

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Tariff of Southwestern Bell Telephone,) **Case No. TT-2008-0062**  
d/b/a AT&T Missouri, increasing local residential basic )  
local service rates in certain exchanges designated as ) **Tariff No. JI-2008-0136**  
competitive pursuant to Section 392.245.6, RSMo 2000 )  
(as amended 2005). )

**Dissenting Opinion of Commissioner Steve Gaw**

I dissent from the Commissioners' approval of the rate increases proposed by AT&T Missouri, but concur in part because of the legislative mandate that prevents Commission interference with price increases if it is appropriately determined that the statutory requirements for competitive classification previously have been met. These increases come as a result of the Commission's past action declaring the areas affected, competitive. This declaration made it possible for AT&T to set rates at the level of its choosing. This Commissioner disagreed that sufficient evidence was submitted in those past cases for some exchanges. Since these cases are the basis for allowing AT&T to raise rates under competitive classification, I will dissent here.

However, it should be noted that the statutory language enacted two years ago mandates a declaration of competitive status for residential and business merely by showing that there is a qualified wireline company and a qualified wireless company operating with at least two customers each in the exchange. There is not a requirement that these companies seek to further compete against the local incumbent company. As such, in many exchanges which the legislation declares competitive, no real competition exists. The presumption of the legislation that competition will control prices is flawed. Nevertheless, the Commission is bound by

the statutory scheme. Under the current statutory construct, this Commission is unable to protect consumers from unjustifiable price increases. Legislative changes would be required providing for an in-depth review to determine whether an adequate level of effective competition existed in order to ensure just and reasonable rates.

Respectfully submitted,



Steve Gaw  
Commissioner

Dated at Jefferson City, Missouri,  
on this 17th day of September, 2007.