

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY.

The meeting was called to order by Representative Jerry Friedeman at
Vice Chairperson

3:36 ~~a.m.~~ p.m. on January 15, 1986 in room 522-S of the Capitol.

All members were present except:

Representative Helgerson (excused)

Committee staff present:

Lynne Holt, Legislative Research Department
James A. Wilson, III, Senior Assistant Revisor
Jean Mellinger, Secretary to the Committee

Conferees appearing before the committee:

Vice Chairman Jerry Friedeman opened the meeting and presided until Chairman Jayne Aylward arrived. He welcomed the other members back. Lynne Holt reviewed the report of the Special Committee on Communications, Computers and Technology regarding Proposal No. 16 -- Monitor Telecommunications Divestiture (Attachment 1). She mentioned that Telpak would be continued until May 1, 1986.

Representative Friedeman asked who allowed Telpak to continue for four months past the original termination date. Mrs. Holt said that the KCC, AT&T and the Department of Administration each had a recommendation. As she understood it, the Department of Administration proposal would delay the termination of Telpak and the restructuring until May 1 and this was adopted. Representative Friedeman said he thought it was coming from the FCC or Judge Green. Mrs. Holt said Telpak is intrastate and the KCC has jurisdiction over AT&T intrastate. Representative Friedeman asked if the KCC could continue that indefinitely. Mark Jamison of the KCC said the KCC probably could continue that but it had been determined that Telpak gave discriminatory pricing advantages and was being phased out.

Chairman Aylward apologized for being late and said she was held up by another committee meeting. Lynne Holt reviewed Proposal No. 17 -- Resale of Local Telecommunications Service (Attachment 2). The Chairman's intention is to schedule hearings again on Senate Bill 226.

Lynne Holt reviewed Proposal No. 18 -- Cable Television in Kansas (Attachment 3).

Representative Friedeman inquired if in "and particularly those provisions that have a deregulating intent," (page 2, paragraph 1) the deregulation referred to competition between cable companies, a cable company and telephone services or prices or all three. Mrs. Holt said the interest was in the implication for the local government. Primarily the act did not really address two-way communication. This is addressed more in the Cox Cable order. Representative Friedeman asked if she was referring to the right of the community to franchise the cable company. She replied that the act tries to take away some of the obstacles that were evidently involved in trying to get renewals of franchises by cable companies and prohibits franchise fees in excess of five percent of gross revenue. She said that was really where the emphasis was.

Lynne Holt reviewed Proposal No. 19 -- "Centers for Excellence," Public Television and Radio Funding, and Kansas Public Broadcasting Commission (Attachment 4).

Chairman Aylward mentioned that the Advanced Technology Commission included as legislative members, Senator Kerr, Senator Daniels, Representative Dean, and herself and they are going to meet January 20 to discuss the Centers of Excellence.

Representative Friedeman asked if on page 8, the second paragraph referred to coordination of patent policies and long-range planning or to restricting these to the same type of activities. Mrs. Holt said she understood it to

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY

room 522-S, Statehouse, at 3:30 ~~xxx~~/p.m. on January 15, 1986

refer to communication and coordination as far as research goes among the universities. Chairman Aylward said it was referring to policy to a degree. She mentioned the problem with patents and that Kansas State has a patent attorney who may have time to serve all four universities. Also, the Centers at Kansas State and Wichita State are both involved in robotics; and, although it is in different areas, there may be some overlap in the research that may be able to be enhanced by working together. She mentioned that the main concern this summer was that they all have centered on a very broad scope except K.U. which seems to have a very narrow scope and they are trying to determine if they are really getting at the definition of a Center of Excellence as envisioned when the bill was passed. The committee felt that a very narrow area was needed so they could be on the cutting edge of the technology. Representative Friedeman asked if they were, in effect, tending to withdraw as a committee and put the Advanced Technology Commission in to run this whole thing. The chairman said this was not the intent. The commission was asked to meet with the four universities and come up with some recommendations for the committee to be accepted or rejected. She said they were also asking the Public Broadcasting Commission to do the same type of thing and mentioned that Representative Friedeman was just elected as chairman of the commission.

Chairman Aylward welcomed Representative Jeff Freeman as a new member of the Communication, Computers and Technology Committee.

Representative Sifers, in answer to Representative Friedeman's questions, said that what they were trying to do was to avoid duplicity. Representative Dean said some of the universities are taking a shotgun approach and a rifle approach was wanted. The chairman said that Frances Horowitz of K.U. put it very well when she said that for the last three years they have been running an experiment and now they should sit down and really analyze it and make sure they are going in the right direction.

Lynne Holt reviewed the second part of the interim committee report regarding Public Television and Radio Funding and Kansas Public Broadcasting Commission. She said they now have the 1987 budget recommendations and the operating grants are basically the same except KOOD which is \$178,000 in the basic budget.

Representative Love asked for an explanation of the 35-35-30 formula. Mrs. Holt said that 35-35-30 was a formula that has evolved over the years for the Topeka, Wichita, and Kansas City public television stations with 30% going to Kansas City because they get some financing from Missouri. She mentioned there is no funding recommended for 1987 for public television. The chairman said they had waited to put any bills in on this until the committee had a chance to possibly hear from the Public Broadcasting Commission and because of the thought of buying another radio station out in western Kansas. She asked Representative Friedeman to give some background.

Representative Friedeman said the last two appointments to the Public Broadcasting Commission were not made until recently. A meeting in August released the money appropriated for the 1986 year. The next meeting was last Friday which was too late to get any differences in the governor's budget. In 1986, KOOD had to raise more subscription money to get the additional \$47,000 which will soon be accomplished; but that amount was not included in the governor's budget. Another station is going north of the existing public radio station in Hutchinson with a request of \$95,000 of state money to match \$280,000 federal money to put the station in. It will not have origination capabilities but relay from the Hutchinson station. He mentioned requests from KOOD to purchase an independent station in Colby and from KTWU for a translator station near Pittsburg. The commission will have a telephone conference January 22 to take action on these grants. He said he would keep the committee up to date and solicit some advice from them.

The chairman said the interim committee felt they should hold off on the bill to hear from the commission and they held off on the Centers of Excellence since HB 2006 was still alive in House Ways and Means and a new funding measure was unnecessary. With the cable tv issue, they plan to have the KCC come in to tell what kind of progress they are making in finding out who are in interstate communications services.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY
room 522-S, Statehouse, at 3:30 ~~xxx~~ ^{am} p.m. on January 15, 1986

The meeting adjourned at 4:50 p.m.

The next meeting of the committee will be held at 3:30 p.m. on Wednesday,
January 22, 1986.

COMMITTEE REPORT

TO: Legislative Coordinating Council

FROM: Special Committee on Communications, Computers
and Technology

RE: PROPOSAL NO. 16 — MONITOR TELECOMMUNICA-
TIONS DIVESTITURE

The Committee was charged to monitor divestiture in the telecommunications industry to determine its effect on the state's telecommunications planning as well as its effect on Kansas business and residential customers.

Background

In 1974 the U.S. Department of Justice filed an antitrust suit against American Telephone and Telegraph (AT&T). In that suit, AT&T was charged with monopoly and conspiracy to monopolize the supply of telecommunications service and equipment in the United States. This antitrust suit was dropped after a consent decree was signed by the U.S. Department of Justice and AT&T.

On January 8, 1982, AT&T, as part of the consent decree, announced its decision to end control of 22 local

(Attachment 1)

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operating companies. In exchange, AT&T was allowed to compete with other corporations in the production and marketing of electronic equipment, components, and software.

Until the consent decree the long-distance interstate, intrastate, and local exchange components of the Bell System were regulated as a vertically-integrated entity. The post-divestiture years have witnessed the disintegration of that type of entity. There has been an accelerated movement from a regulatory environment to a mixed environment of regulation and deregulation in the telecommunications industry.

Currently, although to a lesser degree than in the past, telecommunications services are regulated by the Federal Communications Commission (FCC) and the State Corporation Commission (SCC). Generally, the FCC regulates interstate telecommunications services and the SCC regulates intrastate services.

One underlying objective of all the federal decisions on deregulation activities with respect to telecommunications has been the desire to assign and allocate costs to those individuals or entities that actually incur or cause those costs. Recent federal decisions to deregulate certain telecommunications services were made in the belief that continued regulatory constraints would inhibit the most efficient and economic provision of such services. These decisions, however, constantly affect the balance between imposing costs on

those who actually incur them and ensuring the continuation of universal service. (The 1934 Federal Communications Act first articulated the goal of universal service, which would make telephone service available to all people in the United States at a reasonable price.)

Several major issues have resulted from the movement toward deregulation and the 1982 AT&T divestiture. One issue, which perhaps more than any other has directly affected residential rates, is that of access charges. The access charge concept relates to payments to local exchange telephone companies for use of the local exchange plant to interconnect the customers' premises with the interexchange networks of long-distance carriers. The FCC changed the interstate ratemaking methodology, and payments for interconnection are presently made to local exchange companies by essentially two groups: (1) long-distance carriers (AT&T, MCI, GTE-Sprint), which subsequently factor those charges into their retail rates to subscribers; and (2) residential and business end users which are presently charged monthly flat fees. The FCC decision on access charges marked a great departure from previous arrangements of dividing revenues and allocating costs between local exchange companies and long-distance carriers.

Prior to divestiture and the imposition of access charges, costs for interconnection to the local exchange were internally recovered in per-minute long-distance rates charged by AT&T

Long Lines (then part of the Bell System). A long-distance call requires the participation of a local originating telephone company, the interexchange carrier, and the local telephone company which completes the call. Therefore, long-distance companies are required to pay an access charge to the local telephone companies for their minutes of use of local exchange company interconnecting equipment. It has been argued that the contribution of long-distance revenue to local exchange operations constitutes a "subsidy." Thus, prior to the imposition of access charges, the cost to the local ratepayer was kept artificially low, because revenues from interstate calls offset local exchange expenses. A counter-argument is that a contribution from long-distance to local operations is reasonable and proper, since long-distance companies use and need access to local facilities to complete long-distance calls.

The FCC's decision to impose subscriber (residential and business) access charges was based on the view that services of plant not dependent on usage did not accurately reflect the costs of providing such services. (He who "causes" the costs should pay.) The FCC supported AT&T's position in its access charge decision by asserting that continued high long-distance rates would encourage uneconomic bypass of the local exchange. Large business users would no longer use the public switched network long-distance carriers and long-distance carriers or local exchange company) but would resort instead to privately owned facilities or competitive service, such as coaxial cable, fiber optics, link microwave, satellite, digital

termination service, and cellular radio. If this migration to other sources occurs, it could be argued that residential and small business ratepayers would be left to assume a greater portion of the telephone system's fixed costs. According to the FCC's access charge decision, the access charge to end users, such as residential customers, will be gradually increased over the next five years. Meanwhile, the amount the interexchange carriers (AT&T, MCI, GTE-Sprint) pay to local exchange companies will gradually decrease. Thus, the long-distance carriers will continue to pay, albeit on a decreasing basis, access charges to the local exchange companies. The intent of the FCC's decision on access charges is to charge ratepayers more up-front for their access to long-distance services but in the long term to reduce their toll rates. Long-distance carriers, like consumers, have protested the access charge decision. While ratepayers protest against higher rates, AT&T protests because it presently pays more than its competitors for its access to the local exchanges (70 percent of its revenues for toll calls versus 45 percent of its competitors' revenues). AT&T maintains that it could provide the access services that it now pays to Bell operating companies at considerably less cost. MCI and GTE-Sprint also object to paying access charges because, in their view, these charges threaten to undermine their incipient competitive status.

As articulated in an order on access charges dated January 23, 1983, the FCC appears to support the need for a balance among the following objectives: (1) elimination of

unreasonable discrimination and undue preferences among rates for interstate services; (2) efficient use of the local network; (3) prevention of uneconomic bypass; and (4) preservation of universal service.

Committee Activities

Representatives of the following companies and associations testified before the Committee: Southwestern Bell of Kansas; the Kansas Telephone Association; the Independent Telephone Company Group; United Telephone Company of Kansas, Inc.; the Craw-Kan Telephone Cooperative, Inc.; the Kansas Telecommunications Association and Value-Line of Kansas, Inc.; the Kansas CATV Association; United Tele-spectrum; Southwestern Bell Telecom; MCI Telecommunications, Inc.; GTE Sprint; and American Telephone and Telegraph (AT&T) Communications.

The President of the Kansas Division, Southwestern Bell Telephone Company, told the Committee that the telecommunications industry is in a transitional phase. He defined the critical policy issues for the company's future as: (1) the need to clarify the meaning of the company's exclusive franchise to provide service in certificated areas; (2) the resale of local services by entities other than the operating companies; (3) cost-based pricing; (4) deregulation of local exchange services; and (5) the preservation of universal service.

The President of the Kansas Telephone Association expressed concern that deregulation may cause the elimination of small telephone companies and that surviving large companies might not want to serve the sparsely populated areas of the state. The representative of the Independent Telephone Company Group also defended the need to maintain telephone service to rural areas. He supported the state's objective of providing all citizens of Kansas with uniform telecommunications services at reasonable and equitable rates, and criticized the deregulation of telephone service.

The representative of United Telephone Company of Kansas, Inc. stated that regulations are needed that permit prices to change more quickly; provide for a company's entrance into and exit from certain markets without unnecessary constraints; deregulate competitive services; provide for more timely capital recovery; improve telephone operating companies' rates of return; reduce the regulatory lag now associated with general rate cases; and require any "lifeline telephone service" be funded through general revenue rather than through subsidized rates.

The General Manager of Craw-Kan Telephone Cooperative, Inc. related the advantages of deregulation to the Committee. He maintained that deregulation has enabled customers to own, instead of lease, customer premises equipment. A gradual reduction in interstate long-distance rates, and the promotion of equal access to long-distance providers

in metropolitan areas will also be realized as a result of deregulation. While admitting these advantages, the General Manager expressed concern that small telephone companies will not have equal access to interexchange carriers for many years; that large businesses will by-pass the local operating companies; and that phone companies, due to the State Corporation Commission's interpretation of existing laws, do not have exclusive authority to transact business in a given area.

The Vice-President and Chief Executive Officer for Value-Line of Kansas, Inc., and President of the Kansas Telecommunications Association argued for the resale of long-distance telecommunications services. He noted that resellers represent in many Kansas communities the only real benefits of divestiture. He also supported the elimination of regulatory barriers that have prevented long-distance resellers from competing effectively with other carriers.

The General Counsel for AT&T Communications noted that competition exists in long-distance markets in Kansas; however, that competition is "regulated" because AT&T, unlike its competitors (MCI, GTE-Sprint), is regulated. His company recommends the elimination of unequal regulation in the long-distance telecommunications market; the establishment of access charges at or near the cost of connecting to the local network; and the elimination of the access charge differentials between competing firms.

The Legislative Counsel for Kansas CATV Association observed no advantages or disadvantages resulting from divestiture as it affects cable television. According to the Association, there may be specialized instances when it would be wasteful for a telephone company to build a new line for an institutional connection when cable is already in place. Another concern is that telephone companies, in their desire for exclusive service rights, might attempt to preclude the use of cable systems for services other than broadcasting.

The General Attorney of United Telespectrum, Inc. a radio-based mobile communications company providing enhanced paging services and cellular radio mobile telephone services, voiced concern about increases in access charges to radio common carriers. The Committee learned that monopoly territories or subsidies are not needed, but that government should foster and not restrict the development of emerging business and technologies.

An attorney for MCI Telecommunications, Inc., and MCI Airsignal, Inc. contended that the bias in favor of the incumbent long-distance carrier (AT&T) would warrant continued regulation of AT&T until competition in long-distance services is firmly entrenched.

The attorney for GTE-Sprint opposed the requirement that GTE-Sprint pay compensation to the local telephone company for incidental intra-LATA calls, although Sprint lacks authority to operate in the intra-LATA market.

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Dr. Russell Getter, Director, Division of Information Systems and Communications (DISC), described the state's telecommunications system and the process by which the state is acquiring new telecommunications equipment. Dr. Getter noted that the demand for a voice data and video network continues to grow; that major information users are moving toward digital technology; and that the state needs digital transmission for voice data and video. According to Dr. Getter, fiber optic cable as a communications transmission medium will cover the state in approximately a year, and a microwave tower system, which will need little additional state investment, could meet some of the state's transmission needs.

Telpak (a low-cost long-distance pricing arrangement) is scheduled for elimination on December 31, 1985. Once Telpak is eliminated and alternative pricing structures become effective, the state's long-distance costs will increase by at least \$1.4 million annually, according to the Department of Administration.

Dr. Getter discussed the state's expenditures for telecommunications in FY 1985 and noted that in that fiscal year the state paid approximately \$9.7 million to local operating companies for telecommunications services. According to Dr. Getter, had all previous arrangements been continued, including the lease of customer premises equipment and handsets, total telecommunications costs would have increased from \$16.5 million in FY 1985 to \$19-\$21 million in FY 1987.

Dr. Getter explained that DISC is developing a statewide plan to hold down costs. The DISC staff is writing specifications for deregulated services which are expected to curb increases in telecommunications costs. Dr. Getter projects that by June of 1987 new wiring and new telephones will be installed to encompass approximately 26,000 phones in six major locations of state government. The communications systems will be financed over several years so that state agencies can pay for them out of existing budget allocations. Dr. Getter noted that the executive and legislative branches cooperated in formulating plans for state telecommunications.

To conclude, the issues addressed at the hearings on Proposal No. 16 embraced a wide range of concerns. Solutions offered by companies represented at the hearings often conflicted, depending on the perceived needs of the clientele whom they served. For example, small, independent, and rural telephone companies oppose any deregulation efforts which would undermine the concept of universal service. Resellers and cable companies, by contrast, tend to support deregulation efforts. In another example, AT&T opposes the singular treatment accorded it by the Federal Communications Commission. By contrast, other long-distance carriers believe that AT&T should be treated differently until competition among long-distance carriers is greater. In yet another example, large and small local exchange companies support the concept of certificated areas for which they are exclusive service providers. By contrast, cable companies, resellers, and other

common carriers oppose such exclusivity restrictions. With respect to the state telecommunications system, the Department of Administration projects cost savings from the state's acquisition of telecommunications equipment, but increased expenditures due to the elimination of Telpak.

Committee Recommendations

Because telecommunications technologies are rapidly changing and state and federal governments have not yet resolved all major issues stemming from the 1982 consent decree, the Committee plans to take no action at present. It is recommended, however, that the Legislature continue in 1986 to monitor all efforts to deregulate telecommunications services.

The Committee affirms the concept of universal service which ensures that all Kansans have access to telephone service at affordable rates. Due to the multiple, perhaps adverse effects of telephone deregulation on certain Kansas residents, particularly those in rural areas, the Committee recommends that an interim study be conducted in 1986 on the impact of the AT&T divestiture on Kansas ratepayers.

During the 1985 interim the Committee reviewed briefly telecommunications legislation introduced or enacted by other states in response to changes in federal regulation or to the

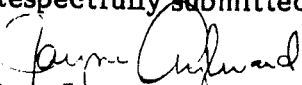
deregulation of many services in the communications industry. Recognizing that modifications to existing legislation might be needed in Kansas to accommodate such changes, the Committee recommends that its standing counterpart examine in some depth the statutes governing the regulatory policies of the State Corporation Commission. The Commission is also encouraged to assess the applicability of the Kansas statutes defining its authority to the regulatory requirements of the restructured telephone industry, and submit its recommendations to the standing committee.

The Committee is concerned that the Commission and the Legislature presently lack reliable and accurate data on the actual costs of providing telephone services, a necessary prerequisite for informed and expedited decision-making, given the transitional nature of communications technologies. The Committee's desire for improved cost-of-service methodologies is not to be construed in any way as a diminution in its commitment to the goal of universal service but rather as support for the compilation of data that can be used to identify the implications for all telecommunications policy decisions. Therefore, the Committee urges the Commission to initiate a general investigation into the issues of telephone ratemaking and costing principles, methods, and policies, and during the 1986 Legislative Session, present to the House Committee on Communications, Computers, and Technology a progress report on the topics under investigation.

November 14, 1985

Sen. Dave Kerr,
Vice-Chairperson
Sen. Eugene Anderson
Sen. Joseph Norvell
Sen. Merrill Werts
Sen. Wint Winter, Jr.

Respectfully submitted,


Rep. Jayne Aylward, Chairperson
Special Committee on Communica-
tions, Computers, and
Technology

Rep. Edwin Bideau III
Rep. George Dean
Rep. Larry Erne
Rep. Jeff Freeman
Rep. Henry Helgersen
Rep. Don Sallee
Rep. Burr Sifers

COMMITTEE REPORT

TO: Legislative Coordinating Council
FROM: Special Committee on Communications, Computers,
and Technology
RE: PROPOSAL NO. 17 — RESALE OF LOCAL
TELECOMMUNICATIONS SERVICE

The Special Committee on Communications, Computers, and Technology was directed to study the effects of the resale of local telecommunication services on Kansas customers.

Background

The resale of local telecommunications services refers to those services offered by a company that leases or purchases its facilities or access lines from a local telephone company. Such services are then resold to a third party or parties with or without profit. The resale of local services could refer to services made available to the public in general, transient users such as hotel guests or hospital patients, or to a limited group of customers. In Kansas, the State Corporation Commission issued an order on December 11, 1984, in which it was determined that resale to the public would not be

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permitted but that transient resale which had been offered in the past would be continued. In that order, the Commission also decided to schedule a hearing to consider the issue of resale in situations where another overriding legal relationship exists (landlord/tenant) and local services are shared.* Hearings on this issue were held on March 12-14, 1985. In its order of August 23, 1985, the Commission allowed certain resellers of local telecommunications services to apply for exemption from the resale prohibition within six months from the issuance of the order. Resellers using more than ten lines, or using PBX trunks, may apply for such an exemption. By May 1, 1987, data collected from the experiment during the six-month interim must be submitted to the Commission for evaluation so that an informed decision can be made. The Commission's order does not exert jurisdiction over resellers at this time. Whether jurisdiction should be exercised will be decided at the end of the experiment.

* There is a distinction between "resale" and "sharing" of local services. With respect to resale, there is only one subscriber to the local telephone company who in turn sells telecommunications services to others, generally at a profit. With respect to sharing, several individuals may subscribe jointly to the local telephone company for services and share the costs of those services. The fiscal impact of those two types of arrangements on the local telephone company is the same. The terms are therefore treated as synonyms in testimony on the resale issue filed before the State Corporation Commission.

The most controversial type of resale has been shared tenant services (STS), which include a broad range of telecommunications services switching functions, call accounting, voice mail, and least cost routing), and information management services word processing, electronic mail, facsimile, telex, stock exchange reports, and copy services). These services are made available to tenants in high technology buildings through the use of a private branch exchange (PBX), a sophisticated computer switch which functions like a telephone company central office switch. The STS provider — a landlord or third-party operator — subscribes to local services and direct inward dialing (DID) numbers and then pools the local services and often (or typically) the long-distance services of his tenants. In essence, the STS provider is the "middleman" between the local telephone company and the building's tenants. The dilemma confronting the State Corporation Commission and other public utility regulatory commissions in the country is the need to balance rapidly-evolving technologies with universal service, and the need to ensure that new technologies which could result in greater efficiencies, at least for some, do not affect adversely the services and rates of other telephone subscribers. With respect to the resale issue, most local telephone companies in Kansas oppose the resale and sharing of local access lines, whereas certain businesses and long distance carriers support those activities.

During the 1985 Legislative Session, S.B. 226 was introduced by the Committee on Transportation and Utilities; this bill passed the Senate as amended, and was referred to the House Committee on Communications, Computers, and Technology, where it still resides. In effect, S.B. 226 would define STS providers as utilities subject to Corporation Commission regulation and prohibit them from providing resale services in any area in which a local telephone utility is already certificated to provide service. In hearings before the House Committee on Communications, Computers, and Technology, on April 8, 1985, several local telephone exchange companies testified in support of this bill, whereas representatives of cable interests, providers of resale services, and city officials testified in opposition to it.

Committee Activities

In a hearing before the Committee on Proposal No. 17, August 26-27, 1985, Commissioner Keith Henley of the State Corporation Commission presented a review of the Commission's order on the resale of local telecommunications services. Representatives of the following companies, institutions, and organizations presented testimony to the Committee: the Wichita Airport Authority; Wesley Medical Center; Hutchinson Community College; United Telephone Company of Kansas, Inc.; Kansas CATV Association; the Independent Telephone Company Group; the Kansas Telephone Association; American

Telephone and Telegraph (AT&T) Information Systems, Inc.; and Southwestern Bell of Kansas. Written testimony from the Fourth National Bank and Trust Company of Wichita was distributed to the Committee.

The representatives of the Wichita Airport Authority, Wesley Medical Center, Hutchinson Community College, and AT&T Information Systems support unequivocally the resale of telecommunications services. The representative of Wesley Medical Center argued that protectionist policies toward local telephone companies can no longer be justified when those policies inhibit the growth and development of the state. The representative of AT&T Information Systems asserted that the availability of a shared telecommunications system may attract to the local utility's service area users that might otherwise have located elsewhere. He also noted that the availability of new technology at a reasonable cost would help small businesses become successful; this in turn would probably result in the greater use of all communications services. Such services would contribute to the revenue requirement of the local operating company; a larger revenue base would tend to keep local rates at a reasonable level. The representative of Kansas CATV took no position on the resale issue; however, he objected to the possible inclusion in S.B. 226 of cable television as a reseller.

Representatives of the Independent Telephone Company Group, the Kansas Telephone Association, and Southwestern

Bell of Kansas oppose resale, although Southwestern Bell recommended that the resale issue and S.B. 226 be put on "legislative hold" until the conclusion of the Commission's experimental six-month period during which time certain resellers would be exempt from the Commission's resale prohibition. The representative of the Independent Telephone Company Group strongly opposed local resale activities and urged the Legislature to emphasize as the highest priority universal service at reasonable and affordable rates. He suggested that the Commission regulate as public utilities resellers of local services and noted that the Commission's order on resale only postpones consideration of that issue. Representatives of the local exchange companies argued that both the exclusive franchise authority of public utilities and the concept of universal service have served the citizens of Kansas well in past decades.

The representative of United Telephone Company of Kansas expressed concern about the unregulated resale of local services, and supported the Commission's decision to evaluate data on the effects of resale before making a final determination. He also suggested that some form of resale of local services is inevitable, although the resale issue should be addressed by Commission regulation and not by legislation.

To conclude, opponents of the resale of local telecommunications services generally believe that STS providers should be prohibited from reselling local services. They

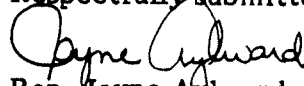
believe that if resale is permitted, STS providers should be treated as utility companies and subject to regulation. Proponents of resale do not consider STS providers to be utilities.

Committee Recommendations

The Committee believes it to be good public policy for all Kansans, including those who live in rural areas, to have continued access to local telephone services at affordable rates. The Committee also encourages the Commission to improve its cost-of-service methodologies for telephone rate-making and costing purposes. The Committee's position on this matter is not to be construed in any way as a diminution in its commitment to the goal of universal service but rather as support for the compilation of data that can be used to identify the implications for all telecommunications policy decisions.

The Committee recommends the passage of S.B. 226, which will be subject to renewed consideration by the House Committee on Communications, Computers, and Technology during the 1986 Legislative Session. In addition, the Committee recommends that S.B. 226 be further amended by the 1986 Legislature to exempt from public utility regulation community colleges engaging in telecommunications resale activities and to include such activities under the definition of "private use."

Respectfully submitted,



Rep. Jayne Aylward, Chairperson
Special Committee on Communica-
tions, Computers, and
Technology

November 15, 1985

Sen. Dave Kerr,
Vice-Chairperson
Sen. Eugene Anderson
Sen. Joseph Norvell
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COMMITTEE REPORT

TO: Legislative Coordinating Council
FROM: Special Committee on Communications,
Computers, and Technology
RE: PROPOSAL NO. 18 — CABLE
TELEVISION IN KANSAS

The Special Committee on Communications, Computers,
and Technology was directed to:

review the history of the cable television industry
in Kansas and to study the potential effects of
deregulation of such services.

Background

Local governments in Kansas have traditionally regulated cable television through the franchising process. On October 30, 1984, President Reagan signed into law the Cable Communications Policy Act of 1984. A principal purpose of Congress in enacting this legislation was to establish a "national policy that clarifies the current system of local, state, and Federal regulation of cable television." Although this legislation still allows the franchising process to occur at

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the local level, the federal government preempted certain jurisdictional issues hitherto reserved for local governmental consideration, such as the determination of limits on fees to be imposed on cable operators and the criteria to be used in making decisions on franchise renewals. One of the six purposes of the Act is defined as "promoting competition and minimizing unnecessary regulation that would impose an undue economic burden on cable systems." Of interest to the Committee were the implications of this Act (and particularly those provisions that have a deregulating intent) for the jurisdictional authority that states and local units of government may exercise over cable systems.

Technologies in the cable industry have advanced considerably in recent years. In addition to providing video programming, cable systems can be used to provide such services as videotex and teletext, one-way and two-way data transmission, data processing, shop-at-home and bank-at-home activities, electronic mail, video conferencing, and voice communications. In executing its charge, the Committee sought information on how nontraditional cable services are used in Kansas communities and what the potential effects of recent federal actions are on the provision of those services.

Issues and Committee Activity

At a hearing held before the Committee in July, 1985, the following conferees testified on Proposal No. 18: the Mid-America Cable TV Association, the Kansas CATV Association,

Multimedia Cablevision, Hays Cable TV Company, Communications Services, Inc., Capitol Cities Cable, Inc., American Cablevision of Kansas City and Johnson County, Kansas, X* Press Information Services, Wichita State University, USD 259 of Wichita, Telecable of Overland Park, Sunflower Cablevision, Cablevision of Topeka, the League of Kansas Municipalities, the Independent Telephone Company Group, and the cities of Overland Park and Wichita. Several conferees outlined the regulatory history of cable television which evolved from the decision of the Federal Communications Commission (FCC) in 1959 not to regulate cable systems, to that of instituting an initial set of regulations for all cable systems in 1966, followed by a more comprehensive set of regulations in 1972. In subsequent years, through its own initiative, or as a result of court decisions against it, the FCC began to relax many of the regulations it had imposed on the industry since 1966. For example, in 1981, the FCC rescinded its 1972 ruling on distant television signals and syndicated program exclusivity. Beginning in 1983, however, the FCC became more involved in trying to expand the scope of its traditionally limited preemption of local cable regulation as is evident in its decision: (1) to prohibit state or local regulation of pay cable rates for any service other than regular subscriber service; (2) not to require satellite master antenna television operators to obtain state approval before commencing operation; and (3) to disallow cash contributions by a cable operator that were required by a city's ordinance to be used for the development of public access and other purposes. It is

within this context of recently expanded federal preemptive authority, coupled with the deregulation of certain cable activities, that the Cable Communications Policy Act of 1984 can be understood.

Cable Communications Policy Act
of 1984

The main provisions of the 1984 Act, to which several conferees referred, include: (1) the prohibition of franchise fees in excess of 5 percent of gross revenues; (2) the deregulation of basic service rates for new franchises and existing franchises after December 29, 1986, unless the FCC determines that an area has insufficient competition and needs increased regulation; (3) the limitation to specified criteria of a franchising authority's consideration of whether or not to grant a renewal; and (4) the requirement that a number of channels (depending on the size of the system) be made available for lease by persons who are unaffiliated with the cable operator, but who wish to provide video programming.

A representative from the city of Overland Park noted that, whereas the federal legislation attempts to preempt state and local laws, there may still be areas that might warrant state and local legislation. For example, a state might consider enacting legislation on the theft of service and unauthorized interruption, since federal laws do not preempt

local jurisdiction in these areas. In addition, states could set standards for Public Educational Governmental Access channels, or establish conditions for cities to contract with cable systems.

Cable Technologies and Regulation

Several conferees discussed the technological advances of the cable industry and explained several nontraditional applications for cable in Kansas communities. They cited such examples as electronic newspapers, on-line banking services, the delivery of instructional materials and messages in public schools, teleconferencing between hospitals, the control of traffic signals, the transmission of data to city maintenance workers, alarm system monitoring services, and the transmission of information on fertilizers from an agribusiness to outlying warehouses.

Many of the nontraditional one-way and two-way cable services discussed by the conferees would not be governed by the provisions of the 1984 Cable Communications Policy Act. An example of such services is by the institutional cable network, described by one conferee as connecting for teleconferencing purposes 18 hospitals, all the police facilities, and three libraries in the Kansas City area. Even though two-way cable services must still adhere to terms contained in city franchises, an issue that emerged during the hearings on

Proposal No. 18 was the desirability of regulating those services under the state public utility statutes. A representative for a group of independent telephone companies argued for the regulation of those cable services as public utility services; in his opinion, any encouragement of a competitive market environment would undermine the provision of universal services at reasonable and affordable rates. A passing reference was made during the hearings to the case of Cox Cable, Inc., Commline, Inc., and Cox DTS, Inc., that was before the Federal Communications Committee. Commline was formed by Cox to develop and operate high-speed digital transmission services to businesses and institutions. At the time of the Committee's hearings in July, the FCC decision was still pending. The Committee subsequently learned that, in an order issued in September, the FCC had preempted the Nebraska Public Utility Commission's decision to consider Commline a common carrier subject to state commission oversight.

Committee Conclusions and
Recommendations

The Committee is concerned that cable companies are competing with local telephone companies in the voice and data transmission market. This competition raises the issue of equity and the viability of universal telephone service. The

Committee subscribes to the following argument: local telephone companies, regulated by a state public utility commission, are obliged to serve all customers at rates approved by that commission. Cable companies, by contrast, are not regulated by a public utility commission and are able to offer communications services to a few high-volume users at unregulated prices. Competition between local telephone and cable companies under those circumstances would result in a revenue loss to telephone companies that must be recovered through higher local rates for small residential and small business customers. Higher rates would threaten the concept of universal service — a concept to which the Committee is seriously committed.

It appears that the State Corporation Commission is authorized in K.S.A. 66-104 to regulate intrastate private line voice and data transmission services offered by cable companies but has chosen not to exercise that authority. The Committee urges the Commission to regulate such services and to require that cable companies file with the Commission informational tariffs for any intrastate communications service, except for "cable service" i.e., video programming, as defined in the Cable Communications Policy Act of 1984.

The Committee also recommends that the State Corporation Commission first conduct an investigation to ascertain which entities other than cable companies offer intrastate communications services and then report its findings to the

1986 Legislature and to the 1986 interim Committee on Communications, Computers, and Technology, if such a committee is appointed. In addition, the 1986 interim Committee should examine the extent to which the State Corporation Commission is exercising its authority over intrastate cable communications services.

November 14, 1985

Respectfully submitted,



Rep. Jayne Aylward, Chairperson
Special Committee on Communi-
cations, Computers, and
Technology

Sen. Dave Kerr,
Vice-Chairperson
Sen. Eugene Anderson
Sen. Joseph Norvell
Sen. Merrill Werts
Sen. Wint Winter, Jr.

Rep. Edwin Bideau III
Rep. George Dean
Rep. Larry Erne
Rep. Jeff Freeman
Rep. Henry Helgersen
Rep. Don Sallee
Rep. Burr Sifers

COMMITTEE REPORT

TO: Legislative Coordinating Council

FROM: Special Committee on Communications,
Computers, and Technology

RE: PROPOSAL NO. 19 — "CENTERS FOR
EXCELLENCE," PUBLIC TELEVISION
AND RADIO FUNDING, AND KANSAS
PUBLIC BROADCASTING COMMISSION

The Committee was directed to:

review the operation of the "Centers for Excellence," funding for public television and radio, and the implementation of legislation that created the Kansas Public Broadcasting Commission.

For purposes of clarity, the issues of Centers of Excellence and public broadcasting are discussed separately.

(Attachment 4)

1/15/86 Hs. CCT

Centers of Excellence

Background

In response to a FY 1984 appropriation of funds for three Centers of Excellence, the Kansas Board of Regents approved the establishment of Centers at the University of Kansas, Kansas State University, and Wichita State University. The Centers are: the Center for Artificial Intelligence and Automated Control Systems — Kansas State University; the Center for Bioanalytical Research — the University of Kansas; and the Center for Productivity Enhancement — Wichita State University. Pittsburg State University is presently seeking funding to establish a Center of Excellence in applied technology.

The only legislative authorization for the Centers is contained in the annual appropriation bills for the universities for fiscal years 1984 through 1986. Funding for the Centers has been authorized each year since FY 1984. There is no other statutory authorization for or definition of the number or purpose of the Centers, the basis for funding, or limitations on expenditures.

During the 1984 Legislative Session, the House Committee on Communications, Computers, and Technology (CCT) proposed to provide authorization in substantive law for the

three existing Centers by introducing H.B. 3081. The bill died at the end of the 1984 Session. The 1984 interim Special Committee on Communications, Computers, and Technology introduced H.B. 2006 in the 1985 Session, which contained the same enabling language as the bill introduced in 1984. During the 1985 Session, the CCT Committee amended H.B. 2006 to include authorization and funding for a new Center at Pittsburg State University. The bill remains in the House Ways and Means Committee.

Financing and Expenditures. Since FY 1984, the Legislature has appropriated a total of \$1,374,000 from the State General Fund for the Centers at the three universities. The appropriation for FY 1984 totaled \$390,000 from the State General Fund. For FY 1985, the Legislature appropriated from the State General Fund a total of \$480,000 and for FY 1986, \$504,000. The three universities received equal amounts each year. The universities were required to obtain matching support from nongovernmental sources prior to expending the State General Fund appropriation. The match requirement for FY 1984 was 150 percent (\$195,000) of the appropriation. For fiscal years 1985 and 1986, the match requirement was 50 percent (\$80,000 and \$84,000, respectively). The match obtained for fiscal years 1984 and 1985 totaled \$780,021.

Wichita State and Kansas State universities received matching support from several private industries. Kansas State did not receive any private funds during FY 1984, so was

unable to expend any of its State General Fund appropriation during that year. The University of Kansas received all of its matching support from a single corporation — Oread Laboratories — established by the Kansas University Endowment Association to support the activities of the Center. Oread Laboratories will generate capital for that support by marketing technology developed by the Center for Bioanalytical Research.

Committee Activity

On September 19, 1985, the Committee met at the Center for Bioanalytical Research at the University of Kansas in Lawrence. Staff of the Center explained its organization, operation, funding, and research activities. On the following day, representatives from the University of Kansas, Wichita State University, Kansas State University, and Pittsburg State University described for the Committee the goals, organization, and research projects in which each Center is involved.

The University of Kansas. According to University officials, the focus of the research conducted at the Center for Bioanalytical Research is the development of sophisticated methods to detect, identify, and analyze traces of biologically active compounds and environmental contaminants in living systems. A goal of the University is to create a center of international stature. One University official explained that

the Center is the only facility for the advancement of bioanalytical technology identifiable anywhere in the world. The Committee learned that the University has designed the Center to facilitate the use of the research results to create a new high technology industry that can provide employment for a substantial number of technically trained people and expand the state's economic base. To fulfill this goal, the Kansas University Endowment Association has created a corporation for financing part of the Center's research operations. That corporation, Oread Laboratories, will receive technology from the Center for use in its commercial activities. Profits realized by Oread, which are dependent on the success of Oread in marketing the Center's technology, will be used in part to finance ongoing research at the Center.

Wichita State University. Wichita State University has designed its Center of Excellence to encompass several different research areas in order to transfer technology directly to existing industries. According to a University official, research at the Center for Productivity Enhancement addresses problems in computer aided design and manufacturing (CAD/CAM), advanced composite materials, robotics, artificial intelligence, and related manufacturing technology (Man-Tech) activities. The University defines the focus of the Center's efforts as the introduction and transfer of new technology to industry, with the emphasis placed on adapting existing technology to the needs of industry.

Kansas State University. The Center for Artificial Intelligence and Automated Control Systems is involved in research on computer instrumentation and control and robotics. The activities of the Center are confined to basic research aimed at development of software and hardware that does not currently exist.

Pittsburg State University. The Committee learned that the University intends to seek funding to establish a Center of Excellence in applied technology with emphasis on applied research in wood and plastics and on industrial training. The Center would focus on applying existing technology to the defined needs of established industries.

During the discussion of the information presented to it, the Committee made the following points:

1. There is no articulated legislative policy that governs the scope of activities of the Centers of Excellence. Consequently, two of the three existing Centers and the proposed Center at Pittsburg State University encompass research in several related areas.
2. There is no legislative policy governing how the results of research conducted by the Centers of Excellence may be used. Consequently, the appropriate disposition of any

profit resulting from the sale of technology at the Centers is unclear.

3. There is no standard for the research that is conducted at the Centers, with the result that two of the existing Centers are engaged in basic research and one is involved primarily in applied research. The proposed Center at Pittsburg State University also would conduct applied research.

Committee Conclusions and Recommendations

The Committee endorses the concept of the Centers of Excellence as a means of enhancing economic development in the state and supports continued funding for the Centers at the University of Kansas, Kansas State University, and Wichita State University. In addition, the Committee reaffirms its support of H.B. 2006 which includes authorization and funding for a new Center at Pittsburg State University.

The Committee notes that the purposes of the Centers have never been statutorily defined. It is therefore recommended that the Advanced Technology Commission, in consultation with the universities, articulate the specific goals and purposes, and the scope of activities of the Centers. The Commission should also examine the present mechanism for

funding the Centers through annual university appropriations and recommend whether that practice should be continued or whether the Centers should be funded through appropriations to the Board of Regents, the Kansas Department of Economic Development, the Advanced Technology Commission, or to another entity. In addition, the Commission should review the universities' current patent policies for their respective Centers, and their advanced technology grants programs. The Commission is requested to recommend to the 1986 Legislature any changes that might promote uniformity among such policies and programs. The Committee also acknowledges that the Advanced Technology Commission is addressing the issue of allowing the Centers to substitute for money the fair market value of equipment as part of its private sector matching requirement for State General Fund expenditures. The Committee recommends that such a substitution be permitted.

The Committee is concerned that the universities have not coordinated the research efforts of their respective Centers. Therefore, the Committee urges the Advanced Technology Commission, in concert with the Board of Regents, to recommend a coordination plan for the activities of the Centers.

Finally, the Committee notes that a number of states, including those in the same geographic region as Kansas, are more committed than Kansas to using post-secondary educa

tional institutions to promote economic development. The Committee refers the 1986 Legislature to a contractual study for the formulation of a statewide plan for economic development, expenditures for which were appropriated on a matching basis by the 1985 Legislature to the Kansas Department of Economic Development. The Committee urges the Legislature to review the recommendations contained in the study with the intent of adopting those recommendations that would enhance the economic linkage between universities and the private sector.

Public Television and Radio Station Funding
and Kansas Public Broadcasting Commission

Background

The Kansas Legislature first appropriated funds in FY 1975 for public television operations at stations in Topeka, Wichita, and Kansas City. A total of \$100,000 from the State General Fund was specifically designated for educational programming and was apportioned as follows: \$40,000 — KTWU (Topeka), \$41,000 — KPTS (Wichita), and \$19,000 — KCPT (Kansas City). Since then, funds have been appropriated for other purposes, such as general operations, construction projects, the purchase of replacement equipment, and post-secondary education courses. For FY 1986, a total of \$888,810

from the State General Fund was appropriated for public television; this amount includes reappropriated construction funds for KTWU but does not include the projected operating expenses of the Kansas Public Broadcasting Commission. Operating grants for public television stations for FY 1986 total \$600,000, allocated as follows: \$131,000 each to KTWU (Topeka) and KPTS (Wichita), \$113,000 to KCPT (Kansas City), and \$225,000 to KOOD (Bunker Hill). The formula used to determine the allocation of funds for public television operating grants for all stations, except the Bunker Hill station, has evolved over the years from one based to some extent on viewership to one predicated on an arbitrary 35-35-30 percent split.

Funding for public radio stations has been appropriated since FY 1980 on a matching basis for certain federally-funded construction projects. It was not until the enactment of 1985 H.B. 2007, however, that a mechanism was instituted for appropriating and disbursing public radio grants. Prior to July 1, 1985, public radio grants were appropriated in an ad hoc manner.

1985 H.B. 2007 established the Kansas Public Broadcasting Commission, which replaced the Kansas Public Television Board (1977-1985). This bill specified the composition of the newly-formed Commission, which consists of seven members instead of the previous Board composition of three members. The Commission assumed the Board's earlier responsibilities

of, among other things, proposing a budget and authorizing the release of appropriations to stations. In addition, the bill expands the Commission's jurisdiction beyond that of its predecessor to include public radio broadcasting. Finally, the bill specified the use of state support to foster the extension of public broadcasting coverage in unserved areas of the state rather than to promote the establishment of new stations. In its intent, 1985 H.B. 2007 marked a departure from various plans which several years earlier had provided for the creation of new stations.

The 1985 Legislature introduced but did not enact H.B. 2596 which would impose an excise tax of 2 percent of the basic service charge on every subscriber of cable television services. As stated in the bill, the purpose of this tax is to raise revenue to fund the public television systems of Kansas.

Committee Activity

In order to learn about public broadcasting operations, Committee members toured on September 19, 1985, the public radio station in Lawrence (KANU-FM) and the public television station in Topeka (KTWU). At a Committee hearing on the following day, general managers of four public television stations and five public radio stations serving Kansas testified on Proposal No. 19. The General Manager of the public radio station (KMUW) in Wichita submitted written testimony, as

she could not attend. The Director of Public Broadcasting, Central Michigan University, informed the Committee about Michigan's method of funding public television and radio.

The Kansas Public Radio Association, comprised of members from all the public radio stations represented at the hearing, submitted to the Committee a proposal for \$155,000 from the State General Fund to support the operations of five public radio stations — KANZ-FM (Pierceville), KKSU-AM (Manhattan), KMUW-FM (Wichita), KANU-FM (Lawrence), and KHCC-FM (Hutchinson). Of the five stations, KANZ is the only community licensee not directly supported by a university or college. Therefore, the Association recommended \$42,273 for a grant to KANZ and \$28,182 for grants to each of the other four stations licensed to universities or colleges. General managers from the public radio stations explained to the Committee their stations' operations and the intended use of the requested state funds. The General Manager of KSOE public radio station in Wichita stated that his station, which was not included in the Kansas Public Radio Association's proposal, will submit its own request for state support.

The general managers of each of the four public television stations serving areas in Kansas described the operations of their stations. In his testimony, the General Manager of the Topeka station advocated for FY 1987 an increase from the State General Fund of 15 percent in the operating grants to each public television station. The General Manager of the

Kansas City station recommended the continuation of state operating grants and requested that the funding level be increased, if possible. He also endorsed, as did the General Manager of the Wichita station, a tax credit plan used in Michigan to finance public broadcasting. The Director of Public Broadcasting, Central Michigan University, informed the Committee that, in filing tax returns, individuals in Michigan can claim a nonrefundable tax credit of 50 percent of their contributions to public television and radio stations, public libraries, institutions of higher learning located in the state, nonprofit corporations or foundations organized and operated for the benefit of those institutions, public television and radio stations, and art work donated to municipalities and certain public institutions. The credit is limited to \$100 (\$200 on a joint return) or 20 percent of one's tax, whichever is less. In addition to receipts from charitable contributions, each public television station in Michigan receives \$29,000 in direct state support and each public radio station, \$7,000.

Committee Conclusions and
Recommendations

Public Television. The Committee endorses continued State General Fund appropriations for the operations of the public television stations serving Kansas. Although very interested in the nonrefundable tax credit mechanism presently used by Michigan to finance public broadcasting, the Committee notes that prevailing fiscal constraints prevent it

from seriously considering and recommending for FY 1987 the enactment of new state tax credits. However, the Committee recommends that this tax credit proposal be reexamined in the future, once the state fiscal climate improves.

The Committee does not support H.B. 2596 which would impose an excise tax on cable television subscribers, with the intent of generating revenue to finance Kansas public television systems.

Finally, the Committee reaffirms its support of recently enacted H.B. 2007, in particular those provisions of the bill governing the use of state support to foster the expansion of public broadcasting coverage to unserved areas of the state, e.g., through repeater stations, rather than to promote the construction of new stations.

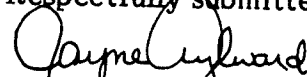
Public Radio. The Committee decided, although by no means unanimously, to reject the Kansas Public Radio Association's proposal for \$155,000 from the State General Fund to help finance the operations of five public radio stations. However, the Committee recommends that the Kansas Public Broadcasting Commission review the formula contained in that proposal, in addition to other formulas that might be used to determine the allocation of State General Fund support for public radio operations. The Committee requests that the Commission report its recommendations on this issue to the 1986 Legislature and the 1986 interim Committee on Communications, Computers, and Technology.

The Committee notes that, with the exception of KANZ-FM in Pierceville, all the other public radio stations requesting direct state support are licensed to colleges or universities which help defray a portion of these stations' operating expenses, even though the levels of that institutional support vary considerably. The Committee therefore recommends that this funding arrangement be continued.

Because KANZ-FM is a community licensee not directly supported by a college or university, the Committee recommends that appropriations for that station's operations be considered annually by the Legislature on the merits of its funding request.

November 15, 1985

Respectfully submitted,



Rep. Jayne Aylward, Chairperson
Special Committee on Communica-
tions, Computers, and
Technology

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Vice-Chairperson
Sen. Eugene Anderson
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