

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 9:30 A.M. on January 20, 2005 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Athena Andaya, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Bruce Kinzie, Revisor of Statutes Office
Diana Lee, Revisor of Statutes Office
Casey Kemp, Senator Emler's Intern
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Janet Bathurst, Manager, S&A Telephone Company, Allen, Kansas
Michael Kirksey, General Manager, Emerging Technologies, Dallas, Texas

Others attending: See attached list

Briefing on Telecommunications for Rural Areas

Janet Bathurst, manager of S&A Telephone Company, Allen, Kansas, representing the 36 Kansas Rural Independent Telephone Companies, briefed the committee on the accomplishments achieved and the difficulties faced in providing service to everyone in their sparsely populated areas. After showing a 15 minute DVD picturing various rural independent telephone companies, their service areas and comments from Congressman Jerry Moran and others, Ms. Bathurst presented statistics and information on the concerns and future plans for rural areas in Kansas. (Attachment 1)

A map of the Kansas Independent Broadband areas was handed out to the committee. KCC agreed to provide a map showing an overlay of all companies providing this service in Kansas. (Attachment 2)

Presentation on Voice over Internet Protocol (VoIP)

Michael Kirksey, general manager-Emerging Technologies, Dallas, briefed the committee on the background of Voice over Internet Protocol (VoIP). This technology allows a person to make telephone calls using a broadband internet connection instead of a regular (or analog) phone line. Mr. Kirksey had a powerpoint presentation which covered the technical features and FCC regulations on VoIP technology. (Attachment 3)

Introduction of Bill

Ed Jaskinia, Realtor from Kansas City, Kansas, requested introduction of a bill to allow submeters in apartment complexes in order to charge the tenants fairly for water usage.

Moved by Senator Reitz, Seconded by Senator Pyle, approve introduction of legislation to allow submeters in apartment complexes. Motion carried.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 3

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: JANUARY 20, 2005

Name	Representing
- Doug Smith	SITA
- Nelson Krueger	Everest
John Federico	KCTA
Heather Morgan	Division of Budget
Shirley Allen	KS Indep Pub Companies
Janet Bathurst	Ks Rural Ind Tel Cos
Linda Johnson	Ks Rural In.
Sty Sechub	Wamego Tel Co.
Carl Jones	Tri-County Telephone
ED JASKINIA	THE ASSOCIATED LANDOWNERS OF KANSAS
TERRY HADREW	KANSAS FARM BUREAU
TOM DAY	KCC
Anne Gress	KITA
Rob Mcg	Helm Low Farm
Andy Shaw	Altel



January 20, 2005

Mr. Chairman and Members of the Senate Utilities Committee:

My name is Janet Bathurst, I am the manager of S&A Telephone Company in Allen, Kansas. It's my pleasure today to represent all 36 Kansas Rural Independent Telephone Companies.

But first, I'd like to give you a short background on my company. S&A serves 900 customers in two separate exchanges. The Allen exchange serves both Allen and Admire communities north of Emporia. The Scranton exchange is just 20 miles south of Topeka in Osage County. After network enhancements, we are able to offer a broadband connection to every customer. One of our rural customers operates a human resource company from her home. She says her telephone voice mail and broadband connection makes her home office outside Allen, Kansas, just as professional as the corporate one she left in St. Louis. Those are the feathers in our cap.

Now, let's get back to the other companies I'm representing. Today's testimony is to highlight the accomplishments we have achieved and the difficulties we have faced in providing service to everyone in our sparsely populated areas. Our purpose is not to address a particular bill or proposal, nor to persuade you of anything; instead we will try to give you a better understanding of Kansas telecommunications, and the legal and regulatory environment in which policy decisions are made.

- There are 36 rural telephone companies in Kansas. One smaller carrier serves just over 200 customers; the largest serves over 16,000 customers. Our collective service areas cover 50% of the state, but we serve only 8% of the population. Some telephone companies are cooperatives, owned by their customers, some are third and fourth-generation family businesses, and others are investor-owned.
- Our companies were formed where larger telephone companies didn't see enough profit potential due to the high cost of service. We are community-based and community-oriented. We're often the largest employer in the area and pay the largest tax bills. Our management and employees are the leaders in the community and due to sheer necessity they promote economic development.
- We are regulated by the Kansas Corporation Commission under rate of return where all costs must be approved for recovery. Rate of return regulated telephone companies operate under what has been called the social contract: the rural telephone company provides state of the art telephone service at affordable rates

to anyone within its certificated area; the regulator protects the consumer, and allows the company the opportunity to earn a reasonable return on its investment through a combination of local rates, access, and universal service support.

- We have concerns that cost recovery will be eroded. Increased regulation becomes burdensome. Growing demands are being made on federal and state universal service mechanisms that can jeopardize the sustainability of both funds. Policies intended to support competition can favor some providers over others; with policymakers determining the winners and losers in the marketplace.
- We've installed digital equipment and miles of fiber optics to make our communication networks what they are today. The map that was distributed shows the commitment of the rural telephone companies to provide broadband services to their customers. We are responsive to our customers needs, whether they are individuals or businesses. The rural telephone companies have been instrumental in bringing Distance Learning, Telemedicine, and the Kan-Ed network into existence.
- The entire state benefits from the rural telephone industry's continued commitment and investment in their communities. We've brought state of the art services and quality of life to rural Kansans, for the better part of a century. We have done our part to uphold the universal service principle: reliable, convenient telecommunications service should be made available and affordable to everyone.

The rural telephone companies thank you for the opportunity to present our story to you today. If you have any questions for me, please let me know. If I can't answer your questions today, I will get the answer to you shortly.

Sincerely,



Janet Bathurst
Manager

VoIP / Internet Voice

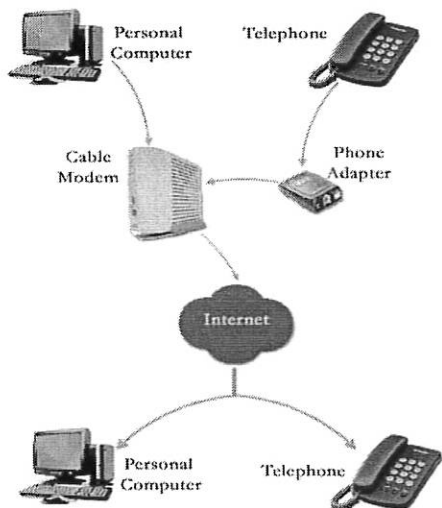
FCC Consumer Facts

Background

Internet Voice, also known as Voice over Internet Protocol (VoIP), is a technology that allows you to make telephone calls using a broadband Internet connection instead of a regular (or analog) phone line. Some services using VoIP may only allow you to call other people using the same service, but others may allow you to call anyone who has a telephone number - including local, long distance, mobile, and international numbers. Also, while some services only work over your computer or a special VoIP phone, other services allow you to use a traditional phone through an adaptor.

How VoIP / Internet Voice Works

VoIP converts the voice signal from your telephone into a digital signal that travels over the Internet. If you are calling a regular phone number, the signal is then converted back at the other end. Internet Voice can allow you to make a call directly from a computer. If you make a call using a phone with an adaptor, you'll be able to dial just as you always have, and the service provider may also provide a dial tone. If your service assigns you a regular phone number, then a person can call you from his or her regular phone without using special equipment.



What Kind of Equipment Do I Need?

A broadband Internet connection is required to make VoIP calls. Some services allow you to use a regular telephone, as long as you connect it to an adaptor. Some companies allow you to make calls from a computer or a VoIP phone that doesn't require an additional adaptor. If you are calling a regular telephone number, the person you are calling does not need any special equipment, just a phone.

If I have VoIP Service, Whom Can I Call?

Depending upon your service, you might be limited only to other subscribers to the service, or you may be able to call any phone number, anywhere in the world. The call can be made to a local number, a mobile phone, a long distance, or an international number.

What Are Some Advantages of VoIP?

Because VoIP is digital, it may offer features and services that are not available with a traditional phone. If you have a broadband Internet connection, you need not maintain and pay the additional cost for a line just to make telephone calls.

Does My Computer Have to be Turned On?

Not if you are making calls with a phone and adaptor or special VoIP phone, but your broadband Internet connection needs to be active. You can also use your computer while talking on the phone.

(More)



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Is There a Difference Between Making a Local Call and a Long Distance Call?

Some VoIP providers offer their service for free, normally only for calls to other subscribers to the service. Some VoIP providers charge for a long distance call to a number outside your calling area, similar to existing, traditional wireline telephone service. Other VoIP providers permit you to call anywhere at a flat rate for a fixed number of minutes.

Your VoIP provider may permit you to select an area code different from the area in which you live. This means that if your provider charges for long distance, then charges could be based on whether you call within your area code rather than geographic area. It also means that people who call you may incur long distance charges depending on their area code and service.

Can I Take My Phone Adapter With me When I Travel?

You may be able to use your VoIP service wherever you travel as long as you have a broadband Internet connection available. In that case it would work the same as in your home.

How Do I Know If I have a VoIP Phone Call?

The phone will ring like any other call.

Does the FCC Regulate Internet Voice?

The Federal Communications Commission (FCC) has worked to create an environment promoting competition and innovation to benefit consumers. Historically, the FCC has not regulated the Internet or the services provided over it.

(More) 

On February 12, 2004, the FCC found that an entirely Internet-based VoIP service was an unregulated information service. On the same day, the FCC began a broader proceeding to examine what its role should be in this new environment of increased consumer choice and what it can best do to meet its role of safeguarding the public interest.

Additional Considerations

If you're considering replacing your traditional telephone service with VoIP, there are some possible considerations you should be aware of:

- Some VoIP services don't work during power outages and the service provider may not offer backup power;
- It may be difficult for some VoIP services to seamlessly connect with the 911 emergency dispatch center or to identify the location of VoIP 911 callers;
- VoIP providers may or may not offer directory assistance/white page listings.

Aspects of these considerations may change with new development in Internet Voice technology. You should always check with the potential VoIP service provider to confirm any advantages and limitations to their service.

Where to Go for Additional Information and Assistance

For further information about VoIP, please visit the FCC's Consumer & Governmental Affairs Bureau at www.fcc.gov/v.oip.

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For this or any other consumer publication in an accessible format (electronic ASCII text, Braille, large print, or audio), please write or call us at the address or phone number below, or send an e-mail to FCC504@fcc.gov.

To receive information on this and other FCC consumer topics through the Commission's electronic subscriber service, click on www.fcc.gov/cgb/emails-service.html.

This document is for consumer education purposes only and is not intended to affect any proceeding or cases involving this subject matter or related issues.

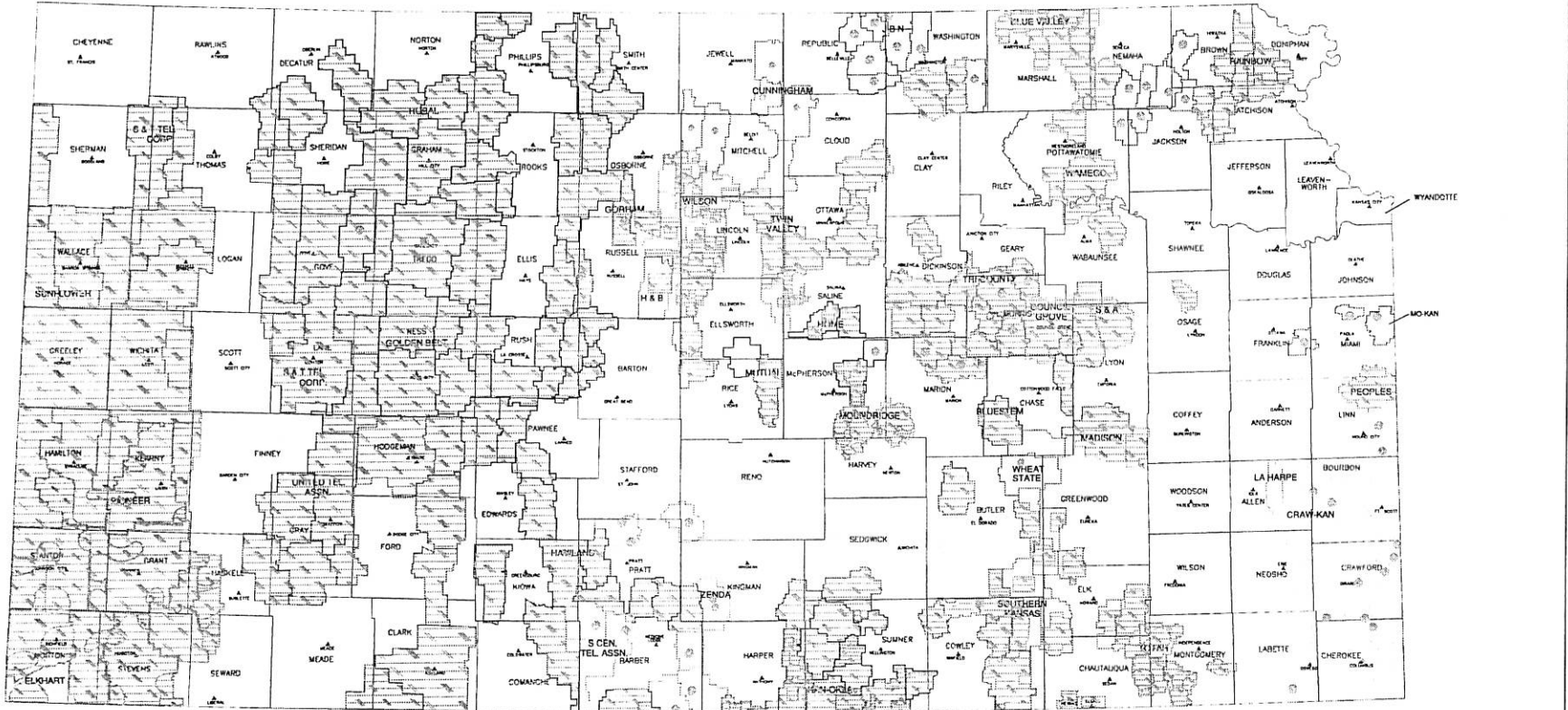
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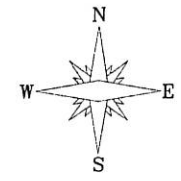
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KANSAS INDEPENDENT BROADBAND AREAS AS OF 12-31-2004



- | | | | | | |
|---------------|-------------|-------------|-------------------------|------------------|------------------------------|
| BLUESTEM | GOLDEN BELT | LA HARPE | RAINBOW | TOTAH | 18,000' FROM CENTRAL OFFICE |
| BLUE VALLEY | GORDHAM | MADISON | RURAL | TRI-COUNTY | BROADBAND CAPABLE 12-31-2004 |
| COUNCIL GROVE | H & B | MO-KAN | S & A TEL ASSN. | TWIN VALLEY | COUNTY SEAT |
| COLUMBUS CITY | HAWLAND | MOUNDRIODGE | S & T TEL CORP. | UNITED TEL ASSN. | COUNTIES |
| CRAW-KAN | HOME | MUTUAL | SOUTH CENTRAL TEL ASSN. | WAMEGO | |
| CUNNINGHAM | J B N | PEOPLES | SOUTHERN KANSAS | WHEAT STATE | |
| ELKHART | KAN-DKA | PIONEER | SUN-LOWERY | WILSON | |
| | | | | ZENDA | |



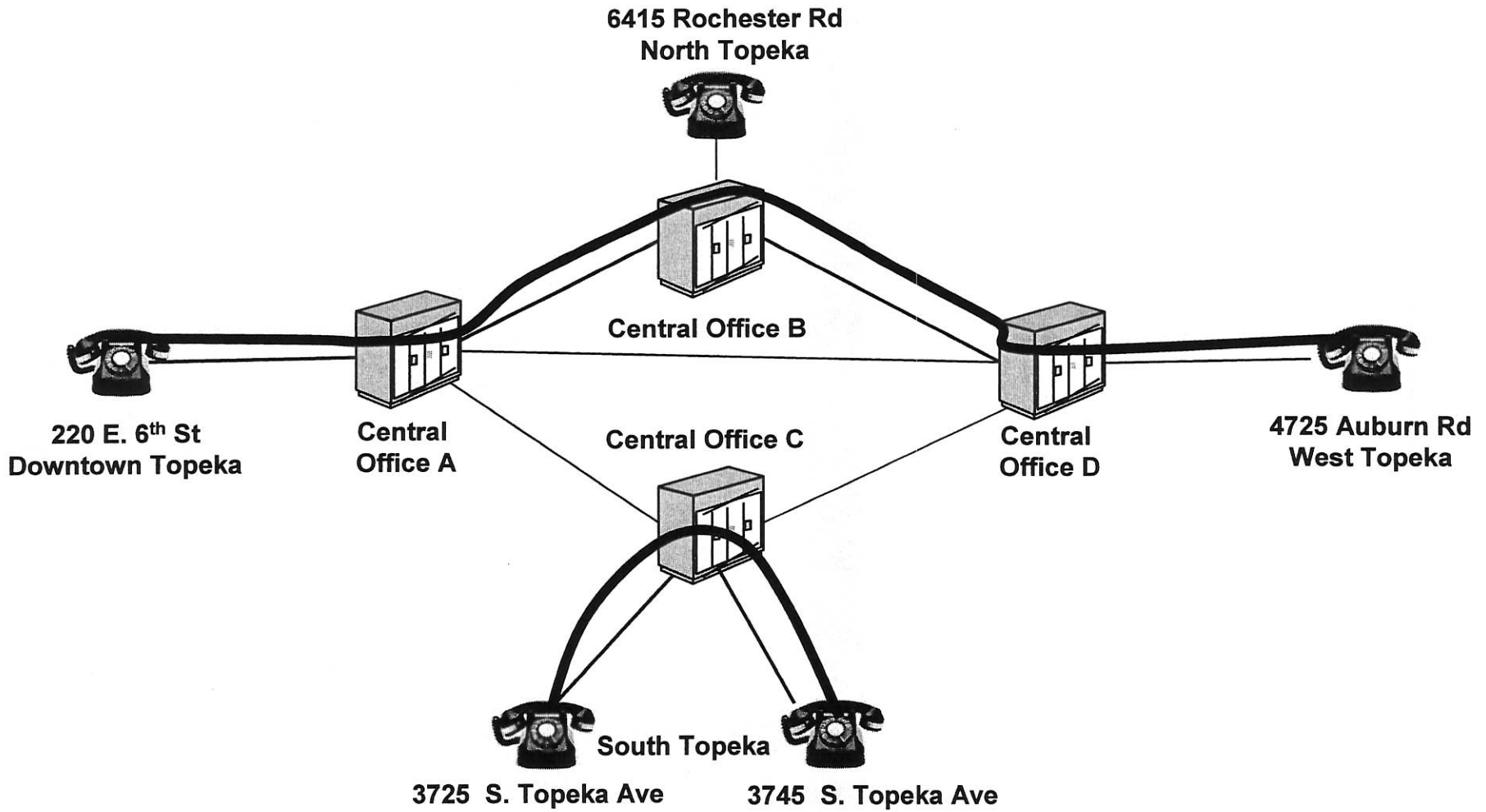


Public Switched Telephone Network (PSTN) & Voice over Internet Protocol (VoIP) Overview

Michael Kirksey
General Manager-Emerging Technologies

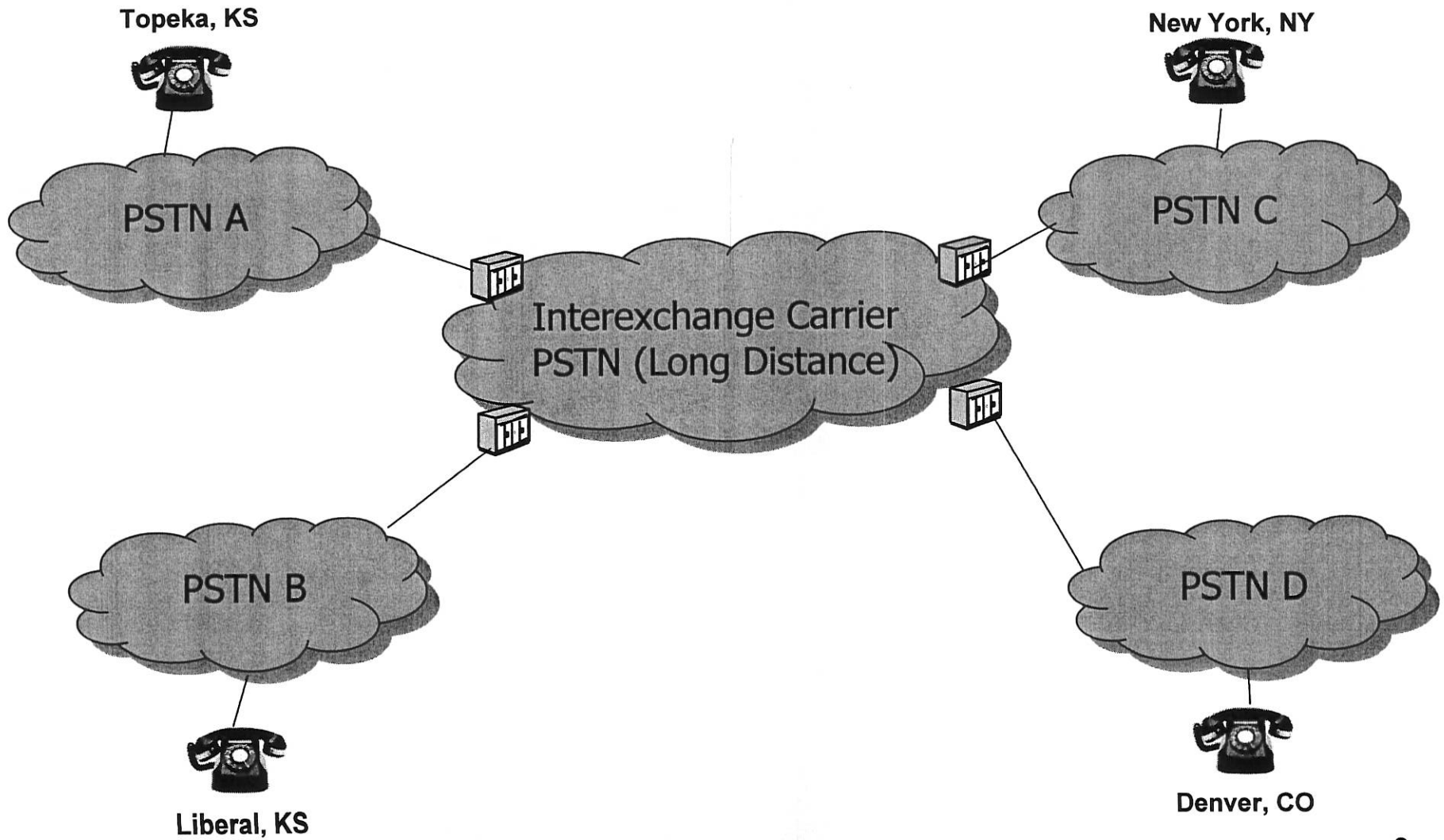
Public Switched Telephone Network (PSTN)

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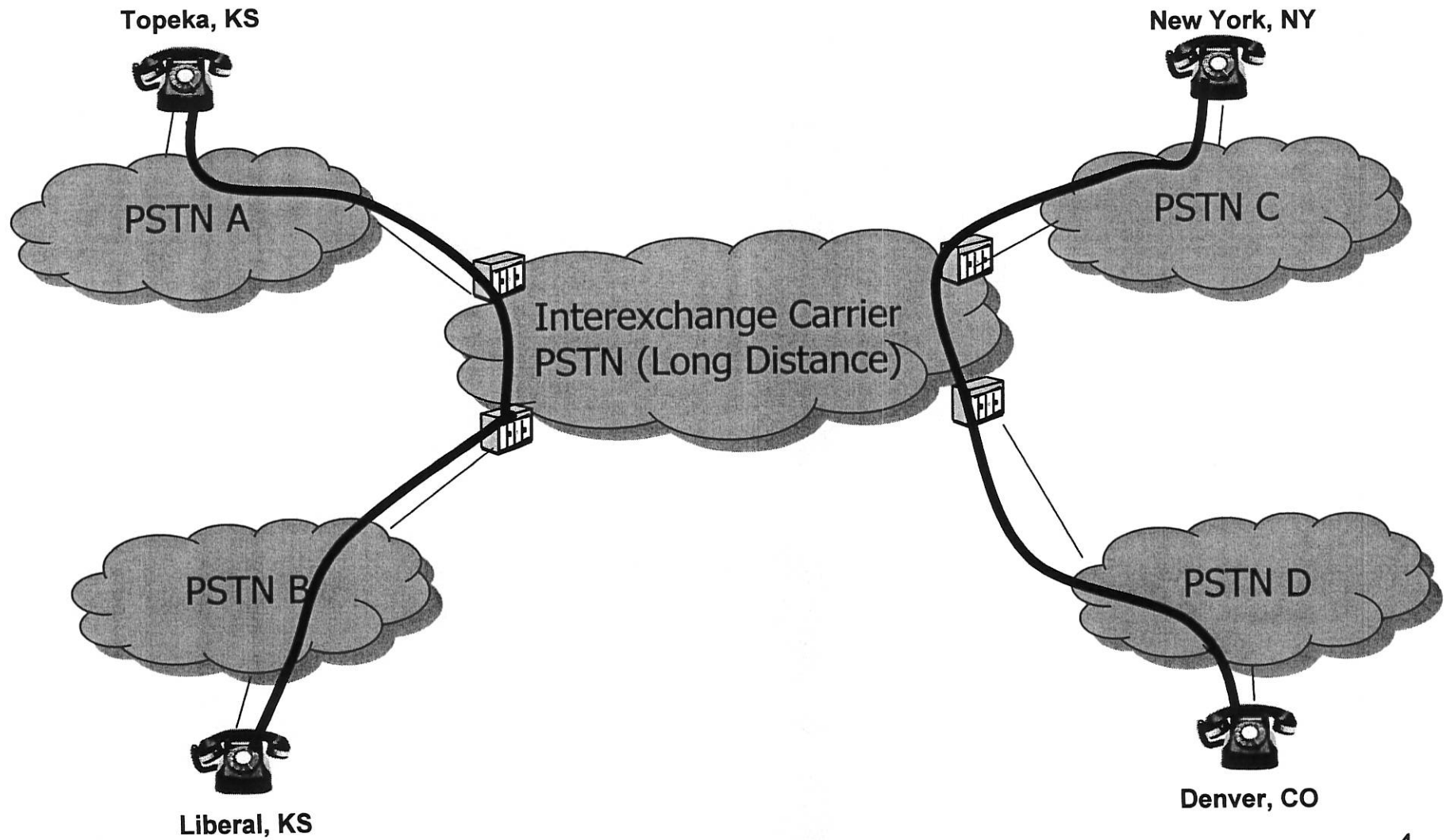
PSTN: Intrastate/Interstate Network Interconnection

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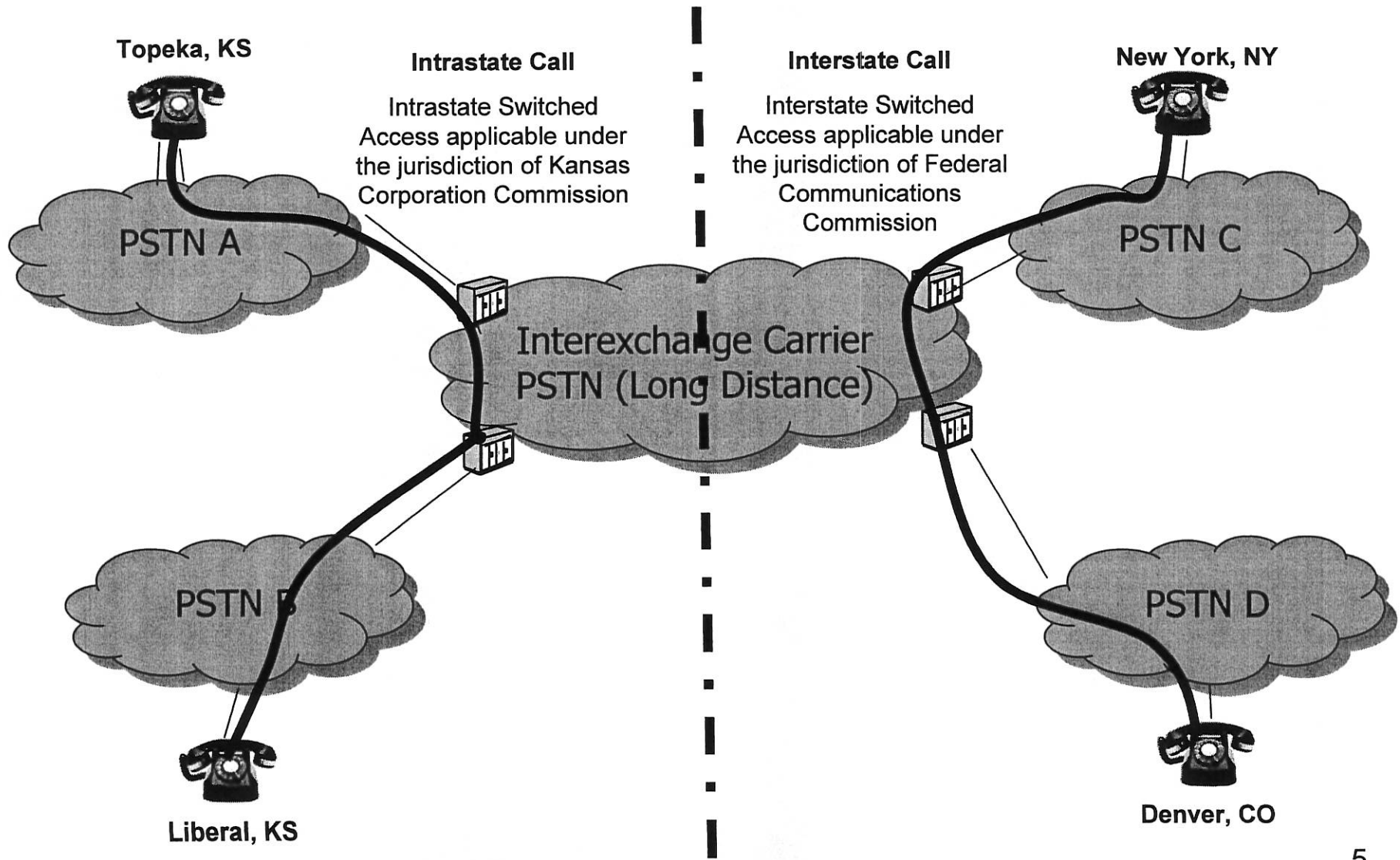
PSTN: Intrastate/Interstate Calls

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PSTN: Intrastate/Interstate Calls: Switched Access

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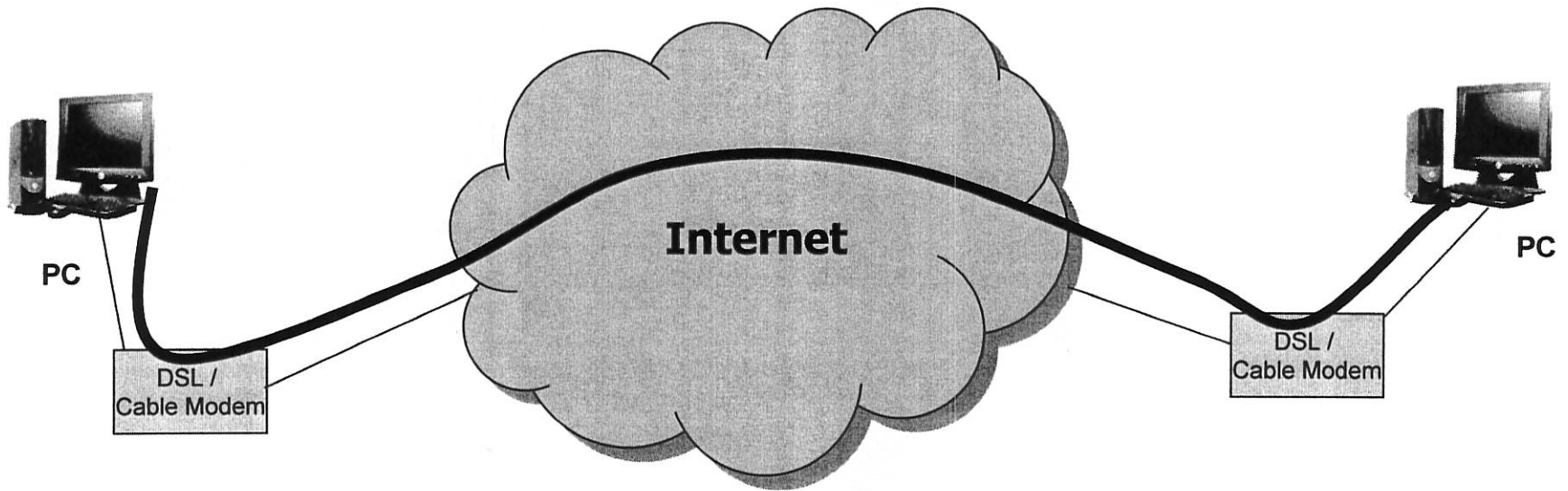
Voice over Internet Protocol (VoIP)

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- VoIP converts the voice signal from your phone into a digital source that travels the Internet. The signal is then converted back to human voice form.
- VoIP has been used in various forms for many years.

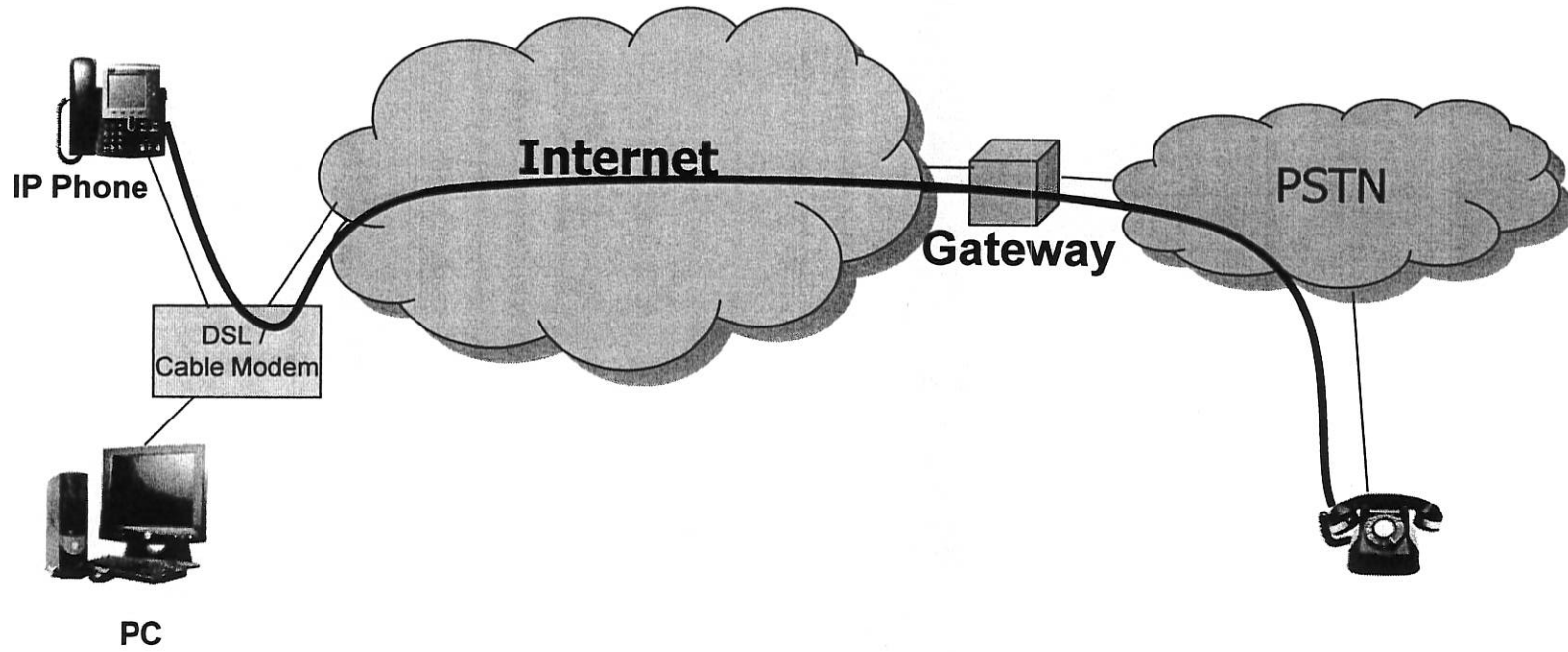
Connecting to the Internet

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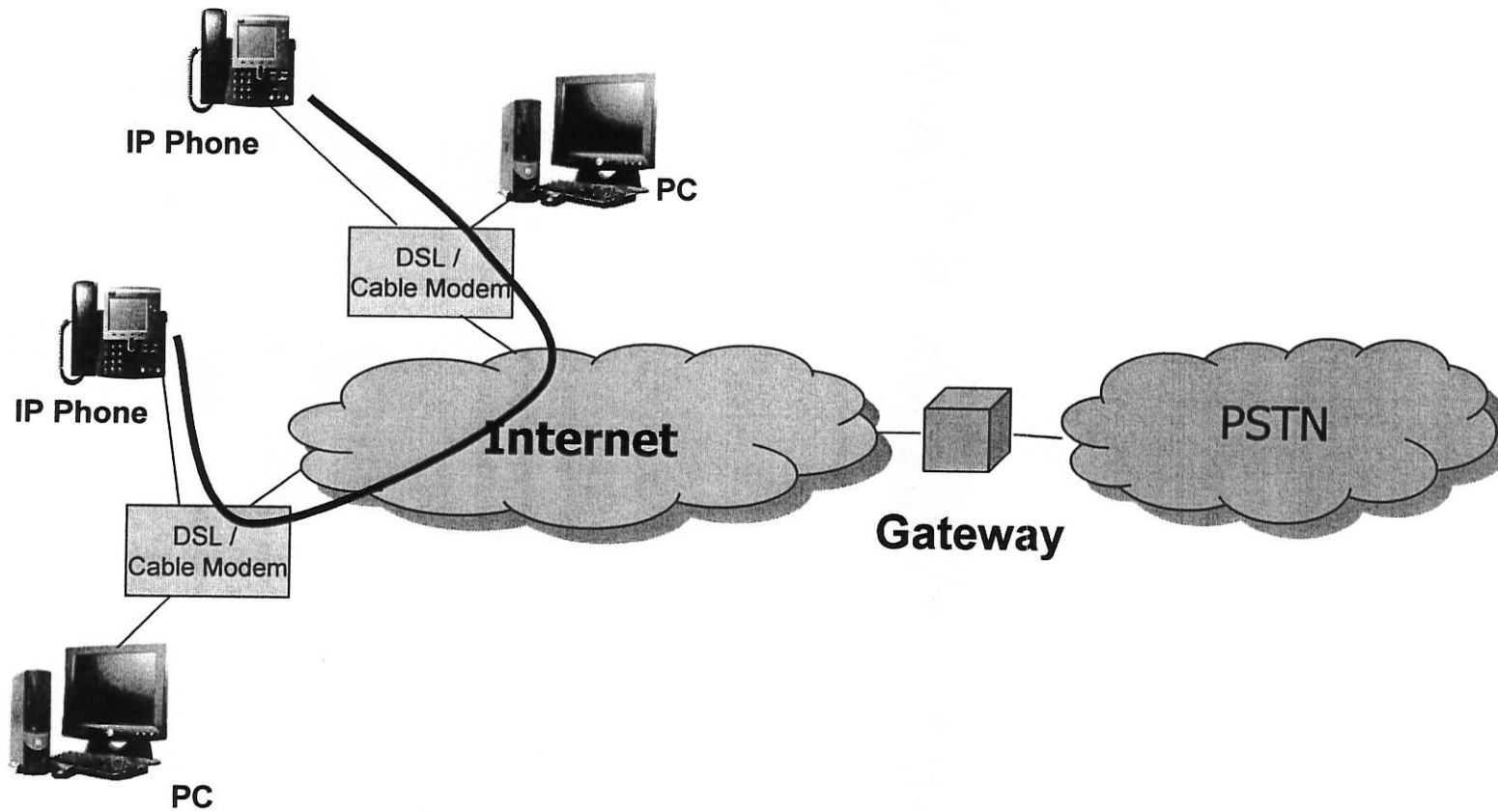
Consumer VoIP: IP Phone to PSTN Phone

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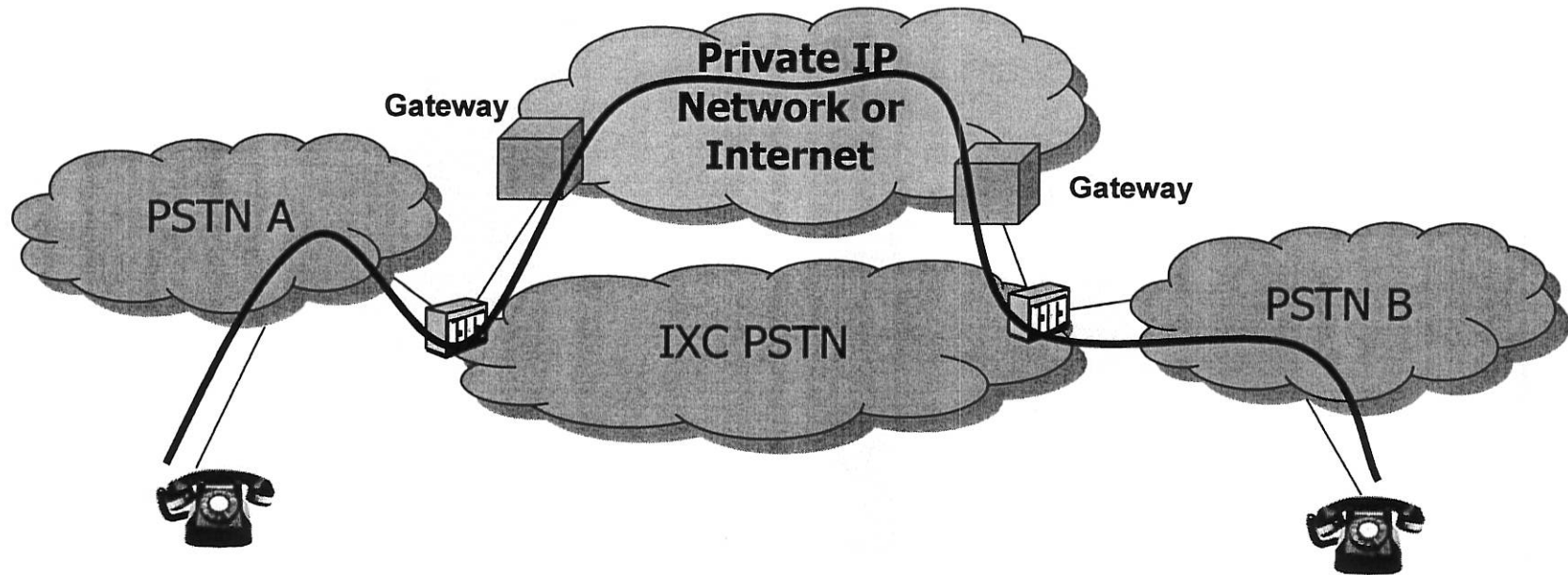
Consumer VoIP: IP Phone to IP Phone

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Consumer VoIP: PSTN Calls with VoIP Inter-working

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VoIP: Industry Penetration Projections

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