

Approved: March 14, 2003

Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:07 a.m. on January 30, 2003 in Room 526-S of the Capitol.

All members were present except: Representative Jim Ward

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

Conferees appearing before the committee:

Albert Cinelli, Cinergy Communications  
Neal Larsen, MCI  
Debbie Schmidt, World Net  
Duane Schaub, Prairie Stream  
John Kinskey, Access Direct  
Jim Lund, Kansas.net

Others attending: See Attached List

**HB 2019 - State Corporation Commission prohibited from regulating high speed Internet access/  
broadband service**

Albert Cinelli, Chairman of the Board of Cinergy Communications, addressed the committee as an opponent to **HB 2019 (Attachment 1)**. Mr. Cinelli spoke of the historical trend of bringing competition to former monopolistic markets. That trend was continued with the Telecommunications Act of 1996 bringing competition for local telephone service. Mr. Cinelli stated that this bill is in conflict with the purposes and provisions of the Telecom Act of '96 and would give SBC a monopoly over wire line broadband services.

Neal Larsen, Regional Executive for Law and Public Policy for MCI Worldcom, testified in opposition to **HB 2019 (Attachment 2)**. Mr. Larsen stated that the legislation was anti-competitive and deceptive. He told the committee that it would allow SBC to control the highspeed Internet market while killing the local voice competition that is starting in Kansas. He expressed concern about eliminating the Corporation Commission's ability to set telecommunications policy and said that competition brings consumers innovation, choices and better prices.

Debra Schmidt, a manager for WorldNet LLC, appeared as an opponent to **HB 2019 (Attachment 3)**. WorldNet LLC is a full-facilities based company affiliated with Sunflower Broadband in Lawrence. They do not lease UNE's from SBC. Ms. Schmidt explained that they are opposed to the bill because it would allow SBC to place its services on underlying facilities with no Commission oversight and would ultimately create a dominance for them in all markets.

Duane Schaub, President of Prairie Stream Communications, spoke to the committee in opposition to **HB 2019 (Attachment 4)**. Mr. Schaub told the committee that the issue was not high speed Internet access but competitive access to broadband data. He stated that his company was planning to overbuild and install fiber

to homes, providing broadband internet and advanced video services to cities throughout Kansas. Mr. Schaub conveyed to the committee the need to keep Kansas jobs and companies from being eliminated by the systematic creation of legislative impedances and specific engineering of networks and systems to make competitive access impractical.

John Kinsky, President of AccessDirect, Inc., provided testimony in opposition to **HB 2019** (Attachment 5). Mr. Kinsky expressed a concern that the bill does not contain any provision to guarantee that SBC will invest in broadband in rural markets. He also stated that the bill was overly broad and eliminates the state's ability to enact future regulations to ensure effective competition in the fast changing telecommunications market.

#### CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:07 a.m. on January 30, 2003.

Jim Lund, President of KansasNet Internet Services, appeared in opposition to **HB 2019** (Attachment 6). He stated that they sell the same DSL Internet services that SBC sells, however, the success of the business is dependent upon access to the services and network that SBC provides. He expressed a concern that by deregulating the provisioning of broadband services an enormous amount of uncertainty is introduced in this business plan, ultimately pricing him out of the market.

Mr. Cinelli, Mr. Larsen, Ms. Schmidt, Mr. Schaub, Mr. Kinsky, and Mr. Lund responded to questions from the committee.

The meeting adjourned at 10:56 a.m.

The next meeting is Friday, January 31, 2003 at 9:00 a.m.