

MINUTES OF THE HOUSE UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on March 9, 2006 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Mary Torrence, Revisor's Office
Heather Klaasen, Research Intern
Renaë Hansen, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Debate and Action on:

SB 350 **Regulation of telecommunications.**

Representative Jason Watkins brought, (Attachment 1) forth a balloon with several amendments included.

Representative Jason Watkins moved to pass these amendments. Seconded by Representative Lynne Oharah.

Discussion on the proposed amendments was offered by Representatives Carl Krehbiel.

Representative Tom Sloan moved to divide the question. Chairman Carl Holmes allowed the division.

On the first amendment: page eight of the bill line 42.

Discussion and debate followed by Representatives: Lynne Oharah, Carl Krehbiel, Annie Kuether, and Jason Watkins.

The question was called. There was a division on the outcome. Motion to amend passed 10-8.

On the second amendment: page 9 of the bill, line 2.

Discussion and debate followed by Representatives: Annie Kuether, Tom Sloan, Lynne Oharah, and Jason Watkins.

The question was called. Motion to amend passed.

On the third amendment: page 10 of the bill, lines 14-17.

Discussion and debate followed by Representatives: Jason Watkins, Tom Sloan, Carl Krehbiel, Melody Miller, Lynne Oharah, Tom Hawk.

The question was called. Motion to amend passed.

Representative Carl Krehbiel moved to amend page 11, line 8, (Attachment 2). Seconded by Representative Annie Kuether.

Discussion followed by Representatives: Tom Sloan, Peggy Mast, and Carl Krehbiel.

Representative Carl Krehbiel closed on the motion. Motion passed unanimously.

CONTINUATION SHEET

MINUTES OF THE House Utilities Committee at 9:00 A.M. on March 9, 2006 in Room 231-N of the Capitol.

Representative Carl Krehbiel presented a balloon with several amendments which he agreed to amend separately. (Attachment 3).

Representative Carl Krehbiel moved to amend SB 350, Page 9, line 43 as per attachment. Seconded by Jason Watkins.

Discussion followed by Representatives: Tom Sloan and Carl Krehbiel.

Representative Carl Krehbiel withdrew his motion.

Representative Carl Krehbiel moved to resubmit his motion to amend with language on page 9, line 43 (Attachment 3) that would allow the findings of the commission to be sent to the full committee of the house of representatives and the senate which are assigned telecommunication issues. Seconded by Representative Jason Watkins. Motion passed unanimously.

Representative Carl Krehbiel moved to amend page 10, line 7 (Attachment 3). Seconded by Representative Jason Watkins. Motion Carried.

Representative Carl Krehbiel moved to amend page 10, line 41, (Attachment 3) to include subsection (q)(1)(B). Seconded by Representative Jason Watkins.

Comments were offered by: Representative Tom Sloan. Representative Sloan reasoned with Representative Carl Krehbiel that the intent of his amendment would not be accomplished if worded as is.

Representative Carl Krehbiel withdrew the amendment.

Representative Carl Krehbiel moved to amend page 9, line 31 and 34, (Attachment 3). Seconded by Representative Joshua Svaty.

Discussion and comments were offered by Representatives: Tom Sloan, Carl Krehbiel, Jason Watkins, Lynne Oharah, and Forrest Knox.

Representative Krehbiel closed on the motion. A division was called on the vote. The vote was 9-10 on the motion. Representative Robert Olsen was retrieved from another committee as the vote was within one. Representative Krehbiel and Watkins then gave their respective opinions of the amendment.

Motion failed 9-11.

Representative Carl Krehbiel moved to amend page 8, line 42 and page 10, line 34 (Attachment 3). Seconded by Representative Annie Kuether.

Discussion and comments were made by Representatives: Jason Watkins, Lynne Oharah, and Carl Krehbiel.

Representative Krehbiel closed on the motion. Motion carried 12-7.

As this last amendment would change some meaning in other parts of the bill it was recommended by Representative Carl Krehbiel that the language be cleaned up throughout the bill to reflect the meaning of the amendment. A discussion on those changes then ensued between Representatives: Tom Sloan, Forrest Knox, Lynne Oharah and Carl Holmes. It was asked what the impact of said amendment would have on page 10, lines 10-17. Revisor Mary Torrence commented that no impact would be made on that language. Representative Jason Watkins then asked for further clarification of the impact of over all language. Staff would provide those changes at the next meeting.

CONTINUATION SHEET

MINUTES OF THE House Utilities Committee at 9:00 A.M. on March 9, 2006 in Room 231-N of the Capitol.

Representative Tom Sloan moved to amend page 8, lines 22 and 35 with identical language insert (Attachment 4). Seconded by Representative Joshua Svaty.

Discussion followed by Representatives: Carl Krehbiel, Lynne Oharah, and Tom Sloan.

The motion passed unanimously.

Representative Jim Ward reminded the committee of the amendment that was withdrawn because better language needed to be drafted.

Chairman Carl Holmes reminded the committee that only two amendments would be entertained on Friday. One that is a technical amendment and the consumer advocate amendment. Additionally, he reminded the committee that we would finish working **SB 350** before leaving tomorrow.

The next meeting will be March 10, 2006.

Meeting Adjourned.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 9, 2006

NAME	REPRESENTING
Paul Snider	ATT
David Kerr	ATT
Tom Pickering	ATT
Debbie Vignatelli	ATT
Don Low	KCC
Jane Buchanan	KCC
Melissa Wallbom	KCC
Wade Haggood	Sprint
JEFF WICK	NEX-TECH
LINDA YOHON	NEX-TECH
TOM DAY	KCC
Tom Grogan	att
Sheryl Allen	KRTC
John Fedrino	Cable ASSOC
David Spryng	Curb
Steve Rameck	Curb
Anne Spiess	KTTA

3/8/06

HOUSE UTILITIES

DATE: 3/9/06

ATTACHMENT 1

1 the miscellaneous services basket for local exchange carriers subject to
2 price cap regulation shall be as follows:

3 (A) Packages or bundles of services shall be price deregulated state-
4 wide, however the individual telecommunication service components of
5 such packages or bundles shall remain available for purchase on an in-
6 dividual basis at prices subject to price cap regulation in any exchange in
7 which the standards in subsections (q)(1)(B), (C) or (D) have not been
8 met. **If standards in subsection (q)(1)(B), (C) or (D) have been met,**
9 **prices for packages or bundles shall not exceed the sum of the high-**
10 **est prices of the ala carte components of the package or bundle;**

11 (B) in any exchange in which there are 75,000 or more local exchange
12 access lines served by all providers, rates for all telecommunications serv-
13 ices shall be price deregulated;

14 (C) in any exchange in which there are fewer than 75,000 local
15 exchange access lines served by all providers, the commission shall price
16 deregulate all business telecommunication services upon a demonstration
17 by the requesting local telecommunications carrier that there are two or
18 more nonaffiliated telecommunications carriers or other entities, **one of**
19 **which must be a facilities based carrier or entity**, providing local
20 telecommunications service to business customers, regardless of whether
21 the entity provides local service in conjunction with other services in that
22 exchange area, no more than one of which may be a nonaffiliated radio
23 communication services provider licensed by the federal communications
24 commission to provide commercial mobile radio services in that exchange;

25 (D) in any exchange in which there are fewer than 75,000 local
26 exchange access lines served by all providers, the commission shall price
27 deregulate all residential telecommunication services upon a demonstra-
28 tion by the requesting local telecommunications carrier that there are two
29 or more nonaffiliated telecommunications carriers or other entities, **one**
30 **of which must be a facilities based carrier or entity**, providing local
31 telecommunications service to residential customers, regardless of
32 whether the entity provides local service in conjunction with other services
33 in that exchange area, ~~using, in whole or in part, facilities in which it or~~
34 ~~one of its affiliates has an ownership interest~~, no more than one of which
35 may be a nonaffiliated radio communication services provider licensed by
36 the federal communications commission to provide commercial mobile
37 radio services in that exchange;

38 (E) rates for lifeline services shall remain subject to price cap
39 regulation;

40 (F) rates for the initial residential local exchange access line and
41 up to four business local exchange access lines at one location shall
42 remain subject to price cap regulation; and

43 (G) local exchange carriers shall offer a uniform price through-

AT&T KANSAS PROPOSED AMENDMENT #1
“STAND ALONE” SINGLE LINE ISSUE

EXPLANATION: This language will clarify that “stand alone” lines are subject to price cap regulation. The Senate Utilities Committee intended that only “stand alone” lines would continue to be subject to price cap regulation, not all lines. “Stand alone” lines may include long distance, but are otherwise purchased without other services such as Caller ID, internet access, etc. Unfortunately, the actual language in SB 350 does not clearly reflect this intent and the proposed language will resolve any confusion over this issue.

but with such rates available only if the line is purchased without any call management features, or broadband, video, or wireless services.

1-2

1 **out each such exchange for services subject to price deregulation,**
2 **under this subsection, including packages or bundles of services.**

3 (2) For the purposes of this subsection:

4 (A) Any entity providing voice service shall be considered as a local
5 telecommunications service provider regardless of whether such entity is
6 subject to regulation by the commission;

7 (B) a provider of local telecommunications service that requires the
8 use of a third party, unaffiliated broadband network or dial-up internet
9 network for the origination of local voice service shall not be considered
10 a local telecommunications service provider;

11 (C) telecommunications carriers offering only prepaid telecommuni-
12 cations service shall not be considered entities providing local telecom-
13 munications service.

14 (3) If the services of a local exchange carrier are classified as price
15 deregulated under this subsection, the carrier may thereafter adjust its
16 rates for such price deregulated services upward or downward as it de-
17 termines appropriate in its competitive environment, with tariffs for such
18 services deemed effective upon filing with the commission. Price dereg-
19 ulated services shall be subject to the price floor in subsection (k),
20 and shall not be unreasonably discriminatory or unduly preferen-
21 tial within an exchange.

22 (4) The commission shall act upon a petition filed pursuant to sub-
23 sections (q)(1)(B), (C) or (D) within 21 days, subject to an extension pe-
24 riod of an additional 30 days, and upon a good cause showing of the
25 commission in the extension order, or within such shorter time as the
26 commission shall approve. The commission shall issue a final order within
27 the 21-day period or within a 51-day period if an extension order has
28 been issued.

29 (5) The commission may resume price cap regulation of a local
30 exchange carrier, deregulated under this subsection upon finding,
31 after a hearing, that such carrier has: Violated minimum quality of
32 service standards pursuant to subsection (1) of K.S.A. 66-2002, and
33 amendments thereto; been given reasonable notice and an oppor-
34 tunity to correct the violation; and failed to do so.

35 (6) Prior to January 1, 2007, the commission shall determine
36 the weighted, statewide average rate of nonwireless basic local tel-
37 ecommunications service as of July 1, 2006. Prior to January 1,
38 2009, and every three years thereafter, the commission shall deter-
39 mine the weighted, average rate of nonwireless basic local telecom-
40 munications services in exchanges that have been price deregulated
41 pursuant to subsection (q)(1)(B), (C) or (D). The commission shall
42 report its findings on or before February 1, 2009, and every three
43 years thereafter to the governor and to the legislature. If the com-

AT&T KANSAS PROPOSED AMENDMENT #2
“PROMOTIONS BILL” (HB 2042 of 2005) ISSUE

EXPLANATION: This language will preserve HB 2042, enacted last session and passed 121-0 by the House, and 37-0 in the Senate, which allowed incumbent carriers (like AT&T) to offer customers promotional discounts in the same manner as competitors (see subsection (1) on page 6, lines 33-36). The Senate Utilities Committee did not intend to undo or repeal last year’s bill, which has already brought customers across the state lower prices. Unfortunately, the actual language in SB 350 does not clearly reflect this intent and the proposed language will resolve any confusion over this issue.

, except as provided in subsection (1) or as otherwise approved by the commission

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**AT&T KANSAS PROPOSED AMENDMENT #3
PACKAGES OF SERVICES ISSUE**

1 *mission finds that the weighted, average rate of nonwireless basic*
2 *local telecommunications service, in exchanges that have been price*
3 *deregulated pursuant to subsection (q)(1)(B), (C) or (D) in any*
4 *three year period is greater than the weighted, statewide average*
5 *rate of nonwireless basic local telecommunications service as of July*
6 *1, 2006, multiplied by one plus the percentage increase in the con-*
7 *sumer price index for goods and services for the study periods, the*
8 *commission shall recommend to the governor and the legislature*
9 *such changes in state law as the commission deems appropriate.*

10 (5) (7) For the purposes of this subsection:

11 (A) "Packages or bundles of services" means the offering of a local
12 telecommunications service with one or more of the following, subscribed
13 together, as one service option offered at one price, one or more call man-
14 agement services, ~~intraLATA long distance service, interLATA long dis-~~
15 ~~tance service~~, internet access, video services or wireless services. **Pack-**
16 **ages or bundles of services shall not include intraLATA and**
17 **interLATA long distance service;**

18 (B) "local telecommunications service" means two-way voice service
19 capable of being originated and terminated within the exchange of the
20 local exchange telecommunications company seeking price deregulation
21 of its services, regardless of the technology used to provision the voice
22 service;

23 (C) "broadband network" means a connection that delivers services
24 at speeds exceeding two hundred kilobits per second in at least one direc-
25 tion; ~~and~~

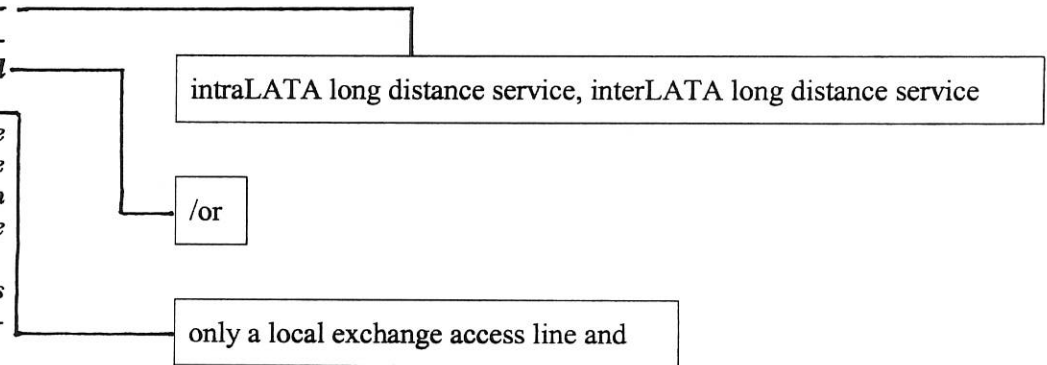
26 (D) "prepaid telecommunications service" means a local service for
27 which payment is made in advance that excludes access to operator as-
28 sistance and long distance service; ~~and~~

29 (E) "facilities based carrier" means a telecommunications car-
30 rier or entity providing local telephone service either wholly or par-
31 tially over its own network. **Facilities based carrier shall not include**
32 **any radio communication services provider licensed by the federal**
33 **communications commission to provide commercial mobile radio**
34 **services.**

35 (r) Upon complaint or request, the commission may investigate a
36 price deregulated service. The commission shall resume price regulation
37 of a service provided in any exchange area by placing it in the appropriate
38 service basket, as approved by the commission, upon a determination by
39 the commission that there is no longer a telecommunications carrier or
40 alternative provider providing a comparable product or service, consid-
41 ering both function and price; the conditions in subsections (q)(1) (C) or
42 (D) are no longer satisfied in that exchange area.

43 (s) The commission shall require that for all local exchange carriers

EXPLANATION: This language will ensure that packages or bundles that only include an access line and long distance are not price deregulated. Additionally, this language clarifies that packages or bundles may include long distance if purchased with other services. The Senate Utilities Committee did not intend to prohibit long distance services from being a part of packages or bundles that also contain other services such as Caller ID, internet access, etc. Unfortunately, the actual language in SB 350 does not clearly reflect this intent and the proposed language will resolve any confusion over this issue.



1 all such price deregulated basic intraLATA toll services be geographically
2 averaged statewide and not be priced below the price floor established
3 in subsection (k).

4 (t) Cost studies to determine price floors shall be performed as re-
5 quired by the commission in response to complaints. In addition, not-
6 withstanding the exemption in subsection (b), the commission may re-
7 quest information necessary to execute any of its obligations under the
8 act.

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

12 (v) No audit, earnings review or rate case shall be performed with
13 reference to the initial prices filed as required herein.

14 (w) Telecommunications carriers shall not be subject to price regu-
15 lation, except that: Access charge reductions shall be passed through to
16 consumers by reductions in basic intrastate toll prices; and basic toll prices
17 shall remain geographically averaged statewide. As required under K.S.A.
18 66-131, and amendments thereto, and except as provided for in subsec-
19 tion (c) of K.S.A. 66-2004, and amendments thereto, telecommunications
20 carriers that were not authorized to provide switched local exchange tel-
21 ecommunications services in this state as of July 1, 1996, including cable
22 television operators who have not previously offered telecommunications
23 services, must receive a certificate of convenience based upon a dem-
24 onstration of technical, managerial and financial viability and the ability
25 to meet quality of service standards established by the commission. Any
26 telecommunications carrier or other entity seeking such certificate shall
27 file a statement, which shall be subject to the commission's approval,
28 specifying with particularity the areas in which it will offer service, the
29 manner in which it will provide the service in such areas and whether it
30 will serve both business customers and residential customers in such ar-
31 eas. Any structurally separate affiliate of a local exchange carrier that
32 provides telecommunications services shall be subject to the same regu-
33 latory obligations and oversight as a telecommunications carrier, as long
34 as the local exchange carrier's affiliate obtains access to any services or
35 facilities from its affiliated local exchange carrier on the same terms and
36 conditions as the local exchange carrier makes those services and facilities
37 available to other telecommunications carriers. The commission shall
38 oversee telecommunications carriers to prevent fraud and other practices
39 harmful to consumers and to ensure compliance with quality of service
40 standards adopted for all local exchange carriers and telecommunications
41 carriers in the state.

42 Sec. 2. K.S.A. 2005 Supp. 66-2005 is hereby repealed.

Add to end of (t) (pg 11): In response to a complaint that a price deregulated service is priced below the price floor set forth in subsection (k), the commission shall issue an order within sixty days of the filing of the complaint, unless the complainant agrees to an extension..

DATE: 3/9/08
ATTACHMENT 2

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1 lines for reducing regulation prior to price deregulation of price cap reg-
2 ulated services in the miscellaneous services basket, the switched access
3 services basket, and the residential and single-line business basket.

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

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

29 ~~(q) The commission may price deregulate within an exchange area,
30 or at its discretion on a statewide basis, any individual service or service
31 category upon a finding by the commission that there is a telecommuni-
32 cations carrier or an alternative provider providing a comparable product
33 or service, considering both function and price, in that exchange area.
34 The commission shall act upon a petition for price deregulation within
35 21 days, subject to a suspension an [extension] period of an additional 30
36 days, and upon a good cause showing of the commission in the suspension
37 [extension] order, or within such shorter time as the commission shall
38 approve, provided that no such petition shall be filed prior to July 1997,
39 unless the commission otherwise authorizes. The commission shall issue
40 a final order within the 21-day period or within a 51-day period if a sus-
41 pension [extension] has been issued.~~

42 (q) (1) *Beginning July 1, 2006, price regulation of telecommunica-*
43 *tions services in the residential and single-line business service basket and*

HOUSE UTILITIES

DATE: 3/9/06

ATTACHMENT 3

3-2

1 the miscellaneous services basket for local exchange carriers subject to
2 price cap regulation shall be as follows:

3 (A) Packages or bundles of services shall be price deregulated state-
4 wide, however the individual telecommunication service components of
5 such packages or bundles shall remain available for purchase on an in-
6 dividual basis at prices subject to price cap regulation in any exchange in
7 which the standards in subsections (q)(1)(B), (C) or (D) have not been
8 met. **If standards in subsection (q)(1)(B), (C) or (D) have been met,**
9 **prices for packages or bundles shall not exceed the sum of the high-**
10 **est prices of the ala carte components of the package or bundle;**

11 (B) in any exchange in which there are 75,000 or more local exchange
12 access lines served by all providers, rates for all telecommunications serv-
13 ices shall be price deregulated;

14 (C) in any exchange in which there are fewer than 75,000 local
15 exchange access lines served by all providers, the commission shall price
16 deregulate all business telecommunication services upon a demonstration
17 by the requesting local telecommunications carrier that there are two or
18 more nonaffiliated telecommunications carriers or other entities, **one of**
19 **which must be a facilities based carrier or entity**, providing local
20 telecommunications service to business customers, regardless of whether
21 the entity provides local service in conjunction with other services in that
22 exchange area, no more than one of which may be a nonaffiliated radio
23 communication services provider licensed by the federal communications
24 commission to provide commercial mobile radio services in that exchange;

25 (D) in any exchange in which there are fewer than 75,000 local
26 exchange access lines served by all providers, the commission shall price
27 deregulate all residential telecommunication services upon a demonstra-
28 tion by the requesting local telecommunications carrier that there are two
29 or more nonaffiliated telecommunications carriers or other entities, **one**
30 **of which must be a facilities based carrier or entity**, providing local
31 telecommunications service to residential customers, regardless of
32 whether the entity provides local service in conjunction with other services
33 in that exchange area, ~~using, in whole or in part, facilities in which it or~~
34 ~~one of its affiliates has an ownership interest~~, no more than one of which
35 may be a nonaffiliated radio communication services provider licensed by
36 the federal communications commission to provide commercial mobile
37 radio services in that exchange;

38 (E) rates for lifeline services shall remain subject to price cap
39 regulation.;

40 (F) rates for the initial residential local exchange access line and
41 up to four business local exchange access lines at one location shall
42 remain subject to price cap regulation; and

43 (G) local exchange carriers shall offer a uniform price through-

. Such rates shall be available only if the line or lines are purchased without any broadband, video or wireless services but shall not be affected by purchase of one or more of the following: Call management services, intraLATA long distance service or interLATA long distance service

3-3

1 **out each such exchange for services subject to price deregulation,**
2 **under this subsection, including packages or bundles of services.**

3 (2) For the purposes of this subsection:

4 (A) Any entity providing voice service shall be considered as a local
5 telecommunications service provider regardless of whether such entity is
6 subject to regulation by the commission;

7 (B) a provider of local telecommunications service that requires the
8 use of a third party, unaffiliated broadband network or dial-up internet
9 network for the origination of local voice service shall not be considered
10 a local telecommunications service provider;

11 (C) telecommunications carriers offering only prepaid telecommuni-
12 cations service shall not be considered entities providing local telecom-
13 munications service.

14 (3) If the services of a local exchange carrier are classified as price
15 deregulated under this subsection, the carrier may thereafter adjust its
16 rates for such price deregulated services upward or downward as it de-
17 termines appropriate in its competitive environment, with tariffs for such
18 services deemed effective upon filing with the commission. **Price dereg-**
19 **ulated services shall be subject to the price floor in subsection (k),**
20 **and shall not be unreasonably discriminatory or unduly preferen-**
21 **tial within an exchange.**

22 (4) The commission shall act upon a petition filed pursuant to sub-
23 sections (q)(1)(B), (C) or (D) within 21 days, subject to an extension pe-
24 riod of an additional 30 days, and upon a good cause showing of the
25 commission in the extension order, or within such shorter time as the
26 commission shall approve. The commission shall issue a final order within
27 the 21-day period or within a 51-day period if an extension order has
28 been issued.

29 (5) The commission may resume price cap regulation of a local
30 exchange carrier, deregulated under this subsection upon finding,
31 after a hearing, that such carrier has: ~~Violated minimum quality of~~
32 ~~service standards pursuant to subsection (1) of K.S.A. 66-2002, and~~
33 ~~amendments thereto; been given reasonable notice and an oppor-~~
34 ~~tunity to correct the violation; and failed to do so.~~

(i)

; or (ii) unreasonably increased rates or prices for a service or services and the increase or increases were not significantly constrained by competition for the service or services

35 (6) Prior to January 1, 2007, the commission shall determine
36 the weighted, statewide average rate of nonwireless basic local tel-
37 ecommunications service as of July 1, 2006. Prior to January 1,
38 2009, and every three years thereafter, the commission shall deter-
39 mine the weighted, average rate of nonwireless basic local telecom-
40 munications services in exchanges that have been price deregulated
41 pursuant to subsection (q)(1)(B), (C) or (D). The commission shall
42 report its findings on or before February 1, 2009, and every three
43 years thereafter to the governor ~~and to the legislature.~~ If the com-

, the legislature and the chairperson, vice-chairperson and ranking minority member of the standing committees of the house of representatives and the senate which are assigned telecommunications issues

HC

1 mission finds that the weighted, average rate of nonwireless basic
 2 local telecommunications service, in exchanges that have been price
 3 deregulated pursuant to subsection (q)(1)(B), (C) or (D) in any
 4 three year period is greater than the weighted, statewide average
 5 rate of nonwireless basic local telecommunications service as of July
 6 1, 2006, multiplied by one plus the percentage increase in the con-
 7 sumer price index for goods and services for the study periods, the
 8 commission shall recommend to the governor and the legislature
 9 such changes in state law as the commission deems appropriate.

or the commission believes that changes in state law are warranted due to the status of competition,

10 (5) (7) For the purposes of this subsection:

11 (A) "Packages or bundles of services" means the offering of a local
 12 telecommunications service with one or more of the following, subscribed
 13 together, as one service option offered at one price, ~~one or more call man-~~
 14 ~~agement services, intraLATA long distance service, interLATA long dis-~~
 15 ~~tance service, internet access, video services or wireless services. Pack-~~
 16 ~~ages or bundles of services shall not include intraLATA and~~
 17 ~~interLATA long distance service;~~

18 (B) "local telecommunications service" means two-way voice service
 19 capable of being originated and terminated within the exchange of the
 20 local exchange telecommunications company seeking price deregulation
 21 of its services, regardless of the technology used to provision the voice
 22 service;

23 (C) "broadband network" means a connection that delivers services
 24 at speeds exceeding two hundred kilobits per second in at least one direc-
 25 tion; ~~and~~

26 (D) "prepaid telecommunications service" means a local service for
 27 which payment is made in advance that excludes access to operator as-
 28 sistance and long distance service; ~~and~~

29 (E) "facilities based carrier" means a telecommunications car-
 30 rier or entity providing local telephone service either wholly or par-
 31 tially over its own network. Facilities based carrier shall not include
 32 any radio communication services provider licensed by the federal
 33 communications commission to provide commercial mobile radio
 34 services.

; and
 (F) "call management services" means optional telephone services that allow a customer to manage call flow generated over the customer's local exchange access line

35 (r) Upon complaint or request, the commission may investigate a
 36 price deregulated service. The commission shall resume price regulation
 37 of a service provided in any exchange area by placing it in the appropriate
 38 service basket, as approved by the commission, upon a determination by
 39 the commission that there is no longer a telecommunications carrier or
 40 alternative provider providing a comparable product or service, consid-
 41 ering both function and price, the conditions in ~~subsections (q)(1)(C) or~~
 42 ~~(D) are no longer satisfied~~ in that exchange area.

subsection (q)(1)(B),

43 (s) The commission shall require that for all local exchange carriers

1 the miscellaneous services basket for local exchange carriers subject to
2 price cap regulation shall be as follows:

3 (A) Packages or bundles of services shall be price deregulated state-
4 wide, however the individual telecommunication service components of
5 such packages or bundles shall remain available for purchase on an in-
6 dividual basis at prices subject to price cap regulation in any exchange in
7 which the standards in subsections (q)(1)(B), (C) or (D) have not been
8 met. **If standards in subsection (q)(1)(B), (C) or (D) have been met,**
9 **prices for packages or bundles shall not exceed the sum of the high-**
10 **est prices of the ala carte components of the package or bundle;**

11 (B) in any exchange in which there are 75,000 or more local exchange
12 access lines served by all providers, rates for all telecommunications serv-
13 ices shall be price deregulated;

14 (C) in any exchange in which there are fewer than 75,000 local
15 exchange access lines served by all providers, the commission shall price
16 deregulate all business telecommunication services upon a demonstration
17 by the requesting local telecommunications carrier that there are two or
18 more nonaffiliated telecommunications carriers or other entities, ~~one of~~
19 ~~which must be a facilities based carrier or entity,~~ providing local
20 telecommunications service to business customers, regardless of whether
21 the entity provides local service in conjunction with other services in that
22 exchange area, ~~no more than one of which may~~ be a nonaffiliated radio
23 communication services provider licensed by the federal communications
24 commission to provide commercial mobile radio services in that exchange;

25 (D) in any exchange in which there are fewer than 75,000 local
26 exchange access lines served by all providers, the commission shall price
27 deregulate all residential telecommunication services upon a demonstra-
28 tion by the requesting local telecommunications carrier that there are two
29 or more nonaffiliated telecommunications carriers or other entities, ~~one~~
30 ~~of which must be a facilities based carrier or entity,~~ providing local
31 telecommunications service to residential customers, regardless of
32 whether the entity provides local service in conjunction with other services
33 in that exchange area, ~~using, in whole or in part, facilities in which it or~~
34 ~~one of its affiliates has an ownership interest, no more than one of which~~
35 ~~may~~ be a nonaffiliated radio communication services provider licensed by
36 the federal communications commission to provide commercial mobile
37 radio services in that exchange;

38 (E) rates for lifeline services shall remain subject to price cap
39 regulation;

40 (F) rates for the initial residential local exchange access line and
41 up to four business local exchange access lines at one location shall
42 remain subject to price cap regulation; and

43 (G) local exchange carriers shall offer a uniform price through-

One of such unaffiliated carriers or entities shall be required to be a facilities-based carrier or entity, except that, after January 1, 2008, this requirement shall not apply in exchange areas where at least 75% of all customers have access to broadband service at speeds exceeding 200 kilobits per second in both directions, to and from the customer, and not more than one of such unaffiliated carriers or entities shall