

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

In the Matter of:
New Hampton Post Office
New Hampton, Missouri 64771

Docket No. A2012-13

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

On October 17, 2011 the Postal Regulatory Commission (Commission) received an appeal postmarked September 29, 2011, from postal customer Darrol Lofgren (Petitioner) objecting to the discontinuance of the Post Office at New Hampton, Missouri. On October 20, 2011, the Commission issued Order No. 914, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 914, the administrative record was filed with the Commission on November 1, 2011 but was determined to be incomplete. A subsequent erratum with a complete Administrative Record was filed with the Commission on November 17, 2011. The Commission received an additional written communication objecting to the discontinuance of the New Hampton Post Office from postal customer Serena Naylor on October 25, 2011. The Petitioner subsequently filed a Petitioner's Statement on November 7, 2011, and Ms. Naylor also did so on November 15, 2011.¹

The appeal received by the Commission on October 17 from Petitioner and the objection received from Ms. Naylor on October 25 generally raise four main issues: (1)

¹ Petitioner states that her initial letter filed with the Commission was not posted at the New Hampton Post Office. The undersigned counsel has confirmed with responsible personnel that the documents filed by Petitioner have been posted, and are available for customers' review.

the effect on postal services, (2) the impact upon the New Hampton community, (3) the calculation of economic savings expected to result from discontinuing the New Hampton Post Office, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. Accordingly, the determination to discontinue the New Hampton Post Office should be affirmed.

Background

The Final Determination To Close the New Hampton, MO Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the New Hampton Post Office provides EAS-55 level service to 39 Post Office Box customers, no general delivery customers, and retail customers 34.5 hours per week.² The postmaster of the New Hampton Post Office retired on March 31, 2009, and a temporary officer-in-charge (OIC) was installed. Upon implementation of the final determination, the OIC, a non career postmaster relief may be separated from the Postal Service.³ The average number of daily retail window transactions at the New Hampton Post Office is 13. Revenue has generally been low: \$14,498 (38 revenue units) in FY 2008; \$15,036 (39 revenue units) in FY 2009; and \$14,688 (38 revenue

² Final Determination to Close the New Hampton, MO Post Office and Establish Service by Rural Route Service ("FD") at 2 (p. 372); Item No. 18, Post Office Closing Proposal Fact Sheet ("Fact Sheet") at 1 (p. 42). In these comments, specific items in the administrative record are referred to as "Item ____." Because of the size of the administrative record totaling 414 pages, the pages of such administrative record have been numbered in order at the bottom of each page, and such pages are indicated in parentheses in each footnote.

³ FD at 2, 7 (pp. 372, 380); Fact Sheet at 1 (p. 42); Item No. 33, Proposal to Close the New Hampton, MO Post Office and Establish Service by Rural Route Service ("Proposal"), at 2, 10 (pp. 291, 299).

units) in FY 2010.⁴ The New Hampton Post Office has one meter customer and one permit customer.⁵

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery to roadside boxes⁶ administered by the Albany Post Office, an EAS-18 level office located approximately eight miles away, which has 61 available Post Office Boxes.⁷ Retail Service is also available at the Martinsville Post Office,⁸ an EAS-51 level office located approximately seven miles from the New Hampton Post Office.⁹

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the New Hampton 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 235 delivery customers surrounding the New Hampton Post Office. Questionnaires were also available over the counter for retail customers at New Hampton.¹⁰ A letter

⁴ FD, at 2 (p. 372); Fact Sheet, at 1 (p. 42); Proposal, at 2 (p. 291).

⁵ Fact Sheet, at 1 (p. 42).

⁶ The Postal Service is considering the use of Cluster Box Units (CBUs) as an alternative to roadside box delivery, but has not made a final determination on this consideration.

⁷ FD at 2 (p. 372); Fact Sheet, at 1 (p. 42); Proposal, at 2 (p. 291).

⁸ Petitioner notes that a nearby Post Office is being evaluated for discontinuance. While the Martinsville Post Office is listed as part of the Retail Access Optimization Initiative, it is not clear that the location ultimately will be closed. Moreover, the Martinsville Post Office is not slated to serve as the administrative office for New Hampton residences.

⁹ Petitioner states that the distances of both the Albany Post Office and the Martinsville Post Office are not seven miles from the New Hampton Post Office, FD at 2 (p. 372). The Albany Post Office is located 8.1 miles from the New Hampton Post Office and the Martinsville Post Office is 7.3 miles from the New Hampton Post Office; Item 7 at 1-4 (pp. 19-22), however, both alternative locations are located less than seven miles from many New Hampton residences.

¹⁰ FD at 2 (p. 788); Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at New Hampton Post Office (p. 44).

from the Manager, Post Office Operations, Kansas City, Missouri was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the New Hampton Post Office was warranted, and that effective and regular service could be provided. Such letter also set forth a meeting at the New Hampton Fire Department, which was held on June 8, 2011.¹¹ The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery.¹² The returned customer questionnaires and Postal Service response letters appear in the administrative record.¹³ An analysis of these response letters was performed.¹⁴ In addition, representatives from the Postal Service were available at the New Hampton Fire House for a community meeting on June 8, 2011, to answer questions and provide information to customers.¹⁵ Customers also received formal notice of the Proposal and potential FD through postings at the New Hampton Post Office and nearby facilities. The Proposal was posted with an invitation for public comment at the New Hampton, Albany, and Martinsville Post Offices from June 22, 2011 to August 23, 2011.¹⁶ The FD was posted at the New Hampton,

¹¹ Letter from Jacque Leslie, Manager, Post Office Operations, Kansas City, MO Item 21 at 1 (p. 45).

¹² Item 21 at 1-3 (pp. 45-47).

¹³ Customer Questionnaires returned or collected (pp. 48-272).

¹⁴ Postal Service Customer Questionnaire Analysis, Item 23 at 1-3 (pp. 273-75).

¹⁵ FD at 2 (p. 372); Item No. 21, Letter to Customer, at 1 (p. 45); Item No. 24, Community Meeting Roster at 1-3 (pp. 276-78); Item No. 25, Community Meeting Analysis (pp. 279-81); Proposal, at 2 (p. 291).

¹⁶ Item 32, Invitation for comments at 1 (p. 289); also see round date stamp cover sheets and invitations (pp. 303-08)

Albany, and Martinsville Post Offices starting on September 28, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.¹⁷

In light of the postmaster vacancy, minimal workload, low office revenue,¹⁸ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹⁹ very little recent growth in the area,²⁰ minimal impact upon the community, and the expected financial savings,²¹ the Postal Service issued the FD.²² Regular and effective postal services will continue to be provided to the New Hampton community in a cost-effective manner upon implementation of the final determination.²³

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

The Petitioners, raise the issue of the effect on postal services as a result of the New Hampton Post Office's closing, noting the convenience of the New Hampton Post Office and requesting its retention. They express particular concern about the effect the

¹⁷ FD at 1 (pp. 385-87). This discontinuance action was processed under former Handbook PO-101.

¹⁸ See FD Generally at 1-12 at 371-82.

¹⁹ FD at 9 (p. 379); Proposal, at 8 (p. 297).

²⁰ FD at 10 (p. 380); Community Survey Sheet (p. 39).

²¹ FD at 11 (pp. 381); Proposal at 10 (p. 299).

²² FD at 1-12 (pp. 371-382).

²³ FD at 8-9 (pp. 378-79).

closing will have on New Hampton's senior citizens, economically disadvantaged residents, farmers, and businesses. These concerns were considered by the Postal Service. In particular, the Postal Service explained that businesses will continue to receive regular and effective postal services.²⁴ With regard to senior citizens, the Postal Service explained that services provided at the New Hampton Post Office will be available through the Rural Carrier, and has made clear that special provisions will be made for hardship cases or special customer needs.²⁵

Petitioners also question the ability to send packages. The effect of the closing of the New Hampton Post Office on the shipping of packages was also given extensive consideration.²⁶ Although roadside box delivery is expected at this time, 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 service.²⁷ CBUs provide the security of individually locked mail compartments, which was a specific concern voiced by individuals from the New Hampton community.²⁸ Parcel lockers provide convenient parcel delivery for customers.²⁹ Rural Carrier service provides the customers of New Hampton with the ability to perform most transactions currently available at the New Hampton Post Office.³⁰ Through Stamps by Mail and Money Order Application forms, most

²⁴ FD at 7 (p. 377); Proposal at 5 (p. 294).

²⁵ FD at 3-4, 6 (p. 373-4, 376); Proposal at 2-5 (pp. 291-94).

²⁶ FD at 2, 5, 9 (pp. 372, 375, 379); Proposal at 2-4 (pp. 291-293).

²⁷ FD at 9 (p. 379). The coordinator is considering the possible use of CBUs at this time.

²⁸ FD at 9 (p. 379); Proposal at 8 (p. 297).

²⁹ FD at 9 (p. 379); Proposal at 8 (p. 297).

³⁰ FD at 8-9 (pp. 378-79) Proposal at 7-8 (pp. 296-97).

transactions do not require customers to meet the carrier at the mailbox.³¹ Various options exist for the shipping of packages, which are explained on www.usps.com. If internet access is available, the Postal Service's Click-N-Ship service enables customers to print shipping labels with postage for Express Mail and Priority Mail. Carrier pickup is available, which allows for scheduling the pickup of packages at the same time the carrier delivers the mail.³² In addition, the Postal Service explained that the Albany and Martinsville Post Offices can provide answers to questions about possible options for the shipping of packages from a New Hampton address.³³

Petitioners also question the carrier's workload and the time of delivery on the rural route. Specifically, Petitioners question whether the carrier will deliver late in the day. The record explains, however, that the Postal Service carefully monitors mail volume to determine and correct any delays in mail delivery, and that rural carriers are required to serve the route expeditiously and arrive at boxes at about the same time each day.³⁴

The Postal Service has considered the impact of closing the New Hampton Post Office upon the provision of postal services to New Hampton customers. Rural route delivery to CBUs installed on the carrier's line of travel provides similar access to retail service, thereby alleviating the need to travel to the Post Office for most transactions.³⁵ Thus, the Postal Service has properly concluded that all New Hampton customers will

³¹ FD at 8-9 (pp. 378-79).

³² FD at 5 (p. 375).

³³ FD at 2 (p. 372); Item No. 23, Postal Customer Questionnaire Analysis, at 2 (p. 274) (discussing the assistance that can be provided by both the administrative Post Office and the carrier).

³⁴ FD at 7,8 (pp. 377-78).

³⁵ FD at 9 (p. 379); Proposal at 8 (p. 297).

continue to receive regular and effective service via rural route delivery to CBUs installed on the carrier's line of travel.

Effect upon the New Hampton Community

The Postal Service is obligated to consider the effect of its decision to close the New Hampton Post Office upon the New Hampton 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.

New Hampton is an unincorporated community located in Harrison County.³⁶ The community is administered politically by the Harrison County Courthouse, police protection is afforded by the Harrison County Sheriff, and Fire Protection is provided by the New Hampton Fire Department. The community is comprised of retired persons, self-employed individuals, farmers and those who commute to work at nearby communities and local businesses.³⁷

The Petitioners raise the issue of the effect of the closing of the New Hampton Post Office upon the New Hampton community. This issue was extensively considered by the Postal Service, as reflected in the administrative record.³⁸ The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name.³⁹ Communities generally require regular and

³⁶ FD at 9 (p. 379); Proposal at 8 (p. 297).

³⁷ FD at 9 (p. 379); Proposal at 8 (p. 297).

³⁸ FD at 9 (p. 379); Proposal at 8 (p. 297).

³⁹ FD at 6 (p. 376) (noting that the community will retain Post Office name and ZIP code).

effective postal services and these will continue to be provided to the New Hampton community. Despite no indication of growth in New Hampton, carrier service is expected to be able to handle any future growth in the community, and there is no indication that the business community will be affected adversely.⁴⁰ The Postal Service noted that questionnaires received from residents of New Hampton indicated that they would continue using local businesses even if the New Hampton Post Office was discontinued.⁴¹

In addition, the Postal Service has concluded that nonpostal services provided by the New Hampton Post Office can be provided by the Houston and Conway Post Offices. In addition, government forms usually provided by the Post Office are also available by contacting local government agencies.⁴²

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 New Hampton Post Office on the community.

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 rural route carrier service would cost the Postal Service substantially less than maintaining the New Hampton Post Office and would still provide

⁴⁰ It should be noted that the record indicates that there has been little or no and growth in this area is not expected in the future FD at 9-10 (pp. 379-80).

⁴¹ FD at 7 (p. 377).

⁴² FD at 9 (p. 379); Proposal at 8(p. 297).

regular and effective service.⁴³ The estimated annual savings associated with discontinuing the New Hampton Post Office are \$49,870.⁴⁴

Petitioners suggest that the Postal Service has not fairly assessed the savings in this instance, and suggest that the figures for the Postmaster Salary and fringe benefits are inflated and the cost of replacement service is undervalued. With regard to employee costs, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; 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 New Hampton Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster. Thus, the cost of a career EAS-55 position was appropriate to use in the calculations, because that figure represents the cost of maintaining a permanent position, which would eventually be filled with a career employee if the Post Office were not discontinued. With respect to the carrier cost, the Postal Service estimated the cost of replacement service at \$1,409 to account for an additional one mile of travel on the rural carrier's current route to deliver to 15 additional boxes.⁴⁵

The Postal Service's economic analysis also included consideration of the current lease costs. The lease will expire by its own terms in April of 2013 and the savings will continue from that point forward. Therefore, the inclusion of the lease costs

⁴³ See generally, FD (pp. 371-382); Proposal at 10 (p. 299); Letter to Customers Item 21 at 1 (p. 45).

⁴⁴ FD at 11 (p. 381); Proposal at 10 (p. 299).

⁴⁵ Item 15 at 2 (p. 38).

in the economic analysis found in the administrative record was reasonably included in the economic savings calculation.⁴⁶

Petitioners challenge the FD on grounds that the small amount of savings that will be achieved by discontinuing the New Hampton Post Office. While the cost savings at issue here may seem insignificant to Petitioners, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together.

Petitioners offer other suggestions for cost reduction in lieu of discontinuing the New Hampton Post Office such as cutting management positions as well as management pay. Clearly, the Postal Service has taken and continues to take steps to cut management positions and lower overall salary costs through reorganization, but the focus of this administrative action concerns whether service can be provided effectively and efficiently to the New Hampton community. In this case, the Postal Service has determined that carrier service coupled with service at the nearby Albany Post Office is a more cost-effective solution than maintaining the New Hampton postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies,

⁴⁶ Post Office Survey Sheet, Item 15 at 1 (p. 37)

which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).⁴⁷

The Postal Service determined that rural carrier service is more cost-effective than maintaining the New Hampton postal facility and postmaster position.⁴⁸ 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. 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 of the New Hampton Post Office retired on March 31, 2009, and a temporary officer-in-charge (OIC) was installed. Upon implementation of the final determination, the OIC, a non career postmaster relief may be separated from the Postal Service.⁴⁹ The record shows that no other employee would be affected by this closing.⁵⁰ Petitioners express concern for the Postmaster Relief/Leave Replacement (PMR). The Postal Service did consider the impact of the closing on the PMR. However, the PMR who has served at the New Hampton Post Office was a noncareer employee. The Postal Service regrets any negative impact that this closing has on the PMR, but, as the record reflects, the Postal Service will make efforts to reassign her to

⁴⁷ FD at 11 (p. 381); Proposal at 10 (p. 299).

⁴⁸ FD at 11 (p. 381).

⁴⁹ FD at 2, 7 (pp. 372, 380); Fact Sheet at 1 (p. 42); Proposal at 2, 10 (pp. 291, 299).

⁵⁰ FD at 10 (p. 380); Proposal at 10 (p. 299).

another position nearby.⁵¹ The Postal Service understands and is sympathetic to the Petitioners' concern, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the Final Determination.

Petitioners express concern for the workload of the rural carrier. The carrier's compensation is based, in part, on time and volume, and thus the carrier is compensated for the additional deliveries to the New Hampton community.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the New Hampton 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 closing the New Hampton Post Office on the provision of postal services and on the New Hampton 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

⁵¹ FD at 4 (p. 374).

provide effective and regular service to New Hampton customers.⁵² 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). The Postal Service's decision to close the New Hampton Post Office should, accordingly, be affirmed. The Postal Service respectfully requests that the determination to close the New Hampton Post Office be affirmed.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business

William J. Trumpbour
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-3928; Fax -4997
william.j.trumbour@usps.gov
December 12, 2011

⁵² FD at 9 (p. 379).