

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
AMAZON.COM, INC. WITNESS HALDI
(USPS/AMAZON-T1-1-18)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Amazon.com, Inc. witness Haldi: USPS/ AMAZON-T1-1-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/AMZ-T1-1. Please refer to your testimony at page 5, lines 15-17. Please explain fully how, for non-expedited packages, Amazon determines which subclass to use.

USPS/AMZ-T1-2. Please refer to your testimony at page 6, lines 1-5.

- a. Does your proposal to allow books and closely related items that are published in an “electronic format” to be mailed at Bound Printed Matter rates include magnetic tapes such as cassettes and VHS as well as CDs and DVDs? Please explain your reasoning fully, including your definition of “electronic format.”
- b. With reference to the additional information in your Appendix III as well, does your proposal also apply to legacy forms of sound recordings, such as records, record albums, and reel-to-reel tapes? Please explain your reasoning fully.

USPS/AMZ-T1-3. Please refer to lines 4-8 on page 8 of your testimony.

- a. Please define “closely related to books.”
- b. Please provide the percentage of movies that are “closely related to books.”
- c. If CDs and DVDs closely related to books would qualify for Bound Printed Matter rates under your proposal, is it your proposal that CDs and DVDs not closely related to books will not qualify for Bound Printed Matter rates? If so, how can the Postal Service distinguish between those CDs and/or DVDs that are closely related to books and those that are not? If not, what is the purpose of the “closely related to books” criterion?

USPS/AMZ-T1-4. Please refer to your testimony at page 8, lines 8-11.

- a. Please provide the physical dimensions and the average weight of Amazon’s boxes containing “a book.”
- b. Please provide the physical dimensions and average weight of a box containing a “closely related” CD or DVD.
- c. Please provide the same information for audio tapes and VHS tapes, if they are included within your proposal.

USPS/AMZ-T1-5. Do you believe that books, with or without advertising, are “closely related” to catalogs weighing more than a pound, in the way that you believe some DVDs and CDs are “closely related” to books?

USPS/AMZ-T1-6. What is the basis for your belief that the non-homogeneous Bound Printed Matter subclass containing both books and heavy catalogs has been successful for both the mailers and the Postal Service? Please include in your answer an explanation of the underlying causes of the success.

USPS/AMZ-T1-7. Please refer to your testimony at page 10, line 20. What is the approximate range of weights of the books (not the packages) that Amazon mails? What is the approximate range of weights of CDs containing those books? Does it differ from the range of weights of all CDs and DVDs that Amazon mails, regardless of their content? If so, please provide that range and explain the reason for the differences.

USPS/AMZ-T1-8. Please explain your understanding of the differences in postal cost-causing characteristics among the following three hypothetical pieces, all mailed with 299 other identical pieces: (1) a 3-pound shrink-wrapped catalog measuring 9" x 12" x 4"; (2) a box containing a book, with the same total weight and cube; (3) the piece you described in response to USPS/AMZ-T1-4. containing a "closely related" CD or DVD.

USPS/AMZ-T1-9. Please refer to your testimony at page 13, lines 15-18. Are you referring to books with advertising, books without advertising, or both? What years' cost data underlie your conclusion?

USPS/AMZ-T1-10. Is the non-print material that has been permitted in BPM since 2001, as discussed in your testimony in part III.C., limited to merchandise that is "closely related" to books?

USPS/AMZ-T1-11. What percent of Amazon's Bound Printed Matter volume contains non-print enclosures or attachments?

USPS/AMZ-T1-12. Are otherwise permissible enclosures or attachments mailable as Bound Printed Matter in the absence of an accompanying book or catalog?

USPS/AMZ-T1-13. Please refer to lines 13-14 on page 28 of your testimony.

- a. Please confirm that your proposed cost coverage for Bound Printed Matter to be set between 113 to 114 percent will produce a Test Year After Rates contribution in the range of \$0.12 and \$0.13.
- b. If you do not confirm, please provide the corresponding TYAR contribution. If you do confirm, please refer to Section D on pages 16-18 of your testimony and confirm that under your proposed cost coverage, the unit contribution of Bound Printed Matter is approximately \$0.09 less than that of Media Mail. If you do not confirm that difference, please provide the difference in unit contribution between Bound Printed Matter and Media Mail under your proposed BPM cost coverage.

USPS/AMZ-T1-14. Please refer to your testimony at page 21, lines 17-18. To what extent is the subclass name "somewhat inappropriate"? If it is due to the permissibility of attachments or enclosures, is not "Periodicals" also "somewhat inappropriate," since non-Periodicals material is allowed to be attached or enclosed?

USPS/AMZ-T1-15. Please refer to your testimony at page 22, lines 1-2.

- a. Why do you believe that "BPM," which stands for "Bound Printed Matter," is a more appropriate name for your proposed expanded subclass than "Bound Printed Matter" itself?
- b. Would a name that better reflects your proposed expanded content and reflects more marketing panache be a better choice? If so, have you any suggestions?

USPS/AMZ-T1-16. Would your proposed content change apply to single-piece (Nonpresort) Bound Printed Matter? If not, what factors justify the exclusion?

USPS/AMZ-T1-17. Have you done any analysis of the effects of your proposed change on costs? If so, please provide it.

USPS/AMZ-T1-18. To be consistent with your testimony, shouldn't your proposed DMCS language say: "...sound recordings or video recordings, including incidental announcements of recordings and guides or scripts prepared solely for use with such recordings, that are closely related to books, ..." If your answer is no, please how your discussion of the importance of the close relationship is or is not actually reflected in the substance of the language that you propose that the Commission recommend.