

MINUTES OF THE HOUSE SUB COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY - SB 226

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

3:30 ~~XXXX~~ p.m. on February 26, 19 86n room 522-S of the Capitol.

All members were present except:

Committee staff present:

Lynne Holt, Legislative Research Department
James A. Wilson, Revisor of Statutes
Jean Mellinger, Secretary to the Committee

Conferees appearing before the committee:

Bill Kelly, Director of Telecommunications, C. B. Self Company, Overland Park, KS

Chairman Jeff Freeman opened the meeting.

The minutes of the February 19 meeting were approved.

Bill Henry of GTE Sprint Communication introduced Bill Kelly.

Bill Kelly explained the Shared Tenant Services System they operate in a building they have. Each tenant has a choice of using their system or not. Those using their system, between 85 and 90% of the tenants, get their own access lines from Southwestern Bell and their outgoing calls are pooled. He said that with the investment they have, they hope to break even in four or five years. They have trained technician who repair any problems for their customers within the building.

Representative Freeman asked if he had, had a chance to look over SB 226. Mr. Kelly said he has read through it and they have applied to the KCC for the test permit.

Mr. Kelly said with their experience in getting into this, they don't see many others doing it. They were sold on it with the idea of \$1,000 per telephone and it is now going about \$1,400 per telephone.

Representative Friedeman asked about DID. Mr. Kelly said DID stands for Direct Inward Dialing and they buy a bank of DID and a bank of trunks.

Representative Freeman asked if they were speaking of data or just voice. Mr. Kelly said they are just using voice right now.

Representative Friedeman asked if they were using partitioned switches and was told they are using non-partitioned switches. Representative Friedeman asked if they separate the cost of telephone services from the rental lease. Mr. Kelly said they did, that they tell the tenants it is available and, if they want to go with it, they have a separate lease agreement for the telephone service. Mr. Friedeman asked where tenants were moving from when they moved in and about stranded investment. Mr. Kelly said they were coming from various places and he is not sure how much impact they are having. Representative Friedeman asked if their technicians did all the telephone work in the building and was told they worked only on their customers' phones.

Representative Dean asked what percent of the phones were theirs. Mr. Kelly said between 85% and 90% were theirs.

Representative Friedeman asked about the cost differential between a partitioned switch and a non-partitioned switch. Mr. Kelly said they cost about the same but the partitioned switch uses up more of the computer availability.

Representative Freeman asked how many offices were leasing their services and was there were 28 tenants with about 400 phones.

CONTINUATION SHEET

MINUTES OF THE HOUSE SUB COMMITTEE ON COMMUNICATION, COMPUTERS AND TECHNOLOGY - SB, 226

room 522-S, Statehouse, at 3:30 ~~xxx~~/p.m. on February 26, 1986

Representative Freeman asked if they were doing this in only one building. Mr. Kelly said they were at the present time. Representative Freeman asked what their plans were to do this in other buildings. Mr. Kelly said they had some other buildings, but it was too costly to run lines from one building to another. Representative Freeman asked what services they provided tenants. Mr. Kelly said that basically they provide PBX features, voice mail, least cost routing of long distance calls, and detailed accounting of telephone costs and charges. Representative Freeman asked if they would like to set this up in some more of their buildings in Kansas and was told they didn't have any plans to do this at the present time.

Representative Friedeman asked Eva Powers how many applications the KCC has recieved. She said they have 15 applications and the deadline is past. If more applications come in, they will take them to the KCC to see what should be done with them. She said four are for systems not yet in place. Representative Friedeman said one of the Representatives on the full committee suggested there may be some systems that are unknown. She said that was possible, that anything they find out about, they contact. She said that in the future it will be less likely for anyone to start without their knowledge because they would need a large number of DID numbers. Representative Friedeman asked what kind of penalties were assessed to these cases and was told there weren't any at the present time. They would try to have the company terminate or the telephone company to desist in giving services.

Ed Schaub explained that stranded equipment referred mainly to the cable between the buildings.

Representative Friedeman asked about the loss of revenue to Southwestern Bell, and Mr. Schaub said they were not only considering business buildings but also large apartment complexes. He said that in many of the cases they said they weren't doing it to make money but at issue is Southwestern Bell's ability to make money. He said he wasn't familiar with this situation in Overland Park and if they were getting their incoming lines from the telephone company, it might not be much of a problem. Eva Powers said that Southwestern Bell had said they were opposed to pooling outgoing calls as well as incoming calls.

Representative Friedeman asked Mr. Schaub if he would favor penalties within the provisions of this act concerning cases that may come up and Mr. Schaub said he didn't know. Dave Mudrick of Southwestern Bell said he doesn't think they have taken a position on that.

Ron Gaches said they are still trying to get something to cover the parts of the bill that might be a problem to Boeing. He will get it in as soon as possible.

Representative Freeman said they plan to come back next Wednesday to consider some recommendations on amendments to be presented to the full committee.

The meeting adjourned at 4:30 p.m.

The next meeting of the subcommittee will be at 3:30 p.m. in room 522-S on March 5, 1986.

