

EXHIBIT

Exhibit No.:

Issue(s)

Witness/Type of Exhibit:

Sponsoring Party:

Case No.:

Competitive Classification

Meisenheimer/Direct

Public Counsel

TO-2007-0053

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Missouri Public
Service Commission

DIRECT TESTIMONY

OF

BARBARA A. MEISENHEIMER

Submitted on Behalf of the Office of the Public Counsel

**SOUTHWESTERN BELL TELEPHONE, L.P.,
D/B/A AT&T MISSOURI**

Case No. TO-2007-0053

December 14, 2006

OPC Exhibit No. 3
Case No(s). TO-2007-0053
Date 3-8-07 Rptr YR

DIRECT TESTIMONY

OF

BARBARA MEISENHEIMER

SOUTHWESTERN BELL TELEPHONE, L.P.,

D/B/A AT&T MISSOURI

CASE NO. TO-2007-0053

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 **A. Barbara A. Meisenheimer, Public Utility Economist, Office of the Public**
3 **Counsel, P. O. Box 2230, Jefferson City, Missouri 65102. I am also employed as**
4 **an adjunct Economics and Statistics Instructor for William Woods University.**

5 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND EMPLOYMENT BACKGROUND.**

6 **A. I hold a Bachelor of Science degree in Mathematics from the University of**
7 **Missouri-Columbia (UMC) and have completed the comprehensive exams for a**
8 **Ph.D. in Economics from the same institution. My two fields of study are**
9 **Quantitative Economics and Industrial Organization. My outside field of study is**
10 **Statistics. I have taught economics courses for the University of Missouri-**
11 **Columbia, William Woods University, and Lincoln University, mathematics for**
12 **the University of Missouri-Columbia and statistics for William Woods**
13 **University.**

1 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE COMMISSION?**

2 A. Yes, I have testified on behalf of the consumer in telecommunication cases before
3 the Missouri Public Service Commission. (PSC or Commission) for more than ten
4 years and testified on many telecom issues, including competition in Missouri.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of this testimony is to present Public Counsel's comments and
7 positions regarding a review of the status of competition in exchanges for which
8 Southwestern Bell Telephone L.P. d/b/a AT&T Missouri (AT&T) has received a
9 competitive classification to determine whether or not the competitive status
10 should continue. I will also comment on the appropriate schedule for review of
11 competitive classifications.

12 Primarily Public Counsel wants to address how the circumstances have changed
13 since the grant of competitive status and it is contrary to the public interest to
14 continue the competitive classification in the 60-day petition.

15 **Q. IN PREPARATION OF YOUR TESTIMONY, WHAT MATERIALS DID YOU REVIEW?**

16 A. I have reviewed the Staff Report filed in this case (August 8, 2006), the Staff's
17 workpapers, and the amended direct testimony of PSC Staff witness John Van
18 Eschen in cases TO-2006-0093 and TO-2006-0102. I have also reviewed
19 information available from Commission records, including portions of the rate
20 increase tariffs and related materials filed with the Commission by AT&T and the
21 PSC Staff regarding Tariff File No. JI-2006-0638 and Tariff File No. JI-2006-
22 0638. Also I reviewed portions of the record from prior cases investigating the

1 status of competition in SBC exchanges as well as data gathered from public
2 sources.

3 **Q. WHAT IS THE PURPOSE OF THIS PROCEEDING?**

4 A. The Commission established this proceeding for the purpose of evaluating under
5 Section 392.245 RSMo if the conditions that existed when AT&T's received
6 competitive classifications still exist in certain exchanges and whether or not it is
7 the public interest to continue the competitive status.

8 **Q. WHY DOES PUBLIC COUNSEL FOCUS ON THE 60-DAY PETITION EXCHANGES BUT**
9 **NOT ON THE 30-DAY PETITION CHANGES?**

10 A. Public Counsel focused its limited resources on the 60-day petition exchanges due
11 to the low threshold for competitive classification under the 30-day petitions. The
12 threshold for granting competitive status is set so low that it does not protect
13 consumers from unfettered monopoly or dominant provider pricing because it
14 abandons reasonable consideration of relevant economic factors. AT&T
15 successfully lobbied for the new statutory limits on the Commission's ability to
16 consider more than the most meager showing of alternatives to basic telephone
17 service before granting competitive status within the 30-day petition. Although
18 the Staff's Report and workpapers indicate a reasonable inquiry into this limited
19 criteria, the Staff Report should have identified and verified the wireless carriers
20 relied upon to demonstrate continued eligibility for a competitive classification.

1 **Q. WHAT ARE THE KEY GROUNDS FOR PUBLIC COUNSEL'S CHALLENGE OF THE**
2 **COMPETITIVE STATUS FOR EXCHANGES APPROVED UNDER THE 60-DAY**
3 **PROVISION OF SECTION 392.245.5?**

4 **A. Public Counsel is challenging the competitive classification for residential and**
5 **business service in those exchanges qualified under the 60-day petition based**
6 **upon the change in circumstances that existed at the time of the reclassification**
7 **and that the conditions for competitive classification do not continue to exist.**
8 **Public Counsel submits that to continue the competitive classification in light of**
9 **present circumstances would be contrary to the public interest.**

10 **Q. WHAT PORTION OF SECTION 392.245 IS AT ISSUE WITH RESPECT TO THE 60-DAY**
11 **PROVISION?**

12
13 **A. The relevant portion of text of Section 392.245.5 at issue states:**

14 **The commission shall, at least every two years, or where an**
15 **incumbent local exchange telecommunications company**
16 **increases rates for basic local telecommunications services in**
17 **an exchange classified as competitive, review those exchanges**
18 **where an incumbent local exchange carrier's services have**
19 **been classified as competitive, to determine if the conditions of**
20 **this subsection for competitive classification continue to exist**
21 **in the exchange and if the commission determines, after**
22 **hearing, that such conditions no longer exist for the incumbent**
23 **local exchange telecommunications company in such exchange,**
24 **it shall reimpose upon the incumbent local exchange**
25 **telecommunications company, in such exchange, the provisions**
26 **of paragraph (c) of subdivision (2) of subsection 4 of section**
27 **392.200 and the maximum allowable prices established by the**
28 **provisions of subsections 4 and 11 of this section, and, in any**
29 **such case, the maximum allowable prices established for the**
30 **telecommunications services of such incumbent local exchange**
31 **telecommunications company shall reflect all index**
32 **adjustments which were or could have been filed from all**
33 **preceding years since the company's maximum allowable**
34 **prices were first adjusted pursuant to subsection 4 or 11 of this**
35 **section. (Emphasis supplied.)**

1 **Q. IS THE COMMISSION'S REVIEW LIMITED TO ONLY THOSE EXCHANGES WHERE**
2 **BASIC LOCAL SERVICE RATES WERE INCREASED?**

3 A. No. The Commission is not prohibited from reviewing its grant of competitive
4 status at any time. The statute's two year period acts as an upper limit on the time
5 between reviews. There is no limit on the time or frequency so the Commission
6 may review the status at any time, but at least every two years.

7 **Q. DO YOU BELIEVE THERE IS GOOD REASON TO REVIEW THE CONDITIONS THAT**
8 **EXIST IN AT&T EXCHANGES WHERE THE COMPANY HAS NOT INCREASED BASIC**
9 **LOCAL SERVICE RATES SINCE RECEIVING A COMPETITIVE CLASSIFICATION?**

10 A. Yes. Shortly after receiving competitive classification, AT&T increased basic
11 local service rates in areas supposedly subject to the greatest competition, its
12 "competitive" metropolitan and suburban exchanges and to those customers
13 supposedly most likely to see benefits from competition, business customers.
14 Business customers in competitive exchanges experienced a \$1 increase in basic
15 local service. Single line residential customers in competitive Rate Group B
16 exchanges experienced a 14% increase. Residential customers subscribing to flat
17 rate trunk service experienced increases of 14% to 19%. This aggressive action
18 to raise rates significantly above the rates that are allowed under price caps is a
19 strong reason to consider if the public interest is still served with the continuation
20 of competitive status under the 60-day provision contained in Section 392.245.5
21 RSMo (2005 Cum. Supp.).

1 **Q. WHAT RATES DID AT&T INCREASE FOR RESIDENTIAL AND BUSINESS**
2 **CUSTOMERS?**

3 A. The Staff Report filed in this case dated August 8, 2006 states that "In Tariff File
4 No. JI-2006-0638, AT&T Missouri increased the monthly rates for business basic
5 local telecommunications service in its Rate Group B and larger competitively
6 classified exchanges. The increase was one dollar for all rate groups." And, "In
7 Tariff File No. JI-2007-0011, AT&T Missouri increased the monthly rates for
8 residential basic local telecommunications service in its Rate Group B and larger
9 competitively classified exchanges. The increase varied among the different rate
10 groups and ranged from approximately 4.8% to approximately 19%." These are
11 included in Schedule BAM Direct-2 and Schedule BAM Direct-3.

12 **Q. HOW DO THESE RATE INCREASES FOR BASIC LOCAL SERVICES COMPARE TO**
13 **THOSE RATE INCREASES ALLOWED UNDER PRICE CAPS?**

14 A. Under price cap regulation increases in basic rates are tied to changes in the
15 Consumer Price Index for Telecommunications Service (CPI-TS). Rate increases
16 may not exceed any rise in that index and a decrease in that index mandates a
17 reduction in rates by that index change.

18 **Q. WHAT IS THE PERFORMANCE OF THE CPI-TS IN RECENT YEARS?**

19 A. I obtained information from the Bureau of Labor Statistics on performance of the
20 CPI-TS. The annual CPI-TS fell from 98.3 to 95.8, a change of -2.5% from 2003
21 to 2004 and fell from 95.8 to 94.9, a change of -.9% from 2004 to 2005. Over the
22 first 10 months of 2006, the Index rose to 96.8 but this represents only a 1.9%
23 increase which is significantly less than the increase in basic rates implemented

1 by AT&T. Schedule BAM Direct-1 illustrates the CPI-TS changes I have
2 described.

3 **Q. FROM AN ECONOMIC PERSPECTIVE, DO YOU BELIEVE IT IS IMPORTANT IN THE**
4 **60-DAY TRACK PETITIONS FOR THE COMMISSION, IN ITS DISCRETION, TO**
5 **EVALUATE THE QUALITY AND QUANTITY OF COMPETITION ASSOCIATED WITH A**
6 **COMPETITIVE CLASSIFICATION?**

7 **A.** Yes. For competition to be meaningful and not contrary to the public interest, it
8 should constrain the price a monopoly provider or a dominate provider might
9 otherwise charge for service. The Legislature apparently sought to protect the
10 consumer from basic local price increases after an exchange is declared
11 competitive by directing that a Commission review of the qualifications for
12 continued competitive classification is warranted if an incumbent increases basic
13 local telecommunications service rates in such an exchange

14 **Q. HOW DOES AT&T'S PRICE INCREASES FOR BASIC LOCAL SERVICE CHANGE THE**
15 **CONDITIONS THAT EXISTED AT THE TIME THAT THE COMMISSION GRANTED**
16 **COMPETITIVE STATUS?**

17 **A.** AT&T's action to raise basic local service prices significantly above the level
18 allowed under price caps provides new evidence that competitive forces are not
19 constraining AT&T's power. It is also important to note that when AT&T
20 increased basic local service prices, it raised the basis for resellers' prices for
21 basic local service and in turn increased CLEC resellers' prices. The domino
22 effect of these basic local increases coupled with the fact that under price cap
23 regulation, the Company increased many of the prices for its nonbasic services
24 year after year (often up to the maximum ceiling) should give the Commission

1 abundant reason to believe that the public interest is no longer served by
2 continuing the competitive classification in these exchanges and that to do so is
3 contrary to the public interest.

4 **Q. FROM AN ECONOMIC PERSPECTIVE, WHAT OTHER REASONS MAKE IT IMPORTANT**
5 **FOR THE COMMISSION TO EVALUATE THE QUALITY AND QUANTITY OF**
6 **COMPETITION AS PART OF ITS ANALYSIS OF WHETHER COMPETITIVE**
7 **CLASSIFICATION IS CONTRARY TO THE PUBLIC INTEREST?**

8 **A.** In addition to promoting affordability, for competition to be meaningful and not
9 contrary to the public interest, it should promote availability, better quality and
10 more variety for consumers. I believe that the legislative intent and purposes
11 identified in Section 392.185, RSMo, serve as a reasonable yardstick in
12 evaluating whether this status is in the public interest or is contrary to public
13 interest.

14 **Q. WHAT DOES SECTION 392.185, RSMO IDENTIFY AS THE GOALS AND PURPOSES OF**
15 **THE MISSOURI TELECOMMUNICATIONS LAW?**

16
17 **A.** (1) Promote universally available and widely affordable telecommunications
18 services;
19
20 (2) Maintain and advance the efficiency and availability of telecommunications
21 services;
22
23 (3) Promote diversity in the supply of telecommunications services and products
24 throughout the state of Missouri;
25
26 (4) Ensure that customers pay only reasonable charges for telecommunications
27 service;
28
29 (5) Permit flexible regulation of competitive telecommunications companies and
30 competitive telecommunications services;

(6) Allow full and fair competition to function as a substitute for regulation when consistent with the protection of ratepayers and otherwise consistent with the public interest;

(7) Promote parity of urban and rural telecommunications services;

(8) Promote economic, educational, health care and cultural enhancements; and

(9) Protect consumer privacy.

AT&T's price cap increases do not advance these goals and in fact run a foul of Section 392.185(1)(4) and (6). A competitive classification that is contrary to the goals established by Section 392.185, RSMo, should be returned to price cap regulation.

Q. HAS AT&T USED THE "FLEXIBILITY" PROVIDED UNDER COMPETITIVE CLASSIFICATION TO LOWER BASIC LOCAL SERVICE PRICES IN THOSE EXCHANGES DECLARED COMPETITIVE?

A. It appears that AT&T has not used that flexibility to address its "competition". I was unable to identify any basic local services in any competitive exchanges where AT&T lowered the price after it was granted competitive status either under the 30-day or 60-day petitions.

Q. HAS AT&T BEEN MANDATED TO REDUCE BASIC LOCAL SERVICE RATES IN EXCHANGES STILL PROTECTED UNDER PRICE CAP REGULATION?

A. Yes. In September, 2005, as required by the price cap statute, AT&T lowered basic local service rates by 1.95% to reflect the reduction in the CPI-TS (See Schedule BAM Direct-6).

1 In contrast to the 2005 CTI-TS reduction that AT&T was compelled to
2 make under the price cap statute, AT&T later increased local basic rates in
3 competitive exchanges. These increases ranged from 4% to 19% depending on
4 the exchange. Generally, these residential customers saw an increase in local
5 rates. Business customers saw a \$1/per month increase in basic local rates.

6 **Q. HAS PRICE CAP REGULATION LIMITED AT&T FROM INCREASING RATES FOR NON**
7 **BASIC SERVICE?**

8 A. Yes. AT&T increased prices for unbundled non basic services, such as customer
9 calling features, local operator services and payphone services but those increases
10 were limited to approximately 5%. (See Schedules BAM Direct-4 and BAM
11 Direct-5 for examples.)

12 **Q. IN THE PROCEEDING GRANTING COMPETITIVE CLASSIFICATION CONSUMER**
13 **"CHOICE" WAS A PRIMARY REASON GIVEN BY AT&T IN SUPPORT OF**
14 **COMPETITIVE STATUS. FROM AN ECONOMIC PERSPECTIVE, HAS THE COMPETITIVE**
15 **STATUS EXPANDED CHOICE FOR CUSTOMERS?**

16 A. No. The SBC/AT&T merger and MCI's acquisition by Verizon has significantly
17 altered competitive conditions for the new AT&T. The available choices of
18 facility based CLEC service have dwindled. The Commission should consider if
19 comparable services are available at comparable price, terms and conditions.

1 **Q. WHY SHOULD THE COMMISSION MAKE A PUBLIC INTEREST EVALUATION AS PART**
2 **OF ITS REVIEW OF THESE COMPETITIVE EXCHANGES?**

3 A. It appears that such an inquiry is part of the review process under the statute, but I
4 will leave the legal argument to the attorneys.

5 From an economic perspective and from a regulatory and public policy view, the
6 Commission should certainly consider the public interest implications, just as it
7 was required to do to in the reclassification petition case, to determine if "such
8 competitive classification is contrary to the public interest." I believe that good
9 public policy and regulatory policy demands that the Commission consider all
10 relevant factors in its decision making process and evaluate the evidence of those
11 relevant factors. It's my understanding that the law also requires the Commission
12 to consider all relevant factors.

13 **Q. WHAT ARE SOME OF THOSE FACTORS THAT THE COMMISSION SHOULD CONSIDER**
14 **IN MAKING ITS PUBLIC INTEREST ANALYSIS?**

15 A. The legislature identified in Section 392.185, RSMo 2000, seven items that it said
16 should be considered in applying the telecommunications regulatory laws. Those
17 items were discussed previously.

18 From the economic perspective, the Commission should look at who are the
19 "competitors" that still provide local services in those exchanges and what are
20 their relative strength as compared to AT&T.

21 Recent events in the industry that affect the competitive environment are relevant.
22 The acquisition of the legacy AT&T by SBC giving birth to the new AT&T
23 created a super ILEC with a national presence, while also nullifying a major local

1 telecommunications service competitor in Missouri. The Verizon acquisition of
2 MCI also diminished local competition AT&T faces.

3 **Q. WHAT DOES THE CONSIDERATION OF THESE FACTORS REVEAL?**

4 A. The Staff's investigation and the data it compiled from Commission records
5 paints a picture where today consumers in the exchanges under review have little
6 to no local facilities based competition. Also, it demonstrates that in many of
7 those exchanges classified as competitive there has been no growth or negative
8 growth in facility based CLEC lines.

9 For Residential exchanges 60-day petition (approximate)

- 10 • 76% negative or no growth in facilities based CLEC lines
- 11 • 36 of 51 exchanges showed no facilities or partially based facilities based
- 12 CLEC lines

13 For Business exchanges 60-day petition (approximate)

- 14 • 47% negative or no growth in facilities based CLEC lines
- 15 • 5 of 30 exchanges showed no facilities or partially based facilities based
- 16 CLEC lines

17 **Q. IN ITS ORIGINAL PETITION, AT&T ARGUED THAT THE COMMISSION WAS NOT TO**
18 **REVIEW THE "EXTENT" OF COMPETITION. DO YOU AGREE?**

19 A. I didn't agree with the claim then, nor do I agree now. The Commission should
20 consider if comparable services are available at comparable price, terms and
21 conditions. The advent of local competition was characterized by hopes that

1 robust facilities based competition would develop. The reality 10 years later is
2 that only limited and weak facilities based competition exists. Many of the
3 carriers that offered promise in 1996, went out of business due to an inability to
4 compete, were consumed in mergers and acquisitions or downgraded their
5 business plans from independent facilities based competition to the fully
6 dependant alternative of resale.

7 **Q. HAS THE COMMISSION RECEIVED ADDITIONAL INFORMATION REGARDING AREAS**
8 **UNSERVED BY WIRELESS CARRIERS?**

9 A. Yes. In cases involving applications for ETC designations, wireless carriers
10 admitted that they currently do not offer service to all customers within an
11 exchange and would have to expand cell tower coverage to serve all requesting
12 customers. This illustrates the flaw in simply verifying the existence of a wireless
13 carrier in an exchange as sufficient evidence of competition.

14 **Q. HOW DOES THIS INFORMATION CHANGE THE CONDITIONS THAT EXISTED AT THE**
15 **TIME THAT AT&T WAS GRANTED COMPETITIVE STATUS UNDER THE 60-DAY**
16 **PROVISIONS?**

17 A. This evidence validates concerns raised by Commissioners Gaw and Clayton
18 regarding the lack of verification that customers actually have a competitive
19 service alternative from a wireless carrier where a wireless carrier was relied upon
20 as the basis for granting competitive classification in an exchange

1 **Q. IS THE EVIDENCE YOU PROVIDED IN THE 60-DAY PETITION CASE STILL**
2 **RELEVANT?**

3 **A. Yes it is. The Commission should give greater consideration to that evidence in**
4 light of the greater body of information supporting the fact that wireless carriers
5 do not serve all customers in an exchange.

6 I found much of AT&T's information on wireless offerings to be incorrect
7 and incomplete. Mr. Unruh appeared to rely heavily on a third-party equipment
8 vendor/reseller website that provides information on the coverage of wireless
9 carriers. However, that information deviated substantially from the information I
10 obtained from the actual wireless carriers. In some cases, the difference in the
11 number of exchanges served by a particular carrier differed by more than 20%. I
12 believe that a likely cause of the discrepancies is due to an overzealous use of the
13 information obtained from the vendor/reseller. The vendor/reseller describes its
14 service as one that identifies carriers serving in the "area." It does not guarantee
15 that service is available in a particular exchange.

16 **Q. BASED ON YOUR RESEARCH, WHAT ARE YOUR CONCLUSIONS ABOUT CONTINUED**
17 **WIRELESS SERVICE AVAILABILITY?**

18 **A. The evidence here does not adequately address wireless service availability and**
19 fails to address issues regarding deficiencies in the availability and quality of
20 coverage.

1 **Q. DO YOU BELIEVE THAT RELYING TOO HEAVILY ON THE EXISTENCE OF WIRELESS**
2 **CARRIERS IN DETERMINING WHERE TO GRANT COMPETITIVE CLASSIFICATION**
3 **WOULD BE CONTRARY TO THE PUBLIC INTEREST?**

4 A. Yes I do. It is particularly important in promoting the public interest that wireless
5 service is available and is of high quality where limited facilities-based
6 alternatives are available or where landline alternatives rely heavily on the
7 incumbent's network.

8 **Q. ARE THERE ADDITIONAL CONSIDERATIONS THAT YOU BELIEVE ARE RELEVANT IN**
9 **CONSIDERING THE LEVEL OF LOCAL COMPETITION PROVIDED BY WIRELESS**
10 **CARRIERS?**

11 A. Yes. Wireless carriers tend to require long-term contracts, conduct credit checks
12 as a condition of service, and bundle services in a manner that results in package
13 prices higher than the incumbent's basic local service. I believe that for these
14 reasons, in addition to those discussed above, the Commission should be cautious
15 in relying too heavily on wireless carriers when evaluating whether or not
16 continuing the competitive status in these exchanges is contrary to the public
17 interest.

18 **Q. BASED UPON AT&T'S PAST REPRESENTATIONS TO THE PUBLIC SERVICE**
19 **COMMISSION, SHOULD THE PSC REASONABLY HAVE EXPECTED THAT AT&T**
20 **WOULD MAKE INCREASES IN BASIC LOCAL RATES IN THESE COMPETITIVE**
21 **EXCHANGES?**

22 A. No. In Case No TO-2005-0035, AT&T Regulatory Executive Director Craig
23 Unruh testified in response to a Commissioner's question about plans to raise

1 prices and how the reclassification would affect customers said:" I don't believe it
2 will. The marketplace isn't going to allow any significant price increases on
3 consumers. If we were to mistakenly try to raise prices to unreasonable levels,
4 those customers are going to exercise their right to choose another provider, so
5 obviously we would lose in that environment. So that's not something -- that's not
6 something we intend to do". (PSC Hearing Transcript, Page 561)

7 In that same case, Elizabeth Stoia, SBC Operations, Inc. Director – Consumer
8 Marketing. San Antonio, (Transcript, pp.693-5) responded to a Commissioner's
9 question about the company's intention if competitive status was granted for
10 residential service as follows:

11 "I can tell you that I haven't done the financial analysis to answer that question in
12 particular, but I can tell you a couple things. The first one is, the last thing that I'm
13 going to do is do something that would cause my customers to leave SBC and go
14 to another provider, whether it's a CLEC, voice over IP or wireless. I can
15 guarantee you that. I'm going to do the appropriate financial analysis. I'm going to
16 do the market analysis. I'm going to talk to my customers and see what it is that
17 they want. I'm not going to do anything that's going to affect us losing more
18 access lines." (Tr. 674).

19 She further said that she and SBC had not done the analysis, business case, or
20 talked to customers about raising local rates and reiterated that "we're not going to
21 do something that's going to cause customers to leave us." (Tr.695)

1

2

**Q. WOULD YOU EXPECT CUSTOMERS TO LEAVE AT&T IF BASIC LOCAL PRICES WERE
INCREASED?**

3

4

5

A. No. That is the exact problem of market dominance and monopoly. Customers
faced with price increases do not have a choice of comparable substitutes. When
there is insufficient competition to restrain price increases, then customers do not
have sufficient alternatives and cannot avoid the price increase.

6

7

8

9

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10

A. Yes.



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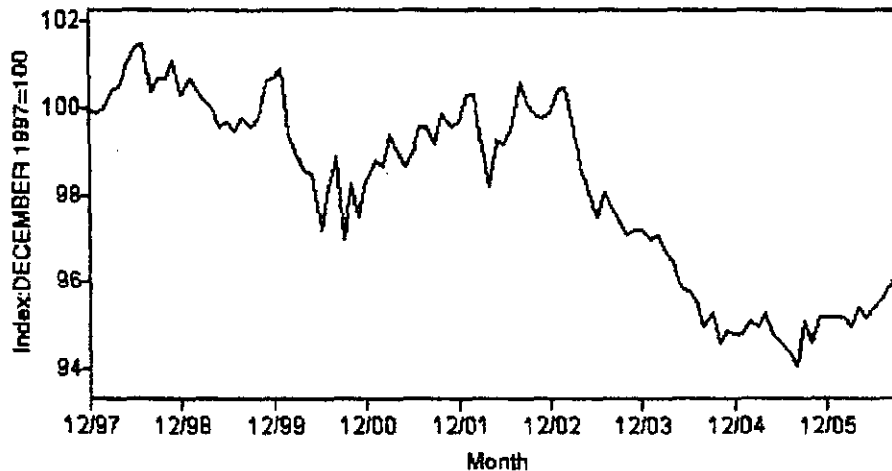
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Data extracted on: December 13, 2006 (7:38:26 PM)

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SEED
Not Seasonally Adjusted
Area: U.S. city average
Item: Telephone services
Base Period: DECEMBER 1997=100



| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF1 | HALF2 |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| 1997 | | | | | | | | | | | | 100.0 | | | |
| 1998 | 99.9 | 100.0 | 100.4 | 100.5 | 101.1 | 101.4 | 101.5 | 100.4 | 100.7 | 100.7 | 101.1 | 100.3 | 100.7 | | |
| 1999 | 100.7 | 100.4 | 100.2 | 100.0 | 99.6 | 99.7 | 99.5 | 99.8 | 99.6 | 99.8 | 100.6 | 100.7 | 100.1 | | |
| 2000 | 100.9 | 99.4 | 98.9 | 98.6 | 98.5 | 97.2 | 98.2 | 98.9 | 97.0 | 98.3 | 97.5 | 98.4 | 98.5 | | |
| 2001 | 98.8 | 98.7 | 99.4 | 99.0 | 98.7 | 99.0 | 99.6 | 99.6 | 99.2 | 99.9 | 99.6 | 99.7 | 99.3 | | |
| 2002 | 100.3 | 100.3 | 99.1 | 98.2 | 99.3 | 99.2 | 99.5 | 100.6 | 100.1 | 99.9 | 99.8 | 99.9 | 99.7 | | |
| 2003 | 100.4 | 100.5 | 99.7 | 98.7 | 98.1 | 97.5 | 98.1 | 97.8 | 97.4 | 97.1 | 97.2 | 97.2 | 98.3 | | |
| 2004 | 97.0 | 97.1 | 96.7 | 96.5 | 95.9 | 95.8 | 95.6 | 95.0 | 95.3 | 94.6 | 94.9 | 94.8 | 95.8 | | |
| 2005 | 94.8 | 95.1 | 95.0 | 95.3 | 94.8 | 94.6 | 94.4 | 94.1 | 95.1 | 94.6 | 95.2 | 95.2 | 94.9 | | |
| 2006 | 95.2 | 95.2 | 95.0 | 95.4 | 95.2 | 95.4 | 95.6 | 95.9 | 96.1 | 96.8 | | | | | |

Tariff File Number: JI-2007-0011
Company Name: Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri (AT&T MO)
Effective Date: July 21, 2006

Purpose and Summary of Filing:
 Increase rates for Local Service.
 AT&T MO is an Incumbent Local Exchange Carrier (ILEC).

Increase Monthly Recurring Rates (MRC) for Local Exchange Service to certain Rate Groups of Residential customers:

1. Flat Rate 1-Party:
 - Rate Group B (47 exchanges) by approximately 14%.
 - Rate Group C – Principal (Springfield) by approximately 13%.
 - Rate Group C Metropolitan Calling Area – 1 (Springfield MCA-1: 6 Zones) by approximately 9%.
 - Rate Group D – Principal (Kansas City and St. Louis) by approximately 9.5%.
 - Rate Group D MCA-1 (Kansas City: 5 Zones; St. Louis: 7 Zones) by approximately 9.4%.
 - Rate Group D MCA-2 (Kansas City: 7 Zones; St. Louis: 6 Zones) by approximately 7.7%.
2. Message 1-Party:
 - Rate Group B by approximately 6.3%.
 - Rate Group D - Principal by approximately 7.5%.
3. Flat Rate Trunk:
 - Rate Groups B through D MCA-2 by approximately 14% to approximately 19%
4. Measured 1-Party:
 - Rate Groups B through D MCA-2 by approximately 4.8% to approximately 6.7%

Staff has reviewed the *pro forma* text of the notifications recently sent to customers of rate increases and has found them acceptable.

| | | |
|--|--------------------|-----------------------|
| Telecommunications Staff (Staff) Review completed by: | <u>A P Kuss</u> | Date: <u>07/13/06</u> |
| Telecommunications Managerial Staff Review completed by: | <u>Wm L Voight</u> | Date: <u>07/13/06</u> |
| Legal Staff Review completed by: | <u>W K Haas</u> | Date: <u>07/13/06</u> |

The Staff states that the tariff meets the requirements of all applicable statutes, specifically, one or more of the following:

Sections 392.200.8, 392.200.12, 392.455(3), 392.455(4), 392.500(2), and 392.515(1), RSMo.

In addition, the tariff filing does not conflict with the following Commission rules:

4 CSR 240-3.545 (4), (6), (7), (8 C,G,H), (9), (15), (16), (19); 4 CSR 240-31.065(1), (2), (3); 4 CSR 240-32.150(5), 32.160(1), (2), 32.190; 4 CSR 240-33.040(4), 33.045(2), 33.050(4) and 33.070(2).

The Staff is unaware of any other filing which affects or which would be affected by this tariff filing. Staff has no objections to the filing.



Melanie Musick-Foley
Director - Regulatory

AT&T Missouri
101 West High
Jefferson City, MO 65101
573.636.5082 Phone
mmusick.foley@att.com

July 11, 2006

Secretary of the Commission
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102-0360

Dear Secretary of the Commission:

Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri proposes to revise P.S.C. Mo.-No. 24, Local Exchange Tariff, Sheets 3 and 3.01.

With this tariff filing, AT&T Missouri is proposing to reprice residential basic local services in competitively classified areas which include: Rate Group B, Rate Group C, Rate Group C1, Rate Group D, Rate Group D1, and Rate Group D2. These services include Flat Rate 1-Party, Message 1-Party, Measured 1-Party, Lifeline and Flat Rate Trunks. A copy of the customer notification which was sent in the month of June is attached.

The proposed tariff changes are reflected on the attached tariff sheets with issued and effective dates of July 11, 2006, and July 21, 2006, respectively.

Thank you for your attention to this matter. Please feel free to contact me with any questions you may have. I can be reached at 573-636-5082.

Very truly yours,

/s/ Melanie Musick-Foley

I certify that a copy of the foregoing, including attachments, is being sent via e-mail to the Office of Public Counsel at opcservice@ded.mo.gov this 11th day of July 2006.

Melanie Musick-Foley

Attachment

P.S.C. Mo. - No. 24
LOCAL EXCHANGE TARIFF

Southwestern Bell Telephone, L.P.
d/b/a AT&T Missouri

31st Revised Sheet 3
Replacing 30th Revised Sheet 3

LOCAL EXCHANGE

1.2 Rates (cont'd)

1.2.2 Main Service(1)(3) (cont'd)

A. Main Service-Residence (cont'd)

| <u>Group</u> | <u>Current Rates(5)</u> | |
|------------------------------------|--------------------------|--|
| | <u>Flat Rate 1-Party</u> | <u>Residence Message 1-Party(2)(4)</u> |
| A | \$ 7.15 | \$ 5.35 |
| B | 10.00 | 7.50 (RT) |
| C - Principal | 11.00 | --- |
| C - Metropolitan Calling Area-1 | 12.00 | --- |
| D - Principal | 12.00 | 8.50 |
| D - Metropolitan Calling Area-1 | 12.50 | --- |
| D - Metropolitan Calling Area-2 | 13.00 | --- |

(1)(2)(3)(4) See Sheet 3.02

(5) See Sheet 3A for maximum rates.

(RT)

Issued: July 24, 2006

Effective: August 24, 2006

By CINDY BRINKLEY, President - Missouri
St. Louis, Missouri

Schedule B&M Direct-2
pg. 4 of 9

Filed
Missouri Public
Service Commission

P.S.C. Mo. - No. 24
LOCAL EXCHANGE TARIFF

Southwestern Bell Telephone, L.P.
d/b/a AT&T Missouri

30th Revised Sheet 3
Replacing 29th Revised Sheet 3

LOCAL EXCHANGE

1.2 Rates (cont'd)

1.2.2 Main Service(1)(3) (cont'd)

A. Main Service-Residence (cont'd)

| <u>Group</u> | <u>Current Rates(5)</u> | |
|------------------------------------|--------------------------|--|
| | <u>Flat Rate 1-Party</u> | <u>Residence Message 1-Party(2)(4)</u> |
| A | \$ 7.15 | \$5.35 |
| B | 10.00(6)(CR) | 7.50(6)(CR) |
| C - Principal | 11.00 | — |
| C - Metropolitan Calling Area-1 | 12.00 | — |
| D - Principal | 12.00 | 8.50(CR) |
| D - Metropolitan Calling Area-1 | 12.50 | — |
| D - Metropolitan Calling Area-2 | 13.00 (CR) | — |

(1)(2)(3)(4) See Sheet 3.02

(5) See Sheet 3A for maximum rates.

(6) Customers in the Knob Noster exchange will receive a monthly credit to lower the effective basic local access line rate to implement the annual CPI-TS rate adjustment. The rate for Flat Rate 1-Party Residence Service is \$8.62; the rate for Message 1-Party Residence Service is \$6.15 and the rate for Measured 1-Party Residence Service is \$4.73.

Issued: July 11, 2006

Effective: July 21, 2006

By CINDY BRINKLEY, President — Missouri
St. Louis, Missouri

Later Revised-2

Schedule BAM Direct-2
pg. 5 of 9

P.S.C. Mo. - No. 24
LOCAL EXCHANGE TARIFF

Southwestern Bell Telephone, L.P.
d/b/a AT&T Missouri

21st Revised Sheet 3.01
Replacing 20th Revised Sheet 3.01

LOCAL EXCHANGE

1.2 Rates (cont'd)

1.2.2 Main Service(1)(3) (cont'd)

B. Main Service-Residence (cont'd)

| <u>Group</u> | <u>Current Rates(5)</u> | |
|------------------------------------|-------------------------|--|
| | <u>Flat Rate Trunk</u> | <u>Residence Measured 1-Party(4)</u> |
| A | \$11.70 | \$3.93 |
| B | 15.31(CR) | 6.00(CR) |
| C - Principal | 16.76 | 6.00 |
| C - Metropolitan Calling Area-1 | 18.64 | 7.00 |
| D - Principal | 18.64 | 7.00 |
| D - Metropolitan Calling Area-1 | 19.42 | 7.00 |
| D - Metropolitan Calling Area-2 | 20.33(CR) | 7.00(CR) |

(1)(3)(4) See Sheet 3.02

(5) See Sheet 3.0101 for maximum rates.

Issued: July 11, 2006

Effective: July 21, 2006

By CINDY BRINKLEY, President – Missouri
St. Louis, Missouri

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$8.79 to \$10.00. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$4.83 to \$6.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$6.28 to \$7.50. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$1.79 to \$3.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$9.74 to \$11.00. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$2.74 to \$4.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$5.51 to \$6.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$11.01 to \$12.00. For more information, or to learn more

about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$4.01 to \$5.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$6.03 to \$7.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$7.48 to \$8.50. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$3.96 to \$5.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN (Flat Rate RG D)

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$10.96 to \$12.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$11.43 to \$12.50. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$6.28 to \$7.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-

800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$4.43 to \$5.50. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$12.07 to \$13.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$6.67 to \$7.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

LOCAL RATE PLAN

Effective 07/21/06 the monthly rate for your AT&T local rate plan will change from \$5.07 to \$6.00. For more information, or to learn more about our money- saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

NOTE: No bill page messages were issued for Flat Rate Trunk price changes since there are currently no customers on these services.

Tariff File Number: JI-2006-0638

Company Name: Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri

Effective Date: March 3, 2006

Purpose and Summary of Filing: AT&T, a noncompetitive local exchange carrier, proposes a one dollar increase for basic local telephone service, and a one dollar increase for multiline telephone service. All rate increases are directed to business customers in competitive exchanges; residential accounts are unaffected by the proposal.

AT&T provides exchange service in four rate groups denoted Rate Groups A, B, C, and D. AT&T's proposal applies to all of its Missouri exchange areas in Rate Groups B, C, and D. All such exchange areas have been deemed competitive for business services except for the Knob Noster exchange, which remains subject to price cap regulation. The original filing and customer notice mistakenly included Knob Noster in the filing, indicating a price increase. Any increases related to Knob Noster should have been pursuant to Section 392.245. Therefore, on February 28, 2006, AT&T submitted substitute tariff sheets 2 and 2.01 removing Knob Noster from the instant filing. AT&T also indicates it is not able to stop billing for Knob Noster in time for the March 3 effective date, but will issue credits to any Knob Noster customers that inappropriately receive the rate increase. AT&T will follow-up with Staff to verify that this has been completed.

Rate Group A exchanges are not impacted by the instant filing. Rate Group A has 19 exchanges in which business services have been deemed competitive. However, AT&T's proposal does not increase rates in these 19 exchange areas.

The Staff has no objections to the filing and recommends it be permitted to go into effect by operation of law. Lastly, the Staff has examined AT&T's customer notice of rate increase and finds it acceptable. The Staff will continue to work with AT&T to ensure that any rate adjustments in Knob Noster are applied in a timely manner.

| | | | |
|--|-------------------|-------|----------------|
| Telecommunications Staff (Staff) Review completed by: | <u>Sara Buyak</u> | Date: | <u>2-28-06</u> |
| Telecommunications Managerial Staff Review completed by: | <u>ND</u> | Date: | <u>2-28-06</u> |
| Legal Staff Review completed by: | <u>WKH</u> | Date: | <u>2-28-06</u> |

The Staff states that the tariff meets the requirements of all applicable statutes, specifically, one or more of the following: Sections 392.200(8), 392.200(4), 392.455(3), 392.455(4), 392.515(1) and 392.500(2) RSMo 2000.

The Staff is unaware of any other filing which affects or which would be affected by this tariff filing. Staff has no objections to the filing.

- ☒ The Company is not delinquent.
☐ The Company is delinquent (☐ filing an annual report ☐ paying PSC assessment)



Melanie Musick-Foley
Director - Regulatory
AT&T Missouri
101 West High Street
Jefferson City, MO 65101

T: 573.636.5082
F: 573.636.3522
mm6844@att.com
<http://www.att.com>

February 21, 2006

The Honorable Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Dear Secretary of the Commission:

Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri, proposes to revise P.S.C. Mo.-No. 24, Local Exchange Tariff, by revising Sheet 2 and Sheet 2.01.

With this tariff filing, AT&T Missouri proposes a one dollar increase to the month rate for the following business services in competitively classified rate groups: Flat Rate 1-Party, Flat Rate Trunk and Multiline Trunk.

The proposed tariff changes are reflected on the attached tariff sheets with issued and effective dates of February 21, 2006, and March 3, 2006, respectively. A copy of the notice to customers is attached.

Thank you for your attention to this matter. Please feel free to contact me with any questions you may have. I can be reached at 573-636-5082.

Sincerely,

/s/ Melanie Musick-Foley

Attachment

I certify that a copy of the foregoing, including attachments, is being sent via e-mail to the Office of Public Counsel at opcservice@ded.mo.gov this 21st day of February 2006.

Melanie Musick-Foley

Anderson, Melissa

From: efis.messenger@psc.mo.gov
Sent: Tuesday, February 28, 2006 4:00 PM
To: Kempker, Christy*; Steck, Deborah; jo0013@att.com; Happy, Kim; Anderson, Melissa; mm6844@att.com; Senn, Nikki; Buyak, Sara*; timothy.judge@att.com; Mankin, Suzie; Buyak, Sara*; Haas, William
Subject: Notification for Tracking No.: JI-2006-0638

***** This is a computer generated e-mail; please do not respond to EFIS messenger. *****

Type of Submission: Substitute Tariff Sheets
Utility Company: AT&T Missouri-ILEC(Telephone)
PSC MO No: 24
Effective Date: 3/3/2006

Purpose of Filing: AT&T MO proposes a \$1 increase to the monthly rate for business services in competitively classified rate groups: Flat Rate 1-Party, Flat Rate Trunk & Multiline Trunk. Per discussions with Ms. Dietrich and Ms. Buyak of Staff, this amended filing is intended to reflect that the rate for the Knob Noster exchange is not being changed with this filing. Any Knob Noster customers that are incorrectly charged for the month of March will receive an appropriate credit on the following month's bill.

Submission Details: Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri, proposes to revise P.S.C. Mo.- No. 24, Local Exchange Tariff, by revising Sheet 2 and Sheet 2.01.

Tariff Administrator will notify holder of this task when tariff has been updated.

Date: 2/28/2006 **Time:** 4:00:25 PM

No Supplement to this tariff will be issued except for the purpose of canceling this tariff.

P.S.C. Mo.- No. 24

Local Exchange Tariff
37th Revised Sheet 2
Replacing 36th Revised Sheet 2

LOCAL EXCHANGE

1.2 RATES

1.2.2 Main Service(6)(8)

A. Main Service-Business

| <u>Group</u> | <u>Current Rates(10)</u> | | |
|----------------------------------|--|---|--------------------------------------|
| | <u>Flat Rate</u> <u>1-Party (9)</u> | <u>Message Rate</u> <u>1-Party(1)(7)</u> | <u>Measured</u> <u>1-Party(7)</u> |
| A | \$15.93 | \$13.77(2) | \$ 8.80 |
| B | 23.30(11)(CR) | 17.32(2)(11) | 12.25(11) |
| C-Principal | 25.81 | 19.06(2) | 13.99 |
| C-Metropolitan Calling Area-1 | 28.03 | 23.26(2) | 14.91 |
| D-Principal | 37.50 | 24.50(3) | 18.14 |
| D-Metropolitan Calling Area-1 | 38.50 | 25.00(3) | 18.93 |
| D-Metropolitan Calling Area-2 | 39.50 (CR) | 25.50(3) | 19.96 |

(1)(2)(3)(6)(7)(8)(9) See Sheet 2.02

(10) See Sheet 2A for maximum allowable rates

(CT) (11) Customers in the Knob Noster exchange, which is a non-competitive exchange, will pay the rate for
(CT) Flat Rate 1-Party Business Service of \$21.86; the rate for Message Rate 1-Party Business Service of \$16.98; and the rate for Measured 1-Party Business Service of \$12.01.

Issued: February 21, 2006

Effective: March 3, 2006

By CINDY BRINKLEY, President-Missouri
Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri
St. Louis, Missouri

No Supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

P.S.C. Mo.- No. 24

Local Exchange Tariff
25th Revised Sheet 2.01
Replacing 24th Revised Sheet 2.01

LOCAL EXCHANGE

1.2 RATES (cont'd)

1.2.2 Main Service(6)(8) (cont'd)

A. Main Service-Business (cont'd)

| <u>Group</u> | <u>Measured 1-Party Trunk(7)</u> | <u>Flat Rate Trunk(9)(7)</u> | <u>1st Message Trunk(1)(7)</u> | <u>Additional Message Trunk(1)(7)</u> | <u>Multiline(9)</u> | <u>Information Terminal(9)</u> | <u>Shared Tenant Service (STS)</u> |
|----------------------------------|--|--------------------------------------|--|---|---------------------|------------------------------------|--|
| A | \$ 9.22 | \$27.55 | \$23.05(4) | \$10.80 | \$29.75 | \$21.95 | \$21.95 |
| (AT) B | 12.69 | 38.80(12)(CR) | 27.05(4) | 14.75 | 38.80(12)(CR) | 30.05 | 30.05 |
| C-Principal | 14.39 | 42.70 | 29.15(4) | 16.90 | 42.70 | 33.15 | 33.15 |
| C-Metropolitan Calling Area-1 | 15.33 | 46.80 | 35.50(4) | 17.90 | 46.80 | 36.45 | 36.45 |
| D-Principal | 18.14 | 43.00 | 28.95(5) | 18.45 | 43.00 | 43.60 | 43.60 |
| D-Metropolitan Calling Area-1 | 18.93 | 44.50 | 29.75(5) | 18.45 | 44.50 | 45.50 | 45.50 |
| D-Metropolitan Calling Area-2 | 19.96 | 46.00 (CR) | 30.80(5) | 18.4 | 46.00 CR) | 48.00 | 48.00 |

(1)(4)(5)(6)(7)(8)(9) See Sheet 2.02.

(AT) (12) Customers in the Knob Noster exchange, which is a non-competitive exchange, will pay the rate for
(AT) Flat Rate Trunk Business Service of \$37.80; and the rate for Multiline Business Service of \$37.80.

Issued: February 21, 2006

Effective: March 3, 2006

By CINDY BRINKLEY, President-Missouri
Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri
St. Louis, Missouri

31-2006-0966



Melanie Musick-Foley
Director - Regulatory

AT&T Missouri
101 West High
Jefferson City, MO 65101
573.636.5082 Phone
mmusick.foley@att.com

June 21, 2006

Secretary of the Commission
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102-0360

Dear Secretary of the Commission:

Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri proposes to revise P.S.C. Mo.-No. 35, General Exchange Tariff, Sections 13, 45, 47 and 50.

With this tariff filing, AT&T Missouri is proposing to increase prices for services as follows.

In Section 13, Miscellaneous Service Offerings, AT&T Missouri is increasing prices for the following services by approximately 5%. The new price is in parentheses.

4th Revised Sheet 119

Preferred Number Service without unique ring (\$4.20)

Preferred Number Service with unique ring (\$5.09)

In Section 45, Plexar®-II Service, AT&T Missouri is increasing prices for the following services by approximately 5%. The new price is in parentheses.

8th Revised Sheet 36

Basic

0-2.0 Miles, per Plexar-II station (\$13.80)

Over 2.0 Miles, per Plexar-II station (\$22.20)

In Section 47, EASYOPTIONS® Services, AT&T Missouri is increasing prices for the following services by approximately 5%. The new price is in parentheses.

17th Revised Sheet 13 (Residence Service)

Call Return, first and additional (\$5.35)

Call Blocker, first (\$3.93) and additional (\$2.94)

Call Forwarding, first (\$3.93) and additional (\$2.94)

Three-way Calling, first (\$3.93) and additional (\$2.94)

Auto Redial, first (\$3.93) and additional (\$2.94)

Priority Call, first (\$2.83) and additional (\$2.36)

Speed Calling 8, first (\$3.93) and additional (\$2.94)

Selective Calling Forwarding, first (\$2.83) and additional (\$2.36)



Page Two

15th Revised Sheet 13.01 (Residential Services)
Distinctive Ring, (\$3.09)

8th Revised Sheet 13.02 (Residential Services)
Call Waiting ID, Individual Monthly Rate (\$1.31)
Call Waiting ID Options, Individual Monthly Rate (\$1.31)
Anonymous Call Rejection, Monthly Rate (\$2.46)
Anonymous Call Rejection with various EASYOPTIONS® plans, credit (\$1.05)

Also, regarding Section 47, on 3rd Revised Sheet 13.03, we made only formatting changes (FC). On the 5th Revised Sheet 14.02, we removed and moved text along with formatting changes. Finally, AT&T Missouri added Original Sheet 14.03 to address those pay per use prices, which prices apply to both business and residential services:

Call Return, pay per use (\$0.86)
Three-way Calling, pay per use (\$1.13)
Call Trace, per successful activation (\$6.30)

In Section 50, Advanced Intelligent Network Services, SBC Missouri is increasing prices for the following service by approximately 5%. The new price is in parentheses.

4th Revised Sheet 18
Outgoing Call Control Nonrecurring Charge to Reset Residential Pin (\$2.83)

The proposed tariff changes are reflected on the attached tariff sheets with issued and effective dates of June 21, 2006, and July 21, 2006, respectively.

Thank you for your attention to this matter. Please feel free to contact me with any questions you may have. I can be reached at 573-636-5082.

Very truly yours,

/s/ Melanie Musick-Foley

I certify that a copy of the foregoing, including attachments, is being sent via e-mail to the Office of Public Counsel at opcservice@ded.mo.gov this 21st day of June 2006.

Melanie Musick-Foley

Attachment

CUSTOMER NOTIFICATION

PREFERRED NUMBER SERVICE W/O UNIQUE RING

Effective 07/21/06, the monthly rate for Preferred Number Service without Unique Ring will increase from \$4.00 to \$4.20. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

PREFERRED NUMBER SERVICE W/ UNIQUE RING

Effective 07/21/06, the monthly rate for Preferred Number Service with Unique Ring will increase from \$4.85 to \$5.09. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

PLEXAR MONTH TO MONTH

Effective 7/21/06, AT&T Missouri customers subscribing to Plexar®-II service on a month-to-month basis will see a \$0.65 increase in the price of the 0-2 miles Station Line Facility Rate and a \$1.05 increase in the price of the overmiles Station Line Facility Rate. Customers with Plexar-II service under term contracts are not affected. For more information please contact your AT&T Sales Rep at the number listed on your bill. Thank you for choosing AT&T Missouri.

CALL RETURN

Effective 07/21/06, the monthly rate for Call Return will increase from \$5.10 to \$5.35. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CALL BLOCKER

Effective 07/21/06, the monthly rate for Call Blocker will increase from \$3.75 to \$3.93. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CALL FORWARDING

Effective 07/21/06, the monthly rate for Call Forwarding will increase from \$3.75 to \$3.93. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

THREE WAY CALLING

Effective 07/21/06, the monthly rate for Three Way Calling will increase from \$3.75 to \$3.93. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

AUTO REDIAL

Effective 07/21/06, the monthly rate for Auto Redial will increase from \$3.75 to \$3.93. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

PRIORITY CALL

Effective 07/21/06, the monthly rate for Priority Call will increase from \$2.70 to \$2.83. For more information, or to learn more about our money-saving

packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

SPEED CALLING 8

Effective 07/21/06, the monthly rate for Speed Calling 8 will increase from \$3.75 to \$3.93. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

SELECTIVE CALL FORWARDING

Effective 07/21/06, the monthly rate for Selective Call Forwarding will increase from \$2.70 to \$2.83. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

DISTINCTIVE RING

Effective 07/21/06, the monthly rate for Distinctive Ring will increase from \$2.95 to \$3.09. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CALL WAITING ID

Effective 07/21/06, the monthly rate for Call Waiting ID will increase from \$1.25 to \$1.31. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CID WAITING OPTIONS

Effective 07/21/06, the monthly rate for Call Waiting ID Options will increase from \$1.25 to \$1.31. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

ANONYMOUS CALL REJECTION

Effective 07/21/06, the monthly rate for Anonymous Call Rejection will increase from \$2.35 to \$2.46. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CALL RETURN-USAGE

Effective 07/21/06, the pay-per-use rate for Call Return will increase from \$.82 to \$.86, not to exceed \$6.88 per month. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

3-WAY CALLING-USAGE

Effective 7/21/06, the pay-per-use rate for Three Way Calling will increase from \$1.08 to \$1.13, not to exceed \$9.00 per month. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.

CALL TRACE-USAGE

Effective 7/21/06, the pay-per-use rate for Call Trace will increase from \$6.00 to \$6.30. For more information, or to learn more about our money-saving packages, products or services, please call 1-800-464-7928 or visit us online at att.com. Thank you for choosing AT&T Missouri.



J-2007-0133

Melanie Musick-Foley
Director - Regulatory

AT&T Missouri
101 West High
Jefferson City, MO 65101
573.636.5082 Phone
mmusick.foley@att.com

September 1, 2006

Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Dear Secretary to the Commission:

Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri, proposes to revise P.S.C. Mo.-No. 24, Local Exchange Tariff, Sheet 5.11A, and Sheet 5.12.

With this tariff filing, AT&T Missouri is proposing to increase prices for services as follows. AT&T Missouri is increasing the following local operator assistance prices by approximately 5%. The new prices are in parenthesis.

8th Revised Sheet 5.11A

Station-to-Station Service

- Calling Card, Non-Automated, Non-Payphone and Payphone (\$1.70)
- Calling Card, Semi-Automated, Non-Payphone and Payphone (\$1.01)
- Calling Card, Fully Automated, Non-Payphone and Payphone (\$0.50)
- Collect Non-Inmate, Non-Automated, Non-Payphone and Payphone (\$1.70)
- Collect Non-Inmate, Semi-Automated, Non-Payphone and Payphone (\$1.11)
- Billed to a Third Number, Non-Automated, Non-Payphone and Payphone (\$1.70)
- Billed to a Third Number, Semi-Automated, Non-Payphone and Payphone (\$1.11)
- Sent Paid, Non-Automated, Non-payphone (\$1.70)
- Sent Paid, Semi-Automated, Non-payphone (\$1.41)

7th Revised Sheet 5.12

Person-to-person Service

- Non-Automated, Non-Payphone and Payphone (\$3.73)
- Semi-Automated, Non-Payphone and Payphone (\$3.17)

The proposed tariff changes are reflected on the attached tariff sheets with issued and effective dates of September 1, 2006, and October 1, 2006 respectively.

Thank you for your attention to this matter. Please feel free to contact me with any questions you may have. I can be reached at 573-636-5082.

Very truly yours,

/s/ Melanie Musick-Foley

I certify that a copy of the foregoing, including attachments, is being sent via e-mail to the Office of Public Counsel at opcservice@ded.mo.gov this 1st day of September 2006.

Melanie Musick-Foley

Attachment

P.S.C. Mo. - No. 24
LOCAL EXCHANGE TARIFF

Southwestern Bell Telephone, L.P.
d/b/a AT&T Missouri

8th Revised Sheet 5.11A
Replacing 7th Revised Sheet 5.11A

LOCAL EXCHANGE

1.2 Rates (cont'd)

1.2.6 Local Operator Assistance (cont'd)

C. Rates (cont'd)

| <u>Description</u> | <u>Non-payphone(2) Rate</u> | <u>Payphone(2)(3) Rate</u> |
|-----------------------------------|-----------------------------|----------------------------|
| <u>Station-to-Station Service</u> | | |
| <u>Calling Card</u> | | |
| Non-Automated | \$1.70(CR) | \$1.70(CR) |
| Semi-Automated | 1.01(CR) | 1.01(CR) |
| Fully Automated | .50(CR) | .50(CR) |
| <u>Collect Non-Inmate</u> | | |
| Non-Automated | 1.70(CR) | 1.70(CR) |
| Semi-Automated | 1.11(CR) | 1.11(CR) |
| Collect Inmate | .81 | .81 |
| <u>Billed to a Third Number</u> | | |
| Non-Automated | 1.70(CR) | 1.70(CR) |
| Semi-Automated | 1.11(CR) | 1.11(CR) |
| <u>Sent Paid</u> | | |
| Non-Automated | 1.70(CR) | 1.15 |
| Semi-Automated | 1.41(CR) | .95 |

- (1) Person-to-Person service may be billed to a calling card, billed to a third number, or billed as collect at no additional charge.
- (2) Payphone rates apply to all pay type telephones that accept coins, or are coinless, or have a card reader, or a combination of a coin accepting/card reader telephone. Non-payphone rates apply to all other types of calls. This operator services offering will comply with the Commission's decision in Case No. TA-88-218.
- (3) For local calls from pay telephones, a \$.25 charge applies in addition to the pay telephone rate listed.

Issued: September 1, 2006

Effective: October 1, 2006

By CINDY BRINKLEY, President - Missouri
St. Louis, Missouri

**P.S.C. Mo. - No. 24
LOCAL EXCHANGE TARIFF**

Southwestern Bell Telephone, L.P.
d/b/a AT&T Missouri

7th Revised Sheet 5.12
Replacing 6th Revised Sheet 5.12

LOCAL EXCHANGE

1.2 Rates (cont'd)

1.2.6 Local Operator Assistance (cont'd)

C. Rates (cont'd)

| Description | Non-payphone(2) Rate | Payphone(2)(3) Rate |
|------------------------------------|----------------------|---------------------|
| <u>Person-to-person Service(1)</u> | | |
| Non-Automated | \$3.73(CR) | \$3.73(CR) |
| Semi-Automated | 3.17(CR) | 3.17(CR) |

D. Exemptions

1. Those customers whose physical, visual, mental or reading disabilities prevent them from completing local calls without operator assistance are to be exempted from the charges specified in Paragraph 1.2.6.C., above.
2. Local calls originating from manual mobile and marine stations are to be exempted from the charges specified in Paragraph 1.2.6.C., above.
3. Local calls established by an operator due to trouble in the network.

- (1) Person-to-Person service may be billed to a calling card, billed to a third number, or billed as collect at no additional charge.
- (2) Payphone rates apply to all pay type telephones that accept coins, or are coinless, or have a card reader, or a combination of a coin accepting/card reader telephone. Non-payphone rates apply to all other types of calls. This operator services offering will comply with the Commission's decision in Case No. TA-88-218.
- (3) For local calls from pay telephones, a \$.25 charge applies in addition to the pay telephone rate listed.

Issued: September 1, 2006

Effective: October 1, 2006

By CINDY BRINKLEY, President - Missouri
St. Louis, Missouri

OPH Rate Changes:

Consumer:

RATE CHANGES

Effective 10/1/06, for Coin and Non-Coin calls, the rates for most Operator Surcharges for Local & IntraLATA calls (calls made within your LATA) will increase. The rates will apply for Fully, Semi & Non-Automated calls on the following services: Calling Card, Collect, Bill-to-Third Number and Person-to-Person. For more information, please call 1-800-464-7928. Thank you for choosing AT&T.

Business:

RATE CHANGES

Effective 10/1/06, for Coin and Non-Coin calls, the rates for most Operator Surcharges for Local & IntraLATA calls (calls made within your LATA) will increase. The rates will apply for Fully, Semi & Non-Automated calls on the following services: Calling Card, Collect, Bill-to-Third Number and Person-to-Person. For more information, please call 1-800-499-7928. Thank you for choosing AT&T.



Melanie Musick-Foley
Director - Regulatory

SBC Missouri
101 West High Street
Jefferson City, MO 65101
(573) 636-5082
mmusick.foley@sbc.com

September 16, 2005

The Honorable Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

II-2006-0278

Dear Judge Dale:

Southwestern Bell Telephone, L.P., d/b/a SBC Missouri proposes to revise the P.S.C. Mo.- No. 24 Local Exchange Tariff; P.S.C. Mo.- No. 35 General Exchange Tariff, Sections 12 and 16; P.S.C. Mo.- No. 36 Access Services Tariff, Sections 3 and 6; and P.S.C. Mo.- No. 17 Missouri Portion of Cross Boundary Exchanges.

The purpose of these revisions are to file new maximum and current rates for basic local service and exchange access service as required under price cap regulation.

As you are aware, under price cap regulation basic local service and exchange access rates were capped until January 1, 2000. Thereafter, the maximum rates for basic local service and exchange access rates will change based upon the CPI- telephone service (CPI-TS) or, if the company requests and the PSC permits, change by the GDP-PI less the FCC's productivity offset and adjusted by exogenous factors. SBC Missouri calculated the proposed rates based upon the changes in the CPI-TS of -1.95%.

The proposed revisions are reflected on the attached tariff sheets. The issued and requested effective dates are October 17, 2005 and December 1, 2005 respectively.

Please refer any questions on this matter to Melanie Musick-Foley at 573-636-5082.

Sincerely,

/s/ Melanie Musick-Foley

Attachment

I certify that a copy of the foregoing, including attachments, is being sent via e-mail to the Office of Public Counsel at opcservice@ded.mo.gov this 17th day of October 2005.

Melanie Musick-Foley

Schedule BAM Direct-6