

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

In the Matter of:
Spring Lake Post Office
Spring Lake, Minnesota 56680

Docket No. A2012-74

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(January 10, 2012)

On November 16, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked, November 8, 2011, from postal customer Sally Sedgwick (Petitioner), objecting to the discontinuance of the Post Office at Spring Lake, Minnesota.¹ In accordance with 39 CFR § 3001.113 (a) (requiring the filing of the record within 15 days of the filing of the petition with the Commission), the administrative record was filed with the Commission on December 1, 2011. Subsequently, on December 2, 2011, the Commission issued Order No. 1018, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). The following is the Postal Service's answering brief in support of its decision to discontinue the Spring Lake Post Office.

The appeal received by the Commission raises three main issues: (1) the effect on postal services, (2) the impact upon the Spring Lake community, and (3) the calculation of economic savings expected to result from discontinuing the Spring Lake 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

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

Service's statutory obligations and Commission precedent,² the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Spring Lake Post Office should be affirmed.

Background

The Final Determination To Close the Spring Lake, MN Post Office and Continue to Provide Service by Rural Route Service ("Final Determination" or "FD"), as well as the administrative record, indicate that the Spring Lake Post Office provides EAS-55 level service to 20 Post Office Box customers and retail customers, 24 hours per week. FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.³ The postmaster of the Spring Lake Post Office retired on August 31, 1995.⁴ Since the postmaster vacancy, an officer-in-charge (OIC) has been installed to operate the office. Upon implementation of the final determination, the noncareer OIC may be separated from the Postal Service; however attempts will be made to reassign the employee to a nearby facility.⁵ The average number of daily retail window transactions at the Spring Lake Post Office is 5, accounting for 5 minutes of retail workload daily. Revenue has generally been low: \$10,664.00 in FY 2008 (28

² See 39 U.S.C. 404(d)(2)(A).

³ The Final Determination can be found at Item No. 47 in the Administrative Record. All citations to the Final Determination will be to "FD at____," Rather than to Item 47. The FD page number refers to the pages as marked on the upper left of the document. Other Items in the administrative record are referred to as "Item No.____."

⁴ FD at 2.

⁵ FD at 6; Item No. 41, Revised Proposal, at 5.

revenue units); \$9,817.00 in FY 2009 (26 revenue units); and \$8,956.00 in FY 2010 (23 Revenue units).⁶

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the Marcell Post Office, an EAS-13 level office located ten miles away, which has 72 available Post Office Boxes that are accessible 24 hours per day.⁷

The Postal Service followed the proper procedures which led to the posting of the Final Determination. All issues raised by the customers of the Spring Lake Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to delivery customers of the Spring Lake Post Office. Questionnaires were also available over the counter for retail customers at Spring Lake. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Spring Lake Post Office, at 1. A letter from the Manager of Post Office Operations, Minneapolis, MN, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Spring Lake Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Marcell 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

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

⁷ Id.

the effects of a possible change involving rural route delivery. Item No. 21, 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 Spring Lake Community Center for a community meeting on June 29, 2011, to answer questions and provide information to customers. FD at 2; Item No. 26, Community Meeting Letter, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 41, Revised Proposal, at 2. 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 Spring Lake Post Office and the Marcell Post Office⁸ from July 15, 2011 to September 15, 2011. FD at 2; Item No. 36, Round-date stamped Proposal and Invitation for Comments, 1-4. The Final Determination was posted at the same two Post Offices starting on October 27, 2011, as confirmed by the round-dated Final Determination cover sheets that appears in the administrative record as Item No. 49.

In light of a postmaster vacancy, minimal workload, low office revenue,⁹ the variety of delivery and retail options (including the convenience of rural delivery and retail service),¹⁰ very little recent growth in the area,¹¹ minimal impact upon the

⁸ The Marcell Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>.

⁹ See note 6 and accompanying text,

¹⁰ FD at 2-6; Item No. 41, Revised Proposal, at 2-5.

¹¹ Item No.16, Community Survey Sheet.

community, and the expected financial savings,¹² the Postal Service issued the Final Determination.¹³ Regular and effective postal services will continue to be provided to the Spring Lake community in a cost-effective manner upon implementation of the final determination. FD at 4; Item No. 41, Revised Proposal, at 4.

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

The Petitioner in her letter of appeal raises the issue of the effect on postal services of the Spring Lake Post Office's closing, noting the convenience of the Spring Lake Post Office and requesting its retention. Petitioner Sedgwick expresses particular concern about traveling to another Post Office to receive service.

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route service emanating from the Marcell Post Office, located 10 miles away.¹⁴ FD at 2. Services provided at the Post Office will also be available

¹² FD at 4-5; Item No. 17, Cost Analysis, at 2; Item No. 41, Revised Proposal, at 5.

¹³ FD at 2-6.

¹⁴ Petitioner Sedgwick raises a concern about the number of discontinuance actions in the area, leaving the closest Post Offices 17 and 20 miles away (the closer of which is also being studied for discontinuance). However, the Marcell Post Office (the administrative office once Spring Lake is discontinued) is only 10 miles away. Additionally, the Marcell Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See note 8 and accompanying text. Moreover, there are

from the carrier; relieving customers of the need to travel to another Post Office for service as the Petitioner contends throughout her letter of appeal.¹⁵ FD at 3; Item 41, Revised Proposal, at 3. The rural carrier provides most retail services that are available at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders.

Moreover, most transactions do not require meeting the carrier at the mailbox. Special services such as Certified, Registered, Express Mail, Delivery Confirmation, Signature Confirmation, and COD may also be obtained from the carrier by leaving a note in the mailbox, along with the appropriate payment. Item No. 21, Customer Questionnaire Enclosures. The carrier will provide the services that day and leave a customer receipt in the mailbox on the next delivery day. In addition, Stamps by Mail and Money Order Application forms are available for customer convenience. Stamps may also be purchased at stores and gas stations where customers may already shop, online at usps.com, or by calling 1-800-STAMP-24. FD at 3; Item No. 41, Revised Proposal, at 3.

The Postal Service further explained that 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 3; Item No. 41,

several other Post Offices (Talmoon Post Office located 7 miles away and Bigfork Post Office located 13 miles away) which are within a 15 miles radius of Spring Lake that are also not candidate facilities for RAOI. Item No. 4, Highway Map, at 1-2.

¹⁵ Petitioner Sedgwick mentions in her appeal that upon closure of Spring Lake, it will take 50 minutes in time to access her mail at another location, cost her \$7.00 in gas, and be hazardous due to extreme weather conditions. However, the Postal Service explained in its letter to customers that carrier service eliminates the need for most trips to the Post Office, thereby saving customers time and money. Carrier service also provides customers with 24-hour access to their mail. FD at 3.

Revised Proposal, at 3. Additionally, in hardship cases, delivery can be made to the home of the customer. FD at 3, Item No. 41, Revised Proposal, at 3.

The Petitioner also expressed a concern with regard to delivery of packages. Rural carriers will deliver packages that fit into customer mailboxes. If the packages do not fit in the mailbox, the carrier will deliver packages up to ½ mile off the line of travel at a designated place (such as on a porch or under a carport).¹⁶ FD at 2; Item No. 41, Revised Proposal, at 2. This procedure also applies to accountable mail, such as certified mail. The carrier will attempt delivery to customer residences up to ½ mile from the carrier's line of travel. If the customer is more than ½ mile away or is not at home when delivery is attempted, a notice will be left in the mailbox and the item will be taken back to the Marcell Post Office.¹⁷ The customer then has the option to pick up the item at the Post Office, request redelivery, or authorize delivery to another person.

In addition, customers may contact the administrative Post Office if they have packages for pick up by the carrier. FD at 2; Item No. 41, Revised Proposal, at 2. The

¹⁶ Petitioner mentions in her letter of appeal that she lives on a farm with an unlocked gate. She states that the carrier is not permitted to open gates; consequently, she states that she will have to travel 20 miles one way to retrieve her package. Customers can designate a place for appropriate delivery. If customers are not at home when a package is delivered the carrier will leave a notice, Form 3849, informing customers of the attempted delivery. The form indicates that the package is available in the local Post Office or the addressee may request redelivery. See Domestic Mail Manual § 508.1.1.7; Postal Operations Manual §§ 619.2, 812.4. Customers who have a gated property, such as the Petitioner, can arrange to leave the gate open at the designated time redelivery is requested. This will allow the carrier to deliver the package to the customer's residence. Another option for customers would be to designate an agent (such as Spring Lake Store) who can accept packages on the customers' behalf, thereby enabling the customer to pick up the package from the agent at the customer's convenience. Both options alleviate the need for the customer to travel to the Post Office to pick up packages that were unsuccessfully delivered. To make alternative delivery arrangements in advance, customers can complete a PS Form 4232 entitled "Rural Customer Delivery Instructions," which allows customers to designate alternative locations for delivery of parcels. This form is available at the local Post Office or online at, <http://about.usps.com/forms/ps4232.pdf>.

¹⁷ If the carrier attempts to deliver accountable mail and the addressee is unable to sign for the letter, the carrier will also leave a Form 3849 informing the addressee that the carrier attempted to deliver an accountable letter, but was unable. The form indicates that the letter is available in the local Post Office or the addressee may request redelivery. See Domestic Mail Manual § 508.1.1.7; Postal Operations Manual §§ 619.2, 812.4.

carrier will accept letters, flats, or packages up to 13 ounces for mailing. The carrier will estimate the cost and provide a receipt for any money received. FD at 2; Item No. 41, Revised Proposal, at 2. On the following delivery day, the carrier will provide change or a bill for the amount over the estimate. FD at 2; Item No. 41, Revised Proposal, at 2. Packages over 13 ounces may be picked up if the postage is printed online or with a traceable meter.¹⁸ FD at 2; Item No. 41, Revised Proposal, at 2.

The Postal Service has considered the impact of closing the Spring Lake Post Office upon the provision of postal services to Spring Lake customers. Rural route delivery to mailboxes installed on the carrier's line of travel provides similar access to retail service, alleviating the need to travel to the Post Office. FD at 3; Item No. 41, Revised Proposal, at 4. Thus, the Postal Service has properly concluded that all Spring Lake customers will continue to receive regular and effective service via rural route delivery to mailboxes installed on the carrier's line of travel.

Effect Upon the Spring Lake Community

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

¹⁸ A rural carrier is permitted to pick up a package weighing 13 ounces or more if the package is shipped by a known customer, does not have stamps applied, and includes a return address that matches the pick-up point. It is not necessary for customers to meet the carrier to utilize this service, as customers have the option of placing the package and payment in their delivery receptacle for pick-up by the carrier.

Spring Lake is an unincorporated rural community located in Itasca County. The Itasca County Sheriff provides police protection. The community is administered politically by Lake Jessi Township, with fire protection provided by the Bigfork Volunteer Fire Department. The questionnaires completed by Spring Lake customers indicate that, in general, the retirees, commuters, and others who reside in Spring Lake must travel elsewhere for other supplies and services. See generally FD at 5; Item No. 22, Returned customer questionnaires and Postal Service response letters, 1-20.

The Petitioner contends that the Postal Service did not take into account the impact this closing will have in a poor rural area. However, the Postal Service considered the totality of circumstances concerning the discontinuance action, as reflected in the administrative record. FD at 2-5; Item No. 16, Community Survey Sheet; Item No. 41, Revised Proposal, at 2-5. Under 39 U.S.C. 404(b), any decision to discontinue a Post Office must be based on certain criteria. These include the effect on the community served; the effect on employees of the Post Office; compliance with government policy established by law that the Postal Service must 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 economic savings to the Postal Service; and any other factors the Postal Service determines necessary.

With regard to community identity, the Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. FD at 4; Item No. 41, Revised Proposal at 4. The Postal Service is helping to preserve community identity by continuing the use of the community name and ZIP Code in addresses. FD at 4; Item No. 41, Revised Proposal, at 4. Communities

generally require regular and effective postal services and these will continue to be provided to the Spring Lake community.

In addition, the Postal Service has concluded that nonpostal services provided by the Spring Lake Post Office can be provided by the Marcell Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 4; Item No. 41, Revised Proposal, at 4.

In this case, the Postal Service took account of the postal and nonpostal needs of the community and determined that the proposed alternative will ensure the provision of effective and regular service. 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 Spring Lake Post Office on the community served by the Spring Lake 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 Spring Lake Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Spring Lake Post Office are \$18,223.00. FD at 4-5; Item No. 41, Revised Proposal, at 5.

Petitioner states that the figures used in the economic savings calculation for the salary figure of the Postmaster are incorrect on grounds that a career Postmaster's salary was used in lieu of a noncareer employee's wages. 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 Spring Lake 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. FD at 4; Item No. 41, Revised Proposal, at 5.

The Petitioner questions why the Postal Service did not consider other alternatives, such as the Village Post Office (“VPO”).¹⁹ 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 regulations. In this case, the Postal Service has determined that carrier service, coupled with service at nearby Post Offices, 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.

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 4-5; Item No. 41, Revised Proposal, at 5.

The Postal Service determined that carrier service is more cost-effective than maintaining the Spring Lake postal facility and postmaster position. FD at 5. The

¹⁹ According to the discontinuance coordinator, the Postal Service was unable to reach a formal agreement with a store owner regarding a VPO to serve the community.

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 August 31, 1995. A noncareer employee was installed as the temporary officer-in-charge (OIC). The noncareer employee serving as the OIC may be separated from the Postal Service; however attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be affected by this closing. FD at 4; Item No. 15, Post Office Survey Sheet, at 1; Item No. 41, Revised Proposal, at 5. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Spring Lake 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 Spring Lake Post Office on the provision of postal services and on the Spring Lake 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 Spring Lake 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 Spring Lake Post Office should, accordingly, be affirmed.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business & Service
Development

Adriene M. Davis

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-6036; Fax -5628
adriene.m.davis@usps.gov
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