

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:10 a.m. on February 14, 2002 in Room 526-S of the Capitol.

All members were present except: Representative Judy Morrison

Committee staff present: Robert Chapman, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Richard Veach, Pioneer Communications
Walker Hendrix, Citizens' Utility Ratepayers Board
Gary Shorman, Eagle Communications

Others attending: See Attached List

HB 2754 - Telecommunications; affordable rates; quality of service; standards

The hearing on **HB 2754** was reconvened. In response to a request from a member of the committee during the previous day's hearing, Kansas Corporation Commission Staff provided copies of staff testimony submitted on Docket No. 02-GIMT-068-KSF (Cost Based KUSF Support for Rural Local Exchange Companies' Territories) (Attachments 1, 2, 3 and 4).

Richard Veach, General Manager for Pioneer Communications, testified in support of **HB 2754** (Attachment 5). Mr. Veach stated that there was not anything in the bill that will increase the KUSF. Mr. Veach also included a balloon amendment (Attachment 6) to further enhance the proposed legislation. Mr. Veach responded to questions from the committee.

Walker Hendrix, Consumer Counsel for the Citizens' Utility Ratepayers Board, appeared as a proponent of **HB 2754** (Attachment 7). Mr. Hendrix explained that the bill's emphasis on maintaining affordable basic local service rates for rural Kansans was their primary reason for support. Mr. Hendrix responded to questions from the committee.

Gary Shorman, President and CEO of Eagle Communications, appeared in opposition to **HB 2754** (Attachment 8). Mr. Shorman stated their concern with the bill was its competitive fairness as it creates an unfair advantage by subsidizing broadband deployment for a select group of telecommunications companies. He explained they would need to carefully review, if not suspend completely, their broadband services if they had to compete against state or federally funded competitors. Mr. Shorman responded to questions from the committee.

Additionally, both Eva Powers, Assistant General Counsel, and Sandy Reams, Senior Telecommunications Auditor, from the Kansas Corporation Commission responded to questions from the committee.

The hearing on **HB 2754** was recessed and will be reconvened on February 18, 2002.

The meeting adjourned at 10:35 a.m.

The next meeting will be February 18, 2002.