

Approved: January 22, 1999  
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 21, 1999 in Room 123-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Others attending: See attached list

Lynne Holt, Legislative Research Department, briefed the Committee on the Report of the Kansas Universal Service Fund (KUSF) Working Committee. (A copy on file in the office of the Legislative Research Department) The Committee included 22 members: representatives from various segments of the telecommunications industry; an Internet service provider; a representative from the Citizens' Utility Ratepayer Board; a Kansas university faculty member with expertise in telecommunication technology; a representative of: elementary and secondary schools, a public library, a large business and a small business; and eight legislators (four House members, two from each party; four Senate members, two from each party).

The Committee was charged by the 1998 Legislature to discuss, identify, and develop recommendations regarding technology issues, KUSF funding regulatory procedures, modifications to enhanced universal service, including, but not limited to: (1) definition of enhanced universal service; (2) how and when enhanced universal service should be deployed; (3) the most appropriate mechanism for recovering capital costs; and (4) how to address Internet access in light of changing technology.

Ms. Holt reviewed the Report. The Committee recommendations are as follows:

I. Definition of Enhanced Universal Service:

- 1) Make two amendments to Public Policy statement of Kansas Act to: (a) ensure that conditions exist for consumers to benefit, and (b) strike at reduced rates;
- 2) Introduce legislation to delete ISDN from definition of Enhanced Universal Service; and
- 3) Request the KCC to expedite its review of the definitions of Basic Universal Service and Enhanced Universal Service.

II. How and when Enhanced universal service should be deployed:

- 1) Legislature should review deployment deadline based on: (a) the KCC's review of definition; and (b) any decisions from FCC Section 706 proceeding.

III. The most appropriate mechanism for recovering capital costs:

- 1) Legislature should: (a) create a framework to move away from the principle of revenue neutrality to a cost-based universal service funding mechanism; and (b) consider other revenue sources for funding universal service.

IV. How to address Internet access in light of changing technology:

No recommendations due to rapidly changing technology.

**Senator Brownlee moved, seconded by Senator Feleciano, that 9rs0413 relating to telecommunications public policy be introduced as a Committee bill, and 9rs0056, amending the definition of enhanced universal service, be introduced as a Committee bill. The voice vote was in favor of the motion.**

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE, Room 123-S Statehouse, at 8:00 a.m. on January 21, 1999.

Senator Feleciano moved, seconded by Senator Barone, that 9rs0143 relating to the definition of the enhanced universal service fund be introduced as a Committee bill. The voice vote was in favor of the motion.

Upon motion by Senator Umbarger, seconded by Senator Barone, the Minutes of the January 20, 1999 meeting were unanimously approved.

The meeting was adjourned at 9:00 a.m.

The next meeting is scheduled for January 22, 1999.

# SENATE COMMERCE COMMITTEE GUEST LIST

DATE: January 21, 1999

NAME	REPRESENTING
<del>Ann Hennings</del> <del>Henson</del>	KASB
McArdle	SWB
C. Claus	KCC
Bill Sneed	SW Bell
R. Krausle	KGC
Jerry Lammers	KCC staff
Heineman	
BOB SULLIVAN	KCPL
Gail Bright	A.G.
David FURMAN	Ks Press
John Pinegar	SITA
Jay Scott Euler	Liberty Cellular, Inc
Susan Duran	Issue Management Group
MIKE Moffet	SWBell
Paul Snider	SWBT
WALKER HENDRIX	CURB
Nelson Krueger	LEL - TCG
George Barbee	Barbee & Assoc's
Tom Gleason	Independent Telecom Group

# SENATE COMMERCE COMMITTEE GUEST LIST

DATE: 1-21-99

NAME	REPRESENTING
Jay Allbaugh	Multimedia Cablevision
STEVE KEARNEY	KINL L.C.
John Federico	KS Cable Telecom Assn
Terry Leatherman	KCCI
Kristy Hiebert	St of KS - <sup>Consumer Protection Div.</sup> Attorney General
Rob Hodges	KTIA
Luke Skywalker	The Force, Inc.