwin's mail will come out of the Wheatley Post Office but as of right now the route is 2½ miles away from Goodwin. The USPS will have to add that distance and boxes served to that route. If it overburdens this route, an auxiliary will have to be added. That carrier was at the meeting that was held at Wheatley, AR on March 1 2011, and the carrier stated that his route is a full route, over eight hours per day. The other nearest town with a rural carrier route is Palestine AR and that carrier also has a full route. Regardless of which town serves Goodwin [t]he post office has not disclosed how much it would have to pay for rural delivery to the citizens of Goodwin.

Participant Statement at 1.

Petitioner also alleges that a majority of customers have decided to abandon the use of post office boxes, erect a mailbox at their homes and receive mail service from the rural carrier. *Id.* Petitioner argues that the Postal Service has not incorporated the loss of post office box revenue in its estimate of economic savings. *Id.* In this connection, Petitioner asserts that revenues at the Goodwin post office would improve if it were staffed with a better employee. *Id.* Finally, Petitioner asserts that if the Goodwin post office is closed, the Postal Service will be obligated to restore the property to its original condition. *Id.* The Public Representative notes the points made by Petitioner and states that "[t]he absence of particular expenses in this case makes a reasonable person question the accuracy of actual costs and projected savings." PR Comments at 4. She nevertheless acknowledges that the Postal Service has considered economic savings. *Id.* at 4.

The Postal Service addresses alleged deficiencies in its estimate of economic savings by arguing that: (1) its financial analysis includes the cost of providing a rural carrier; (2) the record does not support the claim different staffing would increase revenue; and (3) there is no evidence in the record that the Postal Service would be obligated to incur costs when it vacates the leased premises and that, in any event,

those would be one-time costs. Postal Service Comments at 10-11. After review of the record, the Commission finds that the Postal Service has met the requirement in section 404(d)(2)(A)(iv) that it consider economic savings. The Postal Service calculations, however, raise several questions. While the Postal Service is technically correct that its financial analysis includes the cost of providing a rural carrier, the cost that it included was “\$0”. Final Determination at 6. That estimate appears to be contrary to information elicited during the Postal Service’s investigation, including statements of the rural carrier at the community meeting. Participant Statement at 1.

The Postal Service’s statement that there is no record evidence of any Postal Service obligation to restore the leased premises is unsatisfying at best. Either there is, or there is not, such an obligation. If there is, it should have been factored into the projected economic savings without any prompting by Petitioner. If no such obligation exists, the Postal Service can so advise the Commission with support, such as a reference to the lease. The failure to categorically establish that such an obligation does not exist leaves an impression that there is an obligation of some magnitude.

The Postal Service’s claim that personnel changes at the Goodwin post office would not be expected to materially increase revenues is more plausible given the absence of any evidence that revenues had been significantly higher in prior years.

Finally, while the relative magnitude of the economic savings projected by the Postal Service might not be significantly offset by a reduction in post office box revenue, the Postal Service should, without prompting by a petitioner, routinely consider such revenue leakage.

While the Commission concludes that the requirements of section 404(d)(12)(A)(iv) have been met, it agrees with the Public Representative that the Postal Service should be more transparent in assessing cost savings when it closes post offices.

Effect on employees. The Postal Service states that it considered the effect of the closing of the Goodwin post office on postal employees. Postal Service Comments at 11. The impact on postal employees appears to be minimal. The postmaster was

promoted in February 2010. An individual was installed as the temporary OIC. That individual may be reassigned or separated from the Postal Service. The record shows that no other Postal Service employee would be affected by this closing. Final Determination at 5; Administrative Record, Item No. 15.

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 closing on the employees at the Goodwin post office. 39 U.S.C. § 404(d)(2)(A)(ii).

VI. CONCLUSION

Based on the review of the record, the Commission concludes that the Postal Service has met the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Goodwin, AR post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

CONCURRING OPINION OF CHAIRMAN GOLDWAY

I also affirm the Postal Service decision to close the Goodwin, Arkansas post office. However, the Service has not fully considered the economic savings in the Final Determination and in the Administrative Record.

The Service projects savings of \$20,292 per year, but its economic savings calculation reflects no additional expenses arising from the closure. The Service identified no additional costs to serve Goodwin patrons with rural route delivery service. Nor did the Service identify any costs from loss of post office box revenue from the existing customers. Finally, the Administrative Record lacked transparency that could have resolved ambiguity concerning residual lease obligations associated with the closure, a matter that could impact the savings. As the Public Representative commented, “the absence of particular expense in this case makes a reasonable person question the accuracy of actual costs and projected savings.” (PR Comments at 4).

Ruth Y. Goldway