

Approved

Stephen R. Cloud 3-13-89
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at
Chairperson

9:09 a.m./p.m. on February 29, 1984 in room 522-S of the Capitol.

All members were present except:

Rep. Sprague - Excused

Committee staff present:

Russ Mills - Legislative Research Department
Carolyn Rampey - Legislative Research Department
Avis Swartzman - Revisor
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Thomas E. Gleason - Independent Telephone Company Group

The meeting of the House Governmental Organization Committee was called to order at 9:09 a.m. by Rep. Stephen R. Cloud, Chairman. The minutes of the February 27 meeting were approved. February 28 minutes were distributed. The Chairman stated that final action would be taken on several bills.

HB 2959 - small business procurement act

Rep. Hassler moved HB 2959 be passed. Rep. Barr gave a second to the motion. The motion carried.

HB 2721 - public safety and law enforcement

Rep. Barr moved to table the bill and refer it to an interim committee for study. Rep. Walker gave a second to the motion. After discussion, Rep. Barr withdrew her motion and Rep. Walker his second. Further comments were made after which Rep. Ediger moved to amend HB 2721 by deleting Section 51 on page 32 and any other language which pertains to this section. Rep. Harder gave a second to the motion. The motion carried.

Rep. Barr moved to table the amended bill and refer it to an interim committee. Rep. Ramirez gave a second to the motion. The motion carried.

HB 2859, concerning the establishment of a cemetery board, was discussed but no action taken.

HB 2619 - abolition of certain boards, committees and commissions

Rep. Fuller moved to amend HB 2619 by deleting subsections (l), (m), (n), & (p). Rep. Ramirez gave a second to the motion. The motion carried. (o) remains in the bill.

Rep. Hassler moved to amend HB 2619 by deleting subsection (c) and (d). Rep. Harder gave a second to the motion. The motion carried. Subsections (a), (b), (k) & (r) remain.

Rep. Barr moved to amend HB 2619 by deleting subsections (e), (i), (j), & (q). Rep. Matlack gave a second to the motion. The motion carried. (G) & (h) remain in the bill.

Discussion was held on subsection (f). After several comments were made, Rep. Fuller moved to delete (f) from the bill. Rep. Barr gave a second to the motion. The motion carried.

Rep. Sughrue moved to pass HB 2619 as amended. Rep. Harder gave a second to the motion. The motion carried.

Rep. Cloud stated that this had taken care of the agenda for today. He asked the Committee to hear Mr. Thomas E. Gleason, Independent Telephone Company Group on HB 2912, as he had inadvertently driven in from Ottawa a day early. Mr. Gleason distributed copies of his testimony opposing HB 2912, stating that he opposes it in principle and also as the small telephone utilities do not need this. Mr. Gleason said that the status of a phone bill reflects current regulatory status.

The Chairman thanked Mr. Gleason for his appearance.

The meeting was adjourned at 9:45 a.m.

BEFORE THE HOUSE COMMITTEE ON
GOVERNMENTAL ORGANIZATION

Statement of Thomas E. Gleason on behalf of "Independent Telephone Company Group" in opposition to House Bill 2912

Mr. Chairman and Members of the Committee:

Thank you for the opportunity of appearing and submitting a statement in opposition to House Bill 2912.

I appear here 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

Our objections to the provisions of House Bill 2912 is based on the position that the result of the bill would be to impose additional regulatory burdens and related costs upon the public utilities of the State of Kansas and their ratepayers. This bill is one of many bills that have been submitted to the legislature premised, we believe, on the mistaken notion that the interests

of various classes of public utility ratepayers were not adequately protected under current regulatory procedures. We want to assure this committee and the legislature that ratepayers' interests generally - and certainly low income and residential ratepayers' interests - receive a high priority of concern under the current regulatory processes. If one would study the various rate proposals that have been submitted to the Kansas Corporation Commission and the Commission's final rate orders and the rate design that have been made applicable pursuant to those orders, it will be very obvious that low income and residential ratepayers generally receive full consideration and favorable, if not actually preferential, considerations.

For example, the recent Southwestern Bell general rate case before the Commission was based upon a request for approximately 100% increase in residential local service rates, in addition to proposals for long distance access charges which would have been the equivalent of an additional 50% flat rate local service increase. Our Commission directly, and partially through its efforts at the federal level, modified those rate proposals so that a local service rate increase of only about 15% was applied to residential service rates. There are numerous other examples that could be made.

Independent Telephone Company Group expresses its concern for the substantial growth, involvement and related expenses which have been imposed upon them in recent years. The cost of the

additional regulatory provisions must ultimately be borne by the utility customers, and, therefore, this legislature should consider something in the nature of a cost-benefit ratio as the various proposals for additional regulatory burdens are proposed. We would specifically note that the operations of the telephone utilities by our members of the Independent Telephone Company Group includes close contact and relationships between the utility and its customers. Our people - the owners, the managers and the service personnel - live with and associate daily with the utility customers.

This closeness of the relationship may be substantially different from the relationship between large holding companies or large metropolitan utilities and their customers. This relationship has been recognized to some degree in the treatment of co-operative utilities and some of our members are co-operatives. We would suggest that the small, closely related telephone utilities, even though private corporations for profit, should be entitled to the same consideration as co-operative associations, as set forth in the definition of public utilities in subparagraph (i), Sec. 4 of the bill.

While we feel that the bill generally is unneeded in order to protect residential consumers generally, we would certainly urge the amendment of Sec. 4, subparagraph (i) to exempt telephone public utilities serving 10,000 customers or less from the application of the bill.

We appreciate the opportunity of submitting this statement on
House Bill 2912.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. E. Gleason', written over a horizontal line.

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