

prepares the same Level Two documentation when it produces the CRA–PRC Version as part of its obligation to facilitate production of the international mail study. Because it prepares Level Two documentation for both versions anyway, and preparing it can be done automatically with little effort, providing Level Two documentation for the Periodic Reporting Rule should not impose an additional burden on the Postal Service of any significance. For these reasons, the Periodic Reporting Rule requires the Postal Service to provide essentially the same Level Two documentation of the CRA each year that it provides in an omnibus rate case. See Rule 102(a)(1)(i).

Level Two documentation shows primarily how the Postal Service estimates subclass shares of costs that vary directly with volume. These estimates become direct inputs (what the Postal Service calls the “Manual Inputs”) into the “CRA model.” The CRA model is a mainframe COBOL program that distributes indirectly attributable costs to subclasses in the same proportions as the Manual Inputs to which they relate.⁹ The Level One CRA documentation shows how the CRA model does this.

The subclass shares of directly attributable costs embodied in the Manual Inputs are fed into the CRA model to estimate total attributable costs and cost coverages by subclass. If outside analysts do not have access to the B workpapers that show how the Manual Inputs were calculated, they are unable to interpret or analyze the Postal Service’s estimates of subclass attributable costs and cost coverages. They must simply take these summary estimates “on faith.”

In the Level One CRA documentation, the Manual Inputs perform roughly the same function that the “I-Forms” perform in Level Two. In Level One CRA documentation, “control strings” perform roughly the same function that the spreadsheets perform in Level Two. The control strings apply intricate relationship rules to the Manual Inputs to construct hundreds of distinct keys for distributing indirectly attributable costs to subclasses. The CRA model then aggregates these subclass shares of directly attributable, and indirectly attributable costs.

With respect to space-related costs, such as rent, fuel, and utilities, the CRA model does more comprehensive calculations, calculating subclass shares of directly attributable, as well as indirectly attributable costs. Directly attributable space-related costs are not calculated in the B workpaper spreadsheets. There are distinct variability factors for many finely disaggregated activities that drive space costs, and there are many keys constructed from other keys that are used to distribute these costs. Because of this complexity, the Postal Service has used computer programs, rather than spreadsheets, to perform these calculations.

Like the B workpaper spreadsheets in Level Two, the CRA model is essential to understanding how the Postal Service arrived at its estimated subclass shares of attributable costs. Because of the numerous links and interrelationships embodied in its control strings, the CRA model needs to be provided as an integrated whole. Like the B workpaper spreadsheets, the intricate rules that the CRA model applies are continually being refined. These rules are exceedingly intricate, and evolve continually in minor, and sometimes major ways. For example, in its comments, the Postal Service announced that it has incorporated the results of a special facilities cost study into the FY 2002 CRA that would take it a year to document. Substantive Comments at 22. For an outside analyst to remain expert on the CRA model, current-year Level One (and Level Two) documentation of the model must be provided.

Each year, the Postal Service produces Level One documentation (the Manual Inputs and the Control Strings) for its own purposes when it produces the CRA–USPS Version. Each year, it produces Level One documentation for the CRA–PRC Version as part of its obligation to facilitate the international mail study. The CRA model is almost entirely automated. Because it prepares Level One documentation for both versions anyway, and preparing it can be done automatically with little effort, providing Level One documentation for the Periodic Reporting Rule should not impose an additional burden on the Postal Service of any significance. For these reasons, the rule requires the Postal Service to provide Level One CRA documentation each year that is comparable to that provided for the base year in an omnibus rate case.

Of the six levels of CRA documentation that the Postal Service provides in an omnibus rate case, the Periodic Reporting Rule will, in a

typical year, require Level One, Level Two, and Level Four documentation, almost exclusively. Level One and Level Two documentation is not burdensome for the Postal Service to provide, since its production is almost entirely automated, and the Postal Service produces it each year anyway, for reasons apart from the rule. The burden of providing Level Four documentation should be minor, too. The input databases have already been produced, since they are an indispensable step in producing the CRA, and their production is automated. In providing some Level Four data, the Postal Service faces the extra task of masking the identifying label for data that are facility specific or customer specific. This, however, should not be significant, since it, too, is easily automated.

The only significant burden of complying with the rule that the Postal Service would not otherwise bear is that involved in providing Level Three documentation (the processing programs used in its component cost variability models). But it only needs to provide a minority of those programs used to produce the CRA (those that have changed since the last rate case), and it need not provide narrative explanations or justifications. The Postal Service thereby avoids most of the burden that it would encounter providing Level Three documentation in an omnibus rate case.

For all of the above reasons, the Postal Service grossly mischaracterizes the Periodic Reporting Rule when it asserts that it will require CRA documentation on the “scale and scope” of an omnibus rate case. *Id.* at 4.

Scope Arguments Based on the List in the NPR

As noted earlier, the Postal Service’s principal support for this gross mischaracterization is an entirely non-analytical reference to the “very broad” language of the rule. It also cites a list of information at page 5 of the NPR, apparently to prove that the rule would require CRA documentation equal to that submitted in an omnibus rate case. *Ibid.* Here, too, it offers no analysis that explains how the contents of the list might support this assertion.

The 11 items on the list do not support the Postal Service’s assertions that the requirements of the rule are open ended and comparable to an omnibus rate case in scope and scale. The list illustrates the Level One documentation required by the proposed rule (the “CRA Model” itself) with item 2. It illustrates the Level Two documentation required by the proposed rule (B workpaper

⁹ This may be described as “piggybacking” the indirect costs on the direct costs. For example, the CRA model spreads the costs of supervising city carriers to subclasses in the same proportion as the B workpapers distribute the cost of city carrier direct labor to subclasses. It does this separately for each of the numerous in-office and street time components of city carrier direct labor costs.