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

In the Matter of: Canehill Post Office Canehill, AR 72717 (Pat Sellers and T.A. Sampson, Petitioners)	Docket No. A2012-20

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(December 12, 2011)

On October 18, 2011, the Postal Regulatory Commission (the "Commission") received an appeal postmarked October 6, 2011, from postal customer Ms. Pat Sellers ("Petitioner Sellers") objecting to the discontinuance of the Post Office at Canehill, Arkansas (the "Canehill Post Office").[1] By means of Order No. 924, dated October 24, 2011, the Commission docketed the letter, assigning PRC Docket No. A2012-20 as an appeal pursuant to 39 U.S.C. § 404(d). In accordance with Order No. 924, the administrative record was filed with the Commission on November 2, 2011. On October 28, 2011, the Commission docketed a letter received from Ms. T.A. Sampson ("Petitioner Sampson"). Petitioner Sampson filed a Participant Statement in support of the petition on November 21, 2011, and Petitioner Sellers filed a Participant Statement in support of the petition on December 6, 2011. On December 7, 2011, the Postal Service filed an addendum to the administrative record.

The letters of appeal and Participant Statements raise numerous issues which can be categorized within the three groups of: (1) the impact on the provision of postal services, (2) the impact upon the Canehill community, and (3)

[1] This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

the calculation of expected economic savings. As reflected in the administrative record of this proceeding and consistent with the Postal Service's statutory obligations and Commission precedent,[2] the Postal Service gave each of 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 impact upon postal employees. Accordingly, the determination to discontinue the Canehill Post Office should be affirmed.

Background

The Final Determination To Close the Canehill, AR Post Office and Continue to Provide Service by Highway Contract Route Service ("Final Determination" or "FD"),[4] as well as the administrative record, indicate that the Canehill Post Office provides EAS-55 level service to 19 delivery customers, 50 Post Office Box or general delivery customers, and to retail customers from 8:30 a.m. to 3:00 p.m. Monday through Friday, and from 8:30 a.m. to 12:00 p.m. on Saturdays.[5] The Postmaster of the Canehill Post Office passed away on October 16, 2009.[6] Since the Postmaster vacancy arose, a non-career employee was installed as an officer-in-charge ("OIC") to operate the Canehill Post Office. The employee serving as the OIC may be separated from the Postal Service,

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[2] *See* 39 U.S.C. 404(d)(2)(A).
[3] *Id*.
[4] The Final Determination can be found at Item 47 in the administrative record. All citations to the Final Determination will be to "FD at _," rather than to Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as "Item _."
[5] FD at 2; Item 18, Form 4920 at 1; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[6] *Id.*

although attempts will be made to reassign her to an authorized position at a nearby facility.[7] The average number of daily retail window transactions at the Canehill Post Office is 3, accounting for 3 minutes of retail workload daily.[8] Revenue for the last three years has declined: $15,318 in FY 2008; $10,284 in FY 2009; and $7,905 in FY 2010.[9]

Upon implementation of the Final Determination, delivery and retail services will be provided by Highway Contract Route Service ("HCR") administered by the Lincoln Post Office, an EAS-18 level office, located 4.0 miles away, which has 571 unassigned Post Office Boxes.[10] This service will continue upon implementation of the Final Determination.

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Canehill 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 Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Canehill Post Office.[11] Questionnaires were also available over the counter for retail customers at the Canehill Post Office.[12] A letter from Postal Operations Program Support, Little Rock, Arkansas was also made available to postal customers, which advised customers that the Postal Service was evaluating

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[7] FD at 5; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.
[8] FD at 2; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[9] FD at 4; Item 18, Form 4920; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.
[10] FD at 2; Item 18, Form 4920; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[11] Item 20, Questionnaire Instruction Letter.
[12] *Id.*

whether the continued operation of the Canehill Post Office was warranted, and that effective and regular service could be provided through HCR delivery and retail services available at the Lincoln Post Office.[13] The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service that they were receiving and the effects of a possible change involving HCR delivery. Ninety-four customers returned questionnaires, and the Postal Service responded.[14] In addition, representatives from the Postal Service were available at the Old Canehill College Building for a community meeting on June 22, 2011, to answer questions and provide information to customers.[15] Forty-four customers attended.[16] Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Canehill Post Office and the Lincoln Post Office[17] for 60 days beginning June 29, 2011, and ending August 30, 2011.[18]

One customer returned comments in response to the "Invitation for Comments" after the Proposal was posted.[19] The Postal Service was unable to respond because the commenter provided no address.[20] The Final Determination

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[13] Item 21, Cover Letter for Questionnaire.
[14] Item 22, Returned Questionnaires and Postal Service Response Letters; Item 23, Analysis of Questionnaires.
[15] Item 26, Community Meeting Letter.
[16] Item 24, Community Meeting Roster; Item 25, Community Meeting Analysis.
[17] The Lincoln Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). *See* Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=
[18] Item 31, Instructions to Post Proposal; Item 32, Invitation for Comments; Item 33, Proposal.
[19] Item 34, Comment Form.
[20] Item 38, Proposal Comments and Postal Service Response Letters.

was posted at the Canehill and Lincoln Post Offices beginning on September 29, 2011 and ending October 31, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Items 47 and 52. In light of a Postmaster vacancy; minimal workload; declining revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings, the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Canehill community in a cost-effective manner upon implementation of the final determination.

Analysis

Each of the issues raised by the 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 closing the Canehill Post Office on postal services provided to Canehill customers. The closing is premised upon providing regular and effective postal services to Canehill customers.

Petitioners expressed specific concerns regarding mail security and postal services for seniors. These same concerns, in addition to others, were also raised by other Canehill customers in response to questionnaires, at the

community meeting, and in comments to the proposal.[21] These concerns were considered by the Postal Service alongside other issues pertaining to the impact of closing the Canehill Post Office upon the provision of postal services to Canehill customers.[22]

As explained throughout the administrative record, customers will not have to travel to nearby Post Offices for most transactions. HCR carriers can perform many functions (at the same time that the carrier delivers the mail) that will avert the need for Canehill Post Office customers to go to any Post Office, Lincoln or otherwise.[23] Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or cluster box units.[24] Customers do not have to make a special trip to the Post Office for service. Stamps by Mail and Money Order Application forms are available for customer convenience, and stamps are also available at many stores and gas stations, online at usps.com, or by calling 1-800-STAMP-24.[25] Customers can also request special services, such as Certified, Registered, or Express Mail, Delivery Confirmation, Signature Confirmation, and COD from the carrier.[26]

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[21] Item 22, Returned Questionnaires and Postal Service Response Letters; Item 25, Community Meeting Analysis; Item 38, Proposal Comments and Postal Service Response Letters.
[22] FD at 2-5; Item 22, Returned Questionnaires and Postal Service Response Letters at 1; Item 33, Proposal at 2-4; Item 41, Proposal (Revised) at 2-4.
[23] FD at 2-4 Item 33, Proposal at 2-4; Item 41, Proposal (Revised) at 2-4.
[24] FD at 2; Item 22, Returned Questionnaires and Postal Service Response Letters at 1; Item 23, Analysis of Questionnaires at 2; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[25] *Id.*
[26] FD at 2; Item 22, Returned Questionnaires and Postal Service Response Letters at 1; Item 23, Analysis of Questionnaires; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.

Further, the record explains that carrier service is beneficial to many senior citizens and those who face special challenges because they do not have to travel to the Post Office for service.[27] When packages do not fit in the customers' mail box, the carrier will deliver the package up to ½ mile off the line of travel, at a designated place, such as the customer's porch or under carport.[28] In hardship cases, delivery can be made to the home of a customer.[29]

Petitioners raise several concerns regarding mail security, including that some mailboxes on the rural routes are not safe for mail delivery because of theft. The Postal Service explained, however, that customers may place a lock on their mailboxes as long as the mailbox has a slot large enough to accommodate the customer's normal daily volume of mail.[30] If the customer chooses to lock the mailbox, the Postal Service will not accept a key for and will not open the customer's mailbox.[31] As part of the discontinuance process, a questionnaire was sent to the US Postal Inspection Service concerning mail theft and vandalism in the Canehill Post Office area.[32] Postal Inspection Service records indicate that there has not been any report of mail theft or vandalism of mailboxes in the area.[33] The Postal Service is vigilant to mail theft and vandalism and will provide services to Canehill Post Office customers to help ensure mail security.

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[27] *See generally*, FD at 2; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[28] *See* Postal Operations Manual § 617.22.
[29] *See* Postal Operations Manual § 631.42.
[30] FD at 2; Item 25, Community Meeting Analysis; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.
[31] *Id.*
Item 14, Inspection Service Vandalism Reports.
[33] *Id.*

Petitioner Sellers raises concerns about the winter weather making it difficult for customers, and especially seniors, to get to the Lincoln Post Office. The Postal Service is cognizant of the difficulty of travel in poor weather conditions, which makes the ability for customers to transact postal business with their HCR carrier at their mailbox more appealing. While the difficulties of winter weather can never be eliminated, the previously addressed services provided by HCR carriers, as opposed to customers having to travel to Post Offices, mitigate Petitioner Seller's concerns.

Thus, the Postal Service has properly concluded that all Canehill customers will continue to receive regular and effective service via HCR service.

Effect on Community

The Postal Service is obligated to consider the effect of its decision to close the Canehill Post Office upon the Canehill community.[34] 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.

Canehill is an unincorporated rural community located in Washington County. The community is administered politically by the Washington County Judge's Office. Police protection is provided by the Washington County Sheriff's Department. Fire protection is provided by the Lincoln Fire Department.[35] The questionnaires completed by Canehill customers indicate that, the community is

[34] 39 U.S.C. § 404(d)(2)(A)(i).
[35] FD at 3; Item 16, Community Survey Fact Sheet; Item 33, Proposal at 3; Item 41, Proposal (Revised) at 3.

comprised of retirees, farmers, and those who commute to work in nearby communities.[36] The town has three businesses and one church.[37]

Petitioner Sampson raises concerns that the discontinuance of the Canehill Post Office will result in a loss of identity for the community. Other community members raised similar concerns during the discontinuance process, and the Postal Service is cognizant of the importance of the Canehill Post Office to members of the community and extensively considered those issues, as reflected in the administrative record.[38]

In response to the concern over community identity, the Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name, and that Canehill customers would be able to retain the Canehill name and ZIP Code in addresses.[39] Additionally, the Postal Service noted that residents may continue to meet informally, socialize, and share information at other businesses, churches, and residences in town.[40]

Nonetheless, the Postal Service determined that its customers could continue to receive effective postal services elsewhere. Communities generally require regular and effective postal services and these will continue to be provided to the Canehill community. In addition, the Postal Service has

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[36] *See generally* FD at 3; Item 22, Returned Questionnaires and Postal Service Response Letters; Item 33, Proposal at 3; Item 41, Proposal (Revised) at 3.
[37] FD at 3; Item 18, Form 4920; Item 33, Proposal at 3; Item 41, Proposal (Revised) at 3.
[38] FD, at 3; Item 22, Returned Questionnaires and Postal Service Response Letters at 1; Item 23, Analysis of Questionnaires at 2; Item 25, Community Meeting Analysis; Item 33, Proposal at 3; Item 41, Proposal (Revised) at 3.
[39] *Id.*
[40] *Id.*

concluded that non-postal services provided by the Canehill Post Office can be provided by the Lincoln Post Office.

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 closing the Canehill Post Office on the community served by the Canehill Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that HCR service would cost the Postal Service substantially less than maintaining the Canehill Post Office and would still provide regular and effective service.[41] The estimated annual savings associated with discontinuing the Canehill Post Office are $45,599.[42] There is a possibility that this savings could be reduced slightly if the Postal Service decided to provide Cluster Box Units, at a one time cost of $3,100 for 4 units.[43] If current P.O. Box customer chose to utilize HCR delivery instead of opting for a P.O. Box at the Lincoln Post Office, delivery costs would increase by a maximum of $815 per year.[44] The first year savings will be reduced by $12,600 with a one time lease buyout payment.[45] Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as

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[41] FD at 4; Item 21, Cover Letter for Questionnaire; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.
[42] FD at 4; Item 29, Proposal Checklist at 2; Item 33, Proposal at 5; Item 41, Proposal (Revised) at 4.
[43] Item 52, Memo to Record at 1-2.
[44] *Id.*
[45] *Id.*

required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).

Petitioner Sampson notes that the Postal Service has already reduced costs at the Canehill Post Office by operating with a non-career OIC rather than a Postmaster. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; the fact that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Canehill Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would ultimately have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Thus, the Postmaster Salary and Fringe Benefits calculations in the Final Determination accurately reflect the future annual savings of discontinuing the Canehill Post Office.

Petitioner Sampson questions whether the Postal Service's decision to discontinue the Canehill Post Office is consistent with the provisions 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 Canehill Post Office, including a Postmaster vacancy; minimal workload; declining revenue; the variety of delivery and retail options (including the convenience of rural delivery and retail service); no projected population, residential, commercial, or business growth in the area; minimal impact upon the

community; and the expected financial savings[46] 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 to rural areas, communities, and small towns where post offices are not self-sustaining." The Postal Service's view is that the "maximum degree" obligation in section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and economically.[47] In this case, the Postal Service analyzed, among other factors, the Canehill Post Office's workload and revenue.[48] 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 then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with delivery service in the absence of the Post Office, and the answer was affirmative.[49]

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[46] FD at 2-5; Item 18, Form 4920; Item 33, Proposal, at 2-4; Item 41, Proposal (Revised) at2-4.
[47] *See* Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a).
[48] *Id.*
[49] FD at 5; Item 15, Post Office Fact Sheet; Item 18, Form 4920; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.

Petitioner Sampson proposes various operations changes that the Postal Service should implement instead of closing the Canehill Post Office, including elimination of Saturday delivery and using split shifts. The Postal Service has broad experience with and investigated similar options. However, in this case, it has determined that carrier service, coupled with service at the nearby Lincoln Post Office, is a more cost-effective solution than maintaining the Canehill Post Office and a career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

The Postal Service determined that HCR route service is more cost-effective than maintaining the Canehill postal facility and postmaster position.[50] 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 closing, consistent with its statutory obligations and Commission precedent.[51]

Effect on Postal Employees

As documented in the record, the impact on postal employees is minimal. The Postmaster passed away on October 16, 2009.[52] A non-career employee was installed as the temporary OIC. The non-career employee serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to an authorized position at a nearby facility.[53] The

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[50] FD at 5; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.
[51] *See* 39 U.S.C. § 404(d)(2)(A)(iv).
[52] *Id.*
[53] FD at 5; Item 15, Post Office Fact Sheet at 1; Item 33, Proposal at 4; Item 41, Proposal (Revised) at 4.

record shows that no other employee would be affected by this closing.[54] Therefore, in making the determination, the Postal Service considered the effect of the closing on the employee at the Canehill Post Office, consistent with its statutory obligations.[55]

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Canehill Post Office on the provision of postal services and on the Canehill community, as well as the economic savings that would result from the proposed closing, 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 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 Canehill customers.[56] The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accordance with the policies stated in 39 U.S.C. § 404(d)(2)(A).

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[54] *Id.*
[55] *See* 39 U.S.C. § 404(d)(2)(A)(ii).
[56] FD at 2.

Accordingly, the Postal Service respectfully requests that the determination to close the Canehill Post Office be affirmed.

Respectfully submitted,

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