

Approved: March 25, 2008
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 19, 2008 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Others in attendance: See enclosed list.

Senator Apple read Resolution 7rs2427 urging the State Corporation Commission to examine the appropriateness of locations and the quality of service provided by third party pay stations for utility payments and to open a docket, if appropriate. (Attachment 1)

Moved by Senator Apple, seconded by Senator Taddiken, Resolution 7rs2427 be introduced. Motion carried.

Chair opened for discussion on

HB 2637 - Telecommunications; pricing flexibility; lifeline service program

Senator Lee had requested information which KCC provided:

1. Trends in telephone service (Attachment 2)
2. Price Data from Annual Report on Price Deregulation (Attachment 3)
3. Effect of Increased Lifeline subscribership (Attachment 4)

Questions and discussion on sources of price data, Consumer Price Index, and rate of return in regulated and deregulated areas directed to KCC Janet Buchanan and AT&T. Some questions on the effect of expansion of Lifeline on KUSF.

Approval of Minutes

Moved by Senator Reitz, seconded by Senator Petersen, approve the minutes of the meetings of the Senate Utilities Committee held on March 12, 2008, March 13, 2008 and March 17, 2008. Motion carried.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 4

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: MARCH 19, 2008

Name	Representing
DAN JACOBSEN	AT&T
BRUCE NEY	AT&T
DEBBIE VIGNATELLI	AT&T
David Sprung	Cable
Carolyn Huston	Embargo
Ernie Kutzky	AARP
JANET BUCHANAN	KCC
Christine Aarnes	KCC
Ken Schiffman	Sprint
Doug Galloupy	Embargo
Susan Cunningham	AARP
Lenora Langston	Cox
Mark Schuber	Westar
Ron Seiber	Hinshaw Firm
Tom Thompson	Sierra Club
Sue Donato	Embargo
Doug Smith	SITA/RTC
DINA FISK	VERIZON

SENATE RESOLUTION NO. _____

By Committee on Utilities

A RESOLUTION urging the State Corporation Commission to examine the appropriateness of locations and the quality of service provided by third party pay stations for utility payments and to open a docket, if appropriate.

WHEREAS, The Legislature of the State of Kansas recognizes that changes in utilities across the state and improvements in technology should result in improvement in service for consumers using third party pay stations for utility payments; and

WHEREAS, The Legislature of the State of Kansas recognizes the value of third party pay stations for utility payments to consumers who need to make last minute payments or to negotiate payment plans: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That the State Corporation Commission is urged to review utility billing standards and practices and, if appropriate, to open a docket to examine the quality of service, appropriateness of locations and amount of sites for third party pay stations for utility payments; and

Be it further resolved: That the State Corporation Commission is requested to prepare a written report for the legislature on or before the first day of the 2009 regular session of the legislature containing recommendations to improve service of third party pay stations for utility payments; and

Be it further resolved: That the Secretary of the Senate provide an enrolled copy of this resolution to the State Corporation Commission.

Trends in Telephone Service

*Industry Analysis and Technology Division
Wireline Competition Bureau*

February 2007

This report is available for reference in the FCC's Information Center at 445 12th Street, S.W., Courtyard Level. Copies may be purchased by calling Best Copy and Printing, Inc., Portals II, 445 12th Street S.W., Room CY-B402, Washington DC 20554 at 800-378-3160, facsimile 202-488-5563, or via e-mail fcc@bcpiweb.com. The report can also be downloaded from the Wireline Competition Bureau Statistical Reports Internet site at: www.fcc.gov/wcb/iatd/trends.html.

Senate Utilities Committee
March 19, 2008
Attachment 2-1

Table 5.2
Labor Productivity Index for the Wired and Wireless
Telecommunications Industry Measured in Output per Hour (OPH)
(Base Year 1997 = 100)

Year	Wired Carriers (NAICS 5171)	Wireless Carriers (NAICS 5172)
1988	62.02	77.86
1989	65.26	76.97
1990	66.04	70.38
1991	68.07	66.17
1992	72.13	74.42
1993	76.85	83.81
1994	82.41	89.59
1995	87.59	90.05
1996	96.50	101.66
1997	100.00	100.00
1998	107.73	110.48
1999	116.65	145.21
2000	122.68	152.76
2001	116.74	191.88
2002	124.13	217.94
2003	130.24	242.49
2004	131.32	288.74

Source: Bureau of Labor Statistics

Chart 5.2
Wired and Wireless Telecommunications Carriers
(NAICS 5171 and 5172) Labor Productivity Index

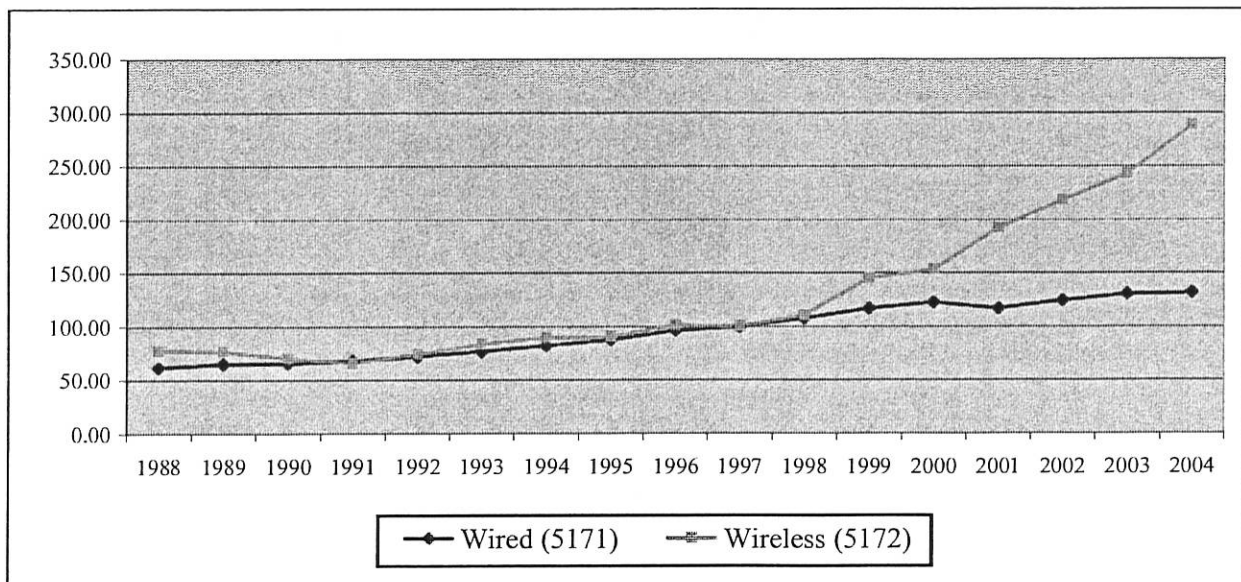


Table 12.1
Long-Term Changes for Various Price Indices
(Annual Rates of Change)

	1955 - 2005	1995 - 2005
CPI All Items	4.1 %	2.5 %
CPI All Services	5.0	3.2
CPI Telephone Services ¹	1.7	-0.2
CPI Major Categories:		
- Food & Beverages	*	2.5
- Housing	*	2.8
- Apparel	2.1	-1.0
- Transportation	3.9	2.3
- Medical Care	5.9	3.9
- Recreation	*	1.5
- Other Goods & Services	*	4.2
CPI Public Transportation	5.1	2.1
CPI Utility (Piped) Gas Service	5.5	7.7
CPI Electricity	3.4	1.5
CPI Water & Sewerage Maintenance	5.6	3.7
CPI Postage	4.7	1.8

* Series not established until after 1955.

¹ The CPI telephone service index was revised in December of 1997.

Source: Bureau of Labor Statistics.

Chart 12.1
CPI All Items and CPI Telephone Services
Base Periods: 1982-84 = 100

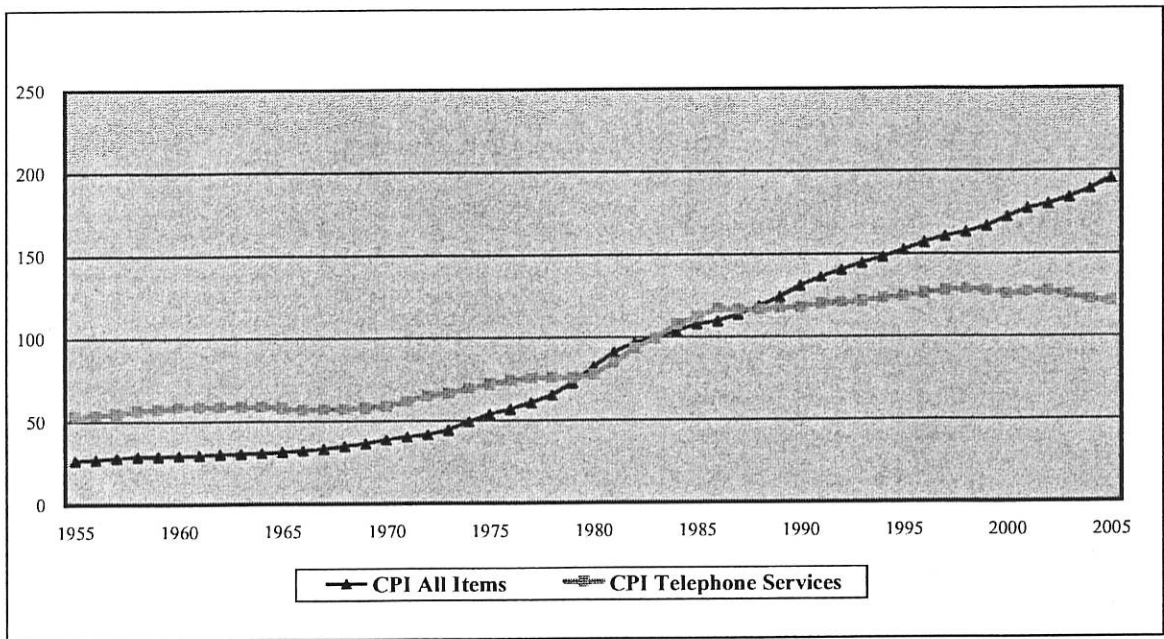


Table 12.2
Annual Changes in Major Price Indices

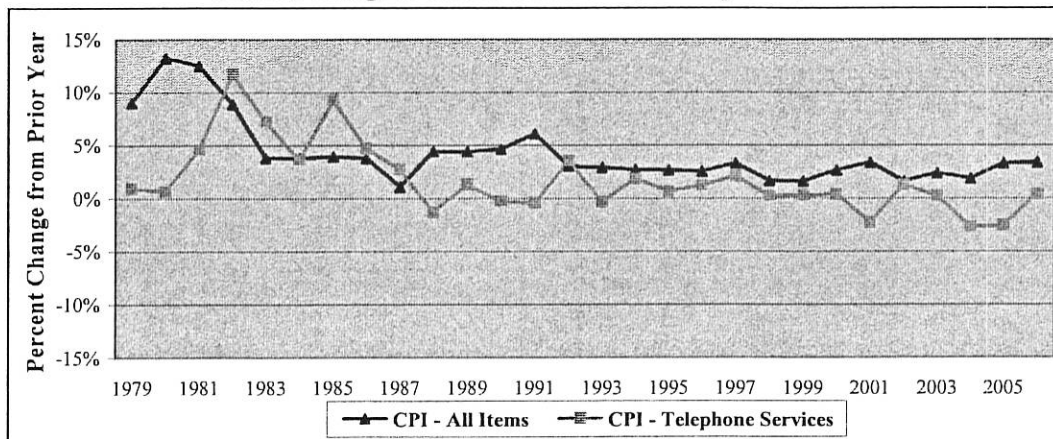
	GDP Chain-Type Price Index	CPI - All Items	CPI - Telephone Services
1978	7.3 %	9.0 %	0.9 %
1979	8.7	13.3	0.7
1980	9.7	12.5	4.6
1981	8.3	8.9	11.7
1982	5.2	3.8	7.2
1983	3.4	3.8	3.6
1984	3.6	3.9	9.2
1985	2.8	3.8	4.7
1986	2.3	1.1	2.7
1987	2.9	4.4	-1.3
1988	3.7	4.4	1.3
1989	3.5	4.6	-0.3
1990	4.1	6.1	-0.4
1991	3.1	3.1	3.5
1992	2.1	2.9	-0.3
1993	2.3	2.7	1.8
1994	2.2	2.7	0.7
1995	2.0	2.5	1.2
1996	1.9	3.3	2.1
1997	1.5	1.7	0.2
1998	1.1	1.6	0.3 *
1999	1.5	2.7	0.4
2000	2.3	3.4	-2.3
2001	2.5	1.6	1.3
2002	1.7	2.4	0.2
2003	2.0	1.9	-2.7
2004	2.9	3.3	-2.5
2005	3.1	3.4	0.4

Note: All values calculated as the percent change from December of the previous year through December of the year shown, except the GDP price index which is based on changes from the 4th quarter to 4th quarter.

* The CPI telephone service index was revised in December of 1997.

Sources: Bureau of Labor Statistics and Bureau of Economic Analysis.

Chart 12.2
Percent Change in CPI All Items and CPI Telephone Services



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Table 12.3
Annual Changes in Price Indices for Local and Long Distance Telephone Services

	Local Residential Service		Toll Service ¹			
	CPI	PPI	Interstate		Intrastate	
			CPI	PPI	CPI	PPI
1978	1.4 %	3.1 %	-0.7 %	0.0 %	1.3 %	0.1 %
1979	1.7	1.6	-0.8	-0.9	0.1	-0.7
1980	7.0	7.1	3.4	5.5	-0.6	2.3
1981	12.6	15.6	14.6	15.9	6.2	8.0
1982	10.8	9.0	2.7	3.9	4.2	1.7
1983	3.1	0.2	1.4	0.0	7.4	3.9
1984	17.2	10.4	-4.3	-5.1	3.6	3.8
1985	8.9	12.4	-3.7	-3.0	0.6	2.1
1986	7.1	8.9	-9.4	-10.0	0.3	-3.5
1987	3.3	2.6	-12.4	-11.8	-3.0	-3.0
1988	4.5	4.6	-4.2	-2.1	-4.2	-3.8
1989	0.6	1.9	-1.3	-1.7	-2.6	0.5
1990	1.0	1.5	-3.7	-0.1	-2.2	-2.2
1991	5.1	2.1	1.3	-1.3	-1.5	-2.6
1992	0.5	-0.2	-1.3	1.0	-2.4	1.3
1993	1.0	0.8	6.5	3.8	0.2	-1.1
1994	-0.3	0.7	5.4	6.1	-1.0	-1.4
1995	2.6	²	0.1	²	-3.8	²
1996	0.9	0.2	3.7	0.8	6.1	0.9
1997	1.0	0.1	-4.3	7.8	2.8	-4.3
1998	1.3	0.0	-0.8	-0.4	1.5	-3.7
1999	2.8	0.2	-0.7	2.4	-1.6	-2.8
2000	5.5	1.5	-11.2	-4.3	-6.0	0.2
2001	4.5	2.7	-2.0	-9.4	-1.7	1.7
2002	5.3	1.6	-5.9	-18.5	-6.1	-0.3
2003	2.6	1.9	-10.9	-2.4	-9.4	-12.6
2004	1.1	0.7	-8.7	0.7	-6.6	-2.9
2005	3.3	0.8 ³	-3.0	8.5 ³	0.4	-0.2 ³

Note: Data reflect the percent change from December of the previous year through December of the year shown.

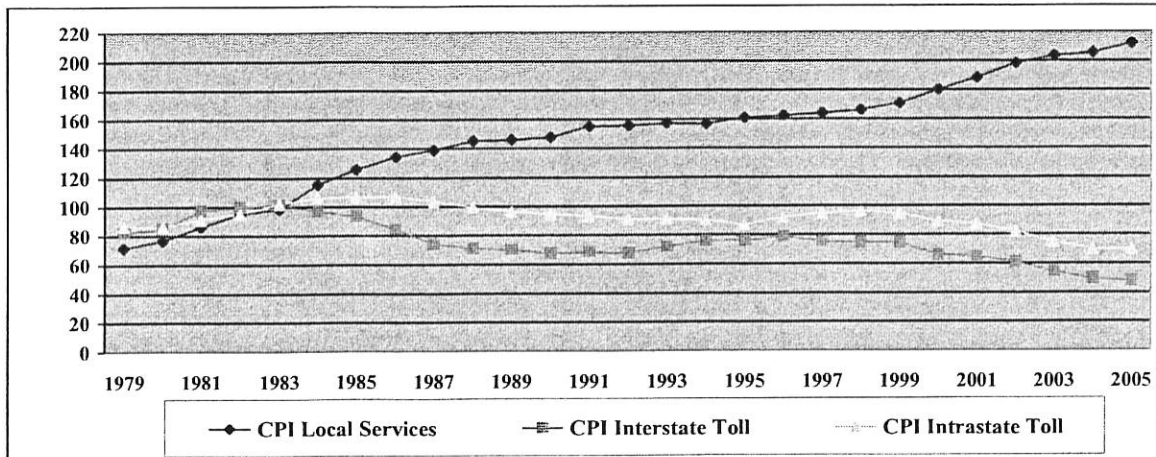
¹ The CPI toll indices represent rates for households. Through 1994, PPI toll indices represent rate changes for both business and residential consumers. Since 1995, PPI indices reflect rates for residential customers.

² The PPI telephone indices were revised in June of 1995. The series are not comparable.

³ Preliminary and subject to revision.

Source: Bureau of Labor Statistics.

Chart 12.3
CPI Telephone Service Price Indices
Base Periods: 1982-1984 = 100



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Table 13.3
Average Rate for a Residential Access Line

	Consumer Price Index All Urban All Goods and Services (1982-1984 = 100)	Average Rate for a Residential Access Line			Consumer Price Index All Urban All Goods and Services (1982-1984 = 100)	Average Rate for a Residential Access Line	
		Survey Rate	Restated in 2005 Dollars			Survey Rate	Restated in 2005 Dollars
1940	14.0	\$3.67	\$51.20	1978	65.2	\$8.31	\$24.89
1941	14.7	3.67	48.76	1979	72.6	8.40	22.60
1942	16.3	3.64	43.61	1980	82.4	8.61	20.41
1943	17.3	3.64	41.09	1981	90.9	9.16	19.68
1944	17.6	3.66	40.61	1982	96.5	10.18	20.60
1945	18.0	3.67	39.82	1983	99.6	13.58	26.63
1946	19.5	3.67	36.76	1984	103.9	15.18	28.53
1947	22.3	3.70	32.40	1985	107.6	16.26	29.51
1948	24.1	3.91	31.69	1986	109.6	17.70	31.54
1949	23.8	4.02	32.99	1987	113.6	18.18	31.25
1950	24.1	4.29	34.77	1988	118.3	18.11	29.90
1951	26.0	4.48	33.65	1989	124.0	19.05	30.00
1952	26.5	4.62	34.05	1990	130.7	19.24	28.75
1953	26.7	4.93	36.06	1991	136.2	19.77	28.35
1954	26.9	5.10	37.03	1992	140.3	19.72	27.45
1955	26.8	5.19	37.82	1993	144.5	19.95	26.96
1956	27.2	5.24	37.62	1994	148.2	19.81	26.11
1957	28.1	5.28	36.70	1995	152.4	20.01	25.64
1958	28.9	5.36	36.22	1996	156.9	19.95	24.83
1959	29.1	5.51	36.98	1997	160.5	19.88	24.19
1960	29.6	5.55	36.62	1998	163.0	19.76	23.68
1961	29.9	5.61	36.64	1999	166.6	19.93	23.36
1962	30.2	5.62	36.34	2000	172.2	20.78	23.57
1963	30.6	5.65	36.06	2001	177.1	22.62	24.94
1964	31.0	5.66	35.66	2002	179.9	24.07	26.13
1965	31.5	5.67	35.15	2003	184.0	24.75	26.27
1966	32.4	5.64	34.00	2004	188.9	24.52	25.35
1967	33.4	5.60	32.74	2005	195.3	24.74	24.74
1968	34.8	5.61	31.48				
1969	36.7	5.68	30.23				
1970	38.8	5.76	28.99				
1971	40.5	6.04	29.13				
1972	41.8	6.38	29.81				
1973	44.4	6.69	29.43				
1974	49.3	7.08	28.05				
1975	53.8	7.32	26.57				
1976	56.9	7.81	26.81				
1977	60.6	8.07	26.01				

Sources: Averages for 1940 through 1982 are from an AT&T local rate survey and represent January 1 rates. These averages exclude taxes and are for rotary service including the cost of a telephone. See *Reference Book of Rates, Price Indices and Expenditures for Telephone Service*, Wireline Competition Bureau, October 1995 and March 2005. Starting in 1983, averages are from the *Urban Rates Survey* and represent October 15 rates. These averages include taxes and are for touch tone service but do not include telephone rental charges or any unbundled inside wiring maintenance plan charges. 2005 rates are preliminary.

RESEARCH

Price Data from Annual Report on Price Deregulation

Weighted Average Residential Rate (All Carriers)			
In Price Deregulated Exchanges			% Change
Kansas City	1-Jul-06	\$19.62	
	1-Jul-07	\$16.03	-18.30%
Topeka	1-Jul-06	\$23.03	
	1-Jul-07	\$16.25	-29.44%
Wichita	1-Jul-06	\$22.94	
	1-Jul-07	\$15.82	-31.04%
Weighted Average Single Line Business Rate (All Carriers)			
In Price Deregulated Exchanges			% Change
Kansas City	1-Jul-06	\$25.00	
	1-Jul-07	\$29.85	19.40%
Topeka	1-Jul-06	\$23.94	
	1-Jul-07	\$29.69	24.02%
Wichita	1-Jul-06	\$24.09	
	1-Jul-07	\$29.69	23.25%

AT&T Rate for Residential Service			
In Price Deregulated Exchanges			% Change
Kansas City	1-Jul-06	\$15.70	
	1-Jan-08	\$15.70	0.00%
Topeka	1-Jul-06	\$15.70	
	1-Jan-08	\$15.70	0.00%
Wichita	1-Jul-06	\$15.70	
	1-Jan-08	\$15.70	0.00%
AT&T Rate for Single Line Business Service			
In Price Deregulated Exchanges			% Change
Kansas City	1-Jul-06	\$30.25	
	1-Jan-08	\$30.65	1.32%
Topeka	1-Jul-06	\$30.25	
	1-Jan-08	\$30.65	1.32%
Wichita	1-Jul-06	\$30.25	
	1-Jan-08	\$30.65	1.32%

Statewide Average Residential Rate
1-Jul-06 \$15.53

Statewide Average Residential Rate	Increase
Plus the Change in the CPI	
1-Jul-06 \$15.53 + (\$15.53*.025)= \$15.92	\$15.92 - \$15.53 = \$0.39
1-Jul-07 \$15.92 + (\$15.92*.041)= \$16.57	\$16.57 - \$15.92 = \$0.65
	Total \$1.04
	Total % Increase 6.70%

Statewide Average Single Line Business Rate
1-Jul-06 \$26.31

Statewide Average Single Line Business Rate	Increase
Plus the Change in the CPI	
1-Jul-06 \$26.31 + (\$26.31*.025)= \$26.97	\$26.97 - \$26.31 = \$0.66
1-Jul-07 \$26.97 + (\$26.97*.041)= \$28.08	\$28.08 - \$26.97 = \$1.11
	Total \$1.77
	Total % Increase 6.73%

Senate Utilities Committee
March 19, 2008
Attachment 3-1

Affect of Increased Lifeline Subscribership

Current KUSF Requirements

Lifeline Requirements	\$	2,838,906.00
Other Requirements	\$	55,050,965.00
Total	\$	57,889,871.00
Assessible Revenues	\$	1,245,225,528.00
KUSF Assessment		4.65%
SWBT Assessment	\$	1.37
Rural ILECs' Assessment	\$	1.01
Embarq Assessment	\$	1.36

Estimated KUSF if Increased Lifeline Requirements

Lifeline Requirements	\$	5,677,812.00
Other Requirements	\$	55,050,965.00
Total	\$	60,728,777.00
Assessible Revenues	\$	1,245,225,528.00
KUSF Assessment		4.88%

			Increase	% Increase
SWBT Assessment	\$	1.44	\$ 0.07	5.17%
Rural ILECs' Assessment	\$	1.05	\$ 0.04	4.38%
Embarq Assessment	\$	1.42	\$ 0.06	4.54%

KANSAS LIFELINE PROGRAM

Save up to
\$17.50 off your
telephone bill!

You may be eligible to receive up to \$17.50 off your monthly local telephone bill through the Lifeline Program. If you don't currently have telephone service, you may also be eligible for a discount on your connection charge through Link Up America.

You are eligible if you receive any of the following:

Food Stamps, General Assistance, Supplemental Security Income (SSI), Temporary Assistance to Families, Medicaid, United Tribes Food Distribution Program, BIA General Assistance, Administered Temporary Assistance for Needy Families, Head Start (only those meeting its income qualifying standard), Free School Lunch Program, 150% of the federal poverty level*. Any type of documentation other than a previous year's taxes as evidence of income the consumer must present **THREE CONSECUTIVE MONTHS** of statements.

For more information about Kansas Lifeline or Link Up America, call your **local** telephone company. The number is on your telephone bill or in the front part of the telephone directory.



Information prepared by the Kansas Corporation Commission 1.800.662.0027

*2008 Federal Poverty Level Guidelines

Number In Family	Maximum Annual Income
1	\$15,600
2	\$21,000
3	\$26,400
4	\$31,800
5	\$37,200
6	\$42,600
7	\$48,000
8	\$53,400
each additional person	\$ 5,400

Lifeline Data

Company	Basic Service Rate	Federal Lifeline Credit	State Lifeline Credit	Lifeline Rate
	\$	\$	\$	\$
Bluestem	13.74	3.50	5.50	4.74
	13.86	3.50	5.50	4.86
Blue Valley	14.00	3.50	8.56	1.94
(Westmoreland and Onaga)	16.75	3.50	8.56	4.69
Columbus	13.74	3.50	5.50	4.74
Council Grove	14.00	3.50	6.06	4.44
Craw-Kan	14.61	3.50	8.00	3.11
Cunningham	14.00	3.50	8.25	2.25
Elkhart	13.55	3.50	5.50	4.55
	15.55	3.50	5.50	6.55
Fairpoint MO, f/n/a Cass County	12.00	3.50	8.50	-
Golden Belt	11.50	3.50	7.50	0.50
	11.50	3.50	7.50	0.50
Gorham	14.00	3.50	8.56	1.94
(Lurray and Paradise)	17.80	3.50	7.50	6.80
H&B	14.00	3.50	8.56	1.94
Haviland	14.00	3.50	5.80	4.70
Home	14.50	3.50	7.50	3.50
	14.50	3.50	7.50	3.50
JBN	14.00	3.50	5.50	5.00
KanOkla	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
LaHarpe	14.00	3.50	7.50	3.00
Madison	14.00	3.50	6.10	4.40
MoKan Dial	12.10	3.50	8.50	0.10
Moundridge	9.20	3.50	5.50	0.20
Mutual	14.00	3.50	5.50	5.00
Peoples	14.00	3.50	5.60	4.90
Pioneer	15.00	3.50	8.56	2.94
	15.00	3.50	8.56	2.94
Rainbow	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
	14.00	3.50	8.00	2.50
Rural	14.00	3.50	7.50	3.00
(Osborne)	16.00	3.50	7.50	5.00
(Other Purchased Exchanges)	17.80	3.50	7.50	6.80
S&A	14.00	3.50	8.56	1.94
	14.00	3.50	6.55	3.95
S&T	14.00	3.50	7.71	2.79
	14.00	3.50	5.50	5.00
South Central	14.00	3.50	8.56	1.94
	14.00	3.50	5.50	5.00
Southern Kansas	14.00	3.50	8.56	1.94
Sunflower	10.27	3.50	6.77	-
	10.59	3.50	6.77	0.32
Total	14.25	3.50	8.25	2.50
Tri-County	14.00	3.50	8.35	2.15
	14.00	3.50	8.35	2.15
	14.00	3.50	8.35	2.15
TwinValley	14.00	3.50	7.65	2.85
(Purchased Exchanges)	17.80	3.50	7.50	6.80
(Purchased Exchanges)	18.10	3.50	7.50	7.10
United	15.00	3.50	8.56	2.94
Wamego	14.00	3.50	7.40	3.10
Wheat State	14.00	3.50	6.65	3.85
Wilson	14.00	3.50	8.50	2.00
Zenda	14.00	3.50	6.65	3.85
SWBT	15.70	3.50	7.50	4.70
Embarq	17.80	3.50	7.50	6.80
Average			7.37	3.30