

Postal Service uses to attribute mail processing costs are in greater flux than in other segments. The Commission felt that this made it harder to determine whether the Postal Service has correctly applied PRC-approved methods in updating the Cost and Revenue Analysis-PRC Version. Accordingly, in its NPR, the Commission proposed that the Postal Service include with the CRA all of the processing programs that it used to attribute mail processing costs. NPR at 4–5. Despite these complicating factors, the Commission has decided not to require more complete documentation of the attribution of mail processing costs than of other costs, in order to reduce the Postal Service's burden in complying with the Periodic Reporting Rule.

In addition to requiring the Postal Service to provide input data and processing programs that have changed since the most recently completed general rate case, the final rule requires that the Postal Service provide the spreadsheet workpapers (the “B” workpapers”) that show how the CRA was developed. See final Rule 102(a)(1)(i). There are so many links and interactions built into these spreadsheets that an effort to separately identify portions that have changed from portions that have not is impractical. They are so essential to understanding how the summary estimates in the CRA were obtained that they need to be provided as an integrated whole.

Therefore, under the final rule, given current costing methods, documentation of the CRA should include the following:

(1) Spreadsheets supporting the CRA. (The “B” workpapers. In Docket No. R2001–1 these were found in USPS–LR–J–57. These should include the workpapers for Segment 14, and the Alaska Air Adjustment, that have customarily been provided under the rule.)

(2) The CRA model. This should include the files usually provided during an omnibus rate case to allow for the replication of all of the operations used by the Postal Service's COBOL CRA/Rollforward programs. These include the Manual Input Matrix, the “A” report matrix, and the “C” report matrix. The files that contain the operating “control strings,” that is, the instructions to the computer model that distribute the indirect costs to classes and subclasses of mail, should be included. These files are usually named “A,” “B,” “C,” “D,” and “F.” They represent the instructions to the model for the development of the “A” report and the “B” report (Factor Development

Report). Title files containing the categories of mail and special services that are reported in the CRA, and the titles of all 1,600 components in the USPS CRA cost matrix, should be provided. (All of this material was provided in just eight of the over 100 files that made up USPS–LR–J–6 in Docket No. R2001–1.) The printouts of the CRA and the Cost Segment and Components report should be included, as has been customary under the rule.

(3) The output data file for the In-Office Cost System (IOCS). (This was found in file PRC00.SD2 in USPS–LR–J–10 in Docket No. R2001–1).

(4) The Segment 3 accrued cost pools. (These were found in USPS–LR–J–55, Table 1, in Docket No. R2001–1).

(5) Equipment and facility-related cost spreadsheets. These three spreadsheets show the equipment variabilities for equipment maintenance labor costs, equipment parts and supplies, and capital interest costs by type of mechanized operation. The spreadsheets also develop the inputs for the components that determine the space and space-related separations for some facility-related costs, such as custodial, fuel and utilities, and rents. The inputs are data from the special facility studies and other maintenance databases. (In Docket No. R2001–1, these files were identified as FY00equip.xls, Facilt.xls, and equipvar.xls, and were sponsored by witness Smith.)

(6) Output data file for the City Carrier Cost System (CCCS). (This was identified as “cityz.sd2” in USPS–LR–J–12 in Docket No. R2001–1.)

(7) Output data file for the Rural Carrier Cost System (RCCS). (This was provided as the “z” folder in USPS–LR–J–13 in Docket No. R2001–1).

(8) The National Mail Count for rural carriers.

Procedural History of the Rule

This rulemaking has had an unusual procedural history. The NPR was issued on January 8, 2003. It allowed approximately a month for filing public comments and two weeks to file reply comments—the standard period for these procedures. The NPR proposed that part of the required information be provided in a PC-compatible format, and suggested that an informal technical conference be held if the Postal Service anticipated problems complying with this requirement. At the Postal Service's request, a technical conference was held on March 11, 2003. Afterward, the Postal Service was given three weeks to file substantive comments on the proposed update that reflected the information gained at the technical

conference. See PRC Order No. 1363. At the end of that period, the Postal Service then requested an additional five weeks to file its substantive comments so that its staff could confer with its Board of Governors.

Toward the end of that period, the Postal Service urged that it not be required to file its comments until well after July 31, 2003, the date on which the report of the President's Commission on the Postal Service was due. It asserted that the proposed update had major ramifications for the Postal Service and Commission, its prerogatives as a litigant in rate cases, and the confidentiality of its commercially sensitive information. It argued that these issues should not be addressed until after the recommendations of the President's Commission were made public. The report of the President's Commission, it said, would provide the appropriate context for discussing these issues. Motion of the United States Postal Service for Further Extension of Time to File Comments, June 6, 2003, at 2–3.

General Views of the Commenters

Apart from the Postal Service, all of those commenting on the NPR have participated as intervenors in omnibus rate cases. They agree that the proposed updates would improve their ability to understand and respond to an omnibus rate filing in the time allotted. They argue that with the increasing complexity of the Postal Service's omnibus rate filings, the “playing field” has become tilted heavily in favor of the Postal Service. They argue that they have so little time to understand and react to the tens of thousands pages of data and documentation that support the Postal Service's rate filing that they cannot digest it all and respond to it in the time allowed. They say that by having access to enough data and documentation to understand how the Postal Service's routine financial reports are put together each year, they will be less likely to be overwhelmed when the Postal Service files an omnibus rate request that employs similar types of information. The intervenors also point out that under the regulatory structure of the Postal Reorganization Act, the Commission is required to make independent recommendations on postal rates under the severe time pressures imposed by the Act. To be adequately prepared to process an omnibus postal service rate filing under these difficult conditions, they argue, the Commission must maintain its expertise on postal cost systems and financial forecasting between rate cases. In order to do this, they say, the