

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION

Before:

Chairman Blair,
Vice Chairman Tisdale,
Commissioners Acton, Goldway, and Hammond

Stamped Stationery and Stamped
Cards Classifications

Docket No. MC2006-7

OPINION
AND
RECOMMENDED DECISION



Washington, DC 20268-0001
June 8, 2007

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RECOMMENDED DECISION

APPENDIX ONE

APPENDIX TWO

I. INTRODUCTION AND SUMMARY

[1001] The genesis of this proceeding was a complaint filed by Douglas F. Carlson in Docket No. C2004-3 in which he contended that stamped stationery was a “postal service” subject to the Postal Rate Commission’s jurisdiction under the Postal Reorganization Act, 39 U.S.C. § 101 *et seq.* (2000).¹ In Order No. 1475, the Commission found stamped stationery to be a postal service.² Contemporaneously, the Commission initiated Docket No. MC2006-7 for the purpose of receiving a request from the Postal Service to establish a classification and fee schedule for stamped stationery.³ In each Order, the Commission discussed the characteristics of stamped stationery that might warrant a novel pricing approach, illustratively suggesting the possibility of rate bands. Order No. 1475 at 12-15; *see also* Order No. 1476 at 1-2.

[1002] On February 22, 2007, the Postal Service filed a request to establish classifications and fees for Premium Stamped Stationery (PSS) and Premium Stamped Cards (PSC).⁴ In support of its request, the Postal Service sponsored the testimony of witness Yeh, who proposes fees for both products ranging between minimum and

¹ Douglas F. Carlson Complaint on Stamped Stationery, June 24, 2004. Subsequently, the Postal Reorganization Act was amended by the Postal Accountability and Enhancement Act, Pub. L. 109-435, which, among other things, established the Postal Regulatory Commission as the successor to the Postal Rate Commission.

² PRC Order No. 1475, Docket No. C2004-3, August 24, 2006.

³ PRC Order No. 1476, Docket No. MC2006-7, August 24, 2006.

⁴ 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). The Postal Service accompanied its Request with a pleading styled Statement of the United States Postal Service Concerning Compliance with Filing Requirements and Conditional Motion for Waiver, February 22, 2007. In it, the Postal Service requests a waiver of certain filing requirements if the Commission were to conclude that materials incorporated from Docket No. R2006-1 were not sufficient. *Id.* at 3. No participant argues that the materials submitted are not sufficient. The Commission finds the materials submitted to be sufficient and therefore the conditional motion is moot.

maximum levels. USPS-T-1 at 4-5. No participant requested a hearing or submitted testimony in rebuttal to the Postal Service's case.

[1003] The central issue in this proceeding is the appropriate fee levels for Premium Stamped Stationery and Premium Stamped Cards.⁵ The range of fees proposed by witness Yeh is a multiple of the applicable First-Class rate. For PSS, the fee would be set at a minimum of two and a maximum of three times the first ounce single-piece letter rate. PSC fees would be set at one to three times the single-piece card rate. The three participants in this proceeding oppose the fee levels as excessive and, on brief, propose alternative, lower fee structures.

[1004] This is a relatively minor classification (and fee) case, notable for the circumstances under which it was filed. The stamped stationery products are novelty items, the purchase of which is entirely discretionary. They offer an optional, if stylized, means for mailing personal correspondence. Comparable commercial products are readily available. The financial impact of the proposal is insignificant.

[1005] The Postal Service's proposal reflects these characteristics. The proposed fees cover known costs, make a reasonable contribution to institutional costs, are comparable to prices for similar commercial products, and incorporate a flexible pricing approach. The Commission finds the Postal Service's proposal to be reasonable.

[1006] In contrast, participants' alternate fee proposals are flawed. None is supported by testimony. By presenting their alternatives only on brief, participants foreclose any opportunity to develop the record on their proposals. Furthermore, participants ignore the nature of products at issue and their insignificant financial effect. Instead, participants' alternative fee proposals implicitly assume that these products are essential postal services. Plainly, they are not. In sum, the Commission is not persuaded that alternative fee proposals are superior to the Postal Service's proposal.

⁵ Premium Stamped Cards were not subject to the complaint in Docket No. C2004-3. The Postal Service, however, included them with the Request because of their similarity to Premium Stamped Stationery. Request at 2.

II. THE POSTAL SERVICE'S PROPOSAL

[2001] On behalf of the Postal Service, witness Yeh proposes new classifications and fees for Premium Stamped Stationery⁶ and Premium Stamped Cards.⁷ She proposes to price PSS and PSC between minimum and maximum levels which are multiples of the First-Class Mail postage imprinted on the stationery or cards. USPS-T-1 at 3-4; Request, Attachment A. In addition to postage, the fee for each piece of PSS would be between two to three times the First-Class letter rate, and for PSC the price would be postage plus between one to three times the First-Class card rate. USPS-T-1 at 4-5; Request, Attachment B. Under the proposal, the Postal Service would initially set the fee between the minimum and maximum levels, but could, upon public notice and in a nondiscriminatory manner, thereafter alter the fee within those levels, depending on market conditions.⁸ The fee range would change automatically with future changes in the applicable First-Class rate. USPS-T-1 at 4.

⁶ Premium Stamped Stationery is sold 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, lines for writing a message. Each sheet is designed to be folded, sealed, and mailed. Request at 1.

⁷ 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.

⁸ USPS-T-1 at 4; Request, Attachment A. On brief, the Postal Service indicates that it is not likely to flex fees between minimum and maximum levels "given the logistical difficulties of repricing these items." Initial Brief of the United States Postal Service, May 4, 2007, at 2, n.6 (Postal Service Brief), citing DBP/USPS-40(c); *see also* Douglas F. Carlson Initial Brief, May 4, 2007, at 3-5 (Carlson Brief). Any logistical difficulty associated with changing the *fees* for these products, as opposed to changing the *price* for a particular issuance, *i.e.*, the denomination of the imprinted stamp, is unexplained. The purpose of the rate bands is to afford the Postal Service flexibility to price these products in response to demand. Foregoing that flexibility seems unwarranted. The Commission encourages the Postal Service to rethink its position.

[2002] Witness Yeh's fee structure, which builds on the Commission's suggestion about novel pricing, is designed to yield a range of PSS and PSC prices comparable to market prices of commercially available substitutes. *Id.* at 5. She determined the latter by examining examples of commercially available stationery and card products.⁹ Acknowledging that complete PSS and PSC cost estimates were lacking, witness Yeh developed estimated production and distribution costs and a proxy for window service costs. Based on these cost estimates, she concludes that at the proposed fee levels each product would cover its costs and make a significant contribution to institutional costs.

[2003] Witness Yeh also reviews the relevant statutory criteria, concluding that the proposal satisfies both the pricing and classification criteria of the Postal Reorganization Act, 39 U.S.C. §§ 3622 and 3623 (2000), respectively. *Id.* at 6-10. In addition, witness Yeh observes that the financial impact of her proposal is minimal, noting that the total revenue for the products from inception in 1994 through December 2006 is less than \$2.7 million. *Id.* at 11.

[2004] On brief, the Postal Service reiterates these points, emphasizing, for example, that the proposed fees appropriately reflect the value of the products in terms of customer convenience and aesthetic appeal, the specialty character of the classifications, and the limited impact of the proposal. Postal Service Brief at 6-9. In addition, the Postal Service contends that the proposal is consistent with the Commission's findings and suggestions concerning the pricing of stamped stationery products. *Id.* a 4-5. Finally, in discussing the difficulty with developing cost estimates for the products, the Postal Service suggests that the costs may be understated and thus distort implicit cost coverages. The Postal Service argues that the costs of research, design, and the contracting process can be assumed to be institutional costs and, therefore, support higher-than-traditional cost coverage. *Id.* at 7.

⁹ *Id.* and Request, Attachment A, PSSPSC-WP-5; OCA/USPS-T1-1 (Tr. 2/54-55); DFC/USPS-T1-9, 13, 23 (Tr. 2/37, 40, 46); DBP/USPS-64, 65 (Tr. 2/195-200).

III. THE PARTICIPANTS' POSITIONS

[3001] There are three participants in this proceeding: the Office of the Consumer Advocate (OCA), Douglas F. Carlson (Carlson), and David B. Popkin (Popkin). None opposes the proposed permanent special services classification for PSS and PSC.¹⁰ Each opposes the proposed fee levels, essentially on the same grounds, namely, that the proposed fees yield excessive cost coverages.¹¹ While unanimous in their opposition to the proposed fees, participants offer different pricing alternatives.

[3002] OCA proposes that fees be based on cost coverages underlying recommended rates from Docket No. R2006-1, with the lower bounds based on the coverage of utilitarian stamped products and the upper bounds based on the highest cost coverage recommended by the Commission in that docket, *i.e.*, 211.6 percent for First-Class letters and sealed parcels. OCA Brief at 20-21; 25-26.¹² This method results in per-unit PSS fees ranging from \$0.302 to \$0.613 and per-unit PSC fees ranging from \$0.189 to \$0.296. *Id.* at 21; 25-26.

[3003] Carlson proposes a fee range for both products of 150 to 250 percent of the unit cost of the product. He finds the upper bound reasonable based upon apparent value of service considerations and the availability of alternatives. He finds the lower bound acceptable based on a comparison with Priority Mail. Carlson Brief at 6.

¹⁰ In its reply brief, the Postal Service comments on statements by Popkin which might imply some exception to the proposed classifications. Reply Brief of the United States Postal Service, May 14, 2007, at 1 (Postal Service Reply Brief). The Commission does not interpret these statements as an objection to the proposed classifications, but rather simply as a point of contrast with certain past practices. Certainly, Popkin expresses no explicit opposition.

¹¹ Initial Brief of the Office of the Consumer Advocate, May 4, 2007, at 1-2 (OCA Brief); Carlson Brief at 3-5; and Initial Brief of David B Popkin, May 4, 2007, at 1 (Popkin Brief). Participants also contend that the proposed fees are unrelated to the costs of the products. *See, e.g.*, OCA Brief at 2. This contention, however, serves simply as the predicate for their objection to the manner in which the Postal Service developed fees for these products.

¹² The term "utilitarian" refers to plain, pre-stamped envelopes and cards as distinguished from premium stamped stationery products.

[3004] Popkin does not propose specific fees. Instead, he advocates “a selling price for PSS and PSC items that is related to their direct and attributable costs[.]” Popkin Brief at 5. Elsewhere in his brief, Popkin suggests that setting prices “at a range of multiples of the direct attributable costs of the item” should not be a problem for the Postal Service. *Id.* at 2. Nowhere, however, does he suggest what that range should be or, for that matter, what he considers “a reasonable cost coverage.” *Id.*

IV. COMMISSION ANALYSIS

A. The Postal Service Fee Proposals are Reasonable

[4001] This proceeding is unusual on several scores. Procedurally it stands apart because the Commission initiated the classification docket to facilitate compliance with its Order finding stamped stationery to be a postal service. Substantively it marks the first proceeding in which the Postal Service has proposed a rate structure that would permit it, on appropriate notice, to change fees between minimum and maximum levels. The nature of the product itself is noteworthy. Although the Commission found stamped stationery to be a postal service, it distinguished the product from core communications services provided by the Postal Service. Additionally, the financial impact of the proposal is negligible.

[4002] In Order Nos. 1475 and 1476, the Commission encouraged parties to pursue settlement in an effort to resolve disputed issues. That a settlement was not achieved is irrelevant to the Commission's consideration of the issues.

[4003] The sole issue in the earlier complaint case Docket No. C2004-3, was the jurisdictional status of stamped stationery. Having found stamped stationery to be a postal service, the Commission suggested that stamped stationery may be a candidate for "new, flexible pricing techniques."¹³ In doing so, the Commission was specifically mindful of the qualities of the product which distinguish it from other services provided by the Postal Service, *e.g.*, specialty item, no mailer required to purchase the product, available alternatives, no competitive protest, and minimal financial impact.¹⁴ Nonetheless, the Commission made clear that its rate band suggestion was merely illustrative, noting that other innovative pricing approaches might be suitable.¹⁵ In

¹³ PRC Order No. 1475, August 24, 2006, at 1.

¹⁴ See PRC Order No. 1476, August 24, 2006, at 1-2; see also PRC Order No. 1475, *supra*, at 13.

¹⁵ PRC Order No. 1475, *supra*, at 14-15.

initiating this docket for the purpose of receiving the Postal Service's request for a recommended decision on classification and fees for stamped stationery, the Commission reiterated its willingness to consider a novel pricing approach and urged the participants "to consider innovative rate designs suitable for this specialty product."¹⁶

[4004] The Postal Service's proposal builds on the Commission's illustrative flexible fee structure under which the minimum fee would recover costs, including a not-nominal contribution to overhead. Under the Postal Service's proposal, both the fee floor and ceiling are tied to the applicable First-Class rate.

[4005] The Commission commends the Postal Service for coming forward with its proposal. Although other rate designs and rate levels might be legally justifiable, the Commission is not persuaded that participants' various alternatives are preferable. None is supported by testimony, and none adequately considers the proposal in context.

[4006] The record consists only of the Postal Service's proposal. Participants chose not to submit an affirmative case in rebuttal to witness Yeh. Instead, on brief, they take issue with cost coverages and propose lower fees as if these products are essential postal services. Indisputably, they are not.

[4007] Neither Premium Stamped Stationery nor Premium Stamped Cards is an essential form of correspondence. They are specialty items which no person is required to purchase. Alternatives abound. By any standard, *e.g.*, costs, revenues, or volumes, this is a minor case. Notwithstanding that this is the first proceeding in which these fees are at issue, no competitor intervened. Finally, but not insignificantly, the financial impact of the proposal is small. The record shows that from 1994, the inception of the program, through 2006 total revenue generated by these products is less than \$2.7 million. USPS-T-1 at 11. In sum, the context of the Request, including in particular,

¹⁶ PRC Order No. 1476, *supra*, at 2.

the nature of the products and their limited financial impact, bears heavily on the Commission's determination to recommend adoption of the Postal Service's proposal.¹⁷

[4008] The participants' proposed lower fee alternatives disregard these distinguishing factors and presume that the newly-found jurisdictional status of these products warrants "conventional" rate treatment, *i.e.*, by marking up attributable costs. The imprinting of the postage on the products, while central to the jurisdictional issue, does not alter the character of the products so as to justify formulaic reliance on cost coverage to establish the fees. Witness Yeh clearly expressed the bases on which she developed the proposed fees, namely, a flexible pricing approach, covering known costs, making a contribution to institutional costs, and yielding prices comparable to commercial substitutes. USPS-T-1 at 3-6. Value considerations and the history of these products also influenced her proposed fee levels. OCA/USPS-T1-23 (Tr. 2/68), DBP/USPS-43 (Tr. 2/117), DBP/USPS-50 (Tr. 2/185).

[4009] Participants' various alternative fee suggestions, offered only on brief, are flawed both in form and substance. Attempting to present an affirmative case on brief is ill-advised if genuine issues of material fact are in dispute. Plainly, such issues are present in this proceeding. By presenting their alternative proposals on brief, participants foreclose any opportunity to explore the bases for and to develop the record on their proposals. Had those proposals been sponsored through testimony, their underpinnings and implications could have been explored on the record. *See* Postal Service Reply Brief at 2-3.

[4010] Upon review of the various alternatives, the Commission concludes that none is preferable to the Postal Service's proposal. The participants focus on cost coverage resulting from the proposed fees, advocating that fees be derived by marking

¹⁷ This should assuage concerns voiced by participants regarding the pricing of other, dissimilar postal services. *See, e.g.*, Carlson Brief at 4-5.

up the products' attributable costs. Participants wholly ignore the context of the Postal Service's proposal.¹⁸ The rationale for their collective alternatives, *i.e.*, that implicit coverage levels are too high, is negated by the non-essential and entirely discretionary nature of the products as well as their minimal financial impact.¹⁹ Participants simply have not made a compelling case for adoption of any of their alternative suggestions.

[4011] Popkin argues that “[o]ne should not determine the selling price for any service or item without knowing the cost of obtaining or providing it.” Popkin Brief at 2. Although unobjectionable, this statement misses the point. The Postal Service has provided cost estimates, which admittedly are uncertain. Notwithstanding this uncertainty, there is little doubt that the proposed fees, even at the minimum levels, cover costs and make a not insignificant contribution to institutional costs. Certainly, no participant contends otherwise.

[4012] OCA's contention that stamped stationery is subject to the Postal Service's monopoly (OCA Brief at 14) conflates the requirement that such a product be mailed as First-Class Mail with the product itself. Plainly, the Postal Service's monopoly is an important consideration in determining First-Class rates and is reflected in the price of the stamp, whether imprinted on the piece or purchased separately. Consumers finding the price of stamped stationery excessive have comparable commercial alternatives available and need only purchase the stamp separately.

[4013] Carlson suggests that philately is a relevant pricing concern in this proceeding because “[w]ithout stamp collectors, the Postal Service would not market these stamped stationery products.” Carlson Brief at 5. The claim lacks a statutory basis, record support, and, given Carlson's arguments in Docket No. C2004-3,

¹⁸ By encouraging parties to pursue settlement and consider creative pricing approaches, the Commission hoped “to focus interested persons on the challenge at hand and perhaps to temper rote reliance on any preconceived fee structures.” PRC Order No. 1476, *supra*, at 2.

¹⁹ Furthermore, participants' undue reliance on cost estimates is problematic. The cost estimates are subject to considerable uncertainty. USPS-T-1 at 5-6; OCA/USPS-T1-23 (Tr. 2/68). As a consequence, the implicit cost coverages under the Postal Service's proposal are likely inflated. *See also* Postal Service Reply Brief at 4.

credibility. See Postal Service Reply Brief at 7-8. The Commission's rate authority extends to postal services, not philatelic services. 39 U.S.C. § 3622 (2000). Nothing in the record supports Carlson's claim that, but for philatelists, the Postal Service would not market these products. His statement is wholly extra-record supposition.

[4014] Moreover, Carlson's suggestion that philately is a relevant pricing consideration is surprising since in Docket No. C2004-3 he argued that the philatelic value of stamped stationery was irrelevant to the fee for the product. Specifically, in opposing the Postal Service's motion to dismiss his complaint, he argued that "the fee for stamped stationery must not consider the philatelic value of the products that facilitate the service."²⁰

²⁰ Douglas F. Carlson Answer in Opposition to the Postal Service Motion to Dismiss Complaint, Docket No. C2004-3, January 24, 2006, at 11.

B. The Proposed Classifications and Fees Satisfy the Statutory Criteria

[4015] A de facto classification has existed since the inception of the program in 1994. The Commission's finding stamped stationery to be a postal service necessitates an amendment to the Domestic Mail Classification Schedule (DMCS) assuming the service is authorized. As noted, no participant opposes the proposed classifications. Having reviewed the record, the Commission finds the classifications to be appropriate.²¹

[4016] The PSS and PSC classifications are special classifications that benefit both the user and the Postal Service. 39 U.S.C. § 3623(c)(2) and (5). In addition, the classifications reflect the relative value of this mail matter. 39 U.S.C. § 3623(c)(2). Finally, the proposed classifications are fair and equitable, providing a convenient and optional method to send mail matter. 39 U.S.C. § 3623(c)(1); *see also* USPS-T-1 at 6-7.

[4017] In adopting the Postal Service's proposed fee levels, the Commission relies on the following pricing factors. First, although comprehensive cost data are unavailable, there is no legitimate question that the proposed fees satisfy the requirement that they cover the direct and indirect costs associated with the products. 39 U.S.C. § 3622(b)(3). While participants advocate a lower contribution, the Commission concludes, under the circumstances, that the proposed fees make an appropriate contribution to the Postal Service's overhead.

[4018] Second, Premium Stamped Stationery and Premium Stamped Cards are uniquely designed and are printed on quality paper. They offer a convenient means for

²¹ OCA notes that the proposed DMCS language does not include the term "quality stock paper" in the DMCS to describe the products. OCA Brief at 20. To remedy this, OCA suggests that the DMCS require that future issuances be of a comparable quality to current issuances. In response to OCA/USPS-T1-14 (Tr. 2/210), the Postal Service indicates that the proposed DMCS language "accommodates unanticipated changes, such as in paper technology, in the policy of the PSS/PSC program[.]" Under the proposed language, paper quality would be one of the factors considered in setting fees. OCA has neither shown this provision to be inadequate nor justified its proposal, which would appear to require the Postal Service to amend the classification schedule if different quality paper were used. Accordingly, the Commission declines to adopt OCA's suggestion.

mailing personal correspondence enhanced by the aesthetic appeal of the product. The proposed fees reflect these values. 39 U.S.C. § 3622(b)(2).

[4019] Third, comparable products are readily available, as are substitutes. The products are not essential postal services. They simply offer an optional, if stylized, means for mailing correspondence. Prospective purchasers who find the fee excessive are not disadvantaged since numerous alternatives are available, including comparable stationery products. Therefore, section 3622(b)(5), alternate means for sending and receiving letter mail, does not compel modification of the proposed fees.

[4020] Concerning criterion 4, effect of rate increases on the general public, the Commission is guided by several considerations. The fee ranges are intended to be comparable to other similar, commercial stationery products. USPS-T-1 at 9. The purchase of these products is entirely discretionary. Those of the opinion that the fees are too high will purchase alternatives. Moreover, if demand lags, the Postal Service may reduce the fees to the minimum levels in an effort to stimulate sales. And if that does not work, it may pursue whatever pricing options may be available at the time. Given these considerations, no modification of the proposed fees is necessary.

[4021] Criterion 9 has a bearing as well. The Postal Accountability and Enhancement Act (PAEA), Pub. L.109-435, overhauls the ratemaking system mandated by the Postal Reorganization Act, under which this proceeding is being adjudicated. Changes under the PAEA will take effect no later than June 19, 2008 and likely much sooner.²² The looming regulatory change is a factor in the Commission's adoption of the Postal Service's proposal. The flexibility inherent in the proposal is consistent with that afforded under the PAEA.

[4022] In sum, the Commission finds the proposed fees to be fair and equitable. 39 U.S.C. § 3622(b)(1).

²² See PRC Order No. 15, Docket No. RM2007-1, May 17, 2007, at 2.

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 Hammond

Stamped Stationery and Stamped
Cards Classifications

Docket No. MC2006-7

RECOMMENDED DECISION

(Issued June 8, 2007)

The Commission, having considered the Postal Service Request, has issued its Opinion thereon. Based on that Opinion, which is attached hereto and made a part hereof,

IT IS ORDERED:

The Commission's Opinion and Recommended Decision shall be transmitted to the Governors of the Postal Service and the Governors shall thereby be advised that the technical amendments to the schedules of fees set forth in Appendix One, and the proposed amendments to the Domestic Mail Classification Schedule set forth in Appendix Two are in accordance with the policies of Title 39, United States Code, and

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the factors set forth in §§ 3622(b) and 3623(c) thereof; and they are hereby recommended to the Governors for approval.

By the Commission.

Steven W. Williams
Secretary

RECOMMENDED CHANGES IN FEE SCHEDULES

The following changes represent the fee schedule recommendations of the Postal Regulatory Commission in response to the Postal Service's Docket No. MC2006-7 Request. The changes require the addition of two new fee schedules — 963 and 964. The underlined text signifies that the text is new, and shall appear in addition to all other fee schedule text.

FEE SCHEDULE 963

PREMIUM STAMPED STATIONERY

Fee per unit

Minimum: 2 times the First-Class Mail Letters first ounce single-piece rate imprinted on the stationery

Maximum: 3 times the First-Class Mail Letters first ounce single-piece rate imprinted on the stationery

FEE SCHEDULE 964

PREMIUM STAMPED CARDS

Fee per card

Minimum: 1 times the First-Class Mail Cards Regular single-piece rate imprinted on the card

Maximum: 3 times the First-Class Mail Cards Regular single-piece rate imprinted on the card

**RECOMMENDED CHANGES IN
DOMESTIC MAIL CLASSIFICATION SCHEDULE**

The following material represents changes to the Domestic Mail Classification Schedule recommended by the Postal Regulatory Commission in response to the Postal Service's Docket No. MC2006-7 Request. The underlined text signifies that the text is new, and shall appear in addition to all other Domestic Mail Classification Schedule text.

**SPECIAL SERVICES
CLASSIFICATION SCHEDULE**

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960 STAMPED PAPER

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963 PREMIUM STAMPED STATIONERY

963.1 Definition

Premium Stamped Stationery is decorated stationery with First-Class Mail postage imprinted or impressed on it, and offered for sale by the Postal Service.

963.2 Fees

A range of fees for Premium Stamped Stationery is set forth in Fee Schedule 963. Upon issuing a Premium Stamped Stationery product, the Postal Service shall specify a price that equals a fee within the range times the number of units plus the value of the postage imprinted. The Postal Service shall give notice of any subsequent change in that fee (and the effect on the total price) for a particular issuance and such change shall take effect upon such notice.

964 PREMIUM STAMPED CARDS

964.1 Definition

Premium Stamped Cards are cards with First-Class Mail postage imprinted or impressed on them, decorated on the reverse side, and offered for sale by the Postal Service.

964.2 Fees

A range of fees for Premium Stamped Cards is set forth in Fee Schedule 964. Upon issuing a Premium Stamped Card product, the Postal Service shall specify a price that equals a fee within the range times the number of cards plus the value of the postage imprinted. The Postal Service shall give notice of any subsequent change in that fee (and the effect on the total price) for a particular issuance and such change shall take effect upon such notice.

* * * * *