

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

**Complaint on Stamped Stationery**

**Docket No. C2004-3**

**DOUGLAS F. CARLSON  
INITIAL BRIEF**

**June 8, 2006**

**I. INTRODUCTION**

On June 24, 2004, I filed a complaint concerning *The Art of Disney: Friendship* stamped stationery.<sup>1</sup> On August 31, 2004, the Postal Service filed its answer.<sup>2</sup> In its answer, the Postal Service promised to file “shortly” a motion to dismiss the complaint. Answer at 8. Before the Postal Service filed its motion, the Postal Service began selling a second stamped-stationery item, the Garden Bouquet Stamped Stationery, which first appeared in the fall 2004 issue of *USA Philatelic*.<sup>3</sup> This stationery also sold for \$14.95 for a pack of 12 sheets (with a postage value of just 37 cents — a staggering markup of 87.6 cents per sheet). On January 4, 2006, the Commission issued Order No. 1449 and defined the term “postal service.”<sup>4</sup> The order required the Postal Service to file its motion to dismiss by January 17, 2006. The Postal Service filed its motion<sup>5</sup> on January 18, 2006. I filed an opposition to the Postal Service’s motion on January 24, 2006.<sup>6</sup>

---

<sup>1</sup> Douglas F. Carlson Complaint on Stamped Stationery (“Complaint”), filed June 24, 2004.

<sup>2</sup> Answer of United States Postal Service (“Answer”), filed August 31, 2004.

<sup>3</sup> The Commission may take official notice of the sale of the Garden Bouquet Stamped Stationery pursuant to Rule 31(j).

<sup>4</sup> Docket No. RM2004-1, Order No. 1449, filed January 4, 2006.

<sup>5</sup> Motion of the United States Postal Service to Dismiss Complaint (“Motion”), filed January 18, 2005.

<sup>6</sup> Douglas F. Carlson Answer in Opposition to the Postal Service Motion to Dismiss Complaint, filed January 24, 2006.

On January 8, 2006, the Postal Service raised the one-ounce single-piece First-Class rate from 37 cents to 39 cents. Since the Disney and Garden Bouquet stamped stationery was printed with 37 cents postage, these stationery items no longer were valid for mailing without additional postage. To ensure that customers purchasing stationery could continue to use the stationery to send letters, the Postal Service began including two-cent stamps along with each pad of Disney stamped stationery sold in the *USA Philatelic* catalog to increase the total postage to 39 cents.<sup>7</sup> The price remains \$14.95 for a pad of 12 sheets of stationery and 12 two-cent stamps.

## **II. STAMPED LETTER SHEETS, THE GENERIC TERM FOR “STAMPED STATIONERY,” HAVE EXISTED SINCE 1861.**

In my complaint, I explained that stamped stationery is substantially similar to stamped envelopes and stamped cards. Complaint at 3, ¶ 15. I also noted that section 960 of the Domestic Mail Classification Schedule is titled “Stamped Paper”, and stationery is paper. Complaint at 3, ¶¶ 19 and 20. In addition, I noted that stamped stationery is substantially similar in use and function to aerogrammes, a traditional postal service that the Postal Service sells for international airmail. Complaint at 2, ¶ 7.

After filing my complaint, I learned that the products that the Postal Service is calling stamped stationery are known generically as letter sheets. Letter sheets have a long history dating back to the early days of our country. According to the Web site [www.postalstationery.org](http://www.postalstationery.org), the earliest forms of postal stationery<sup>8</sup> were letter sheets and envelopes.<sup>9</sup> Aerogrammes, which resemble the recently issued “stamped stationery” in form and function, are known as “air letter sheets.”<sup>10</sup> Even the Postal Service describes aerogrammes as letter

---

<sup>7</sup> *USA Philatelic*, Summer 2006, Vol. 11 No. 2, p. 11.

<sup>8</sup> The Web site defines postal stationery as “postal matter which either bears an officially authorized pre-printed stamp or device or inscription indicating that a specific rate of postage or related service has been prepaid.” [http://www.postalstationery.org/html/stationery\\_is.html](http://www.postalstationery.org/html/stationery_is.html)

<sup>9</sup> <http://www.postalstationery.org/html/guidelines.html>

<sup>10</sup> *Id.*

sheets. *International Mail Manual* Issue 32, § 251.21. For clarity, I will describe letter sheets sold by the Postal Service with postage pre-affixed as “stamped letter sheets” and “stamped air letter sheets” to distinguish these products from their unstamped, generic versions, which are known as “letter sheets” and “air letter sheets.”

According to the National Postal Museum’s Web site, a postal regulation in 1794 specified that letter sheets would be charged the rate for one-quarter ounce.<sup>11</sup> Envelopes made their appearance in the late 1840’s.<sup>12</sup>

The earliest letter sheets were not postal stationery (i.e., stamped paper). Stamped letter sheets did not arrive until 1861. According to *Linn’s Stamp News*,<sup>13</sup> in 1861 the Post Office Department issued a pink 3-cent George Washington embossed stamped letter sheet on blue paper. The Post Office Department withdrew this item from sale in 1864. In 1886, the Postal Service issued a 2-cent Ulysses Grant stamped letter sheet, which was printed in green on egg-shell-colored paper. The stamped letter sheet was popular with the public. Production continued until 1894, and the stamped letter sheet remained on sale until 1902. Photographs of these letter sheets from the *Linn’s Stamp News* article appear in Appendix 1 to my opposition to the Postal Service’s motion to dismiss my complaint. *Linn’s Stamp News* reported that the Disney stamped letter sheets were the first domestic stamped letter sheets issued in more than a century.

The Commission may take office notice of this history pursuant to Rule 31(j).

Stamped letter sheets, stamped envelopes, and stamped cards are forms of postal stationery. Envelopes and post cards are available without postage, and years ago letter sheets were available without postage as well. The Postal

---

<sup>11</sup> <http://www.postalmuseum.si.edu/statepostalhistory/studyofpostalsystem.html>

<sup>12</sup> *Id.*

<sup>13</sup> *Linn’s Stamp News*, June 28, 2004.

Service now sells all three as pre-stamped postal stationery. Stamped envelopes and stamped cards are classified under DMCS 960. Stamped letter sheets are no less of a postal service than stamped envelopes and stamped cards. No one would seriously question that the aerogrammes that the Postal Service sells provide a postal service to the public. Aerogrammes are stamped *air* letter sheets. Services that the Postal Service was providing in the 1800's, long before the agency branched out into selling key chains and coffee mugs, surely are deeply rooted in the nation's understanding of what a postal service is. Whether an electronic postmark is a postal service is an interesting question that arises at the intersection of traditional postal services and modern technology. Stamped letter sheets, on the other hand, date back to 1861 and are a traditional postal service.

### **III. STAMPED LETTER SHEETS ARE A POSTAL SERVICE**

In Order No. 1449, the Commission defined a postal service to mean “the receipt, transmission, or delivery by the Postal Service of correspondence, including, but not limited to, letters, printed matter, and like materials; mailable packages; or other services incidental thereto.” Order No. 1449 at 4.

The plain language of this definition compels the conclusion that stamped letter sheets are a postal service. Stamped letter sheets are a service incidental to the receipt, transmission, and delivery by the Postal Service of correspondence, including letters. Below the postage stamp or indicia, the *The Art of Disney: Friendship* stamped letter sheets have a graphically identifiable space for the name and address of the recipient. Complaint at 1–2, ¶ 5. The reverse side of each sheet includes lines for writing a letter or message. *Id.* Each sheet is designed to be folded, sealed, and mailed. *Id.*

The Postal Service's own advertising for the Disney stamped letter sheets proves that the stamped letter sheets are a service incidental to the receipt, transmission, and delivery by the Postal Service of correspondence, including letters. According to the Postal Service, stamped letter sheets are “making it

easy to write home” and “will make it even easier to keep in touch with friends.” USPS Stamp Release #04-038.<sup>14</sup> The sample message in the illustration in *Postal Bulletin* includes the following sentences in a letter on the Disney stamped letter sheets 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. In the *USA Philatelic* catalog, the Postal Service advertised, “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; Complaint at Exhibit 1.

The Postal Service admitted in its own motion to dismiss my complaint that it offered the Disney stamped letter sheets to encourage children “to sit down, take out their pens, and engage in good old-fashioned letter writing.” Motion at 4.

By the Postal Service’s own admission, the stamped letter sheets are a service designed to encourage and enable the public to write letters. Under the Commission’s definition, a service that makes it “easy to write home” and “even easier” to keep in touch with friends through letter writing is a service incidental to the receipt, transmission, and delivery by the Postal Service of correspondence, including letters.

If the Disney stamped letter sheets were not designed for sending correspondence through the mail, customers would not need additional postage to supplement the 37 cents postage preprinted on the letter sheets. The Postal Service’s decision to include two-cent stamps along with every pad of Disney stamped letter sheets sold through its mail-order catalog compels the conclusion that the stamped letter sheets are designed to be used to send correspondence through the mail. Therefore, they are a postal service.

---

<sup>14</sup> <http://www.usps.com/communications/news/stamps/2004.htm>

Moreover, since stamped cards and stamped envelopes are postal services, the new stamped letter sheets must be postal services, too, because they serve similar functions in enabling the public to send correspondence. In the Docket No. R97-1 omnibus rate case, without any suggestion that stamped cards and stamped envelopes were not postal services subject to Commission jurisdiction, the Postal Service explained how stamped cards and stamped envelopes enable customers to send correspondence and letters. Witness Susan W. Needham testified that stamped cards<sup>15</sup> provide individual customers “the stationery to send out correspondence immediately. Postal card users can purchase postal cards at a post office, prepare a message, address the card, and enter the card in the mailstream in the same visit.” Docket No. R97-1, USPS-T-39 at 109–10. Witness Needham also testified that stamped cards save customers “the labor and hassle of stamping the cards.” *Id.* at 105 (quoting *WordPerfect, The Magazine*). In the process, customers purchase their postage in a single transaction, as opposed to one transaction to purchase a card and a second transaction to purchase the postage. Witness Needham even urged the Commission to apply criterion 9 to the “affixation value” of stamped cards. According to witness Needham, “[p]re-affixation of postage on stationery at the time of purchase saves time, and therefore money, for postal card users.” Docket No. R97-1, USPS-T-39 at 113. She argued that all customers derive benefit from pre-affixation. *Id.*

In Docket No. R2006-1, witness Susan W. Berkeley, who was formerly known as witness Susan W. Needham,<sup>16</sup> testified that stamped cards provide a “relatively high value to customers, both individuals and businesses[.]” Docket No. R2006-1, USPS-T-39 at 73. She added that the “affixation of postage on a card makes it an ideal communications tool for businesses, as the labor-intensive step of putting postage on each card is eliminated.” *Id.* at 73–74.

---

<sup>15</sup> Witness Needham’s testimony used the terms “postal card” and “stamped card” interchangeably. The terms refer to the same product, which the Postal Service renamed “stamped card” in Docket No. MC96-3.

<sup>16</sup> Docket No. R2006-1, USPS-T-39 at vi.

In her testimony, witness Berkeley carefully described how stamped cards provide a service incidental to the receipt, transmission, or delivery of correspondence. That is, stamped cards provide a greater service than plain, privately purchased post cards because customers can buy the card and postage in one transaction, and every customer benefits from pre-affixed postage. Stamped letter sheets provide the same services incidental to the receipt, transmission, or delivery of correspondence as stamped cards do. Customers can buy the paper and postage in one transaction, and every customer benefits from pre-affixed postage. Moreover, letter sheets save the customer the need to buy an envelope, which potentially could require yet another separate transaction.

In Docket No. R97-1, witness Berkeley (Needham) asserted that stamped envelopes provide a “high value of service to customers[.]” Docket No. R97-1, USPS-T-39 at 96. She testified that stamped envelopes “are convenient to use, particularly for those individuals needing to mail something who need ready access to postage and an envelope.” In Docket No. R2006-1, she testified further that single-sale stamped envelopes “offer exceptional convenience when needing to mail something quickly[.]” Docket No. R2006-1, USPS-T-39 at 79. She also found value in the pre-affixed postage. *Id.*

Once again, stamped envelopes provide a service incidental to the receipt, transmission, or delivery of correspondence, including letters. Stamped letter sheets provide the same service incidental to the receipt, transmission, or delivery of correspondence, including letters, as stamped envelopes do. Stamped letter sheets accommodate individuals who need to write a letter and need ready access to postage. Stamped letter sheets take the convenience, or service, one step further than stamped envelopes by enabling a customer to write a private, sealed letter without purchasing an envelope.

The Postal Service admits that the pre-affixed postage on the stamped letter sheets is significant. This admission appears when the Postal Service

warns that Commission regulation of the fee for stamped letter sheets could cause the Postal Service instead “to sell unstamped stationery with a packet of stamps included, which would decrease customer convenience[.]” Motion at 5. A service that increases the convenience of sending correspondence, including letters, and that only the Postal Service sells is a postal service.

Surprisingly, the Postal Service argued in its motion to dismiss that “the fact that the Postal Service may encourage buyers of the stamped stationery to use them to write letters has no bearing on the issue of Commission jurisdiction” [footnote omitted]. Motion at 5. The Postal Service argues that it “also sells packaging supplies, presumably for the purpose of encouraging and making it easier for customers to send packages. The Commission does not exercise jurisdiction over the offering of such supplies.” *Id.*

Packaging supplies, like plain envelopes and post cards, lack the value of pre-affixed postage that witness Berkeley described in detail for stamped cards and stamped envelopes. Stamped cards, stamped envelopes, and stamped letter sheets are postal services because they provide additional *services* — the pre-affixed postage — relating to receipt, transmission, and delivery of correspondence. Absent the extra value of the pre-affixed postage, these items would be ordinary products, not postal services.

Also, in 1976, the Commission decided not to assert jurisdiction over packing materials, stamp affixers, and related items because the Postal Service was not the exclusive provider of these items. PRC Op. R76-1, Appendix F at 20–21. The Commission drew a reasonable line and rationale for the boundary of regulation. In contrast, the Postal Service *is* the exclusive provider of stamped letter sheets. Public policy favors regulating a service that a government monopoly provides exclusively.

Lastly, although this complaint has been focused on stamped letter sheets that were printed with 37 cents postage printed on them, this complaint concerns

an ongoing issue. Not only are two designs of stamped letter sheets still on sale today, but Postal Service Executive Director of Stamp Services David Failor also was quoted in *Linn's Stamp News* as indicating an intention to continue to issue stamped letter sheets in the future.<sup>17</sup>

#### **IV. CONCLUSION**

Application of the Commission's definition of a postal service, as well as a comparison to stamped cards, stamped envelopes, and aerogrammes, compels the conclusion that stamped letter sheets are a postal service. Fees for postal services must be consistent with pricing criteria specified by law. The law exists to protect the public against postal services priced many times above cost and the circumvention of the normal rate-setting process. The price of the stamped letter sheets that the Postal Service is selling — at a premium of 87.6 cents — should fully illustrate the harm to the public when the Postal Service sets a fee for a postal service without Commission approval. The Commission should issue a recommended decision establishing a classification and a fee for stamped letter sheets that are consistent with the policies of the Postal Reorganization Act. In the alternative, pursuant to 39 U.S.C. § 3623(b), the Commission should submit, on its own initiative, a recommended decision that recommends a new classification for stamped letter sheets.

Respectfully submitted,

Dated: June 8, 2006

DOUGLAS F. CARLSON

---

<sup>17</sup> "Postal Service intends to issue more letter sheets after rate increase," *Linn's Stamp News*, May 29, 2006, p. 24