

MINUTES OF THE House COMMITTEE ON Energy and Natural Resources

The meeting was called to order by Representative David J. Heinemann at
Chairperson

3:30 ~~am~~ p.m. on February 20, 1984 in room 519-S of the Capitol.

All members were present except:

Representatives Darrel Webb, Charlton, Guldner, Kent Ott, Rezac, Runnels, and Walker (all excused).

Committee staff present:

Theresa Kiernan, Revisor of Statutes' Office
Ramon Powers, Legislative Research
Pam Somerville, Committee Secretary

Conferees appearing before the committee:

Don Low, Kansas Corporation Commission
Bill Schultz, AT&T Communications
Thomas Gleason, Independent Telephone Group
Bob Marino, United Telespectrum, Inc.
Bill Ewing, Southwestern Bell Telephone Co.
Dick Boerger, Southwestern Bell Mobile Telephone
Robert Ellis, Haviland Telephone Co., Inc.

Rep. Farrar moved to introduce two bill drafts as committee bills. Rep. Fry seconded the motion. The motion carried. (See Attachment 1 and 2).

Hearings were held on HB 2591 and HB 2592. HB 2591 would authorize the SCC to regulate telecommunication services and HB 2592 concerns telephone public utilities; regulation of certain services by the SCC.

Ramon Powers, of staff, reviewed HB 2591. HB 2591 makes provisions for the Commission to have the authority to prohibit or limit competition for intraLATA telecommunications services.

Don Low, State Corporation Commission, gave brief testimony in support of HB 2591. He stated the commission had no concerns about the proposed legislation.

Speaking in opposition, Mr. Bill Schultz, District Manager, Regulatory Affairs for AT&T Communications. He stated the legislation may restrict the choice of services for consumers in Kansas. (See Attachment 3).

Thomas Gleason, Independent Telephone Company Group, appeared in opposition to HB 2591 and HB 2592. He expressed concern that the legislation would form the basis for substantial reduction in the exercise of jurisdiction by our State Corporation Commission. (See Attachment 4).

Bob Marino, Vice President-General Manager for United Telespectrum, Inc., gave testimony before the committee stating there was strong competitive forces in radio based services. He passed around an example of a portable cellular telephone. Mr. Marino said he supported HB 2592 with Section 2(a) amending "may" to "shall". (See Attachment 5)

Dick Boerger, Southwestern Bell Mobile Services, gave brief testimony before the committee. Mr. Boerger indicated he would like "may" changed to "shall" on line 25.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Energy and Natural Resources,
room 519-S, Statehouse, at 3:30 ~~am~~ pm on February 20, 19 84

Bill Ewing, Southwestern Bell Telephone Company, addressed the committee in support of HB 2592. Mr. Ewing said it was necessary for KCC to deregulate mobile services. He also asked that the committee considering amending line 25 by changing "may" to "shall". (Attachment 6).

The final conferee, Mr. Robert Ellis, Vice-President and General Manager of Haviland Telephone Company, Inc., gave brief testimony stating the "presence of competition negates the necessity for rate regulation." (Attachment 7).
A brief question and answer period followed each presentation.

There being no further business before the committee, the meeting was adjourned at 4:20 p.m.

The next meeting of the House Energy and Natural Resources Committee will be held February 21, 1984 at 3:30 p.m.



Rep. David J. Heinemann, Chairman

Date 2/20/84

GUESTS

HOUSE ENERGY AND NATURAL RESOURCES COMMITTEE

NAME

ADDRESS

ORGANIZATION

NAME	ADDRESS	ORGANIZATION
HENRY G FLORES	22/W. 6 th Ste 830 Austin Tx	AT&T
TOM GLEASON	Ottawa Ks	Indep Tel Co
Wilbur Leonard	Topeka	Ks. Tel. Assn
Robert Ellis	Haviland	Haviland Tel. Co, Inc
DICK BAERBER	DALLAS TEX	Southwestern Bell Mobile
Bill Mitchell	Hutchinson	" " "
Dick Compton	Hays	Midwest Energy
JEFF RUSSELL	TOPEKA	UNITED TEL. OF KS.
Bob Marino	2330 Johnson Drive K.C.	United Tele Spectrum
Bill Selby	TOPEKA	AT&T C
RICK ENZWOLD	"	AT&T

AN ACT concerning the use of explosives; requiring notice prior to the use of explosives and providing penalties for failure to give such notice.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The owner or operator of any buried facility shall file a notice with the clerk of the county in which such facility is located. Such notice shall state the location and nature of the buried facility and the name, address and telephone number of the owner or operator of such facility.

Sec. 2. (a) Any person using explosives in excavating or demolition activities shall give notice to the owner or operator of any buried facility located within the area of excavation, demolition or where explosives are to be used. Such notice shall be in writing and shall be given no sooner than 30 days and no later than 48 hours before commencing the use of explosives. Such notice shall include the name, address and telephone number of the person conducting the explosive activities.

(b) After receipt of such notice, the owner or operator of the buried facility shall establish markings within 1 1/2 feet on either side of such facility. Such markings shall be established no later than 24 hours prior to the time of the explosive activity.

Sec. 3. (a) If any buried facility is damaged by the explosive activity or if notice is not provided to the owner or operator of such facility as required by subsection (a) of section 2, treble damages may be assessed against the person conducting the explosive activities.

(b) Any person who damages buried facilities due to the failure to provide the notice required by subsection (a) of

Attachment 1
2-20-84

section 2 or because of failure to use due care may be enjoined from conducting further explosive activity and shall be subject to a penalty up to \$1,000 for each violation.

(c) Any person who willfully removes or destroys the location markers of a buried facility shall be guilty of a class A misdemeanor.

Sec. 4. In any emergency involving a threat to life, health or safety or if a situation exists which requires immediate correction in order to continue operation of an industrial plant or to assure continuity of service of a utility, explosive activity may be conducted following oral notice to the owner or operator of any buried facility.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE BILL NO. _____

AN ACT concerning oil and gas; relating to the plugging of abandoned wells; amending K.S.A. 55-151 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 55-151 is hereby amended to read as follows: 55-151. (a) Prior to the drilling of any well, every operator shall file an application of intent to drill with the commission. Such application ~~shall be accompanied by a fee of \$40 and~~ shall include such information as required by the commission and shall be on a form prescribed by the commission. No change in the use of a well shall be made without express approval of the commission. No fee shall be required to accompany any application of intent to drill a well for the sole purpose of obtaining geologic information by taking cores or through seismic operations or for any application for change in use of a well. No drilling shall be commenced until the authorized agents of the commission and secretary have approved the application. The secretary's agent, in giving approval, shall determine that the proposed construction of the well will protect all usable waters. Such approval of the commission shall include the amount of pipe necessary to protect all usable water, plugging requirements upon abandonment and such other requirements deemed appropriate by the commission. ~~On and after July 1, 1983, the requirement that the application of intent to drill be accompanied by a fee of \$40 shall expire and no such fee shall be collected on and after such date.~~ The commission may refuse to process any application submitted pursuant to this section unless the applicant has been in compliance with all rules and regulations adopted pursuant to this act.

(b) Prior to the drilling of any well, every operator shall

Attachment 2
2-20-84

execute and deposit with the commission a surety bond in a sum of \$5,000 for each well to be drilled or serviced or, in lieu of a separate bond for each well, a blanket bond of \$50,000 to cover all wells drilled or serviced and all wells to be drilled or serviced in the state. Such bond shall be executed by a corporate surety authorized to do business in this state and shall be renewed and be continued in effect until the conditions have been met or release is authorized by the commission. In lieu of depositing a surety bond, an applicant may satisfy the bonding requirement by depositing with the commission cash, negotiable bonds of the United States or of the state of Kansas, negotiable certificates of deposit of any bank organized under the laws of the United States or of the state of Kansas, or irrevocable letters of credit of any such bank. Such bonds, cash or securities shall be conditioned that the applicant will case, plug and abandon any well in accordance with this act and the rules and regulations adopted pursuant to this act. If a well covered by a bond, cash or securities is transferred, sold or assigned by the licensee, the commission may require the party acquiring the well to execute a new bond or deposit cash or securities with the commission, and the bond, cash or securities of the prior licensee shall remain in effect until a new bond is executed or cash or securities are deposited.

Sec. 2. K.S.A. 55-151 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

HOUSE COMMITTEE ON
ENERGY AND NATURAL RESOURCES

HB 2591

FEBRUARY 20, 1984

Good afternoon Mr. Chairman and Members of the Committee on Energy and Natural Resources. I appreciate the opportunity to speak in opposition to House Bill 2591. I am Bill Schultz, District Manager, Regulatory Affairs for AT&T Communications. My company provides long distance service in the State of Kansas.

The basis for our opposition is that this Legislation may unfairly restrict the choice of services for customers in Kansas. IntraLATA services are already subject to competition. Many firms that are unregulated by the Kansas Corporation Commission provide long distance services in competition to those offered by local telephone companies within the LATAs. At present, there are 15 companies that provide long distance service in this State.

We simply do not know where the ever growing telecommunications market will go in the future nor do we know what technological developments will occur. With these uncertainties it seems unwise to encourage further limitations or prohibitions to intraLATA competition at this time, especially since this could work to the disadvantage of the Kansas customer.

Our opposition to this Legislation is not based on any immediate plans to enter into the intraLATA market. AT&T cannot compete for intraLATA calls today as all customer-dialed calls within a LATA are directed to Southwestern Bell. Furthermore, in our judgement, it would be economically unsound for us to build a network to compete for these calls.

More importantly, the Commission does not need the authority apparently granted by House Bill 2591. The Commission has already exercised its authority

Attachment 3
2-20-84

to restrict competition by AT&T Communications in the intraLATA market. In its order in Docket No. 139,661-U, dated December 30, 1983, the Commission restricted AT&T Communications to only providing long distance service between LATAs within the State of Kansas. Furthermore, the Commission has the authority to place restrictions on tariffs and to set prices which effectively regulates competition.

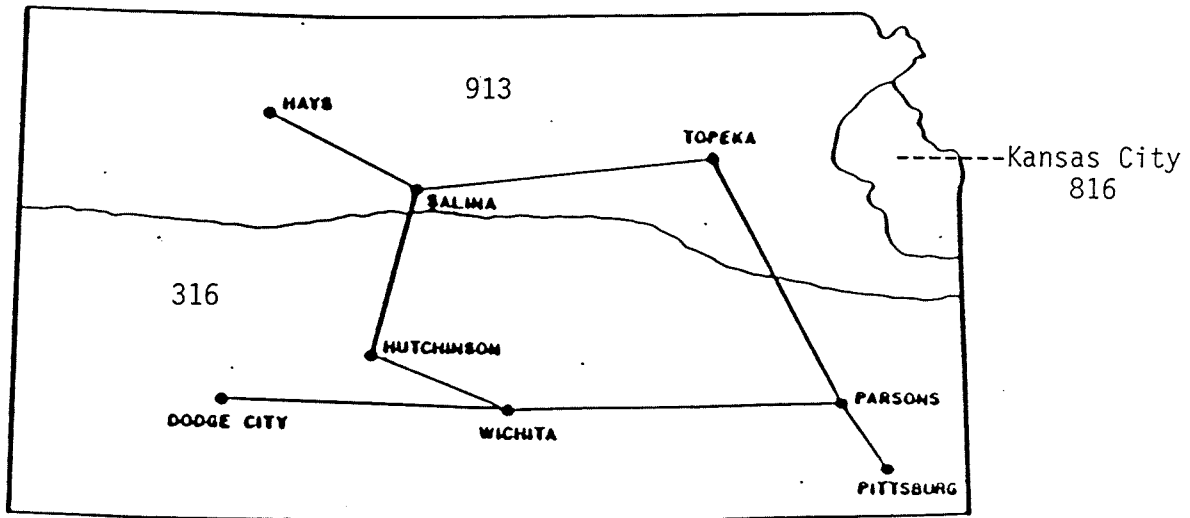
In view of the Commission's action, we believe that this Legislation is unnecessary and should not be enacted.

Thank you again for the opportunity to offer our comments to the Committee today. I will be happy to try to answer any questions that you may have.

Respectfully Submitted,

Bill Schultz
District Manager Reg. Affairs
AT&T Communications

KANSAS LATAs



BEFORE THE HOUSE COMMUNICATIONS,
COMPUTERS AND TECHNOLOGY COMMITTEE

Statement of Thomas E. Gleason on behalf of "Independent Telephone Company Group" in opposition to House Bills 2591 and 2592

Mr. Chairman and Members of the Committee:

I appear here as registered lobbyist on behalf of "Independent Telephone Company Group," which is made up of the following 18 small independent rural oriented telephone companies:

Assaria Telephone Exchange, Inc., Assaria, Kansas 67416
Columbus Telephone Company, Inc., Columbus, Kansas 66725
Cunningham Telephone Company, Inc., Glen Elder, Kansas 67446
Elkhart Telephone Company, Inc., Elkhart, Kansas 67950
Haviland Telephone Co., Inc., Haviland, Kansas 67059
H & B Communications, Inc., Holyrood, Kansas 67450
Home Telephone Co., Inc., Galva, Kansas 67443
Jetmore Telephone Co., Inc., Dodge City, Kansas 67801
Moundridge Telephone Co., Inc., Moundridge, Kansas 67107
S & T Telephone Co-Op Assn., Inc., Brewster, Kansas 67332
Southern Kansas Telephone Co., Inc., Clearwater, Kansas 67026
Sunflower Telephone Company, Inc., Dodge City, Kansas 67801
Totah Telephone Co., Inc., Ochelata, Oklahoma 74051
Twin Valley Telephone, Inc., Miltonvale, Kansas 67466
United Telephone Association, Inc., Dodge City, Kansas 67801
Wamego Telephone Co., Inc., Wamego, Kansas 66547
Wilson Telephone Co., Inc., Wilson, Kansas 67490
Zenda Telephone Company, Inc., Zenda, Kansas 67159

Some of you may recall that I appeared before this committee sitting as a special interim committee, and submitted a statement last fall in which I attempted to make the committee aware of some special concerns of the rural oriented telephone utilities of the State of Kansas.

I appear here today in opposition to House Bills 2591 and 2592. The Independent Telephone Company Group also opposes a number of other bills which are pending before both the House and Senate.

Attachment 4
2-20-84

Our opposition is based in principle upon the concerns that we expressed in our previous statement to the interim committee. For our purposes today, I will attempt to point out how those concerns pertain to House Bills 2591 and 2592.

As to House Bill 2591, our objection is based upon our concern that the legislation would form the basis for substantial reduction in the exercise of jurisdiction by our State Corporation Commission. The terms "inter-LATA" and "intra-LATA" were created by a federal district court in connection with the divestiture of AT&T and have no bearing upon the public need for telecommunication services within the State of Kansas. I would remind you that it is the public need for the availability of intrastate telecommunications services at reasonable and affordable rates that has resulted in the creation of the State Corporation Commission and the delegation of this legislature's authority to that Commission to create and regulate monopoly enterprises upon whom the public may rely for needed services.

Our federal government has become confused, we believe, by the application of buzz words or buzz phrases in bringing about changes in interstate telecommunications. We hear the phrases "benefits of competition," "cost based pricing of individual services," and "market driven pricing" as being applicable to interstate telecommunications.

As I have previously indicated to this committee, there are no benefits of competition in the telecommunications industry in rural Kansas. Competition did not and will not meet the

general public need for telecommunications services. "Cost based pricing" and "market driven pricing" likewise have made no contribution to the telecommunications system we now have and of which we are so proud.

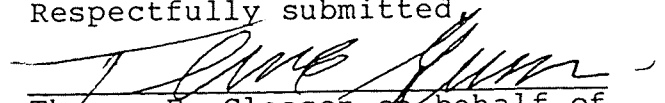
We of the industry are very proud of our telecommunications services and we likewise take pride in the fact that those services are made available universally throughout the state at very reasonable rates. This assurance to all the public of the State of Kansas of universally available services at reasonable rates can only be maintained through the continuation of regulated monopoly enterprises. It is obvious to us that House Bill 2591 seeks to extract a very significant portion of telecommunications services from the category of regulated monopoly enterprise. If this legislature adopts House Bill 2591, we sincerely believe that those responsible will have to account to rural Kansans in the future when competitive enterprise and "market driven pricing" deprives rural Kansas of universal telecommunications services at reasonable and affordable rates.

If I may be permitted, our objections to House Bill 2592 are based on the same line of reasoning; that is, regulated enterprise cannot compete with free enterprise in the high volume, densely populated markets and we cannot expect free enterprise to extend its services into the sparsely populated areas. The basic decision, therefore, is whether or not we are to

continue to provide high quality telecommunications services to all Kansans at reasonable and affordable rates.

We, therefore, oppose both House Bills 2591 and 2592.

Respectfully submitted,


Thomas E. Gleason on behalf of
Independent Telephone Company
Group.

KANSAS HOUSE ENERGY & NATURAL
RESOURCES COMMITTEE
BOB MARINO, VICE PRESIDENT - GENERAL MANAGER
UNITED TELE SPECTRUM, INC.
FEBRUARY 20, 1984

MR. CHAIRMAN AND COMMITTEE MEMBERS, I WANT TO THANK YOU FOR ALLOWING ME TO ADDRESS YOU TODAY ON RADIO BASED SERVICES.

I WOULD FIRST LIKE TO MENTION THAT UNITED TELE SPECTRUM, INC., IS A SUBSIDIARY OF UNITED TELECOMMUNICATIONS, INC., HEADQUARTERED IN KANSAS CITY.

ITS ONLY FOCUS IS TO PROVIDE RADIO BASED TECHNOLOGIES TO THE PUBLIC. MY COMPANY IS NOT RESPONSIBLE FOR THE PROVISION OF LOCAL TELEPHONE SERVICE.

WE HAVE MONITORED AND PARTICIPATED IN MOBILE SERVICES IN THE PAST AND PLAN ON AN AGGRESSIVE CAMPAIGN IN THE FUTURE.

PAGING SERVICES HAVE GROWN OVER THE PAST SEVERAL YEARS - TO SUCH AN EXTENT THAT THE FOUR FREQUENCIES AT 150 MHZ ARE IN MOST AREAS USED. WITH CUSTOMER DEMAND NOT BEING SATISFIED, THE FCC HAS ALLOCATED 40 CHANNELS OF SPECTRUM AT 900 MHZ TO ASSIST IN MINIMIZING THIS SITUATION, AS WELL AS PERMITTING FM RADIO STATIONS TO PROVIDE PAGING SERVICES. UNITED TELE SPECTRUM HAS CONSTRUCTION PERMITS FOR SIX KANSAS AREAS: JUNCTION CITY, MANHATTAN, TOPEKA, WICHITA, LAWRENCE, IN ADDITION TO KANSAS CITY WHICH, IF GRANTED BY THE KANSAS CORPORATION COMMISSION, WILL PROVIDE A WIDE AREA SYSTEM ON ONE FREQUENCY SATISFYING AN UNMET PUBLIC NEED. IN ADDITION, WE ARE WORKING WITH THE MISSOURI PUBLIC SERVICE COMMISSION TO INCLUDE COLUMBIA, JEFFERSON CITY, AND ST. JOSEPH ALL ON ONE (1) PAGING FREQUENCY TO BETTER SATISFY THE PUBLIC NEEDS.

Attachment 5 2-20-84

AS YOU CAN SEE - THERE ARE MANY ALTERNATIVES AND CHOICES FOR THESE PEOPLE IN NEED OF PAGING SERVICES. I BELIEVE THIS GROWTH WILL CONTINUE TO BE STRONG AND EVEN GET STRONGER WITH PAGERS NOW AVAILABLE IN SMALLER SIZES, WITH MANY DIFFERENT FEATURES, I.E., TONE, TONE AND VOICE, NUMERIC DISPLAY AND ALPHA NUMERIC.

AS OUR SOCIETY CONTINUES TO BE MORE MOBILE, THIS NEED WILL CONTINUE TO BE STRONG.

PAGING SERVICES WILL COMPETE NOT ONLY BETWEEN THEMSELVES BUT WILL ALSO FEEL THE PRESSURES FROM ALTERNATIVE TECHNOLOGIES LIKE CONVENTIONAL MOBILE PHONE SERVICE, AVAILABLE TODAY, AND THE NEW TECHNOLOGY OF CELLULAR MOBILE.

MR. BOERGER, WHO ADDRESSED THIS COMMITTEE LAST THURSDAY, REPRESENTING SOUTHWESTERN BELL MOBILE SYSTEMS, AND UNITED TELE SPECTRUM ARE PARTNERS IN THE KANSAS CITY AREA SYSTEM. I BROUGHT ALONG AN EXAMPLE OF A PORTABLE CELLULAR TELEPHONE. MR. BOERGER'S COMMENTS, SIMILAR TO MINE, REFLECT THE STRONG COMPETITIVE FORCE IN RADIO BASED SERVICES. I ALSO SUPPORT YOUR BILL 2592 WITH SECTION 2 (A) BEING CHANGED FROM "MAY" TO "SHALL."

I WOULD LIKE TO THANK YOU ALL FOR YOUR TIME AND THOUGHTS IN THIS MATTER.

I WOULD BE HAPPY TO CLARIFY OR ANSWER ANY QUESTIONS WHICH YOU MAY HAVE.

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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, MY NAME IS BILL EWING. I'M A PUBLIC AFFAIRS MANAGER FOR SOUTHWESTERN BELL TELEPHONE COMPANY. I'M HERE TO SPEAK IN FAVOR OF HB 2592, AND I WOULD ENCOURAGE YOU TO HAVE THE KCC DEREGULATE MOBILE SERVICE.

SOUTHWESTERN BELL TELEPHONE COMPANY HAS BEEN IN THE MOBILE TELEPHONE BUSINESS FOR APPROXIMATELY 35 YEARS. MANY OF THE INDEPENDENT COMPANIES HAVE OFFERED MOBILE SERVICE FOR SOME TIME. A NUMBER OF COMMON CARRIERS HAVE ALSO OFFERED MOBILE AND PAGING SERVICES FOR MANY YEARS.

ALL LICENSES FOR FREQUENCIES HAVE BEEN AND WILL CONTINUE TO BE GRANTED BY THE FEDERAL COMMUNICATIONS COMMISSION. THIS REQUIREMENT IS NECESSARY TO HAVE AN ORGANIZED PLAN FOR THE FREQUENCY SPECTRUM, TO AVOID OVERRIDING. HOWEVER, DUE TO THE MANY CHANGES IN TECHNOLOGY AND THE NATURAL COMPETITIVE NATURE OF MOBILE SERVICE, REGULATION IS NOT APPROPRIATE IN THE PRESENT ENVIRONMENT.

SOUTHWESTERN BELL TELEPHONE COMPANY MOBILE SERVICE COSTS APPROXIMATELY \$10.00 PER MONTH PLUS USAGE.

NOTE: (DOES NOT INCLUDE APPROXIMATELY \$100.00 PER MONTH IF LEASED FOR MOBILE INSTRUMENT AND ASSOCIATED TRANSMITTER AND RECEIVER) SWB DOES NOT LEASE OR SELL MOBILE INSTRUMENTS.

THE PRICE OF USAGE VARIES FROM \$.70 TO \$1.00 PER MINUTE FOR A LOCAL CALL AND STANDARD LONG DISTANCE RATES APPLY FOR TOLL. DUE TO THE COST OF MOBILE, IT CERTAINLY WOULD NOT BE CONSIDERED A BASIC SERVICE, HOWEVER THERE IS A GROWING NEED IN THE MARKET PLACE.

*Attachment 6
2-20-84*

ATTACHED ARE SHEETS SHOWING WHERE SOUTHWESTERN BELL TOWERS ARE LOCATED AND INDEPENDENT TELEPHONE COMPANIES THAT OFFER MOBILE AND TOWER LOCATIONS. ALSO ATTACHED IS A LIST SHOWING PRIVATE MOBILE OR PAGING SYSTEMS AND THEIR BASE TOWER LOCATIONS.

MY SUGGESTION TO IMPROVE HB 2592 WOULD BE TO CHANGE THE WORD IN SECTION 2 (A), LINE 25 BY CHANGING MAY TO SHALL.

KANSAS MOBILE LOCATIONS

CHANUTE	431
DODGE CITY	225
EL DORADO	321
EMPORIA	342
GARDEN CITY	275
GREAT BEND	792
HARPER	896
HAYS	625
HUTCHINSON	663
INDEPENDENCE	331
LAWRENCE	841
LIBERAL	624
MANHATTAN	776
NEWTON	283
SALINA	825
SCOTT CITY	872
TOPEKA	295
WELLINGTON	326
WICHITA	264

Other wireline companies (Independent Telephone Companies) that offer mobile service:

<u>Company</u>	<u>Tower Location</u>
Burdette Telephone Co.	Burdette
Continental Telephone Co.	Meriden
Craw-Kan Telephone Co.	Girard
Pioneer Telephone Co.	Kendall Ulysses
Rural Telephone Co.	Grainfield Lenora Long Island Natoma
S & T Telephone Co.	Brewster
Sunflower Telephone Co.	Leota Sharon Springs Tribune
Tri-County Telephone Co.	Delevan
United Telephone Co.	Ashland Ellinwood Junction City Russell
Wheat State Telephone Co.	Olpe Potwin Udall

Following are the private mobile or paging systems and the base tower locations.

<u>Carrier</u>	<u>Town</u>	<u>Tower Location</u>
Mobilfone of Kansas	Emporia	102 W. 6th (Broadview Penthouse)
" " "	McPherson	E. Hwy. 56 (Cable Tower-TV)
" " "	Topeka	800 Jackson
" " "	Pratt	Country Club Rd. (Cable TV Tower)
" " "	Manhattan	1640 Fairchild (Cable TV Tower)
" " "	Larned	East 8th St.
Mobilfone of Kansas	Hays	126 W. 11th
" " "	Great Bend	Hwy. 281
Kar Kall	Goodland	Rt. #2
Kar Kall	Colby	Rt. #1
Allied	Topeka	534 Kansas 70th & Rochester Rd.
Lett Electronics	Hutchinson	15 E. 2nd
Airphone	Pittsburg	121 E. 4th
Scat Communication	Liberal	Country Club Estate
Team Electronics	Garden City	201 W. Kansas Ave.
Parson Mobile & Paging	Parsons	1725 Broadway
Lawrence Carphone	Lawrence	RFD #3
General Communication Systems, Inc.	Chanute	502 E. Main
	Coffeyville	North Buckeye St.
	Concordia	Rt. 1
" "	El Dorado	6th & Topeka
	Independence	509 Maple
	Newton	401 S. Spence
" "	Salina	Glen Ave. & Marymount
	Winfield	Rt. #4
" "	Wichita	1400 N. Woodlawn 125 Market 2815 E. 37-North

Before the
House Committee on Energy and Natural Resources
Representative Heinemann, Chairman

3:30 P.M. Monday, February 20, 1984

HOUSE BILL No. 2592

(Deregulation of Mobile Radio)

Comments of Robert Ellis, Vice-President and General Manager
Haviland Telephone Company, Inc., Haviland, Kansas

It is my position and that of the Kansas Telephone Association that Mobile Telephone Service in the state of Kansas should be entirely deregulated and by the substitution of the word "shall" for the word "may" in line 25 of the original bill, Association members would be able to support the passage of H. B. 2592.

At the present time we have a waiting list for mobile numbers. It would take a very expensive central office addition to add any numbers. Since our current rate is too low to make IMTS pay its' own way, there are definately no plans to incur additional expense to provide more service. Mobile service will be removed from our rate base on December 31, 1984 and therefore will not be included in separations and settlements.

Another area that will be affected by this legislation is the new technology of Cellular Radio. My company, along with two other Kansas independent telephone companies have formed a partnership with the cellular arm of the Bell System to build a cellular system in the

Attachment 7

2-20-84

Wichita area. The purpose of working so hard and spending so much money to get into the cellular market is the profit incentive.

Since there are two operators authorized by the Federal Communications Commission for each market area (SMSA), the presence of competition negates the necessity for rate regulation.

Thank you for the time spent on this matter.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robert Ellis".

Robert Ellis
Haviland Telephone Co., Inc.