

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 12, 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: Richard Lawson - Sprint
Ron Hein - Classic Communications
Mike Reece - AT&T
Jan Kruh - AARP
David Hollingsworth - KC Fibernet
Glenda Cafer - Kansas Corporation Commission
Brian Lippold - Multimedia Hyperion
Karen Hewitt, Sabetha, Ks.
Rebecca Rice - KS Cable Telecommunications Assoc.
Stephen Sauder - Valu-line Company
C. Clyde Jones, Manhattan, Ks.
Carl Krehbiel - Moundridge Telephone Company
Eva Powers - MCI
Dick Veach - Pioneer Telephone
David Cunningham - Cunningham Telephone Company
Melanie Fannin - Southwestern Bell Telephone Company
Ron Marnell - Multimedia Cablevision
Robert B. Marshall - Mid-America Cable TV Association
David Jones - CGI

Others attending: See attached list:

Chairman Doug Lawrence called the meeting to order at 1:30 p.m. He announced that there were nineteen conferees listed to speak in today's meeting and that he would be calling them in the order they signed up, not by proponents and opponents.

The Chairman opened the meeting to public comments on: **Substitute Bill 2728.**

The Chair introduced Richard Lawson, Sprint, to the committee. Mr. Lawson testified that after 24 hours of reviewing the bill he and his company have determined it is not a balanced bill and that it is not a piece of legislation that Sprint can support as it is written. They submitted an amendment to the bill, first; page 6 (m), second; page 11 (d), third; page 13 (g), fourth; page 14 (k) and fifth; page 21 strike New Section 10. (See Attachment 1)

The Chairman introduced Ron Hein, Classic Communications. Mr. Hein testified that Classic favors some of the provisions of the bill but have several concerns. (See Attachment 2) He submitted a proposed amendment, first; page 2, Sec. 2 (h) and second page 21, New Sec. 10 (a). (See Attachment 3)

The Chairman introduced Mike Reece, AT&T. Mr. Reece testifying in behalf of AT&T spoke in opposition of the bill. They believe it is anti-consumer, anti-competitive and contrary to federal law. (See Attachment 4) They feel it is a far wiser and safer course to take no action this year.

The Chair introduced Jan Kruh, AARP. Ms. Kruh and AARP are opposed to the bill as it is written, they feel it does not protect consumers and is directed at protecting the pocket books of the local exchange companies. (See Attachment 5)

The Chair welcomed David Hollingsworth, KC Fibernet. Mr. Hollingsworth spoke against the bill, he feels

CONTINUATION SHEET

MINUTES OF THE HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS, Room 313 -S
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it is anti-consumer, anti-rural, anti-urban, anti-competitive and will create a legal quagmire because of its many conflicts with federal legislation. (See Attachment 6)

The Chair welcomed Glenda Cafer, Kansas Corporation Commission. The Commission outlined consumer concerns and sections of the bill that conflict with the Federal Act. (See Attachment 7)

The Chairman introduced Brian Lippold, Multimedia Hyperion to the committee. Mr. Lippold felt 24 hours was not sufficient time to review the bill and formulate effective testimony. However, he believes the bill is anti-competitive, anti-consumer, in direct conflict with federal legislation, and erects barriers to competitive entry. He feels rural Kansas will never see the benefits of competition. (See Attachment 8)

The Chairman introduced Karen Hewitt, Sabetha, to the committee. Ms. Hewitt spoke in favor of the bill, she approves the new costs which would be beneficial to her. She is a mother and grandmother, with children and grandchildren in the State of Kansas but are long distant calls for her. She feels that even though local costs may be increased, she would save a great deal more on long distant calls within the state. Also she hopes her grandchildren that live in a rural community will have the same educational benefits, through the use of telecommunications, as the ones that live in a larger city.

The Chairman welcomed Rebecca Rice, Ks Cable Telecommunications Assoc. Ms. Rice appeared in behalf of KCTA in opposition to the bill, they believe it is anti-competitive, anti-consumer and in conflict with federal law. (See Attachment 9) She distributed copies of a letter from Greg Harrison, State Director of Government Affairs, TCI Cablevision of Oklahoma, stating that because of the short time element, was unable to provide the committee with any meaningful input by today. (See Attachment 10)

The Chair introduced Stephen Sauder, President and CEO of the Valu-line Companies. Mr. Sauder testified against the bill, he has a great fear that his company will be regulated or legislated out of business. He urged the committee to take more time before taking any action on this telecommunications legislation. (See Attachment 11)

The Chair introduced C. Clyde Jones, Manhattan, Ks. Mr. Jones appeared before the committee in support of the bill, he believes it recognizes the major changes which are occurring in the telecommunications industry and seeks to change the face of regulation to meet these new conditions. He feels this bill focuses on regulating competition and less on regulating the individual competitors. (See Attachment 12)

The Chairman welcomed Carl Krehbiel, Moundridge Telephone. Mr. Krehbiel spoke in favor of the bill, he feels the bill certainly is a compromise. He feels this bill has some clear rules and guide lines concerning rural entry, although he doesn't think they go far enough and leaves too much to the KCC. He believes this bill is far from perfect, he doesn't expect to get everything but does believe it is a good bill and urged the committee to support it.

The Chair welcomed Eva Powers, MCI, Ms. Powers spoke in opposition to the bill. She feels the bill is anti-competitive, anti-consumer and violates the federal act. She believes it is at a minimum premature and urged the committee not to pass it. (See Attachment 13)

The Chair welcomed Richard Veach, Pioneer Telephone. Mr. Veach spoke in favor of the bill, he believes it is the result of many compromises and is a good bill for all Kansans. (See Attachment 14)

The Chair welcomed David Cunningham, Cunningham Telephone. Mr. Cunningham spoke in favor of the bill and even though he does not agree with all parts, feels it is good for Kansas and crucial to rural Kansans. He asked the committee to support this bill. (See Attachment 15)

Chairman Lawrence welcomed Melanie Fannin, Southwestern Bell, to the committee. Ms. Fannin testified in favor of the bill, she doesn't believe it makes a level playing field but that it does move in the right direction. She feels it will require further adjustment but the marketplace won't wait any longer for the initial rules to be written. (See Attachment 16)

The Chairman welcomed Ron Marnell, Multimedia Cablevision. Mr. Marnell appeared in opposition to the bill, he believes the particulars of the bill are anti-competitive and, in some parts, contrary to the federal law. (See Attachment 17)

The Chairman welcomed Robert B. Marshall, Mid-America Cable TV Association. Mr. Marshall opposed the bill and believes this legislation will not allow competition to develop in telecommunications. He also believes the bill is contradictory to the new federal law. (See Attachment 18)

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MINUTES OF THE HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS, Room 313 -S
Statehouse, at 1:30 p.m. on March 12, 1996.

The Chair introduced David Jones, CGI. Mr. Jones spoke in opposition to the bill. He believes there are conflicts with the existing federal act, it is premature since the Kansas legislation must conform to federal rulemaking which have yet to commence, it is adverse to the interest of consumers and is unfair to emerging competitors. (See Attachment 19) Mr. Jones distributed copies of "Common Carrier Bureau Public Forum on Implementing the Telecommunications Act of 1996", to the committee. (See Attachment 20)

The Chairman closed the public comments hearing and thanked all the conferees for appearing today.

The meeting adjourned at 3:25 p.m.

The next meeting is scheduled for 7:00 a.m. March 13, 1996.

HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS COMMITTEE GUEST LIST

DATE: 3-12-96

NAME	REPRESENTING
<i>Ken Bell</i>	<i>4th Filament USD's</i>
<i>Robert Bunting</i>	<i>Radio, Inc.</i>
<i>David Herz</i>	<i>DSNWR, Inc.</i>
<i>Brian Lippold</i>	<i>MULTIMEDIA HYPERION</i>
<i>Ron Marnell</i>	<i>Multimedia Cablevision</i>
<i>Rob Marshall</i>	<i>Mid-America COUNTESSA</i>
<i>Nube Pearl</i>	<i>ATTN</i>
<i>Flora Pader</i>	<i>Leadership Hays</i>
<i>Nancy Stuhling</i>	<i>Leadership Hays</i>
<i>L. M. Hanks</i>	<i>Leadership Hays</i>
<i>Edward J. Brungardt</i>	<i>Leadership Hays 93</i>
<i>JASON FITZGERBERG</i>	<i>SWBT</i>
<i>BILL BLAZZ</i>	<i>SWBT</i>
<i>Tom Gleason</i>	<i>Independent Telecom. Group</i>
<i>Denny S. Koch</i>	<i>SW BEL TEL</i>
<i>M. Clainmouck</i>	<i>CLASSIC</i>
<i>R. Hein</i>	<i>CLASSIC</i>
<i>JEFF ROSSELL</i>	<i>SPRINT</i>
<i>McMurry</i>	<i>SWBT</i>

HOUSE SELECT COMMITTEE ON
TELECOMMUNICATIONS COMMITTEE GUEST LIST

DATE: 3-12-96

NAME	REPRESENTING
Hedra Barakatt	AARP
Lorina C. Knoll	AARP
Arel W. Harder	AARP
Brideline Cosley	AARP
Jan Kruh	AARP
Bill Slisko	CURB
Bette Sue Shumway	AARP
Robert D. Carey	AART
Al Kimmel	AARP
Kurt Awwer	AARP
Jim Daught	AARP
Clyde Jones	Self - Manhattan, ks
Duff Allen	SWBT
Bob Ruller	SWBT
Mike Merdison	KCTA
Craw Fleming	TCI of Kansas, Inc.
Johnson	Ks Cable Telecommunications Assn.
MIKE LURA	ATTI
Robert A. Fox	AT&T

(m) On January 1, 2000, the commission shall prepare and submit a report to the legislature. The report shall include an analysis of the manner in which the regulatory framework has served to protect consumers, safeguard universal service, ensure that consumers have reaped the benefit of competition, maximize market forces and promote development of the telecommunications infrastructure throughout the state. The commission shall also recommend if and how the KUSF should be modified.

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(d) A price cap is a maximum price for all services taken as a whole in a given basket. After the initial three years of rate rebalancing, and except for any subsequent authorized rate rebalancing, no adjustment to an individual service price within the residential and single-line business service basket shall increase more than the consumer price index. Prices for services may be reduced within a basket. An entire basket, if desired by the local exchange carrier, may be priced below the cap. No service shall be priced below fixed or volume-sensitive costs caused by the service. Access charges equal to those paid by telecommunications carriers to local exchange carriers shall be imputed as part of the price floor for toll services offered by such local exchange carriers on a total toll service basis. Any downward adjustment in the price of services within a price cap not otherwise reflected in existing tariff rates or rate charges shall become effective upon fifteen days notice, or such shorter time as the commission shall approve, if the commission finds that the tariff applicant has a good faith basis to believe the price reduction is necessary to meet the price offered by an alternate provider in the operating area for which the new price applies.

(g) The price cap for the basket of all miscellaneous regulated services other than residential and single-line business including touch-tone, and switched access shall be adjusted annually based on the change in consumer price index minus 1.5 percent. Such services shall continue to be priced regulated until the affected local exchange carrier begins to offer 1+ intraLATA dialing parity. The commission may price deregulate any individual service or service category upon a finding that the service or service category is nonessential for particular residential or business users or there is an alternate provider of the service. Changes in the price of services subject to this price cap shall be effective within fifteen days after a tariff is filed. Such filing shall include information demonstrating that the price cap for the entire basket will not be exceeded by the filing. No later than December 31, 1996, the commission shall establish a percentage range within which individual services may be increased or decreased. Price changes within this range shall be presumed lawful unless it is determined that the price cap for the entire basket has been exceeded.

(k) Any new service introduced after July 1, 1996, and prior to July 1, 1997, shall be placed in the miscellaneous service basket for any local exchange carrier that elected price cap regulation as part of its regulatory plan.

New Section 10. Within six months of the effective date of this act, the commission shall develop and implement a process for supporting universal service, including a definition thereof and a method for updating the definition periodically. Consistent with the provisions of this act, the commission shall determine the size of the fund that is necessary; if such fund can be transitional; who contributes to the fund and on what basis; who receives payments from the fund and on what basis; and to what extent the fund shall support infrastructure improvements. The commission may adopt any universal service plan that is agreed to by the commission staff, CURB, all telephone companies and all telecommunications companies certified prior to January 1, 1996.

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Ronald R. Hein
William F. Ebert
Stephen P. Weir
Melissa A. Wangemann

HOUSE SELECT TELECOMMUNICATIONS COMMITTEE
Re: House Substitute for HB 2728
Presented by Ronald R. Hein
on behalf of
CLASSIC COMMUNICATIONS
March 12, 1996

Mr. Chairman and Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Classic Communications which owns significant cable television franchises in Kansas and other states. As part of its overall telecommunications strategy, Classic has also purchased four telephone franchises in Kansas. Classic's mission is to provide high quality telecommunications services at a competitive price in rural markets.

In light of the time limitation, I will be very brief in my testimony. Although some of the provisions of H Sub 2728 are good, Classic has several concerns about the bill. Classic has previously indicated that one of the guiding principals of the Committee should be to enact legislation which is consistent with the Federal Act so as to protect against unnecessary litigation and the possibility of state action being preempted by federal law.

Our current reading of the bill leads us to believe that several sections are not in compliance with or are inconsistent with the Federal Telecommunications Act of 1996.

Classic generally concurs with the testimony provided by Mr. Richard Lawson of Spring United regarding the Kansas Universal Service Fund. We concur with his testimony that the Kansas Universal Service Fund provisions are not consistent with the requirements of the federal act.

Classic specifically points this out because, although Classic does have four telephone exchanges in Kansas and is a local exchange carrier that would benefit greatly from the Universal Service Fund language regarding those exchanges, Classic does not believe that the policy is consistent with the federal act. We believe that our speaking to this issue as one of the ones who would benefit under the provisions of the act as to universal service should demonstrate our credibility with regards to the public policy of this language.

The Federal Telecommunications Act of 1996 specifically provides that an eligible telecommunications carrier which meets the requirements of Sec. 214(e) of the federal law is eligible for universal service. H Sub 2728 specifically provides that only the local exchange carrier shall be eligible for universal service. Under Sec. 214(e), the state public utility commission shall in the case of urban areas, and may in the case of rural areas, designate more than one eligible carrier.

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Under H Sub 2728, although multiple carriers can be designated by the KCC in rural areas, only one, the incumbent local exchange carrier, or their successor, shall be entitled to universal service. Classic believes this to be inconsistent with the federal act.

Classic proposes amending H Sub 2728 with the same amendments that were offered by Sprint on HB 2994 with regards to universal service. Balloon amendments of those proposed amendments are attached.

Secondly, Classic would specifically propose two amendments to the proposed H Sub 2728. Those two amendments are attached to this testimony, and basically delete the two sentences that refer to Hill City on the two pages noted. The language being deleted may not be in compliance with federal law. In addition, since the City of Hill City took the franchise action that has raised the issue, the concern that this provision might trigger the constitutional home rule doctrine for municipalities has been raised with the Chairman and with the legislative staff of this Committee. No determination has been made as to whether or not the home rule provision would be applicable. If it is, then this provision would render the act non-uniformly applicable statewide, and will permit a municipality to utilize its constitutional authority to charter out from underneath the provisions of the act.

Classic had originally introduced legislation to solve the franchise problem that was noted by the Supreme Court. Due to the inability to reach a consensus between the League of Kansas Municipalities and Spring-United, it had been requested that no action be taken on the franchise issue and to simply leave that matter unaddressed by the Committee. Classic agreed to that approach so as to not force the franchise issue, but the language regarding Hill City which has been left in the bill may send the wrong message to the Courts. With the issue of who should be serving Hill City on appeal to the Courts, the Court may well wonder why that language is inserted in the act, and the language may have the effect of influencing the Court's decision by suggesting that the legislature felt that the KCC decision was inappropriate. I would note for the record that it is possible for any other city to subsequently deny a franchise and trigger the same incident as occurred in Hill City, and yet there is no mention in the legislation to the fact that in that event the entity which is finally declared by the Courts to be the true successor in interest to one of the local exchange carriers shall serve as a carrier of last resort. The Court might very well ask why that language is left out for other incidents, but why the language is put in with regards to Hill City specifically, unless there is a legislative intent to influence the Court's interpretation.

Therefore, we would strongly urge the Committee to eliminate the two sentences indicated relating to Hill City so that the legislation itself will be completely moot on the franchise issue, so as not to lead the Court to an interpretation either way. In addition, we would ask the Committee to adopt the expression of legislative intent attached hereto.

Lastly, in light of the limited amount of time to review the bill, Classic is concerned about the language set out on Page 7 in New Section 4, which appears to create an unlevel playing field regarding to rights and responsibilities of cable companies in competing with local exchange carriers. The language is unclear to Classic, and it is unsure what is intended so as to justify specifically mentioning cable television companies, who otherwise are regulated under federal law.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

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**Proposed Insert for Legislative Minutes
Expressing Legislative Intent for Elimination of Hill City Language
In Two Places in HB 2728**

I move that HB 2728 be amended by:

Page 2, Sec. 2(h)

Strike all after the period on Line 30, and all of lines 31-35.

Page 21, New Sec. 10(a)

Delete everything after the period on Line 29, and all of lines 30-33 and on line 34 all before the word "the".

and that the Committee minutes reflect the following statement of legislative intent:

It is the legislative intent of this Committee that the deletion of the language indicated above is to insure that this legislation does not address any of the issues before the Court with regards to the appeal of the KCC order concerning the Hill City exchange. The Committee has taken no action on the proposed franchise legislation (HB 2763) and is striking reference to the specific action of the KCC and the appeal therefrom in the provisions of HB 2728. The purpose of this action by the Committee is to stand moot on any of the issues currently before the Court, so that the Court may render its decision based upon all applicable law without being influenced one way or the other by either of the proposed pieces of legislation. It is the intention of this Committee to wait until a future legislative session to address policy considerations concerning the rights of municipalities, the KCC, and telephone or telecommunications companies with regards to issues of franchising.

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CLASSIC COMMUNICATIONS PROPOSED AMENDMENTS
TO HB 2728

Page 2, Sec. 2(h)

Strike all after the period on Line 30, and all of lines 31-35.

Page 21, New Sec. 10(a)

Delete everything after the period on Line 29, and all of lines 30-33 and on line 34 all before the word "the".

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3-12-1996
Attachment 3*



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**TESTIMONY ON BEHALF OF AT&T
BEFORE THE SELECT COMMITTEE ON TELECOMMUNICATIONS
HB 2728
MARCH 12, 1996**

Mr. Chairman and members of the Committee:

My name is Mike Reecht. I am Director of State Government Affairs for AT&T in Kansas.

I appreciate the opportunity to appear before this committee to discuss HB2728.

HB 2728 is a complete rewrite of former HB 2762, HB 2961, HB 2994, HB 2963 and HB 3030. This bill has been characterized as a compromise between the local exchange companies and others. Let me first say that this is no compromise. This bill is heavily weighted in favor of Bell and the independent companies at the expense of consumers and competition. HB 2728 is anti-consumer, anti-competitive and in conflict with federal law. Because of the short amount of time that I have to discuss this bill, I will abbreviate my discussion to point out the major problems which are inherent in this bill.

HB 2728 IS ANTI CONSUMER

First I would like to discuss some of the more anti-consumer aspects of HB 2728. This bill strips many of the fundamental duties of the KCC while placing the incumbent LECs at a competitive advantage and consumers at the mercy of local exchange company monopolies. This bill actually assumes that class services (custom calling features) are essential for rural consumers. Ironically, the bill deregulates those same services for Bell's customers. Bell can sell custom calling features at any price to any customer at any location. Basically in July, 1997, 58% of Bell's revenues attributable to miscellaneous services will be removed from KCC price regulation. This includes services which may be essential and may not be competitive. Consumers will suffer because the local exchange network will continue to be a monopoly which will eliminate any opportunity for Kansas consumers to reap the benefits of competition.

The price cap plan is totally anti-consumer. Telecommunications is a declining cost industry. Yet, this bill allows companies to set their initial price caps at current rate levels even though there is irrefutable evidence that costs have been dropping substantially. In addition, Sec. 8 of this bill immediately allows independent local exchange carriers to raise rates up to \$1.50 per month each year, even though the USF guarantees their revenue stream. Price Cap companies may raise their rates after three years in accordance with CPI factors. HB 2728 has made this proposal more attractive to Bell in that it restricts the KCC from making any decisions relative to productivity offsets. Even the TSPC and HB 2994 left this decision to the KCC. Nothing in HB 2728 prevents Bell from charging lower rates in competitive areas and charging higher rates in areas with no competition. The KCC will have to idly stand by and leave consumers at the mercy of the incumbent local exchange providers. Section 6 should be deleted entirely and the KCC should be afforded the opportunity to regulate local exchange companies' services based on the competitiveness of each service.

HB 2728 IS ANTI-COMPETITIVE

An example of the anti-competitive nature of this bill is that entry barriers into local exchange competition are created that are in direct conflict with federal law. Section 251 of the "Telecommunications act of 1996" provides that each local exchange carrier has the duty to offer unrestricted resale and interconnection. This bill places limits on the KCC as to what it can approve and greatly encourages failed negotiations and future litigation. The resale wording in Sec. 4, should be removed and replaced with wording which is consistent with federal law. This bill further adds entry barriers relative to rural entry that are disallowed by federal law. All of these entry barriers are being constructed in Kansas while Oklahoma, with the support of Bell and the independents, has adopted the wording in the federal law.

HB 2728 IS CONTRARY TO FEDERAL LAW

There are other provisions in HB 2728 which are contrary to the new federal law. For example, Section 254 of the federal law states that all providers of telecommunications service will fund the USF and that all eligible local exchange providers will draw from the fund. Sec. 9 of HB 2728 requires only long distance customers to fund Universal Service and allows only incumbent local exchange companies to draw money from the fund. This conflict with federal law will create unnecessary litigation and delay which is detrimental to Kansas Consumers. This bill does not protect consumers, rather it protects the stockholders and owners of the various local exchange companies. As further evidence of this, Sec. 8 of HB 2728 not only protects the companies' existing revenue streams but provides for additional increases in rates without any regard for need. All of this while protecting their local monopoly. The original

TSPC recommendation and HB 2762 properly left all decisions on Universal Service in the hands of the KCC. This is a prime example of giving the local exchange companies everything they want. No decisions should be made regarding Universal Service until after the federal/state joint board has established principles and procedures for the federal USF while also establishing guidelines for state USFs. Under HB 2728 even Bell can draw from the fund for any revenue shortfall resulting from rate rebalancing and to cover any shortfall between the rates charged for local service in its rural exchanges and the costs to provide that service. **Isn't it ironic that Bell can use cost studies to increase its rates but the KCC cannot use cost studies to establish Bell's rates?**

This is the most complicated piece of legislation you may ever be asked to consider. Millions of dollars may ride on its details.

You could probably hold hearings for several more weeks and still not be comfortable as to what it means and how it will affect your constituents.

All of the major participants will continue to disagree about the issues until the FCC clarifies many of the features of the federal law over the coming months.

And so the test that each of you must apply to your decision as to whether to pass any bill in 1996 remains the same today as it was the day your hearings began:

- 1) Does this legislation truly promote competition in local exchange services?
- 2) Does it truly protect Kansas consumers?
- 3) Does it comply with federal law?

The answer to each of these questions is a resounding "NO".

While we applaud the chairman's Herculean efforts to come up with something this year it is still too complicated, too little understood and most importantly unnecessary to be passed at this time.

The far wiser and safer course is to take no action this year. By January, 1997, it will be clear if any further action is required by the Kansas Legislature.



American Association
of Retired Persons

KANSAS STATE LEGISLATIVE COMMITTEE

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**TESTIMONY OF JAN KRUH
VICE CHAIR
STATE LEGISLATIVE COMMITTEE
FOR AARP OF KANSAS**

AARP's interest in Telecommunication's Legislation grew with published comments by the Chairman of the Select Committee On Telecommunications and his observations that this bill, now Substitute for H.B. 2728, would have a negative impact on Grandma and elderly people in the state. With heightened awareness, AARP attempted to obtain a copy of the new language in the bill for closer review. Unfortunately the bill was not available until the day before public hearings, causing concern that close consideration would not be given to the complex and technical language which appears to favor Southwestern Bell and the other local exchange companies to the detriment of working families and the elderly. AARP hopes that the committee will not rush to judgment and will carefully consider the adverse affect this bill will have on consumers and the 300,000 members of AARP.

Although the bill professes to protect consumers, it appears that several

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provisions are directed at protecting the pocket books of the local exchange companies. The bill presumes that the existing prices of the telephone companies are reasonable. It authorizes up to \$4.50 in local service increases over the next three years without an opportunity to review the earnings of the companies that automatically can increase their local rates. This procedure will result in most Kansas residential customers paying more for their telephone service than they presently do. After three years, the companies are guaranteed cost of living increases with unreasonably low offsets for productivity.

The productivity offset is 1.5%, significantly lower than in other states.

The productivity offset for certain other states is shown below:

- (a) California, GTE - 4.6%
- (b) Colorado - legislation sets a productivity factor not to exceed 5%
- (c) Delaware, Bell Atlantic - 3%
- (d) Georgia - 1995 legislation established 3%
- (e) Illinois, Ameritech - 4.3%
- (f) Iowa, 1995 legislation established 2.6%

Additionally, although the bill states that it benefits customers, it arbitrarily restricts the discount for resale to 10%. Is there any reason that a larger percentage was not included? Would it not be in the best interests of consumers to have a greater leeway in setting wholesale prices? For example, should it be 20%, 30% or 40%?

Another concern with the legislation is the fact that no cost studies are

allowed to determine rates. Yet, the bill would impose cost increases on consumers and guaranteed revenues for companies without the slightest hesitation. Is the Committee afraid to inquire into what the earnings of these companies would be? Does this serve the public interest? Moreover, by using the "clear and convincing standard" to lower resale purchases, the bill makes it virtually impossible to set aside the 10% figure for resale, especially when cost studies are disallowed in determining rates. Why does the Committee feel that an ordinary standard of proof is not appropriate? Do you not need cost studies to verify the reasonableness of the rates which are imposed?

The bill also approves automatic increases for rural telephone companies in the amount of an annual monthly increase of a \$1.50. Does this serve the public interest?

The bill appears to have been drafted by telephone companies in order to sustain their earnings and profits without benefit to consumers. AARP hopes that the Committee will consider some of the more controversial provisions of the bill. AARP members feel that the benefits of the federal legislation are restricted with the substitute language. AARP proposes price caps being set by the Kansas Corporation Commission with the benefit of cost studies. AARP opposes rebalancing without some verification that the process will permit just

and reasonable rates. AARP desires that the Committee give the Kansas Corporation Commission more leeway in implementing the federal legislation and allowing for greater competition. Finally, the AARP wishes to have a productivity factor that compares with other states and the elimination of any automatic price increases without review by the Kansas Corporation Commission.

**Remarks of David Hollingsworth
Director of Finance and Administration
Kansas City FiberNet**

to the

Select Committee on Telecommunications

**Honorable Doug Lawrence
Chairman**

Kansas Statehouse

March 12, 1996

Topeka, Kansas

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Attachment 6*

Chairman Lawrence, Members of the Committee - Thank you for the opportunity to be before you today. I am David Hollingsworth, Director of Finance and Administration for Kansas City FiberNet. Kansas City FiberNet has been certified by the Kansas Corporation Commission as a competitive local telecommunications provider in Kansas.

When I originally testified before this committee I commended the Leadership for their vision in appointing such a committee. I presented my views on the Telecommunications Strategic Planning Committee report and had high expectations that this committee would develop an initiative which would build upon recent telecommunications advances. Since then, federal telecommunications legislation has passed which further encouraged the deployment of sophisticated telecommunications at the lowest possible prices to all Kansans.

However, HB 2728 falls short of these expectations. In fact, HB 2728 is anti-consumer, anti-rural, anti-urban, anti-competitive, and will create a legal quagmire because of its many conflicts with federal legislation. The beneficiaries of HB 2728 are not your constituents, but the existing monopoly local telephone

companies. The net result is a bill that clouds the issues and assures litigation for the future.

With HB 2728, SWBT can lock-in at current rates which have not been examined by the KCC since the 80's (Section 6.l.). In other states, SWBT has been forced to reduce rates and refund millions because of excessive rates. Additionally, Rural customers may see their monthly phone bills increase by \$1.50 for three years without any review for a need to raise these rates (Section 8.c.1.).

Local telephone companies will be given nearly unlimited pricing flexibility before there is any evidence of effective competition (Section 6.d.). This pricing flexibility can be extended to an individual customer. Other similarly situated customers, which haven't been approached by a competitor, likely will not receive the same price reduction. Additionally, all miscellaneous services will be completely deregulated by July 1, 1997 without regard to the level of competition (Section 6.g.). These anti-competitive pricing provisions will discourage the development of competition, create massive barriers to entry and will likely create a deregulated monopoly. In addition to the anti-competitive pricing provisions, HB 2728 only

allows USF recovery by carriers of last resort (Section 9), which by definition are the existing telephone companies.

HB 2728 is in direct conflict with the federal law. Areas of conflict include resell, rural exemptions, rural service area, I will not go into detail, because I am sure many others will discuss the specifics.

Out of respect for time constraints, I will not discuss the anti-consumer and anti-competitive effects of limiting the USF recovery to the existing local telephone companies. I do not know how anyone could call this a consensus Bill. It may be the consensus of the local phone monopolies. It completely lacks consumer and competitive safeguards in a market which is dominated by companies with monopoly power. For this legislature to consider mandating advanced services without regard to the demand for those services and to channel exclusive receipt of subsidies only to existing local telephone service providers simply underscores the need for a State agency like the KCC.

When the Telecommunications Strategic Planning Committee was formed and when this Select Committee on

Telecommunications was appointed, it was too early to know the direction of Federal initiative in Telecommunications. Today, we have the direction and Federal Law. I would like to express to you in strong terms this state proposal is anti-consumer and anti-competitive and is no longer needed. HB 2728 will only serve to cloud and slow down the competitive posture Kansas has advanced in telecommunications.

The choice is clear, NO to HB 2728.

SELECT COMMITTEE ON TELECOMMUNICATIONS

Testimony presented by Glenda L. Cafer, Director of Utilities
Kansas Corporation Commission
March 12, 1996
HB 2728

Mr. Chairman, Members of the Committee:

I. CONSUMER CONCERNS

A. Pricing Inequities/Cross Subsidization:

Rural prices can increase to make up for reductions in urban areas. Residential prices can increase to make up for reductions in single-line business rates. In the "Miscellaneous" basket, monopoly services prices can be raised to make up for reductions in competitive services.

B. Premature Deregulation:

The Miscellaneous basket includes monopoly services which would be deregulated prior to the time that customers have a comparable alternative for the service.

C. Rural Certification:

Barriers to authorizing competitive certificates are extreme, very likely resulting in monopoly protectionism, denying rural areas even the possibility of benefitting from competition in their areas.

D. Initial Prices:

There is no evidence upon which it can be determined that existing rates are fair to the consumer.

E. Consumer Price Index:

This index is not reflective of the cost of providing telecom services. It's use may allow for price increases to the consumer when in fact actual costs to the provider have not increased.

F. Local Rate Increases:

Allows \$1.50 per month local rate increases every year without the requirement that the company show a cost justification for the increase. This is not "traditional rate of return regulation", as it is referenced in the bill. Section 8(d) appears to give the KCC only 30 days to investigate a rate increase before it goes into effect if customers complain. This is not a reasonable amount of time to do an adequate investigation on behalf of consumers.

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G. KUSF Payments:

Rural incumbent LEC's recover from the fund 100% of their subsidies lost in access reductions and get yearly \$1.50 local rate increases. This appears to be double recovery at the expense of the ratepayers. Rural companies can get or increase their receipt of USF for a myriad of different reasons without showing any cost justification for such payments. The KUSF is funded, ultimately, by consumers, and should not turn into an "open ended account" for rural telephone companies. Furthermore, only incumbent LEC's may receive KUSF and KLSF, insuring consumers in higher cost areas will not have the opportunity to benefit from competition.

H. Universal Service Threat:

Under Section 10(b), Universal Service support for an area ends should the KCC ever grant a competitor a certificate to serve in that area.

J. Overall Rate Impact:

Local rates will increase under this legislation. Because of the Funding requirements, toll rates will increase more than they will decrease as a result of access reductions.

II. FEDERAL ACT CONFLICTS

A. Section 4(b):

Only requires "reasonable resale", while Act requires resale but allows reasonable restrictions. Why reword this aspect of the Act, as it opens the door to potential litigation.

B. Section 4(c):

Act requires the discount for resale be the avoided costs. If KCC determines, by a preponderance of the evidence that avoided costs are 15%, this legislation prohibits the Commissioner's from setting the discount at 15, in violation of the Act.

C. Section 5(b):

Prohibits rural certification for a period of time while the Act forbids any outright prohibition of competition, even if the prohibition is limited in time.

D. Section 5:

Overall, the extensive restrictions on rural certification result in a barrier to authorizing competition in these areas in direct conflict with the Act which specifically disallows the state from making laws which have the effect of prohibiting any entity from providing service in the state.

E. Section 5(b)(2):

Act does not allow the State or the KCC to deny an applicant's request for a certificate based upon the economic effect competition or resale may have upon the incumbent. The Act does not protect incumbents. They are required to open their networks regardless of resale waivers.

F. Section 5(d)(2) and (3):

Imposes the Federal Act's requirement for **receiving USF** on a carrier in order for them to get **certified**. Appears to conflict with the Act.

G. Section 9:

The FCC Joint Board will be determining funding for basic telephone service on a federal level. This section may conflict with whatever the FCC does, and since it is in legislation, it will not be easy to correct immediately.

H. Section 6:

The potential for cross subsidization appears to violate the Federal Act which requires Universal Service subsidies to be explicit, not implicit.

III. MISCELLANEOUS

- A. Utah case has said companies can not elect how they will be regulated. They have to petition the public utility commission for a certain type of regulatory structure and get approval.
- B. On page 18, Line 31, Section 8(e), the Commission staff is not sure what is meant by "local exchange rate regulation".

Testimony on behalf of
Multimedia Hyperion Telecommunications
Before the House Select Committee on Telecommunications

House Bill No. 2728

Brian Lippold
March 12, 1996

1. 24 hours is not sufficient time to review and formulate effective testimony.
2. HB 2728 contains an incredible amount of detail which will take time to digest and comprehend, not only for seasoned industry professionals, but more importantly, for the members of this committee.
3. HB 2728 is anti-competitive.
4. It is anti-consumer.
5. It is in direct conflict with federal legislation.
6. It erects barriers to competitive entry.
7. It guarantees that rural Kansas will never see the benefits of competition.
8. It provides no protection for emerging competitors from the power of incumbents who currently control the market.
9. It protects and enriches the rural telephone companies to the detriment of consumers.
10. It permanently "tilts" the competitive playing field to the benefit of SWBT and the ILECs.

*House sel/comm. Telecomm.
3-12-1996
Attachment 8*

TESTIMONY PRESENTED TO
HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS
MARCH 12, 1996

RE: HB2728

By: Rebecca Rice
Kansas Cable Telecommunications Association

Mr. Chairman and members of the committee, my name is Rebecca Rice. Mike Meacham and I are legislative counsel for the Kansas Cable Telecommunications Association. The KCTA appears in opposition to HB2728 which the KCTA believes is anti-competitive, anti-consumer and in conflict with federal law.

We are disappointed that this is the possible product of this committee. We thought the final legislation was not going to be a re-statement of HB 2994. Unfortunately, it appears this legislation is designed to forever protect, to the detriment of all others, the local exchange carriers thereby creating unregulated monopolies.

Clearly, the local exchange carriers want this legislation. However, it is difficult to understand why you would want this for your constituents. Kansas citizens appear to obtain little under this legislation except a statement from this committee that the free-enterprise system cannot be allowed to work and the Kansas Legislature must micro-manage the telecommunications industry. The stated purpose of this legislation is to ensure that urban and rural customers have the same services regardless of cost. I cannot point to any effort by this Legislature to ensure fairness through micro-management in which fairness and the best interests of its citizens have been the final result despite the Legislatures best intentions. Once this Legislature micro-manages an industry, it has been our observation that it becomes nearly impossible to stop doing so. We will all be coming to you year after year to adjust the law either to reflect recent court decisions, FCC rulings or because any one of us think we have gained the political clout to obtain the changes we need.

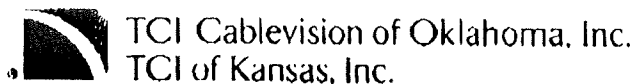
It appears the federal Telecommunications Act of 1996 provides a fair balance for competition by ensuring that barriers to entry imposed on new entrants and various forms of discrimination are prohibited. We believe this legislation is in direct contradiction to the federal Act. We have suggested several times that any legislation at this time is premature. We remain uncertain why it is so important to adopt this legislation at this time. Why is it impossible to wait, for at least some of the FCC rulings, before the Kansas Legislature jumps in to protect the local companies? We attempted to address some of the problems inherent in HB2994 and presented written testimony to you. We believe those problems remain in this legislation but new problems have been created.

It is possible with additional time we will be able to present a more detailed analysis of the problems with this legislation. It has not been possible, with the time constraints, to provide the legislation to enough cable companies to obtain a listing of all the objections of the various companies.

Mr. Chairman and members of the committee, we request you reject this legislation. We request patience to allow the federal law to be fully explored before the State of Kansas rushes in, we believe, hastily and ill-advisedly into this type of extreme protectionist legislation.

Thank you, Mr. Chairman. I would be happy to answer any questions.

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Attachment 9*



March 11, 1996

Members of The House Select Committee on Telecommunications
State of Kansas, State House
300 SW 10th Ave.
Topeka, KS 66612-1504

Dear Committee Members:

Monday, March 11, 1996, approximately 3:30 p.m. I received a faxed copy of **SUBSTITUTE FOR HOUSE BILL NO. 2728**. During this same time period I was informed that testimony tomorrow afternoon from all interested parties concerning elements of 2728 is scheduled for 1:30 p.m. on Tuesday, March 12, 1996.

TCI is not in a position to offer testimony in less than twenty-four hours on a twenty-nine page bill. The appropriate individuals within TCI who review proposed State legislation cannot possibly complete a task of this magnitude within your requested time frame.

We have every intention of working with the Legislature on Telecommunications legislation and wish to be cooperative, however, we are unable to provide the committee with any meaningful input Tuesday afternoon.

If you have any response, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Greg Harrison".

Greg Harrison
State Director of Government Affairs

cc: House Leadership

State Office
7080 South Yale Avenue, Suite 700
Tulsa, OK 74136-5740
(918) 459-2000

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3-12-1996
Attachment 10*

TESTIMONY BEFORE THE SELECT COMMITTEE ON TELECOMMUNICATIONS

DATE: 3-12-96

RE: THE SUBSTITUTE FOR BILL NO. 2728

FILED BY: STEPHEN L. SAUDER, PRESIDENT & CEO OF
THE VALU-LINE COMPANIES, EMPORIA, KANSAS

I represent Valu-Line, a small company started nearly 14 years ago in Emporia to provide alternative long distance services for people in rural Kansas who did not have a competitive choice. We started in areas where AT&T, SPRINT and MCI weren't available.

In our 13 plus years Valu-Line has grown from a reseller of WATS to become an interexchange carrier with our own network and switch. While our 65 employees and 13,000 customers may seem small when compared to others, we operate exclusively in Kansas and do business in every county in the state. We play an important role in lives of many Kansans.

I'm testifying today because these proceedings have me scared to death.

Over the years Valu-Line has fought many battles just to exist. I participated in a hearing at the KCC which decided if long distance competition should be allowed in Kansas after we had started Valu-Line.

My greatest fear for my company has always been we might be regulated or legislated out of business.

Divestiture, which occurred in 1984, was a major event in the telecommunications industry, but it may look small when compared to the process we are dealing with presently.

Today, my fear for Valu-Line and other competitors is we could be inadvertently legislated out of this business.

The reason for my fear stems from the feeling this process is moving too quickly.

Mr. Chairman, you are to be commended for your hours of work on this legislation, but this is an extremely complex issue that needs to be understood before it is adopted. Too many questions about compatibility with Federal law, the effect this legislation would have on the competitive environment and what it will mean for consumers, still exist.

There does not appear to be a valid reason for rushing this legislation. There are no bonus points for being first in enacting telecommunications legislation, but there would be a great advantage to being correct.

Change is inevitable, reform is inevitable and competition is inevitable, but the need to rush to judgement on these issues is not. Please take the time and make sure you understand what you are adopting. My company, my employees and my customers (your constituents) will all be better served.

Thank you.

*House Selcomm. Telecomm.
3-12-1996
Attachment II*

REMARKS BY C. CLYDE JONES, 2015 ROCKHILL CIRCLE, MANHATTAN, KS 66502

House Bill No. 2728

My name is Clyde Jones. I retired from Kansas State University in December, 1986, as a Professor of Management in the College of Business Administration. As a concerned citizen, I have viewed the evolution of telecommunications policy at both the Federal and State level with more than a passing interest. There are several dimensions to that interest: first, as a consumer; second, as a member of a community committee trying to position Manhattan for full participation in the communications networks of the future; and third, as an economic historian who has studied and taught regulation of utilities and government policies toward business for almost fifty years. The second dimension, the Community On-line Resource Exchange, has heightened my interest in the State's role in transforming State policy to meet the Federal changes and to assist all citizens in the transition into the newer technologies which are already here.

I have heard a lengthy progression of criticisms of specific provisions of H.B. 2728. I urge you to fix any major flaws. But from my single reading of this complex proposed legislation, I am fully supportive of the intention of the bill. I believe that it recognizes the major changes which are occurring in the telecommunications industry and seeks to change the face of regulation to meet these new conditions. The objective for seeing to it that all Kansans have access to a quality and affordable service must be met; the bill appears to do that through the universal service plan. The objective for bringing Kansas onto the contemporary national telecommunications scene is also vital. Daily, I read about some new service available to computer users with high-speed communications capabilities. I want to see progress toward encouraging full access to these newer technologies, not only for Manhattan but for people statewide. I believe that this legislation moves in that direction.

Am I concerned about higher prices for the services I use? Of course, I look at any change in costs or taxes and ask how those changes will impact me and my family. But I also try to look at the bigger picture. As I look at the rate rebalance plan of the bill, I believe that I personally will experience lower total telephone costs under that plan because of reductions in long distance rates. An increase of \$1.50 per month each year for three years will leave the cost of local service far below the actual cost of providing that service. When you factor in inflation, we buy very few services today which represent a better bargain. For those on low fixed incomes, the Kansas Lifeline Service Fund provides protection. At the same time, the Kansas Corporation Commission retains many of its regulatory functions designed to serve the public interest. I have always believed that regulatory bodies need to focus more on regulating competition and less on regulating the individual competitors. This bill appears to move in that direction.

Thank you for this opportunity to comment on this important piece of legislation.

*House Sel/Comm. Telecomm.
3-12-1996
Attachment 12*



TESTIMONY BEFORE HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

SUBSTITUTE FOR HOUSE BILL NO. 2728

EVA POWERS
March 12, 1996

I am Eva Powers appearing on behalf of MCI Telecommunications Corporation. This bill in its policy section states that the policy of the state is to "ensure that consumers throughout the state realize the benefits of competition through increased services and improved telecommunications facilities and infrastructure at reduced costs." If that is indeed the policy of the state this bill will not achieve that policy.

Section 11 of the bill addresses the funding of the Kansas Universal Service Fund and the Kansas Lifeline Service Fund. It is funded only by toll providers in direct violation of the federal Act which specifies in Section 254(f) that "a state may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute on an equitable and nondiscriminatory basis in a manner determined by the state to the preservation and advancement of universal service in the state." "Telecommunications carrier" is a defined term. It means any provider of telecommunications services, except that such term does not include aggregators of telecommunications services. Local exchange companies are not exempt from the definition of telecommunications carrier and there is no authority for the state under the federal Act to create a universal service fund which exempts local exchange companies. To add insult to injury, only incumbent local exchange

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Attachment 13*

companies are to be designated as carriers of last resort and eligible for support from the fund, also contrary to the federal Act. Payments are to be made on a revenue replacement basis without any determination of need for these funds to support universal service. Rural telephone companies will be supported by toll providers to make them whole for any decrease in access charges and also to pay them for any infrastructure expenditures required by legislative, regulatory or judicial decree and also natural disasters. Nothing in this bill assures that these support funds do not fund a Cadillac, as Representative Packer noted yesterday.

This means that a company like MCI, which is a potential competitor in the local service market, will be required to pay for the rural companies to construct whatever facilities are deemed desirable by legislative, regulatory or judicial decree and in addition pay for damage from natural disasters but will have to provide services as a competitor by relying on risk based capital and overpriced resale. This assures that there will be no competition in these areas. It is simply not possible for a competitor to provide such inflated support to the incumbent and at the same time compete in the local exchange market. In addition if a natural disaster were to wipe out MCI's facilities and those of a rural company, MCI would not only have to pay to rebuild its own facilities but also those of the rural carrier, in essence serving as an insurance company for that rural company.

Section 4 of this bill addresses resale. It establishes an arbitrary 10% discount from the retail price in direct contradiction to the federal Act which in paragraph 252(d)(3) requires that a wholesale rate be determined by the state commission

on the basis of retail rates minus the portion of that rate that is attributable to marketing, billing, collection and other costs that will be avoided by the local exchange carrier. Substitute for H.B. 2728 requires the state commission to find that there is clear and convincing evidence in order to establish an avoided cost greater than 10%. It shifts the burden to the company that wishes to resell to establish what the costs of the local exchange company are. This is an impossible burden since resellers do not have access to cost data of the local exchange companies. Clear and convincing evidence is an impossible standard in a proceeding where informed judgment is essential and it is not appropriate for Commission decisions.

The Act further authorizes local service price increases by monopoly providers without any demonstration of need. Such provisions do not comport with the public policy statement of "providing increased services and improved facilities and infrastructure at reduced costs." They do a disservice to the consumers of this state.

Rural entry provisions are covered by the federal Act. This bill adds additional significant barriers, which will ensure that no competitors will serve in rural areas. The numerous inconsistencies between this bill and the federal Act will result in litigation. The KCC, as a creature of this Legislature will be bound to enforce state legislation thus putting entrants in a position of litigating the conflicts between the Acts, and possibly with FCC rules, which are yet to be developed. Surely the KCC's time is better spent implementing the competitive provisions of the federal Act than defending a conflicting state Act against litigation. This bill is anti-competitive, anti-consumer and violates the federal Act. It is at a minimum premature and I urge you not to pass it.



KANSAS TELECOMMUNICATIONS COALITION

THE KANSAS TELECOMMUNICATIONS COALITION
BEFORE THE HOUSE SELECT COMMITTEE ON
TELECOMMUNICATIONS

- Blue Valley Telephone Company
Home
- Columbus Telephone Company
- Craw-Kan Telephone Coop., Inc.
Girard
- Cunningham Telephone Company, Inc.
Glen Elder
- Elkhart Telephone Company, Inc.
- Golden Belt Telephone Assn., Inc.
Rush Center
- Gorham Telephone Company
- H&B Communications, Inc.
Holyrood
- Haviland Telephone Company, Inc.
- Home Telephone Company, Inc.
Galva
- JBN Telephone Company, Inc.
Wetmore
- KanOkla Telephone Assn., Inc.
Caldwell
- LalHarpe Telephone Company, Inc.
- Madison Telephone Company, Inc.
- Mokan Dial, Inc.
Louisburg
- Moundridge Telephone Company, Inc.
- Mutual Telephone Company
Little River
- Peoples Mutual Telephone Company
LaCygne
- Pioneer Telephone Assn., Inc.
Ulysses
- Rainbow Telephone Coop. Assn., Inc.
Everest
- Rural Telephone Service Company, Inc.
Lenora
- S & A Telephone Company, Inc.
Allen
- S & T Telephone Coop. Assn.
Brewster
- South Central Telephone Assn., Inc.
Medicine Lodge
- South Central Telecommunications
of Kiowa, Inc.
Medicine Lodge
- Southern Kansas Telephone Co., Inc.
Clearwater
- Southwestern Bell Telephone Company
Topeka
- Sunflower Telephone Company, Inc.
Dodge City
- Totah Telephone Company, Inc.
Ochelata, OK
- Tri-County Telephone Assn., Inc.
Council Grove
- Twin Valley Telephone, Inc.
Miltonvale
- United Telephone Association, Inc.
Dodge City
- Wamego Telephone Company, Inc.
- The Wheat State Telephone Co., Inc.
Lidall
- Wilson Telephone Company, Inc.
- Zenda Telephone Company, Inc.

RICHARD VEACH

MARCH 12, 1996

Chairman Lawrence and Members of the Committee:

Good afternoon Chairman Lawrence and members of the committee.

I am Richard Veach, General Manager of Pioneer Telephone Association, Inc.

Pioneer Telephone, headquartered in Ulysses, serves more than 14,000 telephone access lines in a 5,000 square mile area of Southwest Kansas.

In addition to serving as general manager of Pioneer Telephone, I was a member of the Telecommunications Strategic Planning Committee. I am also chairman of the independent telephone company committee that has been working within the Kansas Telecommunications Coalition.

As a member of the Telecommunications Strategic Planning Committee, I, along with Representative Packer and others from the legislature, state agencies, the telecommunications industry, business and the public, worked for a year and a half to develop a statewide strategic plan for telecommunications. All in all, the committee did an exemplary job.

The one regret I have is that we did not have adequate time to address universal service, an issue that is absolutely critical to Kansas. The Telecommunications Strategic Planning Committee produced a final report, the heart of which was the "Policy Framework". This policy framework recommended adoption of "any universal service plan that is agreed to by any group of interested parties representing all major stakeholders".

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3-12-1996 P.O. Box 960
Moundridge, Kansas 67107
Attachment 14*

The Kansas local exchange carriers have done just that. HB 2728 will insure that all Kansans, whether urban, rural or in-between, will have access to as up-to-date a telecommunications system as exists anywhere. One of the previous speakers said that the bill is anti-rural. I beg to differ. I live, work and have raised my children in one of the most rural areas of Kansas. Both my son and my daughter were able to use telecommunications to enhance their high school education. I'd like to see all young Kansans have this opportunity. HB 2728 will help accomplish this.

The Telecommunications Strategic Planning Committee's policy framework did not have the benefit of knowing what was contained in the federal telecommunications legislation. HB 2728, on the other hand, does. It has been reconciled with the federal legislation. The most striking thing about the federal legislation is how much is specifically delegated to the states. There is a lot of work for the states to do. HB 2728 has laid out what needs to be done and who should do it.

I have heard complaints by the interexchange carriers that "they" are paying for the proposed Kansas Universal Service Fund. "They" are not paying for anything. All Kansans, urban, rural and in-between are the ones that will support the Kansas Universal Service Fund. In fact, because rural Kansas telephone users have much higher total monthly telephone bills than do their urban counterparts, they will bear a disproportionately higher burden for universal service. They make many more long distance calls and that is the reason for their larger telephone bill.

The funding mechanism for the Kansas Universal Service Fund is truly "revenue neutral". No carrier, whether it is AT&T, MCI, Sprint or , in the future, Southwestern Bell Telephone, has any advantage when it comes to the Kansas Universal Service Fund. Southwestern Bell Telephone is supportive of this method of KUSF funding. They are in exactly the same situation, vis-a-vis the funding of KUSF, as are AT&T, Sprint, MCI and the rest.

Contrary to what you have heard earlier, the local exchange carriers are not getting everything they want. HB 2728 is not the bill that I would

prefer. It is the result of many compromises. If it is true that a bill that pleases no one is a good bill, then I think this meets that test.

HB 2728 is a good bill for all Kansans.

Thank you.



KANSAS TELECOMMUNICATIONS COALITION

TESTIMONY BEFORE THE HOUSE SELECT COMMITTEE ON TELECOMMUNICATIONS

DAVID CUNNINGHAM

March 12, 1996

Chairman Lawrence and Committee Members:

Chairman Lawrence, committee members, I would like to express my gratitude for the tremendous amount of work and sacrifice that has gone into developing this legislation.

House Bill 2728, even though we cannot agree with all parts, is good for Kansas and crucial to rural Kansans!

We have testified on behalf of our rural customers. We have fought hard to see to it that our customers don't become the have-nots during this telecommunication revolution that is upon us. You must see to it that rural Kansans have the same opportunities as those living in the more populated areas of this state. This bill does that!

One area of the bill that has come under attach is the method used to fund the Kansas Universal Service Fund. We support the method spelled out in 2728. It is competitively neutral to all carriers. It ultimately places the burden of supporting the network on the users of the network by assessing a per minute surcharge on the carriers for each minute of toll they carry. What could be more equitable than the cost causer paying the cost. The concern that has been raised by some that this bill has urban supporting rural is really not factual. With the funding mechanism based on a toll usage surcharge on the carrier, where rural customers on the average make significantly more toll calls than urban customers, rural customers would pay, on a per individual basis, a proportionately higher share than urban customers.

I would like to close by thanking you on behalf of our customers, because in the end they will be the true winners when this legislation is enacted into law. There has been way to much posturing by companies, and far to little focusing on the customer. Sure there will be some that will be unhappy about the local rate increases, but the benefits that will be realized thru reductions in toll rates, and the implicit benefits down the road will

- Blue Valley Telephone Company Home
Columbus Telephone Company
Crow-Kan Telephone Coop., Inc. Girard
Cunningham Telephone Company, Inc. Glen Elder
Elkhart Telephone Company, Inc.
Golden Bell Telephone Assn., Inc. Rusb Center
Gorham Telephone Company
HRB Communications, Inc. Holywood
Haviland Telephone Company, Inc.
Home Telephone Company, Inc. Giltva
IBN Telephone Company, Inc. Wetmore
KanOkla Telephone Assn., Inc. Caldwell
Lattarpe Telephone Company, Inc.
Madison Telephone Company, Inc.
MoKan Dial, Inc. Louisburg
Moundridge Telephone Company, Inc.
Mutual Telephone Company Little River
Peoples Mutual Telephone Company LaCygne
Pioneer Telephone Assn., Inc. L'Essex
Rainbow Telephone Coop. Assn., Inc. Everest
Rural Telephone Service Company, Inc. Lenora
S & A Telephone Company, Inc. Allen
S & T Telephone Coop. Assn. Breuster
South Central Telephone Assn., Inc. Medicine Lodge
South Central Telecommunications of Kiowa, Inc. Medicine Lodge
Southern Kansas Telephone Co., Inc. Clearwater
Southwestern Bell Telephone Company Topeka
Sunflower Telephone Company, Inc. Dodge City
Totah Telephone Company, Inc. Ochelata, OK
Tri-County Telephone Assn., Inc. Council Grove
Twin Valley Telephone, Inc. Milltowne
United Telephone Association, Inc. Dodge City
Wamego Telephone Company, Inc.
The Wheat State Telephone Co., Inc. L dall
Wilson Telephone Company, Inc.
Zenda Telephone Company, Inc.

P.O. Box 960
Moundridge, Kansas 67107
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Attachment 15



KANSAS TELECOMMUNICATIONS COALITION

Blue Valley Telephone Company
Home

Columbus Telephone Company

Craw-Kan Telephone Coop., Inc.
Girard

Cunningham Telephone Company, Inc.
Glen Elder

Elkhart Telephone Company, Inc.

Golden Belt Telephone Assn., Inc.
Rush Center

Gorham Telephone Company

H&B Communications, Inc.
Holywood

Haviland Telephone Company, Inc.

Home Telephone Company, Inc.
Gulick

JBN Telephone Company, Inc.
Wetmore

KanOkla Telephone Assn., Inc.
Caldwell

LalHarpe Telephone Company, Inc.

Madison Telephone Company, Inc.

MoKan Dial, Inc.
Louisburg

Moundridge Telephone Company, Inc.

Mutual Telephone Company
Little River

Peoples Mutual Telephone Company
LaCygne

Pioneer Telephone Assn., Inc.
Ulysses

Rainbow Telephone Coop. Assn., Inc.
Everest

Rural Telephone Service Company, Inc.
Lenora

S & A Telephone Company, Inc.
Allen

S & T Telephone Coop. Assn.
Brester

South Central Telephone Assn., Inc.
Medicine Lodge

South Central Telecommunications
of Kiowa, Inc.
Medicine Lodge

Southern Kansas Telephone Co., Inc.
Clearwater

Southwestern Bell Telephone Company
Topeka

Sunflower Telephone Company, Inc.
Dodge City

Total Telephone Company, Inc.
Ocelata, OK

Tri-County Telephone Assn., Inc.
Council Grove

Twin Valley Telephone, Inc.
Miltonvale

United Telephone Association, Inc.
Dodge City

Wamego Telephone Company, Inc.

The Wheat State Telephone Co., Inc.
Udall

Wilson Telephone Company, Inc.

Zenda Telephone Company, Inc.

far outweigh the negatives. If a customer just cannot afford to pay their higher local phone bill, then they can use the Kansas Lifeline Service Fund (KLSF) that will be established through this legislation.

Numerous times over the past ten years when I have been involved in decisions at our company, at schoolboard, or at city council, where decisions that are made are not always popular with the public, I read this article to put into perspective the fact that you cannot always please everyone, but that you make decisions that you feel are right, and in the best interest of the majority.

We ask that you support House Bill 2728. It will not please everyone, but it is good for the majority.

Thank You!



KANSAS TELECOMMUNICATIONS COALITION

Testimony to the House Select Committee on Telecommunications Presented by Melanie Fannin, President Southwestern Bell Telephone-Kansas March 12, 1996

- Blue Valley Telephone Company
Home
- Columbus Telephone Company
- Craw-Kan Telephone Coop., Inc.
Girard
- Cunningham Telephone Company, Inc.
Glen Elder
- Elkhart Telephone Company, Inc.
- Golden Belt Telephone Assn., Inc.
Rush Center
- Gorham Telephone Company
- H&B Communications, Inc.
Holyrood
- Haviland Telephone Company, Inc.
- Home Telephone Company, Inc.
Galva
- JBN Telephone Company, Inc.
Wetmore
- KanOkla Telephone Assn., Inc.
Caldwell
- Latharpe Telephone Company, Inc.
- Madison Telephone Company, Inc.
- MoKan Dial, Inc.
Louisburg
- Moundridge Telephone Company, Inc.
- Mutual Telephone Company
Little River
- Peoples Mutual Telephone Company
LaCygne
- Pioneer Telephone Assn., Inc.
Ulysses
- Rainbow Telephone Coop. Assn., Inc.
Everest
- Rural Telephone Service Company, Inc.
Lenora
- S & A Telephone Company, Inc.
Allen
- S & T Telephone Coop. Assn.
Brewster
- South Central Telephone Assn., Inc.
Medicine Lodge
- South Central Telecommunications
of Kiowa, Inc.
Medicine Lodge
- Southern Kansas Telephone Co., Inc.
Clearwater
- Southwestern Bell Telephone Company
Topeka
- Sunflower Telephone Company, Inc.
Dodge City
- Totah Telephone Company, Inc.
Ochelata, OK
- Tri-County Telephone Assn., Inc.
Council Grove
- Twin Valley Telephone, Inc.
Millmore
- United Telephone Association, Inc.
Dodge City
- Wamego Telephone Company, Inc.
- The Wheat State Telephone Co., Inc.
Udall
- Wilson Telephone Company, Inc.
- Zenda Telephone Company, Inc.

Mr. Chairman and members of the committee.

I'm here today in support of HB 2728--the vehicle for Kansas Telecommunications Reform.

As you deliberate the proposal, keep in mind that 17 Kansans, including those from among your legislative ranks, studied the issues before you for 18 months. They surveyed Kansans' needs, visited application sites and debated among themselves for hours upon end. This legislation admittedly is somewhat different from that of the Telecommunications Strategic Planning Committee's recommendations, but is based on that framework. This bill incorporates modifications necessitated by the enactment of Federal legislation and compromises proposed by the Chair as well as consumer protection features like slamming protection.

A vote in favor of HB 2728 is a vote for consumers, a vote for Kansas, and a vote for all parties who will offer telecommunications services. For the consumer, there is a Universal Service plan to keep basic telephone service universally available and affordable; a Kansas Lifeline Service Plan to help keep low income Kansans on the network; continued funding of the dual party relay service for the speech and hearing-impaired; discounted Internet access to communities without local Internet access providers; safeguards to protect against so-called slamming or the unauthorized switching of telephone service providers; and quality of service standards. . . just to name a few.

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Moundridge, Kansas 67107
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For Kansas, there is a regulatory reform plan, coupled with an infrastructure commitment, that is designed to give telephone companies the incentive to invest in a world-class network throughout the state. As part of the bill, existing local telephone service providers pledge to provide a statewide network to accommodate advanced services like Caller ID; "broadband" capabilities for video and high-speed data transmission at *discounted rates* for schools, hospitals, libraries and government offices that want them; fiber optic connections among all central switching offices and basic rate ISDN priced at rates attractive for residential customers.

This plan puts urban and rural interests on comparable footing, which provides a real economic development boost for the entire state.

And, finally, after much compromising, the bill seeks to balance the interests of all existing and potential service providers. The removal of restrictions on the resale and unbundling of Southwestern Bell's network; the ability of competitors to enter Southwestern Bell's local service business before we can enter the long distance business; the postponed price deregulation of some of our competitive services; the encouragement--but not requirement--that new competitors build their own networks in Kansas and an extra look at what fully-open competition can mean to rural telephone companies' ability to serve their customers goes a long way toward making the proverbial playing field more level.

Does this bill make the playing field level? No, but it moves us in that direction and at this time that movement may be all that we can expect. Will it require further adjustment? Absolutely, but the marketplace won't wait any longer for the initial rules to be written.

Mr. Chairman. Members of the committee. You must act now to set out the rules for this evolving marketplace. You have before you landmark legislation for Kansas. We urge your support.

Thank you



Multimedia Cablevision, Inc.

Union Station, 701 E. Douglas, P.O. Box 3027, Wichita, Kansas 67201 - (316) 262-4270

"Equal Opportunity Employer"

Testimony of Ron Marnell

Mr. Chairman, members of the Committee, my name is Ron Marnell. I am Vice President and Kansas Regional Manager for Multimedia Cablevision, with headquarters in Wichita. Thank you for the opportunity to appear today on the proposed telecommunications legislation.

I appear in opposition to the proposed bill. Given the time constraints, only a cursory review of this bill was possible. In considering the elements in the legislation, however, I am reminded what Abraham Lincoln once said: "There is no right way to do a wrong thing." I am sure, Mr. Chairman, that you believe your efforts to craft this legislation are a good faith attempt to fashion a compromise position. We in the Cable industry, however, cannot share this view.

As some members of the Committee may be aware, we have steadfastly opposed any broad, sweeping legislation this year preferring instead to observe the implementation process of the federal legislation and craft a less dramatic bill next year based on more definitive interpretation of the federal legislation. There is nothing in the proposed Substitute for HB- 2728 which causes us to alter that position. Indeed, our view is that this broad, sweeping proposal serves not to open an entrenched monopoly but to protect it.

Our concern is fundamental in that we do not believe it is necessary or appropriate for the State to pass telecommunications legislation in the 1996 Session of the legislature. True, it may be desirable to deal with a handful of issues such as franchising, slamming, and perhaps even Internet access, but it is not necessary to rush to judgment on so many far-reaching telecommunications

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issues. This legislation, among other things, attempts to answer the question: "Do you allow competition to develop before deregulating the existing monopoly, or the other way around?" It is our view that this bill answers the question in a way that is potentially extremely harmful to our industry and consumers in Kansas.

While I have not had time to sufficiently study the bill to comment on specific details, I will cite a couple of areas which cause us difficulty.

First, the definitions of "Local Exchange Carrier" and "Universal Service Fund" make it impossible for any company other than incumbent telephone companies to participate as users of the Universal Service Fund, while requiring potential competitors to participate as donors to the fund. This appears to be contrary to the federal legislation as it requires that all telecommunications providers have access to USF funds. It further appears that the incumbent telephone companies can draw on the USF in order to build infrastructure while requiring an entire "build out" by would be competitors in the service area before being allowed access to USF funds. If "build outs" aren't a barrier to competition, I don't know what would be.

Second, we are concerned that this legislation, in effect sets a date certain to answer the question about monopoly and competition. If we're all coming back next year to debate whether competition will be achieved by July 1, 1997, why have this bill? Additionally, while the bill attempts to deregulate all costs when 1+intraLATA dialing parity is achieved, there is no reference to a finding that the other services be competitive prior to them being deregulated. In short, this bill creates deregulated monopolies.

Finally, we are concerned that this bill attempts to deregulate monopoly telecommunications services before competition has an opportunity to develop.

We believe that this committee should be looking for ways to foster competition, not protect the existing monopolies.

In short, Mr. Chairman, despite best efforts, we believe the particulars of this bill are anti-competitive and, in some parts, contrary to the federal law. Additionally, we are not convinced that all consumers will be able to avail themselves of the benefits of competition under the terms of this bill. We again urge, as we have before, that the Legislature wait until next year to fully consider the impact of the dramatic changes in this industry and the federal law before rushing to action. Premature action on the part of the legislature may well result in unintended consequences adverse to Kansans' interests in a competitive environment and needlessly complicate matters in the future.

Thank you again for your time in considering this issue and our comments regarding this particular legislation.

TESTIMONY OF ROBERT B. MARSHALL BEFORE THE
HOUSE TELECOMMUNICATIONS COMMITTEE ON
MARCH 12, 1996 REGARDING SUBSTITUTE FOR H.B. 2728

Mr. Chairman, members of the Committee, my name is Rob Marshall and I am Executive Director of Mid-America Cable TV Association. Mid-America serves cable television operators in Kansas, Missouri, Nebraska and Oklahoma.

Thank you for the opportunity to present testimony today concerning H.B. 2728. I appear in opposition to the bill. The cable television industry does not believe this legislation will allow competition to develop in telecommunications. It seems to us to create a scheme whereby existing local exchange companies will become deregulated monopolies, encouraged to take advantage of high customer rates and special funds paid for by others who have no access to the funds, to build modern infrastructure while creating barriers to the development of competition. The thrust of this legislation is not competition but appears to be protection of existing monopoly telephone service.

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Testimony of Rob Marshall

March 12, 1996

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We believe the bill is contradictory to new federal telecommunications law. It is premature for Kansas to legislate in this area when the new federal law is in the process of being implemented.

Universal Service, for example, is the subject of a Federal Communications Commission Notice of Proposed Rulemaking issued last Friday, March 8, 1996. We have concerns about how Universal Service is structured in H.B. 2728. It appears to be discriminatory which as we understand it is contrary to federal law. Issues as complex as Universal Service should be left to the Corporation Commission and not written in detailed state legislation.

Thank you for your time and attention.

**TESTIMONY ON BEHALF OF CGI BEFORE THE SELECT COMMITTEE ON
TELECOMMUNICATIONS FOR SUBSTITUTE BILL NO. 2728
MARCH 12, 1996**

CGI opposes the substitute to HB 2728 for the following reasons: #1) there are conflicts with the existing Federal Act #2) it is premature since the Kansas legislation must conform to federal rulemaking which have yet to commence #3) it is adverse to the interest of consumers and #4) is unfair to emerging competitors.

#1) HB 2728 Conflicts With Federal Act

Kansas will not be well served by the passage of conflicting legislation that creates terms and conditions at odds with the contents of the Federal Act.

Example: HB 2728 requires resale of local service at a discount which "shall not exceed 10%". The Federal act requires resale take place at "retail prices less avoidable costs".

Example: HB 2728 limit requires only toll providers to pay into the USF and KLSF. Federal Act requires a much broader base to pay into these funds.

#2) HB 2728 Is Premature Since FCC Rulemakings Have Yet To Commence

It is premature to pass Kansas legislation because the Federal Act requires compliance with forthcoming FCC rulings. Some of those FCC rulings have the potential to remain undecided for 15 months after the signing into law of the federal bill, which occurred February 8, 1996.

CGI has provided a copy of the FCC schedules of various federal rule making. We have highlighted the dates which orders are expected to be issued. This document clearly demonstrates the fact that all the federal requirements which need to be complied with, are still in the process of being defined.

#3) HB 2728 Is Adverse To The Interest Of Customers

I. INDEXING - RATES GO UP AUTOMATICALLY, NO QUESTIONS ASKED

The bill allows for local service rates to be increased simply because of the Consumer Price Index increases. This index reflexes a conglomeration of increases in a wide variety of items. It in no way measures the cost of providing telecommunications service.

II MISCELLANEOUS SERVICES ARE NOT SUBJECT TO ANY CONTROLS ON THE PRICE CHARGED AFTER 1+ PRESUBSCRIPTION OR JULY 1, 1997

The bill allows a local exchange carrier to charge what ever it believes the market will bear for miscellaneous services once 1+ presubscription is established or after the arbitrary date of July 1, 1997. There should be a clear alternative provider prior to the existing local exchange carrier being given the freedom to price as they want.

#4) HB 2728 Is Unfair To Emerging Competitors

HB 2728 allows only the existing local exchange carrier to draw from the USF. It requires only toll providers to pay into the fund.

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**COMMON CARRIER BUREAU
PUBLIC FORUM
ON
IMPLEMENTING
THE TELECOMMUNICATIONS ACT OF 1996**

**FEDERAL COMMUNICATIONS COMMISSION
FEBRUARY 23, 1996**

CAVEAT

This list is a working document that reflects the Common Carrier Bureau staff's current plans regarding implementation of the Telecommunications Act of 1996 but does not constitute an interpretation of the Act by the staff or the Commission. It is being released for the convenience of the public. It is not intended to be binding in any way and it is subject to change without any notice.

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I. STATUTORILY REQUIRED PROCEEDINGS

A. STATUTORILY REQUIRED PROCEEDINGS - COMMON CARRIER BUREAU WITH PRIMARY RESPONSIBILITY (Presented in Chronological Order)

1. Interconnection - Number Administration
 - a. Timing: Rulemaking Completed
 - b. CCB Division(s): Network Services

2. Interconnection - Intelligent Network Interconnection (CC Docket 91-346)
 - a. Timing: Order March 1996.
 - b. CCB Division(s): Policy and Program Planning Division (Policy) and Tariff Division (Tariff)
 - c. Bureaus/Offices: Wireless Telecommunications Bureau (WTB) has secondary responsibility.

3. Universal Service - Federal-State Joint Board: Definition of Universal Service
 - a. Timing: Notice of Proposed Rulemaking (NPRM) March 1996. Joint Board Recommendation November 1996. Order May 1997.
 - b. CCB Division(s): Accounting and Audits Division (AAD)
 - c. Bureaus/Offices: WTB has secondary responsibility.

4. Universal Service - Federal-State Joint Board: Support Mechanisms
 - a. Timing: Notice of Proposed Rulemaking (NPRM) March 1996. Joint Board Recommendation November 1996. Order May 1997.
 - b. CCB Division(s): Accounting and Audits Division (AAD)
 - c. Bureaus/Offices: WTB has secondary responsibility.

5. Universal Service - Federal-State Joint Board: De Minimis Contribution Exemption, Accounting Safeguards, Eligible Telecommunications Carriers, Service Area Definition
 - a. Timing: NPRMs March 1996. Joint Board Recommendation November 1996. Order May 1997.
 - b. CCB Division(s): AAD
 - c. Bureaus/Offices: WTB has secondary responsibility.

6. Universal Service - Interexchange Carrier Proceeding
 - a. Timing: NPRM March 1996. Order August 1996.
 - b. Division(s): Policy; Tariff

7. Regulatory Reform: Biennial Review - Section 214 Exemption
 - a. Timing: NPRM March 1996. Order July 1996.
 - b. CCB Division(s): Network Services

8. Privacy of Customer Information - Privacy
 - a. Timing: March 1996
 - b. CCB Division(s): Policy

9. Interconnection - General Section 251
 - a. Timing: NPRM April 1996. Order August 1996.
 - b. CCB Division(s): Policy; Tariff
 - c. Bureaus/Offices: WTB and Cable Services Bureau (CSB) have secondary responsibility.

10. Interconnection - Negotiation, Arbitration, and Approval of Agreements
 - a. Timing: NPRM April 1996. Order August 1996.
 - b. CCB Division(s): Policy
 - c. Bureaus/Offices: WTB has secondary responsibility.

11. BOC Entry into InterLATA Services - Accounting Systems and Other Safeguards for Cost Allocations and Separate Subsidiaries
 - a. Timing: NPRM April 1996 (interim rules); Order August 1996; NPRM September 1996 (Final Rules - Affiliates); Order March 1997; NPRM September 1996 (final rules - Cost Allocations); Order March 1997
 - b. CCB Division(s): AAD; Policy

12. Manufacturing by BOCs - BOC Manufacturing Protocols
 - a. Timing: NPRM April 1996 (interim rules); Order August 1996; NPRM October 1996 (final rules - Affiliates); Order March 1997

- b. CCB Division(s): AAD; Network Services
13. Manufacturing by BOCs - Accounting Systems and Other Safeguards
- a. Timing: NPRM April 1996 (interim rules); Order August 1996; NPRM September 1996 (Final Rules - Affiliates); Order March 1997; NPRM September 1996 (Final Rules - Cost Allocations) Order March 1997
- b. CCB Division(s): AAD; Policy
14. Electronic Publishing by BOCs - Accounting Systems and Other Safeguards
- a. Timing: NPRM April 1996 (interim rules); Order August 1996; NPRM September 1996 (Final Rules - Affiliates); Order March 1997; NPRM September 1996 (Final Rules - Cost Allocations) Order March 1997
- b. CCB Division(s): AAD; Policy
15. Alarm Monitoring Services - Data Safeguards
- a. Timing: NPRM April 1996. Order August 1996.
- b. CCB Division(s): AAD; Policy
16. Unfair Billing Practices for Information or Services Provided Over Toll-Free Calls
- a. Timing: NPRM April 1996. Order August 1996.
- b. CCB Division(s): AAD; Policy; Enforcement
17. Consolidated Pay Telephone Proceeding
- a. Timing: NPRM May 1996; Order September 1996; Reconsideration Order November 1996.
- b. CCB Division(s): Policy; Enforcement; Network Services; AAD
18. Regulatory Reform: Biennial Review - Accounting Reports (CAMs and ARMIS Reports)
- a. Timing: NPRM May 1996. Order September 1996.
- b. CCB Division(s): AAD

19. Regulatory Reform: Biennial Review - Accounting Reports
- a. Timing: NPRM May 1996. Order September 1996.
 - b. CCB Division(s): AAD
20. Access by Persons with Disabilities - Wireline HAC Proceeding (CC Docket No. 87-124)
- a. Timing: Order May 1996
 - b. CCB Division(s): Network Services
 - c. Bureaus/Offices: CCB and DTF will share primary responsibility. WTB and CSB will share secondary responsibility.
21. Universal Service - Support Mechanisms for Schools, Libraries, and Health Care Providers
- a. Timing: NPRM June 1996
 - b. CCB Division(s): AAD
 - c. Bureaus/Offices: Office of Plans and Policy (OPP), CCB, WTB, CSB, and International Bureau (IB) will share responsibility
22. Universal Service - Advanced Services
- a. Timing: NPRM June 1996
 - b. CCB Division(s): AAD
 - c. Bureaus/Offices: OPP, CCB, WTB, CSB, and IB will share responsibility.
23. Slamming - Policies and Rules Concerning Illegal Changes of Consumers' Long Distance Carriers (CC Docket 94-129)
- a. Timing: NPRM Second Quarter 1996. Order Fourth Quarter 1996.
 - b. CCB Division(s): Enforcement
24. BOC Entry into InterLATA Services - InterLATA Complaint Procedures
- a. Timing: NPRMs Second Quarter 1996. Order Fourth Quarter 1996.
 - b. CCB Division(s): Enforcement

25. Obscene or Harassing Use of Telecommunications Facilities (Section 223 Measures)
- a. Timing: NOI Second Quarter 1996. Policy Statement First Quarter 1997.
 - b. CCB Division(s): Enforcement
26. Advanced Telecommunications Incentives
- a. Timing: NOI Second Quarter 1996. Report Fourth Quarter 1996.
 - b. CCB Division(s): Policy; Network Services
 - c. Bureaus/Offices: CCB, WTB, CSB, OPP, and IB will share responsibility for this proceeding.
27. Access by Persons with Disabilities - Telecommunications Relay Service
- a. Timing: Notice of Inquiry (NOI) June 1996
 - b. CCB Division(s): Network Services
 - c. Bureaus/Offices: CCB and DTF will share primary responsibility. WTB and CSB will share secondary responsibility.
28. BOC Entry into InterLATA Services - Dialing Parity
- a. Timing: Notice/Order June 1996. Second Order December 1996.
 - b. CCB Division(s): Network Services
29. Interconnection - Number Portability (CC Docket 95-116)
- a. Timing: NPRM Released July 1995. Order May 1996.
 - b. CCB Division(s): Policy
 - c. Bureaus/Offices: WTB has secondary responsibility.
30. Access by Persons with Disabilities - Equipment Accessibility Rules
- a. Timing: Notice August 1996
 - b. CCB Division(s): Network Services
 - c. Bureaus/Offices: CCB and Disabilities Task Force (DTF) will share primary responsibility. WTB and CSB will share secondary

responsibility.

31. Accounting Systems and Other Safeguards - Price Caps-Long Term Plan (CC Docket 94-1)
 - a. Timing: NPRM Released September 1995; Order September 1996.
 - b. CCB Division(s): Tariff

32. Access by Persons with Disabilities - Service Accessibility Rules
 - a. Timing: Notice October 1996. Order August 1997.
 - b. CCB Division(s): Network Services
 - c. Bureaus/Offices: CCB and DTF will share primary responsibility. WTB and CSB will share secondary responsibility.

33. Telemessaging
 - a. Timing: NPRM Third Quarter 1996. Order Fourth Quarter 1996.
 - b. CCB Division(s): Enforcement

34. Alarm Monitoring Services - Complaint Procedures
 - a. Timing: Notice Third Quarter 1996. Order Fourth Quarter 1996.
 - b. CCB Division(s): Enforcement

35. Regulatory Reform: Biennial Review - Tariff Procedures
 - a. Timing: NPRM Third Quarter 1996. Order First Quarter 1997.
 - b. CCB Division(s): Tariff

36. Regulatory Reform: Biennial Review - Complaint Procedures
 - a. Timing: NPRM Third Quarter 1996. Order First Quarter 1997.
 - b. CCB Division(s): Enforcement

37. Interconnectivity - Network Planning
 - a. Timing: Notice Third Quarter 1996. Order First

- b. CCB Division(s): Network Services
c. Bureaus/Offices: CCB, Office of Engineering and Technology (OET), and WTB share primary responsibility.

Quarter 1997.

38. Regulatory Reform: Elimination of Unnecessary FCC Regulations and Functions - Reevaluation of Depreciation Rates Policy

- a. Timing: NPRM February 1997. Order Fourth Quarter 1997.
b. CCB Division(s): AAD

B. STATUTORILY REQUIRED PROCEEDINGS - COMMON CARRIER BUREAU WITH SECONDARY RESPONSIBILITY

39. Manufacturing by BOCs - Alternate Dispute Resolution for Manufacturing

- a. Timing: NPRM March 1996. Order May 1996.
b. CCB Division(s): Network Services
c. Bureaus/Offices: Office of General Counsel (OGC) has primary responsibility. CCB has secondary responsibility.

40. Open Video Systems - Elimination of Section 214-Related Rules

- a. Timing: March 1996.
b. CCB Division(s): Network Services; Policy
c. Bureaus/Offices: CSB has primary responsibility. CCB has secondary responsibility.

41. Open Video Systems - Order revoking video dialtone portion of RAO letter and other video dialtone reporting requirements.

- a. Timing: March 1996.
b. CCB Division(s): AAD
c. Bureaus/Offices: CSB has primary responsibility. CCB has secondary responsibility.

42. Interconnectivity - Amend Network Reliability Council Charter

- a. Timing: March 1996

- b. CCB Division(s): Network Services
 - c. Bureaus/Offices: OET has primary responsibility. CCB and WTb will share secondary responsibility.
43. LEC-CMRS Interconnection
- a. Timing: NPRM Adopted December 1995. Order April 1996.
 - b. CCB Division(s): Policy; Tariff
 - c. Bureaus/Offices: WTb has primary responsibility on this proceeding. CCB has secondary responsibility.
44. Open Video Systems - Repeal of Existing Video Dialtone Rules
- a. Timing: Second Quarter 1996.
 - b. CCB Division(s): Policy
 - c. Bureaus/Offices: CSB has primary responsibility. CCB has secondary responsibility.
45. Infrastructure Sharing
- a. Timing: Notice July 1996. Order January 1997.
 - b. CCB Division(s): Policy; Network Services
 - c. Bureaus/Offices: WTb has primary responsibility in this proceeding. CCB has secondary responsibility.

II. OTHER COMMON CARRIER BUREAU RESPONSIBILITIES

46. BOC Entry into InterLATA Services
- a. Timing: Varied
 - b. CCB Division(s): Policy
 - c. Actions: Issue order approving/denying BOC applications for in-region interLATA services
47. Provision of Electronic Publishing by BOCs:
- a. Timing: Varied
 - b. CCB Division(s): Policy

- c. Actions:
 - i. Commission must receive written contracts or tariffs filed by separate affiliates or joint venture and the BOC with which it is affiliated;
 - ii. Commission may receive complaint concerning any act or practice of BOC, affiliate, or separate affiliates that violates section; and
 - iii. Commission may receive application for order to cease and desist violation.

48. Biennial Review - Reduction of Reporting and Other Regulatory Requirements

- a. Timing: Varied
- b. CCB Division(s): Industry Analysis Division
- c. Action(s): General forbearance and regulatory review proceeding.