SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2463

As Amended by House Committee on Utilities

Brief*

The bill would enact a new statute requiring, in some instances, compensation of telecommunication companies that terminate calls originating on other companies' networks. Under the bill, unless an agreement is reached specifying a different compensation rate, the originating provider would be required to pay the terminating company a rate determined under existing law for intrastate switched access. The requirement for compensation would not apply to those communications subject to an order of the Kansas Corporation Commission (KCC) establishing compensation for specific calling plans offered by wireline providers.

A terminating local exchange carrier or an intermediary provider could apply to the KCC for permission to block two-way voice communication originating from a provider that fails to pay the terminating company as required. The KCC would be required to authorize the blockage if it found that the originating provide has failed to make required payments.

The bill would define an "originating provider" as a service provider, other than a terminating local exchange carrier, that originates two-way voice grade communication, regardless of the technology used. The bill would define a "terminating local exchange carrier" as a local exchange carrier whose facilities are used to terminate such communication, regardless of the technology used.

Background

*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

The bill was supported at the House Committee hearing by a representative of Kansas Rural Independent Telephone Companies. Opponents who presented testimony at the House Committee hearing included representatives of SBC, Cingular, Verizon, Rural Cellular, and Sprint.

The House Committee amended the bill to:

- delete a provision that would have imposed the same payment requirement on intermediary providers as on originating providers;
- authorize either terminating carriers or intermediary providers to block calls originating from providers who have failed to make payments that would be required by the bill; and
- exempt from the payment requirements certain local calling plans covered by KCC order.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill states that enactment of the bill would have a fiscal effect on telecommunication companies that would be required to pay terminating local exchange carriers for service. The Division also noted that the impact on the companies and customers could not be estimated. The House Committee amendment would not materially change the Division's estimate of fiscal impact.