

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

In the Matter of a Request for the Modification of the)
Kansas City Metropolitan Calling Area Plan to Make) **Case No. TO-2005-0144**
the Greenwood Exchange Part of the Mandatory)
MCA Tier 2.)

Concurring Opinion of Commissioner Steve Gaw

By its Order in the above captioned docket the Commission approved a Stipulation and Agreement by which the Greenwood exchange would become a mandatory Metropolitan Calling Area Plan exchange in the Kansas City MCA. In 2004 a Task Force was assembled to make recommendations on the issue of expanded calling scopes. Representative Bob Johnson, who represents Greenwood, was a member of the task force and along with Senator Mathewson spearheaded a subcommittee that developed the final recommendations approved by the Task Force which were submitted to the Public Service Commission. The conclusion of this case, which constitutes the most significant change in the Kansas City MCA in several years, is due in part to the recommendations of that group, and I am pleased to see this occur. Because of concerns as to the commitment of AT&T to the price agreed to in the Stipulation I file this concurrence.

In 2005, new laws were passed by the Missouri legislature that made it easier for companies to escape limitations on price increases. In Case No. TO-2006-0102, decided under the new law, AT&T was granted competitive status for the Greenwood Exchange among others. This competitive determination was made in Greenwood for both business and residential service despite the fact that the market share from all residential landline competitors is a very low percentage.

Under the terms of the Stipulation, and since Greenwood is now classified as a competitive exchange, AT&T is free to raise the prices agreed to in the Stipulation, at any time, beginning immediately after an Order is issued approving the Stipulation. At the hearing, AT&T stated it would make no assurance that the price agreed to in the Stipulation would not be changed. However, AT&T claimed that due to "political pressures", it would not be likely to raise the rates for Greenwood customers. It appears that potential political fallout is the only thing that will control residential prices in an exchange like Greenwood with so little current competition. Much like my opinions in the various competitive classification cases, I continue to harbor concerns that AT&T effectively maintains monopoly status in many of these exchanges for the small business and residential customer base. Furthermore, once these "political pressures" subside, I am concerned that the mandatory MCA customers in the Greenwood exchange will be subjected to rate increases.

The Stipulation was based in part on an agreement as to the price to be charged for an increased calling area. Yet the company can, under the new law and the Stipulation, raise its rates without restriction. Thus, it is possible that this Stipulation could in fact not produce the desired impact for the residents of Greenwood that they expect. Although AT&T would not assure the Commission that they would not change the rate in the Stipulation after its adoption for any period of time, I recognize the demand by the Greenwood customers for the expanded calling area and therefore I concur in the Order.

Respectfully submitted,


Steve Gaw, Commissioner

Dated at Jefferson City, Missouri,
on this 23rd day of January, 2006.

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