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

Postal Rate and Fee Changes, 2006	:	Docket No. R2006-1

NOTICE OF THE GREETING CARD ASSOCIATION OF FILING A REVISED TESTIMONY OF JAMES A. CLIFTON (GCA-T-1) [ERRATA]

(September 8, 2006)

The Greeting Card Association (GCA) hereby files notice that today it is filing a revision to the Direct Testimony of James A. Clifton (GCA-T-1). There are two corrections: The right side of Table 3 on page 20 and Figure 1 on page 25 of the filed testimony extended into the margin and were cut off. The revised pages 20 and 25 correct this error to include the entire Table 3 and Figure 1.

The revised pages of the testimony are attached hereto.

Respectfully submitted,

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Date: September 8, 2006

Table 3 – Descriptive Statistics Estimating Arc Elasticities for Single Piece Mail and Electronic Payments

Arc Elasticities: 2000 - 2003

Number of payments (millions)	Annual Data				Cross Price Elasticities With Respect to Single-Piece Price			Own Price Elasticities With Respect to GDP Computer Price Deflator		
Payment Instrument	2000	2001	2002	2003	2000-2003	2001-2003	2002-2003	2000-2003	2001-2003	2002-2003
General Purpose Credit Cards	12,300	13,203	14,172	15,212	4.63	3.20	4.53	-0.62	-0.62	-0.61
Private Lable Credit Cards	3,301	3,445	3,596	3,753	2.68	1.88	2.70	-0.36	-0.37	-0.37
Signiture Debit	5,269	6,580	8,218	10,263	18.54	11.78	15.37	-2.50	-2.29	-2.08
PIN Debit	3,010	3,644	4,410	5,338	15.12	9.78	12.99	-2.04	-1.90	-1.76
ACH	6,211	7,045	7,990	9,062	8.98	6.02	8.28	-1.21	-1.17	-1.12
EBT	538	621	716	827	10.52	6.99	9.52	-1.42	-1.36	-1.29
Total	30,629	34,678	39,263	44,455	8.83	5.93	8.16	-1.19	-1.15	-1.10
Checks (Own Price)	41,900	40,090	38,357	36,700	-2.43	-1.78	-2.67			
Commercial checks	16,993	16,905	16,586	15,805	-1.37	-1.37	-2.91			
Bill Payments by SP mail			11,996	11,096			-4.63			
Bill paymenst Per Household Per Week	2.9	3.2	3.4	3.2	2.02	0.00	-3.63			
Statements Per Household Per Week	1.1	1.4	1.2	1.1	0.00	-4.51	-5.14			
SP Volume /Pop/Days	3.53669	3.36397	3.23447	3.04258	-2.73	-2.01	-3.66			
WS Volume /Pop/Days	3.12386	3.19835	3.14605	3.08765	-0.23	-0.73	-1.15			
SP Real Price	0.40889	0.41030	0.42295	0.42980						
GDP Deflator for Computers	100.00	82.19	70.54	62.10						

Note: USPS quarterly SP volume & price are converted to regular annual data to correspond to other annual data given in above table

Sources:

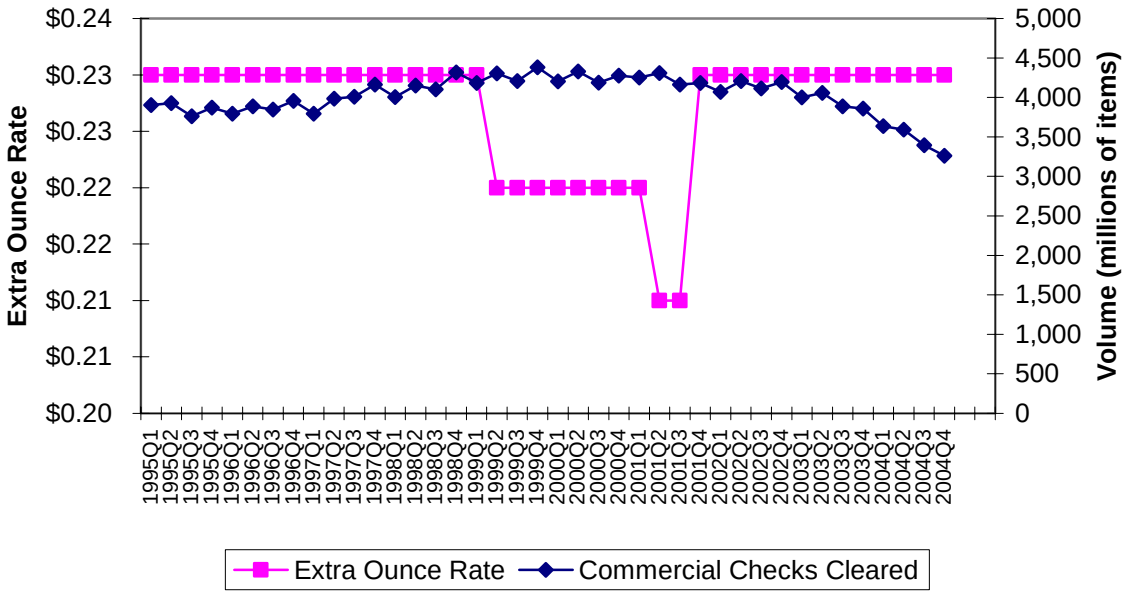
Payment Instruments data are obtained from 2004 Electronic Payments Study

Commerrcial checks are obtained from the Bureau of Economic Analysis & various The Household Diary Study reports.

SP Volume and SP prices are obtained from Thress R2005-1.

GDP deflator and BLS price index for computers are obtaiend from BEA & BLS.

Figure 1 – Volume of Commercial Checks Processed vs. Extra Ounce Rates



Source: GCA-LR-L-2, Workpaper 1.

The expected impact of the 2002 hike in extra ounce rates would be felt not only in 2003, but also the adaptation to it would be felt as greatly or more in succeeding years as adaptation takes time and expense. When we add 2004 data to the exercise, the estimated own price elasticity increases to –1.27, firmly in the price elastic range, and with a t – statistic that is highly significant at –3.51.[17]

[17] Further refinements must be made. The extra ounce rates can be measured in real terms, not nominal as in these exercises. Second, postal rate changes in the extra ounce rate are but one of