

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

In the Matter of:
Swaledale Post Office
Swaledale, Iowa 50616

Docket No. A2012-52

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 29, 2011)

On November 4, 2011, the Postal Regulatory Commission (Commission) received an appeal filed by postal customer Kim Groh ("Ms. Groh") objecting to the discontinuance of the Post Office at Swaledale. Thereafter, on November 10, 2011, the Commission received an appeal from postal customer Scott Bonner ("Mr. Bonner") on behalf of the Friends of Swaledale. On November 14, 2011, a third appeal was filed by John Drury, Mayor of Swaledale ("Mr. Drury"). (Collectively, the Postal Service shall refer to Ms. Groh, Mr. Bonner, and Mr. Drury as "Petitioners.") On November 18, 2011, the Commission issued Order No. 983, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). A Participant Statement from Mr. Drury was filed on December 6, 2011, and Mr. Bonner filed a Participant Statement on December 15, 2011. The Postal Service filed a Motion for Late Acceptance of the Administrative Record and filed the Administrative Record on November 22, 2011, one business day beyond the original deadline.

The appeals and Participant Statements raise three issues concerning the discontinuance: (1) the impact on the provision of postal services, (2) the impact upon the Swaledale community, and (3) the calculation of economic savings expected to

result from discontinuing the Swaledale Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration and followed the legal procedure in determining to close the Swaledale Post Office. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Swaledale Post Office should be affirmed.

Background

The Final Determination To Close the Swaledale Post Office and Continue to Provide Service by Rural Route Service ("Final Determination" or "FD"),² as well as the administrative record, indicate that the Swaledale Post Office provides EAS-11 level service to 68 delivery customers, 84 post office boxers, and retail customers.³ The Postmaster of the Swaledale Post Office retired on April 3, 2007. Since the Postmaster vacancy arose, an officer-in-charge ("OIC") was installed to operate the office. At the time when the study was conducted and the Final Determination was reached, the noncareer postmaster relief ("PMR") was still serving as the OIC. The Postal Service may separate the employee from the Postal Service, although attempts will be made to

¹ See 39 U.S.C. § 404(d)(2)(A)(2011).

² 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 the item number. Note that the Final Determination is not paginated. The FD page number refers to the page number as if the title page was page number 1. Other items in the administrative record are referred to as "Item ____."

³ FD, at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1; Item No. 33, Proposal to Close the Swaledale, IA Post Office and Continue to Provide Service by Rural Route Service ("Proposal"), at 2.

reassign the employee to a nearby facility.⁴ The average number of daily retail window transactions at the Swaledale Post Office is approximately 16, accounting for 17 minutes of retail workload daily.⁵ Revenue is low: \$20,613 (54 revenue units) in FY 2008; \$18,964 (49 revenue units) in FY 2009; and \$19,909 (52 revenue units) in FY 2010.⁶

Upon implementation of the Final Determination, delivery and retail services will be provided by rural route service emanating from the Rockwell Post Office⁷, an EAS-16 level office located seven miles away, which has 153 available Post Office Boxes.⁸ This service will continue upon implementation of the Final Determination.⁹ Retail service will also be available at the Thornton Post Office which is six miles away and has 66 P.O. Boxes available.¹⁰

The Postal Service followed the proper procedures that led to the posting of the Final Determination.¹¹ Issues raised by the customers of the Swaledale Post Office were considered and properly addressed by the Postal Service.¹² 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

⁴ FD, at 9, 11; Item No. 33, Proposal, at 2, 11.

⁵ FD, at 2.

⁶ FD, at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁷ The Rockwell Post Office is not part of the candidate facilities in the RAOI list. See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1.

⁸ FD, at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁹ FD, at 2; Item No. 33, Proposal, at 2, 4.

¹⁰ FD, at 2.

¹¹ Mr. Bonner claims that there were errors and omissions in the “notice of closure.” These errors occurred in the initial proposal and were quickly caught by a lead investigator. The lead investigator corrected the errors, and the proposal was posted for an additional week. Aside from these initial errors, Mr. Bonner makes no specific allegations, so there is no need for further response.

¹² This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

were distributed to all delivery customers of the Swaledale Post Office.¹³

Questionnaires were also available over the counter for retail customers at Swaledale.¹⁴

A letter from the Manager of Post Office Operations, Cedar Rapids, Iowa was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Swaledale Post Office was warranted, and that effective and regular service could be provided through rural route services and retail services available at the Rockwell Post Office. 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 and retail services from Rockwell.¹⁵ The Postal Service distributed 152 questionnaires. Sixty customers returned questionnaires, and the Postal Service considered their concerns and addressed them in the Proposal.¹⁶ In addition, representatives from the Postal Service were available for a community meeting on June 13, 2011 to answer questions and provide information to customers; 48 customers attended.¹⁷ 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 Swaledale, Rockwell, and Thornton Post Offices for 60 days from

¹³ FD, at 2.

¹⁴ FD, at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Swaledale Post Office, at 1.

¹⁵ Item No. 21, Letter to Customer, at 1

¹⁶ Item No. 22, Returned customer questionnaires; Item No. 23, Customer Questionnaire Analysis; Item No. 33, Proposal, at 2-3.; FD, at 2. Although the letter at page 1 of Item 22 was not actually mailed to customers, it does reflect that the concerns raised in the questionnaires were considered by the Postal Service during the process.

¹⁷ FD, at 2; Item No. 24; Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at 2.

July 20, 2011 to September 20, 2011.¹⁸ One customer submitted comments.¹⁹ The Postal Service addressed those concerns in the Final Determination.²⁰ The Final Determination was posted at the Swaledale, Rockwell, and Thornton Post Offices beginning on October 17, 2011, as confirmed by the round-dated Final Determination cover sheets.²¹

In light of the postmaster vacancy; a minimal workload; low office revenue;²² the variety of delivery and retail options (including the convenience of rural route delivery and retail service);²³ no projected population, residential, commercial, or business growth in the area;²⁴ minimal impact upon the community; and the expected financial savings,²⁵ the Postal Service issued the Final Determination.²⁶ Regular and effective postal services will continue to be provided to the Swaledale community in a cost-effective manner upon implementation of the Final Determination.²⁷

The issues raised by the Petitioners are 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

¹⁸ FD, at 2; Item No. 36, Round Date Stamped Proposals Placeholder Form.

¹⁹ Item No. 38, Proposal Comments. Although the letter at page 1 of Item 38 was not actually mailed to customers, it does reflect that the Postal Service considered the concerns raised in the comments.

²⁰ FD, at 2-8.

²¹ Item No. 48, Headquarters acknowledgment of receipt of letter, at 2; FD, at 2.

²² See note 6 and accompanying text.

²³ FD, at 2, 8; Item No. 33, Proposal, at 2, 8.

²⁴ Item No. 16, Community Survey Sheet.

²⁵ FD, at 9-10; Item No. 18, Post Office Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 11.

²⁶ FD, at 11.

²⁷ FD, at 2.

the Swaledale Post Office on postal services provided to Swaledale customers. The closing is premised upon providing regular and effective postal services to Swaledale customers. The Postal Service has considered the impact of closing the Swaledale Post Office upon the provision of postal services to Swaledale customers. FD, at 2-8; Item No. 33, Proposal, at 2-8.

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery emanating from the Rockwell Post Office. In addition to rural route delivery, which is the recommended alternate service, customers may also receive postal services at the Rockwell Post Office, which is located seven miles away. Customers may also elect to go to any other Post Office for outgoing transactions. The window service hours of the Rockwell Post Office are from 9:15 a.m. to 12:00 p.m and 1:45 p.m. to 4:00 p.m. Monday through Friday and from 9:15 a.m. to 10:15 a.m. on Saturday. FD, at 2; Item No. 18, Post Office Fact Sheet; Item No. 33, Proposal, at 2. Additionally, retail services from the Thornton Post Office are available from 8:45 a.m. to 11:45 a.m. and 1:00 p.m. to 4:15 p.m and Saturday from 8:45 a.m. to 10:30 a.m. Furthermore, the special attention and assistance provided by the personnel at the Swaledale Post Office will be provided at the Rockwell Post Office and from the carrier. FD, at 4, 5; Item No.33, Proposal, at 4, 5.

The Petitioners raise the issue of the effect on postal services of the Swaledale Post Office's closing, noting the convenience of the Swaledale Post Office and requesting its retention. They contend that service through the Rockwell Post Office will not provide the maximum degree of effective postal services because 1) customers

should not have to travel six or seven miles to Rockwell; 2) customers should not have to meet carriers at the mailbox to receive services; 3) Rockwell cannot accommodate disabled individuals; and 4) rural route service is not secure against theft or exposure to adverse weather conditions. These concerns were considered by the Postal Service and are addressed below.

Petitioners question whether they would need to travel to Rockwell for most of their services. With the exception of P.O. Box customers or situations in which customers need to retrieve a package that did not fit in a roadside box and is not eligible to be placed somewhere safely at their home (such as on a porch or under a carport), the choice to close Swaledale does not have a major impact. It should be noted that for the vast majority of Swaledale customers (with the exception of P.O. Box customers), delivery service will not change at all as a result of discontinuance. Some Swaledale customers receive rural delivery service and will continue to receive rural delivery service emanating from Rockwell. In customer questionnaires, almost every customer indicated they traveled somewhere else for some or all services. *See generally* Item No. 22, Returned Customer Questionnaires. As customers travel elsewhere for other daily services, the need to travel to another destination for postal services is unlikely to affect most customers. Obviously, for retail sales and outgoing services for which a customer wants or needs to obtain service at a Post Office, Swaledale customers can choose to conduct business at any Post Office that is convenient for them; they are not limited to Rockwell.

The Postal Service explained that it offers several convenient options that can save customers a trip to the Post Office or having to interact with a carrier for most postal transactions. FD, at 3, 4; Item No. 33, Proposal, at 3, 4. Moreover, most services do not require meeting the mail carrier at the mailbox. FD, at 3, 4; Item 33, Proposal at 3, 4. As explained throughout the administrative record, the carrier can perform many functions (at the same time that the carrier delivers the mail) that will avert the need to go to any Post Office, Rockwell or otherwise. Stamps by Mail and Money Order Application forms are available for customer convenience. FD, at 3, 7; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at 3, 7.

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. FD, at 4, 5; Item No. 33, Proposal, at 4, 5. Most transactions do not even require meeting the carrier at the mailbox. FD, at 3, 5; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 3, 5.. Moreover, special provisions are made, on request, for hardship cases or special customer needs.²⁸ FD, at 4, 5; Item No. 23, Postal Customer Questionnaire Analysis, at 3; Item No. 25, Community Meeting Analysis, at 1; Item No. 33, Proposal, at 4, 5.

The Postal Service also addressed customer concerns about heightened potential for theft of mail. Any concerns about theft from roadside boxes are not new concerns for the majority of customers in Swaledale. Further, the record reflects no

²⁸ Petitioners voiced several complaints that the Rockwell Post Office is not handicap accessible, but rural route service effectively addresses all handicap needs.

reports of vandalism or theft in the area. Item No. 14, Inspection Service/Local Law Enforcement Reports; Item No. 15, Post Office Survey Sheet, at 1. The Postal Service explained that if customers use roadside boxes, they could mitigate the risk of theft by putting a lock on those boxes. FD, at 2; Item No. 23, Customer Questionnaire Analysis, at 2; Item No. 33, Proposal, at 2.²⁹

Finally, the Postal Service addressed all concerns about the impact adverse weather conditions might have on the delivery of the mail. Inclement weather can always cause deviations from the normal delivery schedule. FD, at 6; Item 33, Proposal, at 6. The Postal Service requires carriers to provide a vehicle of adequate size equipped with necessary equipment to serve the route safely and efficiently. FD, at 6; Item 33, Proposal at 6.

Thus, the Postal Service has properly concluded that all Swaledale customers will continue to receive regular and effective service via rural carrier delivery emanating from Rockwell.

Effect Upon the Swaledale Community

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

²⁹ Of course, customers can choose to maintain P.O. Box service at Rockwell, thereby mitigating concerns about theft.

Swaledale is an incorporated rural community located in Cerro Gordo County. The community is administered politically by City Hall. The Cerro Gordo County Sheriff's Office provides police protection. Fire protection is provided by the Swaledale Fire Department. FD, at 9; Item No.16, Community Survey Fact Sheet; Item No. 33, Proposal at 9. Schools are located in Rockwell. Item No. 16, Community Survey Fact Sheet. The questionnaires completed by Swaledale customers indicate that almost all the retirees, farmers, commuters, and others who reside in Swaledale must travel elsewhere for other supplies and services. See *generally* Item No. 22, Returned Customer Questionnaires.

Communities generally require regular and effective postal services and these will continue to be provided to the Swaledale community. Rural route service operated out of the Rockwell Post Office is expected to be able to handle any future growth in the community. FD, at 4, 6; Item No. 33, Proposal, at 4-6. In addition, the Postal Service has concluded that nonpostal services provided by the Swaledale Post Office can be provided by the Rockwell Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD, at 9; Item No 33, Proposal, at 9.

Moreover, as the Postal Service explained, a community's identity derives from the interest and vitality of its residents and their use of its name, and the Postal Service is addressing this concern by continuing the use of the Swaledale name and ZIP Code in addresses. FD, at 9; Item No. 25, Community Meeting Analysis, at 3; Item No. 33, Proposal, at 10.

Petitioners express concern for the loss of a bulletin board. The Postal Service properly considered this factor in determining the effect on the community when determining whether to close the Swaledale Post Office. For instance, many retail outlets and grocery stores now display public bulletin boards. FD, at 9; Item No. 33, Proposal, at 9. Bulletin boards may also be posted at the Volunteer Fire Department, the Swaledale Public Library, or First Security Bank.

Petitioners state that a business in Swaledale (Doors, Inc.) may need to relocate if the Swaledale Post Office closes. While Doors, Inc. stated it may relocate, it also acknowledges that its employees travel from Rockwell every day, and the company leaves Swaledale for all of its retail and personal needs. Additionally, special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD may be obtained from the carrier by simply leaving a note on the mailbox. Item 22, Survey Responses, pg 16, 44 .Moreover, the Postal Service considered the effect this may have on business and stated that the growth of a community is not dependent upon the location of a Post Office. FD, at 7.

In sum, 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 Swaledale Post Office on the community served by the Swaledale 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 rural route service operated out of Rockwell would cost the Postal Service substantially less than maintaining the Swaledale Post Office and would still provide regular and effective service. Item No. 21, Letter to Postal Customer, at 1. The estimated annual savings associated with discontinuing the Swaledale Post Office are \$33,894. FD, at 10,; Item No. 33 Proposal, at 11. 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 and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 10; Item No. 33, Proposal, at 11.

The Petitioners question the listed economic savings, noting that the calculation relies on a postmaster position that has been vacant since 2007. Petitioners question use of the Postmaster salary and fringe benefits as the basis of annual savings because the office has been³⁰ operated by a PMR/OIC at a lower cost. However, 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 Swaledale 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.

Petitioners in this appeal question the consistency of this proposal with statutory

³⁰ The Postal Service considered not only the vacancy of the office and the low revenues, but also the minimal workload, the variety of delivery and retail options (including the convenience of rural delivery and retail service), very little growth expected in the area, and minimal impact upon the community. FD, at 2, 3, 4, 6; Item No. 16, Community Fact Sheet; Item 18, Post Office Fact Sheet; Item 33, Proposal, at 2, 3, 4, 5.

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 Swaledale Post Office, including a postmaster vacancy, minimal workload, low office revenue,³¹ the variety of delivery and retail options (including the convenience of rural delivery and retail service),³² minimal impact upon the community, and the expected financial savings.³³ 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.” In this case, the Postal Service analyzed, among other factors, the Swaledale 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 then analyzed whether 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, and the answer was affirmative.

Petitioners suggest that the Postal Service reduce costs through adoption of alternative measures. However, the Postal Service is only responsible for formulating a specific proposal and evaluating it in the context of Title 39, U.S. Code, and applicable

³¹ See note 6 and accompanying text.

³² FD, at 2, 8; Item No. 33, Proposal, at 2, 8.

³³ FD, at 9-10; Item No. 18, Post Office Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 2; Item No. 33, Proposal, at 11.

regulations. In this case, the Postal Service has determined that rural route service, coupled with retail service at the Rockwell Post Office is a reasonable solution that will yield economic savings. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. In this case, the Postal Service's estimates are supported by record evidence in accordance with the Postal Service's statutory obligations.

The Postal Service determined that operating rural route service is more effective than maintaining the Swaledale postal facility and Postmaster position. FD, at 4, 6. 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 retired on October 1, 2009. A noncareer employee was installed as the temporary officer-in-charge (OIC). At the time when the study was conducted and the Final Determination was reached, the noncareer PMR was still serving as the OIC, and the employee may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be adversely affected by this closing. FD, at 9; Item No. 15, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 11. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees

at the Swaledale 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 Swaledale Post Office on the provision of postal services and on the Swaledale 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 Swaledale customers. FD, at 4. 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 Swaledale Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Swaledale Post Office be affirmed.

Respectfully submitted,

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