

Approved: February 1, 1996
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MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 31, 1996 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Feleciano, Gooch, Harris, Hensley, Jordan, Petty, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee:
Joseph Weber, Weber Temin & Company, New Jersey, Consultant to the
Telecommunications Strategic Planning Committee

Others attending: See attached list

Joseph Weber, Consultant to the Telecommunications Strategic Planning Committee(TSPC), testified regarding the Policy Framework which appears as Chapter VII of the *Final Report of the Telecommunications Strategic Planning Committee*. The TSPC established a Policy Framework to provide competition within the telecommunications industry in a manner which is consistent with consumer benefit and industry stability and stimulates the construction of advanced telecommunications infrastructure, for all Kansans, at affordable rates.

Mr. Weber stated the policy issues which caused the greatest conflict were those regarding resale and minimizing the role of government. Mr. Weber suggested the Universal Service Fund, proposed by the TSPC, be minimal with adequate oversight.

Mr. Weber advised the proposed federal legislation allows the Bells in the long distance market, however, requires the resale and unbundling of their facilities. The TSPC proposal allows resale but the Bells are not compelled to unbundling of local loop, switch, and trunk facilities for resale until the Bells go into the long distance market.

Mr. Weber stated the deregulation of services does provide an essential complaint procedure, and market forces are adequate to protect the consumer. Further, initial prices should be set at existing prices. The TSPC heard two complaints regarding this issue: 1) there has not been a rate of return review for years; and 2) there would be a delay in the deregulation process. Southwestern Bell as a result of the enactment of TeleKansas I and II have expended large amounts in the construction of infrastructure to ensure outreach to schools, libraries, etc. The question is how to establish a level playing field between SWB and the other long distance and cable companies. The Policy Framework is the TSPC's conclusions as to how to best establish the balance between deregulation and to ensure competition within the telecommunications industry.

In answer to question as to what the Committee should be warned against when enacting legislation, Mr. Weber stated the Universal Service Fund should be a minimal amount with adequate oversight; resist the temptation to conduct cost studies as they do not reflect the true cost analysis; and resist the temptation to find a way back to having the industry regulated.

Upon motion by Senator Burke, seconded by Senator Gooch, the Minutes of the January 30, 1996 meeting were unanimously approved.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for February 1, 1996.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: January 31, 1996

NAME	REPRESENTING
Glenda Coker	KCC
AND GRANT	KCC
HEINEMANN	KCC
Scott Richardson	SWBT
Kathy Peterson	AT&T
Tom Bruno	Allen & Assoc.
George Barbee	RTAC
David Bienty	KCC
Melanie Farmer	SWBT
BILL BLASE	SWBT
DENNY KOCH	SW Bell Tel
JASON PITTSBURGH	BRAD SMOOT
Mark Barak	KD & A
Melie Heid	# Classic Communications
Neresa Sisenauer	SWBT
Chava McKel	Senator Downey
Jay Scott Emler	KENI L.C.
Eva Powers	MCI
BRIAN LIPOLD	MULTIMEDIA HYPERION

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
Doug Smith	SITA
RICHARD VEACH	PIONEER TELEPHONE
Roger Vanfeldt	Rural Telephone Service Co.
Bill Drexel	SWBT
KENDALL MIKELLELL	SOUTHERN KANSAS TELEPHONE
Rob Hodges	KTA