

SESSION OF 2005

**SUPPLEMENTAL NOTE ON
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2084**

As Recommended by Senate Committee on
Utilities

Brief*

Senate Substitute for HB 2084 would enact a new statute requiring the Kansas Corporation Commission to begin a proceeding, no later than 30 days from the date of publication of this act in the *Kansas Register*, to evaluate local telecommunication service competition in areas that are served by local exchange carriers that have elected price cap regulation. Specifically, the bill would require the Commission to do the following:

- ! Review guidelines for reducing regulation prior to price deregulation of price cap regulated services and to modify such guidelines where appropriate;
- ! Develop recommendations for the adoption of objective criteria that would determine if adequate competition exists to protect the consumer and to permit price deregulation of services or baskets of services; and
- ! Establish periodic review of competition in markets that have been price deregulated to ensure competition provides adequate protection for consumers and to reimpose price regulation where competition does not adequately provide protection for the consumer.

Finally, the bill would require the Commission to prepare and submit a report to the chairpersons of the Senate Utilities Committee and the House Utilities Committee no later than the first day of the 2006 Legislative Session. The report would include:

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- ! An analysis of local service competition in areas served by local exchange carriers that have elected price cap regulation;
- ! Recommendations for objective criteria under which price deregulation may be authorized.

Background

HB 2084, as amended by the House Committee of the Whole, would enact a new statute establishing requirements and procedures for the Kansas Corporation Commission to follow in considering inclusion of certain costs in rates charged by electric and natural gas utilities.

The Senate Committee on Utilities amended the bill to require the Kansas Corporation Commission review local telecommunication service competition in areas that are served by local exchange carriers that have elected price cap regulation. The original language for HB 2084 was stricken from the bill.

It should be noted that the Division of the Budget's fiscal note for HB 2084 is not applicable to Senate Substitute for HB 2084.