

ORDER NO. 1361

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

George Omas, Chairman;  
Dana B. Covington, Sr., Vice Chairman;  
Ruth Y. Goldway; and Tony Hammond

Periodic Reporting

Docket No. RM2003-3

NOTICE THAT AN INFORMAL TECHNICAL CONFERENCE  
HAS BEEN SCHEDULED AND THE DATES FOR COMMENTS  
AND REPLY COMMENTS ARE DEFERRED

(Issued March 5, 2003)

On January 8, 2003, the Commission issued Order No. 1358, a Notice of Proposed Rulemaking soliciting comments on proposed changes to the Commission's rule establishing periodic reporting requirements [39 CFR § 3001.102]. It suggested that if the Postal Service believes that there are substantial obstacles to providing supporting documentation for the annual Cost and Revenue Analysis Report (CRA) in the format proposed, that it seek to clarify these issues in an informal conference with the Commission's technical staff and the interested public. Order No. 1358 at 7.

In its initial comments on the Notice of Proposed Rulemaking, the Postal Service indicated that it believed that the suggested technical conference clarifying the objectives of these proposals and the potential burdens of complying with them would be beneficial. Initial Comments of the United States Postal Service, filed February 10, 2003, at 3-4.

In Order No. 1360, issued February 12, 2003, the Commission authorized the Postal Service to contact the Commission's staff and arrange an informal conference. To facilitate the work of the conference, the Commission requested that the Postal Service provide a list of items that it would like to address that is suitable for posting on the Commission's website.

The Postal Service has arranged for the suggested conference to be held on Tuesday, March 11, from 10 a.m. to 12 p.m. in the Ben Franklin Room, Side B, at Postal Headquarters, 475 L'Enfant Plaza, SW, Washington, DC. In order to address security procedures at Headquarters, the names of all persons planning to attend should be provided to the Law Department (202-268-2993) no later than Monday, March 10, 2003. The logistics of attending the conference are described in more detail in the attached letter from Postal Service attorney Richard T. Cooper to the Secretary of the Commission, dated March 4, 2003. That letter contains a list of issues that the Postal Service would like to address during the conference. After the conclusion of the conference, the Commission will reschedule the date for filing the Postal Service's "formal" comments on the Notice of Proposed Rulemaking and the date for filing reply comments.

IT IS ORDERED:

The date for filing Comments by the Postal Service, and the date for filing Reply Comments by the interested public, are deferred pending the outcome of the informal technical conference scheduled for March 11, 2003.

By the Commission.  
(SEAL)

Steven W. Williams  
Secretary

LAW DEPARTMENT – LEGAL POLICY AND RATEMAKING LAW



March 4, 2003

Steven W. Williams  
Secretary  
United States Postal Rate Commission  
1333 H Street, NW  
Washington DC 20268

Re: Docket No. RM2003-3

Dear Mr. Williams:

As requested in Order No. 1360, the Postal Service hereby indicates the types of issues that it expects to explore at the informal conference between representatives of the Postal Service and the Commission that has been scheduled in Docket No. RM2003-3. We also provide information regarding the meeting site and time.

#### ISSUES LIST

The Postal Service notes that while the Commission's commentary in Order No. 1358 acknowledges the potential burden of production on the Postal Service, and indicates limitations on the required information apparently designed to constrain that burden,<sup>1</sup> the wording of the proposed rule itself is quite broad. As stated in its Initial Comments, the Postal Service is concerned that the wording of the proposed rule could potentially lead to the imposition of an extreme burden of production. The

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<sup>1</sup> For example, at page 6, the Commission indicates that "[e]ven though the Postal Service's accounting system uses a mainframe-based computing language, the Commission sees no current need to be able to manipulate the Postal Service's accounting information. These systems need not be affected by the proposed format requirement as long as the output of these systems is submitted in an ASCII flat file form."

Postal Service thus intends to examine with the Commission's staff the many new requirements proposed, and determine which of several possible interpretations of the rule, each imposing a different level of burden, is intended by the Commission. In addition, the Postal Service would like to explore whether less burdensome means may exist to achieve the intended objectives of particular portions of the proposed rule.

As an example of proposed language that could benefit from clarification, consider proposed Section 3001.102(a)(1), relating to annual reports. The general language relating to CRA documentation is quite broad. This section would require the annual filing of:

All input data, all processing programs that have changed since the most recently completed general rate proceeding, and all computer programs used to attribute mail processing costs to subclasses, if they are used to produce the Cost and Revenue Analysis Report (CRA). Each change in attribution principles or methods from the previous report will be identified. The Postal Service shall submit a CRA-USPS Version, followed within two weeks by a CRA-PRC Version.

Although these general requirements are followed by the specific requirements of subparts (i) and (ii), these specifics are stated to be included in the required documentation, but do not delimit the total information to be produced. Read literally, the general language of proposed Rule 102(a)(1) could be understood to require a very large amount of information on an annual basis.

One issue which the Postal Service hopes to explore with the Commission's staff at the informal conference, therefore, is whether the intended scope of the rule embraces only direct inputs to the CRA, or secondary inputs, or all inputs, including, perhaps, even raw data and special studies. For example, information from the Revenue, Pieces and Weight reports are used in the development of the CRA. If all data and programs used to produce the RPW are implicated, the burden of production would be expanded significantly. The proposed rule would also appear to require public disclosure of information and data concerning Postal Service operations and finances to a degree never before agreed, except during the pendency of an omnibus rate case initiated by the Postal Service for the limited purpose of supporting a request for a recommended decision on rates and fees for postal services.

A second issue to be discussed is the degree of documentation to be produced under the rule pertaining to IOCS, MODS and other data sources. For example, with respect to IOCS information, the degree of burden of production would be significantly expanded if instead of simply producing the IOCS file, the entire documentation customarily prepared in an omnibus rate filing (see LR-J-10) were required. Similar burden issues arise with respect to production of the "Z" file (LR-J-12) and other files. Clarification of the exact standard of documentation would be helpful to the Postal Service in analyzing the burden of production under the proposed rule.

A third issue which would benefit from clarification is whether the rule intends the production of required computer programs in their current state, or whether these programs would be required to be documented in conformance with a specific standard, such as that set out in Rule 31(k). If the latter standard is to be applied, substantial additional documentation may have to be created for legacy programs, and other programs heretofore not routinely documented in conformance with Rule 31(k) standards.

A fourth issue concerns the new PC-compatible formatting standard incorporated in the proposed rule. The new requirement states:

Each report should be provided in a form that can be read by publicly available PC software. A processing program that was developed specifically to produce an accompanying workpaper must be provided in a form that can be executed by publicly available PC software. COBOL processing programs in use prior to FY 2003 are exempt from this requirement.

A variety of technical problems could arise with the conversion of SAS, Fortran, and other programs into PC-compatible format. The Postal Service would like to explore these and other conversion issues with the Commission's staff. In addition the Postal Service would like to discuss the potential need for program testing and verification of results.

Fifth, the Postal Service notes that the Commission proposes to impose a new quarterly report requirement, requiring quarterly Revenue, Pieces and Weight information *by rate category*. This proposed change is not discussed in the body of Order No. 1358. The development of quarterly rate category detail would impose a significant new burden on the Postal Service. Thus, the Postal Service would seek

to confer with the Commission's staff regarding whether this new language was intended, and if so, regarding the purpose to be served by the new requirement and whether any less burdensome approach might be acceptable to the Commission.

Sixth, the on page five of Order No. 1358, the Commission mentions "the underlying route-type data needed to produce the in-office worksheets in the 'B' workpapers," as well as "Transportation workpapers 31 and 57." The Postal Service would appreciate clarification regarding the information referred to in these passages.

The Postal Service anticipates that issues other than those listed above likely will arise during the course of the discussions.

#### CONFERENCE LOGISTICS

Finally, allow us to inform you of some logistical information regarding the informal conference. Pursuant to discussions with John Waller of the Commission's staff, the Postal Service has reserved the Ben Franklin Room, Side B, here at Postal Service Headquarters, from 10 am until 12 noon, on Tuesday, March 11, 2003, for the conference. This room should provide adequate seating to all interested parties wishing to observe the conference. In order to address security procedures here at Headquarters, the names of all persons planning to attend should be provided to the Law Department no later than Monday, March 10, 2003.

Sincerely,

Richard T. Cooper  
Attorney