

Approved: Carl Dean Holmes  
Date 2-17-99

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Rep. Carl Holmes at 9:10 a.m. on February 4, 1999 in Room 522-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Mary Torrence, Revisor of Statutes  
Jo Cook-Whitmore, Committee Secretary

Conferees appearing before the committee:

John Federico, Federico Consulting  
Ron Marnell, Multimedia Cablevision

Others attending: See Attached List

Chairman Holmes announced that there would be a revision or two on the calendar for next week. The Chair stated the committee would spend out most of the time up to 'turn around' holding hearings and working bills.

**Hearing on HB 2076 - cable television subscriber fees on delinquent balances.**

The Chair welcomed John Federico, Federico Consulting, who appeared on behalf of the Kansas Cable Telecommunications Association. Mr. Federico stated they did stand in favor of **HB 2076**. Mr. Federico introduced Rob Marshall, Executive Secretary of the Kansas Cable Telecommunications Association; Linda Jurgensen, General Manager for Multimedia Cablevision Wichita; Jay Allbaugh, Director of Government Affairs for Multimedia Cablevision; and Ron Marnell, Vice President of Multimedia Cablevision. Mr. Federico stated that Multimedia employs 1,800 people across the state, with over 300 in the Wichita area alone. They provide cable service to over 550 cities, towns and counties across Kansas and they pay over \$10 million, annually, in franchise fees to local cities and towns. They also provide free cable to over 1,200 schools across Kansas. Mr. Federico explained that, in reference to the \$7.50 figure on line 32, this bill was not setting any type of rate or fee, instead it is setting a cap.

The Chair then welcomed Ron Marnell, Vice President and Kansas Regional Manager of Multimedia Cablevision and appeared on behalf of the Kansas Cable Telecommunications Association. (Attachment 1) Mr. Marnell concluded his testimony by responding to questions from the committee.

Chairman Holmes questioned Mr. Marnell about the 'Road Runner' Internet program on which he had received information. Mr. Marnell explained that this was a high speed Internet access program available on cable television in Wichita.

The Chairman stated that the committee would be hearing **HB 2045** tomorrow.

Meeting adjourned at 10:16 a.m.

Next meeting is Friday, February 5.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 4, 1999

NAME	REPRESENTING
Joe Dick	BPU KCK
Chuck DeLart	Williams Company
Paul GACHES	Williams Company
Jay Allbaugh	Multimedia Cablevision
Ron Marnell	Multimedia Cablevision
Drew Fleming	Multimedia Cablevision.
Linda Jurgensen	Multimedia Cablevision
Doug Lawrence	Southwestern Bell tel/co
J.C. LONG	UCM
John Peterson	Ks CATV Assn
Stephanie Buchanan	DOB
Ross Marshall <small>RODMARSHALL AT</small>	KCIDT

# Testimony in Support of HB 2076

## House Utilities Committee

February 4, 1999

Presented by Ron Marnell, Vice-President Multimedia Cablevision

On Behalf of the Kansas Cable Telecommunications Association

Good morning Mr. Chairman and Committee Members. My name is Ron Marnell, VP and Kansas Regional Manager for Multimedia Cablevision. Multimedia Cablevision is a Wichita-based corporation serving over 300,000 cable subscribers across Kansas. I appear before you today on behalf of the Kansas Cable Telecommunications Association in support of House Bill 2076.

### I. General Information

HB 2076 has been introduced in an effort to codify the cable industry's right to assess and collect reasonable cable delinquent fees. What we are not asking you to do is "set" cable rates or ask the legislature to determine what that delinquent payment fee should be! I don't think anyone would dispute the right of the cable company to assess a reasonable late fee on cable subscribers who are delinquent in the payment of their cable bill. Much like other industries that come before you, it is a common business practice.

Please bear in mind that this bill will have no effect on approximately 90% of the cable subscribers in Kansas. This bill will effect the approximately 10% of cable subscribers who are delinquent in the payment of their cable bill. We maintain though that the

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components of HB 2076 offer consumer protections by requiring that before any late fee is collected by the cable company, certain criteria be met.

## II. Why is House Bill 2076 needed?

Cable customers who fail to pay their bills in a timely fashion cause significant costs in collecting and accounting for delinquent payments. Kansas cable operators attempt to recover some of these delinquent account servicing costs by assessing a delinquent payment on **only** those subscribers who do not pay their bill by the due date. The practice of assessing fees on delinquent accounts is a common business practice. However, cable companies in states without **specific statutory language codifying the right to assess and collect cable delinquent fees** have unfairly been the focus of an increasing number of class action suits. We do not wish this to be the case in the state of Kansas.

As the law now stands, Kansas cable companies cannot reasonably hope to charge such a fee without incurring the risk of expensive class action litigation and exposure for potentially limitless civil penalties. And of course, associated legal costs are ultimately passed on to all customers. We operate daily under legal uncertainty. Therefore, there is a definite need for a coherent and reasonable set of rules that will make it possible for the Kansas cable business to continue reasonable delinquent fee practices.

## III. What HB 2076 “does”.

HB 2076 has four principal components, all of which the cable industry are willing to accept as part of their everyday business practices.

1. First it would require cable companies to notify customers of the amount of the delinquent fee.
2. Secondly, it would require that cable companies provide notice to the cable customer at least ten days prior to the date the late fee will be imposed.
3. Thirdly, the bill will prevent a late fee from being assessed on any bill under \$15.00.
4. Lastly, passage of this bill would set a "cap" of \$7.50 on delinquency fees assessed against delinquent accounts. It is important to clarify that the \$7.50 figure is not the amount of the late fee, but rather a "ceiling" of which the cable companies cannot exceed. Also, please be aware that currently there is no cap on late fees assessed on delinquent accounts.

#### **IV. Closing**

In closing Mr. Chairman, the cable industry is heavily regulated at the federal and local level. Therefore, we come not asking the state to regulate our operations in any form. We only wish to codify our right to recover some of our collection costs. We urge the committee to pass HB 2076 and introduce a measure of fairness and rationality to this troubling area.

Thank you for your time and consideration. I'll be happy to respond to any questions.

**Kansas Cable  
Telecommunications  
Association**

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# Position

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## Delinquent Account Legislation

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Cable customers who fail to pay their bills in a timely fashion cause significant additional costs in collecting and accounting for delinquent payments. Kansas cable operators attempt to recover some of these delinquent account servicing costs by assessing a delinquent payment on only those subscribers who do not pay their bill by the due date.

The practice of assessing fees on delinquent accounts is a common business practice. However, cable companies in states without **statutory language codifying the right to assess and collect cable delinquent fees**, have unfairly been the focus of an increasing number of class action suits.

Essentially, these expensive lawsuits fill a vacuum created by the absence of a state law on this issue. As the law now stands, Kansas cable companies cannot reasonably hope to charge such a fee without incurring the risk of expensive class action litigation and exposure for potentially limitless civil penalties. And of course, associated legal costs are ultimately passed on to all customers. There is a definite need for a coherent and reasonable set of rules that will make it possible for the Kansas cable business to continue reasonable delinquent fee practices.

The Kansas Cable Telecommunications Association supports delinquent account legislation. This bill would establish a statewide delinquency fee set at a maximum of \$7.50 on delinquent accounts. Cable companies would be required to notify customers of the amount of the delinquent fee at least ten (10) days prior to the date the fee will be imposed. In addition, a cable company would be unable to assess a delinquency fee on any bill under fifteen dollars (\$15.00).

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