

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Review of the Competitive)
Classification of the Exchanges of Southwestern) **Case No. TO-2007-0053**
Bell Telephone, L.P., d/b/a AT&T Missouri)

OFFICE OF THE PUBLIC COUNSEL'S RESPONSE TO
THE FILING OF THE STAFF REPORT

The Office of the Public Counsel states to the Missouri Public Service Commission that it disagrees with the conclusions reached by Staff regarding competition in the AT&T competitive exchanges. However, it supports Staff's request that AT&T be made a party and be provided an opportunity to respond, that notice to interested entities and to the general public be issued with an opportunity for intervention and for a review of the continuation of competitive classification in AT&T's competitive exchanges.

AT&T has increased in basic rates for residential services and business services in certain exchanges designated as competitive under Section 392.245.6, RSMo 2000 (as amended 2005). Public Counsel suggests that this has triggered the review of competitive status provisions in Section 392.245, RSMo.

In addition, the Commission should take this opportunity to examine the erosion, if not demise, of competition in these exchanges less than a year after the reclassification. The increases in these exchanges are inconsistent with the often promised benefits of competition of lower prices, better service, and more choices for consumers.

Public Counsel suggests that these increases may only be symptoms of a greater dilution of competition and meaningful choice of local carriers in Missouri. Mergers and acquisitions have replaced competitive battles between such telecom giants as MCI,

Verizon, SBC, and AT&T leaving the “level playing field” as the playground for the mega-telecom, such the “new AT&T.”

Public Counsel fears that this environment is no longer competitive as it relates to the local basic telephone customer and the customer that wants reliable, affordable, and high quality telephone service without having to purchase services that the customer does not want, does not need, or cannot afford.

The stated purpose of Missouri’s telecommunications law in Chapter 392, RSMo, including Section 392.245, RSMo , is to ensure that customers pay only reasonable charges for telecommunications service (Section 392.185 (4)) and 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. (Section 392.185 (6), RSMo.) The telecommunications companies’ refrain is that the industry moves and changes fast and that they need the ability to respond to changes. In a like manner, the Commission needs to respond to the quickly changing telecom industry and environment in Missouri to protect the ratepayers and the public interest. Public Counsel suggests that now is the time to look at the status. If the purpose of the law is not being addressed or followed, the Commission should take corrective action, including proposing legislation to the General Assembly to give it the appropriate tools to protect ratepayers and advance the public interest.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ **Michael F. Dandino**

BY: _____
Michael F. Dandino (24590)
Deputy Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
(573) 751-4857
(573) 751-5559
Fax (573) 751-5562
email: mike.dandino@ded.mo.gov

Certificate of Service

I hereby certify that a copy of the foregoing was mailed, emailed and/or hand delivered this 18th day of August, 2006 to the following attorneys of record:

KEVIN THOMPSON
WILLIAM HAAS
Missouri Public Service Commission
P.O. Box 360
200 Madison Street, Suite 800
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

PAUL LANE
LEO BUB
AT&T Missouri
One AT&T Center, Room 3518
St. Louis, MO 63101
leo.bub@att.com
Paul.lane@att.com

/s/ **Michael F. Dandino**
