

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

Complaint on Stamped Stationery

Docket No. C2004-3

**DOUGLAS F. CARLSON
COMPLAINT ON STAMPED STATIONERY**

June 24, 2004

NAME AND ADDRESS OF COMPLAINANT

1. Complainant is Douglas F. Carlson, PO Box 1077, Santa Cruz CA 95061-1077.

STATEMENT OF GROUNDS FOR COMPLAINT

2. Interested parties who believe that the Postal Service is charging rates that do not conform to the policies set out in the Postal Reorganization Act may lodge a complaint with the Commission. 39 U.S.C. § 3662.

3. On June 23, 2004, the Postal Service issued a product that the Postal Service describes as *The Art of Disney: Friendship* "stamped stationery."

4. Information about *The Art of Disney: Friendship* stamped stationery appears in *Postal Bulletin* 22129 (5-27-04) at 31–34 (www.usps.com/cpim/ftp/bulletin/2004/pb22129.pdf). Photographs appear in *Postal Bulletin* 22129 (5-27-04) at 34.

5. The stamped stationery consists of sheets of paper measuring 6.25" × 14.31" that are imprinted with *The Art of Disney: Friendship* postage stamps or indicia. Below the postage stamp or indicia, the stamped stationery has a

graphically identifiable space for the name and address of the recipient. The reverse side of each sheet includes lines for writing a letter or message and illustrations of Disney characters. Each sheet is designed to be folded, sealed, and mailed.

6. Stamped stationery is related to the routine postal functions of accepting, handling, and delivering mail matter.

7. Stamped stationery is substantially similar in use and function to aerogrammes, which the Postal Service sells for international airmail.

8. The Postal Service is selling stamped stationery in pads of 12 sheets for \$14.95. The face value of the postage is only \$4.44.

9. I wish to purchase stamped stationery.

10. Stamped stationery is a postal service within the meaning of 39 U.S.C. §§ 3621, 3622, and 3623.

11. According to the Postal Service, stamped stationery is “making it easy to write home” and “will make it even easier to keep in touch with friends.” USPS Stamp Release #04-038 (www.usps.com/communications/news/stamps/welcome.htm).

12. The sample message in the illustration in *Postal Bulletin* includes the following sentences in a letter on stamped stationery from a hypothetical child named Scott to “Grandma”: “Do you like my new paper? I got it at the Post Office yesterday so I could write you a letter.” *Postal Bulletin* 22129 (5-27-04) at 34.

13. In the *USA Philatelic* catalog, the Postal Service advertises, “Add more character to your mail with the pre-stamped stationery. Plug in your message and address, then just fold, seal and mail. It’s fun and easy, especially for kids.” *USA Philatelic*, Summer 2004, Vol. 9 No. 2; Exhibit 1.

14. Stamped envelopes and stamped cards are postal services within the meaning of 39 U.S.C. §§ 3621, 3622, and 3623. A stamped envelope is an otherwise ordinary envelope, with or without a window, that is sold with postage already imprinted on the envelope. A product that the Postal Service describes and sells as a stamped card is a piece of card stock. One side of a stamped card is blank. This side is designed for the sender to write, type, print, or otherwise inscribe a message. The other side is imprinted with postage, and the remainder of the space is intended to be used for the return address and the recipient's address.

15. Stamped stationery is substantially similar to stamped envelopes and stamped cards.

16. The Domestic Mail Classification Schedule (DMCS) contains classifications for stamped envelopes (section 961) and stamped cards (section 962) and fees for stamped envelopes (Fee Schedule 961) and stamped cards (Fee Schedule 962).

17. Stamped stationery is a form of stamped paper within the meaning of 39 U.S.C. § 404(a)(4), which grants the Postal Service the specific power “to provide and sell postage stamps and other stamped paper, cards, and envelopes[.]”

18. Section 404(a)(4) of Title 39 envisions that cards and envelopes are not the only forms of stamped paper that the Postal Service may sell.

19. Section 960 of the DMCS is titled “Stamped Paper.”

20. According to the dictionary, stationery is paper. See *www.merriamwebster.com*.

21. Stamped stationery is a form of stamped paper within the meaning of DMCS section 960.

22. The sale of stamped stationery constitutes a change in the mail classification schedule.

23. The Postal Service was required under 39 U.S.C. §§ 3621, 3622(a), and 3623(b) to request a recommended decision from the Commission before setting a rate or fee for stamped stationery, establishing a new classification for stamped stationery, or selling stamped stationery.

24. The Postal Service failed to request a recommended decision from the Commission before selling stamped stationery.

25. Under 39 U.S.C. § 3621, postal rates and fees shall be reasonable and equitable.

26. The current fee for a stamped envelope sold individually is eight cents. The current fee for a box of 500 #6¾ stamped envelopes is \$12, and the current fee for a box of 500 envelopes larger than #6¾ is \$14. The current fee for a single stamped card is two cents.

27. Stamped envelopes and stamped cards have philatelic value.

28. The current fees for stamped envelopes sold individually and single stamped cards do not include the philatelic value, if any, of any stamped envelopes or stamped cards.

29. The effective fee for each sheet of stamped stationery is 87.6 cents $((\$14.95 - (\$0.37 \times 12)) \div 12)$.

30. The rate or fee for stamped stationery is neither reasonable nor equitable.

31. The rate or fee for stamped stationery is inconsistent with 39 U.S.C. § 3622(b)(1), which requires rates and fees to be fair and equitable.

32. The rate or fee for stamped stationery is inconsistent with 39 U.S.C. § 3622(b)(2), which requires rates and fees to be related to the value of the postal service. For purposes of 39 U.S.C. § 3622(b)(2), the value of the postal service does not include the philatelic value, if any, of the items that the Postal Service sells to facilitate or enable use of the postal service.

33. The rate or fee for stamped stationery is inconsistent with 39 U.S.C. § 3622(b)(3), which requires “each class of mail or type of mail service [to] bear the direct and indirect postal costs attributable to that class or type plus that portion of all other costs of the Postal Service reasonably assignable to such class or type.”

34. According to 39 U.S.C. § 403(c), “In providing services and in establishing classifications, rates, and fees under this title, the Postal Service shall not, except as specifically authorized in this title, make any undue or unreasonable discrimination among users of the mails, nor shall it grant any undue or unreasonable preferences to any such user.”

35. The fee for stamped stationery unduly and unreasonably discriminates against stamp collectors, who are users of the mail and who may feel compelled to purchase *The Art of Disney: Friendship* stamped stationery to avoid a gap or omission in their stamp collections.

36. *Linn’s Stamp News* published an editorial calling the fee “unconscionable” and asking the postmaster general to “cancel the outrageous extra charge” for stamped stationery. Exhibit 2.

37. The rate or fee for stamped stationery is inconsistent with 39 U.S.C. § 3622(b)(4), which requires consideration of “the effect of rate increases upon the general public[.]” Stamp collectors are members of the general public.

CLASS OF PERSONS AFFECTED

38. Postal customers nationwide who purchase stamped stationery are paying a rate or fee that is inconsistent with the policies of the Postal Reorganization Act.

STATEMENT OF RELIEF REQUESTED

39. Pursuant to 39 U.S.C. § 3662, I request that the Commission issue a recommended decision establishing a classification and a fee for stamped stationery that are consistent with the policies of the Postal Reorganization Act. In the alternative, pursuant to 39 U.S.C. § 3623(b), I request that the Commission submit, on its own initiative, a recommended decision that recommends a new classification for stamped stationery.

Respectfully submitted,

Dated: June 24, 2004

DOUGLAS F. CARLSON

EXHIBIT 1

USA PHILATELIC

THE OFFICIAL SOURCE FOR STAMP ENTHUSIASTS

Summer 2004 Vol. 9 No. 2



You can see history from here.

 UNITED STATES
POSTAL SERVICE®

Friendship that's pure magic.

Shown at 65%

New Issues



E The Art of Disney: Friendship

First in a series of three, this stamp pane honors the art of friendship as magically depicted by Walt Disney and his studio animators. The four stamps include some of Disney's most cherished animated characters—Mickey Mouse, Pinocchio, Bambi, Simba and more—to highlight several of the beautiful forms friendship can take. Future stamps in *The Art of Disney* will highlight celebration and romance.

E. The Art of Disney: Friendship 37c

(Self-Adhesive)

DATE OF ISSUE: 6/23/04 at Anaheim CA 92803

4 designs, 9 positions, plate no. in 2 corners, offset (SSP)

* Pane of 20 w/ plate no. & header	\$7.40	566740
Block of 10	3.70	566730
Block of 4	1.48	566720
Stamped Stationery (Pad of 12 sheets)	14.95	566794
First Day Cover (Set of 4)	3.00	566763
Pane of 20 & 4 First Day Covers (Set)	10.40	566793

* Please refer to order form to request specific plate positions.

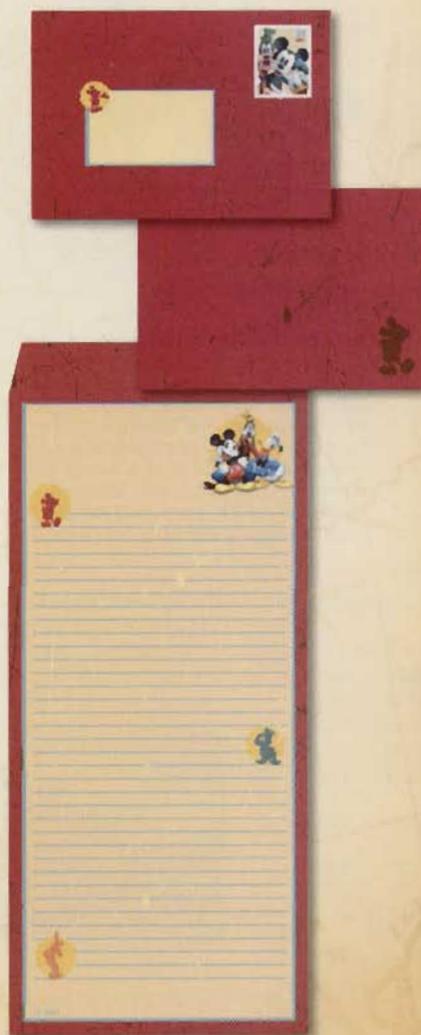
Also available in a packet.

© Disney



E The Art of Disney: Friendship Stamped Stationery

Add more character to your mail with this pre-stamped stationery. Plug in your message and address, then just fold, seal and mail. It's fun and easy, especially for kids.



1 800 STAMP-24 (1 800 782-6724)

EXHIBIT 2

Disney Letter sheets another Postal Service rip-off

Collectors of United States stamps who save one of every new issue are beginning to hear a great sucking sound. Can you hear it? It's the money rushing out of your

Open Album

By Michael Schreiber

wallet. The vortex pulling at your stamp money comes from two new U.S. issues, one stamps and another postal stationery.

Two weeks ago, *Linn's* reported that the Lewis and Clark souvenir booklet would sell for \$1.55 more than face value, or 21 percent above the \$7.40 worth of commemorative stamps inside.

The April 19 Open Album column called for the postmaster general to cancel the surcharge.

On page 1 in this issue, senior editor Denise McCarty reports that the new 37¢ Disney letter sheets to be issued June 23 also will sell for more than face value — way more. The extra charge is so high that Scrooge McDuck could not be happier.

The Disney sheets will accompany the similar 37¢ Disney stamps issued the same day. The U.S. Postal Service calls the issue "The Art of Disney: Friendship."

The Art of Disney stamps will cost 37¢ each, but the letter sheets will cost about \$1.25 each, in a pack of 12 at \$14.95. Jimmy Cricket! That

amounts to nearly 340 percent of face value.

This is an unconscionable amount for a congressional overseen quasi-governmental institution that is charged with providing universal mail service.

We call on Postmaster General John E. "Jack" Potter (475 L'Enfant Plaza S.W., Room 10022, Washington, DC 20260) to cancel the outrageous extra charge for the Disney sheets.

You're probably wondering what's going on with all these extra charges.

Well, the answer is related to paper and card stock.

In 1997, the Postal Service got the Postal Rate Commission to agree that it was OK to charge 1¢ above face value for a U.S. postal card, which the Postal Service officially renamed a "stamped card."

This matches the term "stamped envelope," the Postal Service's longstanding description for an envelope with an imprinted stamp.

Ever since they were first issued in 1853, U.S. stamped envelopes have sold for more than face value. The law allowed this so that the cost of manufacturing and procuring the envelopes could be recovered.

The extra charge for a postal card came into effect Jan. 10, 1998. Existing postal cards that cost 20¢ that day went to 21¢ that day.

The extra charge jumped to 2¢ per card effective with the 21¢ White Barn card issued Sept. 20, 2001, and today a

23¢ postal card costs 25¢.

Almost no one today begrudges the Postal Service the extra 2¢, but you can bet the extra charge for a card is going to jump again. It isn't hard to imagine a future 30¢ postal card selling for 35¢.

It is no coincidence that the Postal Service is calling the Disney letter sheets "stamped stationery." This matches the language used for postal cards and postal envelopes, and in the eyes of the Postal Service, the language justifies a surcharge.

We grant that the Disney letter sheets should probably sell for more than face, but a realistic surcharge would be 2¢ per sheet, maybe 3¢, not 88¢.

For a sheet of paper, even if it's heavier stock printed with lovable Disney characters, 88¢ is a rip-off.

In 1997, the Postal Service sold a flimsy but expensive Bugs Bunny stationery sheet that was similar to a letter sheet, but it had no imprinted stamp. As such, stamp collectors wanting to have complete collections did not feel compelled to buy it.

In December 2003, only a few months ago, the Postal Service began to sell a Priority Mail envelope bearing an imprinted \$3.85 stamp. The innovation is the imprinted stamp.

There is no extra charge for the \$3.85 envelope, even though it comprises more card or paper stock than a postal card does or one of the Disney letter sheets will.

Ever since the Postal Service began to provide Express Mail envelopes in the early 1980s and Priority Mail envelopes in later years, the envelopes have been free.

For years, the envelopes have been free for the taking from post office counters.

They are free whether or not the envelopes are actually used for Priority Mail and Express Mail.

Many of them are not used as intended. Mailers use them frequently as stiffeners inside plain envelopes. Such plain mailings of up to 16 ounces can be sent cheaper at first-class rates, and the mail will get delivered just as fast as with Priority Mail.

While next-day Express Mail actually provides extra service, the only extra with some Priority Mail is a weight advantage. This comes with a Priority Mail flat-rate envelope.

The Priority Mail flat rate basically allows all you can cram into the envelope, without having to tape the flap down. And the envelope is free.

Why does the Postal Service provide free packaging for Priority Mail and Express Mail mailers at the same time it is planning to rip off other mailers (and stamp and postal stationery collectors) with the outrageously priced Disney letter sheets?

It doesn't seem like universal access and service to us. Postal managers certainly are wise to what is going on

with the free Priority Mail and Express Mail envelopes.

The stamp-imprinted \$3.85 Priority Mail envelope could be a first step to get all mailers to pay for the stationery the Postal Service is providing. The next logical step would be to sell the \$3.85 envelope at a premium to recover the envelope's cost, say \$4, a 15¢ boost, with no more freebie envelopes in lobbies.

Would this put a damper on usage of the lucrative Priority Mail option? Probably.

Some observers would argue that there should be no add-on cost for any postal stationery. But if that were the case, postal managers would include the paper or card cost as a hidden cost within the postage rates and fees. After all, the extra cost of delivering first-class mail to remote

parts of Alaska and other remote locations is built into a level rate structure.

Also built in are the packaging costs for stamps the Postal Service sells by mail order or in its self-service postal stores. Those prepackaged stamps consume a lot of cardboard and plastic, and the postal store items also have built-in anti-theft devices.

The cost of the selvage and backing paper you throw away after using up a pane of stamps is also built into the Postal Service's budget.

So is the cost of the remaining face paper left after you use up a panoramic pane

of 37¢ Pacific Coral Reef stamps. We are, however, just one short step away from having to pay extra for it.

The Postal Service's push to recover paper costs is deploable but understandable. The Postal Service needs to find new money and savings wherever it can.

The public continues to convert to e-mail for messages and to online payment for monthly bills.

Grandmas will still mail birthday cards. Some bills will still be paid by mail.

But the Postal Service's first-class letter franchise, which it defends tenaciously, is shrinking fast.