

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Scott Emler at 3:00 P.M. on March 14, 2004 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  
Ann McMorris, Committee Secretary

Conferees appearing before the committee: none

Others in attendance: See attached list

Chair opened for discussion on

**SB 120 - Telecommunications, regulation thereof, KUSF**

Senator Taddiken noted the heart of this bill is that telecommunications providers are able to compete. He suggested that **S.B. 120** be left in committee so that it stays alive. He proposed language to pursue more information by requesting a study be made by KCC so the committee could review the guidelines and develop some recommendations. After considerable discussion on the proposed language (Attachment 1)

Moved by Senator Taddiken, seconded by Senator Apple, to insert the language as discussed into **Senate Substitute for HB 2084** and delete the current language. Motion carried. NO vote recorded by Senator Pyle

Moved by Senator Taddiken, seconded by Senator Apple, **Substitute for HB 2084** be passed out favorably. Motion carried. NO vote recorded by Senator Francisco.

Discussion returned to **S.B. 120**. All prior amendments were withdrawn and a new amendment was offered to be inserted on page 5, (f), second sentence - "Packages of services are price deregulated and not subject to price regulation by the commission, provided that any telecommunications service included in a package is available apart from the package of services and remains subject to regulation under this section. For the purposes of this subsection, a "a package of services" includes more than one telecommunications service or one or more telecommunications services combined with one or more non telecommunications services." (Attachment 2)

Moved by Senator Pyle, seconded by Senator Reitz, amend **S.B. 120** with the following language: "Packages of services are price deregulated and not subject to price regulation by the commission, provided that any telecommunications service included in a package is available apart from the package of services and remains subject to regulation under this section. For the purposes of this subsection, a "a package of services" includes more than one telecommunications service or one or more telecommunications services combined with one or more non telecommunications services." Motion carried .5 yes and 4 no.

Due to the complexity of the issues in **S.B. 120**, question was asked if more time for deliberations on this bill by the committee could be scheduled.

No further action taken on **S.B. 120**.

Adjournment.

Respectfully submitted,  
Ann McMorris, Secretary

Attachments - 2

# SENATE UTILITIES COMMITTEE GUEST LIST

DATE: MARCH 14, 2005 (2<sup>nd</sup> Meeting)

Name	Representing
Robin Jennison	KCTA
Paul Snider	SBC
Coleen Jennison	COY
Steve Rappich	Curab
Mike Murray	Sprint
Judy Gao	Sprint
John Garrison	USWA
Denny Koch	SBC
Bill Sneed	SBC
Pat Hurrell	SBC
<del>John H. David</del>	<del>Nextech</del>
Shuly Allen	KRITC
Debbie Vignatelli	SBC
Rachel Reiber	Everest Connections
Jim Gackner	SBC



New Section 1. (a) Not later than 30 days following the effective date of this section, the state corporation commission shall initiate a proceeding to evaluate the development and status of local service competition in areas of the state served by local exchange carriers that have elected price cap regulation pursuant to subsection (b) of K.S.A. 66-2005, and amendments thereto. Such proceeding shall:

(1) Review guidelines established pursuant to subsection (n) of K.S.A. 66-2005, and amendments thereto, for reducing regulation prior to price deregulation of price cap regulated services, and modify such guidelines where appropriate;

(2) develop recommendations for the adoption of objective criteria under which the existence of competition provides adequate protection for consumers, permitting price deregulation of services or baskets of services; and

(3) establish processes for periodic review of competition in markets where price deregulation has been approved and for reimposition of price regulation where competition shall have ceased to provide adequate protection for consumers.

In such proceeding the commission shall consider the extent to which competitive, technological and regulatory neutrality consistent with the public interest may be assured in the provision of local service.

(b) Not later than the first day of the 2006 legislative session, the commission shall prepare and submit a report to the chairperson of the committee on utilities of the senate and the chairperson of the committee on utilities of the house of representatives of the commission's findings under subsection (a). Such report shall include an analysis of the status of local service competition in areas of the state served by local exchange carriers that have elected price cap regulation pursuant to subsection (b) of K.S.A. 66-2005, and amendments thereto, and recommendations for the adoption of objective criteria under which price deregulation may be authorized in a manner which will protect consumers, safeguard universal service, ensure that consumers may reap the benefits of competition, maximize the use of market forces and promote development of the telecommunications infrastructure throughout the state.

Section 3. This act shall take effect and be in force from and after its publication in the Kansas register.

(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 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 (g).

(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.

Packages of services are price deregulated and not subject to price regulation by the commission, provided that any telecommunications service included in a package is available apart from the package of services and remains subject to regulation under this section. For the purposes of this subsection, a "package of services" includes more than one telecommunications service or one or more telecommunications services combined with one or more non telecommunications services.