

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

Before Commissioners:

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

Adona Post Office
Adona, Arkansas

Docket No. A2012-16

ORDER AFFIRMING DETERMINATION

(Issued February 6, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 17, 2011, Bill D. Greene, Mayor of the City of Adona (Petitioner), filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Adona, Arkansas post office (Adona post office).² The Final Determination to close the Adona post office is affirmed.

II. PROCEDURAL HISTORY

On October 20, 2011, the Commission established Docket No. A2012-16 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On November 1, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

On December 28, 2011, the Public Representative filed a reply brief.⁶

² Petition for Review received from Bill D. Greene, Mayor of the City of Adona regarding the Adona, Arkansas Post Office 72001, October 17, 2011 (Petition). The Petition contains two attachments: Attachment 1, Additional Comments (Attachment 1); Attachment 2, Comments Concerning the Discontinuance of the Adona, AR Post Office, by Mayor Bill Greene (Attachment 2).

³ Order No. 917, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 20, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 1, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Adona, AR Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁵ United States Postal Service Comments Regarding Appeal, December 9, 2011 (Postal Service Comments). A Notice of the United States Postal Service of Filing Errata was filed on January 5, 2012, noting minor corrections to pages 6-7 of its initial brief. The Commission incorporates these corrections and cites to the Postal Service Comments accordingly.

III. BACKGROUND

The Adona post office provides retail postal services and service to 99 post office box customers. Final Determination at 2. One hundred forty-three delivery customers are served through this office. *Id.* The Adona post office, an EAS-11 level facility, provides retail service from 7:30 a.m. to 3:45 p.m., Monday through Friday, and 7:30 a.m. to 10:15 a.m. on Saturday. *Id.* The lobby is accessible 24 hours a day, Monday through Saturday. *Id.*

The postmaster position became vacant on July 31, 2010, when the Adona postmaster retired. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 4. Retail transactions average 10 transactions daily (10 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$12,770 in FY 2008; \$12,532 in FY 2009; and \$13,519 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$45,479 annually. *Id.* at 4.

After the closure, retail services will be provided by the Perry post office located approximately 6 miles away.⁷ Delivery service will be provided by rural carrier through the Perry post office. *Id.* The Perry post office is an EAS-13 level office, with retail hours of 8:00 a.m. to 4:00 p.m., Monday through Friday, and 8:00 a.m. to 11:00 a.m. on Saturday. *Id.* Two hundred fifty-eight post office boxes are available. *Id.* The Postal Service will continue to use the Adona name and ZIP Code. *Id.* at 4, Concern No. 1.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the Adona post office. Petitioner argues that rural delivery service will not provide the Adona community with a maximum

⁶ Public Representative Comments Supporting Remand, December 28, 2011 (PR Comments). A Motion of Public Representative for Late Acceptance of Comments was also filed on December 28, 2011. Motion of Public Representative for Late Acceptance of Comments, December 28, 2011. This motion is granted.

⁷ *Id.* at 2. MapQuest estimates the driving distance between the Adona and Perry post offices to be approximately 6.0 miles (8 minutes driving time).

degree of effective and regular services as required in rural areas, communities and small towns where the post office is not self-sustaining. Petition at 1. Petitioner asserts that the closing would mean a loss of community identity. *Id.* He notes that the loss of a job should be of utmost importance to the Postal Service. *Id.*, Attachment 2 at 10. Petitioner further asserts that the estimated cost savings from the closing are inaccurate. *Id.* at 11. He also suggests other more cost-effective alternatives to closing the Adona post office. *Id.* at 9, 11.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Adona post office. Postal Service Comments at 1. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services, (2) the impact on the Adona community, (3) the economic savings expected to result from discontinuing the Adona post office, and (4) the impact upon postal employees. *Id.* The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Adona post office should be affirmed. *Id.* at 13.

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

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4-5. The Postal Service contends that it will continue to provide regular and effective postal services to the Adona community when the Final Determination is implemented. *Id.* at 13.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioner regarding the effect on

postal services, effect on the Adona community, economic savings, and effect on postal employees. *Id.*

Public Representative. The Public Representative states that it appears the Postal Service has followed proper procedures; however, he argues that the Postal Service failed to demonstrate that patrons of the Adona post office will receive effective and regular service. PR Comments at 1-2. He also asserts that the Postal Service has failed to account for the added cost for providing rural route service to customers who do not move their post office boxes from Adona to Perry. *Id.* at 2. As such, the Public Representative concludes that the Final Determination should be remanded. *Id.* at 3.

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. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On May 12, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Adona post office. Final Determination at 2. A total of 242 questionnaires were distributed to delivery customers of the Adona post office. *Id.* Other questionnaires were made available at the retail counter of the Adona post office. *Id.* A total of 72 questionnaires were returned. *Id.* On May 24, 2011, the Postal Service held a community meeting at the Adona City Hall to address customer concerns. *Id.* Thirty-two customers attended. Postal Service Comments at 3 n.8.⁸

The Postal Service posted the proposal to close the Adona post office with an invitation for comments at the Adona and Perry post offices from June 7, 2011 through August 8, 2011. Final Determination at 2. The Final Determination was posted at the same two post offices from September 12, 2011 through October 14, 2011. Administrative Record, Item No. 49.

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: (1) the effect on the community; (2) the effect on postal employees; (3) whether a maximum degree of effective and regular postal service will be provided; and (4) the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

⁸ The Final Determination notes that there were 33 attendees at the community meeting. Final Determination at 2. In its comments, the Postal Service seeks to correct that number to 32 attendees. *Id.*

Effect on the community. Adona, Arkansas is an incorporated community located in Perry County, Arkansas. Administrative Record, Item No. 16. The community is administered politically by the Mayor and Adona City Council. *Id.* Police protection is provided by the Perry County Sheriff's Office. *Id.* Fire protection is provided by the Adona Volunteer Fire Department. *Id.* The community is comprised of retirees and those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. See generally Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

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 Adona community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Adona post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 4.

Petitioner asserts that the closing would have an adverse effect on the Adona community identity. Petition at 1. The Postal Service contends that the community identity will be preserved by continuing the use of the Adona name and ZIP Code in addresses and in the National Five-Digit ZIP Code and Post Office Directory. Postal Service Comments at 9. The Postal Service also asserts that there will generally be no change in customer addresses, and that the nonpostal services provided by the Adona post office can be provided by the Perry post office. *Id.*

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Adona postmaster retired on July 31, 2010 and that an OIC has operated the Adona post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented,

the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 4, 6.

Petitioner argues that the loss of an Adona community job should be important to the Postal Service. Attachment 2 at 10. The Postal Service responds that it is sympathetic to this concern, but is also charged with responsibility to promote efficiency of operations. Postal Service Comments at 12.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Adona post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Adona customers. Postal Service Comments at 5. It asserts that customers of the closed Adona post office may obtain retail services at the Perry post office located 6 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Perry post office. *Id.* The Adona post office box customers may obtain Post Office Box service at the Perry post office, which has 258 boxes available. *Id.*

Petitioner argues that rural delivery service will not provide the Adona community with a maximum degree of effective and regular service. Petition at 1. Specifically, Petitioner foresees inconveniences in purchasing money orders, stamps, and sending and receiving accountable mail. *Id.* at 1. For customers choosing not to travel to the Perry post office, the Postal Service explains that retail services similar to those available at the post office will be available from the carrier. Postal Service Comments at 6. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioner asserts that the closing raises questions concerning mail security. Petition at 1. The Postal Service contends that this issue was addressed in the record, that it found only three reports of mail theft or vandalism in the area, and customers concerned about mail security may place a lock on their mailboxes. Postal Service Comments at 7.

Petitioner expresses particular concern about potential hardship on the elderly and disabled citizens of the community. Attachment 1 at 1. The Postal Service argues that carrier service is especially beneficial to senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes and eliminate the need to travel to a post office. Postal Service Comments at 6. It states that the Postal Service will work with customers that have physical and financial limitations to ensure they receive regular and effective postal services and explains that special provisions are made for hardship cases and special customer needs. *Id.* at 6-7.

The Public Representative asserts that this is the first time the Postal Service has offered to assist rural route customers who have “financial limitations” and argues that the record does not contain a discussion of financial hardship, but merely address a standard customer concern for senior citizens. PR Comments at 2-3.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$45,479. Final Determination at 4. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$1,200) minus the cost of replacement service (\$0). *Id.*

Petitioner suggests alternatives to closing the Adona post office. Attachment 2 at 9. The Postal Service responds that it determined to close the Adona post office after taking several factors into consideration, including Adona’s location and that of nearby post offices. Postal Service Comments at 10.

Petitioner asserts that the estimated cost savings from the closing are inaccurate because they are based on the salary and benefits of a postmaster rather than the OIC, who receives a lower salary and no benefits. Attachment 2 at 11. Additionally, the Public Representative argues that the Postal Service did not estimate the added costs

for rural delivery service in its cost estimates. PR Comments at 2.⁹ The Public Representative notes that the Final Determination does not indicate the actual cost of replacement service; however, the Administrative Record indicates there is a one-time \$2,000 cost for cluster box units. Administrative Record, Item No. 29 at 2.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The Adona post office postmaster retired on July 31, 2010. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 10; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 13. Furthermore, notwithstanding that the Adona post office has been staffed by an OIC for approximately 18 months, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Adona post office is affirmed.

⁹ Delivery route service emanating from the replacement post office may accommodate new, as well as existing, rural route customers. Even if it does not, the incremental cost of delivering to the new customers would not appear to be large enough to offset the projected savings from closure.

It is ordered:

The Postal Service's determination to close the Adona, Arkansas post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Adona post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on July 31, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only a non-career OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

In addition, the Administrative Record describes an increase in revenue from 2008 to 2010. This increase in revenue bolsters the Petitioner's argument that the Postal Service did not adequately consider the impact on the community, and contradicts the Postal Service's list of reasons to consider closing the post office which includes a statement that there is declining revenue.

Moreover, the Postal Service recently announced a moratorium on post office

closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Adona, Arkansas and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since July 2010, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

The Public Representative observes that the Postal Service's estimated savings fails to include replacement service costs and questions whether it will provide effective and regular service to Adona customers. PR Comments at 2. The Postal Service's projected economic savings should be adjusted to reflect the cost of replacement service, which surely must be greater than \$0.

I find that the Administrative record evidence does not support the Postal Service's decision to discontinue operations at the Adona post office and should be remanded.

Nanci E. Langley