

Approved February 27, 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 12, 1986 in room 522-S of the Capitol.

All members were present except:  
Representative Erne

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

Conferees appearing before the committee:  
Pam Bailey, Wesley Medical Center, Wichita  
Ralph Skoog, Kansas CATV Association  
Janet Robinson, MCI Telecommunications, Inc.  
Ron Gaches, The Boeing Military Airplane Company, Wichita  
Robert MacDevitt, St. Francis Hospital and Medical Center, Topeka  
Jeff Russell, The United Telephone Company of Kansas  
Kurt Furst, GTE Sprint  
Patrick A. Terick, The Timbers, Wichita  
Richard H. Enewold, American Telephone and Telegraph Company

Chairman Jayne Aylward opened the meeting and reopened hearings on SB 226.

Pam Bailey said Wesley Medical Center was interested in the bill because they currently provide resale services to doctors' offices and to other offices that are located on what they consider to be the Wesley Campus. (Attachment 1) They are providing these services not for profit but for what they consider improved health care for citizens in the state. Some doctors requested this not only for the simpler dialing but also for the transmission of data. Since they cannot provide medical services in the hospital without a doctor's order, the relationship between doctors who serve on the medical staff and the hospital is very important and creates a special relationship and for that reason they do not feel they are providing resale services to anyone located around the hospital. She mentioned that two colleges, the Cerebral Palsy Workshop, and three hospitals are applying to the KCC for the exemption trial and said those types of institutions and entities need to have some type of specific exemption from the bill or be grandfathered in because of the unique service they provide to the citizens of the state.

Representative Chronister asked if she was suggesting that the amendment should be for nonprofit corporations. Pam Bailey said she can't say nonprofit because they are not a nonprofit corporation since July, 1985, but their interests are the same and they are not making a profit.

Representative Campbell asked how many phones they are talking about. She said that less than 4% of their phones are utilized through the doctors' offices, approximately 300.

Representative Helgerson asked what doctors' offices they provide services to that are not attached to Wesley Medical. She said she could provide him with a copy of their application to the KCC which names these. Representative Helgerson asked if there was any discussion regarding the clinic building which was recently built and was told it was not considered because their system is pretty much in full service. Representative Helgerson asked what they pay Southwestern Bell compared to what they did before they installed the new switch. Arnold David of Wesley Medical Center said they were paying about \$40,000 a month and have reduced that to \$20,000 a month and they are using 300 trunks at this time. Representative Helgerson asked what happened to the equipment that was in the building and was told it had all been stripped out.

Ralph Skoog said the association represents private cable television services throughout the state and there are more than 200 companies serving more than 425,000 television households. (Attachment 2) They appear in regard to this bill not because they resell any telephone services but because of the bill's definition of what the transmission of telephone messages is. He said they don't resell and are no threat to the fundamental

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY,  
room 522-S, Statehouse, at 3:30 ~~xxx~~ a.m./p.m. on February 12, 1986

telephone system and universal telephone service. They have prepared an amendment (Attachment 3) that would take care of their main concern.

Representative Dean asked if he thought the bill as it now stands is constitutional. Mr. Skoog said he doesn't think there is a constitutional problem.

Representative Friedeman asked if he thinks that the state has an opportunity to establish regulations over that which the FCC has abandoned. Mr. Skoog said he didn't think that was what was involved. The FCC and others are directed and mandated by Congress to make sure the states don't interfere and overcome national policy.

Janet Robinson addressed two areas in the bill that causes concern to MCI, the exclusive right of a certificated company to serve a certificated territory and the attempted definition of private use. (Attachment 4) It was suggested that instead of defining private use, the issue should be addressed as to what is and what is not a public utility.

Representative Chronister asked if MCI is committed to the goal of universal service and was told they were. Representative Chronister asked if she didn't think resale of telephone services would inhibit universal service and drive the cost up. Janet Robinson said that is a difficult question to answer at this time and is one of the reasons that we have the Corporation Commission overlooking all of the area of deregulation.

Ron Gaches said that Boeing's interest in this bill is limited to protecting their existing private telephone network and the demands that may be placed on it in the future. (Attachment 5) The six organizations they supply with services include the Air Force; the Defense Contract Audit Agency (costs for both are absorbed as overhead expenses); the Boeing Employees Credit Union; and Interstate United, a food service management corporation which handles the management of all their cafeterias. They asked for the grandfather clause to be clarified.

Representative Dean asked if they don't have somebody with an engine manufacturer in their facility. Mr. Gaches said he was sure they do but he is not aware that they are currently providing them any telephone services.

Bob MacDevitt said they have an application pending before the KCC to resell telephone services. (Attachment 6) He stated that they purchased their new system from Southwestern Bell and told them they were planning to resell telephone services to adjacent office buildings and they never were told that this would do any harm to the telephone company. He asked that KCC be allowed to complete their trial period and, if the bill is passed, that they exempt hospitals from this regulation.

Jeff Russell said he pretty much agrees with the other conferees that have appeared ahead of him. (Attachment 7) He represents the only local telephone company at the meeting opposing this bill. He stated that during the five days of hearings during which the plan was developed, most of what was introduced as evidence was, in his opinion, supposition. The reason was simply because they had no history to plan on. He said that in their opinion, the KCC study should be allowed to continue so the results can be reviewed to see if what the order says is in concert with the feelings of the committee.

Representative Friedeman said they really are not in opposition to regulation of telephone and reducing net by resale services all by itself but are waiting for the results of the trial and asked if that was right and was told it was.

Representative Sallee mentioned they have quite a large rural area and some urban area and asked if they feel they will be impacted in some of these areas or are saying they won't. Mr. Russell said resellers well could impact them for there is the case where they come into a building with existing wiring and leave stranded equipment versus a new building and also how the Commission prices the lines is a factor. He said he may be wanting this bill very much in a year or so.

Chairman Aylward asked how many of the seven groups that are requesting the KCC trials now are in their service area and was told none.

Kurt Furst said the one overriding fact in the telecommunications industry today is change not only in this territory but throughout the country. (Attachment 8) There are changes

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY,  
room 522-S, Statehouse, at 3:30 XXXX/p.m. on February 12, 1986

concerning technology, public policy both on the federal and state level, and how individuals and corporations are looking at their telecommunication needs. They are opposing this bill because they feel it would be unwise until after the test period to evaluate if there is a bottom line impact on universal service. They are also concerned about certain language in the bill and offered an amendment to clarify that the bill affects local service and not toll carriers in the state.

Representative Chronister asked if they would support the bill with the amendment. Mr. Furst said they would not that they still feel it is a little too early given the changes in the industry today.

Representative Green asked if their goal was to someday serve all of Kansas and was told their goal was to serve all the United States someday.

Pat Terick represented United Cerebral Palsy of Kansas which constructed a 100 unit apartment, independent living complex, called the Timbers. (Attachment 9) They had a need for a system that can be modified as necessary for the handicapped which they obtained. He said this bill would pose a hardship on both the clients in their service delivery system and the Foundation financially. He presented a copy of their letter of exemption to the KCC. (Attachment 10)

Representative Dean asked how many lines they have going into the complex. Mr. Terick said they have six trunks and 144 lines.

Rick Enewold said his company has 3,200 employees working and residing in Kansas so they have a major concern about telecommunications in Kansas. (Attachment 11) He said they did not want divestiture but it is here and there is nothing that can be done to turn back the clock. With that in mind, he feels that the worthwhile goal of universal service and local resale can coexist. His company sells computer PBX switches which can be designed to be partitioned or non-partitioned. He suggested that this bill be put on legislative hold until the KCC study is completed.

Representative Dean asked how many other states have a law such as this. Mr. Enewold said he is not familiar with any state that has a law like this particular bill.

That concluded the hearing on SB 226.

Representative Sallee moved that the minutes of the February 5, 6, and 10 meetings be approved. Representative Friedeman seconded the motion. The motion carried.

The meeting adjourned at 4:35 p.m.

The next meeting of the Committee will be at 3:30 p.m. on Thursday, February 13, 1986.





February 12, 1986

I. INTRODUCTION.

Madam Chairman and members of the committee, thank you for allowing me the opportunity to appear before you today during your hearings on Senate Bill 226. I am here today on behalf of Wesley Medical Center. Wesley Medical Center is a 760-bed acute care hospital, providing and ministering to the health care needs of a large geographic area.

II. WESLEY MEDICAL CENTER PHONE SYSTEM.

Some of the members of this committee might be curious as to why Wesley Medical Center might be interested in the provision of telecommunications services and in particular Senate Bill 226. In 1983, Wesley Medical Center determined that it needed a new phone system to adequately provide for the telecommunication needs of its employees, patients, and medical staff. The Medical Center sent out a request for proposals to various companies selling phone systems. A number of proposals were received by the Medical Center, including one from Southwestern Bell. These proposals were reviewed, and Wesley Medical Center entered into an agreement with ROLM to purchase a CBX II 9000 phone system. This system was installed the first half of 1984. At the time the system was installed, Wesley Medical Center contemplated providing phone service at cost to selected doctors'

(Attachment 1)  
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offices located on or adjacent to the Wesley Medical Center campus. Wesley Medical Center currently provides phone services to five health-related groups, all within the maximum 3000-foot radius allowable for the Wesley switchboard. Wesley makes no profit in providing these essential links.

These five offices utilize less than 4% of the total lines currently in use by Wesley Medical Center. Of the five offices, three are doctors' offices. One of the other two offices is the Great Plains Health Alliance, which is affiliated with the Medical Center. The fifth group is the Wesley Medical Endowment Foundation, which is soon to move and leave the Wesley switchboard.

It was contemplated at the time phone service was provided to these doctors' offices that common use of a phone system would enhance the provision of health care at the Medical Center. As I'm sure you are aware, no patient care is provided at a hospital without a specific physician order. Without an order, we are unable to admit patients, nor to test or treat them. The doctors on the staff at Wesley Medical Center are vital partners in the provision of quality health care at the Medical Center, and their intimate relationship to Wesley is reflected in their official membership on its medical staff and adherence to its medical staff Bylaws.

Because of the vital role that they play in the provision of health care, doctors need quick access to the hospital. By utilizing the phone system of the Medical Center, the doctors may more quickly respond to the needs of their patients. This is particularly true when one speaks of data transmission. By allowing a direct link between the Medical Center and the physician for the transmission of laboratory results and diagnostic reports, the hospital staff and the doctors can respond to the needs of the patients much more effectively. Wesley Medical Center utilizes a digital phone system rather than the analogue system utilized by Southwestern Bell. This system provides greater flexibility and quality in transmitting data through telephone lines. The quality of a transmission is very important when passing data such as lab results and x-rays. To attempt to interface Wesley's digital system with Southwestern Bell's analogue system - while it could be done - presents significant technical and qualitative challenges. Our primary concern is with patient care and we fear its quality could be jeopardized by interfacing.

### III. CONCLUSION.

Our desire to provide quality health care in the State of Kansas is the reason why we wish to provide phone service to those members of our medical staff on or adjacent to our campus that request it. Senate Bill 226 effectively prohibits us from



providing phone service to the doctors on our medical staff. We feel this limits the quality of health care that we can provide, and therefore, we are opposed to the bill as written. We would ask this committee to allow the Kansas Corporation Commission to study resale during its proposed trial period. We have applied for permission to resell through the KCC and are currently awaiting disposition of our application by the KCC. Should this committee determine that Senate Bill 226 should be passed, we would ask for an exemption for hospitals. Because of the unique nature of the relationship between the medical staff, hospital, and patient - no patient care is provided at a hospital without a physician's order - a phone link between the patient, the hospital, and the doctor could only improve the quality of health care provided in this state. Thank you.

TESTIMONY OF KANSAS CATV ASSOCIATION

RE: Senate Bill No. 226 (As Amended by Senate Committee)  
TO: House Committee on Communications, Computers and  
Technology  
DATE: February 12, 1986

Madam Chair and Members of the Committee:

The Kansas Cable Television Association thanks you for the opportunity to appear before you with reference to the provisions of Senate Bill No. 226 as Amended by Senate Committee which is before your Committee for consideration.

The Kansas CATV Association is a trade association of more than 200 individual franchise cable television systems in the State of Kansas providing service to the many communities of Kansas and more than 425,000 television households.

We appear regarding this Bill by reason of the severe conflicts which we perceive exist between the intentions of the proponents of the Bill as expressed by their testimony before this Committee and the language of the Bill, and the potential impact upon our subscribers which represent, we believe, substantially more than half of the citizens of the State of Kansas.

We have appreciated the Legislature's willingness to listen to and interest itself in the cable television activities in the State of Kansas and particularly appreciated the Legislative Coordinating Council authorizing us to have hearings this Summer and the courtesies of you, Madam Chair, and the members of the Interim Committee who heard more than 8 hours of testimony regarding the Cable Television business from history through the engineering and technology of the industry and the vast array of services being provided and potential for our unique service.

Throughout all of that information and our appearances, it has been absolutely clear that the Cable Television Service industry is not and has not been involved in, nor does it intend to be involved in the telephone message service as that subject was described to you yesterday by representatives of the telephone industry. We do not operate switched service providing opportunities for private voice messages in any manner we all understand to be the historic telephone message system, which we all wish to protect in reference to the concept adopted as both State and Federal policy of "universal service at affordable prices".

(Attachment 2)  
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TESTIMONY OF KANSAS CATV ASSOCIATION

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The Bill before you significantly impacts the Cable Television industry not because we are involved in the resale of telephone message service or any threat to "universal service at affordable rates" as is the purpose described by the proponents and champions of the Bill, but because of the terms of the Bill itself.

As we have previously brought to the attention of the Committee, Lines 195 through 199 of the Bill, appearing on Page 6 proposes the ratification of the present statutory language in its definition of the transmission of telephone message. A careful analysis of the definition immediately indicates that far more than what you and I are thinking of as telephone messages are included in the definition. In fact, any communication between individuals other than that which we are now having, that is, face to face oral communication, clearly is included in the definition of telephone message. Postal service, broadcast radio and television, cable television service, your memos to your secretaries. It is my understanding that your Legislative Research staff has been making an effort in the last year or two to determine what other states have done and are doing in the terms of this fundamental definition. You and I wish to protect "universal service at affordable rates" but we don't intend to give the country to the telephone company in order to accomplish that purpose and it is not my understanding that the telephone companies are asking it. It is our understanding that they are asking you to determine as a matter of legislative policy that a non-partition switch through which service would go to distinct legal entities other than the owner of the switch should be considered a telephone company required to obtain authority from the Kansas Corporation Commission prior to providing telephone service through that switch. We have no conflict with that purpose, but our people have become a little shell shocked every time they recognize the vast reach of your definition of telephone messages. We have no way of understanding how it is proposed to reconcile the proposed amendment in Line 238 granting an exclusive right to serve in a certificated territory with the provisions of Lines 55 and 56, which reaffirm state policy as I understand it, based in the Kansas Constitution, that no person, firm or corporation shall be granted any exclusive franchise or right or privilege whatever.

Obviously, the most serious problem with the amendments to the present legislation proposed to our industry are those proposed in Section 3, wherein, under the present definition that is proposed to be ratified in Section 2, the Bill provides that no municipality may provide nor permit anyone to provide cable television service in spite of what any other provisions of the statutes might set forth. We understand that what the Bill says is not what you propose or the proponents propose, but, instead was a draft of an effort to provide a procedure to prevent resale of ordinary telephone message service through non-partition switches.

To date, there have been a number of activities by users and providers within the state who have belatedly recognized the attack on their activities represented by this Section of the Bill. A part of them have been addressed in the Senate when it was first recognized what the reach of the Bill was when the exception of state governments, students in dormitories and other affiliated activities were exempted. It is our understanding that the Interim Committee proposed that a similar exemption for community colleges be adopted. The Senate exempted out radio common carriers and services provided through them.

By the time this Bill had been received by this Committee in the House last Spring, our industry realized the impact upon it and many of those receiving service through our industry became conscious of the reach of the language, although, they did not see themselves, nor did we, as involved in resale of any telephone services whatsoever. You recall the testimony, some of you, before the Interim Committee with reference to those many and varied services which are associated with cable television service. The control system for the street lights in Overland Park, Kansas; the video library service in Johnson County and through the Wichita Unified School District; the alarm systems, the data transmission lines, the award winning weather emergency service and others, none of which are a telephone message service in its typical sense and none of which are any more of a threat to "universal services at affordable rates" than is the U.S. Mail or the United Parcel Service.

We have proposed some suggestions and have reviewed some others as to, at least, one manner in which the most devastating effects of this Bill as to our industry might be alleviated and amendments to that effect have been shared with you, Madam Chairman. The Commission, in its testimony before you, has indicated that it, in its regulatory responsibility, and the FCC in the exercise of its regulatory responsibility have undertaken test procedures and studies in order that they might make either informed decisions or informed recommendations for legislation. The KCC has requested this Committee, as I understand it, to allow them to complete those studies in order that they might make, what they consider to be, an informed recommendation, if they come to the conclusion that their authority is not sufficient to protect the basic charge made to them. That is, to regulate in a way to assure "universal telephone service at affordable rates" to the Kansas public. Many other activities are taking place that might give all of us in the telephone industry, the cable television industry, and the public policy makers, a firmer understanding as to what the impact is of the public policy decisions which have been made in the last year

or two.

We would seriously request that Senate Bill 226 not be passed.

Ralph E. Skoog  
Legislative Representative  
Kansas CATV Association

Kansas CATV Association

; (3) cable television service delivered in accordance with a franchise issued under K.S.A. 12-2006, et seq. or K.S.A. 19-101a; and (4) telecommunications services, other than local exchange telecommunications services, provided to a governmental entity under contract for the purpose of carrying out governmental functions. "Cable television service," as used in this act, means (a) one-way transmission to subscribers of (1) video programming or (2) other programming service, and (b) subscriber interaction, if any, which is required for the selection of such video programming or other programming service.

( Attachment 3 )

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There are two areas of Senate Bill 226 which cause great concern to MCI Telecommunications, Inc. I will address my remarks this afternoon to those two issues.

No. 1. SB226 provides that any certificate to transact business granted by the Kansas Corporation Commission to a telephone or telecommunications public utility shall give the certificated company the exclusive right to serve in the certificated territory. This would leave us in exactly the same place we have been for the last 50 years. With a monopoly. A person either subscribes to the one telephone service available in his area, or does without.

It appears that Southwestern Bell is afraid it is facing today what AT&T faced in the early 1980's. The ending of its monopolistic hold on telephone service. That does not mean, however, the end of Southwestern Bell any more than it meant the end of AT&T. It simply means that if more than one telecommunications public utility were given a certificate to serve in a certain territory, Southwestern Bell would gain competitors.

You may remember that at the time of AT&T's divestiture, there were dire predictions concerning the imminence of AT&T's collapse; AT&T would be unable to survive in the world of competition. Not only did those predictions not come true, neither did the ones calling for the inevitable breakdown of long distance service. Long distance service is alive and doing well. Why should we think competition in local service would be any different?

( Attachment 4 )  
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No. 2. The attempted definition by SB226 of "private use" as applied to telephone or telecommunications services will become more awkward and cumbersome as groups and entities are added and subtracted. Instead of attempting to allow some and restricting others in the utilization of modern telecommunications equipment by defining "private use", we recommend that the issue to be addressed be what is, or is not, a public utility. At this time, MCI Telecommunications, as well as all other resellers operating in the State of Kansas, are certificated by the Kansas Corporation Commission. It was not a requirement that the Commission find the public utility already certificated was not providing reasonably efficient and sufficient service and that customer needs were not being met. To now impose this qualification is a step backwards.

Other states across the nation are moving ahead in recognition of advances in telecommunications technology and the consumers in those states will reap the benefits of such advances as well as the benefits of better quality, more choices, and more and better services per dollar spent. Those states, and their residents, will continue to advance through opening their telecommunications industries to competition.

As we are all aware, the telecommunications industry today is expanding and changing rapidly. What works today may not work tomorrow as new techniques and new technologies are introduced. It would be a mistake to put a lid on what will be allowed and what will not be



allowed through legislation. The regulatory body, the Kansas Corporation Commission, is set up to deal with such changes. It is critical that actions taken are well-considered and done in incremental stages as conditions and needs change. We need have no fear that the Commission will discard its policy of protecting the interests of the consumer.

The brief of Senate Bill 226 provided by the Legislative Research Department states this bill was introduced at the request of Southwestern Bell. That is quite evident. Who else but Southwestern Bell (and other, smaller local exchange companies) will benefit from passage of such legislation. It looks to us as if Southwestern Bell has decided the Kansas Corporation Commission is moving away from the traditional view of monopoly regulation for the telecommunications industry, and moving towards deregulation and competition for the industry. In its order issued December 11, 1984, the Commission made it clear it is not opposed to competition in telecommunications services and does not wish to deprive Kansas consumers of any of the benefits of technological innovation. The Commission further stated that while it felt intraLATA competition was not in the best interests of the public at that time, intraLATA competition is inevitable. This bill is an attempt by the local exchange companies to block the inevitable.

Since Southwestern Bell can no longer be assured the Kansas Corporation Commission will continue Bell's status of a monopoly, it has turned to the legislature in an effort to wipe out the strides the Commission and the industry as a whole are making.

In closing, I want to emphasize that the Kansas Corporation Commission has approached the issues of competition with wariness.

The steps it has taken to relax regulation have been generally positive, although from our perspective sometimes too slow, but the prospects are good for a successful transition to full and fair competition. If the regulators should be required by the legislature to fall back on anti-competitive or historic regulation, it will be to the detriment of the public's right to competition.

**BOEING**

BOEING MILITARY AIRPLANE COMPANY  
A Division of The Boeing Company  
Post Office Box 7730 • Wichita, Kansas 67277-7730

February 12, 1986

TESTIMONY BEFORE

HOUSE COMMUNICATION, COMPUTERS AND TECHNOLOGY COMMITTEE

RE: SB 226

THANK YOU CHAIRMAN AYLWARD FOR THE OPPORTUNITY TO ADDRESS YOUR COMMITTEE REGARDING SB 226, A PROPOSAL TO PROHIBIT FURTHER RESALE OF TELECOMMUNICATIONS SERVICES. I AM RON GACHES, PUBLIC AFFAIRS MANAGER FOR THE BOEING MILITARY AIRPLANE COMPANY.

OUR FACILITIES IN WICHITA ARE PART OF A PRIVATE TELECOMMUNICATION NETWORK LINKING BOEING FACILITIES IN ELEVEN STATES. THE SYSTEM IS COMPRISED OF PRIVATELY OWNED AND LEASED FACILITIES.

BOEING'S INTEREST IN THIS BILL IS LIMITED TO PROTECTING OUR EXISTING PRIVATE NETWORK AND THE DEMANDS THAT MAY BE PLACED ON IT IN THE FUTURE. OUR FACILITIES ARE LOCATED IN THE SOUTHWESTERN BELL SERVICE TERRITORY.

OUR NETWORK CURRENTLY PROVIDES LOCAL TELECOMMUNICATIONS SERVICE FOR SIX NON-BMAC ORGANIZATIONS. THE EXPENSE FOR THIS SERVICE IS CHARGED BACK TO FOUR OF THOSE ORGANIZATIONS AND ABSORBED AS OVERHEAD COSTS FOR THE REMAINING TWO. UNDER THE BILL, THIS PRACTICE IS CLEARLY A PROHIBITED RESALE OF TELECOMMUNICATION SERVICE.

(Attachment 5)  
2-12-86 Hs. CCT

TESTIMONY OF RON GACHES  
RE: SB 226  
FEBRUARY 12, 1986

NONETHELESS, THE PROVISION OF THIS SERVICE IS PROTECTED BY THE GRANDFATHER CLAUSE IN NEW SECTION 5. THAT CLAUSE FURTHER PROVIDES THAT "ANY EXPANSION OF ANY SUCH SYSTEMS OR SERVICES BEYOND THE AREA OF THEIR OPERATION ON APRIL 1, 1985, SHALL BE SUBJECT TO THE PROVISIONS OF THIS ACT."

WE ASK THAT, SHOULD THE COMMITTEE ACT FAVORABLY ON THIS BILL, THAT IT BE AMENDED TO CLARIFY THE GRANDFATHER CLAUSE. WE ARE INTERESTED ONLY IN PROVIDING SERVICES TO THOSE LOCATED ON OUR FACILITIES PROVIDING BOEING OR ITS EMPLOYEES A SERVICE AND THOSE ENTITIES NEEDING A LOCATION ON OUR FACILITIES TO FACILITATE THEIR BUSINESS BEING CONDUCTED WITH OUR COMPANY.

THANK YOU FOR YOUR TIME AND CONSIDERATION.



ST. FRANCIS HOSPITAL AND MEDICAL CENTER

TESTIMONY CONCERNING SENATE BILL 226

February 12, 1986

My name is Robert MacDevitt. I am Vice President of Support Services at St. Francis Hospital and Medical Center. The hospital is a 317 bed, not-for-profit facility, located in Topeka.

The hospital has an application pending before the K.C.C. to resell telephone services for two (2) medical buildings which are adjacent to the hospital and a third building which is to be built on land owned by our facility.

During the latter part of 1983, the hospital decided to replace its outdated Centrex with a new telephone system. After completing a budget analysis, the hospital projected a savings of 1.2 million dollars over the depreciable life of the equipment if it was purchased rather than leased. The hospital then prepared a request for bid, which was sent to nine (9) companies in the spring of 1984. Six (6) responded and in the fall of 1984, Southwestern Bell was selected as the vendor of choice. In the request for bid under system requirements, it was stated on three (3) separate occasions that the hospital was considering reselling telephone service to adjacent physician office buildings.

Southwestern Bell was fully informed of these plans and never stated to us that this would cause them any harm. In fact, the hospital purchased

(Attachment 6)

a 400 pair feeder cable to one of the medical buildings and had Southwestern Bell install it as part of the purchase agreement.

The investment in the new telephone system amounted to over \$600,000. We made no effort to hide our intentions with Southwestern Bell when we purchased the system.

To prevent our hospital from offering this service hinders the hospital's mission to provide quality patient care at a reasonable cost and jeopardizes the hospital's financial investment in the service.

To my knowledge, only nine (9) companies have petitioned the K.C.C. to resell telephone services. Of those nine, two are hospitals. These hospitals do not want to resell service to neighborhood homes and businesses. They only wish to resell the services to local medical buildings to ensure that the transmission of data between physician and hospital is accurate and complete.

Please allow the K.C.C. to complete its trial period as was initially proposed. If after you have made your analysis, you decided to support Southwestern Bell on this bill, I would ask that you exempt hospitals from this regulation.

HOUSE COMMITTEE ON  
COMMUNICATION, COMPUTERS AND TECHNOLOGY

SB 226

February 12, 1986

GOOD AFTERNOON CHAIRMAN AYLWARD AND COMMITTEE MEMBERS. I AM JEFF RUSSELL, GOVERNMENTAL AFFAIRS DIRECTOR FOR THE UNITED TELEPHONE COMPANY OF KANSAS. WE SERVE APPROXIMATELY 65,000 CUSTOMERS IN 109 COMMUNITIES THROUGHOUT KANSAS.

I AM HERE TODAY IN OPPOSITION OF SENATE BILL 226.

THE UNITED TELEPHONE COMPANY OF KANSAS OPPOSES SB 226 FOR ONE MAIN REASON - SIMPLY, WE DO NOT FEEL SUFFICIENT INFORMATION OR DATA IS AVAILABLE AT THIS POINT IN TIME TO DETERMINE WHAT EFFECTS - POSITIVE OR NEGATIVE - LOCAL SERVICE RESALE WILL HAVE ON OUR INDUSTRY.

THE FEDERAL COMMUNICATIONS COMMISSION (FCC) AND THE KANSAS STATE CORPORATION COMMISSION (KCC) HAVE BOTH TAKEN THE SAME BASIC APPROACH. EACH REGULATORY BODY IS CURRENTLY CONDUCTING FURTHER INQUIRIES TO DETERMINE THE EFFECTS OF RESALE ON TELEPHONE COMPANIES AND THEIR CUSTOMERS.

THE KCC ISSUED AN ORDER ON AUGUST 23, 1985, SETTING FORTH A PLAN DESIGNED TO GATHER THE INFORMATION NEEDED. THE DETAILS OF THE PLAN WERE PRESENTED TO THIS COMMITTEE BY COMMISSION REPRESENTATIVES ON JANUARY 29, 1986. THE PLAN WAS DEVELOPED AS THE RESULT OF FIVE DAYS OF HEARINGS - IN WHICH UNITED TELEPHONE TOOK AN ACTIVE ROLE.

(Attachment 7)  
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AS A KANSAS COMPANY WHICH IS BOTH REGULATED BY THE KCC AND SUBJECT TO THE LAWS OF KANSAS, WE RESPECTFULLY REQUEST THAT THIS COMMITTEE DELAY ANY LEGISLATION UNTIL THE FACTS ARE GATHERED. SHOULD THE KCC'S RESULTANT ORDER NOT BE IN CONCERT WITH THE LEGISLATURE'S DESIRE, THAT THEN APPEARS TO BE THE MORE APPROPRIATE TIME TO SEEK A LEGISLATIVE REMEDY.

AS AN ASIDE, WE HAVE A CONCERN THAT THIS BILL TAKES A STEP TOWARD LEGISLATING TECHNOLOGY - THEREBY DIRECTING ITS USES AND BENEFITS TO THOSE WHO INVEST IN IT.

IN SUMMARY, THE UNITED TELEPHONE COMPANY OF KANSAS REQUESTS THAT YOU ALLOW THE KCC TO COMPLETE THE TASK IT HAS BEGUN - AND VOTE TO DEFEAT THE COMMITTEE PASSAGE OF SB 226.



TESTIMONY OF KURT FURST  
ON BEHALF OF GTE SPRINT COMMUNICATIONS  
BEFORE THE KANSAS STATE LEGISLATURE  
HOUSE COMMITTEE FOR COMMUNICATIONS, COMPUTERS AND TECHNOLOGY

MEMBERS OF THE COMMITTEE, MY NAME IS KURT FURST. I AM REGIONAL STATE LEGISLATIVE AFFAIRS MANAGER FOR GTE SPRINT LOCATED IN OVERLAND PARK, KS. I HAVE RESPONSIBILITY FOR STATE LEGISLATIVE AFFAIRS ISSUES IN THE STATES OF KANSAS, MISSOURI, NEBRASKA, IOWA, NORTH DAKOTA, SOUTH DAKOTA, MONTANA, AND WYOMING. IN THE PAST TWO YEARS, I HAVE CRISS-CROSSED THIS COUNTRY WORKING ON TELECOMMUNICATION ISSUES SUCH AS SB 226. THE ONE COMMON THREAD OCCURRING IN THE INDUSTRY, NOT JUST IN THE STATES AROUND THIS REGION BUT STATES ALL OVER THE COUNTRY, IS THERE IS MORE CHANGES GOING ON THAN EVER BEFORE IN THE HISTORY OF TELECOMMUNICATIONS. THERE ARE CHANGES CONCERNING TECHNOLOGY; THERE ARE CHANGES CONCERNING FEDERAL POLICY AND STATE POLICY; THERE ARE CHANGES CONCERNING CORPORATE ATTITUDES AND POSITIONS CONCERNING COMMUNICATIONS; NEVER BEFORE IN OUR HISTORY HAS THE TELECOMMUNICATIONS INDUSTRY BEEN IN SUCH A FLUID AND UNSTABLE SITUATION.

BECAUSE OF THE VAST CHANGE IN OUR INDUSTRY WE URGE YOU TO NOT PASS SB 226 OUT OF YOUR COMMITTEE, BUT WAIT UNTIL YOU HAVE FURTHER INFORMATION ON THE IMPACT OF SHARED-TENANT SERVICES FROM THE TEST PERIOD THE CORPORATION COMMISSION HAS SET.

WE ARE ALSO CONCERNED WITH LANGUAGE IN SB 226 WHICH MAY EXPAND THE SCOPE OF SB 226 BEYOND LOCAL SERVICE INTO THE LONG DISTANCE AREA. WE WOULD LIKE TO OFFER AN AMENDMENT TO CLARIFY THIS TECHNICAL ERROR.

(EXPLAIN AMENDMENT)

IN CONCLUSION, WE URGE THE COMMITTEE TO CONSIDER THE RAMIFICATIONS OF PLACING MONOPOLY LEGISLATION AS STATE POLICY IN KANSAS AT A TIME WHEN THE STATE MUST BE FLEXIBLE TO RESPOND TO THE NATIONAL CHANGES WHICH ARE TAKING PLACE THROUGHOUT THE INDUSTRY.

( Attachment 8 )  
2-12-86 Hs. CCT

AMENDMENTS TO CLARIFY SB 226 CONCERNING LONG DISTANCE SERVICE

CURRENT LANGUAGE

0232 corporation commission that public convenience will be pro-  
0233 moted by the transaction of said such business and permitting  
0234 said such applicants to transact the business of a common carrier  
0235 or public utility in this state. Subject to the provisions of sub-  
0236 section (b) any certificate granted to a telephone or telecom-  
0237 munications public utility \* shall give the certificated company  
0238 the exclusive right in the certificated territory. Except  
0239 as provided in subsection (b), in no event shall such jurisdiction

\* Amend to say the following to be placed between "utility" and "shall  
on line 0237:

"to provide or resell local exchange telephone or telecommunication  
service"

NEW LANGUAGE

0232 corporation commission that public convenience will be pro-  
0233 moted by the transaction of said such business and permitting  
0234 said such applicants to transact the business of a common carrier  
0235 or public utility in this state. Subject to the provisions of sub-  
0236 section (b) any certificate granted to a telephone or telecom-  
0237 munications public utility to provide or resell local exchange  
0238 telephone or telecommunication service shall give the certificated  
0239 company the exclusive right to serve in the certificated terri-  
0240 tory. Except as provided in subsection (b), in no event shall such

TESTIMONY ON SENATE BILL 226

by Patrick A. Terick

Chairman, and members of the Committee, thank you for letting me speak to you today on Senate Bill 226. My name is Patrick Terick. I represent United Cerebral Palsy of Kansas, a sister organization of the Cerebral Palsy Research Foundation of Kansas.

In 1979 the Cerebral Palsy Research Foundation constructed a 100 unit apartment, independent living complex called the Timbers which provides housing for 100 severely physically disabled persons. Many residents work in Wichita or go to school at Wichita State University.

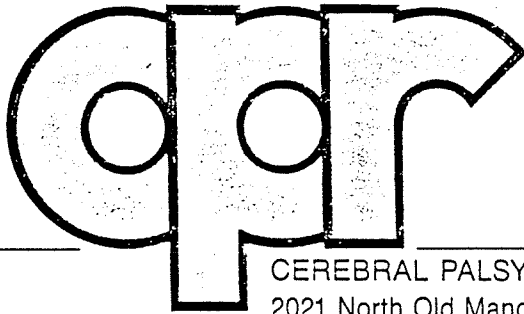
In 1978 before the construction of the Timbers, the Rehabilitation Engineering Center at W.S.U. and the staff of the Cerebral Palsy Research Foundation, searched to find a communication system to allow persons with severe physical disabilities access to the staff room in case of an emergency.

It was determined to purchase a phone system that would allow persons access to the staff room since technology was not available through the Bell System at that time.

If Senate Bill 226 is passed it will pose a hardship on both the clients of the Timbers, in their service delivery system, and the Cerebral Palsy Research Foundation of Kansas financially.

Thank you for this opportunity to testify.

( Attachment 9 )  
2-12-86 Hs.CCT



Daniel M. Carney  
Chairman  
Deryl K. Schuster  
Patrick J. Regan  
Richard C. (Pete) Loux  
Robert E. Schmidt  
Thomas R. Devlin

John F. Jor.  
President and Founder  
John H. Leslie, Jr.  
Executive Vice President  
Randy J. Putnam  
Vice President of  
Finance and Administration  
Crawford Barber  
(1972-1983)

CEREBRAL PALSY RESEARCH FOUNDATION OF KANSAS, INC.  
2021 North Old Manor • P.O. Box 8217 • Wichita, Kansas 67208-0217 • (316) 688-1888

January 30, 1986

State of Kansas  
State Corporation Commission  
Utilities Division  
Fourth Floor, State Office Bldg.  
Topeka, Kansas 66612-1571

ATTN: Mr. Mark A. Jamison

Dear Commissioners:

RE: KCC Order, Docket No. 141,975-U

This letter is written in response to the referenced KCC order in regard to filing application to the KCC for Shared Tenant Service (STS) arrangements. Having read the order and, after preliminary discussions with Southwestern Bell Telephone (SWB) representatives, it is respectfully requested that this letter serve as a formal request for exemption from compliance with the referenced order. In order to judge the validity of this request, it is appropriate that you understand this organization and its purpose/goals. Therefore, following, is a brief description of the CPR organization and reasons for this request.

The Cerebral Palsy Research Foundation of Kansas, Inc. is a 501(c)(3) corporation formed in 1972 to promote the economic and social well-being of the severely disabled adult in order to enhance their potential for maximum contribution to society and to allow them to experience the quality of life and dignity attained through self-sufficiency. The achievement of these goals, as it relates to the severely disabled population, meant that concentration would be required in all areas of an adults life and the establishment of a service delivery system meeting the special needs of this population. CPR has combined a set of programs, each designed to accomplish a given result, but highly integrated and complementary, to form a complete delivery system.

To capulate this delivery system, the following components are briefly described:

(Attachment 10)  
2-12-86 Hs.CCT

Internal Services Division:

Program Services:

This set of services concentrates on education to teach independent living skills such as checkbook management, socialization in independent living, nutrition, availability of community resources, and many other "how to" classes. Case management is directed to each individual's needs to insure success of the Individual's Program Plan. Transitional living is the "kindergarten" which concentrates on training the individual to acquire the basic skills to live in a semi-independent setting, "first grade". Further education is designed to advance the individual through "graduation" into totally independent living. Non-medical attendant care is provided to assist individuals with basic life functions such as feeding, clothing, toileting, bathing, transferring, etc. Specialized transportation is provided to insure the mobility of the severely disabled within the community. Scheduled trips to work, school, recreation, shopping, as well as emergency service to doctors and dentists is available. Work/Ability Evaluations are given to qualified individuals to determine their employment potential and preferences through state of the art techniques designed to measure and match both psychological and physical capabilities with rehabilitation engineering. An Attendant Care Training Program was established to train Developmentally Disabled Adults to serve as personal/home health attendants for the physically disabled and elderly within the community and supports the Home and Community Based Services of the State's Social and Rehabilitation Services efforts on deinstitutionalization.

Timbers:

Also a part of the Internal Service Division is the Timbers. The Timbers is a CPR program component dealing with the physical complex of buildings housing offices, programs and apartments. This is the living side of the individuals total service delivery system. Along with the offices, classrooms, and congregate area are 100 apartments housing the various severity levels of individual disability. The enclosed schematic will show the inner triangular building where the most severely disabled live, where the classrooms and programs are officed, and where the majority of training/education takes place. These 24 units are connected by internal hallways leading to the back door of each apartment so that clients and staff may interact in the conduct of CPR programs without inclement weather hindrances. The outer periphery of apartments are the less severe, more advanced client/residents who require a lesser degree of service delivery.

Outreach Services Division:

This division deals with the delivery of various services which are available to clients who live at the Timbers as well as clients state and nationwide. Physical Therapy program delivers evaluation and maintenance physical therapy through registered therapist staff to Timbers adult clients and statewide to a variety of special educational organizations and school districts. Speech Therapy is available on the same basis as physical therapy through registered therapist staff. Rehabilitation Engineering applies the skills of professional engineering staff to clients located at CPR, in the state, nationally and, in several instances, internationally. Rehabilitation Engineering deals with engineering modifications, adaptive devices, posture seating, specialized evaluation equipment, etc. to enhance independent living and employment environments. These are applied engineering techniques integrated through all other CPR programs and offered to business and industry in the employment of the disabled adult. To assist in the employment process a Placement program receives referrals from throughout the state and nation to place severely disabled individuals in employment and other appropriate programs available within CPR and the community. This placement service is also highly integrated with evaluation, rehabilitation engineering and transitional living programs.

The Rehabilitation Engineering Center (REC) Division is the pure research effort of CPR dealing with the study of and correlation of data in a wide range of topics affecting severely disabled individuals. One of only fourteen such Federally designated centers in the United States, the REC professional engineering staff is coupled with the staff research efforts of Wichita State University to produce usable information in the productivity of the physically disabled. The 12 separate projects range from Independent Living Skills Evaluation Techniques and Assistive Devices, Available Motions Application to Computer Keyboard Design, to the study of Robotics in the workplace. Combining this academic research data with CPR programs through the applied Rehabilitation Engineering, Timbers apartments, Placement program services, etc. allows CPR to actively alter the negative factors hindering the productivity and socio-economic influences on the total lifestyle of the severely disabled population.

In 1975 CPR funded the construction and separately incorporated a competitive manufacturing facility, Center Industries Corporation (CIC), with the goal to concentrate on the employment side of the severely disabled. The purpose for the establishment of CIC was two-fold. Secondary was the obvious purpose to provide an employment outlet for the disabled population. But most important was to demonstrate the employability of severely

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disabled people through rehabilitation engineering in a competitive business environment and result in a successful, self-sufficient industry. The facility employees disabled individuals at a ratio of 75% to its total current 110 employees, pays competitive wages, fringes, and has been highly successful in gaining contract revenues without publishing the disabled employment "tin cup" approach. The success has been such that efforts are underway to emulate this concept in major cities throughout the United States. The obvious benefits to the disabled is self-esteem and dignity with reversal from a user of tax-based support to a taxpayer yielding a tremendous economic benefit to all tax-based authorities supporting social service and programs.

The capsuled description of CPR presented above is expandable to give you a more detailed description of programs and services. Additional materials are enclosed for your review. Sufficient information has been presented, however, to demonstrate the relationship of the components to the whole in the total service delivery system developed by CPR to accomplish its corporate goals. Each component is integrated and complements the others to result in a total package greater than the sum of its parts. By design, the real beneficiary is the severely disabled population.

#### The Telephone System:

The physical complex known as the Timbers was developed in 1977-78 and occupancy began in May, 1979. Part of the planning process for the complex involved the communication service component. Much comparative study was given to both the economic and service delivery issues. The study concluded that the purchase of the telephone system was both economically and service delivery justified. The current system was purchased in 1979 with a 10 year amortized note. It was estimated that the combined cost of the note amortization and service and equipment charges billed by Bell Telephone would yield a cost/rate per telephone equivalent to the cost for standard Bell Telephone service. Further, at the end of the ten year period, the rate would drop substantially below the Bell rate. With a fixed loan amortization, the only variables were the charges from Bell for service and equipment and long distance which would be prevalent in either situation.

Other than the economic justification for purchasing the COMCOA system, there existed at that time, other significant issues which favored the purchase decision as verses the standard Bell Telephone (BT) service. It goes without saying that the decision process took place in 1978 and the very common technology available today was very uncommon and in most cases had very limited availability and higher price tags.

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The Client population which CPR serves was and still is the severely handicapped. In many cases, the ability to "dial" a telephone to contact the attendants for aid was a consideration on several points. First, if our telephone system could be used internally without dialing seven digits each time, that would be preferable. COMCOA offered intra-company communication with only a three digit push button access. To my knowledge, "speed dialing" was not available through BT at that time.

Secondly, with a BT system, ownership of the telephone equipment vested in BT and CPR ability to engineer modification to that equipment to accommodate specific client needs was totally restricted. At that time, only BT could install, move and/or modify their own equipment. With CPR ownership of the equipment, the engineers were able and have done modification to help clients use this service.

Third, and somewhat related to the second, consideration of CPR's need to move clients within the complex for better service delivery was also weighed. Movement with a BT System meant service calls to BT for disconnect and connect with every client move with associated delays in the clients ability to communicate with the aide station for attendant care service. Similarly, the individual responsibility of each client to secure the phone service from BT would have been a monumental task involving transportation problems, communication, security deposit, and demanding a high degree of independent initiative. Although client independence was and still is a CPR goal, most incoming clients could not have successfully completed this task.

Other technological advantages were present with the COMCOA system which were not available with BT individual service. These included call pick-up, conference calling, call waiting, intercom, call hold, call forwarding and call transfer. All of these features were advantageous to both the client/resident and to CPR in effectively carrying out its service delivery and independent living missions. Comparatively, SWB technology did not offer these advantages at that time or at least at a competitive price.

Some examples of the application of these features and the comparable BT alternative were examined. These include:

Call Pick-up: An aide could answer an aide station call from any other phone without going back to the aide station.

Conference Calling: An aide could communicate with a program/case manager and client at the same time. Clients could communicate with each other more effectively. Business use of this feature was also advantageous.



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Intercom: The ability of the complex manager to communicate en masse with clients and staff was necessary in the event of emergency and/or general information announcements. This could be done with the COMCOA system from any phone and without having to install separate Intercom systems and interlinking buildings.

Call Forward: Client and staff could receive their calls when at a designated station other than their own.

Call Transfer: Client and staff could transfer calls within the complex as necessary without having to ask the calling party to hang up and redial another sequence of numbers.

Additionally, clients would have the advantage of not having to pay individual security deposits and installation charges. Because CPR is the subscriber to the Bell service and is sales tax exempt, there would be no state tax added to service and long distance charges. CPR also applied for and was granted an exemption for operator assisted charges where clients needed help in dialing a series of numbers. Additionally, CPR works with clients on money problems from insufficient fund checks through extended no interest terms on bill payments. Maintenance on instruments is also provided at no charge. Suffice it to say that the advantages of the COMCOA system to clients and staff of CPR were comparatively and obviously much greater than the standard BT service at that time. Therefore, the communication component of the total package of service delivery was installed prior to May, 1979, with the addition of the COMCOA NEAX 12 EPABX system.

I have not presented any details of the CPR programs funding base, and unless you request additional information, it is unnecessary with one exception. CPR is highly tax-based supported from the Federal through the local level of government. Each set of programs and the organization as a whole is governed by the a maze of guidelines from each funding source specifying the allowable/unallowables for the specific use of a particular funding source. Guidelines range from several volumes from the Code of Federal Regulations (CRF) down to specific City codes dependent upon the type of fund and service. Although I would be happy to share the details of this complexity with you, it is necessary only in regard to the Timbers program relative to the telephone system.

Timbers is a 202/Section 8 project. Basically, this means that CPR borrowed the funds for construction of the Timbers from the U. S. Department of Housing and Urban Development (HUD) and that the CPR clients who occupy the Timbers apartments are receiving rent subsidy through a Housing Assistance Payment Contract. Further, because of this funding, CPR must follow all the guidelines set forth through the CFR's dealing with HUD

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projects. Usually when an apartment is provided with certain amenities such as furniture, utilities, there is one rent amount which would include these costs and the amenity is "free of charge". However, HUD guidelines do not allow this arrangement and the rent must be for an unfurnished apartment only with separate agreements for other provided amenities. Therefore, the telephone must be billed separately even though it is an inseparable part of the service.

The current communication system has 140 telephone, distributed as follows:

Program Services - Social Service Staff = 9  
Program Services - Training Apartment = 1  
Program Services - Attendant Care = 1  
Program Services - Aide Training = 1  
Timbers - Management & Maintenance = 2  
Timbers - Apartments = 99  
Physical/Speech Therapy Office = 3  
Placement Office = 1  
Rehabilitation Engineering = 8  
Administrative Offices = 15

Current rates are structured to offset costs only and are comparatively competitive with other individual and commercial services. Clients occupying the Timbers Program apartments pay a total of \$21.00 per month while the other program/offices pay \$45.00 per month, long distance charges excluded. I would be happy to share the components of this cost/rate with you if you so desire.

The point here is that in order to pay the cost of the note amortization and operating costs of the system, the full revenue of the product of the specified rate must be generated. Any significant decrease in the number of telephones in this arrangement would result in the inability of CPR to pay these fixed costs. To comply with the referenced KCC order, a contract with Southwestern Bell Telephone must be executed. A condition of that SWB/CPR contract (paragraph II.9) would reserve the right of SWB to serve any person or entity directly, upon request. Execution of this contract would, in effect, force CPR to relinquish control of its financial stability to its clients.

This request for exemption is based on the following:

(1) CPR does not fit the definition of STS. The organization is an entity in itself and is a composite of programs and services. The cost of the communication system is proportioned to its own components and clients with no third party involvement. There is no "sharing" or "tenant" as defined by the KCC order; CPR is "a single-user".

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(2) The organizations' communication system does not correlate to the intent of the KCC order. As I understand the various reasons for the study, it appears that the Commission will among others, conclude the effects of allowing STS on telephone companies return an investment in capital equipment (stranded investment), and in the provision of service to the end user in case of the providers inability to continue service. Because CPR is not sharing or reselling service, its participation in the study would contribute nothing. Additionally, if CPR could not provide service to its programs and clients, it in effect would not exist as an entity and there would be no tenant to request additional SWB service.

(3) Forcing CPR to comply, and thus contract with SWB to allow direct service to our clients or entities could result in financial hardship to the organization and its clients and programs. CPR would then have the similar situation of "stranded investment" referred to by the Telephone Companies with no recourse.

Please give this request for exemption your fullest consideration. If you need additional information or if there is anything else I can do to help in your decision process, please let me know. I believe SWB would agree to your positive response and CPR reasons for the request. Thank you for your consideration.

Sincerely,



R. J. Putnam  
Vice President of Finance and Administration

RJP:lyb

Enclosures

BEFORE THE  
KANSAS LEGISLATURE'S COMMITTEE ON  
COMMUNICATION, COMPUTERS AND TECHNOLOGY

REGARDING  
SENATE BILL 226  
FEBRUARY 12, 1986

COMMENTS OF  
RICHARD H. ENEWOLD  
AT&T STATE GOVERNMENT RELATIONS MANAGER  
KANSAS

( Attachment 11 )  
2-12-86 Hs. CCT

MADAM CHAIRPERSON AND MEMBERS OF THE COMMITTEE:

MY NAME IS RICK ENEWOLD. I AM STATE GOVERNMENT RELATIONS MANAGER FOR AT&T HERE IN TOPEKA. I AM PLEASED TO APPEAR BEFORE YOUR COMMITTEE TODAY TO EXPRESS MY COMPANY'S OPPOSITION TO SENATE BILL 226.

THE PURPOSE OF THIS BILL WOULD BE TO BRING UNDER THE REGULATION OF THE KANSAS CORPORATION COMMISSION A NEW GROUP OF SERVICE COMPANIES HERETOFORE NOT REGULATED. THEY ARE GENERALLY REFERRED TO AS SHARED TENANT SERVICE PROVIDERS. THESE COMPANIES WHICH ARE IN AN INFANCY STAGE IN KANSAS ARE IN THE BUSINESS OF PROVIDING SOPHISTICATED, STATE-OF-THE-ART TELECOMMUNICATIONS SERVICES TO OTHERS. I CAN BEST DESCRIBE THEIR SERVICE BY AN ILLUSTRATION. IN AN OFFICE BUILDING, THE OWNER OF THAT BUILDING, OR PERHAPS SOMEONE THE OWNER CONTRACTS WITH, WILL INSTALL A MODERN TELECOMMUNICATIONS SWITCHBOARD OR SIMILAR AUTOMATIC EQUIPMENT. THE SWITCH OWNER PROVIDES A MULTITUDE OF TELECOMMUNICATIONS AND, POSSIBLY, DATA SERVICES TO TENANTS WHO HAVE RENTED OR LEASED SPACE IN THE BUILDING. IN SOME CASES THE SWITCH OWNER PROVIDES ALL ASPECTS OF THE TENANTS' SERVICES. THESE FIRMS USUALLY PROVIDE THE CONNECTION TO THE LOCAL TELEPHONE EXCHANGE. THIS BILL WOULD PROHIBIT SUCH ARRANGEMENTS.

IN THE COMMISSION'S AUGUST 23, 1985 ORDER, DOCKET NO. 141,975-U, THEY ESTABLISHED A TRIAL PERIOD TO GATHER MORE INFORMATION CONCERNING THE IMPACT OF LOCAL RESALE ON KANSAS' CUSTOMERS. AT THE CONCLUSION OF THIS STUDY, THE COMMISSION WILL REACH A DECISION BASED ON EVIDENCE AND NOT SUBJECTIVE CONCLUSIONS.

TO LEGISLATE ON THE SUBJECT OF SHARED TENANT SERVICE AT THIS TIME WILL SIMPLY SHORT-CIRCUIT THE COMMISSION'S PROCESS AND FORECLOSE ON THE OPPORTUNITY FOR THE COMMISSION TO DETERMINE WHETHER SUCH SERVICES ARE BENEFICIAL TO THE PUBLIC. UNTIL THIS STUDY IS COMPLETED, IT WOULD SEEM PREMATURE TO PASS SB 226. AS OTHER CONFEREES HAVE SUGGESTED, THIS BILL BILL SHOULD BE PUT ON "LEGISLATIVE HOLD."

I RESPECTFULLY SUGGEST THAT THIS COMMITTEE RESERVE ITS DECISION TO RECOMMEND PASSAGE OF LEGISLATION THAT WILL STIFLE THE AVAILABILITY OF TECHNOLOGY TO KANSAS CITIZENS UNTIL THE RESULTS OF THE COMMISSION'S TRIAL ARE AVAILABLE. SINCE THE LEGISLATURE AND THIS COMMITTEE IN PARTICULAR HAVE THE AUTHORITY AND THE RESPONSIBILITY TO PROVIDE OVERSIGHT IN THIS MATTER YOU WOULD STILL HAVE THE FINAL WORD CONCERNING THIS ISSUE.

MADAM CHAIRPERSON AND MEMBERS OF THE COMMITTEE, AT&T BELIEVES THAT SHARED TENANT SERVICE AND THE LONGSTANDING COMMITMENT TO UNIVERSAL SERVICE CAN CO-EXIST. IN THAT VEIN, WE ARE VERY WILLING TO WORK WITH THE LEGISLATURE AND THE COMMISSION IN ARRIVING AT CONSTRUCTIVE SOLUTIONS CONCERNING THESE IMPORTANT ISSUES.

IF YOU HAVE ANY QUESTIONS, I WILL BE HAPPY TO TRY AND ANSWER THEM.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO EXPRESS MY COMPANY'S VIEWS BEFORE YOUR COMMITTEE.