

Approved: Carl Dean Holmes  
Date 4-29-99

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl Holmes at 9:07 a.m. on March 10, 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: Brenden Long, Kansas Electric Cooperatives  
Bob Bowser, KEPCo  
Mike Murray, Sprint  
Senator Karin Brownlee

Others attending: See Attached List

Chairman Holmes continued the hearing on Y2K as it pertains to utilities.

Brenden Long, Regulatory Compliance Counsel for the Kansas Electric Cooperatives, Inc., presented testimony (Attachment 1).

Bob Bowser, Director of Information and Technical Services for the Kansas Electric Power Cooperative, Inc., provided information on KEPCo's Y2K preparations (Attachment 2).

Sprint's Director of Governmental and Public Affairs, Michael R. Murray, provided copies of information, available on the Internet, about their efforts to address the Year 2000 computer problem (Attachment 3).

UtiliCorp United provided a written overview (Attachment 4) and slide presentation (Attachment 5) on their approach to the Year 2000 compliance issue.

Mr. Pat Hurley, Kansas City Power & Light, stated that they had no problems and were on target for Y2K compliance.

Following testimony, conferees responded to questions from the committee.

**Hearing on HB 2539 - Telecommunications; universal service fund access.**

Lynne Holt, Legislative Research, provided a background explanation on the changes proposed under **HB 2539** (Attachment 6). She then responded to questions from the committee.

Senator Karin Brownlee, lead sponsor of **SB 290**, which is identical to **HB 2539**, then spoke to the bill and responded to questions from the committee.

Meeting adjourned at 10:59 a.m.

Next meeting is Thursday, March 11.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 10, 1999

NAME	REPRESENTING
Jon K Miles	KEC
Frederic Hong	KEC
Mike Murray	Sprint
Richard Lamson	Sprint
Bob Bauer	KEPCo
Kenneth Hibben	Yam Valley Electric Cooperative
Les Depperschmidt	SW Bell
ROBERT BALES	KCP&R
DAVE DITTMORE	KCC
Anne Wickliffe	KCC
MIKE LURA	CURB
Janet Landrum	CWA Local 6407
Paul Snider	SWBT
Bud Park	Western Resources
Pete Hubble	SWB

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SUSAN DURAN	ISSUES MANAGEMENT GROUP
Dan O'Brien	Raw Valley Electric Cooperative
Peter Truesdale	KFC
Nebbie Snow	CWA
Shirley Allen	SBC
Joe Long	UCU
Al Hoffman	Western Resour
Mike Shesby	Federico Consulting
Maureen Recot	AT&T
Susan Mahoney	Sen. Leadership Office
Margaret Leach	KAC
Wilson Krueger	LEL
WALKER HENDRIX	CURB
Sandra Braden	McGill Guched & Assoc
Patrick Hurley	KAC

**Testimony of  
Brenden J. Long, Regulatory Compliance Counsel  
Kansas Electric Cooperatives, Inc.**

**Year 2000 Issue**

**Before the  
Senate Utilities Committee  
House Utilities Committee**

My name is Brenden Long, and I am the Regulatory Compliance Counsel for Kansas Electric Cooperatives, the statewide association of rural electric cooperatives. One of my responsibilities is to monitor and provide support for the year 2000 readiness efforts of our member cooperatives. It is in that capacity that I appear before you today.

Kansas's rural electric cooperatives are aggressively pursuing efforts to avoid Y2K-related problems with their electric generation, transmission, and distribution systems. While the specific readiness programs vary from cooperative to cooperative, in general, the members of KEC are following a methodical process in assessing critical hardware and software for Y2K readiness, testing for compliance and correcting problem areas when they are identified.

To date, KEC has not been made aware of any significant readiness problems with the cooperative electric systems. In other words, our member cooperatives appear to be making good progress in ensuring Y2K readiness for their equipment and business processes.

Like any business, electric cooperatives are somewhat dependent on their suppliers and vendors for the delivery of their product. For example, if the bulk electricity or the equipment needed to maintain the generation, transmission or distribution system is not delivered to the cooperative, electricity cannot be delivered to the ultimate consumer.

The primary concern of distribution cooperatives is that their power suppliers are able to deliver electricity to cooperative substations for ultimate distribution to their consumer/owners. Our

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ATTACHMENT 1

distribution cooperatives are working with their wholesale suppliers to receive assurances that electricity will be available to distribute on January 1, 2000. Likewise, our generation and transmission cooperative members are working with their fuel suppliers and business partners to ensure the integrity of their systems on this critical date.

Kansas's rural electric cooperatives recognize the dangers posed by the year 2000 problem, and the critical nature of the services provided by cooperatives. We are active participants in the efforts of the U.S. Department of Energy and the North American Electric Reliability Council to prepare the electric power supply and delivery systems of North America for the transition to the year 2000. Additionally, Kansas electric cooperatives regulated by the Kansas Corporation Commission are participating in the KCC request for information on readiness efforts. Unregulated cooperatives have likewise been encouraged to cooperate with the KCC and provide readiness information to the commission.

Kansas Electric Cooperatives is pleased with the response of its membership to the Y2K challenge. Readiness efforts will continue throughout 1999, with the ultimate goal of no Y2K-related problems on January 1, 2000. With the information available at this time, it appears that goal will be achieved.

In anticipation that you may have questions about specific Y2K efforts undertaken by rural electric cooperatives, I have asked representatives of Kaw Valley Electric Cooperative, headquartered in Topeka, to be available to answer any questions.

***Testimony on Year 2000***  
**Before the House Utilities Committee – March 9, 1999**  
**Bob Bowser, KEPCo's Director, Information and Technical Services**

KEPCo is a generation and transmission cooperative operating under the jurisdiction of the Kansas Corporation Commission (KCC). KEPCo owns 6% of Wolf Creek Generating Station, purchases power from various Kansas utilities and two Federal Power Administrations. KEPCo contracts for transmission from several utilities in Kansas.

KEPCo has been taking steps and continues to take steps to prepare for Y2k in an effort to do what it can to ensure that KEPCo's members and their customers will continue to have electric power as the year changes from 1999 to 2000. KEPCo began preparing for Y2k several years ago when it converted its in-house computer programs, including billing software, to four-digit years. Since that time it has remained aware of the problems that could occur with computer hardware, computer software, embedded chips, and its key service vendors. KEPCo expects to be internally Y2k compatible by July 1, 1999. No equipment that KEPCo operates will affect the flow of electricity to ultimate consumers even if KEPCo ultimately has an unforeseen Y2k problem. KEPCo's meters are being field upgraded this spring and the metering software is undergoing testing right now.

KEPCo relies heavily on other utilities and continues to collect information on their Y2k status as well as the status of Wolf Creek. Wolf Creek is operated by the Wolf Creek Nuclear Operating Corporation and has its own internal Y2k staff. KEPCo monitors the activities associated with the Wolf Creek Y2k program.

KEPCo is pleased to present this information on our Y2k preparations and to have another opportunity to learn of the Y2k activities of the other Kansas utilities.

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**Michael R. Murray**  
Director - Governmental  
and Public Affairs

**Midwest Operations**  
800 SW Jackson, Suite 1108  
Topeka, KS 66612-1242  
Voice 785 232 3826  
Fax 785 234 6420

March 9, 1999

TO: Members of the House Utilities Committee  
FROM: Mike Murray  
RE: Sprint Y2K Program

Attached you will find information pertaining to Sprint's efforts to address the Year 2000 computer problem. These documents are available on the Internet at <http://www.sprint.com/y2k>

Sprint started its Year 2000 program in 1996 and expects its network to be compliant by June of 1999.

Sprint adheres to industry standards for Year 2000 compliance, and is following the International Standards Organization's 8601 date and time standard and Bellcore's General Requirement 2945 specification for the telecommunications industry.

In addition, Sprint is a member of the Year 2000 International Telecom Forum exchanging Year 2000 program information. Finally, Sprint's delegates participate in the International Telecommunications Union forums focusing on Year 2000 planning, standards and policy.

We hope this information is helpful to the Committee.

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ATTACHMENT 3



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until the year 2000

## The Sprint Year 2000 Program

Last Updated:  
2/18/1999

Check back to our site in the coming months for updates from the Sprint Year 2000 team and additional answers to your questions.

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Sprint's goal is to maintain the highest quality communications services and customer service in the Year 2000 and beyond, including a seamless, transparent century change. One part of our plan is to provide this Year 2000 web site as an informational resource to those who have a vested interest in our achieving our goal. We believe a strong information base is key to fulfilling our commitment to minimizing any inconvenience for our customers as we address the Year 2000 challenge. A web site is an effective tool in disseminating that information to a large and diverse audience.

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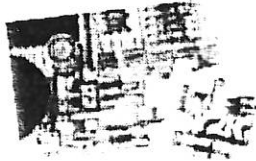


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The Year 2000 is a universal technology and software challenge facing our computer-reliant world. Historically, most computers have used a two-digit year field in order to save limited data storage space. For instance, 1998 was coded as "98" and the "19" was simply assumed. This worked well for nearly 50 years ... but no more.

On January 1, 2000, computers around the globe will register "00" to indicate the new year; however, computers may assume the year is 1900, not 2000. It's a problem that may affect data-sorting utilities, math comparisons and data calculations. It's like your car's odometer reaching its limit and starting over again.

Mainframes, PCs and hardware can all be affected by this programming approach, which makes them incapable of recognizing dates beyond 1999. Unless they are fixed, some hardware and software may produce inaccurate results or simply fail to operate.

These problems can be corrected. Sprint is on target for renovating our operations well before the Year 2000 deadline, with a goal of providing our customers with a seamless, transparent move into the 21st century.

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Sprint understands how vital it is to our customers, our nation and the global community that we achieve compliance before the Year 2000 deadline. That's why our Sprint Year 2000 Program is given high priority by all levels of the company.

The Sprint Year 2000 Program is a top corporate priority, beginning in 1996 when Sprint Chairman and CEO William T. Esrey chartered a team with Year 2000 responsibilities. Sprint's Enterprise Program Management Office (EPMO) was established to coordinate and resolve Year 2000 issues of common concern to the entire company.

Sprint has been working diligently since 1996 to address Year 2000 issues. A dedicated team of Sprint Year 2000 specialists, working hand-in-hand with outside consultants, is preparing our network, customer-impacting systems and services for the millennium. Hundreds of Sprint associates are dedicated to the Year 2000 Program full-time, and additional staff in every department are actively involved.

Sprint is actively gathering information from our vendors and suppliers regarding their Year 2000 compliance. Sprint cannot control nor be responsible for compliance by our vendors and suppliers. However, we are encouraging their efforts to become compliant and are working to receive the appropriate warranties and assurances that those third parties are, or will be, compliant.

Sprint is in the process of communicating with domestic carriers to share information about the Sprint Year 2000 Program and to obtain information about their programs. Sprint is an active participant in telecommunications forums, such as the Alliance for Telecommunications Industry Solutions (ATIS) and the Network Reliability Interoperability Council (NRIC), where many interoperability issues are being addressed.

In addition, Sprint meets regularly with its international partners to share information about Year 2000 issues. Sprint also has delegates participating in International Telecommunications Union forums in Europe for discussions on Year 2000 planning, standards and policies.

For Sprint, it's a matter of building on our tradition of award-winning customer service, network reliability and technological leadership. Sprint built the nation's first fiber-optic network and developed the breakthrough Sprint ION, Integrated On-Demand Network, which will provide homes and businesses with virtually unlimited bandwidth over a single existing telephone line for simultaneous voice, video and data services. Sprint continues to earn an excellent reputation for exceptional quality of service.

Our dedication to Sprint's Year 2000 Program is merely a continuation of those award-winning standards.

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Managed by the Enterprise Program Management Office (EPMO), the Sprint Year 2000 Program utilizes a five-phase compliance process designed to provide a seamless, transparent transition to Year 2000 compliance. The renovation process utilizes three different conversion approaches to address Sprint's information system operations. A Sprint-developed extensive testing program will address compliance for systems, hardware, applications and data that may be affected by the Year 2000 issue.

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### Sprint's Year 2000 Enterprise Program Management Office (EPMO)

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Sprint's Year 2000 Program is managed by the EPMO, an umbrella organization providing general guidance, coordination and oversight on the combined compliance efforts of Sprint's many individual business units.

### EPMO Mission Statement

The EPMO will enable the individual business units to address the business challenges facing Sprint due to its dependency on applications and technology that are not Year 2000 compliant.

### EPMO Roles and Responsibilities

The EPMO is responsible for communicating the nature of Sprint's Year 2000 challenge and coordinating the development of a master plan to deal with that challenge appropriately. In doing so, the EPMO established task forces and business unit compliance teams, and continues to provide standards, strategies and methods to the corporation. The EPMO also provides coordinated internal and external communication, and monitors and reports project performance to management.

### EPMO Structure

#### A. Business Unit Compliance Teams

Year 2000 compliance teams were formed within Sprint's business units and departments to identify and address the Year 2000 challenges within their operating entity. Just as in other aspects of business at Sprint, ultimate responsibility for how the Year 2000 affects a business area lies within each business unit. The size, nature and composition of these teams may vary and are tailored to each unit's specific needs.

Each business unit compliance team, regardless of its structure or size, shares seven core responsibilities for its respective business unit: review of inventory technology issues and business compliance issues; assessment of impact; development of a plan for the respective business unit consistent with standards, strategies and methods as established by the EPMO; execution of the plan, contracting with resources and coordinating activities, independent validation and testing, implementation of project recommendations and repairs, and progress reports to the EPMO.

**B. Technology Program Management Offices (PMOs)**

Larger Technology PMO teams were established to direct extensive Year 2000 compliance efforts of the various Sprint network and information systems organizations. They provide technical support to the various business units.

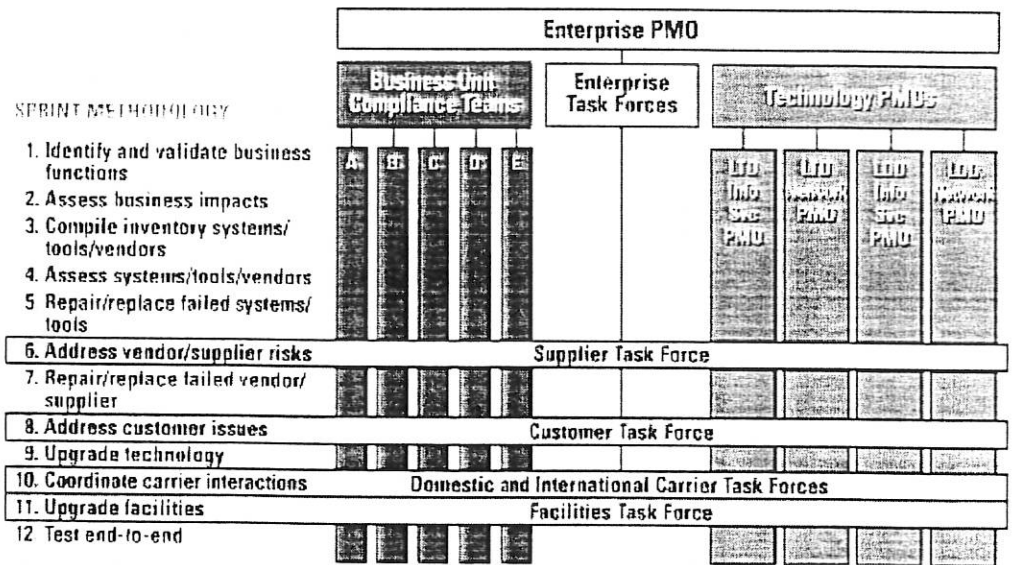
**C. Task Forces**

Six task forces, comprised of a core of subject matter experts, were established to address issues that are shared by the various departments and to coordinate common work being simultaneously performed. The task forces focus especially on issues requiring coordinated communications with external entities.

The following task forces are in place:

1. Supplier Task Force
2. Long Distance Division Customer Task Force
3. Local Telecommunications Division Customer Task Force
4. Domestic Carrier Task Force
5. International Carrier Task Force
6. Facilities Task Force

**Sprint's Year 2000 EPMO Structure**



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### Compliance Process

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Year 2000 compliance is defined by Sprint as the capability to correctly process date information within and between centuries.

Sprint has established a five-phase process as our means of reaching our goal ... a seamless, transparent transition into the millennium.



1. **Inventory:**  
Identifying and prioritizing tools, applications and network elements used in support of essential business functions.
2. **Assessment:**  
Determining which inventoried items need to be renovated and preparing a plan for achieving Year 2000 compliance.
3. **Renovation:**  
Performing the actual work to replace and update date-sensitive systems, hardware, applications and data.
4. **Testing:**  
Conducting system and integration tests to verify that the renovated items are Year 2000 compliant.
5. **Deployment:**  
Implementing all Year 2000 compliant systems, hardware, applications and data.

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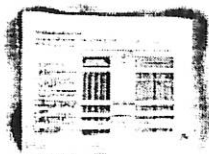


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There are three primary conversion approaches that may be used. Sprint's primary method is windowing, which offers an efficient and effective solution for most of our systems and applications. Windowing takes advantage of the "pivot date" concept. For example, Sprint may set a pivot date of 70 for a system. If the two-digit year is less than 70 (e.g., 10/20/69), the year is interpreted to be in the 2000s (October 20, 2069). If the two-digit year is 70 or higher (e.g., 10/20/70), the year is interpreted to be in the 1900s (October 20, 1970). Other methods -- such as date field expansion, which converts two-digit dates to four-digit dates, and bridging, which translates data from one system to another -- are used for situations where windowing is not appropriate.

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### Conversion Priorities

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While Sprint is focusing on all aspects of its operations that may be affected by the Year 2000 issue, we are addressing the most critical applications first. Sprint's conversion priorities are:

- **Service Assurance:**  
Business processes associated with sustaining customers' products and services upon activation. Supporting systems include advanced intelligent network and trouble management systems.
- **Access Management:**  
Business processes associated with planning, contracting, provisioning and sustaining contractual and network relationships with suppliers and carriers. Supporting systems include access management, billing and provisioning systems.
- **Service Delivery:**  
Business processes associated with the development, construction, implementation, delivery and activation of Sprint products and services. Supporting systems include facilities management and provisioning systems.
- **Customer Service:**  
Business processes associated with responding to customer inquiries and maintenance requests. Supporting systems include order entry and customer information systems.
- **Billing:**  
Business processes associated with rating, invoicing and mailing customer bills. Supporting systems include toll message rating and invoice processing systems.

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### Testing Approach

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Sprint has developed an extensive testing program to address Year 2000 issues. Testing is divided into two vital areas: Network and Information Systems.

*Network test phases include:*

- **Vendor Acceptance Test:**  
Network elements are tested at the vendor site or at a Sprint test lab prior to acceptance by Sprint.
- **Interface/Connectivity Test:**  
Network elements are tested to ensure they can send, receive and acknowledge messages or transactions from the interfacing elements/systems.
- **Integration/Platform Test:**  
Network elements and information systems applications are tested to ensure they can send, receive and acknowledge messages or transactions from their interfaces. This is a complete end-to-end test.
- **Interoperability Test:**  
Network compatibility tests are performed with other carriers.
- **Regression Test:**  
Network elements are tested to ensure the Year 2000 changes made by the vendors do not have an adverse impact on the elements.

*Information Systems test phases include:*

- **Baseline Test:**  
Baselines are established to generate test results used as an initial basis of comparison against which to measure compliance test results.
- **System Test/Level One:**

Individual components are tested for Year 2000 changes. Both 19xx and 20xx simulated tests are performed.

- **System Test/Level Two:**

System functions and interfaces are tested to ensure they function properly. Both 19xx and 20xx simulated tests are performed. Regression testing is also performed to ensure modifications have not adversely impacted other areas of program and system functionality.

- **Integration Test:**

Upstream and downstream systems and components are tested to ensure test results do not vary inappropriately from the baseline. This includes regression testing and 20xx testing in a non-simulated environment.

Domestically, Sprint is participating in the Alliance for Telecommunications Industry Solutions network connectivity test, which includes several local exchange and interexchange carriers. This test is expected to be complete by the end of February. In addition, Sprint may test with some competitive access providers through industry forums.

Internationally, Sprint plans to conduct product testing with its international partners and alliances in May 1999. Those partners include Global One, France Telecom, Deutsche Telekom, Telmex and Sprint Canada.

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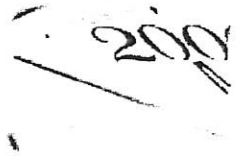


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Program Timetable

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Our top priority is maintaining the highest quality communications services and customer service before and after the year 2000. Sprint's most critical applications -- including the Sprint network and systems which execute primary business processes such as service assurance, access management, service delivery, customer service and billing -- are targeted for Year 2000 compliance by June 1999. This is a target date, subject to change as Sprint's Year 2000 Program moves forward. The chart below shows our program target timetable.

Phases	Status	Target Completion Date*		
		1Q 99	2Q 99	3Q 99
Inventory	Complete			
Assessment	Complete			
Renovation	In Progress	↗		
Testing	In Progress		↗	
Deployment	In Progress		↗	

\*Excluding Sprint PCS

Sprint PCS has completed Year 2000 assessment of its information technology, network and major business units and has begun the renovation phase.

**Sprint's Year 2000 Status**

(As of 2/28/99)

<b>Long Distance Division</b>	<b>Inventoried</b>	<b>Assessed</b>	<b>Renovated</b>	<b>Tested</b>
Network Elements	100%	100%	100%	55%
Information Systems Applications	100%	100%	95%	80%

<b>Local Telecommunications Division</b>	<b>Inventoried</b>	<b>Assessed</b>	<b>Renovated</b>	<b>Tested</b>
Network Elements	100%	100%	100%	90%
Information Systems Applications	100%	100%	100%	100%

Sprint expects that its network and mission-critical information systems will be Year 2000 compliant by June 1999. Because Sprint's Year 2000 Program is in progress, all percentages are subject to change.

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### Frequently Asked Questions (FAQs)

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Click a question from the list below to learn more. After you have read the answer, click the BACK to the TOP link located after every answer.

1. [When will Sprint be Year 2000 compliant?](#)
2. [Does Sprint have a "Compliance Definition" and, if so, what is it?](#)
3. [Is Sprint following any standards on Year 2000 compliance?](#)
4. [What method is Sprint using to convert systems and applications?](#)
5. [What are Sprint's plans for the testing of its network and systems?](#)
6. [Does Sprint have a test environment to address Year 2000 network compliance?](#)
7. [Will there be a service disruption to Sprint's network while Sprint is conducting Year 2000 testing?](#)
8. [Will the upgrade to a Year 2000 compliant network cause any disruption to my current service?](#)
9. [Will Sprint share test plans and test results?](#)
10. [When can our company utilize the Sprint network to perform transmission functionality testing of our systems?](#)
11. [Is Sprint developing contingency plans?](#)
12. [What is Sprint doing to address interoperability issues with domestic carriers?](#)
13. [What is Sprint doing to address interoperability issues with international carriers?](#)
14. [What is Sprint doing to address the Year 2000 compliance of its suppliers?](#)

#### 1. When will Sprint be Year 2000 compliant?

Our top priority is maintaining the highest quality communications services and customer service in the Year 2000 and beyond. Sprint's most important applications -- including the Sprint network and systems which execute primary business processes such as service assurance, access management, service delivery, customer service and billing -- are targeted for Year 2000 compliance by June 1999. This is a target date, subject to change as Sprint's Year 2000 Program moves forward.

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**2. Does Sprint have a "Compliance Definition" and, if so, what is it?**

Year 2000 compliance is defined by Sprint as the capability to correctly process date information within and between centuries.

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**3. Is Sprint following any standards on Year 2000 compliance?**

Yes, Sprint is adhering to industry standards for Year 2000 compliance. Sprint is following the International Standards Organization's 8601 date and time standard and Bellcore's General Requirement 2945 specification for the telecommunications industry.

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**4. What method is Sprint using to convert systems and applications?**

Sprint's primary method is windowing, which offers an efficient and effective solution for most of our systems and applications. Windowing takes advantage of the "pivot date" concept. For example, Sprint may set a pivot date of 70 for a system. If the two-digit year is less than 70 (e.g., 10/20/69), the year is interpreted to be in the 2000s (October 20, 2069). If the two-digit year is 70 or higher (e.g., 10/20/70), the year is interpreted to be in the 1900s (October 20, 1970). Other methods -- such as date field expansion, which converts two digit dates to four digit dates, and bridging, which translates data from one system to another -- are used for situations where windowing is not appropriate.

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**5. What are Sprint's plans for the testing of its network and systems?**

Our top priority is to continue to provide our customers with industry-leading technology and customer service in the year 2000 and beyond. Sprint has therefore developed an extensive testing program to address Year 2000 issues.

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**6. Does Sprint have a test environment to address Year 2000 network compliance?**

Yes. Sprint's test labs for Year 2000 testing accurately duplicate the Sprint network and support systems.

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**7. Will there be a service disruption to Sprint's network while Sprint is conducting Year 2000 testing?**

We do not anticipate any service disruptions while we are testing for Year 2000 compliance.

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**8. Will the upgrade to a Year 2000 compliant network cause any disruption to my current service?**

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3/8/99 3:06 PM

We do not expect any service disruptions. Sprint's network hardware and software upgrades for Year 2000 are intended to be no different than any other upgrades implemented by Sprint. Upgrades are almost always transparent to customers, and it is our goal to ensure that Year 2000 upgrades are no different. If it is determined that particular Sprint customers will be impacted by an upgrade, Sprint will use its best efforts to provide them notice of any impacts.

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**9. Will Sprint share test plans and test results?**

Sprint is focusing major resources and energies on meeting its goal of minimizing any disruption to customers from the Year 2000 transition. We have developed an extensive testing program to help us meet that goal. In order to focus on our priority of minimizing any disruption to customers, we will not be able to share test plans and test results while the process is under way.

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**10. When can our company utilize the Sprint network to perform transmission functionality testing of our systems?**

Our customers can use the Sprint long-distance network today to validate their own Year 2000 compliance by changing the date in their own equipment and making a call on the Sprint network. The call will go through because no date data is passed for the signaling of calls.

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**11. Is Sprint developing contingency plans?**

In addition to Sprint's existing array of standard contingency and business continuity plans for all Sprint services, Sprint is developing additional contingency and business continuity plans to address Year 2000 impacts on Sprint's network, information systems and business processes. The targeted date for completion of these plans is April 30, 1999.

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**12. What is Sprint doing to address interoperability issues with domestic carriers?**

Sprint is in the process of communicating with domestic carriers to share information about our respective Year 2000 programs and has met with several major access suppliers to discuss Year 2000 issues. Sprint is an active participant in telecommunication forums such as the Alliance for Telecommunications Industry Solutions (ATIS) and the Network Reliability Interoperability Council (NRIC). Sprint participated in the recent ATIS network connectivity test, which included several local exchange and interexchange carriers, and may also test with some competitive access providers through industry forums.

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**13. What is Sprint doing to address interoperability issues with**

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### **international carriers?**

In January 1998, the Year 2000 International Telecom Forum, consisting of Deutsche Telekom, France Telecom, Global One, Sprint, Sprint Canada and Telmex, was established to openly exchange Year 2000 program information and collectively leverage the influence of the combined carriers for improved results.

Achieving Year 2000 readiness is a top priority for each of the international carrier members of our Year 2000 International Telecom Forum. Our joint efforts focus on quality service assurance for our respective and shared customers, and we are utilizing our collective relationships to achieve Year 2000 readiness. We are working together as a team to solicit information from other international carriers on their respective Year 2000 programs. We are also sharing this information amongst ourselves in a single carrier compliance repository to enable us to jointly develop contingency plans where risks have been identified.

In addition, Sprint has delegates participating in International Telecommunications Union (ITU) forums in Europe for discussions on Year 2000 planning, standards and policy. In May 1999, Sprint plans to conduct international product testing with our international partners and alliances.

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### **14. What is Sprint doing to address the Year 2000 compliance of its suppliers?**

Sprint is actively gathering information from our vendors and suppliers regarding their Year 2000 compliance. While Sprint cannot control or be responsible for compliance by our vendors and suppliers, we are encouraging their efforts and are working to receive the appropriate warranties and assurances that those third parties are, or will be, compliant.

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### Products & Services

### SEC Third Quarter 1998 Year 2000 Filing

The "Year 2000" issue affects Sprint's installed computer systems, network elements, software applications and other business systems which have time-sensitive programs that may not properly reflect or recognize the year 2000. Because many computers and computer applications define dates by the last two digits of the year, "00" may not be properly identified as the year 2000. This error could result in miscalculations or system errors. The Year 2000 issue may also affect the systems and applications of Sprint's customers, vendors or resellers.

Sprint started a program in 1996 to identify and address the Year 2000 issue. It has completed an inventory and Year 2000 assessment of its principal computer systems, network elements, software applications and other business systems. Sprint expected to substantially complete the renovation of these computer systems, software applications and the majority of the network elements and other business systems by year-end 1998. Year 2000 testing commenced in the third quarter of 1998 and will be completed during 1999. Sprint is using both internal and external sources to identify, correct or reprogram, and test its systems for Year 2000 compliance. Sprint is also contacting others with whom it conducts business to receive the appropriate warranties and assurances that those third parties are, or will be, Year 2000 compliant.

Sprint expects to incur approximately \$250 million in 1998 and 1999 to complete its Year 2000 compliance program. If compliance is not achieved in a timely manner by Sprint, or any significant related third party, the Year 2000 issue could have a material adverse effect on Sprint's operations. Sprint is focusing on identifying and addressing all aspects of its operations that may be affected by the Year 2000 issue and is addressing the most critical applications first. Although Sprint intends to develop and, if necessary, implement appropriate contingency plans to mitigate to the extent possible the effects of any significant Year 2000 noncompliance, such plans may not be adequate and the cost of Year 2000 compliance may be higher than \$250 million.

### Affiliates

Sprint's results of operations and financial condition could also be

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materially adversely affected by the failure of its affiliates, including Global One and Sprint PCS, to achieve Year 2000 compliance in a timely manner.

As a result of the PCS restructuring, Sprint will acquire management control of Sprint PCS; therefore, the following discussion provides additional information related to the Year 2000 compliance efforts of Sprint PCS.

Sprint PCS is undertaking an inventory of its computer systems, network elements, software applications, products and other business systems. These inventories are targeted to be completed by year-end 1998. Once an item is identified through the inventory process, its Year 2000 impact is assessed and a plan is developed to address any required renovation. Sprint PCS is using both internal and external resources to identify, correct or reprogram, and test its systems for Year 2000 compliance. It is planning that Year 2000 compliance for these critical systems will be achieved in 1999. Sprint PCS is also contacting others with whom it conducts business to receive the appropriate warranties and assurances that those third parties are, or will be, Year 2000 compliant. However, full compliance may not be achieved as planned by Sprint PCS and such third parties. As a result, Sprint PCS may not receive warranties and assurances from such third parties. Sprint PCS relies on third-party vendors for a significant number of its important operating and computer system functions, and therefore is highly dependent on such third-party vendors for the remediation of network elements, computer systems, software applications and other business systems. In addition, Sprint PCS uses publicly available services that are acquired without contract (for example, global positioning system timing signal) that may be subject to the Year 2000 issue. While Sprint PCS believes these systems will be Year 2000 compliant, they have no contractual or other right to compel compliance. Based upon our evaluations to date, Sprint PCS believes that the total cost of modifications and conversions of its systems will not be material; however such cost could become material because of the various reasons described above, many of which are out of the control of Sprint PCS.

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### ↗ Products & Services

Customers should be aware that due to the interdependence among telecommunications companies' systems and products, Sprint cannot ensure compatibility between Sprint products, services, equipment and systems and those of other vendors, suppliers or carriers. Sprint is not responsible for failures of other carriers or customer premises equipment, or for other failures due to circumstances beyond its sole control. In addition, Sprint is not liable for the accuracy, representation or warranties of manufacturers and software developers in regard to equipment portrayed as Year 2000 compliant. Because Sprint does not manufacture or design equipment, we must rely upon manufacturers' and software developers' information to determine Year 2000 compliance.

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## Issues on Y2K

J. C. Long  
Government Services  
Colorado and Kansas

### Overview

WestPlains Energy and Peoples Natural Gas, both Kansas operating divisions of UtiliCorp United, are on target to be Year 2000 Compliant by June 30, 1999.

### Power Plants

Out of 800 inventoried items from our power plants, there are only 16 unique items that have compliance issues. All of these items are part of the Continuous Emission Monitoring System and will be replaced by May 1999.

### Gas Transmission

Assessment of the SCADA system is complete and testing will be complete by the end of this week (March 12, 1999). The only issues here are some upgrades to the Distribution Control Systems which are underway and will be completed by May 1999.

### Gas Operations

Minor issues with mercury volume correctors that are awaiting an upgrade that will take place by early May 1999.

### Electric Distribution

Only issues are metering system that requires an upgrade from Schlumberger (a manufacturer of metering equipment). Upgrade is scheduled for June 1999, however plans are already in place to work around Schlumberger if for some reason the upgrade isn't available by June.

*HOUSE UTILITIES*

DATE: 3-10-99

ATTACHMENT 4

# UtiliCorp and Year 2000 Compliance

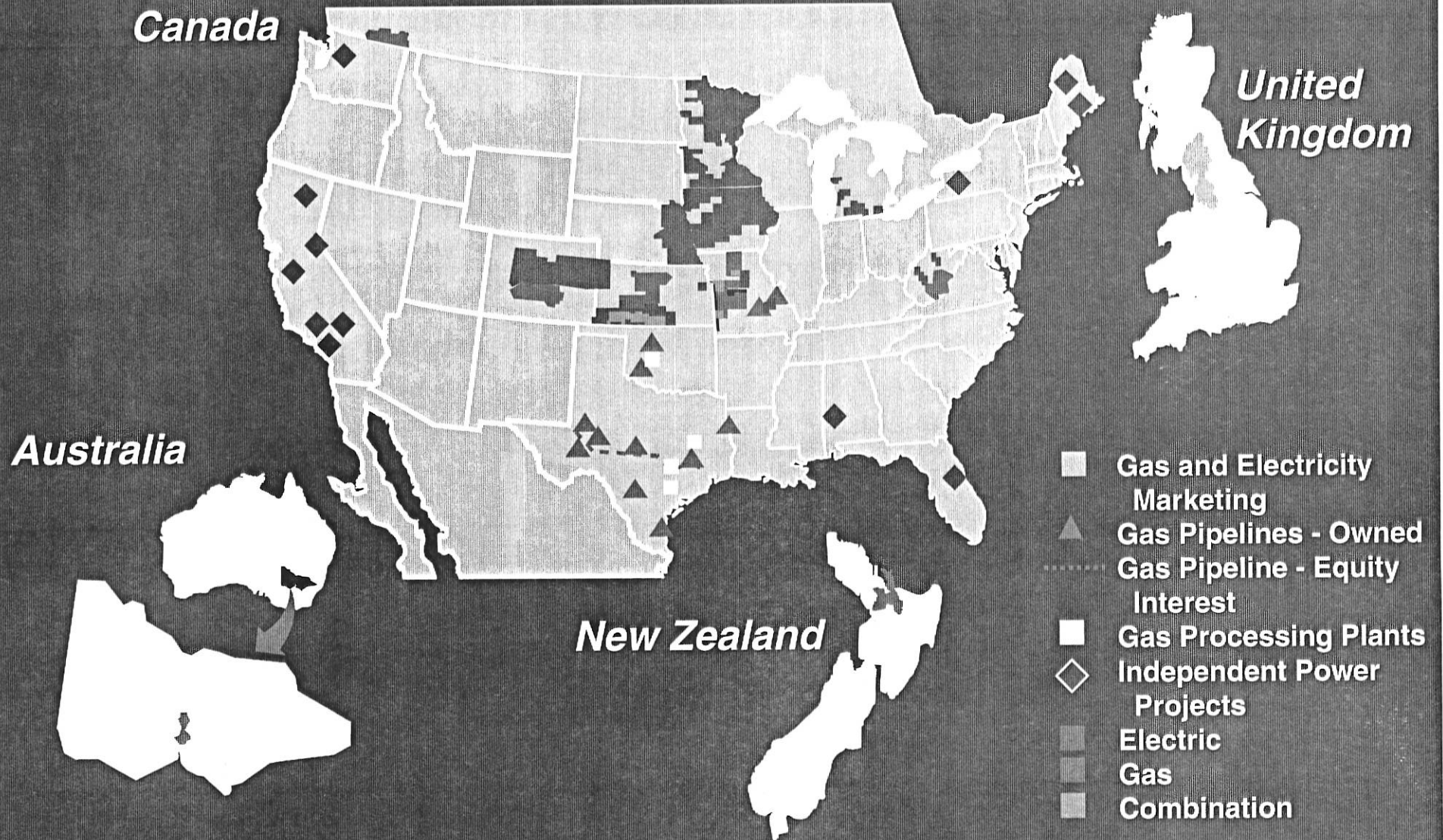
## A Strategic Approach

# The Year 2000 Issue

- **Computer programs that use only two digits for the year, and interpret “00” as 1900, not 2000.**
- **Embedded computer chips in other equipment can also be affected.**

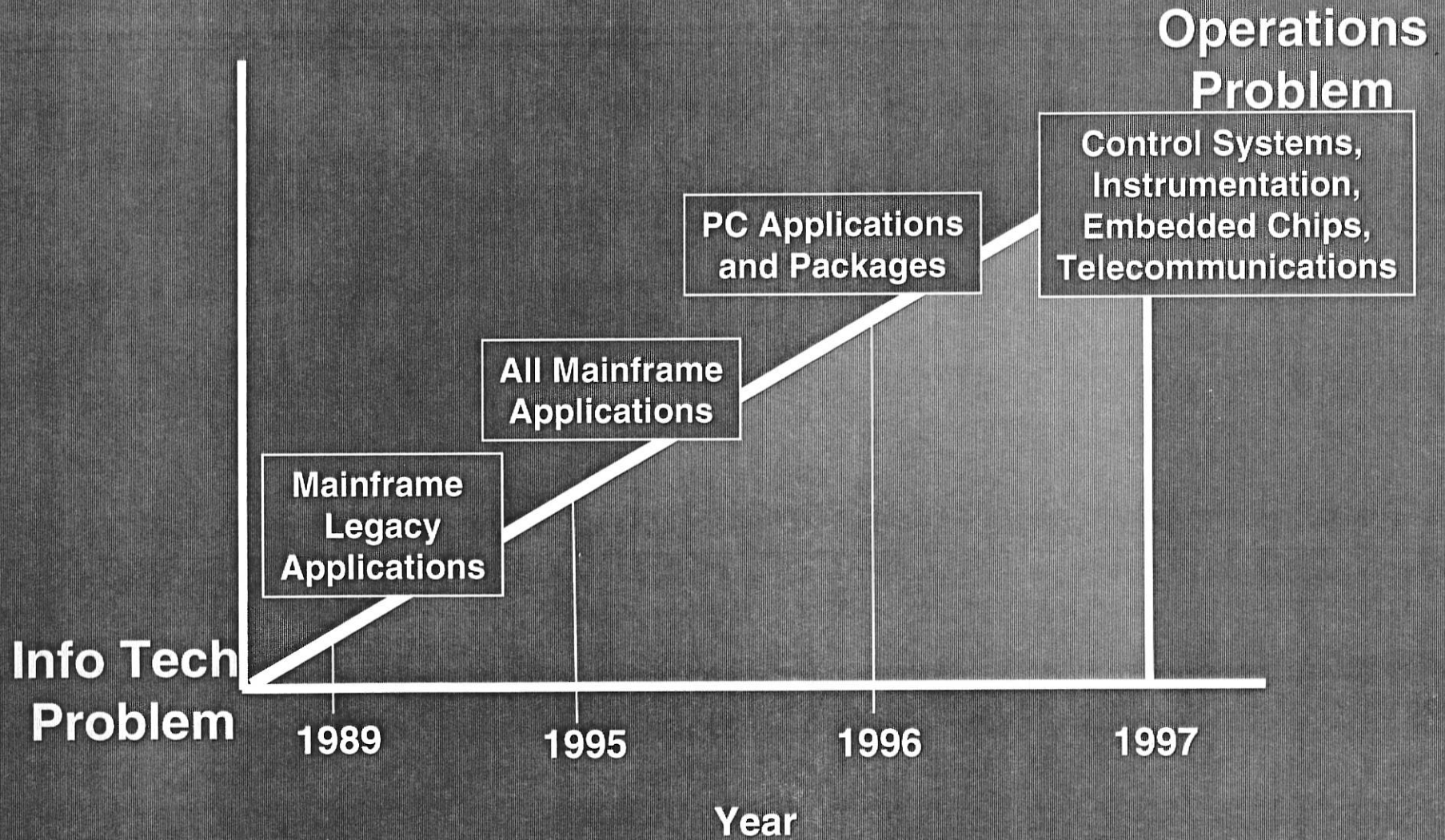
**Y2K has the potential to affect critical UtiliCorp operating components and similar *problems would also affect our customers, key suppliers, financial and sales agents, and support services.***

# UtiliCorp Operations



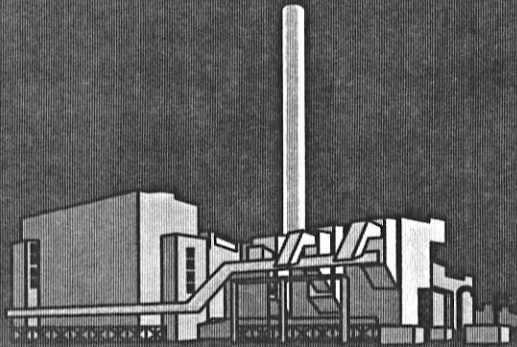


# Year 2000 Awareness



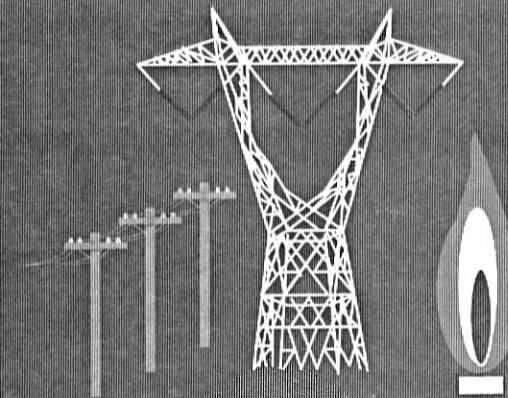
# Critical Operating Components

*For UtiliCorp, What Are They?*



## Power Plants

- sulfur dioxide and other chemical analyzing equipment
- breakers, transformers
- analysis and control software
- programmable logic controllers
- digital control stations
- coal handling, turbine, boiler, and generator controls



## Transmission Distribution

- SCADA and remote terminal units
- meters, meter reading equipment
- protective relays
- power quality equipment
- sulfur analyzers
- gas chromatographs
- voltage regulators
- capacitors, reclosures, and throwovers

# Key Year 2000 Risks

## *What Are They?*

**Inability to conduct core operations and maintain key services**

**Potential of insurance exclusions for Year 2000 events**

**Impact on personal liability of directors and senior executives**

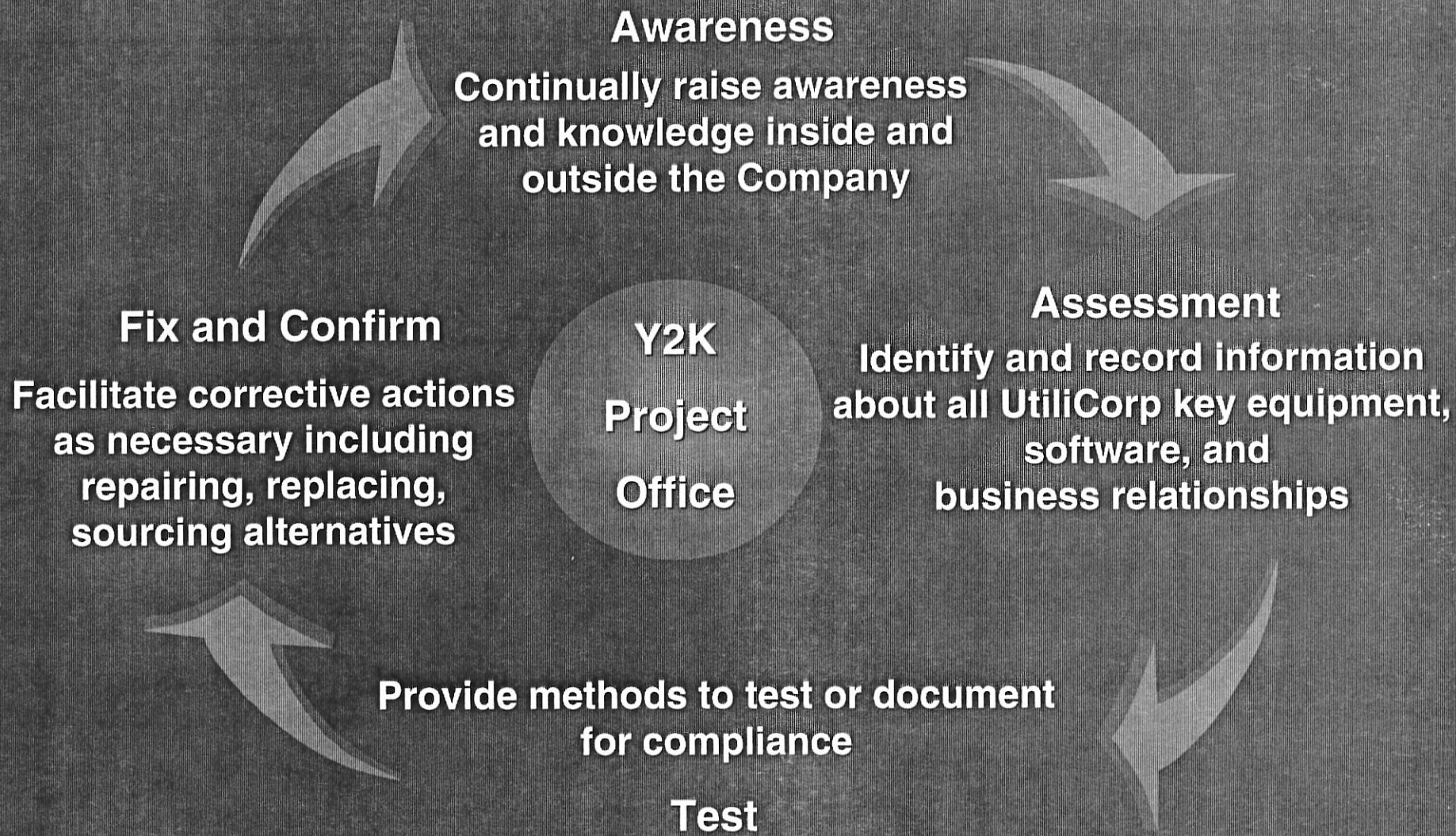
**Y2K**

**Inability to obtain and transport critical supplies**

**Increasing SEC focus on corporate Year 2000 awareness, disclosure**

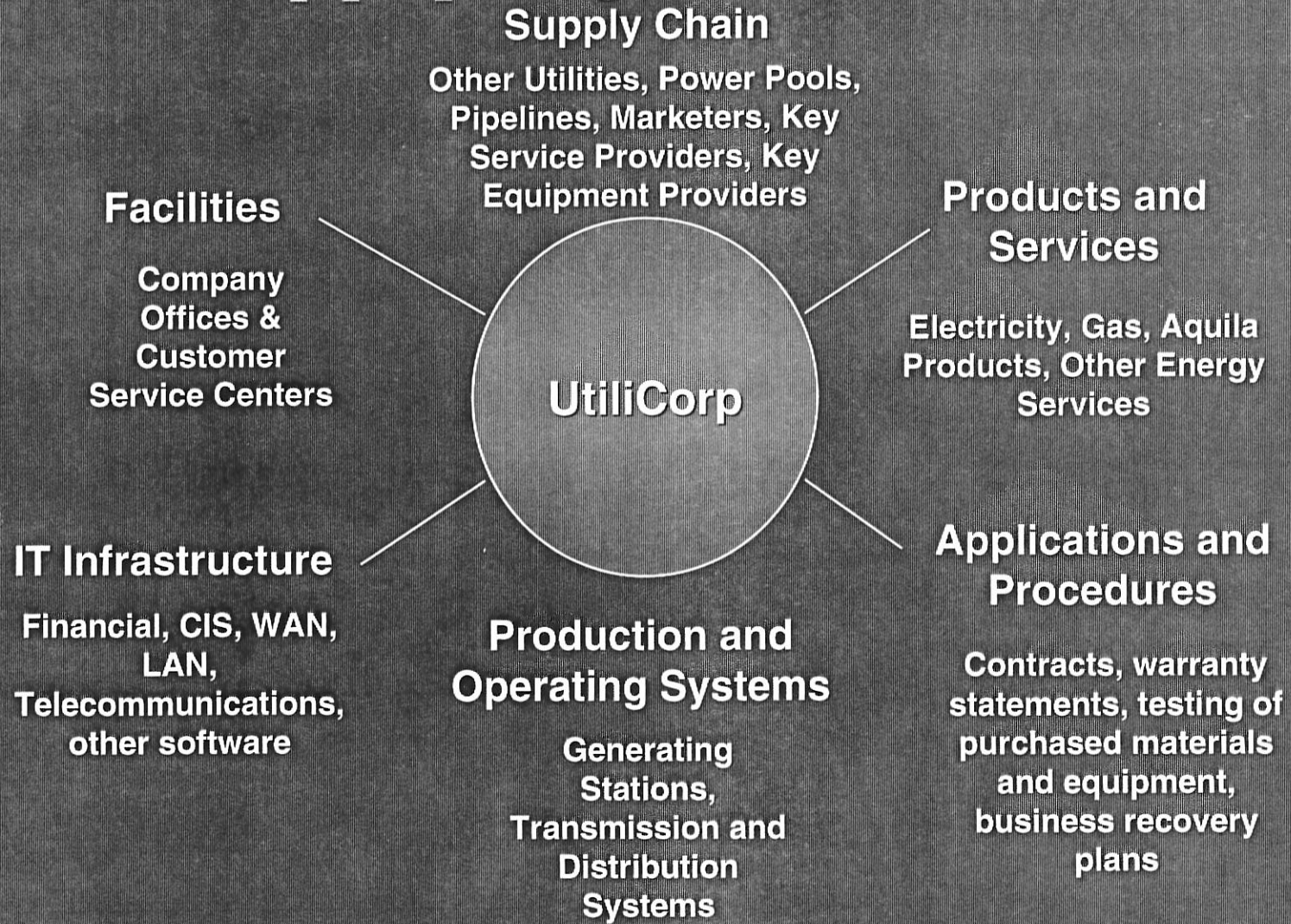
**Lawsuits and disruption of future business plans**

# The UtiliCorp Project Office Process



# Y2K Project Approach

*How is UtiliCorp preparing?*



# HOUSE BILL No. 2539

By Committee on Federal and State Affairs

2-25

9 AN ACT concerning telecommunications; relating to rate rebalancing  
 10 and access to the Kansas universal service fund; amending K.S.A. 1998  
 11 Supp. 66-1,187, 66-2001, 66-2002, 66-2003, 66-2005, 66-2008 and 66-  
 12 2009 and repealing the existing sections; also repealing K.S.A. 1998  
 13 Supp. 66-2012 and 66-2013.

14  
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 1998 Supp. 66-1,187 is hereby amended to read as  
17 follows: 66-1,187. As used in this act:

18 (a) "Broadband" means the transmission of digital signals at rates  
19 equal to or greater than 1.5 megabits per second.

20 (b) "CLASS services" means custom local area signaling services,  
21 which include automatic callback, automatic recall, calling number iden-  
22 tification, selective call rejection, selective call acceptance, selective call  
23 forwarding, distinctive ringing and customer originated trace.

24 (c) "Commission" means the state corporation commission.

25 (d) "Dialing parity" means that a person that is not an affiliate of a  
26 local exchange carrier is able to provide telecommunications services in  
27 such a manner that customers have the ability to route automatically,  
28 without the use of any access code, their telecommunications to the tel-  
29 ecommunications carrier of the customer's designation from among two  
30 or more telecommunications carriers, including such local exchange  
31 carrier.

32 (e) "Federal act" means the federal telecommunications act of 1996,  
33 P.L. 104-104 (amending the communications act of 1934, 47 U.S.C. 151,  
34 *et seq.*)

35 (f) "ISDN" means integrated services digital network which is a net-  
36 work and associated technology that provides simultaneous voice and data  
37 communications over a single communications channel.

38 (g) "LATA" has the meaning ascribed to it in the federal act.

39 (h) "Local exchange carrier" means any telecommunications public  
40 utility or its successor providing switched telecommunications service  
41 within any local exchange service area, as approved by the commission  
42 on or before January 1, 1996. ~~However, with respect to the Hill City~~  
43 ~~exchange area, in which multiple carriers were certified by the commis-~~

→ (h): Since the Hill City exchange is now owned by Rural Telephone Company and receives its service from Rural, this provision is no longer needed.

HOUSE UTILITIES  
DATE: 3-10-99  
ATTACHMENT 6

1 sion prior to January 1, 1996, the commission's determination, subject to  
2 any court appeals, of which authorized carrier shall serve as the carrier  
3 of last resort will determine which carrier shall be deemed the local  
4 exchange carrier for that exchange.

5 (i) "Number portability" has the meaning ascribed to it in the federal  
6 act.

7 (j) "1+ intraLATA dialing parity" means the ability of a local exchange  
8 service customer to specify the telecommunications or local exchange  
9 carrier that will carry the intraLATA long distance messages when that  
10 customer dials either "1" or "0" plus a 10-digit number.

11 (k) "Operating area" means:

12 (1) In the case of a rural telephone company, operating area or service  
13 area means such company's study area or areas as approved by the federal  
14 communications commission;

15 (2) in the case of a local exchange carrier, other than a rural telephone  
16 company, operating area or service area means such carrier's local  
17 exchange service area or areas as approved by the commission.

18 (l) "Rural telephone company" has the meaning ascribed to it in the  
19 federal act, excluding any local exchange carrier which together with all  
20 of its affiliates has 20,000 or more access lines in the state.

21 (m) "Telecommunications carrier" means a corporation, company,  
22 individual, association of persons, their trustees, lessees or receivers that  
23 provides a telecommunications service, including, but not limited to, in-  
24 terexchange carriers and competitive access providers, but not including  
25 local exchange carriers certified before January 1, 1996.

26 (n) "Telecommunications public utility" means any public utility, as  
27 defined in K.S.A. 66-104, and amendments thereto, which owns, controls,  
28 operates or manages any equipment, plant or generating machinery, or  
29 any part thereof, for the transmission of telephone messages, as defined  
30 in K.S.A. 66-104, and amendments thereto, or the provision of telecom-  
31 munications services in or throughout any part of Kansas.

32 (o) "Telecommunications service" means the provision of a service  
33 for the transmission of telephone messages, or two-way video or data  
34 messages.

35 (p) "Universal service" means telecommunications services and fa-  
36 cilities which include: single party, two-way voice grade calling; stored  
37 program controlled switching with vertical service capability; E911 ca-  
38 pability; tone dialing; access to operator services; access to directory as-  
39 sistance; and equal access to long distance services; and toll blocking or  
40 toll control.

41 (q) "Enhanced universal service" means telecommunications serv-  
42 ices; in addition to those included in universal service, which shall include:  
43 Signaling system seven capability; with GLASS service capability; basic

→ (See Hill City explanation p. 1)

→ (p): line 39 -- Removes the requirement of "equal access" to long distance because inconsistent with FCC regulations, could exclude wireless carriers from KUSF recovery and necessitate waivers for incumbents.

→ (p): line 39 -- adds "toll blocking or toll control" to match FCC definition; these services help keep customers on the network but restricts their ability to incur excessive toll charges.

→ (q): See page 3.

1 and primary rate ISDN capability, or the technological equivalent, full-  
 2 fiber interconnectivity, or the technological equivalent, between central  
 3 offices, and broadband capable facilities to: All schools accredited pur-  
 4 suant to K.S.A. 72-1101 et seq., and amendments thereto; hospitals as  
 5 defined in K.S.A. 65-425, and amendments thereto; public libraries; and  
 6 state and local government facilities which request broadband services,  
 7 without regard to any transmission media or technology, high-speed,  
 8 switched, broadband telecommunications capability that enables users to  
 9 originate and receive high-quality voice, data, graphics and video tele-  
 10 communications using any technology.

11 Sec. 2. K.S.A. 1998 Supp. 66-2001 is hereby amended to read as  
 12 follows: 66-2001. It is hereby declared to be the public policy of the state  
 13 to:

14 (a) Ensure that every Kansan will have access to a first class telecom-  
 15 munications infrastructure that provides excellent services at an afforda-  
 16 ble price;

17 (b) ensure that conditions exist for consumers throughout the state  
 18 to realize the benefits of competition through increased services and im-  
 19 proved telecommunications facilities and infrastructure at reduced rea-  
 20 sonable rates;

21 (c) promote consumer access to a full range of telecommunications  
 22 services, including advanced telecommunications services that are com-  
 23 parable in urban and rural areas throughout the state;

24 (d) advance the development of a statewide telecommunications in-  
 25 frastructure that is capable of supporting applications, such as public  
 26 safety, telemedicine, services for persons with special needs, distance  
 27 learning, public library services, access to internet providers and others;  
 28 and

29 (e) protect consumers of telecommunications services from fraudu-  
 30 lent business practices and practices that are inconsistent with the public  
 31 interest, convenience and necessity; and

32 (f) foster conditions for continuous innovation of information net-  
 33 working and telecommunications.

34 Sec. 3. K.S.A. 1998 Supp. 66-2002 is hereby amended to read as  
 35 follows: 66-2002. The commission shall:

36 (a) Adopt a definition of "universal service" and "enhanced universal  
 37 service," pursuant to subsections (p) and (q) of K.S.A. 1998 Supp. 66-  
 38 1,187;

39 (b) (a) Authorize any requesting telecommunications carrier to pro-  
 40 vide local exchange or exchange access service pursuant to subsection (a)  
 41 of K.S.A. 1998 Supp. 66-2003, and amendments thereto;

42 (e) (b) on or before July 1, 1996, the commission shall initiate a pro-  
 43 ceeding to adopt guidelines to ensure that all telecommunications carriers

→ (q): line 1 -- Removes references to specific technologies to avoid subsidizing non-competitive technology and problems with keeping the statute up to date.

line 7 -- Adds language mirroring 47 U.S.C. 706(c)(1), the federal definition of advanced services. Comma needs to come out (technical).

**66-2001**

The changes to this section are, with the single exception discussed below, the changes recommended by the KUSF Working Committee.

→ (b): line 19 – The KUSF Working Committee recommended removing the reference to "reduced rates;" because, in the view of a majority of the Working Committee members, the phrase suggested continued subsidization which is contrary to competition. This proposal changes the reference to "reasonable rates" to reflect the KCC's general mandate of ensuring just and reasonable rates.

**66-2002**

→ (a): Deletes direction to KCC to adopt definitions of universal and enhanced universal service because terms are defined in statute. The intent apparently was that an administrative agency does not have the authority to change a statutory definition.

→ new (a): Adds "and amendments thereto;"



1 and local exchange carriers preserve and enhance universal service, pro-  
 2 tect the public safety and welfare, ensure the continued quality of tele-  
 3 communications services and safeguard the rights of consumers;

4 ~~(d)~~ review, approve and ensure compliance with network infrastruc-  
 5 ture plans submitted by local exchange carriers pursuant to K.S.A. 1998  
 6 Supp. 66-2005, and amendments thereto;

7 (e) ~~(c)~~ review, approve and ensure compliance with regulatory plans  
 8 submitted by local exchange carriers pursuant to K.S.A. 1998 Supp. 66-  
 9 2005, and amendments thereto;

10 ~~(f)~~ ~~(d)~~ on or before January 1, 1997, establish, pursuant to K.S.A. 1998  
 11 Supp. 66-2006, and amendments thereto, the Kansas lifeline service pro-  
 12 gram, hereinafter referred to as the KLSP;

13 ~~(g)~~ ~~(e)~~ initiate and complete a proceeding by January 1, 1997, to es-  
 14 tablish a competitively neutral mechanism or mechanisms to fund: dual  
 15 party relay services for Kansans who are speech or hearing impaired;  
 16 telecommunications equipment for persons with visual impediments; and  
 17 telecommunications equipment for persons with other special needs. This  
 18 funding mechanism or mechanisms shall be implemented by March 1,  
 19 1997;

20 ~~(h)~~ ~~(f)~~ on or before January 1, 1997, establish the Kansas universal  
 21 service fund pursuant to K.S.A. 1998 Supp. 66-2008, and amendments  
 22 thereto, hereinafter referred to as the KUSF, and make various deter-  
 23 minations relating to the implementation of such fund;

24 ~~(i)~~ ~~(g)~~ authorize all local exchange carriers to provide internet access  
 25 as outlined in K.S.A. 1998 Supp. 66-2011, and amendments thereto, and  
 26 report on the status of the implementation provisions to specified legis-  
 27 lative committees;

28 ~~(j)~~ review the federal act and adopt additional standards and guide-  
 29 lines as necessary for enforcing slamming restrictions;

30 ~~(k)~~ ~~(h)~~ commencing on June 1, 1997, and periodically thereafter; re-  
 31 view and, to the extent necessary, modify the definition of universal ser-  
 32 vice and enhanced universal service, and adjust the KUSF as necessary,  
 33 taking into account advances in telecommunications and information  
 34 technology and services;

35 ~~(l)~~ ~~(i)~~ on or before January 1, 1997, initiate and complete a proceeding  
 36 to establish minimum quality of service standards which will be equally  
 37 applicable to all local exchange carriers and telecommunications carriers  
 38 in the state; any local exchange carrier or telecommunications carrier  
 39 violating such standards, for each occurrence, shall forfeit and pay a pen-  
 40 alty of not less than \$100, nor more than \$5,000; violations of such stan-  
 41 dards shall be enforced in accordance with provisions of K.S.A. 66-138  
 42 and 66-177, and amendments thereto; and

43 ~~(m)~~ ~~(j)~~ on January 1, 2000, prepare and submit a report to the leg-

→ (d): Deletes reference to infrastructure plans as all plans have been submitted. The intent was attempting consistency with non-technology-specific definition of enhanced universal service and trying to avoid funding by KUSF of outdated technology.

→ new (c): Adds “and amendments thereto;”.

→ new (d): Adds “and amendments thereto;”.

→ new (f): Adds “and amendments thereto;”.

→ new (g): Adds “and amendments thereto;”.

→ (j): Deletes direction to KCC to adopt standards and guidelines for enforcing slamming restrictions as the enforcement duties were transferred to the Attorney General’s office.

→ new (h): Deletes direction to KCC to modify statutory definitions. Adds language directing the KCC to adjust the KUSF as necessary in light of changes in technology and services.

1 legislature. The report shall include an analysis of the manner in which the  
 2 regulatory framework has served to: Protect consumers; safeguard uni-  
 3 versal service; ensure that consumers have reaped the benefits of com-  
 4 petition; maximize the use of market forces; and promote development  
 5 of the telecommunications infrastructure throughout the state. The com-  
 6 mission also shall recommend if and how the KUSF should be modified.  
 7 *The commission may submit the report by posting the report's contents*  
 8 *on the commission's internet homepage and notifying the legislature of*  
 9 *the report's availability.*

10 Sec. 4. K.S.A. 1998 Supp. 66-2003 is hereby amended to read as  
 11 follows: 66-2003. (a) On or before September 1, 1996, the commission  
 12 shall begin to authorize applications for certificates of public convenience  
 13 and necessity to provide local exchange or exchange access service.

14 (b) A local exchange carrier shall be required to offer to allow rea-  
 15 sonable resale of its retail telecommunications services and to sell un-  
 16 bundled local loop, switch and trunk facilities to telecommunications car-  
 17 riers, as required by the federal act and pursuant to negotiated  
 18 agreements or a statement of terms and conditions generally available to  
 19 telecommunications carriers.

20 (c) To encourage telecommunications carriers to build or install tel-  
 21 ecommunications facilities, including, but not limited to, local loop and  
 22 switching facilities in the state, and except as otherwise negotiated by a  
 23 local exchange carrier and a telecommunications carrier, the prices for  
 24 such unbundled facilities shall be determined by the commission, on a  
 25 nondiscriminatory basis, to permit the recovery of costs and a reasonable  
 26 profit. The commission shall determine wholesale rates on the basis of  
 27 retail rates charged subscribers for the telecommunications service re-  
 28 quested, excluding the portion thereof attributable to any marketing, bill-  
 29 ing, collection and other costs, that will be avoided by the local exchange  
 30 carrier. The commission shall approve resale restrictions proposed by any  
 31 local exchange carrier which prohibit resellers from purchasing retail tel-  
 32 ecommunications services offered by that local exchange carrier to one  
 33 category of customers and reselling those retail services to a different  
 34 category of customers. Upon a finding that such practice would be anti-  
 35 competitive, anticonsumer or detrimental to the quality of the network  
 36 infrastructure, the commission may prohibit the resale of retail services  
 37 at a rate lower than the wholesale rate. The commission shall approve any  
 38 other reasonable limitation on resale to the extent permitted by the fed-  
 39 eral act.

40 (d) As provided in the federal act, in order for telecommunications  
 41 carriers to provide local exchange service and exchange access service,  
 42 local exchange carriers shall provide the means to interconnect their re-  
 43 spective customers, including, but not limited to, toll access, access to

→ new (j): line 7 -- Adds language permitting the KCC to make its report to the legislature (due January 1, 2000) available on its internet homepage.

66-2003

1 operator services, access to directory listings and assistance, and access to  
2 E911 service.

3 (e) Customers shall be accorded number portability and local *and toll*  
4 dialing parity in conformance with ~~national standards to the extent eco-~~  
5 ~~nomically and technically feasible the federal act and federal communi-~~  
6 ~~cation commission rules and regulations.~~ Terms and prices for intercon-  
7 nection, unbundled facilities and resale of existing retail  
8 telecommunications services shall be negotiated in good faith between  
9 the parties. During the period from the 135th through the 160th day after  
10 the date on which an incumbent local exchange carrier receives a request  
11 for negotiation under this section, the carrier or any other party to the  
12 negotiation may petition the commission to arbitrate any open issues.  
13 Arbitration shall occur in conformance with the provisions of section 252  
14 of the federal act.

15 (f) ~~The commission shall require, consistent with the terms of the~~  
16 ~~federal act, that 1+ intraLATA dialing parity be provided by all local~~  
17 ~~exchange carriers and telecommunications carriers coincidentally with the~~  
18 ~~provision of in-region interLATA toll services in the state by local~~  
19 ~~exchange carriers with more than 150,000 access lines or their affiliates.~~

20 Sec. 5. K.S.A. 1998 Supp. 66-2005 is hereby amended to read as  
21 follows: 66-2005. (a) ~~Each local exchange carrier shall file a network in-~~  
22 ~~frastructure plan with the commission on or after January 1, 1997, and~~  
23 ~~prior to January 1, 1998. Each plan, as a part of universal service protec-~~  
24 ~~tion, shall include schedules, which shall be approved by the commission,~~  
25 ~~for deployment of universal service capabilities by July 1, 1998, and the~~  
26 ~~deployment of enhanced universal service capabilities by July 1, 2003, as~~  
27 ~~defined pursuant to subsections (p) and (q) of K.S.A. 1998 Supp. 66-1,187~~  
28 ~~and amendments thereto, respectively. With respect to enhanced univer-~~  
29 ~~sal service, such schedules shall provide for deployment of ISDN, or its~~  
30 ~~technological equivalent, or broadband facilities, only upon a firm cus-~~  
31 ~~tomer order for such service, or for deployment of other enhanced uni-~~  
32 ~~versal services by a local exchange carrier. After receipt of such an order~~  
33 ~~and upon completion of a deployment plan designed to meet the firm~~  
34 ~~order or otherwise provide for the deployment of enhanced universal~~  
35 ~~service, a local exchange carrier shall notify the commission. The com-~~  
36 ~~mission shall approve the plan unless the commission determines that the~~  
37 ~~proposed deployment plan is unnecessary, inappropriate, or not cost ef-~~  
38 ~~fective, or would create an unreasonable or excessive demand on the~~  
39 ~~KUSF. The commission shall take action within 90 days. If the commis-~~  
40 ~~sion fails to take action within 90 days, the deployment plan shall be~~  
41 ~~deemed approved. This approval process shall continue until July 1, 2000.~~  
42 ~~Each plan shall demonstrate the capability of the local exchange carrier~~  
43 ~~to comply on an ongoing basis with quality of service standards to be~~

→ (e): *line 4* -- Deletes the words "national standards to the extent economically and technically feasible" as conditions for implementing dialing parity. This amendment reflects the U.S. Supreme Court's reinstatement of the FCC's authority to order dialing parity and retaining this language could be considered inconsistent with the FCC's rules.

*lines 3, 5-6* -- Adds the word "toll" dialing parity as interLATA dialing parity is already in place. Toll dialing parity is intrastate, intraLATA dialing parity which is now confirmed by the courts to be under FCC jurisdiction.

Adds language indicating number portability and dialing parity must be implemented in conformance with the federal act and FCC rules and regulations.

→ (f): Deletes this section as inconsistent with FCC rules that require implementation of dialing parity by February 8, 1999.

#### 66-2005

→ (a): Deletes references to infrastructure plans as all plans have been submitted. The intent is attempting consistency with non-technology-specific definition of enhanced universal service and trying to avoid funding by KUSF of outdated technology.

1 adopted by the commission no later than January 1, 1997. The commission  
 2 shall establish rules and regulations by June 30, 2000, to address access  
 3 to enhanced telecommunications and information services that are rea-  
 4 sonably comparable between urban and rural areas throughout the state.  
 5 Such rules shall establish a method by which telecommunications services  
 6 providers may request supplemental funding for enhanced universal serv-  
 7 ices. Those local exchange carriers that have deployed enhanced universal  
 8 service will be eligible for reimbursement from the KUSF pending veri-  
 9 fication of the expenditure, the timing of the expenditure and the associ-  
 10 ated costs.

11 (b) In order to protect universal service, facilitate the transition to  
 12 competitive markets and stimulate the construction of an advanced tel-  
 13 ecommunications infrastructure, each local exchange carrier shall file a  
 14 regulatory reform plan at the same time as it files the network infrastruc-  
 15 ture plan required in subsection (a). As part of its regulatory reform plan,  
 16 a local exchange carrier may elect traditional rate of return regulation or  
 17 price cap regulation. Carriers that elect price cap regulation shall be ex-  
 18 empt from rate base, rate of return and earnings regulation for the pur-  
 19 pose of establishing rates. However, the commission may resume such  
 20 regulation upon finding, after a hearing, that a carrier that is subject to  
 21 price cap regulation has: violated minimum quality of service standards  
 22 pursuant to subsection (l) of K.S.A. 1998 Supp. 66-2002 and amendments  
 23 thereto; been given reasonable notice and an opportunity to correct the  
 24 violation; and failed to do so. Regulatory reform plans also shall include:

25 (1) A commitment to All telecommunications public utilities shall pro-  
 26 vide existing and newly ordered point-to-point broadband services to: Any  
 27 hospital as defined in K.S.A. 65-425, and amendments thereto; any school  
 28 accredited pursuant to K.S.A. 72-1101 et seq., and amendments thereto;  
 29 any public library; or other state and local government facilities at dis-  
 30 counted prices close to, but not below, long-run incremental cost; and

31 (2) a commitment to provide basic rate ISDN service, or the tech-  
 32 nological equivalent, at prices which are uniform throughout the carrier's  
 33 service area. Local exchange carriers shall not be required to allow retail  
 34 customers purchasing the foregoing discounted services to resell those  
 35 services to other categories of customers. Telecommunications carriers  
 36 may purchase basic rate ISDN services, or the technological equivalent,  
 37 for resale in accordance with K.S.A. 1998 Supp. 66-2003 and amendments  
 38 thereto. The commission may reduce prices charged for services outlined  
 in provisions (1) and (2) of this subsection, if the commitments of the  
 local exchange carrier set forth in those provisions are not being kept.

41 (c) Subject to the commission's approval, all local exchange carriers  
 42 shall reduce intrastate access charges to interstate levels as provided  
 43 herein. Rates for intrastate switched access, and the imputed access por-

6.7  
*and regulations*

→ (a): (continued) line 1 -- Adds direction to KCC to establish rules and guidelines by June 30, 2000, for deployment of enhanced services that are reasonably comparable between rural and urban areas. Permits recovery to companies which have placed infrastructure in compliance with the current law on demonstration of costs.

→ (b): line 14 -- Deletes references to infrastructure plans.

line 18 -- Adds "for the purpose of establishing rates" to the language exempting price cap companies from rate of return regulation to give the KCC express authority to rebalance rates in the context of KUSF modification.

→ (1): Rather than a commitment to providing broadband services to hospitals, schools, and libraries, this section requires provision of these services.

→ (2): Deletes the section which requires deployment of specific technologies in order to maintain consistency with revised definition of enhanced universal service.

1 tion of toll, shall be reduced over a three-year period with the objective  
 2 of equalizing interstate and intrastate rates in a revenue neutral, specific  
 3 and predictable manner. *Subsequent reductions in intrastate access rates*  
 4 *may be ordered by the commission in order to maintain parity with in-*  
 5 *terstate access rates.* The commission is authorized to rebalance local  
 6 residential and business service rates to offset the *initial three-year phase*  
 7 *in of the intrastate access and toll charge reductions and to offset any*  
 8 *subsequent intrastate access and toll charge reductions, to the extent jus-*  
 9 *tified, based on a cost of service investigation.* Any remaining portion of  
 10 *the initial three-year phase in of the reduction in access and toll charges*  
 11 *not recovered through local residential and business service rates shall be*  
 12 *paid out from the KUSF pursuant to K.S.A. 1998 Supp. 66-2008 and*  
 13 *amendments thereto. Thereafter, any remaining portion of subsequent*  
 14 *intrastate access and toll charge reductions not recovered through local*  
 15 *residential and business service rates shall be paid out from the KUSF, to*  
 16 *the extent justified based upon cost of service studies.* Rural telephone  
 17 companies shall reduce their intrastate switched access rates to interstate  
 18 levels on March 1, 1997, and every two years thereafter, as long as  
 19 amounts equal to such reductions are recovered from the KUSF.

20 (d) Beginning March 1, 1997, each rural telephone company shall  
 21 have the authority to increase annually its monthly basic local residential  
 22 and business service rates by an amount not to exceed \$1 in each 12  
 23 month period until such monthly rates reach an amount equal to the  
 24 statewide rural telephone company average rates for such services. The  
 25 statewide rural telephone company average rates shall be the arithmetic  
 26 mean of the lowest flat rate as of March 1, 1996, for local residential  
 27 service and for local business service offered by each rural telephone  
 28 company within the state. In the case of a rural telephone company which  
 29 increases its local residential service rate or its local business service rate,  
 30 or both, to reach the statewide rural telephone company average rate for  
 31 such services, the amount paid to the company from the KUSF shall be  
 32 reduced by an amount equal to the additional revenue received by such  
 33 company through such rate increase. In the case of a rural telephone  
 34 company which elects to maintain a local residential service rate or a local  
 35 business service rate, or both, below the statewide rural telephone com-  
 36 pany average, the amount paid to the company from the KUSF shall be  
 37 reduced by an amount equal to the difference between the revenue the  
 38 company could receive if it elected to increase such rate to the average  
 39 rate and the revenue received by the company.

40 (e) For regulatory reform plans in which price cap regulation has  
 41 been elected, price cap plans shall have three baskets: Residential and  
 42 single-line business, including touch-tone; switched access services; and  
 43 miscellaneous services. The commission shall establish price caps at the

→ (c): line 3 -- Adds language that would permit the KCC to order price cap companies to make additional reductions to their access rates in the future. The intended goal is to maintain parity with current interstate access rates as the FCC sets those rates based on cost.

line 6 -- Adds language to require that offsets from the KUSF for access and toll rate reductions be based on cost of service investigations.

line 10 -- Adds language expressly providing that the offsets from the KUSF are only to compensate for the initial three-year phase down.

line 13 -- Adds language expressly providing that any offsets from the KUSF for future access and toll rate reductions must be justified by cost of service studies.

1 prices existing when the regulatory plan is filed subject to rate rebalancing  
 2 as provided in subsection (c) for residential services, including touch-tone  
 3 services, and for single-line business services, including touch-tone serv-  
 4 ices, within the residential and single-line business service basket. The  
 5 commission shall establish a formula for adjustments to the price caps.  
 6 The commission also shall establish price caps at the prices existing when  
 7 the regulatory plan is filed for the miscellaneous services basket. The  
 8 commission shall approve any adjustments to the price caps for the mis-  
 9 cellaneous service basket, as provided in subsection (f).

10 (f) On or before January 1, 1997, the commission shall issue a final  
 11 order in a proceeding to determine the price cap adjustment formula that  
 12 shall apply to the price caps for the local residential and single-line busi-  
 13 ness and the miscellaneous services baskets and for sub-categories, if any,  
 14 within those baskets. In determining this formula, the commission shall  
 15 balance the public policy goals of encouraging efficiency and promoting  
 16 investment in a quality, advanced telecommunications network in the  
 17 state. The commission also shall establish any informational filing require-  
 18 ments necessary for the review of any price cap tariff filings, including  
 19 price increases or decreases within the caps, to verify such caps would  
 20 not be exceeded by any proposed price change. The adjustment formula  
 21 shall apply to the price caps for the local residential and single-line busi-  
 22 ness basket after December 31, 1999, and to the miscellaneous services  
 23 basket after December 31, 1997. The price cap formula, but not actual  
 24 prices, shall be reviewed every five years.

25 (g) The price caps for the residential and single-line business service  
 26 basket shall be capped at their initial level until January 1, 2000, except  
 27 for any increases authorized as a part of the revenue neutral rate rebal-  
 28 ancing under subsection (c). The price caps for this basket and for the  
 29 categories in this basket, if any, shall may be adjusted annually after De-  
 30 cember 31, 1999, based on the formula determined by the commission  
 31 under subsection (f).

32 (h) The price cap for the switched access service basket shall be set  
 33 based upon the local exchange carrier's intrastate access tariffs as of Jan-  
 34 uary 1, 1997, except for any revenue neutral rate rebalancing authorized  
 35 in accordance with subsection (c). Thereafter, the cap for this basket shall  
 36 not change except in connection with any subsequent revenue neutral  
 37 rebalancing authorized by the commission under subsection (e) may be  
 38 adjusted annually based on a formula determined by the commission un-  
 39 der subsection (f). Additional adjustments to the price caps may be re-  
 40 quired due to rebalancing authorized by the commission under subsection  
 41 (c).

42 (i) The price caps for the miscellaneous services basket shall be ad-  
 43 justed annually after December 31, 1997, based on the adjustment for-

→ (g): line 27 -- Deletes the reference to revenue neutral rate rebalancing to provide that any future rate rebalancing must be based on cost.

line 29 -- Changes "shall" to "may" as the price caps for the access rate basket may not need adjusting each year.

→ (h): lines 34, 36-37 -- Deletes references to revenue neutral rate rebalancing to provide that any future rate rebalancing must be based on cost.

line 37 -- Permits the KCC to make adjustments to the access rate basket should the KCC order rate rebalancing due to changes in access or toll rates. (See subsection c above.)

No changes on this page.

1 mula determined by the commission under subsection (f).  
2 (j) A price cap is a maximum price for all services taken as a whole  
3 in a given basket. Prices for individual services may be changed within  
4 the service categories, if any, established by the commission within a  
5 basket. An entire service category, if any, within the residential and single-  
6 line business basket or miscellaneous services basket may be priced below  
7 the cap for such category. Unless otherwise approved by the commission,  
8 no service shall be priced below the price floor which will be long-run  
9 incremental cost and imputed access charges. Access charges equal to  
10 those paid by telecommunications carriers to local exchange carriers shall  
11 be imputed as part of the price floor for toll services offered by local  
12 exchange carriers on a toll service basis.  
13 (k) A local exchange carrier may offer promotions within an exchange  
14 or group of exchanges. All promotions shall be approved by the commis-  
15 sion and shall apply to all customers in a nondiscriminatory manner within  
16 the exchange or group of exchanges.  
17 (l) Unless the commission authorizes price deregulation at an earlier  
18 date, intrastate toll services within the miscellaneous services basket shall  
19 continue to be regulated until the affected local exchange carrier begins  
20 to offer 1+ intraLATA dialing parity throughout its service territory, at  
21 which time intrastate toll will be price deregulated, except that prices  
22 cannot be set below the price floor.  
23 (m) On or before July 1, 1997, the commission shall establish guide-  
24 lines for reducing regulation prior to price deregulation of price cap reg-  
25 ulated services in the miscellaneous services basket, the switched access  
26 services basket, and the residential and single-line business basket.  
27 (n) Subsequent to the adoption of guidelines pursuant to subsection  
28 (m), the commission shall initiate a petitioning procedure under which  
29 the local exchange carrier may request rate range pricing. The commis-  
30 sion shall act upon a petition within 21 days, subject to a 30-day suspen-  
31 sion. The prices within a rate range shall be tariffed and shall apply to all  
32 customers in a nondiscriminatory manner in an exchange or group of  
33 exchanges.  
34 (o) A local exchange carrier may petition the commission to designate  
35 an individual service or service category, if any, within the miscellaneous  
36 services basket, the switched access services basket or the residential and  
37 single-line business basket for reduced regulation. The commission shall  
38 act upon a petition for reduced regulation within 21 days, subject to a  
39 suspension period of an additional 30 days, and upon a good cause show-  
40 ing of the commission in the suspension order, or within such shorter  
41 time as the commission shall approve. The commission shall issue a final  
42 order within the 21-day period or within a 51-day period if a suspension  
43 has been issued. Following an order granting reduced regulation of an

1 individual service or service category, the commission shall act on any  
 2 request for price reductions within seven days subject to a 30-day sus-  
 3 pension. The commission shall act on other requests for price cap ad-  
 4 justments, adjustments within price cap plans and on new service offer-  
 5 ings within 21 days subject to a 30-day suspension. Such a change will be  
 6 presumed lawful unless it is determined the prices are below the price  
 7 floor or that the price cap for a category, if any, within the entire basket  
 8 has been exceeded.

9 (p) The commission may price deregulate within an exchange area,  
 10 or at its discretion on a statewide basis, any individual service or service  
 11 category upon a finding by the commission that there is a telecommuni-  
 12 cations carrier or an alternative provider providing a comparable product  
 13 or service, considering both function and price, in that exchange area.  
 14 The commission shall act upon a petition for price deregulation within  
 15 21 days, subject to a suspension period of an additional 30 days, and upon  
 16 a good cause showing of the commission in the suspension order, or  
 17 within such shorter time as the commission shall approve; provided that  
 18 no such petition shall be filed prior to July 1997, unless the commission  
 19 otherwise authorizes. The commission shall issue a final order within the  
 20 21-day period or within a 51-day period if a suspension has been issued.

21 (q) Upon complaint or request, the commission may investigate a  
 22 price deregulated service. The commission shall resume price regulation  
 23 of a service provided in any exchange area by placing it in the appropriate  
 24 service basket, as approved by the commission, upon a determination by  
 25 the commission that there is no longer a telecommunications carrier or  
 26 alternative provider providing a comparable product or service, consid-  
 27 ering both function and price, in that exchange area.

28 (r) The commission shall require that for all local exchange carriers  
 29 all such price deregulated basic intraLATA toll services be geographically  
 30 averaged statewide and not be priced below the price floor established  
 31 in subsection (j).

32 (s) Cost studies to determine price floors shall be performed as re-  
 33 quired by the commission in response to complaints *or on the commis-*  
 34 *sion's own motion*. In addition, notwithstanding the exemption in sub-  
 35 section (b), the commission may request information necessary to execute  
 36 any of its obligations under the act.

37 (t) A local exchange carrier may petition for individual customer pric-  
 38 ing. The commission shall respond expeditiously to the petition within a  
 39 period of not more than 30 days subject to a 30-day suspension.

40 ~~No audit, earnings review or rate case shall be performed with~~  
 41 ~~reference to the initial prices filed as required herein~~ *The commission is*  
 42 *authorized to conduct audits, investigations and obtain cost and revenue*  
 43 *information as it deems necessary to carry out the commission's obliga-*

→ (s): *line 33* -- Adds direction that the KCC may, on its own motion, investigate whether a price cap company is pricing a service below cost. This language is intended to place the initiative for enforcement with the KCC rather than requiring the KCC to wait until a competitor or end user files a complaint.

→ (u): *line 40* -- Deletes the language prohibiting the KCC from conducting an audit in regard to the initial rates filed under a price cap plan.

*line 41* -- Adds language that expressly provides that the KCC has the authority to conduct audits and to obtain cost and revenue information in order to perform its duties.



1 tions under this act and the federal act.

2 (v) Telecommunications carriers shall not be subject to price regu-  
 3 lation, except that: Access charge reductions shall be passed through to  
 4 consumers by reductions in basic intrastate toll prices; and basic toll prices  
 5 shall remain geographically averaged statewide. As required under K.S.A.  
 6 66-131, and amendments thereto, and except as provided for in subsec-  
 7 tion (c) of K.S.A. 1998 Supp. 66-2004 and amendments thereto, telecom-  
 8 munications carriers that were not authorized to provide switched local  
 9 exchange telecommunications services in this state as of July 1, 1996,  
 10 including cable television operators who have not previously offered tel-  
 11 ecommunications services, must receive a certificate of convenience  
 12 based upon a demonstration of technical, managerial and financial via-  
 13 bility and the ability to meet quality of service standards established by  
 14 the commission. Any telecommunications carrier or other entity seeking  
 15 such certificate shall file a statement, which shall be subject to the com-  
 16 mission's approval, specifying with particularity the areas in which it will  
 17 offer service, the manner in which it will provide the service in such areas  
 18 and whether it will serve both business customers and residential custom-  
 19 ers in such areas. Any structurally separate affiliate of a local exchange  
 20 carrier that provides telecommunications services shall be subject to the  
 21 same regulatory obligations and oversight as a telecommunications car-  
 22 rier, as long as the local exchange carrier's affiliate obtains access to any  
 23 services or facilities from its affiliated local exchange carrier on the same  
 24 terms and conditions as the local exchange carrier makes those services  
 25 and facilities available to other telecommunications carriers. The com-  
 26 mission shall oversee telecommunications carriers to prevent fraud and  
 27 other practices harmful to consumers and to ensure compliance with  
 28 quality of service standards adopted for all local exchange carriers and  
 29 telecommunications carriers in the state.

30 Sec. 6. K.S.A. 1998 Supp. 66-2008 is hereby amended to read as  
 31 follows: 66-2008. On or before January 1, 1997, the commission shall  
 32 establish the Kansas universal service fund, hereinafter referred to as the  
 33 KUSF.

34 (a) The initial amount of the KUSF shall be comprised of local  
 35 exchange carrier revenues lost as a result of rate rebalancing pursuant to  
 36 *the initial three-year phase down of access rates as set forth in* subsection  
 37 (c) of K.S.A. 1998 Supp. 66-2005 and amendments thereto and subsection  
 38 (a) of K.S.A. 1998 Supp. 66-2007 and amendments thereto. Such reve-  
 39 nues shall be recovered on a revenue neutral basis. The revenue neutral  
 40 calculation shall be based on the volumes and revenues for the 12 months  
 41 prior to September 30, 1996, adjusted for any rate changes.

42 (b) The commission shall require every telecommunications carrier,  
 43 telecommunications public utility and wireless telecommunications serv-

→ (u): (See discussion on page 11.)

66-2008

→ (a): *line 36* -- Adds language stating that the initial KUSF amount was determined by lost revenues only during the initial three-year phase down of access rates.

1 ice provider that provides intrastate telecommunications services to con-  
 2 tribute to the KUSF on an equitable and nondiscriminatory basis. Any  
 3 telecommunications carrier, telecommunications public utility or wireless  
 4 telecommunications service provider which contributes to the KUSF may  
 5 collect from customers an amount equal to such carrier's, utility's or pro-  
 6 vider's contribution, except that ~~before January 1, 2000~~; no such carrier,  
 7 provider or utility shall collect from customers an amount in excess of  
 8 8.89% of its intrastate retail revenues as provided in commission docket  
 9 no. 190-492-U but such carrier, provider or utility may collect a lesser  
 10 amount from its customer.

11 ~~Prior to January 1, 2000~~, With respect to wireless telecommunications  
 12 service providers, an equitable and nondiscriminatory rate shall be an  
 13 amount equal to the rate of contributions of wireline telecommunications  
 14 service providers, as determined by the commission, reduced by the per-  
 15 centage minutes of usage initiated and terminated entirely over the wire-  
 16 less network as determined by the commission. The commission shall  
 17 establish such rate for wireless telecommunications service providers no  
 18 later than December 31, 1998. Any contributions in excess of distributions  
 19 collected in any reporting year shall be applied to reduce the estimated  
 20 contribution that would otherwise be necessary for the following year.

21 (c) Pursuant to the federal act, distributions from the KUSF shall be  
 22 made in a competitively neutral manner to qualified telecommunications  
 23 public utilities, telecommunications carriers and wireless telecommuni-  
 24 cations providers, that are deemed eligible both under subsection (e)(1)  
 25 of section 214 of the federal act and by the commission.

26 (d) ~~The commission shall periodically review the KUSF to determine~~  
 27 ~~if the costs of qualified telecommunications public utilities, telecommu-~~  
 28 ~~nications carriers and wireless telecommunications service providers to~~  
 29 ~~provide local service justify modification of the KUSF. If the commission~~  
 30 ~~determines that any changes are needed, the commission shall modify~~  
 31 ~~the KUSF accordingly. On the first day of the month, 60 days after the~~  
 32 ~~effective date of this legislation, distributions from the KUSF to any price~~  
 33 ~~cap regulated company shall be limited to the amount of support estab-~~  
 34 ~~lished by the commission in Docket No. 190.492-U, \$36.88 per high cost~~  
 35 ~~residential and single line business loop, or any amount established by~~  
 36 ~~subsequent modification of that order. This modification of the KUSF~~  
 37 ~~distribution shall not alter the commission's responsibility to ensure that~~  
 38 ~~the KUSF is based on cost consistent with the federal act. No rate rebal-~~  
 39 ~~ancing shall occur unless justified by cost studies. The commission shall~~  
 40 ~~have continuing responsibility to ensure that contributions to and distri-~~  
 41 ~~butions from the KUSF are competitively neutral. Any company may file~~  
 42 ~~an application for support in excess of \$36.88. Such application shall con-~~  
 43 ~~tain cost justification for such excess support. If an application for sucl~~

→ (b): *line 6* – Deletes the termination date for the 8.89% cap on the amount a company can collect from its customers to offset is KUSF contributions.

*line 11* – Deletes the phrase "Prior to January 1, 2000." The phrase does not appear to add any meaning to the provision.

→ (d): Deletes the general language that requires the KCC to review and modify the KUSF as necessary and adds more specific language.

*line 31*: Adds language that would reduce the amount a price cap company can draw from the KUSF to \$36.88 per high cost access line. The reduction would begin 60 days after the effective date of this legislation. Any price cap company needing additional funding could file an application with the KCC within 60 after having its draw reduced. The application must be supported by cost and revenue information. If the KCC orders the additional funding and the application was filed within 60 days as required, the additional funding would be retroactive to the application's filing date.

1 support is filed within 60 days of the company's reduction to \$36.88 per  
2 high cost residential and single line business loop, a commission order  
3 granting support in excess of the \$36.88 shall be retroactive to the date  
4 of filing the application if justified by the cost studies.

5 (e) Any **qualified telecommunications carrier**, telecommunications  
6 public utility, **which has not elected price cap regulation or** wireless tele-  
7 communications service provider may request supplemental funding  
8 from the KUSF based upon a percentage increase in access lines over  
9 the 12-month period prior to the request. The supplemental funding shall  
10 be incurred for the purpose of providing services to and within the service  
11 area of the **qualified telecommunications carrier**, telecommunications  
12 public utility or wireless telecommunications service provider. Supple-  
13 mental funding from the KUSF shall be used for infrastructure expend-  
14 itures necessary to serve additional customers within the service area of  
15 such qualifying utility, provider or carrier. All affected parties shall be  
16 allowed to review and verify a request of such a qualified utility, carrier  
17 or provider for supplemental funding from the KUSF, and to intervene  
18 in any commission proceeding regarding such request. The commission  
19 shall issue an order on the request within 120 days of filing. Additional  
20 funding also may be requested for: The recovery of shortfalls due to  
21 additional rebalancing of rates to continue maintenance of parity with  
22 interstate access rates; shortfalls due to changes to access revenue  
23 requirements resulting from changes in federal rules; additional invest-  
24 ment required to provide universal service and enhanced universal serv-  
25 ice, deployed subject to subsection (a) of K.S.A. 66-2005, and amend-  
26 ments thereto; and for infrastructure expenditures in response to facility  
27 or service requirements established by any legislative, regulatory or ju-  
28 dicial authority. Such requests shall be subject to simplified filing pro-  
29 cedures and the expedited review procedures, as outlined in the stipu-  
30 lation attached to the order of November 19, 1990 in docket no.  
31 127,140-U (Phase IV).

32 *Supplemental funding from the KUSF for price cap regulated compa-*  
33 *nies may be requested to cover upward exogenous cost adjustments. Sup-*  
34 *plemental funding for exogenous adjustments shall be approved by the*  
35 *commission at the commission's discretion.*

36 (f) Additional supplemental funding from the KUSF, other than as  
37 provided in subsection (e) of this section, may be authorized at the dis-  
38 cretion of the commission. However, the commission may require ap-  
39 proval of such funding to be based upon a general rate case filing. With  
40 respect to any request for additional supplemental funding from the  
41 KUSF, the commission shall act expeditiously, but shall not be subject to  
42 the 120 day deadline set forth in subsection (e).

43 Sec. 7. K.S.A. 1998 Supp. 60-2009 is hereby amended to read as

→ (d): See discussion on page 13.

→ (e): *line 5* -- Deletes the phrase "qualified telecommunications carrier."  
*line 6* -- "which has not elected price cap regulation" should be italicized.  
These words are not in existing law. This insertion would preclude price  
cap companies from requesting supplemental KUSF funding  
under expedited review process in existing law.

*line 32* -- Allows supplemental KUSF funding for price cap companies upon request  
to cover exogenous adjustments. An exogenous adjustment is for something beyond the  
company's control, such as changes in federal tax law, or regulatory changes that create cost.

51-9

1 follows: 60-2009. (a) Local exchange carriers that provided switched local  
2 exchange services in the state prior to January 1, 1996, or their successors,  
3 shall serve as the carrier of last resort in their exchanges and shall be  
4 eligible to receive KUSF funding. ~~However, with respect to the Hill City~~  
5 ~~exchange area in which multiple carriers were certified prior to January~~  
6 ~~1, 1996, the commission's determination, subject to court appeals, shall~~  
7 ~~determine which authorized carrier shall serve as carrier of last resort.~~  
8 The local exchange carrier serving as the carrier of last resort shall remain  
9 the carrier of last resort and shall be entitled to recover the costs of serving  
10 as carrier of last resort.

11 (b) Beginning March 1, 1997, the amount of KUSF funds owed to  
12 each qualifying telecommunications carrier, telecommunications public  
13 utility or wireless telecommunications service provider in the state, based  
14 upon the revenue requirements assigned to the funds for such qualifying  
15 utility, carrier or provider, shall be allocated by the fund administrator in  
16 equal monthly installments.

17 Sec. 8. K.S.A. 1998 Supp. 66-1,187, 66-2001, 66-2002, 66-2003, 66-  
18 2005, 66-2008, 66-2009, 66-2012 and 66-2013 are hereby repealed.

19 Sec. 9. This act shall take effect and be in force from and after its  
20 publication in the Kansas register.

→ (a): line 4 – Since the Hill City exchange is now owned by Rural Telephone Company and receives its service from Rural, this provision is no longer needed.