

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

In the Matter of:

Francitas Post Office
Francitas, Texas 77961

Docket No. A2011-47

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL

(October 11, 2011)

By means of Order No. 805 (August 16, 2011), the Postal Regulatory Commission docketed correspondence from customers of the Francitas, Texas Post Office, assigning PRC Docket No. A2011-47 as an appeal pursuant to 39 U.S.C. § 404(d). On September 13, 2011, Petitioners Ashley and Carolina Jalufka filed a Form 61, Participant Statement, in support of the petition.¹ On September 23, 2011, Petitioner Raymond Salinas, Jr. filed a separate Participant Statement.² In accordance with Order No. 805, the administrative record was filed with the Commission on August 30, 2011.

The initial correspondence and the Participant Statements received by the Commission in this docket raise two main issues: (1) the effect on postal services and (2) the impact upon the Francitas community. 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,³ the Postal Service gave consideration to a number of other issues, including the effect on employees and the calculation of economic savings expected to

¹ Participant Statement, PRC Docket No. A2011-47 (September 13, 2011).

² Participant Statement Received from Raymond Salinas, Jr., PRC Docket No. A2011-47 (September 23, 2011).

³ See 39 U.S.C. 404(d)(2)(A).

result from discontinuing the Francitas Post Office. Accordingly, the Final Determination to Close the Francitas, TX Post Office and Continue to Provide Service by Rural Route Service should be affirmed.

Background

The Final Determination To Close the Francitas, TX Post Office and Continue to Provide Service by Rural Route Service (FD), as well as the administrative record, indicate that the Francitas Post Office provides EAS-55 level service 36 hours per week to retail customers and 66 Post Office Box customers. Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (Fact Sheet), at 1.⁴ The postmaster position at the Francitas Post Office became vacant when the postmaster was promoted on July 19, 2008. Item No. 1, at 1. Since that time, an officer-in-charge has been installed to operate the Francitas Post Office. Item No. 41, Proposal to Close the Suspended Francitas, TX Post Office and Continue to Provide Service by Rural Route Service (Proposal), at 7.

The average number of daily retail window transactions at the Francitas Post Office is 4.30. Item No. 18, Fact Sheet, at 1. Revenue has generally declined: \$4,105 in FY 2008 (11 revenue units); \$2,812 in FY 2009 (7 revenue units); and \$2,734 in FY 2010 (7 revenue units). Item No. 41, Proposal, at 2. The Francitas Post Office has no meter or permit customers. Item No. 18, Fact Sheet, at 1.

⁴ In these comments, specific items in the administrative record are referred to as "Item No. ____."

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the La Ward Post Office, an EAS-11 level Post Office located 7.9 miles away. *Id.*

The Postal Service followed the proper procedures leading up to the posting of the final determination, considered and addressed the issues raised by the customers of the Francitas Post Office, and complied with all notice requirements. In addition to the posting of the Proposal and final determination, customers received notice through other means. On March 1, 2011, questionnaires were distributed to delivery customers and made available to retail customers of the Francitas Post Office. Item No. 41, Proposal, at 2. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. On March 15, 2011, representatives from the Postal Service attended a community meeting at the Francitas Post Office, where they answered questions and provided information to customers. Item No. 41, Proposal, at 2. Customers received formal notice of the Proposal and final determination, as well as the right to appeal the final determination, through postings at the Francitas Post Office and nearby facilities. Item No. 36 (reflecting April 20, 2011 posting at Francitas and La Ward Post Offices); Item No. 47, at 4 (containing notification of appeal rights); Item No. 49 (reflecting August 15, 2011 posting at Francitas and La Ward Post Offices).

In light of the postmaster vacancy, a minimal workload, decreasing office revenue,⁵ the variety of delivery and retail options (including the convenience of rural

⁵ See Item No. 41, Proposal, at 2.

delivery and retail service),⁶ minimal impact upon the community, and the expected financial savings,⁷ the Postal Service issued the final determination. Regular and effective postal services will continue to be provided to the Francitas community in a cost-effective manner upon implementation of the final determination.

Each of the issues raised by Petitioners is addressed in the paragraphs which follow.

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 discontinuing the Francitas Post Office on postal services provided to Francitas customers. The discontinuance is premised upon providing regular and effective postal services to Francitas customers.

In their letters of appeal, petitioners raise the issue of the effect on postal services resulting from the Francitas Post Office's discontinuance, noting the convenience of the Francitas Post Office and requesting its retention. Each of these concerns was considered by the Postal Service.

The effect of the Francitas Post Office's discontinuance on the availability of postal services to Francitas residents was considered extensively by the Postal Service. Item No. 41, Proposal, at 2-6. Upon the implementation of the Final Determination, service may be provided to cluster box units (CBUs) installed on the carrier's line of travel, so that customers do not have to make a special trip to the Post Office for

⁶ *Id.*

⁷ *Id.* at 7.

service. *Id.* CBUs provide the security of individually locked mail compartments. *Id.* Services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier to a roadside mailbox located close to customers' residences. *Id.* Various options exist for obtaining postal services, which are explained on www.usps.com. In addition, the La Ward Post Office can provide answers to questions about possible options for the shipping of packages from a Francitas address.

Petitioners contend that the discontinuance of the Francitas Post Office will cause a hardship for senior citizens, requiring them to travel greater distances to obtain postal services. Carrier service is beneficial to many senior citizens and those who face special challenges because it allows them to obtain some postal services without having to travel to the Post Office for service. Item No. 41, Proposal, at 2-6. In hardship cases, delivery can be made to the home of a customer. *Id.*

In addition to carrier service, customers may opt for Post Office Box service at the nearby La Ward Post Office, or use alternate access options, including USPS.Com and Stamps By Mail®.

Upon the implementation of the final determination, delivery and retail services will be provided by rural route delivery emanating from the La Ward Post Office. The window service hours of the La Ward Post Office are from 7:45 a.m. to 3:45 p.m., Monday through Friday. Item No. 42, Fact Sheet, at 1. In addition, customers opting for carrier service will have 24-hour access to their mail. Item No. 41, Proposal, at 6.

In their participant statements, petitioners express a concern regarding the status

of the La Ward Post Office. The La Ward Post Office appears on the candidate list in the Retail Access Optimization (“RAO”) Initiative (PRC Docket N2011-1), but the RAO has no impact on this appeal proceeding because (1) the statute governing this appeal proceeding, 39 U.S.C. § 404(d), limits the Commission’s review to facts contained in the administrative record, which does not include any facts regarding the RAO Initiative, and (2) there has been no change in operations at the La Ward Post Office. The impact of potential discontinuance of the La Ward Post Office on postal services offered to Francitas residents would, of course, be considered should the feasibility study of the La Ward Post Office advance to the proposal stage.

The record related to the RAO Initiative falls outside of the administrative record and cannot be considered by the Commission in this appeal proceeding. Section 404(d) limits the Commission’s review of the closing or consolidation of a Post Office to the administrative record.⁸ The presence of the La Ward Post Office on a list of candidates for discontinuance study was not a factor at the time the Postal Service made the decision to discontinue the Francitas Post Office. Accordingly, consideration of this fact now is not germane to review of whether the Postal Service’s decision in this case was (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 on the record. 39 U.S.C. § 404(d).

In any event, the identification of the La Ward Post Office in PRC Docket No. N2011-1 has no impact upon the facts underlying the instant appeal; the fact of

⁸ 39 U.S.C. § 404(d)(5) (“The Commission shall review [the Postal Service decision] on the basis of the record before the Postal Service in making [its decision]”).

identification has no impact on access to retail service for customers of the Francitas Post Office. Initiation of a feasibility study for the La Ward Post Office does not indicate that a full discontinuance study will be conducted, or any change in customer retail options will ensue. As such, current facts are too tenuous to warrant consideration of this issue as a factor in the discontinuance of the Francitas Post Office.⁹ The RAO Initiative aims to evaluate certain facilities within the postal retail network and determine whether any one or more of them can be discontinued, while still maintaining postal facilities of such character and in such locations that postal patrons throughout the Nation will, consistent with reasonable economies of postal operations, have ready access to essential postal services. See Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services, PRC Docket No. N2011-1, at 2-3. At this juncture in the RAO Initiative proceedings, the Commission has not advised the Postal Service whether it believes this initiative even constitutes a nationwide change in service.

In addition, the initial discontinuance feasibility studies, at worst, can lead only to a formal study being initiated, where the Postal Service will consider various factors, including the effects on the community and employees, economic savings, the policy in section 101(b) requiring a maximum degree of effective and regular postal services where Post Offices are not self-sustaining, and such other factors as the Postal Service determines are necessary. 39 U.S.C. § 404(d). While the recent discontinuance of a

⁹ If the Francitas Post Office is discontinued, the absence of the Francitas Post Office means it would not be identified as an alternate location for access to retail services if the La Ward Post Office is formally studied.

nearby Post Office may be germane in later discontinuance studies, the converse is not. All kinds of future change may be germane to a future study, but they do not change studies conducted in the past. The Postal Service is nowhere near a stage where future decisions can be evaluated, let alone decided. In fact, any decision regarding the possible discontinuance of the La Ward Post Office and its potential effect on customers of that office is not ripe for consideration. The Commission has until December 5th to issue its decision in this docket, and the Postal Service has advised that service change implementation resulting from the RAO Initiative will begin in December, 2011. See Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services, PRC Docket No. N2011-1, at 2.

Petitioners in this appeal question the consistency of this proposal with statutory authority in Title 39 providing that no small Post Office may be closed solely for operating at a deficit. Here, however, a variety of factors inform the decision to discontinue the Francitas Post Office, including a postmaster vacancy, minimal workload, declining office revenue,¹⁰ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹¹ very little recent growth in the area,¹² minimal impact upon the community, and the expected financial savings.¹³ Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services

¹⁰ See Item No. 41, Proposal, at 2.

¹¹ *Id.*

¹² Item No. 16, Community Survey Sheet, at 1.

¹³ Item No. 41, Proposal, at 7.

to rural areas, communities, and small towns where Post Offices are not self-sustaining.” In this case, the Postal Service analyzed, among other factors, the Francitas Post Office’s workload and revenue. The consideration of an office’s workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at a deficit. The Postal Service’s analysis confirmed that a maximum degree of effective and regular postal services to the area and community could be provided with rural delivery service in the absence of the Post Office.

The Postal Service has considered the impact of discontinuing the Francitas Post Office upon the provision of postal services to Francitas customers. Rural delivery and alternate access options provide Francitas customers with similar access to retail service, alleviating the need to travel to the Post Office. Item No. 41, Proposal, at 2. Thus, the Postal Service has properly concluded that all Francitas customers will continue to receive regular and effective service.

Effect Upon the Francitas Community

The Postal Service is obligated to consider the effect of its decision to discontinue the Francitas Post Office upon the Francitas 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 discontinue a Post Office.

Francitas is an unincorporated community located in Jackson County. Item No. 41, Proposal, at 6. The Edna Sheriff's Department provides police protection, and the Francitas Fire Department provides fire protection. *Id.* The questionnaires completed by Francitas customers indicate that, in general, Francitas residents must travel elsewhere for other supplies and services. *See generally* Item No. 22, Returned customer questionnaires and Postal Service response letters, at 65, 94, 96, 98, 104, 108, 110, 114, 132, 136.

The Petitioners' letters of appeal raise the issue of the effect of the discontinuance of the Francitas Post Office upon the Francitas community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. Item No. 41, Proposal at 2-6. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. *Id.* Communities generally require regular and effective postal services and these will continue to be provided to the Francitas community.

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 discontinuing the Francitas Post Office on the community served by the Francitas Post Office.

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was promoted on July 19, 2008. Item No. 1 at 1. And although the noncareer postmaster relief (PMR) may be separated from the Postal Service upon implementation of the final determination, the record shows that no other employee

would be affected by this discontinuance. Item No. 41, Proposal, at 7. Accordingly, in making the final determination, the Postal Service considered the effect of the discontinuance on the employees at the Francitas Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Economic Savings

Postal Service officials properly considered the economic savings that would result from the proposed discontinuance, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route service and P.O. Box service at the La Ward Post Office would cost the Postal Service substantially less than maintaining the Francitas Post Office, and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The amount of the estimated annual savings associated with discontinuing the Francitas Post Office is \$19,896. Item No. 41, Proposal, at 7.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). Item No. 41, Proposal, at 7. Petitioners assert that the Postal Service received an offer of reduced rent for the Francitas Post Office. A reduction in rent would not affect the Postal Service's economic savings calculation, which attributed no savings to annual lease costs. *Id.* Petitioners also contend that they would be willing to pay box fees if the Francitas Post Office remains open. The Francitas Post Office has sixty-six Post Office Box customers, and the labor costs far outweigh the

revenue that could be earned through the collection of fees from all Francitas Post Office Box customers. See Item No. 41, Proposal, at 7.

The Postal Service determined that carrier service is more effective than maintaining the Francitas postal facility and postmaster position. 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 discontinuance, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of discontinuing the Francitas Post Office on the provision of postal services and on the Francitas community, as well as the effect on postal employees, the economic savings that would result from the proposed discontinuance 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 discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Francitas customers. 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). Accordingly, the Postal Service's decision to discontinue the Francitas Post Office should be affirmed.

The Postal Service respectfully requests that the final determination to discontinue the Francitas Post Office be affirmed.

Respectfully submitted,

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