

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

In the Matter of:
Morgan City Post Office
Morgan City, Mississippi 38946

Docket No. A2012-46

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(January 4, 2012)

The Postal Regulatory Commission (Commission) received three petitions for review of the Postal Service's determination to close the Morgan City, MS Post Office. The first petition for review received October 31, 2011, was filed by Wayne E. Walker. The second petition for review received November 4, 2011, was filed by Martha Mullen, Mayor. The third petition to review received November 14, 2011, was filed by Walter Pillow, III. Pursuant to 39 U.S.C. 404(d)(5) the Commission established Docket No. A2012-46 to consider the appeal. On November 16, 2011, the Commission issued Order No. 969, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d)(5). In accordance with Order No. 969, the administrative record was filed with the Commission on November 15, 2011. On November 18, 2011 the Commission posted a Letter in Support of the Petition from Petitioner Wayne Walker. On December 1, 2011, the Commission posted a Participant Statement on PRC form 61 from the Petitioner Wayne Walker and on December 2, 2011, the Commission posted a second Participant Statement filed by Martha Mullen, Mayor.

The correspondence received by the Commission raises three main issues: (1) the effect on postal services, (2) the impact upon the Morgan City, MS community, and (3) the calculation of economic savings expected to result from discontinuing the Morgan City Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. 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 Morgan City Post Office should be affirmed.

Background

The Final Determination To Close the Morgan City, MS Post Office and Extend Rural Route Service (FD), as well as the administrative record, indicate that the Morgan City Post Office provides EAS-11 level service to 156 Post Office Box customers. Daily retail exchanges averaged 34 transactions accounting for 39 minutes of retail workload. Item No. 33, pg. 2; Item 1. The Postmaster position at the Morgan City Post Office became vacant when the Postmaster resigned on July 19, 2009.² The non-career postmaster relief (PMR) may be separated from the Postal Service. No other Postal Service employee will be adversely affected. Since the Postmaster vacancy arose, an

¹ See 39 U.S.C. 404(d)(2)(A).

² Petitioners question why a decision was made to study the Morgan City Post Office on grounds of the postmaster vacancy. Under regulations in Handbook PO-101 in effect at the time the discontinuance was commenced, it was common to initiate a study when the postmaster position became vacant. See former Handbook PO-101 § 213. The Postal Service further notes that changes made to Handbook PO-101 effective July 14, 2011, promote consistency of decision-making by allowing for the identification of candidate facilities for study based on factors such as workload, customer demand, and availability of alternatives.

OIC has been installed to operate the office. Office receipts for the last three years were: \$18,652 in FY 2008; \$18,912 in FY2009 and \$16,922 in FY 2010. The Morgan City Post Office has no meter or permit customers. FD at 1; Item No. 33, pg. 2.

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the Itta Bena Post Office³, an EAS-18 level office,⁴ which offers Post Office Box and Passport Services. There are 117 Post Office Boxes available at the Itta Bena Post Office.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Morgan City 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. On May 27, 2011, 175 questionnaires were distributed to delivery customers of the Morgan City Post Office. Questionnaires were also available over the counter for retail customers at Morgan City. FD at 2; Item No. 1, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Morgan City Post Office, at 1. A letter from Dana Amos, Manager of Post Office Operations, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Morgan City Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Itta Bena Post Office.

³ The Itta Bena Post Office is not a candidate facility on the Retail Access Optimization Discontinuance List. See USPS-LR-N2011-1/2.

⁴ The Final Determination reports the distance as 8 miles. The Petitioner in turn states that the distance is above 10 miles. While internet mapping services indicate the latter driving distance is correct, this is a small difference that does not detract from the conclusions drawn in the FD.

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. Item No. 26, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Morgan City Post Office for a community meeting on June 7, 2011, to answer questions and provide information to customers.⁵ FD at 2-1; Item No. 42, Letter to Customer, at 1; Item No. 20. Seventy three customers attended the meeting. The proposal to close the Morgan City Post Office was also posted with an invitation to comment at the Morgan City and at the Itta Bena Post Offices from June 30, 2011 to August 31, 2011. The FD was posted at the Morgan City Post and Itta Bena Offices from October 4, 2011 through November 5, 2011. Item 48 pp.1-2.

In light of the postmaster vacancy, a minimal workload, declining revenue, the variety of delivery and retail options (including the convenience of rural delivery and retail service), very little recent or projected growth in the area, and the expected financial savings, the Postal Service issued the FD. FD 1-5. Regular and effective postal services will continue to be provided to the Morgan City community in a cost-effective manner upon implementation of the final determination. FD at 1-5.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

⁵ This discontinuance action was processed under the former version of Handbook PO-101.

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 Morgan City Post Office on postal services provided to Morgan City customers. The closing is premised upon providing regular and effective postal services to Morgan City customers.

Petitioners in their Participant Statements, raise the issue of the effect on postal services of the Morgan City Post Office's closing, noting the convenience of the Morgan City Post Office and requesting its retention. The Petitioners express particular concern about the accessibility of postal services for low income and senior citizens and potential problems with roadside delivery. The Petitioners are also concerned about the effect of the closing of the Morgan City Post Office on the shipping of packages, receipt of accountable mail, and purchasing money orders. They also state that they do not have the means to travel to other nearby Post Offices. Each of these concerns was considered by the Postal Service.

The Postal Service has considered the impact of closing the Morgan City Post Office upon the provision of postal services to Morgan City customers. FD 1-5. When this final determination is implemented, customers will have full service available to them at the Itta Bena Post Office, which is an EAS 18 level office, operating six days a week, and is near the current Morgan City Post Office. Customers, however, will not be required to travel to another Post Office to receive or obtain delivery and retail services. These services will be provided by the carrier to a roadside mailbox located close to

customers' residences. In hardship cases, delivery can be made to the home of the customer. Changes in the type of delivery are considered where service by existing methods would pose an extreme physical hardship for an individual customer. The requests could be submitted in writing to the Itta Bena Postmaster. Although the Post Office is considering adding street delivery for customers who may not have had it available in the past, customers that receive PO Box service can choose to continue PO Box service at the Itta Bena Post Office, if they prefer this service. FD at 2. Retail services provided at the Post Office are available from the carrier.

As explained in the record, most transactions do not require meeting the carrier at the mailbox. Stamps by Mail and Money Order applications are available for customer convenience. FD at 4. Special services such as certified, registered and Express Mail may be obtained from the carrier by leaving a note in the mailbox along with the appropriate payment. The carrier will provide the services that day and leave a customer receipt in the mailbox the very next day. Item 33, at 6. With respect to the Petitioners' concerns about mail security, the Postal Service advised customers that they may place a lock on their mailboxes. The mailbox must have a slot large enough to accommodate the customer's normal daily mail volume. Item 33.

The effect of closing the Morgan City Post office on the shipping of packages was also given extensive consideration by the Postal Service. Item 33 at 2, FD 2-5. 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. FD, at 2. Carrier pickup is available, which allows for scheduling the pickup of packages at the same time the carrier delivers the mail. Item 33, Postal Customer Questionnaire Analysis, at 1. In addition, the rural carrier will accept any letters or packages for mailing. The carrier will estimate the cost and provide a receipt for any money received. On the following day, the carrier will provide change or a bill for the amount over the estimate. Item 33 at 3. In terms of parcel delivery, if a customer lives less than one half mile from the line of travel, the carrier will attempt delivery of accountable items and large parcels to the customers residence. If the customer lives over one half mile away or is not home, a notice will be left in the mailbox. Item 33.; FD 1-5.

With regard to money orders, the Postal Service explained that customers may purchase money orders by meeting the carrier at the mailbox, completing an application, and paying the carrier the price of the money order plus the fee. The carrier gives the customer a receipt for the application. The money order is completed when the carrier returns to the Post Office, and a money order receipt is left for the customer's mailbox on the next delivery day. If customers prefer, the completed money order will be returned for verification on the next delivery day. FD a1-5.

With respect to Petitioners' concern about the receipt of accountable mail, the Postal Service explained that if a customer lives less than one-half mile from the line of travel, the carrier will attempt delivery of accountable items to the customer's residence. If the customer lives over one-half mile away or is not home when delivery is attempted, a notice will be left in the mailbox. Attempted delivery items will be taken back to the

administrative Post Office. Customers may pick up the item at the Post Office, request redelivery on another day or authorize delivery to another party. FD at 3. With regard to mail security, customers may place a lock on their mailbox or may continue to maintain a Post Office Box at the Itta Bena Post Office. FD at 1-2. In addition, in hardship cases, where it is difficult for a customer to travel to the Post Office or access a secure mailbox on the side of the road, delivery can be made to the customers' residences. Changes in type of delivery are considered where service by existing methods would impose an extreme physical hardship for an individual customer. FD at 3.⁶.

Petitioners also state that the box fees at the Itta Bena Post Office are higher than at Morgan City. This discontinuance action offers customers the option of free delivery service in the form of rural delivery to roadside boxes, thereby further mitigating the impact of the higher fees. FD at 4,5. Thus, the Postal Service has properly concluded that all Morgan City customers will continue to receive regular and effective service via an EAS-18 Post Office located within a short distance and via rural route delivery on the carrier's line of travel. FD 1-5.

Effect Upon the Morgan City Community

The Postal Service is obligated to consider the effect of its decision to close the Morgan City Post Office upon the Morgan City 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,

⁶ The local law enforcement report at Item 13 indicates only 3 reported incidents of vandalism or theft.

and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Morgan City is a rural community located in Leflore County.⁷ The Leflore County Sheriff's Department provides police protection and fire protection is provided by the Morgan City Volunteer Fire Department. Several churches and small farm businesses are located in the Morgan City community and the community is comprised mostly of retirees, commutes and farmers.⁸ Item 33 at 5, Proposal at 4, 12. The questionnaires completed by Morgan City customers indicate that, in general, the retirees, seniors, commuters, and others who reside in Morgan City do travel elsewhere for other supplies and services. See generally Item No. 22.

The Petitioner's Participant Statement raises the issue of the effect of the closing of the Morgan City Post Office upon the Morgan City community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. FD, at 1-5; Item No. 21-26 and 33; Proposal. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name.

Petitioners also express concern about change of address. Customers will all be assigned a 911 address. The new address will continue to use the community name and ZIP Code. FD at 1,2. The Postal Service is helping to preserve community identity

⁷ Petitioners state that Morgan City is incorporated and is governed by a Mayor and Board of Alderman. The FD states that Morgan City is unincorporated. The error in the FD is trivial, and does not detract from the main conclusions reached in the course of the feasibility study that discontinuance is warranted.

⁸ Petitioners note that the FD fails to mention certain business and churches in its accounting of the township. The FD did not list every business in Morgan City but provides a list of certain businesses that reflect the general business community. This consists of a minor omission and does not detract from the overall analysis.

by continuing the use of the Morgan City Post Office name and ZIP Code in addresses and in the national Five-Digit ZIP Code and Post Office Directory and therefore customers who have stationary supplies with a Morgan City designation may still maintain that designation. FD at 1-5; Item No. 33, at 5. In addition, mail will be forwarded in accordance with postal regulations and change of address forms will be available from the Postal Service to assist customers in notifying correspondents of the change. FD at 2 note 8. Communities generally require regular and effective postal services and these will continue to be provided to the Morgan City community. Carrier service is expected to be able to handle any future growth in the community. FD, at 6, Item No.33, Proposal, at 5,13. The Postal Service noted that residents may continue to meet informally, socialize, and share information at the other businesses, churches and residences in town. See Generally Item 33.

In addition, the Postal Service has concluded that nonpostal services provided by the Morgan City Post Office can be provided by the Itta Bena Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 1-5; Item No. 33, Proposal, at 5, 13.

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 Morgan City Post Office on the community served by the Morgan City 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 carrier service would cost the Postal Service substantially less than maintaining the Morgan City Post Office and would still provide regular and effective service. FD at 5. The estimated annual savings associated with discontinuing the Morgan City Post Office are \$.40,903.08. Item 33 and Supplemental Filing at 1.

Petitioners state that the Postal Service did not account for the cost of replacement service through Rural Route Service. In the Supplemental Filing dated January 4, 2012, the Postal Service addressed this point and amended Item 17 to include the additional costs of Rural Route Service. The estimated cost total to implement Rural Route Service is \$9,843.92. The Postal Service reached this figure by calculating the cost of delivering to 124 additional mailboxes and adding 8 miles to the route. Item 17. When subtracted from the full cost to maintain a Post Office in Morgan City, the savings will amount to \$40, 903.08.

Petitioners criticize the Postal Service for failing to account for costs borne by customers to travel to other Post Offices. Such costs are not, however, required to be included in the economic savings calculation. In this case, the Postal Service appropriately applied its financial analysis to calculate the economic savings, as the pertinent statute requires that the “economic savings *to the Postal Service*” be factored in the savings calculation. See 39 U.S.C. § 404(d)(2)(A)(iv) (emphasis supplied).

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, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 5; Proposal. The Postal Service determined that carrier service is more cost-effective than maintaining the Morgan City postal facility and postmaster position. FD, at 2 and 8; Item 33. 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 position at the Morgan City Post Office became vacant when the postmaster resigned on November 19, 2009. The non-career postmaster relief (PMR) may be separated from the Postal Service. No other Postal Service employee will be adversely affected. Since the Postmaster vacancy a temporary officer-in-charge (OIC) has been installed to operate the office.

The Petitioners express concern about loss of employment in the community. The Postal Service understands and is sympathetic to this 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 FD.

Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Morgan City 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 Morgan City Post Office on the provision of postal services and on the Morgan City 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 Morgan City customers. FD, at 2 and 8. 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 Morgan City Post Office should, accordingly, be affirmed.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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