

ORDER NO. 4

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Dan G. Blair, Chairman;  
Dawn A. Tisdale, Vice Chairman;  
Mark Acton; Ruth Y. Goldway; and  
Tony L. Hammond

Stamped Stationery and  
Stamped Cards Classifications

Docket No. MC2006-7

NOTICE AND ORDER ON FILING OF REQUEST FOR  
RECOMMENDED DECISION ON STAMPED STATIONERY  
AND STAMPED CARDS

(Issued February 28, 2007)

I. BACKGROUND

In Order No. 1475, the Commission found stamped stationery to be a postal service and concurrently established Docket No. MC2006-7 for the purpose of receiving a request from the Postal Service establishing a classification and fee schedule for stamped stationery.<sup>1</sup> On February 22, 2007, the Postal Service filed a request for a recommended decision to establish classifications and fees for Premium Stamped Stationery (PSS) and Premium Stamped Cards (PSC).<sup>2</sup>

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<sup>1</sup> See PRC Order No. 1475, August 24, 2006 and PRC Order No. 1476, August 24, 2006.

<sup>2</sup> Request of the United States Postal Service for a Recommended Decision to Establish Classifications and Fees for Premium Stamped Stationery and Premium Stamped Cards, February 22, 2007 (Request).

In contemporaneous filings, the Postal Service submitted a conditional motion for waiver of the filing requirements<sup>3</sup> and a notice of a settlement teleconference.<sup>4</sup> The Request, accompanying testimony of witness Yeh (USPS-T-1), and related material are available for review in the Commission's docket room during regular business hours. They may also be accessed electronically, via the Internet, on the Commission's website (<http://www.prc.gov>).

## II. PROPOSED CLASSIFICATIONS

Premium stamped stationery is sold by the Postal Service in pads consisting of 12 sheets of quality stock paper, featuring a design and imprinted with matching postage stamps. Each pre-stamped sheet has room for the name and address of the recipient and, on the reverse side, space for writing a message. Each sheet is designed to be folded, sealed, and mailed. Request at 1.

Premium stamped cards are sold by the Postal Service in booklets or packets, consisting of 10 to 20 cards of quality stock paper, imprinted with postage and featuring designs related to the imprinted postage. Each pre-stamped card has room for the name and address of the recipient on the right-hand side and space for a message on the left. The theme of the card adorns the reverse side of the card. *Id.* at 2.

The Postal Service denotes each of these services as "premium" to distinguish them from more utilitarian stamped envelopes and stamped cards that are already in the Domestic Mail Classification Schedule (DMCS). DMCS §§ 961 and 962. The Postal Service proposes to amend the DMCS with separate provisions and fee schedules for PSS and PSC. See Request, Attachments A and B.

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<sup>3</sup> Statement of the United States Postal Service Concerning Compliance with Filing Requirements and Conditional Motion for Waiver, February 22, 2007 (Motion for Waiver).

<sup>4</sup> Notice of Settlement Teleconference, February 22, 2007 (Notice).

The Postal Service proposes, as more fully explained in the testimony of witness Yeh (USPS-T-1 at 2-6), a fee structure establishing a range of fees between minimum and maximum levels tied to the then-current First-Class Mail letter or card rate.<sup>5</sup> The Postal Service proposes to allow the range to change automatically with and in direct proportion to future changes in the applicable First-Class Mail letter or card rate. Under the proposal, the Postal Service would be authorized to change the fee within the range upon public notice.

The Postal Service notes that in Order No. 1475 the Commission identified stamped stationery as a specialty product that may justify a novel pricing approach, including the possibility of rate bands consisting of minimum and maximum fees with the Postal Service authorized to flex the fee within that range upon public notice. Request at 2-3; see *also* PRC Order No. 1475, *supra*, at 13-14. The Postal Service indicates that its proposed fee structure generally follows the approach suggested illustratively by the Commission. Request at 2.

### III. CONDITIONAL REQUEST FOR WAIVER OF FILING REQUIREMENTS

In support of its Request, the Postal Service states that its Compliance Statement (Attachment E to the Request) identifies information contained in its testimony and supporting documentation intended to satisfy the filing requirements of Rules 54 and 64 of the Commission's Rules of Practice and Procedure. Request, Attachment E at 1.<sup>6</sup> The Postal Service notes that it has incorporated by reference pertinent materials from Docket No. R2006-1, the most recent omnibus rate case, and material periodically filed with the Commission. It asserts that that incorporation satisfies the filing requirements pertaining to classes of mail and special services. *Id.*

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<sup>5</sup> The proposed minimum fee for PSS is 2 times the First-Class Mail letter rate and for PSC is 1 times the First-Class Mail card rate. The proposed maximum fee for PSS is 3 times the First-Class Mail letter rate. USPS-T-1, Attachment A, workpaper PSSPSC-WP1. The proposed maximum fee for PSC apparently is 3 times the First-Class Mail card rate. *Id.* at 10, Attachment A, workpapers PSSPSC-WP1 and WP2; *but see* USPS-T-1 at 5, lines 1-3. The Postal Service should reconcile these statements.

<sup>6</sup> Motion for Waiver at 1. The Motion for Waiver also references Rule 162, which concerns market tests. That reference is inapposite.

In addition, the Postal Service contends that the establishment of classifications and fees for Premium Stamped Stationery and Premium Stamped Cards represents new DMCS subsections and fees, providing an option for customers with very little impact on postal costs, volume, and revenues. It also asserts that there is substantial overlap between information sought in the general filing requirements and the materials provided in Docket No. R2006-1. *Id.* at 1-2.

Alternatively, the Postal Service requests a waiver of certain filing requirements if the Commission concludes that the materials incorporated by reference are not sufficient to satisfy those requirements. *Id.* at 3.<sup>7</sup>

#### IV. NOTICE OF SETTLEMENT TELECONFERENCE

In its Request, the Postal Service indicates that despite its best intentions it was unable to engage in any pre-filing consultations with participants due to the press of other business. The Postal Service states, however, that it informed participants (from Docket No. C2004-3) of its intention to file this Request, that it is committed to engage in settlement discussions, and that it encouraged participants to engage in informal requests for additional information before commencing formal discovery to develop a record in pursuit of a mutually agreeable settlement agreement. Request at 3-4.

The Postal Service reads Order No. 1475 as authorizing settlement procedures in this proceeding and thus has not requested that such procedures be established. *Id.* at 4. Instead, the Postal Service filed a Notice of Settlement Teleconference advising participants to inform it of their availability to participate in such a conference during the period March 5 through March 23, 2007. Notice at 1.

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<sup>7</sup> In support of its conditional motion, the Postal Service cites 39 CFR §§ 3001.54(r), 3001.64(h)(3), and 3001.67a. The reference to Rule 67a, which concerns experimental changes, is inapposite.

## V. COMMISSION RESPONSE

*Intervention.* Order No. 1476 set the due date for notices of intervention at 28 days following submission of the Postal Service's Request. Since the Request was filed February 22, 2007, notices of intervention from any interested persons are due no later than March 22, 2007. The notice of intervention shall be filed electronically via the Commission's website (see Filing Online), unless a waiver is obtained for hardcopy filing. 39 CFR §§ 3001.9(a) and 10(a). Notices should indicate whether participation will be on a full or limited basis. See 39 CFR §§ 3001.20 and 3001.20a. No decision has been made at this point on whether a hearing will be held in this case.

*Settlement.* In Order No. 1475, the Commission suggested that the Postal Service may wish to engage participants in a pre-filing dialogue "in an effort to fashion a broadly acceptable pricing approach." PRC Order No. 1475 at 15 (footnote omitted). As noted above, the Postal Service's efforts to do so were thwarted by the press of other business. Its proposal to conduct a settlement teleconference is reasonable, particularly given the dispersed geographic location of the participants.

The Commission appoints Postal Service counsel as settlement coordinator. In this capacity, Postal Service counsel shall file periodic reports on the status of settlement discussions. At a minimum, a periodic report on the status of settlement discussions shall be filed no later than two business days prior to the prehearing conference scheduled herein. The Commission authorizes the settlement coordinator to hold one or more settlement teleconferences from March 5-28, 2007. In addition, the Commission will make its hearing room available for conducting settlement conferences. Authorization of settlement discussions does not constitute a finding on the necessity of hearings in this case.

*Prehearing conference.* A prehearing conference will be held April 3, 2007, at 10:00 a.m. in the Commission's hearing room. Participants shall be prepared to identify any issue(s) that would indicate a need to schedule a hearing, along with other matters referred to in this Order.

*Conditional Motion for Waiver.* Participants may comment on the Postal Service's conditional motion to waive certain filing requirements. Responses to the Postal Service's Motion for Waiver are due on or before March 22, 2007.

*Representation of the general public.* In initiating this proceeding, the Commission designated Shelley S. Dreifuss, Director of the Commission's Office of the Consumer Advocate (OCA), to represent the interests of the general public in this proceeding. See PRC Order No. 1476 at 2-3.

*Administrative matter.* The docket name has been modified to reflect the inclusion of stamped cards in the Postal Service's Request.

*It is ordered:*

1. The Commission will consider the Postal Service Request referred to in the body of this Order in Docket No. MC2006-7.
2. The Commission will sit *en banc* in this proceeding.
3. Postal Service counsel is appointed to serve as settlement coordinator in this proceeding.
4. The deadline for filing notices of intervention is March 22, 2007.
5. A prehearing conference will be held April 3, 2007 at 10:00 a.m. in the Commission's hearing room.
6. Responses to the Postal Service's Motion for Waiver of certain filing requirements are due on or before March 22, 2007.

7. The Secretary shall arrange for publication of this notice and order in the *Federal Register*.

By the Commission.

Steven Williams  
Secretary