

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

Randolph Post Office  
Randolph, Iowa

Docket No. A2012-111

ORDER AFFIRMING DETERMINATION

(Issued April 19, 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.”<sup>1</sup> 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.*

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<sup>1</sup> 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 December 30, 2011, Vance Trively (Petitioner) filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Randolph, Iowa post office (Randolph post office).<sup>2</sup> The Final Determination to close the Randolph post office is affirmed.<sup>3</sup>

## II. PROCEDURAL HISTORY

The Commission established Docket No. A2012-111 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>4</sup>

On January 19, 2012, the Postal Service filed the Administrative Record with the Commission.<sup>5</sup> The Postal Service also filed comments requesting that the Commission affirm its Final Determination.<sup>6</sup>

Petitioner filed a participant statement supporting his Petition, and later filed a supplement to that participant statement.<sup>7</sup> On March 7, 2012, Petitioner filed a reply

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<sup>2</sup> Petition for Review received from Vance A. Trively, Mayor, regarding the Randolph, Iowa post office 51649, December 30, 2011 (Petition).

<sup>3</sup> The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

<sup>4</sup> Order No. 1154, Notice and Order Accepting Appeal and Establishing Procedural Schedule, January 20, 2012.

<sup>5</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, January 19, 2012 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Randolph, IA Post Office and Establish Service by Rural Route Service (Final Determination).

<sup>6</sup> United States Postal Service Comments Regarding Appeal, February 24, 2012 (Postal Service Comments). A Motion of the United States Postal Service for Late Acceptance of Comments Regarding Appeal was filed concurrently with the Postal Service Comments on February 24, 2012. Motion of the United States Postal Service for Late Acceptance of Comments Regarding Appeal, February 24, 2012 (Motion). That Motion is granted.

<sup>7</sup> Participant Statement received from Vance A. Trively, February 6, 2012. Vance A. Trively filed a Supplemental Participant Statement on February 10, 2012 (Supplemental Participant Statement).

brief.<sup>8</sup> On April 12, 2012, the Public Representative filed a motion for late acceptance of reply comments together with a copy of those comments.<sup>9</sup>

### III. BACKGROUND

The Randolph post office provides retail postal services and service to 88 post office box or general delivery customers. Final Determination at 2. Seventy-seven (77) delivery customers are served through this post office. The Randolph post office, an EAS-11 level facility, provides retail service from 8:00 a.m. to 12:00 p.m. and 12:30 p.m. to 4:15 p.m., Monday through Friday, and 8:00 a.m. to 9:45 a.m. on Saturday. Lobby access hours are 8:00 a.m. to 4:30 p.m., Monday to Friday, and 8:00 a.m. to 10:00 a.m. on Saturday. *Id.*

The postmaster position became vacant on September 30, 2009 when the Randolph postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the post office. *Id.* at 8. Retail transactions average 13 transactions daily (13 minutes of retail workload). *Id.* at 2. Post office receipts for the last 3 years were \$18,378 in FY 2008; \$17,758 in FY 2009; and \$14,720 in FY 2010. There was one permit or postage meter customer. *Id.* By closing this post office, the Postal Service anticipates savings of \$44,802 annually. *Id.* at 9.

After the closure, retail services will be provided by the Malvern post office located approximately 9 miles away.<sup>10</sup> *Id.* at 2. Delivery service will be provided by

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<sup>8</sup> Reply Brief of Vance A. Trively, March 7, 2012 (Reply Brief).

<sup>9</sup> Motion of the Public Representative for Late Acceptance of Reply Comments, April 12, 2012; Public Representative Reply Comments, April 12, 2012. As noted in footnote 3, *supra*, because it is equally divided on this appeal and the Final Determination stands, the Commission finds it unnecessary to address the Public Representative's motion and comments, which were filed 34 days late and 8 days before the expiration of the 120-day period for issuance of the Commission's decision. Under the circumstances, notwithstanding the Public Representative's assertion, the lateness of the filing may be prejudicial to the extent the issues or arguments were not raised in a timely fashion. This result should not be viewed as a commentary on the merits of the comments, only their timing. Post office appeals cases are subject to a statutory timeline. All participants are encouraged to adhere to the procedural schedule established in those dockets.

<sup>10</sup> MapQuest estimates the driving distance between the Randolph and Malvern post offices to be approximately 10.9 miles (20 minutes driving time).

rural carrier to cluster box units (CBUs) through the Malvern post office. The Malvern post office is an EAS-16 level post office, with retail hours of 8:30 a.m. to 4:15 p.m., Monday through Friday, and 9:00 a.m. to 10:00 a.m. on Saturday. Four-hundred-ninety-six (496) post office boxes are available. Retail services are also available at the Tabor post office, an EAS-13 level post office, located 7 miles away.<sup>11</sup> Window service hours at the Tabor post office are 8:30 a.m. to 4:15 p.m., Monday through Friday, and 9:00 a.m. to 10:00 a.m. on Saturday. There are 496 post office boxes available. *Id.* The proposal stated that the Postal Service will continue to use the Randolph name, but the ZIP Code may change. Administrative Record No. 33 at 9, Concern No. 7.

#### IV. PARTICIPANT PLEADINGS

*Petitioner.* Petitioner opposes the closure of the Randolph post office and argues that alternative service by rural carrier will not provide a maximum degree of effective postal services. Supplemental Participant Statement at 2, 4. Petitioner is particularly concerned about effective postal service for senior citizens and disabled individuals. *Id.* at 2; Reply Brief at 2. Petitioner also asserts that the loss of the post office would have a detrimental effect on the Randolph business community, specifically the Tri Valley Bank. Supplemental Participant Statement at 2, 3. Petitioner further argues that the economic savings anticipated by the closure of the Randolph post office were incorrectly calculated by the Postal Service. Petition at 1; Supplemental Participant Statement at 5. Finally, the Petitioner alleges that the closure of the Randolph post office was pre-determined. Petition at 3.

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the Randolph post office. Postal Service Comments at 20. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Randolph community; and (3) the calculation of

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<sup>11</sup> MapQuest estimates that the distance between the Randolph and Tabor post offices to be approximately 7.3 miles (13 minutes driving time).

economic savings expected to result from discontinuing the Randolph post office. *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 Randolph post office should be affirmed. *Id.* at 20.

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

- the postmaster vacancy;
- a declining workload;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- minimal impact on postal employees; and
- expected financial savings.

*Id.* at 7. The Postal Service contends that it will continue to provide regular and effective postal services to the Randolph 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 Randolph community, economic savings, and the effect on postal employees. *Id.* at 19-20.

## 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. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On April 6, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Randolph post office. Final Determination at 2. A total of 179 questionnaires were distributed to customers. Other questionnaires were made available at the retail counter. A total of 47 questionnaires were returned. On April 18, 2011, the Postal Service held a community meeting at the Randolph Community Building to address customer concerns. One-hundred-thirty-six (136) customers attended. *Id.*

The Postal Service posted the proposal to close the Randolph post office with an invitation for comments at the Randolph, Malvern, and Tabor post offices from July 19, 2011 to September 19, 2011. *Id.* at 2. The Final Determination was posted at the same three post offices from December 8, 2011 through January 9, 2012. 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.* Randolph is an incorporated community located in Fremont County, Iowa. *Id.*, Item No. 16. The community is administered politically by the Randolph Mayor and Village Board. Police protection is provided by the Fremont County Sheriff. Fire protection is provided by the Randolph Volunteer Fire Department. The community is comprised of farmers and agricultural workers, 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 id.*, 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 Randolph community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Randolph 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 2-9.

Petitioner is concerned about the impact of the post office closure on the Tri Valley Bank. Supplemental Participant Statement at 2, 3. He states that the bank does approximately \$44,000 of business a year through the Randolph post office, and so the Postal Service figure of \$14,720 in business per year is inaccurate. Reply Brief at 1. The Postal Service responds that there is no indication that the Randolph

business community will be adversely affected, and that concerns related to the Tri Valley Bank were addressed in the Proposal. Postal Service Comments at 14.<sup>12</sup>

Petitioner also alleges that the Postal Service's comments filed in this appeal are "the first time we are told that we would lose our ZIP Code." Reply Brief at 2. However, the Proposal and the Final Determination both note that the community's ZIP Code may need to change. Administrative Record No. 33 at 9, Concern No. 7; Final Determination at 9, Concern No. 7.

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 Randolph postmaster retired on September 30, 2009, and that an OIC has operated the Randolph post office since then. *Id.* at 9. 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.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Randolph 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 Randolph customers. Postal Service Comments at 7-8. It asserts that customers of the closed Randolph post office may obtain retail services at the Malvern post office located 9 miles away, or the Tabor post office located 7 miles away. Final Determination at 2. Delivery service will be provided by rural carrier to CBUs through the Malvern post office. The Randolph

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<sup>12</sup> In its comments, the Postal Service sometimes refers to a "Revised Proposal." However, the table of contents of the Administrative Record where the page number of the Revised Proposal is supposed to be located states "NA." The document in the Administrative Record located where the Revised Proposal is located is identical to the Proposal with the same date stamps. *Compare* Administrative Record at 33 *with* Administrative Record at 41. No other documents or pleadings in this case refer to a Revised Proposal. Accordingly, the Commission finds that the Postal Service's reference to a Revised Proposal in its comments was actually to the Proposal.



post office box customers may obtain Post Office Box service at the Malvern post office, which has 496 boxes available. *Id.*

Petitioner is concerned about customers being required to take a 20-mile round trip drive to Malvern for postal services. Supplemental Participant Statement at 1; Reply Brief at 1. The Postal Service responds that customers are not required to travel to another post office. For customers choosing not to travel to the Malvern post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 10. Petitioner states that it is inconvenient to meet the carrier for retail services, and in any event, the rural carrier is not likely to come at the same time each day. Petition at 1; Supplemental Participant Statement at 2, 4; Reply Brief at 2. The Postal Service states that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.* at 11. Should customers wish to intercept the carrier, the Postal Service notes that carriers have a schedule and are required to leave on time. Even though there may be unanticipated delays, carriers strive to serve the community in a timely fashion and on a regular basis. Postal Service Comments at 12.

Petitioner is particularly concerned about the impact of the post office closure on senior citizens and those with disabilities. Petition at 1; Supplemental Participant Statement at 2. The Postal Service replies that rural carrier service is especially beneficial to many senior citizens and those with challenges because the carrier can provide delivery and retail services via roadside mailboxes or CBUs. Special provisions are made, on request, for hardship cases or special customer needs. Postal Service Comments at 11.

Petitioner argues that, pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service is required to provide a “maximum degree of effective and regular postal service to rural areas, communities and small towns.” He adds that the alternative service provided by the rural carrier does not meet the standard of “maximum.” Supplemental Participant Statement at 3; Reply Brief at 1. The Postal Service responds that the statute must be read in the context of related statutory provisions. Specifically, the Postal Service must

balance the requirement for regular and effective service with the Congressional mandate that the Postal Service execute its mission efficiently and effectively. In this case, the Postal Service determined that a maximum degree of effective service could be provided by rural delivery service in the absence of the Randolph post office. Postal Service Comments at 9.

The Petitioner argues that the decision to close the Randolph post office was predetermined. Petition at 3. The Postal Service argues that local field personnel could not determine the outcome because the Final Determination was approved at Headquarters only after information in the Administrative Record was reviewed. Postal Service Comments at 19.

The Postal Service has considered and adequately addressed 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 \$44,802. Final Determination at 9. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$10,059), minus the cost of replacement service (\$9,536). *Id.*

Petitioner asserts that closing the Randolph post office and other small post offices will “not make a dent in the loss figure” of the Postal Service. Petition at 2, 4; Supplemental Participant Statement at 4. The Postal Service responds that while the savings achieved by closing any individual rural post office may seem insignificant to the Petitioner, it is significant to the overall cost reduction focus of the Postal Service. Postal Service Comments at 16-17.

Petitioner also argues that the Postal Service did not factor in the amount it must continue to pay on the leased property (\$10,059 per year) since the lease does not have an early termination clause and does not expire until August 31, 2018. Supplemental Participant Statement at 5; Reply Brief at 2. The Postal Service responds that the lease cost savings will arise from that point forward, and perhaps earlier if the Postal Service is able to sublease the property. Postal Service Comments at 16. The

Postal Service adds that even if it is required to pay rent on the property through the term of the lease, the amount in question is a small fraction of the overall estimate of economic savings. *Id.*

Petitioner states that the Postal Service did not account for additional costs that would be incurred to pick up and deliver mail throughout the community. Petition at 5; Reply Brief at 2. The Postal Service responds that the calculations in the Administrative Record account for the estimated cost of adding customers to the rural route carrier out of the Malvern post office. Postal Service Comments at 17.

Petitioner argues that the Postal Service will lose revenue as a result of the discontinuance of the Randolph post office, since the Tri Valley Bank will be forced to utilize private couriers and online options. He states that customers will move away from using the mail. Petition at 1; Supplemental Participant Statement at 3; Reply Brief at 3. The Postal Service responds that projections regarding lost revenue would require speculation. Postal Service Comments at 17.

Finally, Petitioner contends that the Postal Service savings estimate is incorrect because a career postmaster salary and fringe benefits were used in the calculation, rather than the lower income earned by the OIC. Petition at 1; Supplemental Participant Statement at 5; Reply Brief at 2.

The Randolph post office postmaster retired on September 30, 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. 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; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Randolph post office has been staffed by an OIC for approximately 2 years, even if the OIC salary was used, 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 Randolph post office is affirmed.<sup>13</sup>

*It is ordered:*

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

By the Commission.

Shoshana M. Grove  
Secretary

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<sup>13</sup> See footnote 3, *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 Randolph post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on September 30, 2009. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only a non-career 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.

In addition, the economic analysis identified in the Final Determination disregards the costs (\$10,059 per year) the Postal Service is obliged to pay under the terms of the lease, which does not have an early termination clause and which does not expire for more than 6 years.

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 Randolph post office and those that are offered as substitutes. The Postal Service has designated the administrative receiving post office for Randolph postal customers as Malvern, Iowa, approximately 10.9 driving miles from the Randolph post office. The designation of the administrative receiving post office can be significant to local postal customers because that will be the location where undeliverable or accountable items are retrieved, where some parcels must be deposited, or certain other “in-person” business is conducted. The Administrative Record does not address with specificity reasonable customer concerns about the large travel distance to the new administrative retail post office. Without a more complete explanation of how removing the applicable retail facility to such a distant point will affect the community, the Postal Service has not satisfied its obligation to consider the effect of such closing or consolidation on the community served by the post office, as required by 39 U.S.C. § 404(d)(2)(A)(i).

In addition, I am also concerned about the manner in which the Administrative Record assesses the business concerns of the local community bank. A community bank is often the economic engine of a region. In my opinion, the Administrative Record does not demonstrate that customer concerns about the adequacy of post-closure postal service were addressed sufficiently.

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 Randolph, 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 current annual lease of \$10,059 does not terminate until August 31, 2018, and does not have a 30-day termination clause. Administrative Record, Item No. 18. The Postal Service should note that any savings from the lease will not be realized for 6 years.

In addition, the Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility for nearly 3 years, since September 2009, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

The Administrative Record also indicates that there is one postage meter customer. Final Determination at 2. According to the Postal Service, the Final Determination reflects only retail window transactions, which does not include revenue from permit/postage meter customers.<sup>1</sup> It is important for the Postal Service to accurately reflect the total operating revenue, which includes all business activities, at each post office, to determine the potential impact on the community it serves. 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 Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Randolph post office and should be remanded.

Nanci E. Langley

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<sup>1</sup> See Docket No. A2012-78, Postal Service Comments at 10-11, n.24.