

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 MARC D. MCCRERY (AMZ/USPS-T42-1-16)
(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-T42-1.

Please refer to your testimony at page 22, line 22 through page 24, line 8, where you discuss parcel processing, and describe the equipment currently used to process BPM and Media Mail entered at destinating BMCs.

- a. In what ways does a Parcel Sorter Machine (“PSM”) differ from a Small Parcel and Bundle Sorter (“SPBS”)? Please explain all critical differences, including throughput rate, number of separations, productivity, footprint, etc., including which of the two machines represents newer technology.
- b. To what extent are pre-barcoded BPM and Media Mail parcels sorted on Parcel Sorter Machines at destinating BMCs?
- c. To what extent are pre-barcoded BPM and Media Mail parcels sorted on Small Parcel and Bundle Sorters at destinating BMCs?
- d. To what extent are pre-barcoded BPM and Media Mail parcels processed through the Singulate, Scan, Induction Unit (“SSIU”) at destinating BMCs?
- e. Are machinable, pre-barcoded BPM and Media Mail parcels ever sorted manually at destinating BMCs? If so, to what extent and under what circumstances?
- f. Are machinable, pre-barcoded BPM and Media Mail parcels ever sent from destinating BMCs to plants for further separation? If so, to what extent and under what circumstances?

AMZ/USPS-T42-2.

Please refer to your testimony at page 26, line 23 to page 27, line 23, where you describe the Automated Package Processing System (“APPS”).

- a. Will the APPS be deployed to BMCs and replace the older, more labor-intensive SPBS machines at the 19 BMCs that have one or more SPBS machines?
- b. How many APPS machines will be deployed at the 21 existing BMCs, as well as at Auxiliary Service Facilities (“ASFs”)?
- c. Will the APPS machines be used to sort pre-barcoded BPM and Media Mail?
- d. You state (at page 27, line 18) that APPS will be deployed to larger offices. After this deployment is complete, will those larger offices with APPS then sort pre-barcoded BPM and Media Mail to 5 digits, or to carrier route? Please explain how APPS will affect the handling of pre-barcoded BPM, Media Mail, and similar parcels, especially smaller parcels under the existing network configuration with 21 BMCs.
- e. How does productivity of an APPS with 100 sort bins compare with productivity of an SPBS with 100 sort bins?
- f. Please compare the productivity of an APPS with 200 sort bins to an SPBS with 100 sort bins.
- g. Will 76 APPS machines be purchased as part of Phase I, or do the 76 machines mentioned on page 27, line 17, of your testimony include the 20 machines expected to be purchased in Phase II? That is, when Phase II is complete, will the Postal Service have 76, or 96, APPS machines?

- h. What are the dimensions and weight of the smallest parcel that can be processed on an APPS machine?

AMZ/USPS-T42-3.

- a. Has the Postal Service deployed any equipment that will sort barcoded BPM, Media Mail, and similar parcels to carrier route?
- b. Does the Postal Service currently have on order any equipment that will sort barcoded BPM, Media Mail, and similar parcels to carrier route?
- c. Within the foreseeable future, does the Postal Service plan to procure and deploy any equipment that will sort barcoded BPM, Media Mail, and similar parcels to carrier route?

AMZ/USPS-T42-4.

Please refer to your testimony at page 34, lines 5-21, where you discuss future network considerations.

- a. As the Postal Service implements a network of Regional Distribution Centers (“RDCs”), will those RDCs take the place of BMCs with respect to distribution of pre-barcoded BPM and Media Mail that are entered at, or upstream of, the destinating RDC? If not, please describe where distribution of such parcels most likely will take place after the Postal Service has moved to shape-based distribution facilities.

- b. What role will a local distribution center have with respect to handling of smaller parcels, such as pre-barcoded BPM and Media Mail?
- c. Please assume that (i) the Postal Service's volume of parcels does not change over the next several years, and (ii) the Postal Service replaces its existing network of 21 BMCs with a network of, say, 75 RDCs. The volume of parcels that is sorted at 21 BMCs then will be sorted at 75 RDCs; *i.e.*, since such a future network will have over three times as many RDCs as the current network of 21 BMCs, the average volume of parcels per RDC necessarily will be somewhat less than the average volume of parcels per BMC. Please explain how reducing and spreading out the volume of parcels in this manner will help the Postal Service realize efficiencies, as you mention at page 34, lines 13-15, of your testimony.
- d. Will the contemplated evolution to a more shape-based network result in small parcels being handled more efficiently (*i.e.*, at lower cost)? If you believe this to be the case, please explain the main factors that will enable a shape-based network to handle small parcels more efficiently.