

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

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*In the Matter of:*

Phippsburg Post Office  
Phippsburg, CO 80469  
(John Bergstrom, Michael Williams, Elena  
Beal, William Williams; Petitioners)

Docket No. A2012-81

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**UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL**  
(January 17, 2012)

The Postal Regulatory Commission (the "Commission") received four appeals, with the earliest postmarked November 18, 2011, from postal customers Mr. John Bergstrom, Mr. Michael Williams, Ms Elena Beal and Mr. and Mrs. William Williams (collectively, "Petitioners") objecting to the discontinuance of the Post Office at Phippsburg, Kansas (the "Phippsburg Post Office").<sup>1</sup> By means of Order No. 1030, dated December 8, 2011, the Commission docketed the letter, assigning PRC Docket No. A2012-81 as an appeal pursuant to 39 U.S.C. § 404(d). The administrative record was filed with the Commission on December 8, 2011. On January 4, 2012, the Commission received a Participant Statement from Mr. Michael Williams.

The letters and Participant Statement received by the Commission raise three issues: (1) the impact on the provision of postal services; (2) the impact on the community; and (3) the calculation of economic savings expected to result from discontinuing the Phippsburg 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

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

obligations and Commission precedent,<sup>2</sup> the Postal Service gave consideration to a number of other issues, including the impact upon postal employees.

Accordingly, the determination to discontinue the Phippsburg Post Office should be affirmed.

### **Background**

The Final Determination To Close the Phippsburg, CO Post Office and Continue to Provide Service By Highway Contract Route Service (“Final Determination” or “FD”),<sup>3</sup> as well as the administrative record, indicate that the Phippsburg Post Office provided EAS-11 level service to 0 delivery customers, 144 Post Office Box or general delivery customers, and to retail customers from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m. Monday through Friday, and from 8:00 a.m. to 10:00 a.m. on Saturdays.<sup>4</sup> The Postmaster of the Phippsburg Post Office resigned on March 27, 2010.<sup>5</sup> Since the Postmaster vacancy arose, a non-career employee was installed as an officer-in-charge (“OIC”) to operate the Phippsburg Post Office. The employee serving as the OIC may be separated from the Postal Service, although attempts will be made to re-assign her to an authorized position.<sup>6</sup> The average number of daily retail window transactions at the Phippsburg Post Office is 32, accounting for 40 minutes of retail work.

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<sup>2</sup> See 39 U.S.C. 404(d)(2)(A).

<sup>3</sup> 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 Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as “Item \_\_.”

<sup>4</sup> FD at 2; Item 18, Form 4920; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2  
<sup>5</sup> *Id.*

<sup>6</sup> FD at 6; Item 15, Post Office Fact Sheet at 1; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

Revenue for the last three years was low: \$17,839 in FY 2008; \$18,876 in FY 2009; and \$18,373 in FY 2010.<sup>7</sup>

Upon implementation of the Final Determination, delivery and retail services will continue to be provided by Highway Contract Route Service (“HCR”) administered by the Oak Creek Post Office,<sup>8</sup> an EAS-15 level office, located 4 miles away, which has 111 unassigned Post Office Boxes.<sup>9</sup> Service will also be provided by cluster box units (CBUs) located in Phippsburg.<sup>10</sup>

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Phippsburg 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 all Post Office Box customers of the Phippsburg Post Office.<sup>11</sup> Questionnaires were also available over the counter for retail customers at the Phippsburg Post Office.<sup>12</sup> A letter by Catherine Wright, Manager, Post Office Operations, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether operation of the Phippsburg Post Office was warranted, and that effective and

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<sup>7</sup> FD at 6; Item 18, Form 4920; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

<sup>8</sup> The Oak Creek 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=>

<sup>9</sup> FD at 2; Item 18, Form 4920; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.

<sup>10</sup> FD at 2; Item 29, Proposal Checklist at 2; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.

<sup>11</sup> Item 20, Questionnaire Instruction Letter.

<sup>12</sup> *Id.*

regular service could be provided through HCR delivery and retail services available at the Oak Creek Post Office.<sup>13</sup> The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service that they were receiving and the effects of a possible change involving HCR delivery. Seventy-five customers returned questionnaires, and the Postal Service responded.<sup>14</sup> In addition, representatives from the Postal Service were available at the South Routt Bible Church for a community meeting on June 15, 2011, to answer questions and provide information to customers.<sup>15</sup> Forty-eight customers attended.<sup>16</sup> Customers received formal notice of the Proposal and Final Determination through postings at the Phippsburg and Oak Creek Post Offices. The Proposal was posted with an invitation for public comment at the Phippsburg and Oak Creek Post Offices for 60 days beginning July 12, 2011, and ending September 12, 2011.<sup>17</sup>

Twenty-eight customers returned comments in response to the “Invitation for Comments” after the Proposal was posted.<sup>18</sup> The Postal Service addressed those concerns in letters to the customers.<sup>19</sup> The Final Determination was posted at the Phippsburg and Oak Creek Post Offices beginning on October 21, 2011 as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 49. The Final Determination was initially

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<sup>13</sup> Item 21, Cover Letter for Questionnaire.

<sup>14</sup> Item 22, Returned Questionnaires and Postal Service Response Letters; Item 23, Analysis of Questionnaires.

<sup>15</sup> Item 26, Community Meeting Letter.

<sup>16</sup> Item 24, Community Meeting Roster; Item 25, Community Meeting Analysis.

<sup>17</sup> Item 31, Instructions to Post Proposal; Item 32, Invitation for Comments; Item 33, Proposal.

<sup>18</sup> Item 34, Comment Form.

<sup>19</sup> Item 38, Proposal Comments and Postal Service Response Letters.

removed on November 22, 2011 and has been reposted upon filing of this appeal. In light of the expiration of the Postmaster vacancy; minimal workload; low revenue; the variety of delivery and retail options (including the convenience of HCR delivery and retail service); minimal projected population, residential, commercial, or business growth in the area; minimal impact upon the community; and the expected financial savings, the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Phippsburg community in a cost-effective manner upon implementation of the final determination.

### **Analysis**

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

Petitioners express specific concern regarding service for senior citizens, installation and use of CBUs, the requirement to drive to the Oak Creek Post Office to conduct business and the Phippsburg Post Office serving as the center of the community. These concerns, in addition to others, were also raised by other Phippsburg customers in response to questionnaires, at the community

meeting, and in comments to the proposal.<sup>20</sup> These concerns were considered by the Postal Service alongside other issues pertaining to the impact of closing the Phippsburg Post Office upon the provision of postal services to Phippsburg customers.<sup>21</sup>

The loss of retail services and Post Office Boxes at Phippsburg does not have a large impact on the quality of service provided by the Postal Service. As explained throughout the administrative record, HCR carriers 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, Oak Creek or otherwise.<sup>22</sup>

The Postal Service 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 or cluster box units.<sup>23</sup> Customers do not have to make a special trip to the Post Office for most services. Stamps by Mail and Money Order Application forms are available for customer convenience, and stamps are also available at many stores and gas stations, online at usps.com, or by calling 1-800-STAMP-24.<sup>24</sup> Customers can also request special services, such as Certified, Registered, or Express Mail, Delivery Confirmation, Signature Confirmation, and COD from the carrier.<sup>25</sup>

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<sup>20</sup> Item 22, Returned Questionnaires and Postal Service Response Letters; Item 25, Community Meeting Analysis; Item 38, Proposal Comments and Postal Service Response Letters.

<sup>21</sup> FD at 2-5; Item 33, Proposal at 2-6; Item 41, Proposal (Revised) at 2-6.

<sup>22</sup> FD at 2-4 Item 33, Proposal at 2-4; Item 41, Proposal (Revised) at 2-4.

<sup>23</sup> FD at 3-4; Item 22, Item 23, Analysis of Questionnaires at 2-3; Item 25, Community Meeting Analysis at 1; Item 33, Proposal at 3-4; Item 40, Analysis of 60-day Comments at 2; Item 41, Proposal (Revised) at 3-4.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

Further, most transactions do not require meeting the carrier at the mailbox.<sup>26</sup> Special provisions are made, on request, for hardship cases or special customer needs.<sup>27</sup>

Petitioners are concerned about the effect of the winter weather on the customers accessing CBUs and the lock mechanisms for CBUs. While not directly addressed in the Administrative Record, the Postal Service is aware that while inclement weather conditions are a factor in delivering and collecting, and the Postal Service makes every effort to provide a safe environment for its customers and employees. In addition, CBU maintenance can alleviate the potential for locks freezing in extremely cold conditions.<sup>28</sup> Customers are encouraged to contact the Oak Creek Post Office if they experience any problems with their CBUs.<sup>29</sup>

Upon the implementation of the Final Determination, delivery and retail services will continue to be provided by HCR delivery emanating from the Oak Creek Post Office. In addition to HCR delivery, which is the recommended alternate service, customers may also receive postal services, including P.O. Box service, at the Oak Creek Post Office, which is located 4 miles away. The window service hours of the Oak Creek Post Office are from 8:00 a.m. to 4:30 p.m., Monday through Friday and from 8:00 a.m. to 11:00 p.m. on Saturdays.<sup>30</sup>

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<sup>26</sup> FD at 3-4; Item 22, Item 23, Analysis of Questionnaires at 2; Item 25, Community Meeting Analysis at 1; Item 33, Proposal at 3-5; Item 40, Analysis of 60-day Comments at 1; Item 41, Proposal (Revised) at 3-5.

<sup>27</sup> *Id.*

<sup>28</sup> FD at 3-4; Item 25, Community Meeting Analysis at 2; Item 33, Proposal at 3-4; Item 41, Proposal (Revised) at 3-4.

<sup>29</sup> *Id.*

<sup>30</sup> FD at 2; Item 18, Form 4920; Item 33, Proposal at 2; Item 41, Proposal (Revised) at 2.

Thus, the Postal Service has properly concluded that all Phippsburg customers will continue to receive regular and effective service via HCR service.

### **Effect on Community**

The Postal Service is obligated to consider the effect of its decision to close the Phippsburg Post Office upon the Phippsburg community.<sup>31</sup> 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.

Phippsburg is an unincorporated community located in Routt County. The community is administered politically by a mayor and council. Police protection is provided by the Routt County Sheriff. Fire protection is provided by the Routt County Fire Department.<sup>32</sup> The questionnaires completed by Phippsburg customers indicate that, the community is comprised of retirees, self-employed, and those who commute to work in nearby communities and work in local businesses.<sup>33</sup>

The Postal Service determined that its customers could continue to receive effective postal services elsewhere. Communities generally require regular and effective postal services and these will continue to be provided to the Phippsburg community.<sup>34</sup> In addition, the Postal Service has concluded that non-

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<sup>31</sup> 39 U.S.C. § 404(d)(2)(A)(i).

<sup>32</sup> FD at 5; Item 16, Community Fact Sheet; Item 33, Proposal at 5; Item 41, Proposal (Revised) at 5.

<sup>33</sup> See *generally* FD at 5; Item 16, Community Fact Sheet; Item 18, Form 4920; Item 33, Proposal at 5; Item 41, Proposal (Revised) at 5.

<sup>34</sup> FD at 5; Item 33, Proposal at 5-6; Item 41, Proposal (Revised) at 5-6.

postal services provided by the Phippsburg Post Office can be provided by the Oak Creek Post Office.<sup>35</sup>

Petitioners assert that the Phippsburg Post Office is the center of the community. The closing of the Phippsburg Post Office will not leave residents without social outlets or a place to meet. Residents may continue to meet informally, socialize, and share information at other locations and residences in the community-at-large. In addition, CBUs may provide a gathering place for customers when retrieving their mail.

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 Phippsburg Post Office on the community served by the Phippsburg 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 HCR service would cost the Postal Service substantially less than maintaining the Phippsburg Post Office and would still provide regular and effective service.<sup>36</sup> The estimated annual savings associated with discontinuing the Phippsburg Post Office are \$43,622.<sup>37</sup> There is a one time cost of \$6000 incurred in relation to the construction of CBUs.<sup>38</sup> Economic factors are one of several factors that the Postal Service considered, and

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<sup>35</sup> *Id.*

<sup>36</sup> FD at 7; Item 21, Cover Letter for Questionnaire; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

<sup>37</sup> FD at 6; Item 29, Proposal Checklist at 2; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

<sup>38</sup> *Id.*

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).<sup>39</sup>

Petitioners assert that the cost of installing cluster boxes negates significant savings, especially when the Postal Service already has existing boxes at the Phippsburg Post Office. As set forth above, the total cost of constructing the CBUs is \$6000. This one time cost is overshadowed by more than \$40,000 of yearly savings. Furthermore, boxes at the Phippsburg Post Office will be removed and if possible, recycled at other locations.

The Postal Service determined that HCR service is more cost-effective than maintaining the Phippsburg postal facility and postmaster position.<sup>40</sup> 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.<sup>41</sup>

### **Effect on Postal Employees**

As documented in the record, the impact on postal employees is minimal. The Postmaster resigned on March 27, 2010.<sup>42</sup> A non-career employee was installed as the temporary OIC. The non-career employee serving as the OIC may be separated from the Postal Service, although attempts will be made to

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<sup>39</sup> *Id.*

<sup>40</sup> FD at 7; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

<sup>41</sup> See 39 U.S.C. § 404(d)(2)(A)(iv).

<sup>42</sup> *Id.*

reassign the employee to an authorized position at a nearby facility.<sup>43</sup> The record shows that no other employee would be affected by this closing.<sup>44</sup> Therefore, in making the determination, the Postal Service considered the effect of the closing on the employee at the Phippsburg Post Office, consistent with its statutory obligations.<sup>45</sup>

### **Conclusion**

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Phippsburg Post Office on the provision of postal services and on the Phippsburg 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 Phippsburg customers.<sup>46</sup> The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accordance with the policies stated in 39 U.S.C. § 404(d)(2)(A).

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<sup>43</sup> FD at 6; Item 15, Post Office Fact Sheet at 1; Item 33, Proposal at 7; Item 41, Proposal (Revised) at 7.

<sup>44</sup> *Id.*

<sup>45</sup> See 39 U.S.C. § 404(d)(2)(A)(ii).

<sup>46</sup> FD at 7.

Accordingly, the Postal Service respectfully requests that the determination to close the Phippsburg Post Office be affirmed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Anthony F. Alverno  
Chief Counsel  
Global Business & Service Development

Keith C. Nusbaum

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1137  
(202) 268-6687; Fax -5418  
Keith.C.Nusbaum@usps.gov  
January 17, 2012