

Approved: April 11, 2002  
Date

*Carl D. Holmes*

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:07 a.m. on March 11, 2002 in Room 526-S of the Capitol.

All members were present.

Committee staff present: Robert Chapman, Legislative Research  
Dennis Hodgins, Legislative Research  
Mary Torrence, Revisor of Statutes  
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Tom Gleason, Independent Telecommunications Group  
Kendall Mikesell, Kansas Rural Independent Telephone Companies  
Nelson Krueger, Western Wireless  
Janet Buchanan, Kansas Corporation Commission  
John Federico, Kansas Cable Telecommunications Assn.  
Michael Murray, Sprint

Others attending: See Attached List

**HB 2754 - Telecommunications; affordable rates; quality of service; standards**

Chairman Holmes reopened the hearing on **HB 2754**. A proposed substitute for the bill was distributed to committee members (Attachment 1). Members of the industry were allowed to submit testimony on the proposed substitute.

Tom Gleason, Independent Telecommunications Group, appeared in support of the proposed substitute (Attachment 2). Mr. Gleason stated that it would protect consumers from excessive rate increases.

Kendall Mikesell, on behalf of the Kansas Rural Independent Telephone Companies, also addressed the committee on the proposed substitute (Attachment 3). Mr. Mikesell told the committee that although the substitute does not reflect everything they originally requested, it is sound legislation that benefits not only their customers, but all of Kansas.

Nelson Krueger, Western Wireless, spoke in support of the proposed substitute.

Janet Buchanan, Chief of Telecommunication for the Kansas Corporation Commission, shared Staff's support of the proposed substitute.

John Federico, Kansas Cable Telecommunication Association, also spoke in support of the proposed substitute.

Michael Murray, Director of Governmental Affairs for Sprint, spoke in support of the proposed substitute (Attachment 4). He stated that their original oppositions had been addressed and they do not oppose the substitute bill.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2754**.

**HB 2100 - Unsolicited consumer telephone calls; do-not call list**  
**HB 2903 - Telemarketer no-call list**

Steve Rarrick, Assistant Attorney General for Consumer Protection, distributed a proposed balloon using the language in **SB 296** (Attachment 5). Mr. Rarrick explained the changes and responded to questions from the committee.

The hearing on **HB 2100** and **HB 2903** was closed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:07 a.m. on March 11, 2002.

**SB 480 - Retail electric suppliers; service rights in area annexed by city; procedures; compensation when service rights are terminated**

Chairman Holmes opened the hearing on **SB 480**.

Stuart Lowry, Corporate Counsel for Kansas Electric Cooperatives, testified in support of **SB 480** (Attachment 6). Mr. Lowry stated this bill was nearly identical to **HB 2661** with an amendment that sets forth the manner in which rates of a deregulated electric cooperative are made available to the general public.

J. C. Long, Director of Government Affairs for UtiliCorp United, appeared in support of **SB 480** (Attachment 7). Mr. Long explained the changes made on the bill in the Senate and stated they now support the bill.

Larry Baer, Assistant Legal Counsel for the League of Kansas Municipalities, addressed the committee in support of **SB 480** (Attachment 8). Mr. Baer stated that this was a compromise piece of legislation introduced at the request of the rural electric cooperatives during the interim. He urged the committee's support without amendment.

Additionally, written testimony in support of **SB 480** was submitted by: Leslie Kaufman, Associate Director of Public Policy for Kansas Farm Bureau, (Attachment 9). Joe Lieber, President of the Kansas Cooperative Council, (Attachment 10), and Doug Lawrence, Vice President of Public Affairs for Westar Energy, (Attachment 11).

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **SB 480**.

Vice Chairman Sloan announced there would be a tour of the Bowersock Plant in Lawrence on Friday, March 22. Any member of the committee wishing to attend should let the secretary know.

The meeting adjourned at 10:15 a.m.

The next meeting will be March 12, 2002.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 11, 2002

NAME	REPRESENTING
George Barber	RTMC
Eva Powers	KCC
John H. Piregan	State Independent Telephone Assn.
Shirley Jean Allen, MD	State Independent Telephone Assn.
Dore Holthaus	Ken Law firm
Mike Deery	AT&T
Nelson Krueger	Western Wireless
LARRY R BAER	LKM
Robert Knapp	INK
LISA COUNTS	INK
Anne Tymason	KCC
Colleen Harrell	KCC
Tom Gleason	Independent Telecom Group
MARK SCHREIBER	Western Energy
Steve Montgomery	MEIWorld.com
JIM CARLINGER	SITA
KENDALL MIKESCU	SOUTHERN KANSAS TELEPHONE
Susan Mahoney	Gov's Office
Matthew Bergmann	Pet Hubbell Assoc.
Ed Redman	Ks, State Council of Lighter

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 11, 2002

NAME	REPRESENTING
Steve RARRICK	ATTORNEY GENERAL
Whitney Jamron	KS Information Consortium
Steve Johnson	Kansas Gas Service
Tom DAY	KCC

## PROPOSED Substitute for HOUSE BILL NO. 2754

By Committee on Utilities

AN ACT concerning telecommunications; amending K.S.A. 2001 Supp. 66-2005 and 66-2008 and repealing the existing sections; also repealing K.S.A. 2001 Supp. 66-2012 and 66-2016.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2001 Supp. 66-2005 is hereby amended to read as follows: 66-2005. (a) Each local exchange carrier shall file a network infrastructure plan with the commission on or after January 1, 1997, and prior to January 1, 1998. Each plan, as a part of universal service protection, shall include schedules, which shall be approved by the commission, for deployment of universal service capabilities by July 1, 1998, and the deployment of enhanced universal service capabilities by July 1, 2003, as defined pursuant to subsections (p) and (q) of K.S.A. 2001 Supp. 66-1,187, and amendments thereto, respectively. With respect to enhanced universal service, such schedules shall provide for deployment of ISDN, or its technological equivalent, or broadband facilities, only upon a firm customer order for such service, or for deployment of other enhanced universal services by a local exchange carrier. After receipt of such an order and upon completion of a deployment plan designed to meet the firm order or otherwise provide for the deployment of enhanced universal service, a local exchange carrier shall notify the commission. The commission shall approve the plan unless the commission determines that the proposed deployment plan is unnecessary, inappropriate, or not cost effective, or would create an unreasonable or excessive demand on the KUSF. The commission shall take action within 90 days. If the commission fails to take action within 90 days, the deployment plan shall be deemed approved. This approval process shall continue until July 1, 2000. Each plan shall demonstrate the capability of the local exchange carrier to comply on an ongoing basis with quality of service standards to be adopted by the commission no later than January 1, 1997.

(b) In order to protect universal service, facilitate the

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ATTACHMENT 1

transition to competitive markets and stimulate the construction of an advanced telecommunications infrastructure, each local exchange carrier shall file a regulatory reform plan at the same time as it files the network infrastructure plan required in subsection (a). As part of its regulatory reform plan, a local exchange carrier may elect traditional rate of return regulation or price cap regulation. Carriers that elect price cap regulation shall be exempt from rate base, rate of return and earnings regulation. However, the commission may resume such regulation upon finding, after a hearing, that a carrier that is subject to price cap regulation has: violated minimum quality of service standards pursuant to subsection (1) of K.S.A. 2001 Supp. 66-2002, and amendments thereto; been given reasonable notice and an opportunity to correct the violation; and failed to do so. Regulatory reform plans also shall include:

(1) A commitment to provide existing and newly ordered point-to-point broadband services to: Any hospital as defined in K.S.A. 65-425, and amendments thereto; any school accredited pursuant to K.S.A. 72-1101 et seq., and amendments thereto; any public library; or other state and local government facilities at discounted prices close to, but not below, long-run incremental cost; and

(2) a commitment to provide basic rate ISDN service, or the technological equivalent, at prices which are uniform throughout the carrier's service area. Local exchange carriers shall not be required to allow retail customers purchasing the foregoing discounted services to resell those services to other categories of customers. Telecommunications carriers may purchase basic rate ISDN services, or the technological equivalent, for resale in accordance with K.S.A. 2001 Supp. 66-2003, and amendments 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.

(c) Subject to the commission's approval, all local exchange

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carriers shall reduce intrastate access charges to interstate levels as provided herein. Rates for intrastate switched access, and the imputed access portion of toll, shall be reduced over a three-year period with the objective of equalizing interstate and intrastate rates in a revenue neutral, specific and predictable manner. The commission is authorized to rebalance local residential and business service rates to offset the intrastate access and toll charge reductions. Any remaining portion of the reduction in access and toll charges not recovered through local residential and business service rates shall be paid out from the KUSF pursuant to K.S.A. 2001 Supp. 66-2008, and amendments thereto. ~~Rural-telephone-companies-shall-reduce-their-intrastate-switched-access-rates-to-interstate-levels-on-March-17-1997--and-every--two--years--thereafter,--as--long-as-amounts-equal-to-such-reductions-are~~ Each rural telephone company shall adjust its intrastate switched access rates on March 1 of each odd-numbered year to match its interstate switched access rates; no such company shall be required at any time to reduce its intrastate switched access rates below the level of its interstate switched access rates. Any reduction of a rural telephone company's cost recovery due to reduction of its intrastate access revenue shall be recovered from the KUSF.

(d) Beginning March 1, 1997, each rural telephone company shall have the authority to increase annually its monthly basic local residential and business service rates by an amount not to exceed \$1 in each ~~12-month~~ 12-month period until such monthly rates reach an amount equal to the statewide rural telephone company average rates for such services. The statewide rural telephone company average rates shall be the arithmetic mean of the lowest flat rate as of March 1, 1996, for local residential service and for local business service offered by each rural telephone company within the state. In the case of a rural telephone company which increases its local residential service rate or its local business service rate, or both, to reach the statewide rural telephone company average rate for such services,

the amount paid to the company from the KUSF shall be reduced by an amount equal to the additional revenue received by such company through such rate increase. In the case of a rural telephone company which elects to maintain a local residential service rate or a local business service rate, or both, below the statewide rural telephone company average, the amount paid to the company from the KUSF shall be reduced by an amount equal to the difference between the revenue the company could receive if it elected to increase such rate to the average rate and the revenue received by the company.

(e) For purposes of determining sufficient KUSF support, an affordable rate for local exchange service provided by a rural telephone company subject to traditional rate of return regulation shall be determined as follows:

(1) For residential service, an affordable rate shall be the arithmetic mean of residential local service rates charged in this state in all exchanges served by rural telephone companies and in all exchanges in rate groups 1 through 3 as of February 20, 2002, of all other local exchange carriers, weighted by the number of residential access lines to which each such rate applies, and thereafter rounded to the nearest quarter-dollar, subject to the following provisions:

(A) If a rural telephone company's present residential rate, including any separate charge for tone dialing, is at or above such weighted mean, such rate shall be deemed affordable prior to March 1, 2007.

(B) If a rural telephone company's present residential rate, including any separate charge for tone dialing, is below such average: (i) Such rate shall be deemed affordable prior to March 1, 2003; (ii) as of March 1, 2003, and prior to March 1, 2004, a rate \$2 higher than the company's present residential monthly rate, but not exceeding such weighted mean, shall be deemed affordable; (iii) as of March 1, 2004, and prior to March 1, 2005, a rate \$4 higher than the company's present residential monthly rate, but not exceeding such weighted mean, shall be

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deemed affordable; and (iv) as of March 1, 2005, and prior to March 1, 2006, a rate \$6 higher than the company's present residential monthly rate, but not exceeding such weighted mean, shall be deemed affordable.

(C) As of March 1, 2007, and each two years thereafter, an affordable residential service rate shall be the weighted arithmetic mean of local service rates determined as of October 1 of the preceding year in the manner hereinbefore specified, except that any increase in such mean exceeding \$2 may be satisfied by increases in a rural telephone company's residential monthly service rate not exceeding \$2 per year, effective March 1 of the year when such mean is determined, with the remainder applied at the rate of \$2 per year, but not to exceed the affordable rate.

(2) For single line business service at any time, an affordable rate shall be the existing rate or an amount \$3 greater than the affordable rate for residential service as determined under provision (1) of this subsection, whichever is higher, except that any increase in the business service affordable rate exceeding \$2 may be satisfied by increases in a rural telephone company's business monthly service rate not exceeding \$2 per year, effective March 1 of the year when such rate is determined, with the remainder applied at the rate of \$2 per year, but not to exceed the affordable rate.

(3) Any flat fee or charge imposed per line on all residential service or single line business service, or both, other than a fee or charge for contribution to the KUSF or imposed by other governmental authority, shall be added to the basic service rate for purposes of determining an affordable rate pursuant to this subsection.

(4) Not later than March 1, 2003, tone dialing shall be made available to all local service customers of each rural telephone company at no charge additional to any increase in the local service rate to become effective on that date. The amount of revenue received as of March 1, 2002, by a rural telephone

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company from the provision of tone dialing service shall be excluded from reductions in the company's KUSF support otherwise resulting pursuant to this subsection.

(5) A rural telephone company which raises one or more local service rates on application made after February 20, 2002, and pursuant to subsection (b) of K.S.A. 66-2007, and amendments thereto, shall have the level of its affordable rate increased by an amount equal to the amount of the increase in such rate.

(6) Upon motion by a rural telephone company, the commission may determine a higher affordable local residential or business rate for such company if such higher rate allows the company to provide additional or improved service to customers, but any increase in a rural telephone company's local rate attributable to the provision of increased calling scope shall not be included in any subsequent recalculation of affordable rates as otherwise provided in this subsection.

(7) A uniform rate for residential and single line business local service adopted by a rural telephone company shall be deemed an affordable rate for purposes of this subsection if application of such uniform rate generates revenue equal to that which would be generated by application of residential and business rates which are otherwise deemed affordable rates for such company under this subsection.

(8) The provisions of this subsection relating to the implementation of an affordable rate shall not apply to rural telephone companies which do not receive KUSF support. When recalculating affordable rates as provided in this subsection, the rates used shall include the actual rates charged by rural companies that do not receive KUSF support.

(f) For regulatory reform plans in which price cap regulation has been elected, price cap plans shall have three baskets: Residential and single-line business, including touch-tone; switched access services; and miscellaneous services. The commission shall establish price caps at the prices existing when the regulatory plan is filed subject to rate rebalancing as

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provided in subsection (c) for residential services, including touch-tone services, and for single-line business services, including touch-tone services, within the residential and single-line business service basket. The commission shall establish a formula for adjustments to the price caps. The commission also shall establish price caps at the prices existing when the regulatory plan is filed for the miscellaneous services basket. The commission shall approve any adjustments to the price caps for the miscellaneous service basket, as provided in subsection ~~(f)~~ (g).

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

~~(g)~~ (h) The price caps for the residential and single-line business service basket shall be capped at their initial level until January 1, 2000, except for any increases authorized as a part of the revenue neutral rate rebalancing under subsection (c). The price caps for this basket and for the categories in this basket, if any, shall be adjusted annually after December 31, 1999, based on the formula determined by the commission under subsection ~~(f)~~ (g).

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~~(h)~~ (i) The price cap for the switched access service basket shall be set based upon the local exchange carrier's intrastate access tariffs as of January 1, 1997, except for any revenue neutral rate rebalancing authorized in accordance with subsection (c). Thereafter, the cap for this basket shall not change except in connection with any subsequent revenue neutral rebalancing authorized by the commission under subsection (c).

~~(i)~~ (j) The price caps for the miscellaneous services basket shall be adjusted annually after December 31, 1997, based on the adjustment formula determined by the commission under subsection ~~(f)~~ (g).

~~(j)~~ (k) A price cap is a maximum price for all services taken as a whole in a given basket. Prices for individual services may be changed within the service categories, if any, established by the commission within a basket. An entire service category, if any, within the residential and single-line business basket or miscellaneous services basket may be priced below the cap for such category. Unless otherwise approved by the commission, no service shall be priced below the price floor which will be long-run incremental cost and imputed access charges. Access charges equal to those paid by telecommunications carriers to local exchange carriers shall be imputed as part of the price floor for toll services offered by local exchange carriers on a toll service basis.

~~(k)~~ (l) A local exchange carrier may offer promotions within an exchange or group of exchanges. All promotions shall be approved by the commission and shall apply to all customers in a nondiscriminatory manner within the exchange or group of exchanges.

~~(l)~~ (m) Unless the commission authorizes price deregulation at an earlier date, intrastate toll services within the miscellaneous services basket shall continue to be regulated until the affected local exchange carrier begins to offer 1+ intraLATA dialing parity throughout its service territory, at which time intrastate toll will be price deregulated, except that

prices cannot be set below the price floor.

~~(m)~~ (n) On or before July 1, 1997, the commission shall establish guidelines for reducing regulation prior to price deregulation of price cap regulated services in the miscellaneous services basket, the switched access services basket, and the residential and single-line business basket.

~~(n)~~ (o) Subsequent to the adoption of guidelines pursuant to subsection ~~(m)~~ (n), the commission shall initiate a petitioning procedure under which the local exchange carrier may request rate range pricing. The commission shall act upon a petition within 21 days, subject to a 30-day suspension. The prices within a rate range shall be tariffed and shall apply to all customers in a nondiscriminatory manner in an exchange or group of exchanges.

~~(o)~~ (p) A local exchange carrier may petition the commission to designate an individual service or service category, if any, within the miscellaneous services basket, the switched access services basket or the residential and single-line business basket for reduced regulation. The commission shall act upon a petition for reduced regulation within 21 days, subject to a suspension period of an additional 30 days, and upon a good cause showing of the commission in the suspension order, or within such shorter time as the commission shall approve. The commission shall issue a final order within the 21-day period or within a 51-day period if a suspension has been issued. Following an order granting reduced regulation of an individual service or service category, the commission shall act on any request for price reductions within seven days subject to a 30-day suspension. The commission shall act on other requests for price cap adjustments, adjustments within price cap plans and on new service offerings within 21 days subject to a 30-day suspension. Such a change will be presumed lawful unless it is determined the prices are below the price floor or that the price cap for a category, if any, within the entire basket has been exceeded.

~~(p)~~ (q) The commission may price deregulate within an exchange area, or at its discretion on a statewide basis, any

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individual service or service category upon a finding by the commission that there is a telecommunications carrier or an alternative provider providing a comparable product or service, considering both function and price, in that exchange area. The commission shall act upon a petition for price deregulation within 21 days, subject to a suspension period of an additional 30 days, and upon a good cause showing of the commission in the suspension order, or within such shorter time as the commission shall approve; provided that no such petition shall be filed prior to July 1997, unless the commission otherwise authorizes. The commission shall issue a final order within the 21-day period or within a 51-day period if a suspension has been issued.

~~(q)~~ (r) Upon complaint or request, the commission may investigate a price deregulated service. The commission shall resume price regulation of a service provided in any exchange area by placing it in the appropriate service basket, as approved by the commission, upon a determination by the commission that there is no longer a telecommunications carrier or alternative provider providing a comparable product or service, considering both function and price, in that exchange area.

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

~~(s)~~ (t) Cost studies to determine price floors shall be performed as required by the commission in response to complaints. In addition, notwithstanding the exemption in subsection (b), the commission may request information necessary to execute any of its obligations under the act.

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

~~(u)~~ (v) No audit, earnings review or rate case shall be performed with reference to the initial prices filed as required

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herein.

~~(v)~~ (w) Telecommunications carriers shall not be subject to price regulation, except that: Access charge reductions shall be passed through to consumers by reductions in basic intrastate toll prices; and basic toll prices shall remain geographically averaged statewide. As required under K.S.A. 66-131, and amendments thereto, and except as provided for in subsection (c) of K.S.A. 2001 Supp. 66-2004, and amendments thereto, telecommunications carriers that were not authorized to provide switched local exchange telecommunications services in this state as of July 1, 1996, including cable television operators who have not previously offered telecommunications services, must receive a certificate of convenience based upon a demonstration of technical, managerial and financial viability and the ability to meet quality of service standards established by the commission. Any telecommunications carrier or other entity seeking such certificate shall file a statement, which shall be subject to the commission's approval, specifying with particularity the areas in which it will offer service, the manner in which it will provide the service in such areas and whether it will serve both business customers and residential customers in such areas. Any structurally separate affiliate of a local exchange carrier that provides telecommunications services shall be subject to the same regulatory obligations and oversight as a telecommunications carrier, as long as the local exchange carrier's affiliate obtains access to any services or facilities from its affiliated local exchange carrier on the same terms and conditions as the local exchange carrier makes those services and facilities available to other telecommunications carriers. The commission shall oversee telecommunications carriers to prevent fraud and other practices harmful to consumers and to ensure compliance with quality of service standards adopted for all local exchange carriers and telecommunications carriers in the state.

Sec. 2. K.S.A. 2001 Supp. 66-2008 is hereby amended to read as follows: 66-2008. On or before January 1, 1997, the commission

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shall establish the Kansas universal service fund, hereinafter referred to as the KUSF.

(a) ~~The initial amount of the KUSF shall be comprised of local exchange carrier revenues lost as a result of rate rebalancing pursuant to subsection (c) of K.S.A. 2001-Supp. 66-2005 and amendments thereto and subsection (a) of K.S.A. 2001-Supp. 66-2007 and amendments thereto. Such revenues shall be recovered on a revenue neutral basis. The revenue neutral calculation shall be based on the volumes and revenues for the 12 months prior to September 30, 1996, adjusted for any rate changes.~~

(b) The commission shall require every telecommunications carrier, telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services to contribute to the KUSF on an equitable and nondiscriminatory basis. Any telecommunications carrier, telecommunications public utility or wireless telecommunications service provider which contributes to the KUSF may collect from customers an amount equal to such carrier's, utility's or provider's contribution, ~~except that before January 17, 2000, no such carrier, provider or utility shall collect from customers an amount in excess of 8.89% of its intrastate retail revenues as provided in commission docket no. 190-492-U~~ but such carrier, provider or utility may collect a lesser amount from its customer.

~~Prior to January 17, 2000, with respect to wireless telecommunications service providers, an equitable and nondiscriminatory rate shall be an amount equal to the rate of contributions of wireline telecommunications service providers, as determined by the commission, reduced by the percentage minutes of usage initiated and terminated entirely over the wireless network as determined by the commission. The commission shall establish such rate for wireless telecommunications service providers no later than December 31, 1998.~~ Any contributions in excess of distributions collected in any reporting year shall be

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applied to reduce the estimated contribution that would otherwise be necessary for the following year.

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

(d) (c) The commission shall periodically review the KUSF to determine if the costs of qualified telecommunications public utilities, telecommunications carriers and wireless telecommunications service providers to provide local service justify modification of the KUSF. If the commission determines that any changes are needed, the commission shall modify the KUSF accordingly.

(e) (d) Any qualified telecommunications carrier, telecommunications public utility or wireless telecommunications service provider may request supplemental funding from the KUSF based upon a percentage increase in access lines over the 12-month period prior to the request. The supplemental funding shall be incurred for the purpose of providing services to and within the service area of the qualified telecommunications carrier, telecommunications public utility or wireless telecommunications service provider. Supplemental funding from the KUSF shall be used for infrastructure expenditures necessary to serve additional customers within the service area of such qualifying utility, provider or carrier. All affected parties shall be allowed to review and verify a request of such a qualified utility, carrier or provider for supplemental funding from the KUSF, and to intervene in any commission proceeding regarding such request. The commission shall issue an order on the request within 120 days of filing. Additional funding also may be requested for: The recovery of shortfalls due to additional rebalancing of rates to continue maintenance of parity with interstate access rates; shortfalls due to changes to access

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revenue requirements resulting from changes in federal rules; additional investment required to provide universal service and enhanced universal service, deployed subject to subsection (a) of K.S.A. 66-2005, and amendments thereto; and for infrastructure expenditures in response to facility or service requirements established by any legislative, regulatory or judicial authority. Such requests shall be subject to simplified filing procedures and the expedited review procedures, as outlined in the stipulation attached to the order of November 19, 1990 in docket no. 127,140-U (Phase IV).

(e) Prior to June 30, 2006, for each local exchange carrier electing pursuant to subsection (b) of K.S.A. 66-2005, and amendments thereto, to operate under traditional rate of return regulation, all KUSF support, including any adjustment thereto pursuant to this section shall be based on such carrier's embedded costs, revenue requirements, investments and expenses.

(f) Additional supplemental funding from the KUSF, other than as provided in subsection ~~(e)~~ (d), may be authorized at the discretion of the commission. However, the commission may require approval of such funding to be based upon a general rate case filing. With respect to any request for additional supplemental funding from the KUSF, the commission shall act expeditiously, but shall not be subject to the 120 day deadline set forth in subsection ~~(e)~~ (d).

Sec. 3. K.S.A. 2001 Supp. 66-2005, 66-2008, 66-2012 and 66-2016 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

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# **Independent Telecommunications Group**

**P.O. Box 6  
Lawrence, KS 66044**

**Testimony of Tom Gleason  
in support of Substitute for House Bill 2754**

**House Utilities Committee  
March 11, 2002**

Chairman Holmes and members of the House Utilities Committee:

Thank you for the opportunity to appear a second time in connection with House Bill 2754. I appear on behalf of my rural company clients in support of the substitute for the original bill. The substitute preserves important benefits for all Kansans while affording rural companies greater ability to invest in serving their communities.

This bill, as advocated by the rural companies, will protect consumers from excessive rate increases. The compromise achieved by rural companies, KCC Staff and CURB will result in only limited and predictable increases over time, while permitting significant reductions in the size of the KUSF supported by all Kansas consumers.

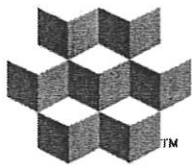
The other provisions of the substitute will also benefit our state. Resolution of regulatory issues will allow the rural companies to focus on service, to plan additional investment and expand the availability of advanced services. Rural Kansas will benefit through opportunities for economic development, distance learning and telemedicine.

Rural companies' customers and KUSF contributors statewide need this bill. Without the stabilizing effect of legislation the benefits of this long-term consensus could disappear at any time through simple administrative action. We ask that you give Kansans that stability by advancing the Substitute for House Bill 2754.

*HOUSE UTILITIES*

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ATTACHMENT 2



**KANSAS**  
RURAL INDEPENDENT  
Telephone Companies

**SUPPLEMENTAL TESTIMONY ON BEHALF OF  
THE THIRTY SIX KANSAS RURAL INDEPENDENT  
TELEPHONE COMPANIES**

**BEFORE THE HOUSE UTILITIES COMMITTEE**

**KENDALL S. MIKESELL**

**MARCH 11, 2002**

Chairman Holmes and Members of the Committee:

Thank you for again giving me the opportunity to address the committee. My name is Kendall Mikesell. I am President of Southern Kansas Telephone Company, headquartered in Clearwater, which is 15 miles southwest of Wichita. My company has been owned and operated by the Mikesell family since 1940, and I represent the third generation of family management. Southern Kansas Telephone Company is a certificated local exchange carrier serving nearly 5,400 customers in seven counties of south central Kansas. I'm here today to speak on behalf of the 36 Rural Telephone Companies of Kansas as a proponent of Substitute for House Bill 2754.

I want to start by thanking the House Utilities Committee for the attention you have given to this critical piece of legislation. Chairman Holmes has allowed a significant amount of time for exploration of the issues, and we know your study has continued far beyond the time spent in committee. We appreciate your efforts.

Not everything we started with in HB 2754 remains in Substitute for HB 2754. We understand the process of compromise, and although the substitute bill does not reflect everything we originally presented to you, what is before you is sound legislation that benefits not only our customers, but indeed, all Kansans. Everyone interested finds Substitute for HB 2754 an acceptable compromise. And no matter what part of the state you represent, your constituency will benefit from it.

*HOUSE UTILITIES*

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ATTACHMENT 3

Reaching compromise is hard work. Many interested parties with a variety of perspectives have contributed to the substitute bill. I would like to take this opportunity to express our appreciation:

- ***To the KCC Staff and Counsel:*** Thank you for the effort, time, and resolve that went into finding the common ground.
- ***To Mary Torrence, of the Revisor of Statutes Office:*** Thank you for sharing your legislative expertise in assisting us, KCC Staff, and Counsel in finding the right words.
- ***To the other industry participants:*** Thank you for your input and feedback as we worked to reach a compromise.
- ***And finally, to the Citizens Utility Ratepayers Board:*** Thank you for your participation in the process, and for recognizing the need for regulatory stability for the Rural Telephone Companies coupled with the achievement of consumer benefit for all Kansans.

Substitute for HB 2754 is critical to providing much needed regulatory stability and predictability into the future. By passing this bill, you are assuring a dual benefit: protecting consumers statewide while enabling the Rural Telephone Companies to continue their investment in rural Kansas. Substitute for HB 2754 represents sound public policy, and we urge you to report it favorably to the full House of Representatives.

I would be happy to stand for questions.

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Before the House Utilities Committee  
Michael R. Murray, Director of Governmental Affairs  
Substitute for HB 2754  
March 11, 2002

When House Bill 2754 was first heard by this committee, Sprint opposed the bill for two reasons. First, the bill as originally drafted would have virtually ensured that wireless technology would never become a viable alternative to wireline service in rural, high-cost areas of Kansas.

Second, we feared that the proposal would increase the size of the Kansas Universal Service Fund and the related surcharges on the bills of local, long distance and wireless telephone customers in the state.

Both of the concerns have been addressed in the substitute for House Bill 2754. As a result, Sprint does not oppose the substitute bill.

I'd be pleased to respond to questions.

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PROPOSED  
BALLOON AMENDMENTS

Session of 2002

Substitute for SENATE BILL No. 296

By Committee on Judiciary

3-7

AN ACT concerning consumer protection and privacy; relating to unsolicited consumer telephone calls; no-call database; prohibited acts; amending K.S.A. 2001 Supp. 50-670 and repealing the existing section.

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

Section 1. K.S.A. 2001 Supp. 50-670 is hereby amended to read as follows: 50-670. (a) As used in this section *and section 2, and amendments thereto:*

(1) "Consumer telephone call" means a call made by a telephone solicitor to the residence of a consumer for the purpose of soliciting a sale of any property or services to the person called, or for the purpose of soliciting an extension of credit for property or services to the person called, or for the purpose of obtaining information that will or may be used for the direct solicitation of a sale of property or services to the person called or an extension of credit for such purposes;

(2) "unsolicited consumer telephone call" means a consumer telephone call other than a call made:

(A) In response to an express request of the person called;  
(B) primarily in connection with an existing debt or contract, payment or performance of which has not been completed at the time of such call;  
or

(C) to any person with whom the telephone solicitor or the telephone solicitor's predecessor in interest ~~had~~ *has* an ~~existing~~ *established* business relationship ~~if the solicitor is not an employee, a contract employee or an independent contractor of a provider of telecommunications services; or~~

(3) "telephone solicitor" means any natural person, firm, organization, partnership, association or corporation who makes or causes to be made a consumer telephone call, including, but not limited to, calls made by use of automatic dialing-announcing device;

(4) "automatic dialing-announcing device" means any user terminal equipment which:

(A) When connected to a telephone line can dial, with or without manual assistance, telephone numbers which have been stored or programmed in the device or are produced or selected by a random or sequential number generator; or

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(B) when connected to a telephone line can disseminate a recorded message to the telephone number called, either with or without manual assistance;

(5) "negative response" means a statement from a consumer indicating the consumer does not wish to listen to the sales presentation or participate in the solicitation presented in the consumer telephone call; or

(6) "established business relationship" means the existence of an oral or written arrangement, agreement, contract or other such legal state of affairs between the telephone solicitor and a consumer, where both parties have a course of conduct or established pattern of activity for commercial or mercantile purposes and for the benefit or profit of both parties. The "established business relationship" must exist between the consumer and business directly, and does not extend to any related business entity or other business organization of the telephone solicitor or related to the telephone solicitor or such solicitor's agent, including, but not limited to, a parent corporation, subsidiary partnership, company or other corporation or affiliate.

(b) Any telephone solicitor who makes an unsolicited consumer telephone call to a residential telephone number shall:

- (1) Identify themselves;
- (2) identify the business on whose behalf such person is soliciting;
- (3) identify the purpose of the call immediately upon making contact by telephone with the person who is the object of the telephone solicitation;

(4) promptly discontinue the solicitation if the person being solicited gives a negative response at any time during the consumer telephone call;

(5) hang up the phone, or in the case of an automatic dialing-announcing device operator, disconnect the automatic dialing-announcing device from the telephone line within 25 seconds of the termination of the call by the person being called; and

(6) a live operator or an automated dialing-announcing device shall answer the line within five seconds of the beginning of the call. If answered by automated dialing-announcing device, the message provided shall include only the information required in subsection (b)(1) and (2), but shall not contain any unsolicited advertisement.

(c) A telephone solicitor shall not withhold the display of the telephone solicitor's identifying information and telephone number from a caller identification service when that number is being used for telemarketing purposes and when the telephone solicitor's service or equipment is capable of allowing the display of such number.

(d) A telephone solicitor shall not transmit any written information by facsimile machine or computer to a consumer after the consumer

and when the telephone solicitor's service or equipment is capable of allowing the display of such number.

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1 requests orally or in writing that such transmissions cease.

2 (e) A telephone solicitor shall not obtain by use of any professional  
3 delivery, courier or other pickup service receipt or possession of a con-  
4 sumer's payment unless the goods are delivered with the opportunity to  
5 inspect before any payment is collected.

6 ~~(f) No supplier shall make or cause to be made any unsolicited tele-~~  
7 ~~phone call to the residential telephone number of any consumer in this~~  
8 ~~state who has given notice to the information network of Kansas, in ac-~~  
9 ~~cordance with section 2, and amendments thereto, of such consumer's~~  
10 ~~objection to receiving consumer telephone calls.~~

On and after July 1, 2003, no

11 (g) Local exchange carrier and telecommunications carriers shall not  
12 be responsible for the enforcement of the provisions of this section.

13 ~~(g)~~ (h) Any violation of this section is an unconscionable act or prac-  
14 tice under the Kansas consumer protection act.

15 ~~(h)~~ (i) This section shall be part of and supplemental to the Kansas  
16 consumer protection act.

17 New Sec. 2. (a) A consumer living or residing in Kansas may give  
18 notice of such consumer's objection to receiving unsolicited consumer  
19 telephone calls to such consumer's residential telephone number. There  
20 shall be no cost to the consumer for such notice of objection. Such con-  
21 sumer's telephone number shall be listed in Kansas' no-call database by  
22 doing any of the following:

23 (1) Completing a written form designed by the attorney general and  
24 the information network of Kansas for the purpose of recording a con-  
25 sumer's notice of objection to receiving unsolicited consumer telephone  
26 calls and submitting that to the information network of Kansas;

27 (2) calling a toll-free number established by the attorney general and  
28 the information network of Kansas for the purpose of recording a con-  
29 sumer's notice of objection to receiving unsolicited consumer telephone  
30 calls and properly responding to the voice prompts; or

31 (3) accessing the appropriate internet site established by the attorney  
32 general and the information network of Kansas for the purpose of re-  
33 cording a consumer's notice of objection to receiving unsolicited con-  
34 sumer telephone calls and inputting the proper data requested by the  
35 website prompts.

36 (b) The no-call database shall consist of the aggregate collection of  
37 the telephone numbers of properly submitted notices of objection to re-  
38 ceiving unsolicited consumer telephone calls. The information network  
39 of Kansas may maintain the no-call database in either a written or an  
40 electronic format.

41 (c) The telephone numbers of properly submitted notices of objec-  
42 tion to receiving unsolicited consumer telephone calls shall become part  
43 of the no-call database in the quarter following the deadline for receipt

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1 of notice according to the following:

2 (1) The receipt deadline for the quarter commencing January 1 and  
3 ending March 31 is November 1;

4 (2) the receipt deadline for the quarter commencing April 1 and end-  
5 ing June 30 is February 1;

6 (3) the receipt deadline for the quarter commencing July 1 and end-  
7 ing September 30 is May 1; and

8 (4) the receipt deadline for the quarter commencing October 1 and  
9 ending December 31 is August 1.

10 (d) A notice of objection to receiving unsolicited consumer telephone  
11 calls shall remain in effect for two years from the date that telephone  
12 number first appears in the no-call database. The notice of objection may  
13 be renewed for additional two-year periods by using the methods pro-  
14 vided in subsection (a).

15 (e) If a consumer whose telephone number is part of the no-call da-  
16 tabase changes telephone numbers, such consumer shall submit a new  
17 notice of objection to receiving unsolicited consumer telephone calls and  
18 provide the new number to the information network of Kansas.

19 (f) A consumer may revoke notice of objection to receiving unsoli-  
20 cited consumer telephone calls by completing a written form designed by  
21 the attorney general and the information network of Kansas for the pur-  
22 pose of revoking a consumer's notice of objection to receiving unsolicited  
23 consumer telephone calls and submitting that completed form to the in-  
24 formation network of Kansas. A consumer may also revoke notice of ob-  
25 jection to receiving unsolicited consumer telephone calls by accessing the  
26 appropriate internet site established by the information network of Kan-  
27 sas and inputting the proper data requested by the website prompts.  
28 Upon receipt of such revocation notice, the information network of Kan-  
29 sas will remove the relevant telephone number from the no-call database  
30 according to the same schedule used for adding telephone numbers to  
31 the no-call database as provided in subsection (c). In addition, the infor-  
32 mation network of Kansas may remove a telephone number from the no-  
33 call database if the Kansas certified local exchange carrier responsible for  
34 the assignment of the relevant telephone number indicates in writing, or  
35 if available, by internet, to the information network of Kansas that the  
36 consumer who submitted the objection to receiving unsolicited consumer  
37 telephone calls is no longer assigned to that telephone number.

38 (g) A person or entity desiring to make unsolicited consumer tele-  
39 phone calls in Kansas may obtain a copy of the no-call database for such  
40 person's or entity's lawful use, or for the lawful use by such entity's em-  
41 ployees, or for the lawful use by such person's or entity's independent  
42 contractors for use in their business, so long as the independent contrac-  
43 tor is regularly associated with the person or entity and is engaged in the

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1 same or related type of business as the person or entity, by doing the  
2 following:

3 (1) Signing a written confidentiality agreement prepared by the at-  
4 torney general and the information network of Kansas that: (A) Restricts  
5 use of the no-call database exclusively for the purpose of compliance with  
6 this section; and (B) prohibits the transfer of the copy of the no-call  
7 database to any person or entity who has not submitted the signed written  
8 confidentiality agreement and payment to the information network of  
9 Kansas for receipt of a copy of the no-call database; and

10 (2) submitting the signed confidentiality agreement along with pay-  
11 ment in an amount equal to \$25 per quarter for each Kansas area code  
12 to the information network of Kansas for providing a copy of the no-call  
13 database in downloadable electronic format. Those persons or entities  
14 desiring to obtain access to only part of the no-call database may do so  
15 by submitting the signed confidentiality agreement along with a request  
16 designating by area code the portion or portions of the no-call database  
17 they desire and providing payment in the amount of \$25 per quarter per  
18 area code to the information network of Kansas for providing a copy of  
19 the requested portion of the no-call database in downloadable electronic  
20 format. The information network of Kansas may require payment of a  
21 media and handling charge from persons who request a computer disk  
22 copy of the no-call database.

23 (h) No supplier who obtains a copy of the no-call database shall use  
24 that information for purposes other than compliance with this section.  
25 Information contained in the no-call database shall be used only for the  
26 purpose of compliance with this section or in a proceeding or action for  
27 violations of this section. Such information shall not be considered a pub-  
28 lic record pursuant to K.S.A. 45-215 *et seq.*, and amendments thereto.

29 (i) Moneys collected pursuant to subsection (g) shall be used first to  
30 pay the cost of the database maintained by the information network of  
31 Kansas. Any moneys collected pursuant to subsection (g) in excess of the  
32 cost of the database maintained by the information network of Kansas  
33 shall be paid to the attorney general to investigate and prosecute violations  
34 of this section. Penalties and fees recovered from prosecutions of viola-  
35 tions of this section shall be paid to the attorney general to investigate  
36 and prosecute violations of this section.

37 (j) The attorney general may enter into agreements with private en-  
38 tities, as determined necessary by the attorney general, to comply with  
39 the provisions of this act related to the creation and maintenance of the  
40 no-call data base.

41 Sec. 3. K.S.A. 2001 Supp. 50-670 is hereby repealed.

42 Sec. 4. This act shall take effect and be in force from and after ~~July~~ — [delete]  
43 ~~1, 2003, and~~ its publication in the statute book.

55

## House Utilities Committee

### Testimony of Kansas Electric Cooperatives, Inc.

#### SB 480

Good morning, Mr. Chairman and members of the Committee. My name is Stuart Lowry and I am Corporate Counsel for Kansas Electric Cooperatives, the statewide association representing the interests of rural electric cooperatives in Kansas. I appear before you today to testify in support of Senate Bill 480.

Except for a minor amendment on the Senate floor, SB 480 is identical to HB 2661, which was approved by this committee and the full House of Representatives several weeks ago. The bill amends certain provisions of the Retail Electric Suppliers Act, K.S.A. 66-1,170, et seq. The bill is the product of negotiations by and among KEC (including KEPCo and Sunflower); Kansas Municipal Utilities; the League of Kansas Municipalities; Westar Energy; Kansas City, KS, Board of Public Utilities; Midwest Energy; Empire District Electric; Kansas City Power and Light; and UtiliCorp United. These utilities were directed to begin negotiations on changes to the Retail Electric Suppliers Act following a hearing of the Legislative Interim Utilities Committee on August 20, 2001. This bill was recommended for favorable consideration in the report of the Interim Utilities Committee.

The new amendment made by the Senate appears at the end of the bill draft. Prior to action on the Senate floor, the electric cooperatives agreed to an amendment that clearly sets forth the manner in which the rates of a deregulated electric cooperative are made available to the general public, and provides for a civil penalty if the cooperative fails to meet this standard. This amendment applies to the law governing the conduct of deregulated cooperatives, K.S.A.

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66-104d. Other utilities, including cooperatives that continue to be regulated by the KCC, file public tariffs with the KCC.

The amendment made by the Senate satisfies the original objections raised with this committee by Utilicorp United, and this committee is now presented with a bill that has the unanimous consent of all utility participants and the League of Kansas Municipalities. We thank you for your prior support of this bill and ask for your continued support by approving SB 480 as it is presented to you today.

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House Utilities Committee  
March 11, 2002  
Testimony in support of  
Senate Bill 480  
By  
J. C. Long  
UtiliCorp United Inc.

Mr. Chairman and members of the Committee:

My name is J.C. Long and I am Director of Government Affairs for UtiliCorp United operating in Kansas as WestPlains Energy, Peoples Natural Gas and Kansas Public Service. WestPlains Energy serves nearly 70,000 customers in Central and Western Kansas. I appear before you today in support of SB 480.

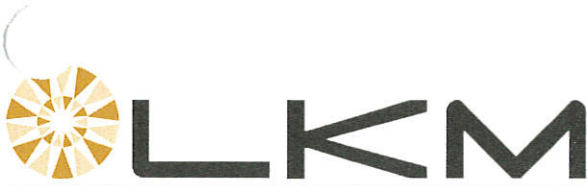
Senate Bill 480 is very similar to HB 2661 which this committee passed out favorably several weeks ago. In that hearing, UtiliCorp opposed HB 2661 (and SB 480 in the Senate Committee) because of several factors that a city must consider when awarding a franchise to or changing the electricity supplier for a newly annexed portion of a city.

After the hearing on HB 2661 in this committee and SB 480 in the Senate Committee, the Kansas Electric Cooperatives visited with me on one of our major concerns: not having adequate information regarding an REC's rates. Based on those meetings, they drafted language to address our concerns. The Senate adopted that language, which is found on page 6, lines 25-31. With the amendments adopted by the Senate Committee of the Whole, UtiliCorp United now supports Senate Bill 480. We would like to take this opportunity to thank Mr. Stuart Lowery, Mr. Barry Hart, Mr. Jon Miles and Mr. Bruce Graham for working out this compromise.

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League of Kansas Municipalities

Date: March 11, 2002  
To: House Utilities Committee  
From: Larry R. Baer  
Assistant Legal Counsel  
Re: SB 480 - Testimony in Support

Thank you for allowing me to appear on behalf of the League of Kansas Municipalities and our member cities. We are happy to appear today in support of SB 480.

This is a compromise piece of legislation introduced at the request of the rural electric cooperatives in Kansas. During the interim session, the co-ops expressed concern over city franchise issues as they related to certain annexations. We were given the opportunity by the interim committee Chairman to sit down and discuss these issues. Representatives of cities met with representatives from the co-ops and other members of the electric industry over several months to discuss these issues.

I believe that those discussions were very important in helping all of us who participated to better understand each other's concerns. As a direct result of those informal discussions, we were able to reach agreement on the compromise piece of legislation that you have before you today. I am also pleased to report that the League Governing Body considered this proposal on two separate occasions during our policy process last fall, and endorsed its provisions.

We believe that section 1 of the bill, which sets out a new administrative procedure when a city annexes land within the certified territory of a retail electric supplier, will serve as a road map for such annexation. It is our intent and hope that this process will prove to be both understandable and fair for all parties involved.

Section 2 of the bill does not have a direct effect on non-MEU cities. In the case of a city that does not own its own electric utility, the compensation due under this section would be paid by the electric utility which receives the franchise for the annexed area. The cities in Kansas that do own an electric utility would be affected by this portion of the bill. The League Governing Body deferred to the judgment of the member cities of Kansas Municipal Utilities in this area. It is our understanding that KMU has signed off on this portion of the bill.

The League appreciates the opportunity to sit down with the parties concerned in this area to work out a compromise. As with any compromise, there was a give and take. Therefore, any alterations to the compromise at this point could jeopardize the support of individual organizations or companies. We, therefore, urge your support and favorable action for SB 480 as written and without amendment.

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## **Kansas Farm Bureau**

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org  
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

### **PUBLIC POLICY STATEMENT**

### **HOUSE COMMITTEE ON UTILITIES**

**RE: SB 480 – regarding the annexation of retail electric service territory by a municipality.**

**March 11, 2002  
Topeka, Kansas**

**Prepared by:  
Leslie Kaufman, Associate Director  
Public Policy Division**

---

Chairman Holmes and members of the Committee, thank you for the opportunity to comment on SB 480. I am Leslie Kaufman and I serve KFB as the Associate Director of Public Policy. We support the concept of establishing a mechanism to provide retail electric suppliers, particularly rural electric cooperatives, the opportunity to maintain service territory despite geographical annexation by a municipality.

The rural electric cooperative is an essential service provider to many areas of the state. Historically, the REC brought electric power to many areas where other providers were slow to enter the market. As such, the local REC has played an important role in rural Kansas.

The ability to maintain service territory is vitally important to the ongoing operation of cooperatives. When a service area is removed from the REC's territory, costs are spread over a smaller population.

American Farm Bureau Policy states, "*Public utilities and cooperatives should not be required to give up territories in established service areas when municipalities expand into those areas through annexation.*" As we understand it, SB 480 replaces the current procedures related to annexation with a process that should help insure the current retail electric supplier (cooperative) has a greater opportunity to be retained as the service provider in an area that has been annexed by the municipality.

Although our policy would seek to prevent involuntary loss of service territory all together, we believe the system proposed in SB 480 is superior to the current one. As such, we encourage the Committee to act favorably on this measure. Thank you.

*Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.*

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Testimony on SB 480  
House Utilities Committee  
March 11, 2002  
Prepared by Joe Lieber  
Kansas Cooperative Council

Mr. Chairman and members of the committee, I'm Joe Lieber, President of the Kansas Cooperative Council. The Council has a membership of over 200 cooperative businesses, who have a combined membership of nearly 200,000 Kansans. Twenty one of our members are electric cooperatives.

The Council supports SB 480.

It is our understanding that the electric utilities met last fall and worked out a compromise to resolve the annexation and territory issue. The language in SB 480 is a result of that compromise.

The Kansas Cooperative Council feels that is important, not only to Kansas Cooperatives, but to all rural Kansans that SB 480 be passed as proposed.

Thank you.

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**Testimony before the  
House Utilities Committee**

**By  
Doug Lawrence, Vice President, Public Affairs  
Westar Energy  
March 11, 2002**

Chairman Holmes and members of the committee, I am Doug Lawrence, vice president, public affairs for Westar Energy.

Westar Energy supports Senate Bill 480. As part of this summer's interim study of the territory issue involving annexations under the Retail Electric Supplier's Act, Westar Energy participated in a series of negotiations involving the Kansas Electric Cooperatives, the League of Municipalities, Kansas Municipal Utilities and many of the state's investor-owned utilities.

At the start of this process, there was a great deal of skepticism that a compromise could be worked out on this controversial subject. Indeed, previous legislative considerations of the territory issue RESA have been difficult at best.

All parties worked diligently on a compromise in an atmosphere of cooperation. Special credit for a successful compromise should be given to the League of Municipalities, the KEC and KMU.

As with any compromise, everyone has something to dislike in this legislative package. Ultimately the bill represents a fair solution to a nagging problem. In the spirit of the extraordinary effort necessary to bring you this legislation, Westar Energy brings its support and encourages you to approve this legislation.