

## MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Brownlee at 8:30 a.m. on January 23, 2001 in Room 123-S of the Capitol.

All members were present except:                    Senator Barone (Excused)  
   Senator Kerr    (Excused)

Committee staff present:                                April Holman, Legislative Research Department  
   Robert Nugent, Revisor of Statutes  
   Lea Gerard, Secretary

Conferees appearing before the committee:        Steve Rarrick, Assistant Attorney General  
   Janet Buchanan, K.C.C.  
   Colleen Harrell, K.C.C.

Others attending:    See attached list.

**Introduction of bill**

John Peterson representing the National Association of Professional Employer Organizations, requested introduction of a bill relating to professional employer organizations; establishing certain minimum standards applicable to all professional employer organizations operating in the state.

Following informative discussion between the Conferee and Committee, Senator Jordan moved to introduce the bill, Senator Brungardt seconded. The vote was in favor of the motion.

Chairperson Brownlee welcomed Steve Rarrick, Assistant Attorney General to complete his presentation on Telemarketing.

Mr. Rarrick discussed the “do not call” legislation that may be introduced this year that allows citizens to stop telemarketing calls. There is currently the DMA program which is a voluntary program ran by one private industry with no enforcement mechanism. DMA represents their own members and the members are voluntarily agreeing not to call people on their “Do Not Call” list. However, the problem is consumers on the DMA list continue to receive calls from telemarketers who are not members of the DMA. Mr. Rarrick stated that there is protection under the Federal telemarketing Rule but unfortunately those protections are not realistic. The customer must tell each marketer to take their name off the list, keep a log and in order to have any enforcement, the customer would have to prove they had told that individual marketer to take their name off the list. The consumer would have to repeat this process for every marketer in order to eliminate the telemarketing calls.

If the legislature does pass the “Do Not Call” law, the Attorney General would strongly recommend that they would do it without anymore exemptions that are currently under the “Just Say No” law. In the Telemarketing arena there are a lot of complaints about charitable fund raisers. The problem isn’t the local charity that is making the call. Mr. Rarrick said the real dilemma is the professional fund raisers representing charitable organizations and solicitation statutes don’t apply to specific disclosures they may have to make. With many of the law enforcement and fire fighter organizations, those professional fund raisers are taking between 80 and 95% of the funds they collect. Mr. Rarrick stated there is hope that new legislation be introduced to require disclosure by professional fund raisers as to how much they receive.

Chairperson Brownlee opened the meeting for questions from committee members.

In response to Senator Wagle’s question regarding legislation for the “Do Not Call” law, Steve Rarrick responded that the House will be submitting legislation modeled after the Oregon law they helped develop last year.

Chairperson introduced Colleen Harrell, Assistant General Counsel, Kansas Corporation Commission.

Colleen Harrell summarized the progress made in drafting rules and regulations to implement 2000 Legislative Session House Bill 2580 (Attachment 1). House Bill 2580 was passed during the 2000 Legislative session in an attempt to curb telemarketing calls to consumers who do not wish to receive those calls. The legislation requires the Kansas Corporation Commission, by July 1, 2001, to implement rules and regulations.

Janet Buchanan, Chief of Telecommunications, Kansas Corporation Commission, brief the Committee on the "*Activities Update of the Kansas Corporation Commission*", (a copy is on file in the office of Legislative Research). Ms. Buchanan testified that in the Telecommunications arena, the Commission had 985 dockets in the last fiscal year. She gave a summary that includes pending dockets and dockets completed during 2000 as follows:

Docket No. 97-SCCC-149-GIT was initiated at the request of Sprint to establish SWB's rates for interconnection, unbundled network elements and resale.

Docket No. 97-SWBT-411-GIT proceeding was initiated to investigate SWBT's compliance with section 271 of the Federal Telecommunications Act. (Fourteen point checklist). SWB provided evidence on the 14-point checklist. The Federal Communications Commission (FCC) must consult with the state commission to determine if SWBT has complied with section 271.

Docket No. 99-GCCZ-156-ETC:

Docket No. and 99-SSLC-173-ETC

The Commission is considering applications by Western Wireless and Sprint PCS to be designated as eligible telecommunications carrier. That status would give them the ability to receive both state and federal universal service funds. The Commission granted status in non-rural areas of the state and held a hearing regarding whether it's in the public's interest to grant that status in rural areas. After the hearing, the Commission decided that there would be a rebuttal presumption that it is in the public's interest to allow competitors and grant them ETC status in the rural areas. Currently the Commission is hearing specific information from the rural companies about whether or not in their specific territory this would have an impact that is not in the public's interest.

Docket No. 99-GIMT-326-GIT: This docket was initiated to determine how the KUSF should be modified into a cost-based fund. The Commission has determined a cost-based fund for SWBT and Sprint. The Commission delayed review of the support provided to rural telephone companies until the FCC issues its order on federal universal service support for rural companies. The Commission is also considering whether the KUSF should support more than one line per residence and targeting support in rural areas by defining zones that would specify the amount of support available. This would get support to the more rural areas.

Docket No. 99-GIMT-706-GIT: The Commission opened this docket to investigate the effect of long-term contracts on the development of competition. The Commission requested comments regarding fresh look contract termination liability and the resale of long-term contracts. A fresh period provides the customer with long-term contracts the ability to negotiate a new contract with a competitive provider that has limited or no termination liabilities imposed for early termination of the contract.

Docket No. 00-GIMT-236-GIT: This docket was opened to determine the assessment for year four of the KUSF. The assessment surcharge was 4.92% for wireline and 4.66% for wireless carriers. The Commission is currently looking at year five assessment. The assessment started in the range of 9.9%.

Docket No. 00-GIMT-401-GIT: This docket was to consider the exhaust of the 316 area code. The docket was opened in October, 1999. The Commission received comments from both industry and consumers. On October 9, 2000 the Commission issued an order establishing the following time frame for implementing a change of area code from 316 to 620 for the southern half of Kansas except for the area of the Wichita exchange and some surrounding exchanges.

Docket No. 00-UTDT-455-GIT: The Commission opened a docket to review Sprint's costs to provide local service. Sprint's KUSF draw was modified as a result of the Commission's determination in Docket No. 99-GIMT-326-GIT. The Commission issued an Order dated January 7, 2000 opening the investigation into Sprint's costs to provide local service and to determine whether rate rebalancing or transitional support is justified as a result of the decrease in Sprint's KUSF draw.

Docket No. 00-GIMT-910-GIT: The Commission considered the effectiveness of Lifeline service and level of awareness. The Commission previously expressed concern with the low level of subscriber ship to the Lifeline

program and asked Staff to convene a forum. The Lifeline program provides assistance to lower income subscribers so that they have access to telephone service.

Docket No. 00-GIMT-1054-GIT: The Commission opened a general investigation to determine whether reciprocal compensation should be paid for internet bound traffic. Currently SWB and many of the other providers were not paying reciprocal compensation on traffic-bound to an ISP.

Docket No. 01-GIMT-032-GIT: The Commission is investigating the conditions, terms and rates for digital subscriber line (DSL) unbundled network elements, loop conditioning and line sharing. The Commission had a hearing on the issue but decided they needed more information from the parties. Another hearing will be held February 13 and 14, 2001.

Docket No. 01-GIMT-081-GIT: The Commission initiated this proceeding on August 10, 2000 to investigate the reduction of intrastate access charges for rural telephone companies in compliance with K.S.A. 66-2005(c).

Docket No. 01-GIMT-082-GIT: On September 21, 2000, Staff filed a motion to initiate an investigation of intrastate access charges.

Docket No. 01-SWBT-444-TAR: This docket filed an application for price deregulation and customer specific pricing for Plexar services, Speed Calling and Auto Redial. SWBT filed evidence to support a finding that there is sufficient competition for the provision of these services throughout the state and price regulation is no longer necessary for those services. The Commission issued an order approving the application on December, 2000.

Chairperson Brownlee opened the meeting for questions from committee members.

Senator Steineger moved, seconded by Senator Brungardt, that the Minutes of January 10 be approved. The vote was unanimous in favor of the motion.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled January 24, 2001 at 8:30 a.m.