

Approved February 12, 1986
Date

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY

The meeting was called to order by Representative Jayne Aylward at
Chairperson

3:30 ~~XXX~~/p.m. on February 6, 1986 in room 522-S of the Capitol.

All members were present except:
Representative Dean (excused)

Committee staff present:
Lynne Holt, Legislative Research Department
Jean Mellinger, Secretary to the Committee

Conferees appearing before the committee:
Dr. Russell Getter, Director, Division of Information Systems & Communications

Chairman Jayne Aylward opened the meeting and introduced Dr. Getter.

Dr. Russell Getter spoke concerning the State Telecommunications Plan. (Attachment 1) Kansas has a problem because they have to deal with three LATA's. The State will own its own building wiring and cabling and terminal equipment and will handle the installation of terminal equipment. The goals that they had in the telecommunications system was to slow the rates of increase of telephone expenditures and obtain maximum cost avoidance in things like photocopying, in-state travel, mailing, filing time, etc. and obtain an integrated voice data and video digital telecommunications delivery system for state government operation. They wanted service maintenance guarantees on the equipment they bought, wanted to cause minimum impact on the private sector rate payers, to maximize projects for economic development in the state, and to insure compatibility of equipment. The cost of all the changes will be done within the budget that is projected for 1987 which includes a 5% increase in the cost of local service. Telpak will end on April 30, 1986 and this plus divestiture will cause restructuring of the state network which will increase the long distance cost about 20%. He would like to see the state's network stay in place at least another year and a half if at all possible and then competitively bid as much of the whole state network as they can. The breakup would result in a significantly higher cost to the state overall.

Representative Friedeman asked in the estimated cost for long distance, if they included the four months of Telpak. He said it was on an annualized basis beginning May 1. Representative Friedeman asked if he was saying that the state was picking up the increased rates while everyone else was being reduced and was told that was right. The AT&T representative said that some large businesses throughout the state that have similar services were also similarly impacted. Representative Friedeman asked what the demise of Telpak is costing out of the \$8.9 million. Mr. Jennings said it is difficult to tell because of the divestiture costs and the changes they are making in the network.

Representative Sallee asked if the state will own the core wiring. Dr. Getter said they would that it was being financed by certificates of participation and will be repaid over a ten year period out of the normal operating revenues of the agency.

Chairman Aylward asked if he was referring to the investment budget or in both budgets and was told it was in both. Chairman Aylward asked in the core wiring what was included in the Capitol Area, Health and Environment and the State Historical Building, and was told they were. Chairman Aylward said that they listed Human Resources as having a stand-alone system and they were supposed to be moving into the Santa Fe Building and asked if any investment will be lost. Mr. Jennings said that referred to the other Human Resources building at 401 Topeka.

Representative Friedeman mentioned the new phones now being used in the legislators' offices and asked about them as we progress and was told that these phones are all state-owned. Representative Friedeman asked if they are complete in the complex and was told they are. Representative Friedeman asked if there was less maintenance on the old system and was told they had not heard of any trouble with the new phones.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY,
room 522-S, Statehouse, at 3:30 ~~xxx~~/p.m. on February 6, 1986

Representative Sallee asked if the core wiring also included lines between the buildings. Dr. Getter said it did within a given area.

Chairman Aylward said that last year they redid the telecommunications bid law and asked if that has worked out well. Dr. Getter said the law has been enormously helpful in working out details.

Representative Friedeman moved that the minutes of the January 30 and February 3 meetings be approved. Representative Sallee seconded the motion. The motion carried.

The meeting adjourned at 4:40 p.m.

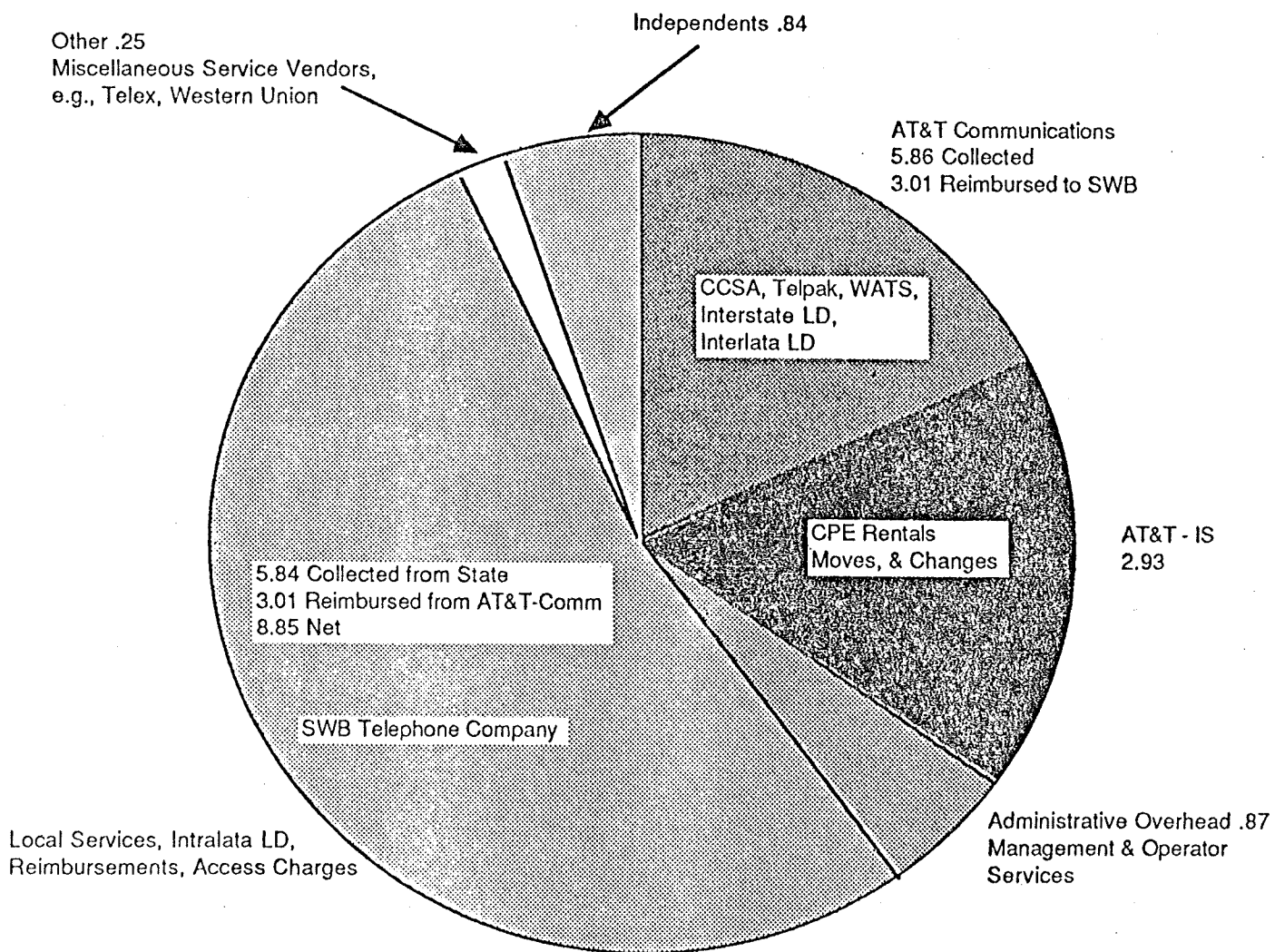
The next meeting of the Committee will be held at 3:30 p.m. on Monday, February 10, 1986.

TELECOMMUNICATIONS UPDATE

February, 1986

I. Distribution of FY 85 Telecommunications Dollars (in millions of dollars)

Total = 16.59



(Attachment 1)
2/6/86 Hs.CCT

- II. Divestiture and deregulation have created an entirely new telecommunications delivery system
 - A. Inter-state, Inter-LATA* Transmission
*(Local Access and Transport Area, approximately the same as area codes)
 - B. Intra-State, Inter-LATA Transmission
(Kansas has three LATA's)
 - C. Intra-LATA Transmission
 - D. Switching Services
 - E. Building Wiring and Cabling
 - F. Terminal Equipment (e.g., phones)
 - G. Installation of terminal Equipment

III. Problems We Faced in the 1985 Session

- A. Divestiture
- B. Rising Costs
- C. Leased Equipment (never paid for)
- D. Obsolete Equipment
 - 1. Mechanical PBX's (Private Branch Exchange)
 - 2. Mechanical Key Systems
- E. Inadequate, and/or High-Priced Maintenance
- F. Unnecessary Moves and Changes
- G. High Costs in Other, Related Areas
 - 1. In-State Travel
 - 2. Postage
- H. Increasing Need for Modern, Digital Communications System
 - 1. Voice
 - 2. Data
 - 3. Video

IV. Goals

- A. Slow the rate of increase in telecommunications expenditures
- B. Attain maximum cost avoidance in
 - 1. Photocopying
 - 2. In-State travel
 - 3. Mailing
 - 4. Filing time
- C. Attain integrated voice, data and video digital telecommunications delivery system
- D. Maximum competition in provision of services
- E. Maximum reliability over time
 - 1. Financially healthy enterprises
 - 2. Service, maintenance, and equipment guarantees
- F. Cause minimum impact on private sector ratepayers
- G. Maximize prospects for economic development
- H. Insure compatibility of equipment
- I. Insure integrity of networks
- J. Provide for accountability through:
 - 1. Network monitoring
 - 2. Integrated, line-by-line billing
- K. System adaptable to changing conditions

V. Our State Planning contains the Following Major Components

- A. No substantial increase in the number of State government telecommunications personnel

- V. B. A common, standardized approach in a core project encompassing the heaviest traffic areas (24,000 phones)
 - 1. Topeka agencies (capitol complex)
 - 2. KUMC
 - 3. KU-Lawrence
 - 4. KSU
 - 5. WSU
 - 6. FHSU
- C. A case-by-case standardized approach in the remaining areas, e.g., (10,000 phones)
 - 1. State hospitals and institutions
 - 2. PSU and ESU
- D. State-owned terminal equipment
- E. State-owned building wiring and cabling
- F. Competitively bid switching services
- G. Competitively bid intra-state, inter-LATA transmission services
- H. Competitively bid network control services
- I. Utilization of tariffed transmission services, where mandatory and/or convenient
- J. A mix of private and public sector maintenance activities
- K. Consistent with
 - 1. International Standards (ISO's ISDN)
 - 2. State-of-the-art technology

VI. Steps in the Implementation Process

- A. State contracts for terminal equipment - SWB-Telecom
 - 1. Single-line desk phones on Centrex - SWB-Telecom
 - 2. Wall Phones - United Tel
 - 3. Auto-dialers - Graybar
 - 4. Speakerphones - United Tel
 - 5. Secretarial Answering Positions - SWB-Telecom
 - 6. Small key set telephones - United Tel
 - 7. Large key set telephones - United Tel

B. Stand-Alone Systems

1. PSU
2. ESU
3. Wichita Office Building
4. KTI
5. Larned State Hospital
6. Osawatomie State Hospital
7. Ks. School for Visually Handicapped
8. Beloit Youth Center
9. DHR - 1430 SW Topeka Avenue
10. Hutchinson State
11. KUMC at Wichita
12. Lansing Correctional Center

C. Building Wiring and Cabling in CORE Project

1. SWB-Corp Received Contract: \$7.4 Million
2. Some bids were almost \$13 million

D. Replace Over 1300 Key Systems in Non-Core Areas

1. Bids close February 24, 1986 for Installation of CORE and Non-CORE Key Systems
2. Nine Geographic Areas
3. Stop Paying Lease Charges

E. Request for Proposals for Switching Services

1. Vendors' Engineers in Seminar
2. Central Office vs. PBX Style Switching
3. Head-to-Head Competition
4. Maintenance and Operations Included
5. Issued by March 1, 1986
6. Vendors' Responses by April 15, 1986

F. Need to Develop

1. Billing Systems
2. Record Management Systems

VII. Implementation Schedule for CORE wiring

<u>LOCATION</u>	<u>Start Date</u>	<u>Completion Date</u>
Capitol Area	Feb, 1986	
Insurance Building	Feb. 21	
Supreme Court Bldg	Feb. 28	
Santa Fe Bldg	March 30	
State Office Bldg	May 9	
Capitol	May 30	
Remote Locations	June 30	October, 1986
University of Kansas		January, 1987
Wichita State University		January 1987
KU Medical Center		April, 1987
Kansas State University		July, 1987
Fort Hays State University		September, 1987

VIII. Increase in Long Distance Costs

- A. End of Telpak April 30, 1986 (formerly Jan. 1, 1986)
(Telpak was a low cost pricing arrangement used in the State's long distance network)
- B. Divestiture caused a restructuring of the State network
 - 1. AT&T-Com has Inter-LATA traffic (LATA is Local Access and Transport Area; Kansas has 3 LATA's, roughly corresponding to Area Codes, except for Kansas City Metro Area which is in the 816 LATA and the 913 Area Code).
 - 2. SWB-Telephone has Intra-LATA traffic
- C. KCC Actions, effective May 1, 1986 (see handout)
 - 1. Annualized Rate Reduction of \$2.4 million, state-wide
 - 2. Annualized Rate Increase of \$1.4 million for state governmental operations

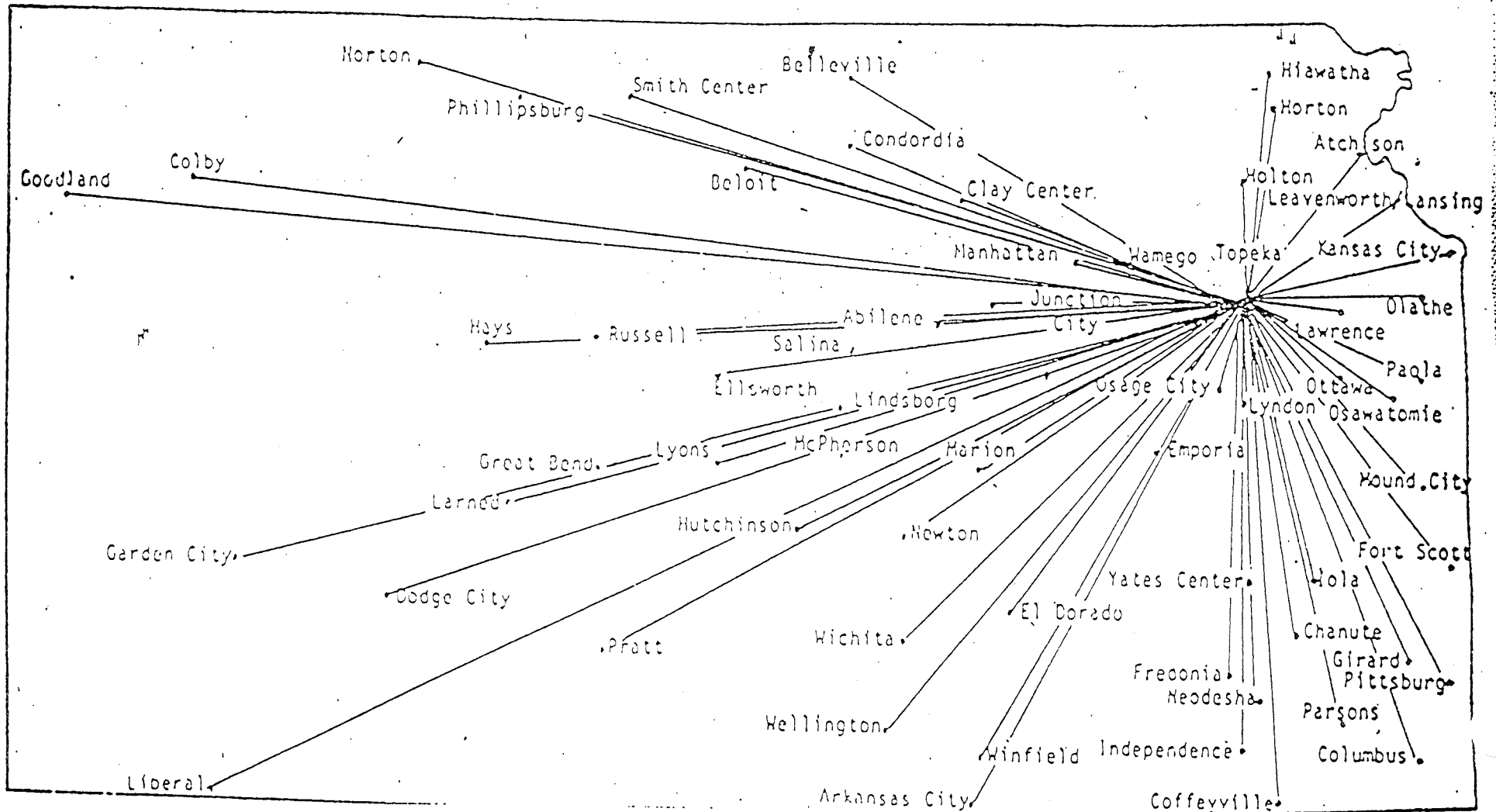
IX. Long Distance Costs

- A. Currently about \$7.5 million, annually
- B. Will rise to about \$8.9 million annually
- C. About a 20 percent increase in rates, overall.

X. Reconfiguring the State network

- A. Before
- B. After

Present
Feature Group A
Off Net Calling
Arrangement



DESCRIPTION - PAGE 1

EACH OF THE CITIES SHOWN ON THE PAGE 1 MAP HAS DIRECTLY CONNECTED OFF NET LINES WITH DEDICATED CIRCUITS FROM EACH LOCATION. FOR EXAMPLE TELEPHONE NUMBERS FROM HAYS, GREAT BEND, PRATT, IOLA AND ALL OTHER CITIES SHOWN, TERMINATE DIRECTLY ON THE TOPEKA SWITCH.

THE IMPLEMENTATION OF FEATURE GROUP A ACCESS COSTS FROM SOUTHWESTERN BELL PLUS THE UPCOMING MAY 1ST DEMISE OF TELPAK HAS AND WILL CAUSE INCREASES ON THE KANS-A-N NETWORK. BY CONCENTRATING MOST OF THE 316 LATA (EXAMPLE) LINES IN WICHITA AND OTHER ACCUNET SERVED CITIES, WE CAN REDUCE SIGNIFICANTLY THE ACCESS COSTS (FGA) AS WELL AS THE MILEAGE OF THE MANY DEDICATED CIRCUITS NOW IN TELPAK.

NEW
FEATURE GROUP A
OFF NET CALLING
ARRANGEMENT

913 LATA

Kansas
City

Colby

Topeka

Hays

Salina

816
LATA

Garden City

Dodge
City

Hutchinson

Emporia

Wichita

Iola

Pittsburg

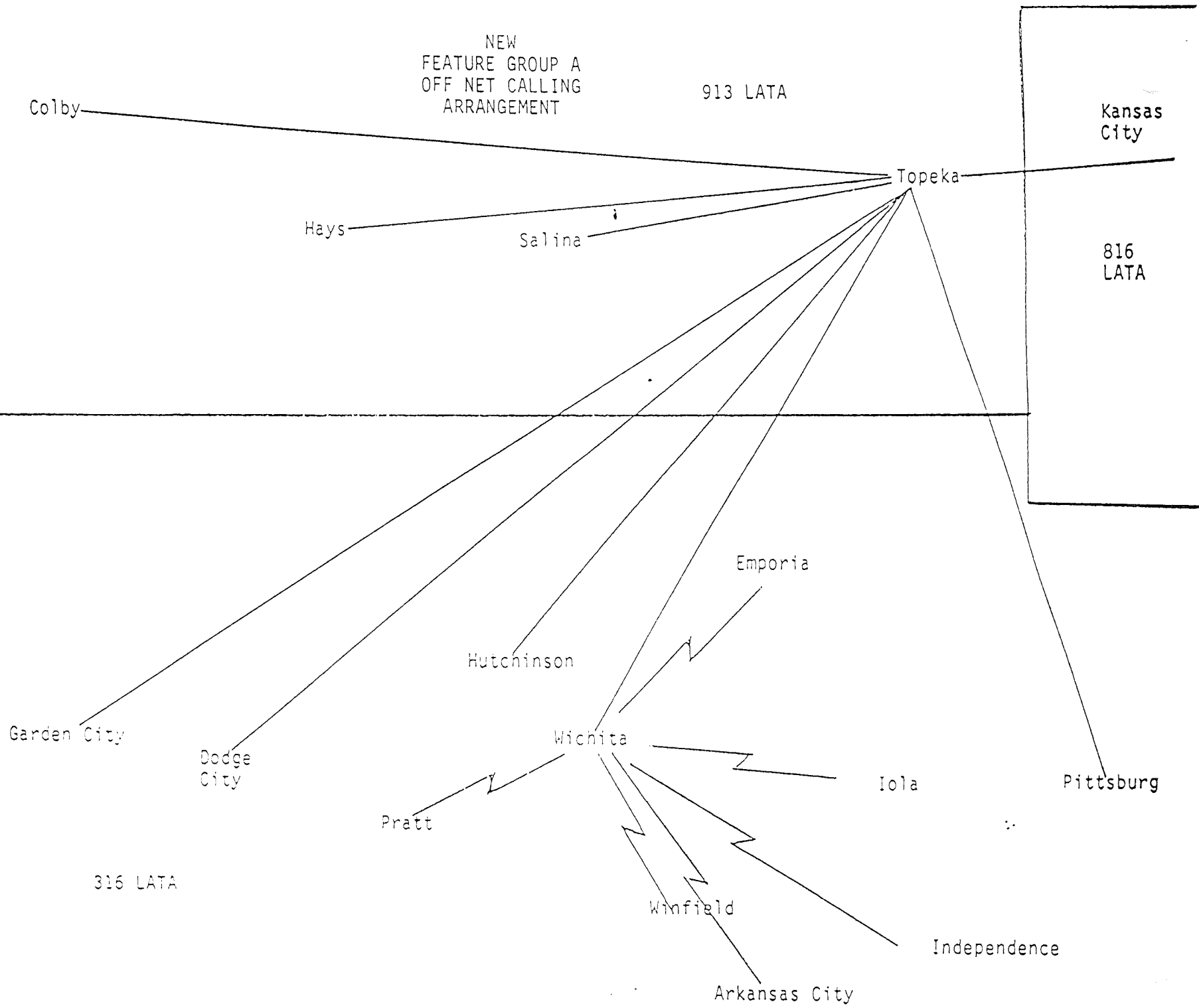
Pratt

316 LATA


Winfield

Independence

Arkansas City

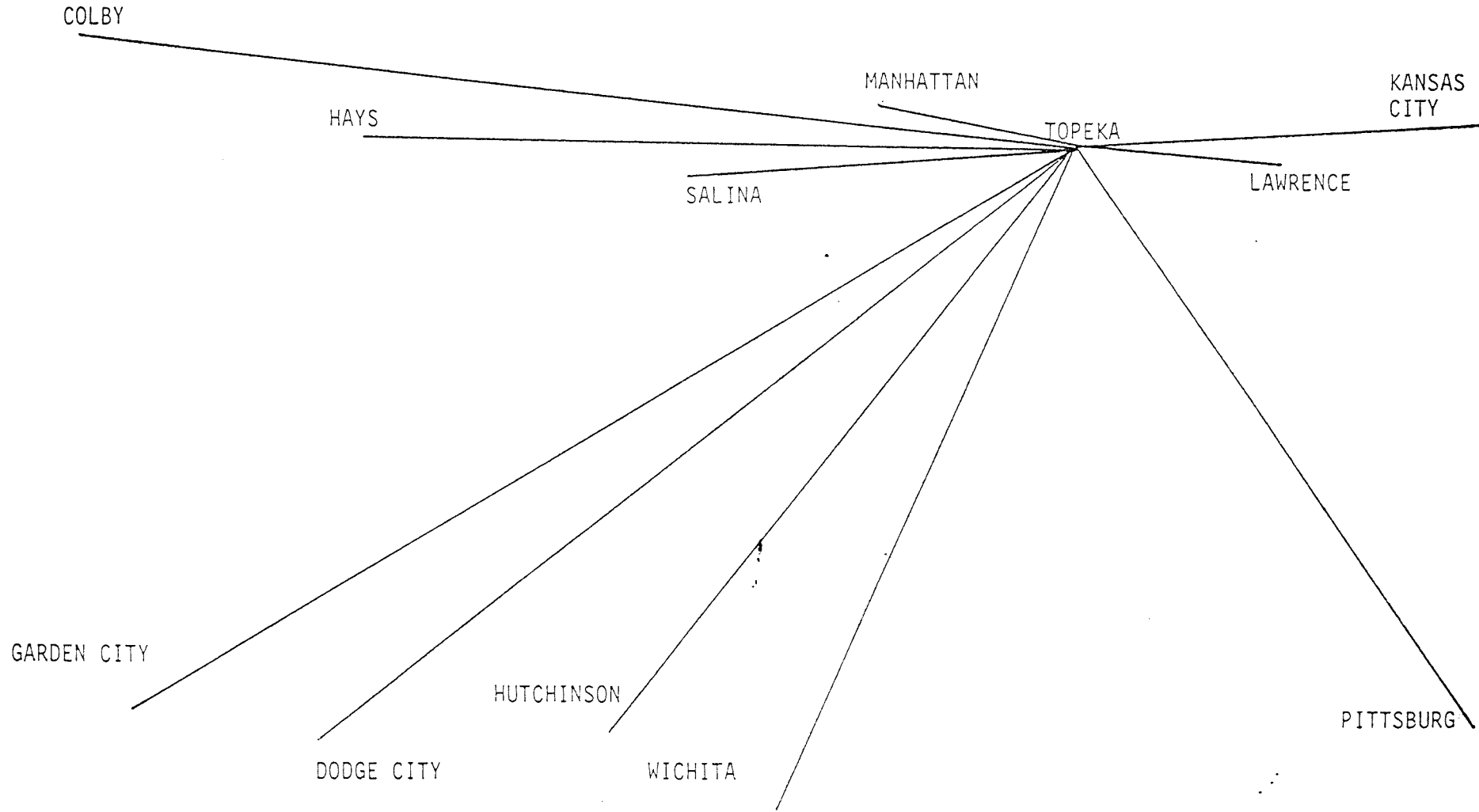


DESCRIPTION - PAGE 2

KANSAS CITY, TOPEKA & WICHITA WILL BE THE PRIMARY CITIES TO DELIVER CALLS IN THEIR RESPECTIVE LATA'S. USING THE 316 LATA AS AN EXAMPLE, ONLY WICHITA, HUTCHINSON, DODGE CITY, GARDEN CITY & PITTSBURG HAVE DEDICATED OFF NET LINES AND ALL EXCEPT WICHITA CARRY CALLS ONLY TO ITSELF. WICHITA TRUNKS CARRY CALLS TO BE COMPLETED TO ANY CITY IN THE 316 LATA AS ILLUSTRATED BY  TO PRATT, WINFIELD, EMPORIA, IOLA, INDEPENDENCE, OR ARKANSAS CITY. TOLL FREE INTRA LATA CALLING IS PROVIDED BY SOUTHWESTERN BELL WHEN FEATURE GROUP A IS USED. THE PURPOSE OF THE REARRANGEMENT IS TO PROVIDE LEAST COST ROUTING FIRST. FOR EXAMPLE IF SALINA CALLS PRATT AND ALL THE WICHITA LINES ARE BUSY, THE CALL WILL BE ROUTED OVER KANSAS WATS AUTOMATICALLY.

- | | |
|------------|--|
| 1ST CHOICE | WICHITA LINES |
| 2ND CHOICE | KANSAS WATS CONNECTED TO TOPEKA SWITCH |
| 3RD CHOICE | 120 INTERVAL PER MINUTE BUSY SIGNAL * |

ACCUNET 1.544MBS
LOCATIONS

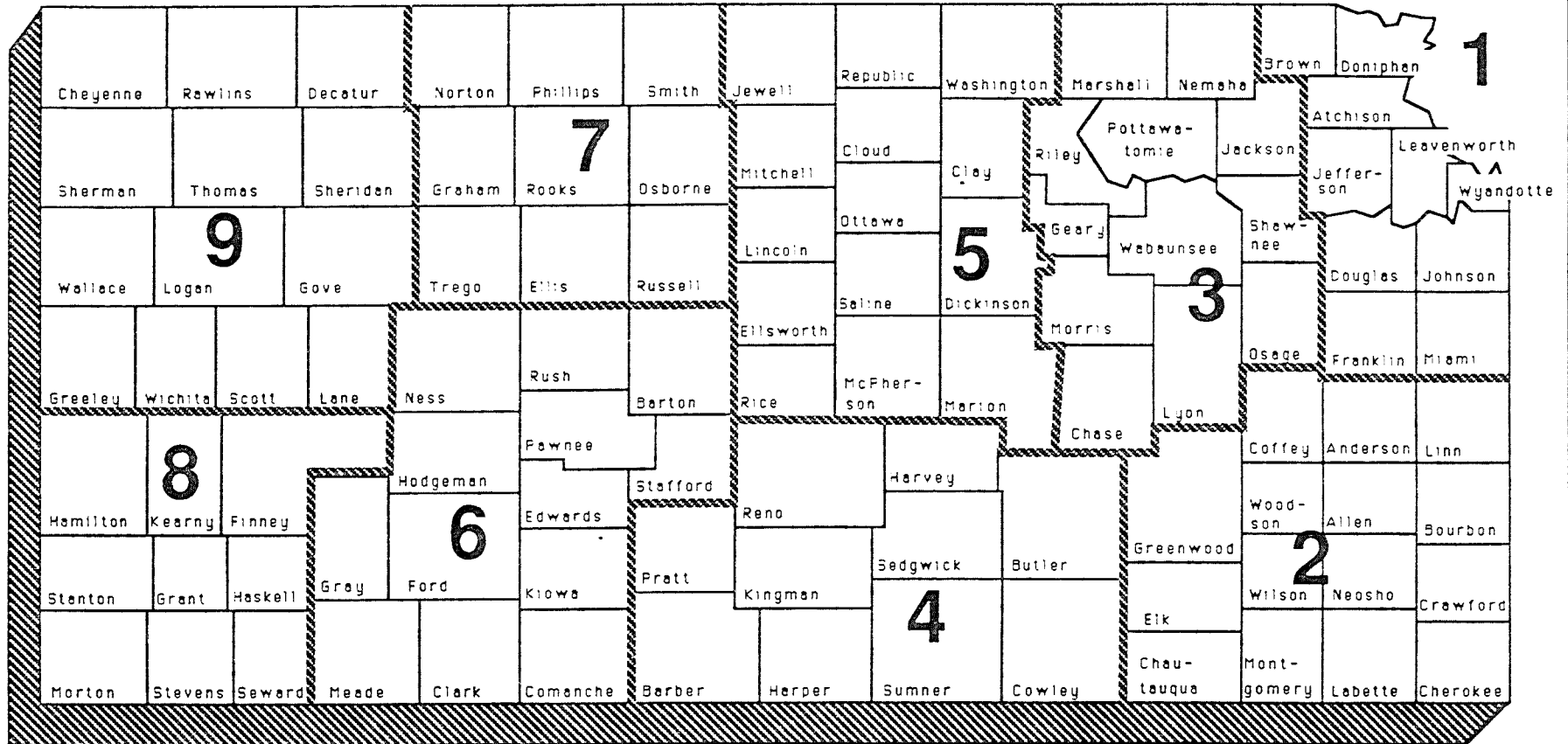


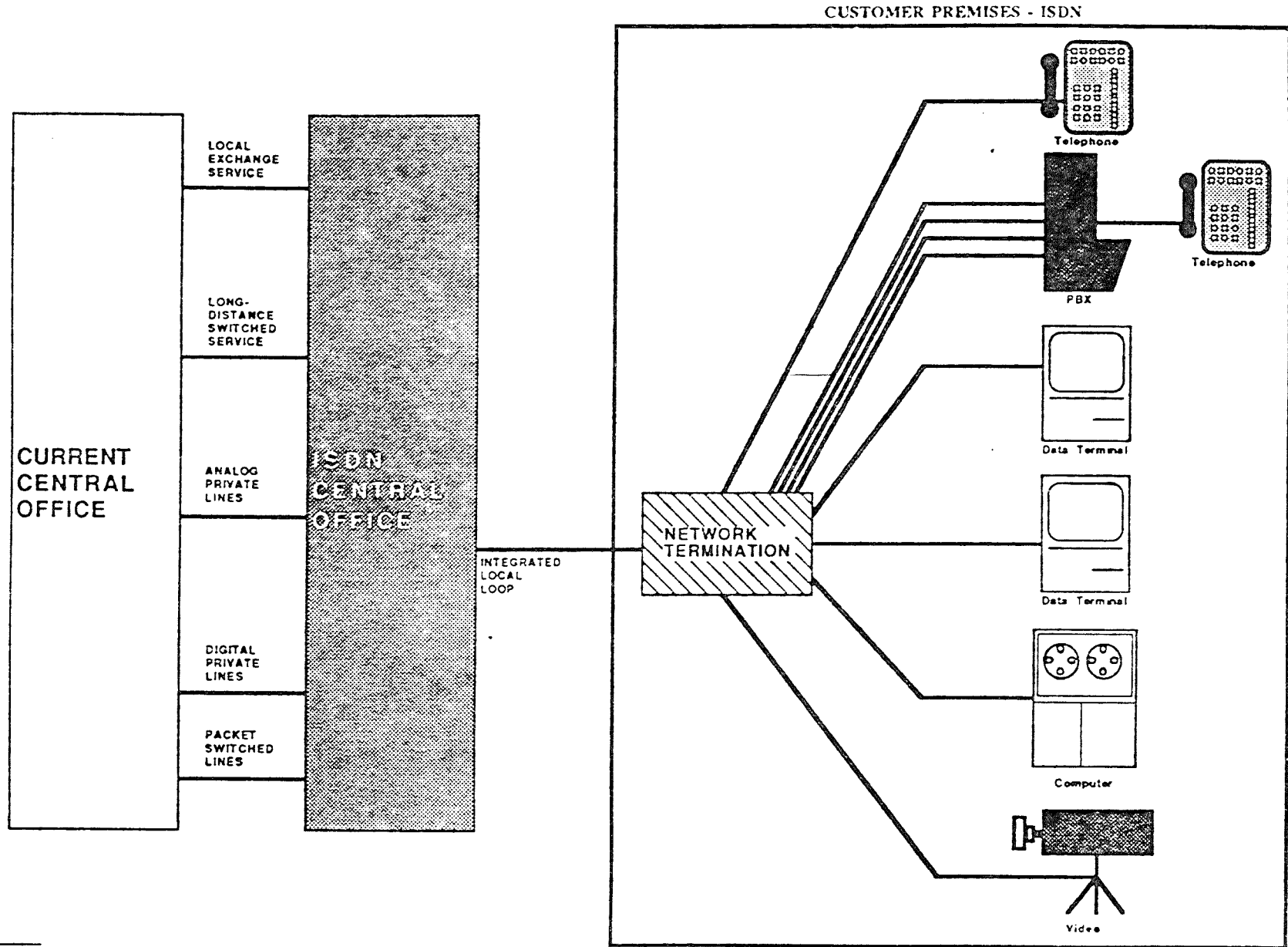
DESCRIPTION PAGE 3

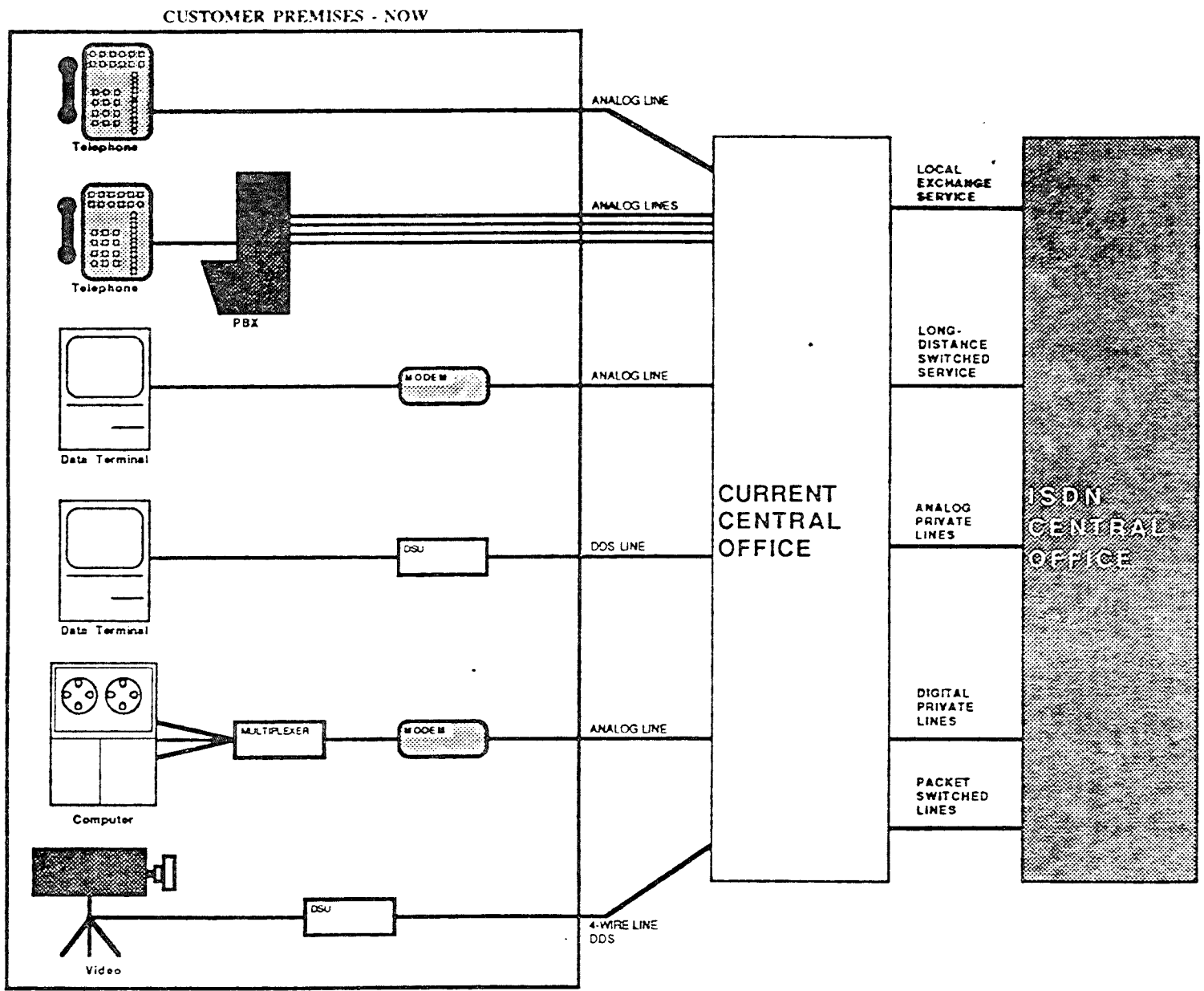
A T & T'S ACCUNET 1.544 MEGABIT PER SECOND SERVICE IS NEARLY COMPLETE TO THE CITIES SHOWN ON THE MAP. THE SERVICE IS BEING INSTALLED AS A PARTIAL REPLACEMENT FOR TELPAK AND IS PRESENTLY BEING MULTIPLEXED BY A T & T OR SOUTHWESTERN BELL DEPENDING ON THE LOCATION. THE SERVICE IS DIGITAL ON THE MAIN BACKBONE AND CAN BE RE-TERMINATED ON STATE PREMISES FOR END TO END DIGITAL VOICE, HIGH SPEED DATA OR VIDEO WHEN THE STATE IS READY AND THE NEED IS THERE.

State of Kansas

Contract Service Areas







Premise Distribution System Bid Prices Comparison

<u>Firm</u>	<u>Option Two</u> <u>Bids</u>
SWB Corp	\$7,376,126
SWB Telcom	7,104,967*
AT&T-IS	9,952,498*
United Tel	10,968,389*
Morris Knudsen	11,196,273*
CONTEL	13,330,486

*\$540,192 - This amount must be added to all bids except SWB Corp. to account for cutover expenses, construction management, and value of cable and wire on premise that will become State property upon completion of the project.