

Approved: Carl Dean Holmes Date 4/29/94 Sw-
CO#

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Carl Holmes at 1:25 p.m. on March 23, 1994 in Room 313-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Mary Torrence, Revisor of Statutes
Shirley Wilds, Committee Secretary

Conferrees appearing before the committee:

Others attending: See attached list

Debate and Action on SCR 1627:

Staff explained to the entire Committee the suggested changes as was proposed by the Subcommittee on **SCR 1627**.

Representative Grotewiel moved to strike all lines 25 through 28 on Page 4. Representative Grotewiel seconded the motion. Motion carried.

Representative Lawrence moved to adopt an amendment to Page 4, lines 21 and 22, strike "Commerce Committee, House Economic Development", insert "*Committee on Transportation and Utilities, the House Committee on Energy and Natural Resources.*" On line 24, change March to "January." Representative Mills Seconded. Motion carried.

Representative Gatlin moved to adopt that the legislative members of the telecommunications action planning committee shall be appointed by the Legislative Coordinating Council in lieu of Kansas Inc. Representative Lawrence seconded. Motion carried.

Representative Grotewiel moved to adopt on Page 2, line 24, change March 1, 1996 to January 1, 1996. Representative Gatlin seconded. Motion carried.

On Page 4, line 24, Representative Gatlin moved to strike March 1 and change to January 1. Representative Grotewiel seconded. Motion carried.

On Page 4, lines 21 through 23 Representative Gatlin moved to strike Commerce Committee, House Economic Development Committee and insert "*committee on Transportation and Utilities, the House Committee on Energy and Natural Resources.*" Representative McKinney seconded. Motion carried.

On Page 1, beginning with line 40 and continuing on Page 2, line 1, Representative Gatlin moved the telecommunications action planning committee membership be comprised as follows: six legislators; one representative of a large long distance company; one representative of a small long distance company; a representative from a large exchange carrier; a representative from a small exchange carrier; one representative from a large business; one representative from a small business; and one representative from the Department of Administration. Representative McKinney seconded the motion. Motion carried.

Representative McKinney made a motion to strike the word "all" on Page 3, line 43, and following the word "services" insert "*where feasible*". On Page 4, line 10, strike "and" and insert a comma and line 11 prior to the semicolon insert "*and establish appropriate policies to maintain universal service in high-cost areas of the state*". Representative McClure seconded. Motion carried.

The committee recessed at 2:00 p.m.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 526-S Statehouse, at 3:30 p.m. on March 23, 1994.

Meeting resumed 3:00 p.m.

Staff reviewed with the Committee a balloon of the changes that were passed at the noon meeting on **SCR 1627**. (See Attachment #1)

It was Committee consensus to adopt the balloon and use it as their working copy for any further proposed changes.

Debate and Action on SCR 1627:

Representative Gatlin moved to strike in all appropriate lines where it reads "Kansas Inc." to change to "Legislative Coordinating Council". Representative Alldritt seconded. Motion carried.

On Page 2, Representative McClure made a motion to add two individuals to the committee: one staff member from the Kansas Corporation Commission and one board member from KIRB. Representative Weinhold seconded. Motion failed.

Representative Lloyd moved to include a staff member from the KCC. Representative Mills seconded. Representative Lloyd withdrew his motion.

Representative Hendrix moved to include the Director of Utilities of the Kansas Corporation Commission on the strategic planning committee. Representative Mills seconded. Motion carried.

On Page 3, Representative Walker moved to add below (e) a sub paragraph (e) the evaluation of the retention and creation of jobs within the telecommunication industry in Kansas. Representative Gatlin seconded. Motion carried.

On Page 1, lines 20 through 24 and Page 3, lines 32 through 34 staff advised the Committee of concerns of the stipulation stating "broad representation" and that language possibly should be deleted.

Representative Gatlin made a motion to strike the word "broad" on the lines aforementioned by staff. Representative McKinney seconded.

Representative Gatlin withdrew his motion and restated, on Page 1, line 20, strike "broad", line 21 strike "local government" and Page 3, line 32 strike "broad". Representative McKinney seconded. Motion carried.

Representative McClure made a conceptual motion to direct the Kansas Corporation Commission to submit a grant proposal that is due May 12. Representative Weinhold seconded. Motion carried.

Representative Lloyd moved to pass **SCR 1627** favorably, as amended. Representative Hendrix seconded. Motion carried.

Action on SB 591

Staff furnished a balloon of **SB 591** showing proposed recommendations by the Subcommittee, and reviewed same with the Committee. (See Attachment #2).

Representative Lawrence moved to adopt the balloon of **SB 591** exhibiting proposed Subcommittee amendments, with clarification on line 14 of appropriate date as July 1 in lieu of January 1. Representative Lloyd seconded. Motion carried.

Representative Gatlin moved to report **SB 591** adversely. Representative Grotewiel seconded. Motion carried.

Upon completion of its business, the meeting adjourned at 5:50 p.m.

The next meeting is scheduled for March 24, 1994 at 12:00 p.m., Room 526-S.

Senate Concurrent Resolution No. 1627

By Committee on Commerce

3-8

A CONCURRENT RESOLUTION directing the development of a state strategic plan for telecommunications, ~~requesting the participation of Kansas, Inc. and the state corporation commission.~~

WHEREAS, The telecommunications industry has undergone tremendous change in recent years; and

WHEREAS, New levels of competition exist or may soon exist in the industry which will fundamentally alter the economic conditions in which telecommunications public utilities operate; and

WHEREAS, Greater competition in telecommunications services demands consideration of relaxed regulation of such services; and

WHEREAS, There should be broad representation from end users, state agencies, the Legislature, local government and telecommunications service providers in formulating any future regulatory policy governing telecommunications given the wide array of affected parties; and

WHEREAS, Movement toward relaxed regulation of telecommunications services is desirable if it is accomplished in a systematic and logical manner based on accurate information, public analysis and debate; and

~~WHEREAS, Kansas, Inc. is structured to oversee state strategic planning and thus is an appropriate venue for facilitating the development of a statewide strategic plan for telecommunications:~~ Now, therefore,

Be it resolved by the Senate of the State of Kansas, the House of Representatives concurring therein: That ~~Kansas, Inc., through its telecommunications action planning committee~~ shall develop a statewide strategic plan for telecommunications. Such plan shall contain suggestions for future action by the legislature, the corporation commission and telecommunications service providers; however, the committee's function shall be advisory in nature.

~~The Kansas, Inc., board of directors may reconfigure the telecommunications action planning committee to include, but not be limited to, the following: Representatives of local telephone companies, interexchange carriers, over the air broadcasters and cable companies.~~

there shall be established a telecommunications strategic planning committee which

Energy Related Resources
Attachment #1
3/29/94

1 the removal of existing barriers to entry;

2 (b) establish a classification system for telecommunications serv-
3 ices based on the degree of competition faced by providers of the
4 particular service;

5 (c) establish standards and procedures by which the rates, terms
6 and conditions of telecommunications services are regulated in ac-
7 cordance with their classification as in clause (b) above;

8 (d) ensure that regulated services will not subsidize competitive
9 or unregulated services;

10 (e) define universal service and determine the extent to which
11 it has been achieved in every region of the state;

12 (f) define criteria for provision of "basic telephone service" and
13 the availability and provision of such service in a competitive en-
14 vironment;

15 (g) develop a procedure for ensuring the quality of telecommu-
16 nications services; and

17 (h) define "lifeline telephone service" and specification as to the
18 appropriate means of funding the provision of such service.

19 Such analysis need not be performed on telecommunications serv-
20 ices previously examined in this manner. The commission shall report

21 its findings to the Senate Commerce Committee, House Economic

22 Development Committee, the Joint Committee on Computers and

23 Telecommunications and the Telecommunications Action Planning

24 Committee of Kansas, Inc. no later than March 1, 1995; and

25 *Be it further resolved:* That based on findings of the Corporation

26 Commission and the Telecommunications Action Planning Commit-

27 tee report, the Commission shall formulate a successor alternative

28 regulation plan to take effect after March 1, 1997; and

29 *Be it further resolved:* That copies of this resolution be trans-

30 mitted to the President of the Senate, the Speaker of the House of

31 Representatives, the Governor and the Chairman of the State Cor-

32 poration Commission.

and establish appropriate policies to maintain universal service in
high-cost areas of the state

committee on Transportation and Utilities, the House Committee on Energy
and Natural Resources

January

during the first week of the 1995 regular legislative session, the
Corporation Commission shall report to the Senate Committee on Commerce and
the House Committee on Energy and Natural Resources regarding the status of
the docket opened by the commission to determine a plan of regulation to
succeed the current scheme of regulation (TeleKansas I) of Southwestern
Bell Telephone Company

Substitute for SENATE BILL No. 591

By Committee on Commerce

3-8

AN ACT concerning the telecommunications public utilities; relating to extension of current regulatory conditions.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) The Kansas corporation commission, for a period extending through ~~March 1, 1997,~~ shall continue to regulate all telecommunications public utilities with more than 500,000 access lines in accordance with the terms and conditions set forth in TeleKansas I. The continuation shall include capital expenditures, above normal construction investment of not less than \$56,000,000 nor more than \$64,000,000 by such telecommunications public utilities in a manner and amount to be determined by agreement between such telecommunications public utilities and the corporation commission. The commission shall not conduct any earnings audit *[for the purpose of requiring rate reductions]* prior to January 1, 1996.

(b) Nothing in this section shall prevent the corporation commission from further relaxing regulation of telecommunications services, from authorizing competition in existing services or entry of new competitive services, or from complying with preemptive federal orders prior to March 1, 1997. With the exception of subsection (a), this section does not otherwise alter the commission's statutory authority.

(c) For purposes of this section, "TeleKansas I" means the scheme of regulation set forth in the corporation commission's February 2, 1990 order in the case styled *In the Matter of Southwestern Bell Telephone Company's Proposal for Network Modernization, Rate Stability and Pricing Regulation*, a/k/a "TeleKansas", docket number 166,856-U.

Sec. 2. This act shall take effect and be in force from and after ~~its publication in the statute book.~~ March 1, 1995, and, unless earlier repealed

Energy: Natural Resources
Attachment #2
3/23/94