

be its statutory prerogative to surprise opponents with every element of its rate filing. It insists that its prerogative extends to the generic, background financial data summarized in its standard financial reports. Substantive Comments at 36. Its view that the statute grants it an unlimited right of surprise ignores the due process needs of the affected public that participates in rate cases.

When the Postal Service eventually decides to file a rate case, it may present numerous new models that it has had ample time to prepare. Since alternative models can rarely be developed and defended in the time available, the only effective alternatives to the Postal Service's new models are the Postal Service's old models on which existing rates are based. The Postal Service's models, new and old, are typically the only ones eligible for adoption, because they are typically the only ones that have been presented on the record.

The Postal Service thinks that the due process objectives of the Act are well served under these circumstances. But if intervenors are to ever have a realistic chance to develop alternative cost attribution models for consideration in an omnibus rate case, they will, at a minimum, need access between rate cases to the current Level Four datasets that are used to produce the CRA.

Expertise and the Need To Replicate the CRA

The Commission and the public also need Level Four datasets in order to replicate the various attribution and distribution techniques that the Postal Service uses to produce the CRA. The Postal Service doesn't appear to object to the Commission replicating its Base Year CRA model, and the various cost component analyses used to produce it, in the context of a rate case. As a practical matter, for reasons explained earlier, the Commission must use the Postal Service's "state of the art" attribution engine as the starting point for estimating the subclass attributable costs that will support the Commission's rate recommendations. The Commission must first replicate the Postal Service's CRA model in order to confirm that it understands how the model estimates subclass attributable costs, and that it can accurately reproduce the result that the Postal Service's version of the CRA produced. The Commission must then adapt the Postal Service's CRA model to produce Base Year subclass cost estimates that are consistent with the Commission's recommended attribution methods. Because developing a CRA model for a given year is a mammoth undertaking,

even for the Postal Service, errors and inconsistencies are inevitable. Before it bases rate recommendations on the Postal Service's CRA, the Commission must ensure that errors and inconsistencies have been identified and corrected. To do this, the Commission issues Presiding Officer's Information Requests asking the Postal Service to explain or resolve apparent errors.

No thorough and coherent statement of the mechanics of producing the CRA has ever been provided by the Postal Service. Narrative descriptions of something as complex as the CRA, such as the Service provides in rate cases, are unlikely ever to be adequate to enable an analyst to thoroughly understand it. Therefore, replication is the primary tool available to the Commission and the public to diagnose errors in the Postal Service's CRA model, and isolate their sources. Running the model is also the only way that the Commission can test the forecasts on which its recommended rates were based to see if its forecasting assumptions are holding up in interim years, and if not, which ones are failing. The ability to undertake this exercise should significantly improve the Commission's forecasting expertise.

Replication makes diagnostic tests of various kinds possible. For example, to test whether the data that the Postal Service used in its CRA model were properly updated, this year's model could be run with this year's data, and then with last year's data, and the results compared. To test whether a processing program has changed, this year's data could be input into this year's CRA model, and then into last year's CRA model, and the results compared. Replication can also be done in stages, allowing intermediate outputs to be examined, to better isolate errors, or inconsistencies with earlier versions. And replication can be used to do sensitivity analyses, changing only selected inputs, or selected processing steps, to try to find reasons for unexpected results. To replicate the CRA model, or its components, the Commission and the public need the relevant input datasets and processing programs.

The Postal Service is skeptical that the Commission and the public have a need for partial documentation of the CRA. It comments that "[t]he Commission has been carrying out [its] duties for decades without having routine and frequent access to such information." Substantive Comments at 11. In recounting the history of the Periodic Reporting Rule, the Commission has already described some

of the compromises that it has been making during rate cases for decades. For decades, it has been unable to decipher and work with CRA-related databases and models that the Postal Service maintains on its mainframe COBOL computer platform. The Commission ultimately gave up this pursuit and developed its own PC-based CRA model that mimics the Postal Service's inaccessible model. During omnibus rate cases, the Commission most closely analyzes the Postal Service's ever-changing CRA model in areas that are in substantial dispute. Because so much of the available time is spent determining how the Postal Service arrived at its disputed estimates of attributable cost, the Commission's evaluation of undisputed estimation techniques is sometimes less thorough than is desirable. The Commission may not address less significant changes that the Postal Service makes in other costing areas, because there isn't sufficient time in a 10-month hearing to analyze it all.

Intervenors in omnibus rate cases, of course, have, for decades, had similar problems. To quote American Business Media:

With data available on an on-going basis, not only would the Commission be better prepared for a rate filing, but the Postal Service's customers would not bear the burden of having the ten or twelve feet of papers, plus computer materials, dropped on them with the expectation that they can review, understand, question and refute those portions that are relevant in time for the Commission to issue a recommended decision in ten months.

ABM Reply Comments at 2. The OCA adds:

As a participant in rate cases, the OCA has watched the complexity and sophistication of Postal Service presentations rise exponentially. The "lead" time required by the OCA (or any other participant) to match the level of the Service's evidence has also increased exponentially. But the Postal Service seeks to preserve its lead-time advantage of 'six months' while denying any lead time to participants. At some point (already passed, as far as the OCA is concerned), the advantage to the Postal Service becomes overwhelming, and due process evaporates.

OCA Reply Comments at 4-5 [footnote omitted]. The need for the updated Periodic Reporting Rule seems to be clear to everyone in the postal community except the Postal Service itself.

Replication and Bias

While the Postal Service does not deny that the Commission may use replication of its CRA as a legitimate diagnostic tool in the context of a rate