

Postal Regulatory Commission
Office of the Chief Admin. Officer

OCT 25 2011

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268

Participant Statement

RECEIVED

In the Matter of:

Breaks Virginia 24607
Post Office State ZIP Code

Docket No: A2011-88

2011 OCT 25 A 3:29

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

Mr. James L. Childress, for Breaks community - Petitioners(s)

PARTICIPANT STATEMENT

1. Petitioner(s) are appealing the Postal Service's Final Determination concerning the Breaks, Virginia post office. The Final Determination was posted September 2, 2011.

2. In accordance with applicable law, 39 U.S.C. § 404(d)(5), the Petitioner(s) request the Postal Regulatory Commission to review the Postal Service's determination on the basis of the record before the Postal Service in the making of the determination.

3. Petitioners: Please set out below the reasons why you believe the Postal Service's Final Determination should be reversed and returned to the Postal Service for further consideration. (See pages of the Instructions for an outline of the kinds of reasons the law requires us to consider.) Please be as specific as possible. Please continue on additional paper if you need more space and attach the additional page(s) to this form.

REASONS FOR REVERSING POSTAL SERVICE'S FINAL DETERMINATION

After analyzing the USPS response to the EFFECT ON COMMUNITY, EFFECT ON EMPLOYEES, and the business case for ECONOMIC SAVINGS, we wholeheartedly and respectfully request that the PRC reverse the Final Determination to close the Breaks Post Office. Below, we address each of these points with specific counterpoints and the weight of the combined voice of our 335 residents.

Adding strength to our voice, **Bloomberg News** featured Breaks and its Post Office plight in a national story published on Bloomberg Government news (paid subscribers) as well as Business Week and Bloomberg.com. **The October 13, 2011 Bloomberg News article is attached.** This story brings to life the black and white rationale of our appeal, confirming the vital nature of the Breaks Post Office.

EFFECT ON COMMUNITY

1) **Loss of community identity** – USPS states that community identity derives from vitality of residents and use of name. We disagree. Breaks' identity is the sum of residents' vitality, use of name, and the public facilities and infrastructure that connect and serve the residents. The Breaks Post Office is the keystone of our community. We do not want to become another welfare community in Appalachia. We want to remain self-sufficient -- and closing the Post Office threatens the life of our village.

As stated in the town meeting and other participant statements, the Post Office is a lifeline for residents who receive medications and Social Security checks and who simply cannot travel eight miles to the Maxie, VA Post Office. It is THE accessible communication channel for many retired senior citizens with disabilities or health conditions that prevent them from easily meeting a rural delivery postman to make transactions on the postal carrier's schedule.

EFFECT ON COMMUNITY, cont'd

Participant Statement

In addition, Breaks is a historic site on the Coal Heritage Trail as well as lying along the "Crooked Road," a multi-million dollar Federal, state, and local investment in Virginia's Heritage Music Trail, and the Country Music Highway, all recently developed Appalachian investments intended to revitalize our area. Maintaining retail postal services is absolutely essential to attracting and serving traveler's needs, generating commerce, and creating revenue.

2) Breaks is one of only two interstate parks in the U.S. – USPS states that this has no bearing on PO requirements. We disagree. Breaks is in fact the gateway to "The Grand Canyon of the South," a tourist showcase heavily promoted by the State of Virginia and supported by Virginia and Kentucky. A closed Post Office does not serve tourists and sends a bleak message about lack of value and investment in public service.

3) Reduced potential for growth in the community – USPS states that community growth does not depend on the post office. We disagree – and ask that the PRC re-consider the logic of closing the post office in light of two governmental initiatives: the new, \$4.7 billion dollar Coalfields Expressway intended to bring new commerce and tourism to the area AND the National Broadband Plan, a Congressional mandate to give every American access to broadband internet capabilities.

- Closing the Post Office does not serve the needs of added commerce and tourism in Breaks and certainly will not attract future citizens, tourists, or businesses to the community. **It is in direct contradiction to the state's, local businesses', and the Federal government's investment in the Coalfields Expressway—with a connector road to Breaks— that is heralded to pave the way for growth in this Appalachian area.**

- **Breaks does not have broadband internet access. Closing and selling the Post Office eliminates potential to use this facility as a government-owned or government-influenced asset to efficiently deploy broadband capability into a low income community and ensure affordability to Breaks' citizens. Using government facilities in this way is specifically outlined in the Broadband Plan.**

EFFECT ON EMPLOYEES

The USPS has not replaced the full-time postmaster who retired, stating that once the Post Office is closed, it plans to use contractors to provide rural delivery. Although the postmaster job is only one job, it is one more full-time employed person contributing to a small community, a person with income to spend, and a job we simply cannot afford to lose.

POSTAL SERVICE DID NOT FOLLOW PROCEDURE REQUIRED BY LAW

The "Notice and Order of Filing of Appeal" was not and is not posted at the Breaks Post Office.

ECONOMIC FACTORS

The USPS indicates an annual savings of \$31,516 (\$44,279 salary and benefits for postmaster minus \$12,763 for rural delivery) upon closing the Post Office. This extremely modest amount does *not* take into account the offsetting revenue generated by the retail Post Office. **In addition, the citizens are quite willing to pay for post office boxes, as they have in the past.** Further evidence that the business case does not hold up follows below.

ECONOMIC FACTORS, cont'd

Participant Statement

The majority of USPS's stated savings comes from the assumed \$44,279 salary and benefits cost for a full-time union employee. **In fact, the USPS has been operating the Post Office with a PMR and now an OIC at much lower cost.**

We suggest that the USPS continue to operate the Breaks Post Office with an OIC who is not a full-time employee or eligible for fringe benefits. This greatly reduces the estimated "savings" from eliminating the assumed full-time postmaster salary and benefits.

The \$12,763 cost of rural delivery is not realistic or accurate:

1) USPS states that rural delivery involves three extra miles traveled. This is clearly inaccurate, as one hollow is a mile long and one round trip from Breaks village to the Park entrance is two miles alone. There are multiple hollows in Breaks as well as an end-to-end traverse that far exceeds three miles, as inaccurately stated by the USPS.

2) Together, the estimated rural delivery mileage combined with the realistic cost of vehicles, manpower, and equipment needed to deliver mail, especially in winter snow and ice in mountainous terrain, will surely exceed \$12,763.

Furthermore, the economic case account does not account for the expense associated with a vandalized and empty Post Office building. Contrary to USPS statements about lack of vandalism in the area, the Breaks Community Center was recently vandalized and the copper wiring was ripped out along with other damage. In addition, the residents witness constant and frequent vandalism to abandoned cars and buildings. Without the cornerstone service of the Post Office and an abandoned, vandalized building, the property values in Breaks will go down as well.

In the big picture, savings from closing the Post Office do not make economic sense when considered in context of the multi-billion dollar state and Federal investment in the Coalfields Expressway as an economic lifeline for this region.

Finally, the economic impact of closing Breaks Post Office is miniscule and not even a rounding error in USPS's eight to 10 billion dollar current financial shortfall. Please do not "pick up pennies to save a few dollars" and devastate a living historic community.

For these reasons, we respectfully ask the PRC to reverse the USPS's Final Determination to close the Breaks Post Office – and let us remain independent patriots who are committed to fulfilling our community's potential.

For additional factual evidence of the negative impact of closing the Breaks Post Office, see attachment:

Bloomberg News article "Revolt in Virginia Hollow Complicates Postal Service Survival"

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Q
By Angela Greiling Keene - Oct 13, 2011 12:00 AM ET

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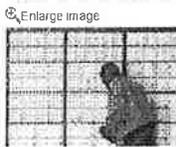
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The post office in Breaks, Virginia, sits on an Appalachian country road near a white-steeped church, off a highway pounded by coal and logging trucks.

Inside are 208 boxes, one for about every two residents. Because there's no mail delivery, Breaks townspeople have to go to the post office to pick it up.



A U.S. Postal Service customer retrieves mail from his post office box at the Bayview Station on July 26, 2011 in San Francisco. Photographer: Justin Sullivan/Getty Images

Chart Breaks, Virginia



The post office in Breaks, Virginia. Photographer: Angela Greiling Keene/Bloomberg



James Childress looks at the community board he helped erect outside the Breaks, Virginia post office. In a place with no broadband internet, it's a way for residents to communicate broadly with each

They also go there to conduct financial transactions. The nearest banks are about 30 minutes away by car across a mountain. A bulletin board out front advertises yard sales, seeks help locating a missing person, and informs residents that the post office may be about to close.

If a retail location or plant is losing money, a company can close it. That's not so simple for the U.S. Postal Service, even as it says it will run out of money to deliver mail by August without dramatic changes. Obstacles include the U.S. Constitution's clause empowering Congress to establish post offices.

More than 80 percent of its locations, including Breaks, lose money, the Postal Service says. Residents of the poorest part of Virginia say they're sympathetic to the service's plight. To them, though, their post office is a central gathering place, economic hub and part of their identity, not something that can be measured by profits and losses.

"This would devastate the community," James Childress, the Breaks resident leading a petition drive to stop the closing, said. "The post office is the heart and soul of the community."

Not Like Businesses

More than 400 miles away in Washington, Postal Service Vice President Dean Granholm holds a computer mouse he can click to decide whether post offices live or die.

The Breaks office, which the service already decided to close, is one of about 4,800, or 15 percent of post offices, that the service may

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The post office in Keen Mountain is slated for closing. Signs direct drivers to the post office off the main highway through its part of southwest Virginia. Photo: Angela Greiling Keane/Bloomberg

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Keith Mullins, left, James Childress and Wayne Cline, Jr. are Breaks, Virginia residents who have rallied their community of about 400 to oppose the closing of their post office. Photo: Angela Greiling Keane/Bloomberg

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A road winds through the Appalachian Mountains in southwestern Virginia. Residents of the area say it would be difficult to traverse these roads to get to farther flung post offices if theirs close and would be dangerous to place mailboxes for rural delivery on the sides of hilly, curvy highways. Photo: Angela Greiling Keane/Bloomberg

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The post office in Jewell Ridge, Virginia, high up on a mountain, is on the list of those to be closed. A sign prohibits "loitering on postal property." Photo: Angela Greiling Keane/Bloomberg

Enlarge image



close in its fight for survival. The service lost about \$10 billion in the year ended Sept. 30.

"Retailers close without the perceived discomfort of congressional review, Postal Regulatory Commission overview, internal angst," Granholm, vice president of delivery and post-office operations, said in an interview at the service's Washington headquarters.

Business customers applaud the service's efforts to cutting costs through shuttering small post offices, which they don't use. Direct mail would still get to postal customers through rural delivery.

"Mailers are the ones who pay rates that have to be sufficient to cover all the costs of operating the postal system," said Gene Del Polito, president of the Association for Postal Commerce, an Alexandria, Virginia-based group that represents postal customers such as JPMorgan Chase & Co. (JPM) and Capital One Financial Corp. (COF). "If we have to pay for it and rates are going up, one would expect that we can have services provided nationwide in the most cost-efficient manner."

Internet No Competition

The Postal Service has blamed its losses on a 22 percent drop in mail volume since 2006 as individuals and businesses have switched to e-mail and electronic billing.

In Breaks, located along Virginia's border with Kentucky, "there's not that many people that pay their bills by Internet," Wayne Cline Jr., 53, a retired coal truck driver, said. There is no broadband Internet access. Few families can afford to pay \$50 a month or so for dial-up Internet, said Keith Mullins, 66, a retired coal miner whom Childress recruited to help save the post office.

The office serves residents of Buchanan and Dickenson Counties, the two poorest in Virginia with 2009 median household incomes of \$27,538 and \$28,296, respectively, according to the U.S. Census Bureau. That leaves 27 percent of Buchanan County residents and 21 percent of those in Dickenson County living below the U.S. poverty line, higher than the 11 percent average of Virginia, according to the Census Bureau.

'Ain't No Way'

The Postal Service says it can save \$31,516 annually by closing the post office and going to rural delivery, which it says would cost \$12,763 a year.

Mullins scoffs at the service's estimate of the cost of rural delivery in an area with roads that wind through mountain hollows. "There ain't no way they could run a route for that," Mullins said. "You can't even buy a pop and a Moon Pie a day for that."

He and other residents also say they're worried rural delivery would exacerbate prescription-drug abuse by making it easy for addicts to steal painkiller deliveries from unlocked mail boxes.

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Breaks Interstate Park, known as the Grand Canyon of the South, straddles Virginia and Kentucky and brings tourists to the region. Photo: Angela Greiling Keane/Bloomberg

Childress, 83, a retired superintendent of Breaks Interstate Park, a 4,600-acre preserve straddling the Virginia and Kentucky Appalachians that calls itself the "Grand Canyon of the South," said in an interview that residents realize "there's got to be changes." They just don't want this change.

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Petition Drive

With help from Mullins and Cline, Childress organized a petition signed by almost every Breaks resident and filed a complaint at the Washington-based Postal Regulatory Commission, which reviews closings that are challenged.

Childress also contacted U.S. Representative Morgan Griffith, a freshman Republican whose congressional district includes Breaks.

Griffith in 2010 defeated 14-term Democratic Representative Rick Boucher with support from the Tea Party, a political movement whose goals include reducing federal spending and budget deficits. One of Griffith's first votes in Congress was against raising the U.S. debt limit.

Cut Somewhere Else

Still, Griffith says, the Postal Service should look elsewhere for savings. A list of about 3,650 locations to close, announced by the service in July, included 20 in Griffith's district, which spans from Virginia Polytechnic Institute and State University in Blacksburg to the borders with West Virginia, Kentucky, Tennessee and North Carolina.

"I understand the post office like all government agencies has to take a look at their spending," Griffith said in a telephone interview as he rode to a rally to support balancing the U.S. budget. "But there are other ways to cut their costs."

Griffith wrote a letter July 29 to Postmaster General Patrick Donahoe asking him to spare the Breaks post office.

Anyone affected by a proposed post-office closing can ask the Postal Regulatory Commission to review a decision in the 30 days after the Postal Service issues a "final determination."

Commission reviews, which the panel is trying to simplify, can take up to 120 days. It can affirm the decision or send it back to the service for another look. If it affirms, which it did in all 14 cases decided in fiscal year 2011, the Postal Service can close the office immediately.

Review Commission

Breaks' office is one of about 90 whose proposed closings are being appealed. The number grows daily as the Postal Service tries to accelerate the reduction of its network.

"There's an administrative process that they have to follow, and it's our hope that in following that administrative process, they will get information and hear concerns of citizens that will perhaps make them decide not to close the post office," Commission Chairman Ruth Goldway said in a telephone interview.

Mullins wrote to Goldway's commission Sept. 13, saying residents can relate to the Postal Service's hardships.

"They know the effects you are facing on the financial problem you are having," Mullins wrote in the hand-written letter. "They don't have to worry about gas going any higher. They can't afford a car, it's not only senior citizens having a hard time, we all are."

Steady Trickle

Most offices on the closings list have less than \$27,500 in annual revenue and less than two hours of workload a day. The Breaks office fits those criteria, though on a recent Monday afternoon, a steady trickle of about a dozen people came in after lunch to get their mail, buy money orders, ship packages and chat about what's going on in town.

The Postal Service understands the emotions of people who may lose their only local connection to the U.S. government, Granholm said. His job, he said, is to look out for the service's bottom line.

"It's not our responsibility to be their community center," he said.

The National League of Postmasters, whose members include rural postmasters, helps communities fight closings by guiding them through the appeal process, helping get congressional involvement and providing a how-to manual, Mark Strong, the group's president, said in an interview.

There are so many proposed closings now that the league can't help in all situations, he said. The Breaks citizens have been on their own, they said.

'True Rush Job'

"There's a true rush job to get them closed by December so that we're not sure communities are getting the chance for input," Strong said.

The Postal Service does take offices off the computer-generated closings list. By September, it pared July's list of 3,650 proposed closings by about 120. The service has closed about 280 post offices this year and about 300 more are in the final determination stage, Granholm said.

About 7 percent of proposed closings are appealed, Granholm said. Sometimes the service changes its mind during a regulatory commission review. Of the 103 proposed closings appealed during the 2011 fiscal year, the Postal Service withdrew two. Both had drawn civic challenges. Eighty-three appeals are pending.

Breaks residents said in interviews they'd be willing to pay for their post-office boxes like they did in the 1980s, even though money is tight. They also propose creating a "Grand Canyon of the South" postmark in hopes of drumming up mail business from tourists.

"Sometimes it seems like a useless battle, but you can't give up," Mullins said. "We ain't started carrying no picket signs or throwing rocks yet. Maybe in the future."

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