

AARP Kansas Testimony in Opposition to HB 2201

March 13, 2013

The Honorable Pat Apple
Chair, Senate Utilities Committee

Reference: House Bill 2201, An Act concerning telecommunications

Good afternoon, Chairman Apple and members of the Senate Utilities Committee. My name is David Wilson, and I am the past Volunteer State President and a lead advocacy volunteer for AARP Kansas. Thank you for this opportunity to express AARP's concerns with House Bill 2201, which seeks to further deregulate telecommunications services in Kansas. Although much of the public emphasis on HB 2201 seems to have been on the bill's effects on the Kansas Universal Service Fund (KUSF), the bill's scope and impact on consumers is far broader. In fact, HB 2201 would gut the powers of the Kansas Corporation Commission to oversee "electing carriers," such as AT&T and CenturyLink. This bill appears to be among the most extreme deregulation proposals AARP has seen to date in any state.

AARP Kansas has 337,000 members living throughout the state who rely on phone service to meet basic needs. Telephone communication is a basic necessity that allows older people to maintain social contact, preserve health and safety, and gain assistance in an emergency. The reliability of the state's telecommunications infrastructure is essential to the elderly, whether they live in urban or rural parts of the state. Network reliability is important to Kansas' citizens first and foremost due to the need for dependable access to 9-1-1 emergency services. Extreme weather in recent years underscores the importance of a reliable network and of regulatory oversight to ensure reliability.

A network that is not adequately maintained, an outside plant that is neglected, and a dial tone that is not repaired in a timely manner all pose an

unnecessary risk to Kansas households, jeopardizing citizens' ability to reach public safety. A more modern network should not mean a less reliable one. Modern laws should bolster public safety; they should not place it at risk. HB 2201 would raise new and unnecessary risks for Kansas' consumers.

If enacted, among other things, electing carriers (i.e., price cap LECs (local exchange carriers)) would no longer have any of the following obligations:

- No carrier of last resort responsibilities (affecting rural as well as urban exchanges),
- No requirement to offer single line residential local exchange service, and
- No price caps on lifeline services

HB 2201 would also eliminate the Corporation Commission's jurisdiction over both "electing carriers" and "telecommunications carriers" with respect to:

- Consumer protection (the ability to address complaints concerning fraud or other unfair or anticompetitive practices) and
- Minimum quality of service standards.

On the other hand, HB 2201's proposed changes to the Kansas Universal Service Fund (KUSF) and creation of a Telecommunications Study Committee are actually positive aspects of the bill. The proposed KUSF reforms would reduce consumer bills. And, the Telecommunications Study Committee would "study telecommunications issues and ensure that the public policy of Kansas...is maintained, with priority being given to advancing statewide telecommunications infrastructure." Although it is hard to see what would be left for the Committee to actually study should HB 2201 pass, this provision is acceptable. However, as proposed by the Consumer Counsel, using the study committee mechanism would be better suited to *evaluate conditions before* considering the drastic deregulatory provisions currently included in HB 2201.

Moreover, AARP supports the testimony filed by David Springe, Consumer Counsel, on behalf of the Citizens' Utility Ratepayer Board. It does an excellent job of summarizing why the proposed legislation is inconsistent with the policy set forth at K.S.A. 66-2001. All of the points that Mr. Springe covers in his testimony are consistent with AARP's position on HB 2201. In addition, AARP would like to add the following points:

- Elimination of consumer protection and quality of service requirements puts consumers at unreasonable risk

Access to reliable and affordable telecommunications service is more, not less, critical to the welfare of Kansans than when the state's public policy was first adopted, as consumers have become increasingly dependent on telecommunications for their safety and economic well-being. Regulation has always ensured that telecommunications providers do not sacrifice quality and reliability of service in order to increase profits. Nothing about the current industry conditions removes the need for this important element of the KCC's jurisdiction.

- Carrier of Last Resort obligation is an essential backstop for customers with few, if any, competitive options

While the purely rural local exchange carriers (LECs) would retain their carrier of last resort obligation (COLR), those obligations would no longer apply to electing carriers. Across the states, companies like AT&T have argued that the obligation to continue providing service can impede their ability to invest in new infrastructure elsewhere in the state. Simply put, they want the right to abandon service in less profitable areas (often despite the lack of alternative service to meet the needs of local residents and businesses) in order to concentrate on higher-profit opportunities in the more densely populated locations. But, allowing any ILEC, including an "electing carrier," to unilaterally walk away from its service obligation is bad public policy.

Basic landline telephone service is no luxury; it's a lifeline for seniors and rural consumers. AARP supports the use of advanced technologies; however, we will not ignore the risk of leaving rural, low-income, and fixed-income Kansans without access to basic phone service, including 911-emergency service.

Finally, I would like to take this opportunity to address recent criticisms directed at AARP by the 60 Plus Association. AARP is no stranger to the slings and arrows aimed at us when we stand up to special interest groups and their allies ("Does AARP Really Speak for Kansas Seniors?" Feb. 26). In today's partisan driven and caustic political arena, any principled organization fighting for its mission and members is going to take some hits.

For almost 55 years of staying true to its mission, AARP has remained committed to speaking out and being a leader on tough issues affecting everyone as we age. So, why does AARP speak out on hot button issues like cuts to Social Security in the chained CPI, justice for nursing home residents and especially telephone deregulation? It's simple: our mission and members demand that we take action, engage in the debate and help them make their voices heard — whether here in the statehouse or in our nation's capital.

Therefore, on behalf of our 337,000 Kansas members, we will stay in the fight on issues that matter to our members and their families. AARP and its grassroots citizen advocates are in these fights to protect long-term financial security for police and firefighters, to assure quality health care is delivered to residents of nursing facilities, and to stand with residential customers as they demand affordable and reliable basic telephone service.

Thank you for the opportunity to offer AARP's comments and concerns regarding HB 2201. We urge you to vote "no" on this bill.

Respectfully,
David Wilson