

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF AMAZON.COM, INC.
REDIRECTED FROM WITNESS YEH
(AMZ/USPS-T38-31)**

The United States Postal Service hereby provides its response to the following interrogatory of Amazon.com, Inc., filed on July 14, 2006, and redirected from witness Yeh: AMZ/USPS-T38-31.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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AMZ/USPS-T38-31.

Please refer to your response to AMZ/USPS-T38-11.

- a. Your response referenced, inter alia, DMM section 163.4.0(b). Please confirm that the correct DMM section reference should have been, and is, 163.4.1(b). If you do not confirm, please explain the applicability of section 163.4.0(b).
- b. Please confirm that the three DMM sections that you referenced allow nonprint attachment and enclosures (e.g., CD's and DVD's) in BPM mailpieces (i) if the individual cost of each nonprint attachment and enclosure is less than or equal to a low cost item as defined in DMM section 703.1.6.11 (Products Mailable at Nonprofit Standard Mail Rates), and (ii) that the combined cost of all such attachments and enclosures is not more than two times the cost of a low cost item as defined in DMM section 703.1.6.11.
- c. Please confirm that the current maximum cost of a low cost item as defined in DMM section 703.1.6.11 (Products Mailable at Nonprofit Standard Mail Rates) is \$8.60, or provide the correct current maximum cost.
- d. Please explain (i) the rationale for limiting commercial BPM enclosures based on a definition drawn from regulations applicable to Nonprofit Standard Mail rates, and (ii) what relevance or relationship the \$8.60 value has, as a matter of postal policy, to eligibility requirements for a commercial subclass of mail such as BPM.

RESPONSE:

(a)-(c) Confirmed.

(d) Please see 66 FR 30064 (June 5, 2001) and 66 FR 16431 (March 26, 2001), which explains the rationale for this regulation. In summary, the regulation replaces the former subjective standards for BPM enclosures with objective ones. The value is an objective standard, set yearly by the IRS, to define "low cost articles." Just as it is applied to Nonprofit rates to prevent abuse of the intended use of those rates, it is applied to Bound Printed Matter, together with the restriction on the weight of the enclosure, to prevent abuse of the BPM content restriction. For instance, the regulation prevents a merchandiser from simply including a small inexpensive booklet with their non-qualifying merchandise in order to avail themselves of BPM rates for order fulfillment. At the same time, it allows mailers of Bound Printed Matter to include

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enclosures within the specified objective minimums, which can be easily understood and applied by all concerned.