

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Basalt Post Office
Basalt, ID

Docket No. A2012-1

ORDER AFFIRMING DETERMINATION

(Issued January 25, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly, the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

The Postal Service's Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service's request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 5, 2011, Franklyn and Nancy Freeman and Paul and Joy Freeman (Petitioners) filed petitions with the Commission seeking review of the Postal Service's Final Determination to close the Basalt, ID post office (Basalt post office).² Subsequently, on October 7, 2011, Glenna J. Wetherby-Brug, Douglas Brug, Steven Ricks, and Greg Anderson filed petitions with the Commission seeking review of the Postal Service's Final Determination in this matter. The petition for review filed by Greg Anderson included a petition signed by 55 post office box customers.³ On October 13, 2011, Gary W. Craft filed a petition with the Commission seeking review of the Postal Service's Final Determination in this matter.⁴ The Final Determination to close the Basalt post office is affirmed.

II. PROCEDURAL HISTORY

On October 7, 2011, the Commission established Docket No. A2012-1 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁵

² Petition for Review received from Franklyn and Nancy Freeman regarding the Basalt, ID post office 83218, October 5, 2011; (Franklin and Nancy Freeman Petition); Petition for Review received from Paul and Joy Freeman regarding the Basalt, ID Post Office 83218, October 5, 2011 (Paul and Joy Freeman Petition).

³ Petitions for Review received from Glenna J. Wetherby-Brug and Douglas Brug, Steven Ricks and Greg Anderson regarding the Basalt, ID post office 83218, October 7, 2011 (Wetherby-Brug *et al.* Petition).

⁴ Petition for Review received from Gary W. Craft regarding the Basalt, ID post office, 83218, October 13, 2011 (Craft Petition).

⁵ Order No. 897, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 7, 2011.

On October 19, 2011, the Postal Service filed the Administrative Record with the Commission.⁶ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁷

Several Petitioners filed participant statements supporting their Petitions.⁸ The Public Representative did not file any comments in this matter.

III. BACKGROUND

The Basalt post office provides retail postal services and service to 133 post office box customers. Final Determination at 2. No delivery customers are served through this office. *Id.* The Basalt post office, an EAS-11 level facility, has retail access hours of 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m., Monday through Friday, and 8:00 a.m. to 9:30 a.m. on Saturday. *Id.* at 2. Lobby access is 24 hours Monday through Saturday. *Id.*

The postmaster position became vacant on April 25, 2008, when the Basalt postmaster retired. *Id.* Two non-career officers-in-charge (OICs) were installed to operate the office. Postal Service Revised Comments at 13. Retail transactions average 14 transactions daily (18 minutes of retail workload). Office receipts for the last 3 years were \$16,216 in FY 2008; \$15,421 in FY 2009; and \$14,929 in FY 2010. Final Determination at 2. There are no permit or postage meter customers. By closing this office, the Postal Service anticipates savings of \$37,201 annually. *Id.* at 5.

⁶ The Administrative Record is attached to the United States Postal Service Notice of Filing, October 19, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Basalt, ID Post Office and Extend Service by Rural Route Service (Final Determination).

⁷ United States Postal Service Comments Regarding Appeal, November 23, 2011; *see also* United States Postal Service Notice of Errata, November 29, 2011 (Postal Service Revised Comments).

⁸ Participant Statements received from Greg Anderson, November 4, 2011 (Anderson Statement); Steven Ricks, November 8, 2011 (Ricks Statement); Paul and Joy Freeman, November 10, 2011 (Freeman Statement); and Glenna J. Wetherby-Brug & Douglas Brug, November 14, 2011 (Brug Statement).

After the closure, retail services will be provided by the Firth post office located approximately one mile away.⁹ Delivery service will be provided by rural carrier through the Firth post office. *Id.* The Firth post office is an EAS-15 level office, with retail hours of 8:30 a.m. to 11:30 a.m. and 12:30 p.m. to 4:30 p.m.,¹⁰ Monday through Friday. One hundred forty-nine (149) post office boxes are available. *Id.* The Postal Service will continue to use the Basalt name and ZIP Code. *Id.* at 5, Concern No. 1.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Basalt post office. Petitioners Paul and Joy Freeman argue that closing the small Basalt post office will do little to reduce the Postal Service deficit. Petitioners also contend that the community needs the Basalt post office as a community gathering place and assert that street mail boxes would not be secure as they would be a target of vandalism. Paul and Joy Freeman Petition at 1-3; Freeman Statement at 1-2; Franklin and Nancy Freeman Petition at 1; Wetherby-Brug *et al.* Petition at 1; Brug Statement at 1; Ricks Petition at 1; Ricks Statement at 1-2; Anderson Petition at 1; Anderson Statement at 1-2; Craft Petition at 1.

Petitioners Ricks and Craft challenge the economic savings listed in the Final Determination since the Basalt post office currently operates with an employee who receives only an hourly wage and no benefits. Ricks Petition at 1; Ricks Statement at 1-2; Craft Petition at 1.

Petitioner Anderson argues that the Basalt post office, founded in 1888, has an important historical significance to the community. Anderson Petition at 1; Anderson Statement at 1-2.

⁹ *Id.* at 2. MapQuest estimates the driving distance between the Basalt and Firth post offices to be approximately 1.1 miles (3 minutes driving time).

¹⁰ Although the Final Determination listed the Firth post office hours as 8:30 a.m. to 4:30 p.m. daily, a memorandum from Sharon Ricks, OIC, Basalt notes the Firth post office is closed daily from 11:30 a.m. to 12:30 p.m. (Administrative Record, .pdf pages 249-250).

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Basalt post office. Postal Service Revised Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the impact on the provision of postal services; (2) the impact on the Basalt community; (3) the calculation of economic savings expected to result from discontinuing the Basalt post office; and (4) the impact on employees. *Id.* at 1-2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Basalt post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Basalt post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low and decreasing office revenue;
- a variety of delivery and retail options (including the convenience of rural delivery and retail service);
- no projected population, residential, commercial or business growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Basalt community when the Final Determination is implemented. *Id.* The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, effect on the Basalt community, economic savings, and effect on postal employees.

With respect to the effect on postal service, the Postal Service notes that carriers can perform many functions that would eliminate the need for a customer to travel to a nearby post office. In addition, customers could also choose to receive services at the nearby Firth post office located 1.4 miles away. With respect to the concerns about mail

security, the Postal Service notes customers may place a lock on their mailboxes. Postal Service Revised Comments 5-8.

The Postal Service contends that the Basalt community identity will be preserved through the continuing use of the Basalt post office name and ZIP code in addresses. In addition, the Postal Service states the community can continue to meet informally at alternative places. *Id.* at 8-9.

The Postal Service argues that it correctly assessed the economic savings since the postmaster salary and benefits would be paid if the Basalt post office is not closed. The Postal Service also argues that while the savings from closing the Basalt post office may seem insignificant, they are significant when added together with other Postal Service initiatives on efficiency. *Id.* at 10-12.

Additionally, the Postal Service contends that it did consider the impact of the closing on the non-career employee who currently operates the Basalt post office and states it will make efforts to reassign the employee. *Id.* at 13.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On April 15, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Basalt post office. Final Determination at 2. A total of 133 questionnaires were distributed to post office box delivery customers. Other questionnaires were made available at the retail counter. *Id.* A total of 51 questionnaires were returned. On April 22, 2011, the Postal Service held a community meeting at Firth Grange Hall to address customer concerns. Twenty-three customers attended. *Id.*

The Postal Service posted the proposal to close the Basalt post office with an invitation for comments at the Basalt and Firth post offices from May 26, 2011 through July 27, 2011. *Id.* The Final Determination was posted at the same two post offices from September 15, 2011 through October 17, 2011. *Id.* at 1.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Basalt, Idaho is an unincorporated community located in Bingham County, Idaho. Administrative Record, Item No.16. The community is administered politically by the City of Basalt. Police protection is provided by the Bingham County Sheriff. Fire protection is provided by the Shelley/Firth Fire Department. The community is comprised of retirees and farmers. *Id.* Residents may travel to nearby communities for other supplies and services. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Basalt community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Basalt post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 6.

The Postal Service contends the community identity will be preserved by continuing the use of the Basalt name and ZIP Code. Postal Service Revised Comments at 9. In response to concerns that the Basalt post office is a community gathering place, the Postal Service contends that the community can continue to meet at the local church or other nearby places. Postal Service Revised Comments at 9.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Basalt postmaster retired on April 25, 2008, and that two non-career OICs have operated the Basalt post office since then. Postal Service Revised Comments at 13; Final Determination at 2. It asserts that after the Final Determination is implemented, the two temporary OICs will either be reassigned or separated, and that no other Postal Service employees will be adversely affected.

The Postal Service has considered the possible effects of the post office closing on the two non-career OICs and has satisfied its obligation to consider the effect of the closing on employees at the Basalt post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Basalt customers. Postal Service Revised Comments at 5-8. It asserts that customers of the Basalt post office may obtain retail services at the Firth post office located 1.4 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Firth post office. *Id.* The Basalt post office box customers may obtain Post Office Box Service at the Firth post office which has 149 boxes available. *Id.*

For customers choosing not to travel to the Firth post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 2-5. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.* The Postal Service also notes that there are other options besides traveling to a nearby post office or obtaining services from the carrier, including the option to purchase stamps by mail. Postal Service Revised Comments at 6.

Several Petitioners raise the issue of security in rural route boxes. The Postal Service states that customers are advised that they may place a lock on their mailboxes. The Postal Service also notes that there has only been one report of mail theft or vandalism in the area indicating a minimal security risk. Postal Service Revised Comments at 7.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$37,201. Final Determination at 6. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$3,945), minus the cost of replacement service (\$11,023). *Id.*

Petitioners Ricks and Anderson challenge the use of salary and benefit information because the postmaster position has been vacant since 2008. Ricks Statement at 1; Anderson Statement at 2.

The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The Basalt post office postmaster retired on April 25, 2008. Final Determination at 2, 8. The post office has since been staffed by two non-career OICs who, upon discontinuance of the post office may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Basalt post office has been staffed by an OIC for approximately 4 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Basalt post office is affirmed.

It is ordered:

The Postal Service's determination to close the Basalt, Idaho post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Basalt post office has been operated by two officers-in-charge (OICs) since the former postmaster retired on April 25, 2008. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only two OICs will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time position.

Also, the Postal Service already claims billions of dollars in savings from reducing labor costs. The savings from substituting OICs in postmaster positions throughout the nation has already been included in those billions. Counting the savings of a full postmaster salary is in effect double counting. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the

review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium.

The citizens of Basalt, Idaho and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION BY VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The current lease does not terminate until 2022, and does not have a 30-day termination clause. Administrative Record, Item 15 at 1. The Postal Service should note that any savings from the lease will not be realized for at least 10 years, a significant period of time.

In addition, the Postal Service should take into consideration that since April 2008, two non-career postmaster relief (PMR) employees have been installed as the officers-in-charge (OIC) to operate this facility, not an EAS-11 postmaster. The two PMR's salaries and benefits should be reflected in the Postal Service's cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Basalt post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley