

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

South International Falls Post Office  
South International Falls, Minnesota 59979

Docket No. A2011-63

REPLY COMMENTS OF THE PUBLIC REPRESENTATIVE

(November 15, 2011)

I. INTRODUCTION AND BACKGROUND

On September 6, 2011, the Postal Regulatory Commission (Commission) received a petition from the Concerned Citizens of South International Falls, Minnesota (Petitioner), postmarked August 27, 2011, to review the Postal Service's Final Determination (FD) to close the South International Falls, MN post office.<sup>1</sup> By Order issued September 9, 2011, the Commission accepted the appeal and docketed the petition, instituted the current review proceedings, appointed a Public Representative, and established a procedural schedule.<sup>2</sup>

On September 21, 2011, the Postal Service filed an electronic version of the Administrative Record (AR) concerning its "Final Determination to Close the Suspended South International Fall, MN Post Office and Continue to Provide Service through a Classified Branch" dated July 28, 2011.<sup>3</sup> The Postal Service filed comments supporting

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<sup>1</sup> The Petition consists of a letters opposed to the post office closing,

<sup>2</sup> Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 9, 2011 (Order No. 846). A second petition to review the closing was received from Mr. Leroy Gartzke on September 15, 2011.

<sup>3</sup> United States Postal Service Notice of Filing, September 21, 2011. Postal Service Docket No. 56679.

the Final Determination to close that post office on October 31, 2011.<sup>4</sup> Reply briefs and comments are due November 15, 2011.

## II. STATEMENT OF FACTS

The Postal Service's proceeding below is intended to clarify its administrative records about the actual operation of a long-suspended post office facility as a classified branch office. The South International Falls, MN post office was suspended in 1988 and converted to a classified branch of the International Falls post office. AR Item No. 9 (Memorandum prepared August 21, 2009).<sup>5</sup> The facility at that location has been, is currently, and will continue to provide post office box and retail services as a classified branch facility. FD at 2. The same mailing address and ZIP Code will continue to be used. *Id.* at 1.<sup>6</sup>

The South International Falls, Minnesota 56679 post office is located in the incorporated town of International Falls, Minnesota located in Koochiching County, Minnesota. AR FD at 2.<sup>7</sup> It is an EAS Level-55 post office providing service to 90 Post Office Box delivery customers. FD at 1. There are no permit mailers or postage meter customers. AR Item No. 9. *Id.* There are no delivery routes from the location. *Id.*

The South International Falls postmaster was promoted in 1989 and the non-career OIC (Officer-in-Charge) was separated when the post office was suspended in 1989. No other employee will be affected. FD at 2. The area is comprised of retirees,

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<sup>4</sup> United States Postal Service Comments Regarding Appeal, October 31, 2011.

<sup>5</sup> The Final Determination states that the suspension occurred in 1989. FD at 2.

<sup>6</sup> The Proposal dated August 21, 2009 states: "The Proposal is written to correct the official status of the South International Falls office in the Address Management System and Facilities Database. Currently, the office is listed as an independent post office, when in fact it has operated as a classified branch since 1988." AR Item No. 10 at 4.

<sup>7</sup> The Administrative Record does not label the Item Number of the Final Determination. It is referenced here only as "FD."

commuters, and workers in local businesses. *Id.* The International Falls post office offering regular retail services is located one-half mile away. *Id.* AR Item No. 9.

Window service at the South International Falls post office was provided 32 hours per week Monday through Friday from approximately 9:00 a.m. to 4:00 p.m. and on Saturdays from approximately 9:00 a.m. to 11:00 a.m. FD at 1. The lobby was open approximately Monday through Friday 8:00 a.m. to 4:00 p.m. and Saturday from 8:00 a.m. to 11:00 a.m. AR Item No. 9. Currently, service is provided nine hours per week, Monday through Saturday 11:30 a.m. to 1:00 p.m. FD at 1. Office receipts for FY 1986 through FY 1988 are unknown. AR Item No. 9 at 2. The annual cost of leasing the building is \$9,360.00. FD at 2. According to the Postal Service, the estimated annual savings associated with the closing is \$11,935. *Id.*

There are no records of a Workload Service Credit analysis, mail survey, or Window Transaction Survey. AR Item No. 4 (Memo to Record). There is no record of a community survey. AR Item No. 5 (Memo to Record). There is only a recollection by Postal Service employees and customers of a community meeting in the fall of 1988, but no record of a notice to customers to obtain their concerns. AR Item No. 7 (Memo to Record).

On August 31, 2009, the Proposal to close the South International Falls post office was posted. The Proposal was removed November 2, 2009. AR Item No. 17, FD at 1. No comments were received. FD at 1.

The Final Determination signed by the Vice President of Delivery and Post Office Operations was posted at the South International Falls post office on August 11, 2011, and removed September 12, 2011. AR Last Item-FD Cover. The Final Determination concludes that the advantages outweigh the disadvantages. FD at 3.

### III. POSITIONS OF THE PARTIES

#### A. The Petitioners

Several letters from Concerned Citizens were received indicating that they are under the impression the Postal Service is closing the South International Falls facility. They object that the nearby alternative International Falls post office is overcrowded and has limited parking. They are concerned about the loss of jobs if the post office closes. Petitioner Gartzke questions whether there are a sufficient number of post office boxes at the International Falls post office. Neither Petitioner has filed a Commission Form 61, Participant Statement or other pleading in support of the appeal..

#### B. The Postal Service

The Postal Service sees Petitioner's objection as raising three issues: (1) the effect on postal services, (2) the impact on the South International Falls community; and (3) the impact on employees. The Postal Service claims it gave serious consideration to these issues. Postal Service Comments at 1.

The Postal Service argues that it has followed the proper procedures. In 1988 questionnaires were distributed. Postal Service Comments at 3; AR Item No. 10. In 1988 there was a community meeting. *Id.* The postings of the Proposal and Final Determination provided appropriate notice. *Id.* The Postal Service considered the effect of the closing on the availability of postal services and on the community, the economic savings of the closing, the effect on postal employees and other factors consistent with the mandate of 39 U.S.C. § 404(d)(2)(A). After formal closing there will no change in the service available to customers. *Id.* at 4. Regular and effective service will continue in the community. *Id.* The Postal Service concludes that it has determined the advantages outweigh the disadvantages and that effective and regular service will continue to be provided to the South International Falls post office customers. The

Comments conclude that the Postal Service's decision should be affirmed. Postal Service Comments at 7.

#### IV. STANDARD OF REVIEW AND APPLICABLE LAW

##### A. Standard of Review

The PAEA delegates to the Commission the authority to review post office closings pursuant to 39 U.S.C. §404(d)(5). That section requires the Commission to review the Postal Service's determination to close a post office on the basis of the record that was before the Postal Service. The Commission shall set aside any determination, findings, and conclusions found 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 on the record.

The Commission may affirm the Postal Service's determination or order the entire matter returned to the Postal Service for further consideration, but it may not modify the Postal Service's determination.

##### B. The Law Governing Postal Service Determinations

Prior to making a determination to close or consolidate a post office, 39 U.S.C. §404(d)(1) requires that the Postal Service shall provide adequate notice of its intention at least 60 days prior to the proposed date of such action to persons served by such post office to insure they have an opportunity to present their views. The Postal Service's rules require posting of the Final Determination for at least 30 days. 39 CFR 241.3(g)(1)(ii).

In addition, prior to making a final determination to close or consolidate a post office, the Postal Service is required by 39 U.S.C. §404(d)(2) to consider: (i) the effect of the closing on the community served; (ii) the effect on the employees of the Postal Service employed at the office; (iii) whether the closing is consistent with the Postal

Service's provision of "a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;" (iv) the economic savings to the Postal Service due to the closing; and (v) such other factors as the Postal Service determines are necessary. See 39 U.S.C. §404(d)(2)(A). The Postal Service is also precluded from considering compliance with provisions of the Occupational Safety and Health Act of 1970, 29 U.S.C. 651, *et seq.* See 39 U.S.C. §404(d)(2)(B).

The Postal Service's final determination must be in writing, address the aforementioned considerations, and be made available to persons served by the post office. 39 U.S.C. §404(d)(3). The Postal Service is prohibited from taking any action to close a post office until 60 days after its final determination is made available to persons served by such post office. 39 U.S.C. §404(d)(4).

The Postal Service also has regulations prescribing its requirements for closing post offices. 39 CFR 241.3.

## V. ADEQUACY OF THE POSTAL SERVICE'S FINAL DETERMINATION

After review of the Postal Service's Final Determination, the materials in the Administrative Record, the contentions presented by the Petitioners, and the Postal Service's Comments, the Public Representative believes that the Postal Service's decision should be affirmed.

*Effect on the community and service to the community.* Among the advantages of the closing listed by the Postal Service is the maintenance of a retail outlet in the community, the use of the same address by customers, and retail service will remain the same as that provided by an independent post office.

Postal Service records and public listings have continued to designate the facility as a post office, but the facility has operated *de facto* as a classified branch of the International Falls post office. Although no community meeting was held recently and customers concerns were not recently collected, notice of the changes have occurred through the daily operations of the facility over many years. AR Item No. 10 at 4.

Petitioners do not object about a lack of community meeting or opportunity to provide input into the decision. The Postal Service admits that the window service hours of the post office have been reduced as workload has decreased, but none of the Petitioners objects to the reduced window service hours at the classified branch.

The concerns raised by Petitioners about the loss of Postal Service jobs or the inconveniences at the International Falls post office are not applicable in this case where there will be no change in the current operation of the South International Falls facility. Designating the South International Falls post office as a classified branch facility will not impact the service currently provided to those customers which has been provided for the last 23 years. FD at 1; Postal Service Comments at 2.

There may be some concern that, as a classified branch, the facility could be closed more readily in the future than a post office could be closed. The Postal Service has taken the position that a branch office closing is not subject to appeal to this Commission. The Commission continues to contend a branch office closing is subject to appeal to the Commission. In any event, the Postal Service's new rules for facility closings, effective July 14, 2011, will apply to branches as well as post offices and the Postal Service will allow appeals to the Commission of branch closings to proceed to decision.<sup>8</sup> Procedures are therefore available to customers to protect against future arbitrary closing of this classified branch office.

The Public Representative concludes that the Postal Service has considered the effect on the community and will continue to provide maximum effective and efficient service.

*Economic Savings:* The Postal Service's estimate of savings in this case is strongly impacted by the estimated savings in "Postmaster Salary (EAS-55, no COLA)" of \$23,025.60, and fringe benefits of 33.5 percent, or \$7,713.58. In addition, annual rental costs of \$9,360.00 are estimated as savings, yielding a total annual cost savings estimate of \$40,099.18. FD at 2.

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<sup>8</sup> 39 CFR 241.3(a)(1). See 76 FR 41414-5,

The Postal Service offsets the estimated savings by the added cost of replacement service estimated to be \$28,164.00. This amount most likely includes the annual cost of rent. Because the facility will continue to operate and presumably continue to be rented at the same rate, the savings in rental costs included in the first estimate and the additional cost of rent included in the second estimate will offset each other. The Postal Service has considered the economic savings of the closing.

*Effect on employees.* The Postal Service states there will no effect on employees other than the loss of a postmaster position that has not been filled since 1989. FD 2. The Postal Service has considered the effect on the employees.

## VI. CONCLUSION

For the above reasons, the Postal Service Final Determination meets all of the requirements of 39 U.S.C. §404(d) and the decision of the Postal Service to close the South International Falls, Minnesota post office should be affirmed.

Respectfully Submitted,

Kenneth E. Richardson  
Public Representative

901 New York Avenue, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6859; Fax (202) 789-6891  
richardsonke@prc.gov