

completed (and were made publicly available at the Commission's offices) it is anticipated that the Commission and the numerous interested parties appearing in our formal proceedings would then have an opportunity to evaluate the data contained in the documents on an ongoing basis rather than solely during a rate proceeding.

In addition to providing the Commission with a better opportunity for keeping abreast of the changing factors which will affect the execution of its regulatory functions, other benefits are likely to result if these reports were to be made available to the Commission. Since these data are necessary for evaluating a rate request, their early accessibility may aid in expediting rate proceedings. Relying solely on interrogatories and the discovery process to obtain information consumes time, both because data must initially be requested of the Service and, thereafter, additional time is expended while the Service responds. If the data which are the subject of this rulemaking were on file with the Commission, the time needed by the Commission and the parties would likely be reduced because of the ready availability of information.

Notice of Proposed Rulemaking issued April 5, 1976, in Docket No. RM76-5 at 2-4.

If the data currently made available to the Commission and interested persons were made available on an ongoing basis, rather than solely during the course of a rate proceeding, substantial benefits would inure to the Commission and the parties. The proposed rules will provide current data which will assist the Commission in keeping fully apprized of developing circumstances having an effect on its regulatory functions. Additionally, continued access to the data will assist interested members of the public in more thoroughly evaluating a filing of the Service and making alternative presentations within the time constraints imposed by the statutory directive that Commission proceedings be conducted with the "utmost expedition consistent with procedural fairness to the parties." (39 U.S.C. § 3624). The reports, documents, and other data sources which are being made a part of the Commission's periodic reporting system will aid in achieving these objectives.

The data sources which the Commission is now including in this amendment to the rules of practice have been evaluated on the basis of (1) the demonstrated utility of the data source, and (2) the burden imposed on the Service in filing the particular information. Although the information sources covered by our new rules do not include all the reports and documents proposed by the parties, the Commission is not foreclosing the possibility of the later inclusion of some or all of these items. As additional information is demonstrated to be useful, the underlying sources of information will be included in the data reporting system except where inclusion would impose an undue burden on the Service. So that interested parties may have the opportunity to analyze and experiment with additional information, even when there is no case in progress, the Service should provide access

to these additional information sources. The Commission believes that where the information is available, its use on an experimental basis will be very helpful in determining its utility. [Footnote omitted.]

PRC Order No. 141 (October 21, 1976) at 3-4.

The initial version of the Periodic Reporting Rule emphasized accounting and other types of financial information that were likely to be useful in analyzing the behavior of the Postal Service's revenue requirement over time. It did not emphasize information on attributing costs to mail classes because analysis of Postal Service costs was still in its infancy. The process for attributing accounting costs to mail classes did not approach the complexity of the current CRA. Cost data collection systems and models of postal cost behavior were in considerable flux. Most of them were being developed on an arcane data processing platform that made it technically difficult for the Commission and the affected public to decipher and analyze. Primarily because attribution analysis was considered to be inadequate, the Postal Service, the Commission, and the affected public were all exploring ways to improve attribution methods. Facilitating such research with a view to speeding up the resolution of cost attribution issues in rate cases was among the primary goals of the Periodic Reporting Rule. *Id.* at 3-4, 15.

In contrast to its current attitude, the Postal Service's response was accommodating. It did not challenge the legitimacy of providing basic financial data and documentation to facilitate independent research of postal cost behavior between rate cases. It did not assert the commercial sensitivity of the cost data that the Commission or the intervenors proposed to include in the rule, except where data were facility-specific or customer-specific. (The Commission readily accommodated this concern in its initial version of the rule.)

From the beginning, the Commission's explicit policy has been to minimize the burden of the Periodic Reporting Rule on the Postal Service by limiting it to information that the Commission or the affected public was likely to use. With respect to cost information, the initial version of the rule asked primarily for summary-level cost reports [the precursors of the Cost and Revenue Analysis (CRA) and the Cost Segments and Components (CSC) reports]³ since the technical obstacles referred to above made it difficult for the Commission or the public to use the

input data and documentation underlying the Postal Service's standard cost attribution reports.

By the mid-1980s, some Postal Service cost data collection systems had matured, and cost attribution analysis had grown more complex, notably in the method by which attributable costs were distributed to mail classes in the mail processing and transportation areas. Adjusting to these developments, the Commission updated its Periodic Reporting Rule to require supporting documentation of these methods (the LIOCATT in mail processing and workpapers 31 and 57 in transportation). See PRC Order No. 697 (June 27, 1986) at 7. The rule did not seek input data in these costing areas because technical problems still prevented the Commission from using input data in the form in which it was reported. In other major cost centers, such as carrier street time costs, ongoing data collection systems had not yet stabilized. Attribution of these costs depended primarily on ad hoc studies that had already been publicly documented in the course of rate hearings, rather than on the analysis of regularly-collected data. Because regularly-collected data on carrier street time cost played a lesser role in modeling carrier costs, the rule did not require that carrier cost data be periodically reported.

The Periodic Reporting Rule has not been modified in 17 years. Over that time, the Postal Service's financial reporting systems have undergone major changes. Updating of the Periodic Reporting Rule to reflect those changes is long overdue. The sophistication of cost attribution methods has grown dramatically since the rule was last modified. The Postal Service has introduced elaborate cost variability models in the mail processing, transportation, and carrier cost areas. Also in each area, it has developed new, more complex methods of distributing attributable costs to subclasses. The ongoing data collection systems that the Postal Service used to develop these new attribution models and distribution methods were not used for these purposes, or did not exist, when the rule was last updated. These include "MODS" in the area of mail processing costs, "TRACS" in the area of transportation costs, and "CCCS" and "RCCS" in the area of delivery carrier costs. As the complexity of the Postal Service's cost attribution methods has grown, the need to document them in order to competently interpret them has

³ See PRC Order No. 141 (October 21, 1976) at 6-8.