

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

In the Matter of:

Mountain City Post Office
Mountain City, Nevada 89831
(Becky Goff and Customers of Mountain City Post
Office, Petitioners)

Docket No. A2012-70

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(January 9, 2012)

On November 15, 2011, the Commission docketed correspondence from Becky Goff and the Customers of Mountain City Post Office as an appeal of the Final Determination to discontinue the Mountain City, Nevada Post Office. On December 1, 2011, the Commission issued Order No. 1014 in this docket, and in accordance with this Order, the administrative record was filed with the Commission on November 30, 2011.¹ On December 23, 2011, Mountain City Citizens filed a participant statement in support of the petition.²

The initial correspondence and the Participant Statement received by the Commission in this docket raise six main issues: (1) the effect on postal services; (2) the impact upon the Mountain City community; (3) the economic savings; (4) the effect on employees; (5) there are factual errors contained in the Final Determination; and (6) the Postal Service failed to provide substantial evidence in support of the Final Determination. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal

¹ On December 9, 2011, the Postal Service filed a corrected version of the administrative record. United States Postal Service Notice of Filing Corrected Administrative Record – [Errata], PRC Docket No. A2012-70 (December 9, 2011).

² Participant Statement Received from Mountain City Citizens, PRC Docket No. A2012-70 (December 23, 2011).

Service's statutory obligations and Commission precedent,³ the Postal Service gave consideration to other related issues. Accordingly, the Final Determination to Close the Mountain City, NV Post Office and Continue to Provide Service by Independent Post Office should be affirmed.

Background

The Final Determination to Close the Mountain City, NV Post Office and Continue to Provide Service by Independent Post Office (Final Determination), as well as the administrative record, indicate that the Mountain City Post Office provides EAS-55 level service 29 hours per week to retail customers and 43 delivery customers. Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (Fact Sheet), at 1.⁴ The postmaster position at the Mountain City Post Office became vacant when the postmaster was promoted on August 30, 2008. *Id.* Since that time, a noncareer postmaster relief employee has been installed to operate the Mountain City Post Office. Item No. 33, Proposal to Close the Mountain City, NV Post Office and Establish Service by Highway Contract Route Service (Proposal), at 8.

The average number of daily retail window transactions at the Mountain City Post Office is 42.10. Item No. 18, Fact Sheet, at 1. Revenue has generally declined since 2008: \$5,911 (15 revenue units) in FY 2008, \$4,645 (12 revenue units) in FY 2009 and \$3,585 (9 revenue units) in FY 2010. Item No. 33, Proposal, at 2. The Mountain City Post Office has no meter or permit customers. Item No. 18, Fact Sheet, at 1.

³ See 39 U.S.C. § 404(d)(2)(A).

⁴ In these comments, specific items in the administrative record are referred to as "Item No. ____."

Upon implementation of the Final Determination, delivery and retail services will be administered by the Owyhee Post Office,⁵ an EAS-13 level Post Office, and through Highway Contract Route service. Item No. 33, Proposal, at 2-3. Customers may elect to continue Post Office box service at the Owyhee Post Office, or receive delivery and retail service through Highway Contract Route service to roadside mailboxes located close to customers' residences. See id. at 2-6.

The Postal Service followed the proper procedures⁶ leading up to the posting of the Final Determination, considered and addressed the issues raised by the customers of the Mountain City Post Office, and complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. On April 28, 2011, questionnaires were distributed to delivery customers and made available to retail customers of the Mountain City Post Office. Item No. 23, Postal Service Customer Questionnaire Analysis, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record at Item Nos. 21 and 22. On May 24, 2011, representatives from the Postal Service attended a community meeting at the Mountain City Post Office, where they answered questions and provided information to customers. Item No. 24, Community Meeting Roster. Customers received formal notice of the Proposal and Final Determination, as well as the right to appeal the Final Determination, through postings at the Mountain City Post Office and nearby facilities. Item No. 32, Invitation

⁵ The Owyhee Post Office is not listed as a candidate for discontinuance as part of the Retail Access Optimization Initiative (PRC Docket No. N2011-1).

⁶ This discontinuance action was conducted under an earlier version of the United States Postal Service Handbook PO-101.

for Comments on the Proposal to Close the Mountain City, NV Post Office and Establish Service by Highway Contract Route Service; Item No. 33, Proposal, at 1; Administrative Record, at page 151, Final Determination to Close the Mountain City, NV Post Office and Continue to Provide Service by Independent Post Office.

In light of the postmaster vacancy,⁷ minimal workload, a reduction in office revenue,⁸ the variety of delivery and retail options (including the convenience of retail and Highway Contract Route delivery service),⁹ minimal impact upon the community, and the expected financial savings,¹⁰ the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Mountain City community in a cost-effective manner upon implementation of the Final Determination.

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 discontinuing the Mountain City Post Office on postal services provided to Mountain City customers. The discontinuance is premised upon providing regular and effective postal services to Mountain City customers.

Petitioners raise the issue of the effect on postal services of the Mountain City Post Office's closing, noting the convenience of the Mountain City Post Office.

⁷ See Item No. 18, Fact Sheet, at 1.

⁸ See *id.*

⁹ See Item No. 33, Proposal, at 2-6.

¹⁰ *Id.* at 8.

Petitioners request its retention, and express particular concern about the need to travel to the Owyhee Post Office for service.

The effect of the Mountain City Post Office's discontinuance on the availability of postal services to Mountain City residents was considered extensively by the Postal Service. Item No. 33, Proposal, at 2-6. Services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier to roadside mailboxes located close to customers' residences. *Id.* Various options exist for obtaining postal services, which are explained on usps.com. In addition to carrier service, customers may opt for Post Office Box service at the Owyhee Post Office, or use alternate access options, including usps.com and Stamps By Mail®. The window service hours of the Owyhee Post Office are from 9:00 a.m. to 1:00 p.m. and 2:00 to 5:00 p.m. Monday through Friday, and 10:00 a.m. – 12:00 p.m. on Saturday. Item No. 18, Fact Sheet, at 1. In addition, customers opting for carrier service will have 24-hour access to their mail. Item No. 33, Proposal, at 6.

Petitioners question the convenience of the Owyhee Post Office. The Postal Service noted this concern in the record. Item No. 33, Proposal, at 3. Ultimately, the Postal Service concluded that the Mountain City community would continue to receive regular and effective service through the Owyhee Post Office and alternate access options, including Highway Contract Route service, usps.com and Stamps By Mail®.

Petitioners question why a decision was made to study the Mountain City Post Office on grounds of the postmaster vacancy. Under regulations in Handbook PO-101 in effect at the time the discontinuance study was commenced, it was common to

initiate a study when the postmaster position became vacant. See Handbook PO-101 § 213 (pre-July 14, 2011 version). 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.

Petitioners question the consistency of this discontinuance action with provisions in Title 39. 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. See Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with Highway Contract Route delivery service in the absence of the Post Office, and the answer was affirmative.

Petitioners inquire about whether they would receive door-to-door delivery service. Highway Contract Route delivery utilizes delivery to curbside boxes or cluster box units. However, with respect to delivery of accountable items or large parcels, the Postal Service explained that if the 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 customer's residence. Item No. 33, Proposal, at 4. 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. *Id.* Large parcels will be left outside the mailbox or at a location designated by the customer (if authorized by the customer), or a notice will be left in the mailbox. *Id.* Attempted delivery items will be taken back to the Post Office. *Id.* Customers may pick up the item at the Post Office or request redelivery online at usps.com or by calling 1-800-ASK-USPS. *See id.*

Petitioners also express concern about obstruction of delivery in the winter due to accumulation of snow. The administrative record addresses concerns about delivery in inclement weather and the placement of mailboxes. *See* Item No. 33, Proposal, at 3. The Postal Service's delivery methods and equipment, and its guidelines for the mailbox placement, reflect consideration of the potential for weather events that might impact mail delivery. *See id.*

Petitioners suggest that problems might arise from the non-employee Highway Contract Route carrier's handling of money order and stamp transactions. It is routine for Highway Contract Route carriers to perform many of the same tasks as Postal

Service employees, and these carriers have demonstrated that they can perform these tasks responsibly and effectively.

Petitioners state that the Owyhee Post Office does not have enough Post Office Boxes to accommodate new customers from the Mountain City community. Although not raised in the record, the discontinuance coordinator has confirmed that she has a number of options – including a transfer of the Mountain City Post Office Boxes to the Owyhee Post Office - that will provide the Owyhee Post Office with a sufficient number of Post Office Boxes available for use by Mountain City customers.

Petitioners express a concern about whether the Mountain City Post Office's discontinuance will result in address changes. The Postal Service explained that, in the event of a discontinuance of the Mountain City Post Office, customers will be assigned new addresses that will continue to use the Mountain City name and Zip Code. Item No. 33, Proposal, at 3. Mail will be forwarded in accordance with postal regulations, and change of address forms are available from the Postal Service to assist customers in notifying correspondents of the change. Item No. 33, Proposal, at 3.

The Postal Service has considered the impact of discontinuing the Mountain City Post Office upon the provision of postal services to Mountain City customers. Delivery and alternate access options provide Mountain City customers with similar access to many retail services, thereby alleviating the need to travel to the Post Office. Item No. 33, Proposal, at 2-6. Thus, the Postal Service has properly concluded that Mountain City customers will continue to receive regular and effective service.

Effect on the Mountain City Community

The Postal Service is obligated to consider the effect of its decision to discontinue the Mountain City Post Office upon the Mountain 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, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Mountain City is an unincorporated community located in Elko County. Item No. 33, Proposal, at 6. The Elko, Nevada Police Department provides police protection, and the Mountain City Fire Department provides fire protection. *Id.* In general, Mountain City residents must travel elsewhere for many supplies and services. See Item No. 21, Customer Responses to Questionnaires.

Petitioners contend that the discontinuance of the Mountain City Post Office will cause a hardship for customers with disabilities and senior citizens, requiring them to travel greater distances to obtain postal services. The Postal Service explained, however, that carrier service is beneficial to many customers with disabilities, senior citizens, and customers who face special challenges because it allows them to obtain some postal services without having to travel to the Post Office for service. Item No. 33, Proposal, at 6. In hardship cases, delivery can be made to the home of a customer. *Id.*

Petitioners' appeal raises the issue of the effect of the discontinuance of the Mountain City Post Office upon the Mountain City community. This issue was considered extensively by the Postal Service, as reflected in the administrative record.

Item No. 33, Proposal, at 6-7. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. Item No. 33, Proposal, at 6. Communities generally require regular and effective postal services, and these will continue to be provided to the Mountain City community.

Petitioners' Participant Statement expresses concern over the impact of the Mountain City Post Office's discontinuance on the school bus stop located at the Mountain City Post Office. There is no indication that the discontinuance of the Mountain City Post Office will affect the school bus stop. And even if there is an impact, the administrative record recognizes that other suitable locations for a school bus stop exist. See Item No. 16, Community Survey Sheet, at 1.

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 discontinuing the Mountain City Post Office on the community served by the Mountain City Post Office.

Economic Savings

Postal Service officials properly considered the economic savings that would result from the proposed discontinuance, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that administering delivery service emanating from the Owyhee Post Office would cost the Postal Service substantially less than maintaining the Mountain City Post Office, and would still provide regular and effective service. The amount of the estimated annual savings associated with

discontinuing the Mountain City Post Office is \$39,421.00.¹¹ Item No. 33, Proposal, at 8.

Petitioners in this appeal question the consistency of the Final Determination with statutory 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 Mountain City Post Office, including a postmaster vacancy,¹² minimal workload, declining office revenue,¹³ the variety of delivery and retail options (including the convenience of Highway Contract Route delivery and retail service),¹⁴ minimal impact upon the community, and the expected financial savings.¹⁵ 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 Mountain City Post Office’s workload and revenue. Item No. 33, Proposal, at 2. 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 Highway

¹¹ Incorporation of the information from the supplemental filing submitted today results in an estimated annual savings of \$35,392.83.

¹² Item No. 18, Fact Sheet, at 1.

¹³ *Id.*

¹⁴ Item No. 33, Proposal, at 2-6.

¹⁵ *Id.* at 8.

Contract Route delivery service in the absence of the Post Office, and the answer was affirmative.

Petitioners contend that the Postal Service's savings estimates are incorrect because a career postmaster salary was used in the calculation, in lieu of the lower income earned by the OIC. 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 Mountain City 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 criticize the Postal Service for failing to account for additional costs that will be needed to pick up and deliver mail throughout the community. Notwithstanding Petitioners' complaint, the Postal Service applied its standard financial analysis which accounts for the following cost drivers: the number of additional boxes to be added to the contract route; the additional volume that may be expected per additional box; the number of additional miles to be added to the route; and the total additional annual hours that will be required to service the route. See Item No. 17, Highway Contract Route Cost Analysis Form, at 1. The Postal Service's approach is both defensible and reasonable; moreover, it is efficient while adding comparability across discontinuance studies. The administrative record has been corrected to account for the estimated cost of adding customers to the Highway Contract Route.

See United States Postal Service Notice of Supplemental Filing, PRC Docket No. A2012-70 (January 9, 2012). A subtraction of this estimated cost from the economic savings calculation that appears in the Final Determination reflects that the Postal Service will still achieve substantial economic savings from the discontinuance of the Mountain City Post Office. See Footnote 11.

The Postal Service determined that the provision of delivery and retail service through the Owyhee Post Office is more effective than maintaining the Mountain City postal facility and postmaster position. 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 discontinuance, 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 was promoted on April 30, 2008. Item No. 18, Fact Sheet, at 1. Although the noncareer postmaster relief (PMR) may be separated from the Postal Service upon implementation of the Final Determination, the record shows that no other employee would be affected by this discontinuance. Item No. 33, Proposal, at 8.

Petitioners express some concern for the PMR, assuming that the PMR would become unemployed upon the discontinuance of the Mountain City Post Office, which would harm both the employee and the community. The Postal Service did consider the impact of the closing on the PMR. However, the PMR who served at the Mountain City

Post Office was a noncareer employee. The Postal Service regrets any negative impact that this closing has on the PMR, and 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.

Accordingly, in making the Final Determination, the Postal Service considered the effect of the discontinuance on the employees of the Mountain 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 discontinuing the Mountain City Post Office on the provision of postal services and on the Mountain City community, as well as the effect on postal employees, the economic savings that would result from the proposed discontinuance 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 Mountain City customers. 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). Accordingly, the Postal Service's decision to discontinue the Mountain City Post Office should be affirmed.

The Postal Service respectfully requests that the Final Determination to discontinue the Mountain City Post Office be affirmed.

Respectfully submitted,

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