

Approved: 4-5-96
Date

MINUTES OF THE HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS.

The meeting was called to order by Chairperson Doug Lawrence at 1:30 p.m. on March 4, 1996 in Room 313-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Mary Ann Graham, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Chairman Doug Lawrence called the meeting to order at 1:30 p.m. by saying that today had been set aside for committee members to ask questions of conferees that have testified before the committee on **HB 2994**. He brought the committee up to date on the progress being made in drafting a telecommunications bill, he has been working the last few days with Bob Nugent, the Revisor of Statutes and Lynne Holt, of the Legislative Research Department. The Chairman announced that a copy of the information they have come up with will be distributed after the question and answer session today.

The Chairman opened the meeting for questions by committee members. The committee called on a number of conferees from the audience to answer questions regarding **HB 2994**. Hearings were held on February 14, 15, 19 and 20 on this particular bill.

The Chairman had copies of "Major Points of Proposed amendments to **HB 2994**" distributed to committee members and people in the audience. He went over the information and explained the eight major points. (See Attachment 1) Also he read the statement of public purpose that is being added to the bill. The Chairman stressed the fact that what has been done are changes to some of the key elements, not the final language. He explained that **HB 2994** was used as a basis to start building the framework for a telecommunications bill and will be put into another bill, **HB 2728**.

The Chairman announced that in tomorrow's meeting there will be more discussion in the process of drafting a bill and hopefully by the end of this week the committee will have a bill put together, if not by Thursday, the committee will meet on Friday.

The meeting adjourned at 2:40 p.m.

The next meeting is scheduled for March 5, 1995.

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS COMMITTEE GUEST LIST

DATE: 3-4-96

| NAME | REPRESENTING |
|--|---------------------------|
| Ann Hennings Johnson | KASB |
| Tom Matson Flaming | KCC |
| Henning | |
| Patrick Hurley | ATNT |
| Stenda Carter | KCC |
| Bill Drexel | SWBST |
| M. Ferrini | SWBST |
| John A. Pinegar | SITA |
| Doug Smith | SITA |
| CARL KREHBIEL | MOUNDRIDGE TELEPHONE CO. |
| Steve Sackler | Wamego Tel Co, Inc. |
| David Cunningham | Cunningham Telco Co, Inc. |
| Rob Hodges | KTA |
| KENDALL MIKESELL | SOUTHERN KANSAS TELEPHONE |
| Tom Gleason | Independent Telco Group. |
| ROGER BALES | KCPR |
| MARK WITCOE | AT&T |
| MIKE LURA | AT&T |
| Carroll O'Neil | " |

HOUSE SELECT COMMITTEE ON
TELECOMMUNICATIONS COMMITTEE GUEST LIST

DATE: 3-4-96

| NAME | REPRESENTING |
|--------------------|------------------------------|
| Rob Marshall | Mid-America / KCPA |
| Vic Bahr | Comptrol of Kansas |
| Mussa Stingerford | Ks Hosp Assoc |
| Karl Korman | AT&T |
| Dennis Koch | SWB Tel. |
| STEVE HEARNEY | KINI L.C. |
| John Reinhart | KPA |
| JASON PITSENBERGER | HEAD SMOOT - KGC |
| Mike Recat | AT&T |
| Scott Powers | MCI |
| DAVID B SCHLOSSER | Pete McGinn & Assoc. |
| Scott Richardson | SWBT |
| McQuinn | |
| Dallegra | |
| Mark Hunter | |
| Chris McKenzie | League of Ks. Municipalities |
| JEFF RUSSELL | SPRINT |
| Richard Lawson | SPRINT |
| | |

STATE OF KANSAS

Doug Lawrence

STATE REPRESENTATIVE

902 MIAMI

BURLINGTON, KS 66839



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

CHAIRMAN SELECT COMMITTEE ON
TELECOMMUNICATIONS
MEMBER ENERGY AND NATURAL RESOURCES
TAXATION

Major Points of Proposed amendments to HB2994

1.) Definition of enhanced universal service provides commission flexibility to remove as a requirement any proposed service which is found to not be economical viable, not commonly available in urban areas, or is technologically obsolete.

2.) Telephone Companies required to offer resale of retail services offered to the public, and to unbundle services. Commission required to approve resale restrictions authorized by federal law.

Resale and unbundling issues to be negotiated first, with commission intervention on open issues within 90 days. Commission encouraged to price resold services and unbundled services to encourage development of facilities in Kansas, but consistent with federal wholesale pricing requirements.

Pricing considerations to commission:

a.) Retail services wholesale price is presumed to be not more than a 10% discount off retail, unless commission finds that there is clear and convincing evidence that a larger discount is necessary to meet the avoided cost test of the federal law.

b.) Unbundled services to be priced at actual cost, including allocations for joint and common costs, plus a reasonable profit.

3.) Rural entry requirements

Commission shall not require unbundling or resale of services for rural telephone companies (pursuant to the federal act) unless there is a request for the service, and the commission finds that the request is not unduly economically burdensome, consistent with the protection of universal service, and consistent with the public interest, convenience or necessity. Commission directed to not provide final approval to any such

*House Sel/comm. Telecomm.
3-4-1996
Attachment 1*

request until standards are established for commission consideration of "uneconomically burdensome" and "consistent with protection of universal service" language of the federal law.

Commission directed to conduct a general investigation regarding competitive rural entry to study the issues raised by independent telephone companies. (resale vs facilities, long term viability of competitors in small markets, resale impact on universal service obligations of carrier of last resort.

Commission directed to establish guidelines in a formal order by December 31st, 1996. Preliminary Findings due not later than October 31st, 1996.

4.) Day one, Price Deregulation of additional services is removed from bill. A third pricing basket is created for those services, which caps prices until such time that dialing parity is provided for intralata toll. (essentially at which time SW Bell meets federal check list and can enter the Regional InterLata Market, though Bell could elect to offer Dialing parity earlier and accomplish price deregulation services earlier.) Pricing subject to price floor regulation, in addition to caps.

5.) After rate rebalancing, Intrastate access charges are tied to Federal Interstate access charges.

6.) Initial prices for Price Caps are the existing prices. Price studies to be ordered upon complaint. Commission study requirement for LRIC remains.

7.) Commission shall adopt quality of service standards by December 31, 1996. Alternative regulatory plans, Facilities plans, and applicants for Certificates of convenience shall be reviewed regarding quality of service issues. Existing companies will be evaluated on meeting the standards. New entrant proposals will be evaluated regarding ability to meet the standards.

8.) Statement of public purpose added to the bill.

Work on KUSF issues is ongoing, regarding funding mechanisms etc...