

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

Prescott Post Office
Prescott, Iowa

Docket No. A2012-60

ORDER AFFIRMING DETERMINATION

(Issued February 22, 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 November 7, 2011, Dan Westlake (Petitioner Westlake) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Prescott, Iowa post office (Prescott post office).² An additional petition for review was received from Joyce James (Petitioner James).³ The Final Determination to close the Prescott post office is affirmed.⁴

II. PROCEDURAL HISTORY

On November 28, 2011, the Commission established Docket No. A2012-60 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁵

On November 22, 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

Petitioner Westlake filed a participant statement supporting the Petition.⁸ On February 8, 2012, the Public Representative filed a reply brief.⁹

² Petition for Review received from Dan Westlake regarding the Prescott, IA post office 50859, November 7, 2011 (Westlake Petition).

³ Petition for Review received from Joyce James regarding the Prescott, IA post office 50859, November 17, 2011 (James Petition).

⁴ The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

⁵ Order No. 1001, Notice and Order Accepting Appeal and Establishing Procedural Schedule, November 28, 2011.

⁶ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 22, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Prescott, IA Post Office and Establish Service by Rural Route Service (Final Determination).

⁷ United States Postal Service Comments Regarding Appeal, January 3, 2012 (Postal Service Comments).

III. BACKGROUND

The Prescott post office provides retail postal services and service to 75 post office box customers. Final Determination at 2. Two hundred and five (205) delivery customers are served through this office. The Prescott post office, an EAS-11 level facility, provides retail service from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 3:45 p.m., Monday through Friday, and 8:00 a.m. to 9:15 a.m. on Saturday. The lobby is accessible 24 hours a day, Monday through Saturday. *Id.*

The postmaster position became vacant on July 3, 2009, when the Prescott postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the office. Retail transactions average 16 transactions daily (20 minutes of retail workload). Post office receipts for the last 3 years were \$20,219 in FY 2008; \$19,819 in FY 2009; and \$19,384 in FY 2010. There are two permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$33,532 annually. *Id.* at 7.

After the closure, retail services will be provided by the Corning post office located approximately 11 miles away.¹⁰ Delivery service will be provided to cluster box units (CBUs) by rural carrier through the Corning post office. *Id.* at 2; Postal Service Comments at 3. The Corning post office is an EAS-18 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., Monday through Friday, and none on Saturday. Final Determination at 2, Concern No. 1. One hundred (100) post office boxes are available. *Id.* The Postal Service will continue to use the Prescott name and ZIP Code. *Id.* at 4, Concern No. 17.

⁸ Participant Statement received from Dan Westlake , December 14, 2011 (Westlake Participant Statement).

⁹ Reply Brief of the Public Representative, February 8, 2012 (PR Reply Brief). The Public Representative also filed a Motion of Public Representative for Late Acceptance of Reply Comments on February 8, 2012. The motion is granted.

¹⁰ *Id.* at 2. Google Maps estimates the driving distance between the Prescott and Corning post offices to be approximately 10.7 miles (16 minutes driving time).

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Prescott post office. They contend that rural route service will not provide the Prescott community with a maximum degree of regular and effective service, that closure of the post office will adversely affect the community and the postal employees, and that the calculated cost savings of closure are overstated. See Westlake Petition at 1; James Petition at 1; Westlake Participant Statement at 1.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Prescott post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four issues: (1) the effect on postal services; (2) the impact on the Prescott community; (3) the economic savings expected to result from discontinuing the Prescott post office; and (4) the impact on employees. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Prescott post office should be affirmed. *Id.* at 2, 13.

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

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4-5. The Postal Service contends that it will continue to provide regular and effective postal services to the Prescott 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 Petitioner regarding the effect on postal services, the effect on the Prescott community, economic savings, and the effect on postal employees. *Id.* at 13.

Public Representative. The Public Representative asserts that the Commission should remand the Postal Service's determination. PR Reply Brief at 6. The Public Representative contends that the Postal Service's calculation of economic savings is so flawed it amounts to failure to sufficiently consider the factors raised by section 404(d)(2)(A). *Id.*

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 providing notice of its intent to close. On April 29, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Prescott post office. Final Determination at 2. A total of 280 questionnaires were distributed to delivery customers of the Prescott post office. *Id.* Other questionnaires were made available at the retail counter of the Prescott post office. *Id.* A total of 101 questionnaires were returned. *Id.* On May 16, 2011, the Postal Service held a community meeting at the Prescott United Church to address customer concerns. *Id.* Nineteen (19) customers attended. *Id.*

The Postal Service posted the proposal to close the Prescott post office with an invitation for comments at the Prescott and Corning post offices from June 23, 2011 through August 24, 2011. *Id.* The Final Determination was posted at the same two post offices from October 20, 2011 through November 21, 2011. Administrative Record, Item No. 49.

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. Prescott, Iowa is an incorporated community located in Adams County, Iowa. Administrative Record, Item No. 16. The community is administered politically by the Mayor and Council. Police protection is provided by the

Adams County Sheriff. Fire protection is provided by the Prescott Fire Department. The community is comprised of retirees, self-employed individuals, and those who work in local businesses or commute to work in nearby communities. *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 Prescott community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Prescott 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 2-6.

Petitioner Westlake raises the issue of the effect that closing the Prescott post office will have on the Prescott community. Petitioner Westlake requests that the Prescott post office remain open for the benefit of the local community. Westlake Petition at 1. The Postal Service contends that it considered the effect that closure would have on the community and indicates that it will endeavor to preserve community identity by continuing the use of the Prescott name and ZIP Code in addresses. Postal Service Comments at 9. The Public Representative agrees that the Postal Service has adequately considered the effect that the closing will have on the Prescott community. PR Reply Brief at 5.

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 Prescott postmaster retired on July 3, 2009 and that an OIC has operated the Prescott post office since then. Final Determination at 2. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 7. It also indicates that a career

clerk who has been working in the Prescott post office, but who is based in the Greenfield post office, will return to Greenfield. Postal Service Comments at 12.

The Postal Service has considered the possible effects of the post office closing on the OIC and the career clerk and has satisfied its obligation to consider the effect of the closing on employees at the Prescott 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 Prescott customers. Postal Service Comments at 5. It asserts that customers of the closed Prescott post office may obtain retail services at the Corning post office located 11 miles away. Final Determination at 2. Delivery service will be provided to CBUs by rural carrier through the Corning post office. *Id.* The Prescott post office box customers may obtain Post Office Box Service at the Corning post office, which has 100 boxes available. *Id.*

Petitioners assert that service through the Corning post office will not provide the maximum degree of effective postal services because: 1) elderly residents will no longer be able to walk to the Prescott post office to purchase money orders; 2) the Prescott post office is more convenient for town residents for mailing packages and letters; and 3) the nearest post office that provides Saturday service is located twenty to twenty-five miles away from the Prescott post office. James Petition at 1; Westlake Participant Statement at 1.

The Postal Service responds that retail services, such as money order purchases, will be available from the carrier at roadside mailboxes or CBUs, and therefore customers will not need to make a special trip to the post office. Postal Service Comments at 6. It asserts that for most transactions, it will be not be necessary for the customer to meet the carrier at the mailbox. *Id.* With respect to packages, the Postal Service indicates that it will deliver packages to customer CBUs and that the carrier will accept packages for mailing. *Id.* at 7. With respect to Saturday service, the Postal Service indicates that rural route delivery to CBUs will provide access to retail service and therefore will alleviate the need to travel to the Post Office on Saturdays.

Id. at 6. The Public Representative agrees that the Postal Service has adequately considered the effect that the closing will have on postal services provided to Prescott customers. PR Reply Brief at 5-6.

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 \$33,532. Final Determination at 7. It derives this figure by subtracting the cost of replacement service (\$10,747) from the savings it anticipates from no longer paying the salary and benefits of an EAS-11 postmaster (\$44,279). *Id.*

Petitioner James contends that the Postal Service's savings estimate is incorrect. James Petition at 1. Specifically, Petitioner James asserts that (1) the roof of the Prescott post office building was redone last summer and its costs will not be recouped; and (2) the Postal Service owns the building and it would therefore be less expensive to continue to operate in the present building than to close the building and install CBUs. *Id.*

The Postal Service responds that providing rural route carrier service will cost the Postal Service substantially less than maintaining the Prescott post office. Postal Service Comments at 10. With respect to the roof repair costs, the Postal Services asserts that because the economic savings calculation was part of a forward-looking study, although it will not recoup the value of the repairs, that does not prevent it from reducing expenses in the future. *Id.* at 11. With respect to the proposal that the Prescott post office remain open, the Postal Service reiterates that carrier service, coupled with service at the Corning post office, will yield economic savings and asserts that is not required to evaluate and reject alternative proposals. *Id.*

The Public Representative contends that the Postal Service has failed to adequately consider the economic savings resulting from the closure of the Prescott post office. PR Reply Brief at 6. The Public Representatives makes two arguments. First, to calculate future economic savings on the basis of the salary and benefits to be paid to a future EAS-11 Postmaster rather than the (presumably lower) salary of the

OIC inflates the amount of actual savings that will accrue to the Postal Service. *Id.* at 6-7. Second, because the Postal Service has indicated that it may reassign the OIC, the claimed savings in employee costs should be excluded from the calculation of economic savings. *Id.* at 7. Excluding the EAS-11 postmaster salary and benefit savings, the Public Representative concludes that the proposed closure of the Prescott post office would impose additional costs to the Postal Service of \$10,747. *Id.* at 8. The Public Representative accordingly recommends that the Postal Service's Final Determination be remanded to the Postal Service.

The Prescott post office postmaster resigned on July 3, 2009. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office may be separated from the Postal Service or relocated to another Postal Service facility. 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 Prescott post office has been staffed by an OIC for approximately 2.5 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 Prescott post office is affirmed.

It is ordered:

The Postal Service's determination to close the Prescott, Iowa post office is affirmed.¹¹

By the Commission.

Shoshana M. Grove
Secretary

¹¹ See footnote 4, *supra*.

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 Prescott post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on July 3, 2009. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative 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 were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

I am also concerned about the distances between the Prescott post office and those that are offered as substitutes. The Corning post office is 10.7 mile driving

distance from the Prescott post office. Several members of Congress have publicly expressed concern that post office that are 10 miles apart should be maintained in rural areas. Recent legislation has been introduced precluding the closure of a post office in cases where the nearest post office is more than 10 miles away. The Postmaster General has expressed interest in finding other ways to serve such distant post offices rather than close them altogether, and the Commission, in its recent Advisory Opinion (Docket No. N2011-1), found that using optimization modeling the Postal Service could make better choices about which post offices to close that would assure adequate access in rural areas. This closing should be reconsidered.

Petitioners asserted that the nearest post office that provides Saturday service is located 20-25 miles away from the Prescott post office. The Prescott office provides Saturday counter service but the administrative receiving office in Corning does not. The Postal Service asserts that rural delivery service will suffice for this purpose. In this respect, the record does not show that the Postal Service has sufficiently considered the issues raised by customers concerning the provision of effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

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 and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Prescott, Iowa 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 OF 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 Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since July 2009, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.¹ As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

In addition, I agree with Chairman Goldway that the Postal Service has not considered the effect on the community and access to postal services sufficient when Saturday service, which is currently offered, will not be available at the proposed administrative office. In this particular case, the closest post office with Saturday hours is the Creston post office, located 18.5 miles from the Prescott post office.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Prescott post office and should be remanded.

Nanci E. Langley

¹ See Postal Service Comments at 12.