

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

In the Matter of:
Hoxie Post Office
Hoxie, Arkansas

Docket No. A2011-36

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(September 22, 2011)

On July 29, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked July 22, 2011, from postal customer Lanny Tinker, Mayor of the City of Hoxie (Petitioner), objecting to the consolidation of the Post Office at Hoxie, Arkansas to provide retail services as a classified branch under the administrative responsibility of the Walnut Ridge Post Office. On August 2, 2011, the Commission issued Order No. 787, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). The Commission received no additional written communications from customers of the Hoxie Post Office. The Petitioner did not file a Form 61. The Public Representative also did not file an initial brief in the appeal. In accordance with Order No. 787, the administrative record was filed with the Commission on August 15, 2011. The following is the Postal Service's brief in support of its decision to consolidate the Hoxie Post Office and reclassify it as a classified branch.

The appeal received by the Commission on July 29, 2011, raises three main issues: (1) the effect on postal services, (2) the impact upon the Hoxie community, and (3) the calculation of economic savings expected to result from consolidating the Hoxie

Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service considered a number of other issues. Accordingly, the determination to consolidate the Hoxie Post Office and establish it as a classified branch should be affirmed.

Background

The Final Determination to Consolidate the Hoxie, AR Post Office and Continue to Provide a Classified Branch (FD), as well as the administrative record, indicate that the Hoxie Post Office provides EAS-16 level service to 197 Post Office Box customers, 1,020 city delivery customers, 265 rural delivery customers and retail customers 30 hours per week. FD at 1; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.² The postmaster of the Hoxie Post Office was reassigned on January 2, 2010. Since the postmaster vacancy, an officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the Final Determination, the Hoxie Post Office would continue operating as a classified branch, with career postal employees providing the same services as an independent Post Office, except for postage meter setting and acceptance of permit mail. The average number of daily retail window transactions at the Hoxie Post Office is 51, amounting to an average daily workload of 54.2 minutes. Revenue has been as follows: \$78,106.00 in FY 2008 (204 revenue units); \$71,340.00 in FY 2009 (186 revenue units);

¹ See 39 U.S.C. 404(d)(2)(A).

² In these comments, specific items in the administrative record are referred to as "Item."

and \$73,382.00 in FY 2010 (191 revenue units).³ The Hoxie Post Office has five meter or permit customers. FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 41, Proposal, at 2.

Upon implementation of the Final Determination, delivery services will be provided by the Walnut Ridge Post Office, an EAS-18 level office located approximately 1.7 miles away; retail and PO Box services will still be provided by the Hoxie Branch. FD at 2; Item No. 18, Fact Sheet, at 1.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Hoxie Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to delivery customers of the Hoxie Post Office and made available over the counter for retail customers. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Hoxie Post Office, at 1. A letter from the Manager of Post Office Operations, Little Rock, AR was also made available to postal customers, which advised them that the Postal Service was evaluating whether consolidation of the Hoxie Post Office was warranted, with effective and regular delivery service provided from the Walnut Ridge Post Office and retail services continuing at the Hoxie location as a classified branch of the Walnut Ridge Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the

³ FD, at 2; Item No. 18, Fact Sheet, at 1-2; Item No. 41, Proposal, at 2.

service they were receiving and the effects a reclassification of the Hoxie Post Office as a classified branch might have. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. Also, representatives from the Postal Service were available at the Hoxie Post Office for a community meeting on February 17, 2011, to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 41, Proposal, at 2. Customers received formal notice of the Proposal and FD through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Hoxie Post Office and the Walnut Ridge Post Office from March 1, 2011 to May 2, 2011. Item No. 41, Proposal, at 1 and 5. The FD was posted at the same two Post Offices starting on June 21, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.

In light of the postmaster vacancy, the variety of delivery and retail options,⁴ very little recent growth in the area,⁵ minimal impact upon the community, and the expected financial savings,⁶ the Postal Service issued the FD.⁷ Regular and effective postal services will continue to be provided to the Hoxie community in a cost-effective manner upon implementation of the Final Determination. FD at 2.

Each of the issues raised by the Petitioner is addressed in the paragraphs below.

⁴ FD, at 2-5; Item No, 41, Proposal, at 2-5.

⁵ Item No. 16, Community Survey Sheet.

⁶ FD, at 5; Item No. 17, Cost Analysis; Item No. 18, Fact Sheet, at 1; Item No. 29, Proposal Checklist; Item No. 41, Proposal, at 5.

⁷ FD, at 2-5.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of reclassifying the Hoxie Post Office on postal services provided to Hoxie customers. The consolidation is premised upon providing regular and effective postal services to Hoxie customers.

The Petitioner, in his letter of appeal, raises the issue of whether the Postal Service can continue to provide a maximum degree of effective and regular postal services to the Hoxie community, noting the convenience of the Hoxie Post Office and requesting its retention as an independent post office versus a classified branch. The Petitioner expresses particular concern about Hoxie losing its community identity, losing a postmaster to whom customers can direct their issues, the expected savings and access for senior citizens. Each of these concerns was considered and addressed by the Postal Service.

The effect of consolidating the Hoxie Post Office on the availability of postal services to Hoxie residents was considered extensively by the Postal Service. FD at 2-3; Item No. 41, Proposal, at 2-3. Upon the implementation of the Final Determination, services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will continue to be available at the Hoxie Branch. FD at 2-3; Item No. 41, Proposal, at 2-3; Item No. 21, Notice to Customers, at 1.

The issue of mail security was raised during the feasibility study and addressed as demonstrated by the administrative record. There have been no reports of

vandalism. Item No. 14, Inspection Service/local law enforcement vandalism reports. Customers were also advised that they could put a lock on their mail box as long as the slot was large enough to accommodate their normal mail volume. FD at 3; Item No. 41, Proposal at 3.

The Postal Service has considered the impact of consolidating the Hoxie Post Office upon the provision of postal services to Hoxie customers. While delivery services will be provided via the Walnut Ridge Post Office, located approximately 1.7 miles away, retail and PO Box services will still continue to be provided at the Hoxie Branch. FD at 2; Item No. 18, Fact Sheet, at 1. Customers will pay the same fees for Post Office Box service at the Hoxie Branch. Item No. 15, Post Office Survey Sheet, at 2. Both the Hoxie Branch and Walnut Ridge Post Office also will provide nonpostal services, such as the distribution of government forms. Item No. 41, Proposal, at 4. Thus, the Postal Service has properly concluded that all Hoxie customers will continue to receive regular and effective service.

Effect Upon the Hoxie Community

The Postal Service is obligated to consider the effect of its decision to consolidate the Hoxie Post Office upon the Hoxie community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Hoxie is an incorporated community located in Lawrence County. The community is administered politically by a mayor. Police protection is provided by the Hoxie Police Department and fire protection is provided by the Hoxie Fire Department. The community is comprised of retired people, farmers/ranchers, and those who commute to work in nearby communities and work for local businesses. FD, at 4; Item No. 41, Proposal at 4. The questionnaires completed by Hoxie customers indicate that, in general, the customers who reside in Hoxie may travel elsewhere for other supplies and services, but will continue to use local businesses if the Hoxie Post Office is consolidated. See generally Item No. 22, Returned customer questionnaires and Postal Service response letters 1-595; FD, at 2 and 4; Item No. 41, Proposal at 2 and 4.

The Petitioner's letter of appeal raises the issue of the effect of consolidating the Hoxie Post Office upon the Hoxie community. This issue also was considered by the Postal Service, as reflected in the administrative record. FD, at 2-4; Item No. 41, Proposal, at 2-4. The Postal Service recognizes that a community's identity derives from the interest and vitality of its residents and their use of its name. Communities generally require regular and effective postal services and these will continue to be provided to the Hoxie community. The Postal Service is helping to preserve community identity by continuing the use of the Hoxie city name and ZIP Code in customers' street addresses. FD, at 3; Item No. 41, Proposal, at 3. In addition, the Postal Service has concluded that nonpostal services, and the community gathering place and information center typically provided by the Hoxie Post Office, can be provided by both the Hoxie Branch and Walnut Ridge Post Office. FD at 3; Item No. 41, Proposal, at 3.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of consolidating the Hoxie Post Office on the community served by the Hoxie Post Office.

Economic Savings

The Petitioner's letter of appeal raises the issue of economic savings. Specifically, Petitioner states that the clerk in charge of the station will be earning as much as the former postmaster and, more than likely, will not be a resident of the Hoxie community. Postal officials properly considered the economic savings that would result from the proposed consolidation, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates reclassifying the Hoxie Post Office as a branch supervised by the Walnut Ride Post Office would cost the Postal Service substantially less than maintaining the Hoxie Post Office as an independent Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with consolidating the Hoxie Post Office are \$73,326.00. FD at 5; Item No. 41, Proposal, at 5.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance or consolidation studies; this is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 5; Item No. 41, Proposal, at 5.

The Postal Service determined that consolidating the Hoxie Post Office is more cost-effective than maintaining a postmaster position there. FD, at 5; Item No. 41, Proposal, at 5. The Postal Service's estimates are supported by record evidence, in

accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a consolidation, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was reassigned on January 2, 2010. The Hoxie Post Office did have a noncareer postmaster relief (PMR) or officer-in-charge (OIC). The PMR or OIC may be separated from the Postal Service. However, upon implementation of the final determination, the Hoxie Post Office would continue operating as a classified branch, and will be staffed by postal employees. The record shows that no other employees would be adversely affected by this consolidation. FD, at 2 and 5; Item No. 15, Post Office Survey Sheet, at 1; Item No. 41, Proposal, at 2 and 5. Therefore, in making the determination, the Postal Service considered the effect of the consolidation on the employees at the Hoxie Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of consolidating the Hoxie Post Office on the provision of postal services and on the Hoxie community, as well as the economic savings that would result from the proposed consolidation, the

effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of consolidation outweigh the disadvantages. In addition, the Postal Service concluded that after the consolidation, the Postal Service will continue to provide effective and regular service to Hoxie customers. FD, at 5. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). Consistent with the Public Representative, the Postal Service's decision to consolidate the Hoxie Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to consolidate the Hoxie Post Office be affirmed.

Respectfully submitted,

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