

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

POSTAL RATE AND FEE CHANGES, 2006 )

Docket No. R2006-1

AMAZON.COM, INC.  
FIRST INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS NINA YEH (AMZ/USPS-T38-1-16)  
(June 27, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Amazon.com, Inc. hereby submits interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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**AMZ/USPS-T38-1.**

Please refer to USPS-LR-L-41, BPM Spreadsheets, tab FY2005 Presort Billing Det. (WP-BPM-3), and tab FY2005 SP Billing Det. (WP-BPM-4).

- a. Were the data shown in these two spreadsheets prepared by you, or under your supervision? If so, please provide the source or sources used to compile or prepare these data.
- b. Are you sponsoring the data in the tables in these two spreadsheets? If not, please identify the witness or witnesses who can sponsor and verify the billing determinants data in these two spreadsheets.

**AMZ/USPS-T38-2.**

Please refer to USPS-LR-L-41, Media Mail and Library Spreadsheets, tab FY 2005 Billing Determinants (WP-MM-2).

- a. Were the data that appear in this spreadsheet prepared by you, or under your supervision? If so, please provide the source or sources used to compile or prepare these data.
- b. Are you sponsoring the data in this spreadsheet? If not, please identify the witness or witnesses who can sponsor and verify the billing determinants data in this table.

**AMZ/USPS-T38-3.**

Please refer to your testimony at page 12, lines 17-19, and your statement that “[m]ost Media Mail and Library Mail pieces consist of small parcels: half weigh less than one pound ....”

- a. Please indicate where this datum for parcels under one pound can be found in, or computed from, your workbook, USPS-LR-L-41, Media Mail and Library Spreadsheets.
- b. If this datum is not contained in your workbook, USPS-LR-L-41, Media Mail and Library Spreadsheets, but is derived from this workbook, please show the derivation.
- c. If this datum is neither contained in nor derived from your workbook for Media Mail and Library Mail Spreadsheets in USPS-LR-L-41, please provide the source.

**AMZ/USPS-T38-4.**

Please refer to your testimony at page 13, lines 9-12.

- a. Please confirm that your proposed rates for Media Mail and Library Mail do not have a three-part rate structure, such as that which exists today, and which has been in existence since 1975 for Media Mail, and since 1978 for Library Mail. If you do not confirm, please provide the different rates you used for:
  - (i) pounds two through seven, and
  - (ii) each additional pound.

- b. If you confirm preceding part a, then please provide all reasons why you rejected the existing three-part rate structure.

**AMZ/USPS-T38-5.**

Please refer to your testimony at page 16, lines 7-9.

- a. Please define the term “standard ... rate-development approach to rate development” as used here in your testimony.
- b. Would you agree that the per-piece and single per-pound rated approach which you use for Media Mail and Library Mail has not been a “standard” approach for these two subclasses at any time since 1978? If you do not agree, please explain when the per-piece and single per-pound approach which you use was the “standard” approach for Media Mail and Library Mail.

**AMZ/USPS-T38-6.**

Please refer to USPS-LR-L-41, Media Mail and Library Spreadsheets, tab Adjusted Rate (WP-MM-12), and in particular refer to columns E to G and columns M to O.

- a. Please explain all changes in rate design you made that resulted in a reduction in rates in some individual rate cells of up to **6.1** percent (*e.g.*, the 7-lb., 5-digit Presort Library rate in column N), while other rate cells experienced increases as high as **44.4** percent (*e.g.*, the 1-lb., 5-digit Presort Media Mail rate in column F).

- b. Please confirm that the proposed rate changes for Media Mail range from **-5.3** percent to **+44.4** percent, and from lowest to highest, your proposed changes in rates for Media Mail span a total range of **49.7** percent. If you do not confirm, please provide the correct range.
- c. Please confirm that the rate changes for Library Mail range from **-6.1** percent to **+44.2** percent, and from lowest to highest your proposed changes in rates for Library Mail span a total range of **50.3** percent. If you do not confirm, please provide the correct range.
- d. Please explain your rationale for proposing such wide-ranging changes,

**AMZ/USPS-T38-7.**

Please refer to your testimony at page 15, lines 21-22, where you state that “the Postal Service proposes no fundamental changes to the Media Mail or Library Mail rate designs.”

- a. Please explain why you believe that proposed changes in rates that range from a reduction of 5-6 percent to an increase of 44 percent do not represent “fundamental changes to the Media Mail or Library Mail rate designs.”
- b. Within the limits of the law requiring rates for Media Mail and Library Mail to be unzoned, please describe what you would consider to constitute a fundamental change in rate design for Media Mail, and provide at least one example that, in your opinion, would represent a fundamental change to Media Mail rate design.

**AMZ/USPS-T38-8.**

Please refer to USPS-LR-L-41, Media Mail and Library Spreadsheets, tab Adjusted Rates (WP-MM-12).

- a. Please explain which data in your Media Mail workbooks you reviewed to study the impact on mailers of lighter weight pieces (*e.g.*, under 1 pound, and between 1 and 2 pounds), whose rates would increase by 19 to 44 percent under your proposed rates.
- b. Before finalizing your proposed rate changes for Media Mail and Library Mail, did you review the criteria in Section 3622(b) of the Postal Reorganization Act? If so, please explain the rationale which enabled you to determine that your proposed rates comply with subsection (b)(1), fairness and equity for users of Media Mail.
- c. Is it your opinion that rate changes of 31.4 to 44.4 percent for 1-pound Media Mail pieces comply with criterion (b)(4) regarding the effect of rate increases on mailers? If so, please explain the rationale which enabled you to determine that your proposed rate increases will not have an undue effect on those users of Media Mail who send light-weight (*i.e.*, under 1 pound) pieces.

**AMZ/USPS-T38-9.**

In order to isolate and help understand the impact of your methodological change in rate design, please provide rates for Media Mail using the three-part rate structure which exists today, and which has been in existence since 1975 for Media Mail. Such rates should achieve the same coverage and revenues as your proposed rates.

**AMZ/USPS-T38-10.**

Please refer to your testimony at page 7, lines 17-19, and explain the procedure that you used to allocate total volume variable costs of BPM between Nonpresort costs and Presorted mail costs.

**AMZ/USPS-T38-11.**

When a mailer sends a book or catalog at BPM rates, can a CD or DVD be included as part of the mailing (i) if the jacket holding the CD or DVD is bound permanently into the book or catalog, or (ii) if the CD or DVD is not attached in any way to the book or catalog, but relates to the book or catalog? Please explain under what circumstances, if any, a CD or DVD can be included as part of a BPM mailpiece.

**AMZ/USPS-T38-12.**

Please refer to USPS-LR-L-41, BRM Spreadsheets, tab Rate Comparisons, WP-BPM-21, which shows percentage increases ranging from **4.4** to **18.2** percent. What is the average

rate increase for all Single Piece (Nonpresort) BPM? Please show how you compute the average rate increase, including the volume to which the average rate increase is applicable.

**AMZ/USPS-T38-13.**

Please refer to USPS-LR-L-41, BRM Spreadsheets, tab Rate Comparisons, WP-BPM-22, which shows percentage increases ranging from **11.9** to **26.8** percent. What is the average rate increase for all Basic Presort BPM? Please show how you compute the average rate increase, including the volume to which the average rate increase is applicable.

**AMZ/USPS-T38-14.**

Please refer to USPS-LR-L-41, BRM Spreadsheets, tab Rate Comparisons, WP-BPM-23, which shows percentage increases ranging from **8.3** to **23.0** percent. What is the average rate increase for all Basic Presort BPM entered at a Destination Bulk Mail Center/Auxiliary Service Facility (“DBMC/ASF”)? Please show how you compute the average rate increase, including the volume to which the average rate increase is applicable.

**AMZ/USPS-T38-15.**

Please refer to USPS-LR-L-41, BRM Spreadsheets, tab Rate Comparisons, WP-BPM-24, which shows percentage increases ranging from **12.2** to **28.3** percent. What is the average rate increase for all Carrier Route Presort BPM? Please show how you compute the average rate increase, including the volume to which the average rate increase is applicable.

**AMZ/USPS-T38-16.**

Please refer to USPS-LR-L-41, BRM Spreadsheets, tab Rate Comparisons, WP-BPM-25, which shows percentage increases ranging from **11.3** to **25.2** percent. What is the average rate increase for all Carrier Route Presort BPM entered at DBMC/ASF? Please show how you compute the average rate increase, including the volume over which the average is applicable.