

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS McCRERY  
TO INTERROGATORIES OF AMAZON.COM, INC.  
(AMZ/USPS-T42-1-4)  
(July 11, 2006)

The United States Postal Service hereby provides the responses of witness  
McCrery to the above-listed interrogatories of Amazon.com, Inc., filed on June 27, 2006.

Each 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-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?

**Response:**

- a. Parcel Sorter Machines (PSMs) are located only in the BMC network. These machines use either scanning technology for barcoded packages or require keying to sort mail. Parcel Sorter Machines have barcode printing ability and are able to track and record package DELCON information. A varying number of trays / cartridges are pulled on a carousel chain that can be set at a cycle of up to 160 trays per minute. Parcels are fed onto the trays / cartridges using high speed induction units that induct and align parcels on the trays or cartridges. The number of parcel sorting machines, separations and footprint vary within the network of 21 BMCs including small (14), medium (5) and large (2) configurations. Separations on primary parcel sorters range from 19 to 54 container loaders and discharge chutes or roller tables for up to 95 separations.

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Separations to the BMC network and heavy volume destinating SCFs are made on the Primary Parcel Sorters. Secondary Parcel Sorters are used to distribute parcels to 5-digit separations for the BMC's service area. Separations on secondary parcel sorters range from 40 to 252 container loaders and 83-414 chutes / slides used for manual sacking or containerization. This incorporates a wide variation in parcel sorters machines footprints. National throughput for BMC Parcel Sorter Machines for FY 2005 was 3,587. National productivity for BMC Parcel Sorter Machines for FY 2005 was 370. The Parcel Sorting machines can accommodate larger packages (up to 35 lbs) due to the fact that they have larger trays / cartridges.

Refer to page 26, lines 10 - 22 of my testimony for information on number of separations, induction stations, and throughput of SPBS machines. In FY 2005 the productivity of SPBS machines in BMCs was 268. Most SPBS machines have a linear footprint with the output bins on both sides. However, some SPBS machines have a right-angled configuration to accommodate facility constraints. SPBS machines represent newer technology.

b. The BMC Parcel Sorting Machines (PSMs) and Singulate, Scan, Induction Units (SSIUs) are the primary pieces of equipment used to process machinable BPM and Media Mail parcels at destination BMCs (see USPS-T-42, pages 23 and 24, for more information).

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c. The SPBSs are not used to process machinable BPM and Media Mail parcels at destination BMCs.

d. See response to subpart (b).

e. Yes, pre-barcoded BPM and Media Mail parcels may be sorted manually at BMCs for the following reasons:

- 1) Damaged mail – Mail that is damaged while transporting, handling, and/or processing is repaired and may be sorted manually. This occurs infrequently and the exact extent cannot be predicted.
- 2) Equipment downtime – Mail may be sorted manually if the processing equipment is inoperable. This occurs infrequently and the exact extent cannot be predicted.
- 3) Volume exceeds capacity – If the volume of mail is above the available capacity of the equipment, then manual units may be set up to supplement the equipment processing. This occurs infrequently.
- 4) Massed zones – Low volume zones are occasionally grouped and sorted to a single run-out where a pouch rack is used to make the final 5-digit sort. This occurs commonly at all BMCs.

f. Certain zones are massed together and sent to the plant for further separation for the final sort. This occurs commonly at all BMCs, typically for lower volume 5-

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digit destinations. Refer to Labeling list 607

(<http://pe.usps.com/text/dmm300/L607.htm>) for a list of zones.

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**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?

**Response:**

a. Yes.

b. According to the current plans, 14 APPS machines have been deployed to BMCs and ASFs in phase I, though it is anticipated that most BMCs and ASFs could ultimately receive APPS equipment.

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c. No. It is anticipated that even under a realigned network, the SSIUs will be used for the processing of machinable BPM and Media Mail at BMCs or former BMC facilities.

d. See response to subpart (c) above and AMZ/USPS-T42-1, subpart (b).

Current and future plans dictate that parcels will continue to only be sorted in plant operations to the 5-digit level.

e and f. Productivity data for APPS equipment with 100 or 200 bins and SPBS equipment with 100 bins is not readily available for comparison. Refer to the response to interrogatory TW/USPS-T42-13a for productivity numbers on the APPS. Generally speaking, for the same number of output bins, an APPS is more productive than an SPBS due to the higher throughput and automated processing of mail as opposed to mechanized processing on an SPBS. As stated on page 26, line 15 of my testimony, "The average throughput of the SPBS is between 678 and 945 pieces per hour per induction station". The throughput of a dual-induction APPS is 9,500 pieces per hour while that of a single-induction APPS is 5,500 piece per hour. An APPS with 200 bins is more productive for aforementioned reasons and provides more depth of sort than an SPBS with 100 bins. However, they also require more time for sort scheme change-over than an SPBS or APPS with 100 bins due to twice the number of containers to be changed-over.

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g. There will be 76 machines will be deployed as part of phase I. Current plans for phase II are to deploy 8 additional APPS machines.

h. The dimensions and weight are 3.0" x 3.5" x 0.05" (W x L x H) and 1.6 ounces.

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**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?

**Response:**

a. APPS has the capability to sort BPM, Media Mail and similar parcels to carrier route, however, there are no current plans to use APPS for sorting parcels in this manner.

b. No.

c. No.

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**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.

**Response:**

a. Yes.

b. The current vision is that all machinable parcels will be processed at the RDCs. The only parcel processing at local/destination processing facilities would be non-machinable pieces.

c. Efficiencies are gained because not only will the RDCs process the BMC parcels, but Priority and First Class parcels, as well as all bundles. The efficiencies are observed when one looks across all of the locations currently

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processing these products today and then consolidates the operations into RDCs.

d. Yes, by centralizing the processing of small parcels more will be processed on APPS rather than on less productive SPBS or manual operations.