

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on March 15, 2011, in Room 785 of the Docking State Office Building.

All members were present.

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes
Cindy Lash, Kansas Legislative Research Department
Corey Carnahan, Kansas Legislative Research Department
Renae Hansen, Committee Assistant

Conferees appearing before the Committee:

Steve Hahn, AT&T Kansas President
Tim Holverson, Executive Vice President, Leavenworth-Lansing Area Chamber of Commerce
Todd Abrajano, Executive Director, Mid-American Communications Alliance
John Idoux, Kansas Governmental Affairs, CenturyLink
Jim Graham, President and CEO, Kansas Council on Economic Education
Debra Aron, PhD, Principal and Managin Director, Navigant Economics
Steve Pociask, The American Consumer Institute

Others attending:

Thirty eight including the attached list.

Hearing on:

SubSB72-Telecommunications.

Matt Sterling, Office of the Revisor of Statutes, (Attachment 1) presented an explanation to the committee on the specifics of the bill that change the current statutes.

Questions were asked and comments made by Representative Tom Sloan.

Proponents:

Steve Hahn, AT&T Kansas President, (Attachment 2), spoke to the committee as a proponent on **SubSB72**. He offered reasons why this legislation is necessary. Additionally, he talked about the changes that would help alleviate problems that exist in the current system that keeps the expansion of broadband from happening.

Tim Holverson, Executive Vice-President, Leavenworth-Lansing Area Chamber of Commerce, (Attachment 3), offered testimony in support of **SubSB72**. He noted the bill is good for jobs, good for consumers, and good for the long term economic health of Kansas.

Todd Abrajano, Executive Director, Mid-American Communications Alliance, (Attachment 4), spoke to the committee in support of **SubSB72**. His organization advocates on behalf of consumers for more choice, better service and affordable cost in the communications marketplace.

John Idoux, Kansas Governmental Affairs, CenturyLink, (Attachment 5), offered testimony in support of **SubSB72** noting the bill continues the transition to market-based regulations for price-cap regulated companies as the competitive landscape in Kansas continues to accelerate. He noted a technical concern that they have with the bill and offered an amendment to the bill.

Jim Graham, President and CEO, Kansas Council on Economic Education, (Attachment 6), spoke to the committee in support of **SubSB72**. He testified in support of free market economic solutions with a fair regulatory environment and believes that approval of appropriate communications rules will result in additional investment in advanced technologies.

CONTINUATION SHEET

The minutes of the House Energy and Utilities Committee at 9:00 A.M. on March 15, 2011, in Room 785 of the Docking State Office Building.

Debra Aron, Ph.D., Principal and Managing Director, Navigant Economics, ([Attachment 7](#)), gave a presentation to the committee on communication and how the change in communications technologies has affected the economics of the way the world does business. She spent time refuting the report that the KCC presented to the committee on telecommunications on March 8, 2011. She also commented on the forward-looking manner of **SubSB72**. She noted that the current regulatory structure suppresses broadband adoption.

Written Proponents:

- Rachel Reiber, former KCC commissioner, and Current CLEC Attorney, ([Attachment 8](#))
- Abel Perez, Executive Director, Wichita Hispanic Chamber, ([Attachment 9](#))
- Robert Bugg, Community leader, Topeka, ([Attachment 10](#))
- John Glassman, Executive Director, Douglas County Senior Services Inc., ([Attachment 11](#))

Neutral:

Steve Pociask The American Consumer Institute, ([Attachment 12](#)), spoke from a neutral position on **SubSB72**. He noted that only when market rivals are provided an opportunity to fully compete can consumers achieve the full benefits of competition.

The committee also received a map of the AT&T Access Line Count, AT&T Deregulated Exchange Line Count, and CenturyLink Access Line Count, ([Attachment 13](#)) from the Kansas Corporation Commission.

Questions were asked and comments made by Representatives: Vern Swanson, Stan Frownfelter, Tom Sloan, Joe Seiwert, Forrest Knox, Mike Burgess, and Carl Holmes.

The hearing on **SubSB50** was suspended until March 16, 2011.

The next meeting is scheduled for March 16, 2011.

The meeting was adjourned at 10:54 A.M.

HOUSE ENERGY AND UTILITIES COMMITTEE

GUEST LIST

DATE: March 15, 2011

NAME	REPRESENTING
Colin Curtis	Sandstone Group
Steve Pociask	American Consumer Institute
Tom Day	KCC
John Idoux	CenturyLink
David Wilson	AARP
Paul Springle	CURB
Jim Stanton	Northem Natural Gas Co
Tim Gantner	AT&T
Les DePoech, m.d.f.b.	AT&T
Chris Cannon	AT&T
Ron Baekes	Sprint
Mike Reed	Sprint
George Skifford	at&t
Bruce May	AT&T
Debra Aron	Navigant
Mike Sall	AT&T
Lydia Buster	Federico Consulting
Todd Abramo	mca
Colin Jamnir	Cox

HOUSE ENERGY AND UTILITIES COMMITTEE

GUEST LIST

DATE: March 15, 2011

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MARY ANN TORRENCE, ATTORNEY
REVISOR OF STATUTES

JAMES A. WILSON III, ATTORNEY
FIRST ASSISTANT REVISOR

GORDON L. SELF, ATTORNEY
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES
KANSAS LEGISLATURE

Legal Consultation—
Legislative Committees and Legislators
Legislative Bill Drafting
Legislative Committee Staff
Secretary—
Legislative Coordinating Council
Kansas Commission on
Interstate Cooperation
Kansas Statutes Annotated
Editing and Publication
Legislative Information System

MEMORANDUM

To: Chairman Holmes and members of the House Energy and Utilities Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: March 15, 2011
Subject: Senate Bill 72

Some telecommunications terms and definitions:

- "Local exchange carrier" means any telecommunications public utility or its successor providing switched telecommunications service within any local exchange service area, as approved by the commission on or before January 1, 1996.
- "Telecommunications public utility" means any public utility, as defined in K.S.A. 66-104, and amendments thereto, which owns, controls, operates or manages any equipment, plant or generating machinery, or any part thereof, for the transmission of telephone messages, as defined in K.S.A. 66-104, and amendments thereto, or the provision of telecommunications services in or throughout any part of Kansas.
- "Telecommunications carrier" means a corporation, company, individual, association of persons, their trustees, lessees or receivers that provides a telecommunications service, including, but not limited to, interexchange carriers and competitive access providers, but not including local exchange carriers certified before January 1, 1996.
- "Carrier of Last Resort" is a carrier required by law to provide service to any customer in a service area that requests it, even if serving that customer would not be economically viable at prevailing rates. The Bell Operating Companies and some independent telephone companies serve as COLRs and are referred to as Incumbent Local Exchange Carriers (ILECs).

SB 72 amends K.S.A. 50-6,103 to permit a letter of agency to satisfy the notification requirement for purposes of making changes to a consumer's telecommunications carrier. It would also include electing carriers in the provision.

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The bill also amends K.S.A. 66-2005 to provide that any local exchange carrier with a majority of the carrier's local exchange access lines in the state price deregulated could elect to no longer be regulated as a local exchange carrier and instead be regulated as a telecommunications carrier and referred to as an "electing carrier." A carrier could make this election by notifying the commission and including a verified statement that a majority of the carrier's local exchange access lines are price deregulated. Unless the commission determined that the carrier did not have more than half its access lines price deregulated, the commission would designate the carrier as an electing carrier.

An electing carrier would not be subject to price regulation and would be regulated as a telecommunications carrier, except that the carrier would remain subject to: The reasonable resale of retail telecommunications services, as well as unbundling and interconnection obligations required by K.S.A. 66-2003; the requirements of subsection (c) concerning intrastate access charges; the requirements of the Kansas Lifeline Services Program required by K.S.A. 66-2006; and would remain eligible to receive KUSF funding.

An electing carrier could not set its rates for single residential or business local exchange access lines in its rural exchanges any higher than the average of such rates for single residential or business local exchange access lines respectively in its urban exchanges.

An electing carrier could elect to be relieved of the requirement to serve as carrier of last resort, as required by K.S.A. 66-2009, by providing written notification to the commission of the specific urban exchanges for which the electing carrier was electing to be relieved of carrier of last resort obligations. If an electing carrier chooses to be relieved of carrier of last resort obligations in specific urban exchanges it would not be eligible for KUSF funding for carrier of last resort obligations in those specific exchanges.

An electing carrier would be required to offer single residential local exchange access lines in the electing carrier's exchanges. The bill defines a rural exchange as any exchange with fewer than 6,000 local exchange access lines served by the electing carrier and all facilities based carriers and an urban exchange as any exchange with more than 75,000 local exchange access lines.

The bill would also provide that a telecommunications carrier is entitled to interconnection with an electing carrier to transmit and route voice traffic between both the telecommunications carrier and the electing carrier regardless of the technology by which the voice traffic is originated by and terminated to a consumer. The commission would be required to afford such telecommunications carrier all substantive and procedural rights available to such carrier under the federal telecommunications act.

The bill would also except electing carriers from the determination of an affordable rate for local exchange service in determining sufficient KUSF support.



Steve Hahn
President – AT&T Kansas

220 E. 6th Street
Room 500
Topeka, Kansas 66603

T: 785.276.8201
F: 785.276.1713
steven.hahn@att.com

March 15, 2011

Mr. Chairman and Members of the Committee -

My name is Steve Hahn, I am president of AT&T Kansas. I'm excited to speak to you today about a proposal that will foster an environment that spurs economic development, encourages job growth, and leads to the faster deployment of an advanced communications network throughout the state of Kansas.

Best of all, this proposal has no fiscal note. Substitute for SB 72 simply updates communication policy in the state to reflect current market conditions, freeing capital and resources currently devoted to outdated technologies mandated by unnecessary regulation.

In his state of the state address, Governor Brownback laid out several proposals to spark the state's economy. I will focus on one in particular. He said: "We will update our telecommunications policy to facilitate greater investments in broadband and wireless deployment." The Governor understands that investment in our state's communications infrastructure will benefit all Kansans and drive job growth. An advanced communications network helps Kansas businesses move faster and more efficiently; it gives consumers greater access to health care and educational tools; and, it connects us to family and friends.

The Kansas Legislature has long held the view that robust competition is the best regulator of price and service. In 1996, the Kansas Legislature took the first step toward opening the local telephone market to competition. New market entrants were given advantages over incumbent providers. Over the years, and as recently as 2008, the Legislature took additional steps to update the rules to reflect changing market conditions.

This approach worked. Competitors emerged and consumers benefited. The evidence is clear: since 2000, AT&T has lost 66% of its residential landline customers across the state. The policies have worked to encourage competition across the state in both rural and urban areas. For example, AT&T has lost about half of its landline base in Parsons, almost 70% in Lawrence, around 80% in Smith Center and over 50% in Garden City. Clearly, competition is thriving. Yet, AT&T is still subject to regulation that does not apply to many of its competitors. For example:

- AT&T is subject to restrictive price caps and price floors that hamper reaction to changing market conditions and competitive threats.
- In many areas, AT&T must wait as long as 21 days for KCC approval to make a change in the price of a service or to introduce a new service. Conversely, competitor's changes are effective the day after they file, with no approval from the KCC required.
- AT&T is required to file detailed, costly and time-consuming reports – many of which are requirements applied only to the price cap carriers (AT&T & CenturyLink) and not other competitors.

These regulations are a holdover from a monopoly era and today serve as unnecessary costs of doing business. It is time to take the next logical step to make the rules reflect market conditions.

While this gradual, measured shift from limited carriers to a wide choice of providers and technologies might be considered an evolution, the surge of innovation and the ways Kansans now connect is nothing short of a revolution. Consider a few statistics:

Wireless: Since 2000, the number of wireless subscribers in Kansas grew 262%. Over 2.46M Kansans now connect on the go. Even more telling - wireless voice usage has remained more or less constant but wireless data usage has surged.

Texting: From 2005 to 2010, the number of total text messages sent in the U.S. increased at a staggering rate – from around 50 billion to over 1.8 trillion messages sent in 2010. To give the numbers some context - that means that there were over 57,000 messages sent EVERY SECOND.

Applications: Applications or “apps” were first introduced in mid-2007 with the advent of the iPhone. 2009: 300 million downloaded – 2010: 5 billion downloaded. The app industry is currently a \$6.4 billion business; estimated to grow to \$30 billion by 2013. Innovative applications help business move faster and more efficiently. They can improve our health, our safety, our education, or simply entertain and connect us. With the right infrastructure and connectivity a young entrepreneur in Clay Center or Hays can enter this market and compete with a software engineer in Silicon Valley. Connectivity is the great equalizer.

Our customers demand connectivity; they want it to be efficient, fast, and they want it everywhere. Building the advanced networks that fulfill this demand is an exciting challenge that we’re ready and willing to tackle. It will require time, enormous capital investment and most importantly, the right environment. Passing SB 72 will help create a regulatory environment that encourages investment. It’s the next step to achieve the goal of a truly connected Kansas.

I lead the operations in Kansas for a company that invests billions of dollars every year. And like every business, we look to invest resources where we have the best potential returns. And let me be frank - other states have a head start. Missouri, Oklahoma, Arkansas and Texas have all adopted more modern communications laws in recent years. Many others have followed suit or are considering modernization proposals as we speak. Those states have seen investment and job growth. For example, in 2007, a new call center employing 500 people was opened in Joplin, Missouri. In 2010, the center added 85 more jobs. I want that type of investment and the next generation jobs that follow, right here in Kansas. I know you and your constituents want it too.

The call center in Joplin is an example of investment following sound policy, and we have similar examples right here in Kansas. In 2006, the Kansas Legislature passed a bill that opened the video market to competition. Soon after, consumers had more choices and intense competition drove providers to better improve their service and offerings. In fact, AT&T located a critical nationwide video operations center right here in Kansas. This multi-hundred million dollar facility is in many ways the “brains” of AT&T’s nationwide video network.

The call center in Joplin is an example of investment following sound policy, and we have similar examples right here in Kansas. In 2006, the Kansas Legislature passed a bill that opened the video market to competition. Soon after, consumers had more choices and intense competition drove providers to better improve their service and offerings. In fact, AT&T located a critical nationwide video operations center right here in Kansas. This

multi-hundred million dollar facility is in many ways the “brains” of AT&T’s nationwide video network.

In 2008, the Kansas Legislature took steps to align communications policy with then market realities by granting additional pricing flexibility in response to growing competition and modifying carrier of last resort obligations in specific situations. Due in part to that good public policy, AT&T is currently undergoing a major expansion of its wired and wireless network, with aggressive plans to bring high speed mobile broadband service to forty-three (43) counties in western Kansas. It is important to note that thirty-six (36) of these counties are “rural opportunity zone” counties, as established by SB 198. This means that Kansans in Dighton, Ulysses, Liberal and Garden City will have the same connectivity, the same access to devices and the same opportunity as customers in Kansas City, Chicago, Los Angeles or New York. The path is clear. The Legislature created sound public policy and an environment ripe for investment – and the investment and jobs followed.

SB 72 includes safeguards that ensure the state’s smallest cities and most rural consumers will receive the benefits of the robust competition enjoyed in our state’s largest areas. Under SB 72, AT&T’s rates for stand-alone access lines in rural parts of the state can be no higher than those in the intensely competitive urban areas. You could think of it as “competition by proxy.”

The Lifeline Service Program, which provides low cost telephone service to those at or below 150% of the federal poverty guidelines or who meet other qualifications, remains in place statewide.

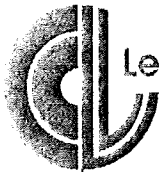
In the state’s largest areas, where competition is fierce and AT&T is no longer the dominant carrier, SB 72 removes an outdated carrier of last resort obligation mandating that AT&T use yesterday’s technology to serve customers. AT&T will be allowed to design, build and manage its network as efficiently as possible – just as our competitors do. SB 72 was amended in the Senate to make certain that providers relieved of this obligation shall not be eligible to receive KUSF funding to fulfill that obligation.

Finally, to address concerns from rural independent phone companies, SB 72 was amended in the Senate to remove electing carriers’ rates from the calculation of the statewide average. With this amendment, rural independent phone companies are not impacted by SB 72.

This update to our telecommunications laws is not a drastic move. It has been tested over and over again in other states and is consistent with Kansas policy. It is simply the next logical step toward the Legislature’s established goal to allow the competitive market to regulate price and service for maximum consumer benefit.

The time to act is now.

I respectfully ask that you support SB 72 which, as Governor Brownback said, will update our telecommunications policy to facilitate greater investments in broadband and wireless deployment. I will stand for questions at the appropriate time.



Leavenworth-Lansing Area Chamber of Commerce

March 8, 2011

Mr. Chairman and committee members:

Let me begin by thanking Kansas lawmakers for approving good public communications policies during past legislative sessions. I've seen how those policies have benefitted the members I serve at the Leavenworth-Lansing Area Chamber of Commerce.

Now you have a great opportunity under Senate Bill 72 to continue your leadership, vision and commitment to modernization of rules, thereby ensuring additional investment on advanced services our businesses in rural and urban areas need in today's highly competitive communications world.

I hope this session of the state legislature is remembered for the legislation before us now.

Senate Bill 72 is good for jobs, good for consumers and good for the long term economic health of Kansas. We need to do whatever we can to attract jobs and investment — and SB 72 is a great start.

That's why the Leavenworth-Lansing Area Chamber of Commerce endorses SB 72. And that's why more than 30 chambers and other organizations in urban and rural areas of Kansas support modernization of communications rules. We're confident new rules will spur economic growth and create and retain jobs. And in a difficult budget year, it is a policy change that will bring investment without costing any taxpayer money.

Because of the benefits for Kansans everywhere, the Leavenworth-Lansing Area Chamber of Commerce asks this body to vote yes on SB 72 and bring modern communications rules to the state this year.

Very Respectfully,

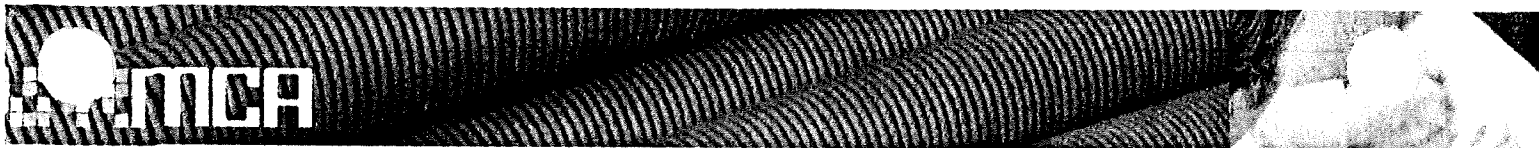
Tim Holverson
Executive Vice President
Leavenworth-Lansing Area Chamber of Commerce

518 Shawnee • P.O. Box 44 • Leavenworth, Kansas 66048
Phone (913) 682-4112 • Fax (913) 682-8170 • www.lchamber.com

HOUSE ENERGY AND UTILITIES

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ATTACHMENT 3



Mr. Chairman and Members of the Committee:

Thank you for the opportunity to speak with you today regarding Senate Bill 72. I had the chance to meet many of you at the event my organization hosted in January here in Topeka. For those of you that were not able to attend that event, my name is Todd Abrajano and I am Executive Director of the Mid-American Communications Alliance. MCA was founded in 2006, and exists to advocate on behalf of consumers for more choice, better service and affordable cost in the communications marketplace. My organization represents approximately 120,000 supporters in Kansas, Missouri, Oklahoma and Arkansas.

On behalf of the nearly 50,000 MCA supporters who reside in Kansas, I am here today to voice consumer support for SB 72. In early January, MCA commissioned a scientific poll of over 500 randomly selected Kansans. Last month, I testified before the Senate Utilities Committee regarding the results of this poll and what your constituents believe the future of telecommunications regulation should be in this state. Today, I would like to share that same information with this committee because it is important to hear what consumers have to say during this hearing in addition to the perspective you will receive from members of the industry and regulators.

Here are some of the key points from our recent poll:

Kansans understand that outdated policy and unnecessary regulations are hindrances to technological and economic growth, and that costs should be determined by the market, not government.

- 87% of respondents agreed with ensuring that "regulations do not hinder companies' ability to innovate and invest in new services that can help move Kansas forward."
- 83% of respondents agreed that "prices for communication services should be set by the free market and companies, not by the government."

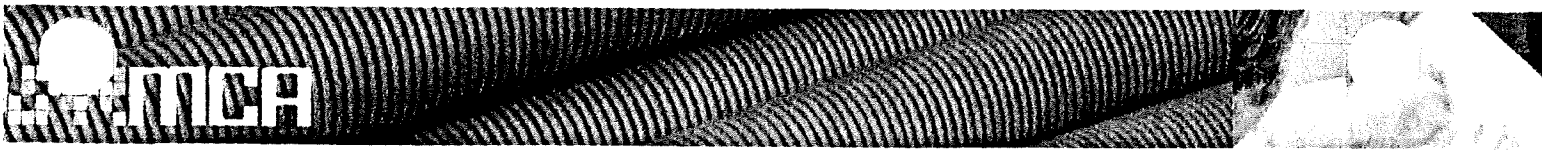
Across the MCA region, surrounding states have already taken major steps in updating their regulatory regimes. Since 2007, Missouri has passed multiple pieces of telecommunications-related legislation including complete pricing flexibility, non-regulation of VoIP technology, and intrastate access rate reform that have given telecommunications providers the freedom to invest and expand aggressively. Oklahoma has been updating telecommunications regulations heavily since 2002. During an event my organization hosted in Edmond Oklahoma in May of 2009, the then Chairman of the Oklahoma House Utilities Committee stated that, "What we have found, and I think Oklahoma is a good example, is when you put competition in place and have less regulations the result is positive impact for Oklahoma consumers." Over the past decade, Oklahoma has seen investments in new telecommunications technology totaling hundreds of millions of dollars. I believe the passage of SB 72 could lead to similar technology investment and expansion results here in this state, and be a positive impact for Kansas consumers. Without similar regulatory updates in Kansas, these surrounding states will continue to push Kansas toward the back of the line when capital expenditures are made by service providers.

HOUSE ENERGY AND UTILITIES

P.O Box 58610, St. Louis, MO 63158 | (877) 732-4788 | www

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ATTACHMENT 4-1



Not surprisingly, our poll showed that Kansans understand that regulatory updates are imperative to staying competitive with these surrounding states.

- 91% of Kansans agreed that ***"In order to stay competitive with other states we need to have the best cutting-edge communication technologies and capabilities here in Kansas."***
- And by an over 2 to 1 margin, (63-30%) Kansans believe that the state's telecommunications regulations should be updated.

Technological innovations are created, and new capital investments are made, to keep up with rapidly expanding consumer demand that is driving the amazing growth in the wireless and broadband markets. These two factors are intertwined; innovation in the communications space is spurred by investment and vice versa. Depending on its stance, a state's regulatory policy can be a huge incentive or a large barrier to new investment and the proliferation of innovative technologies.

The time to act is now, because technology is already changing. Gone are the days when landline telephone service was the only option. Today, consumers across America have made the switch to wireless, and Kansans are no exception. Consumers in this state understand that the future is wireless.

- In our recent poll, 94% of Kansans stated they believe that wireless will be the primary form of communication within five years.

And Kansans are already moving toward this technology in waves.

- A majority of Kansans, 55%, use wireless as their primary form of communication - today.
 - Included in that number are 54% of urbanites and **57% of small town and rural residents.**

Members of the committee, surrounding states have already made the move to update their regulatory regimes in the telecommunications space. Governor Brownback made a pledge in his State of the State to do the same. Your colleagues in the state Senate have acted on Governor Brownback's call and have passed SB 72 by an overwhelming majority. Now, you can take the final step in ensuring that Kansas has the ability to stay technologically competitive. I urge you to take that step and pass SB 72.

Thank you again for the opportunity to speak with you today. If any of you are interested in seeing the full results of our recent consumer survey, they are on our website at www.communicationsalliance.org.

I am happy to answer the committee's questions at any time.

John Idoux
Kansas Governmental Affairs
john.idoux@centurylink.com



5454 W 110th Street
Overland Park, KS 66211
913-345-6692

Testimony in Support of Substitute for Senate Bill No. 72

**Testimony by CenturyLink
John Idoux, Kansas Governmental Affairs
Before the House Energy & Utilities Committee
March 15, 2011**

Thank you Chairman Holmes and members of the Committee. My name is John Idoux with CenturyLink's Governmental Affairs team and I appreciate this opportunity to express CenturyLink's support of Substitute for Senate Bill No. 72 (SB 72).

CenturyLink Introduction

CenturyLink has provided communications services in Kansas for over 110 years under various names and is the leading rural broadband and communications company serving predominantly rural markets in 33 states. CenturyLink serves over 84,000 rural Kansans in 119 communities including Junction City/Fort Riley, Gardner, Spring Hill, and 111 communities with less than 1000 residents. High speed Internet facilities have been deployed to all 119 Kansas communities and nearly 85% of CenturyLink's customers have access to high speed broadband with additional deployment planned. CenturyLink also provides wholesale transport services with more than 750 route miles of fiber optics in Kansas. In April 2010, CenturyLink announced plans to acquire Qwest and the transaction is expected to close in the first half of 2011.

SB 72 Background

CenturyLink supports SB 72 because it continues the transition to market-based regulation for price-cap regulated companies as the competitive landscape in Kansas continues to accelerate. SB 72 is not full deregulation for AT&T and CenturyLink. Rather, SB 72 is a logical and necessary move toward parity regulation. SB 72 gives carriers the ability to respond to real competitive threats, maintains consumer protection measures, and reduces regulatory inefficiencies and costs. At the same time, SB 72 maintains critical support for rural high cost areas. I expand on each of these areas below.

HOUSE ENERGY AND UTILITIES

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ATTACHMENT 5-1

Gives Carriers the Ability to Respond to Real Competitive Threats

- More than 25% of CenturyLink's customers live in towns with aggressive wireline competition from Cox, Comcast, TimeWarner and rural phone companies edging out of territory to expand their own footprints.
- Customers are "cutting the cord" and going "wireless-only" in more than half of CenturyLink's 119 communities. According to a recent reports, nearly 25% of adults, one in four, live in wireless only households.¹
- Statute currently provides price-cap regulated carriers with two different pathways for increased pricing flexibility with CenturyLink and AT&T each taking a different path to meet the needs of their respective customers. However, each pathway has substantial restrictions and disparate limitations that provide competitors with considerable market advantages.
- Parity regulation increases competition and promotes market rates. For example, CenturyLink lowered prices dramatically for metro calling plans in response to the cable company when CenturyLink obtained its limited pricing flexibility. CenturyLink's limited pricing flexibility granted by the KCC has not resulted in undue price impacts to consumers.
- SB 72 allows AT&T and CenturyLink to bring the benefits of competition to consumers in a cost effective manner without burdensome regulations.

Maintains Consumer Protection Measures

- K.S.A. 66-2005 (w) remains fully intact and states: "The commission shall oversee telecommunications carriers to prevent fraud and other practices harmful to consumers and to ensure compliance with quality of service standards adopted for all local exchange carriers and telecommunications carriers in the state".
- The Commission still will oversee all telecommunications carriers to prevent fraud and other practices harmful to consumers. SB 72 states "electing carriers" are to be treated as a "telecommunication carrier", all carriers in Kansas will continue to be overseen by the KCC.
- The Commission retains authority to adopt quality of service standards for all telecommunications carriers in the state, including electing carriers.
- Truth-in-billing obligations remain intact. All carriers must disclose all rates, terms and conditions and issue bills using clear, concise language.

¹ *Mobile Wireless Competition Report to Congress (Fourteenth Report or Report)*, FCC at pages 179-180, (May 20, 2010) www.wireless.fcc.gov/index.htm?job=cmrs_reports and www.wirelessweek.com/News/2010/05/Policy-and-Industry-CDC-1in4-Households-Wireless-Only-Research/

Reduces Regulatory Inefficiencies and Costs

- SB 72 eliminates the requirement that price cap carriers file burdensome and complex price cap data. Currently, complex modeling is required annually even when no price changes are sought and again each time competitive market factors mandate price changes.
- The archaic price cap modeling requirements place AT&T and CenturyLink at substantial cost disadvantage as this modeling requirement is not mandated on competitors.

Maintains Critical Support For High Cost Rural Areas

- CenturyLink's strong policy preference is to serve all rural consumers within its serving territory and SB 72 maintains critical funding for the high-cost aspects of the providing service in rural Kansas.
- While carrier of last resort (COLR) relief is not a high priority issue for CenturyLink, SB 72 sufficiently targets COLR relief to those areas that are less likely to receive high cost support from the KUSF. In other words, the targeted COLR relief SB 72 provides does not generally include areas within Kansas that the Commission has deemed high cost areas eligible to receive KUSF high cost support.

A Technical Concern

CenturyLink submits that an amendment added in the Senate may have an unintentional consequence and CenturyLink suggests a minor change. New Section (6) requires electing carriers to continue offering single line residential service; however, the wording may inadvertently mandate electing carriers provide service even to those areas where COLR relief was granted from proposed section (5) and/or granted under K.S.A 66-2009(c). As such, CenturyLink submits that proposed Section (6) be amended as follows:

New Section (6): Notwithstanding the provisions of this subsection (x), an electing carrier shall offer single residential local exchange access lines in the electing carrier's exchanges where it serves as the carrier of last resort.

Conclusion

CenturyLink urges you to support SB 72 because it is a reasonable, measured pathway toward parity regulation in a highly competitive marketplace that no longer requires the strict governmental regulations of a monopoly era.

Thank you for your consideration.



March 15, 2011

Executive Committee

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Carol Linnens – Past Chair
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**Kansas Council on
Economic Education**
Wichita State University
1845 Fairmount
Campus Box 203
Wichita, KS 67260-0203

Phone: 316-978-5183
Fax: 316-978-5164
Email: kcee@wichita.edu
Web: www.kcee.wichita.edu

Mr. Chairman and members of the House Standing Committee on Energy and Utilities:

My name is Jim Graham. I serve as President and CEO of the Kansas Council on Economic Education. Thank you for allowing me to testify today in support of the effort to modernize Kansas' communications rules during this legislative session.

The Kansas Council on Economic Education (KCEE) is a nonprofit organization with the mission of equipping kindergarten through 12th grade teachers statewide to teach economics and personal finance. The KCEE has trained thousands of Kansas teachers and has enhanced the lives of innumerable Kansas students through economic and financial literacy.

The KCEE advocates for free market economic solutions with a fair regulatory environment and believes that approval of appropriate communications rules will result in additional investment in advanced technologies. These investments will enable us to be even more effective in accomplishing our educational mission throughout Kansas. In addition, teachers and students across the state will benefit from increased distance-learning, research, online instruction, and the other advanced education opportunities that this investment in infrastructure will bring.

Again, thank you for allowing me to testify in support of the modernization of Kansas' communications rules.

Sincerely,

Kansas Council on Economic Education

James J. Graham
President & CEO

ATTACHMENT
HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

ATTACHMENT 6

Economic Comments on Senate Bill 72 before the Energy and Utilities Committee of the Kansas House of Representatives

Debra J. Aron, Ph.D.

Navigant Economics and Northwestern University

March 15, 2011

HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

ATTACHMENT 7-1

Overview of my conclusions

- » The industry has changed dramatically even since the Legislature established the current statute's deregulatory structure in 2006, and will continue to change
- » Public policy towards the communications industry must keep pace with the dynamics of the industry and public policy objectives, and be forward-looking
- » The traditional wireline services provided by wireline incumbent local exchange providers and competitive wireline local exchange service providers over which regulators have jurisdiction are a small and shrinking part of the overall competitive landscape, and the current regulatory restrictions on one set of providers using one technology impedes rather than advances consumer welfare
- » The KCC's approach to competition analysis ignores the fundamental shift in the marketplace

Overview of my conclusions

- » Yet, even using the KCC's methods, and contrary to the KCC's conclusions, its results show nothing but growing competition in Kansas
- » SB 72 continues the direction established by the Legislature in 2006, which has been successful
- » SB 72 removes asymmetric regulations that tend to suppress broadband adoption
- » SB 72 therefore advances the public policy goals of the Kansas Legislature
- » SB 72 retains protections for low-income and rural customers

The way consumers communicate has changed profoundly even since 2006

Facebook launched in
2004

600 million Facebook users as of January 2011

Twitter began as part of a
brainstorming session in
2006

2011: Affects global politics. Algeria tries to close down Twitter and Facebook; Egypt tries to shut Internet access

I-Phone introduced June
2007

A smartphone today can take you to your destination via GPS, or monitor your sleep cycle to wake you at the right time; and farmers can use their phone to estimate the maturity of their crops

Kindle (1G) introduced
November, 2007

It sold out in 5 hours and remained out of stock until April 2008. Borders declares chapter 11 in 2011. The last time Borders made a profit was 2006

2010 global
mobile data...

... exceeded the entire global internet traffic of 2000

Consumers creatively use voice, video, data, and mobility to enhance their experience

- » You video conference with your daughter overseas using Skype on your computer
 - › Your daughter participates using Skype on her cell phone. She uploads pictures and video for the rest of the family to enjoy
- » A young man uses an app to scan a UPC code of a new bicycle into his phone. He finds that the identical bike is available at a shop on the other side of town at a 25% discount
 - › He texts a friend, who agrees to drive his truck to the second shop to load up the bike and bring it home. Along the way, the young man updates his Facebook page to show off his new bike to his friends



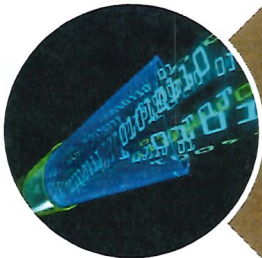
These sophisticated information management services are not just for the wealthy living in big cities



48 million people in the world have cell phones who don't have electricity at home. The mobile network has extended beyond the boundaries of the power grid. [Cisco]



The fastest growing demographic for Facebook is women over 50.
[InsideFacebook.com]



Senior citizens and lower-income households are the fastest-growing adopters of broadband. [Pew Research Center]

7-7

1. Comments to the 2011 Report of the Kansas Corporation Commission to the Kansas Legislature on Price Deregulation

The KCC's competitive analysis approach is two generations behind

7-8

- » The KCC Report's approach to competition analysis is no different than what might have been performed in 1996 when the Telecom Act was signed into law.



- › The philosophy is as if we must protect everyone's entitlement to this phone and this service
- › But this is not the goal of public policy in Kansas
- › And this philosophy now *impedes* the attainment of the goals of public policy in Kansas

What are the goals of public policy towards communications in Kansas?

- (a) Ensure that every Kansan will have access to a **first class telecommunications infrastructure** that provides excellent services at an affordable price;
- (b) ensure that consumers throughout the state realize the benefits of competition through increased services and **improved telecommunications facilities and infrastructure** at reduced rates;
- (c) promote consumer access to a full range of telecommunications services, **including advanced telecommunications services** that are comparable in urban and rural areas throughout the state;
- (d) advance the development of a **statewide telecommunications infrastructure that is capable of supporting applications**, such as public safety, telemedicine, services for persons with special needs, distance learning, public library services, access to internet providers and others; and
- (e) protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity.

Goals of the legislature revolved around investment in broadband and advanced

7-10

- » The Report pays lip service to these goals and then says not one word about either the progress in the state broadband deployment or adoption.
 - › Nothing in the KCC Report addresses these goals.
 - › Nothing in the Report assesses whether these goals are being met.
 - › Nothing in the recommendations purport to advance the goals.
 - › Nothing in the Report recognizes that competition promotes efficient investment in advanced infrastructure and promotes economic growth.
 - › Nothing in the Report recognizes that reversing the progress of deregulation, especially when the signs all suggest that the market is functioning effectively, is harmful to the goals advanced by the legislature.
 - › Nothing in the Report discusses the potential effects of its proposals on broadband investments and adoption.

How does the KCC measure telecommunications competition?

- » Counting wireline narrowband voice telephone lines
- » Counting the number of competitors who supply wireline local exchange voice service
- » Measuring “market shares” and “market concentration” in “wire centers,” recognizing only wireline voice service
- » Focusing on the price of stand-alone narrowband voice local exchange service

What did the KCC *not* do?

7-12

- » Include wireless services in the calculations in any way
- » Include broadband services in the calculations in any way
- » Acknowledge non-voice communications in any way
- » Study whether its measures of “competition” correlate with prices in any way
- » Incorporate in its conclusions its own findings that unregulated prices of bundles of services that include wireline local service have fallen
- » Study the availability of or adoption of broadband services
- » Assess what consumer pay on average or what typical consumers pay for telephone service in any geographic area
- » Where the number of wireline competitors went down in the last year, look into why
- » Consider any of the many non-price benefits of competition, including innovation, advanced infrastructure for broadband and wireless services, and the dynamics of a competitive marketplace, where prices go up and down as sellers find ways to meet the various demands of consumers with different preferences and tastes.

What did the KCC *not* do? (cont.)

- » The KCC did not consider whether the prices it *is* concerned about are in any way reasonable or consistent with the marketplace.
- › Assumes that prices in competitive markets only go down, which every consumer knows is not true
- › And cannot be expected in markets that are coming out of regulation whose goal was to suppress prices

Prices move toward cost in a competitive market

- » Prices of previously-regulated basic local service lines are certainly not expected to necessarily decline.
 - › These prices are the result of a long and arcane history of cross-subsidies and policy distortions.
 - › Basic local service prices have traditionally been suppressed by regulation:
 - Business subsidized residential rates;
 - Features subsidized residential rates;
 - Switched access rates (i.e. long distance companies) subsidized residential local rates.
 - › **If prices were at below-cost levels, they will go up due to competition, not down.**
 - The higher prices promote competition, entry, efficient investment, and efficient consumer decisions.

Are regulated prices consistent with the marketplace?

- » On average, Kansas consumers pay \$15.85 for regulated residential basic local exchange stand-alone wireline service (according to the KCC)

But,

- » 85 per cent of the adult population of the United States has a cell phone (Pew Research Center)

and

- » On average, consumers in the U.S. spend \$47.47 on wireless service per month, which they choose because they like and value the service (CTIA)

What are valid ways to assess competition?

7-16

- » Research and address the following questions:
 - › Are the investments by competing providers of traditional wireline services significant in magnitude?
 - Are these investments increasing over time?
 - › Are inter-modal means of providing the service present in the market ?
 - Is consumer adoption of these alternative means of supply increasing over time?

From: Direct Testimony of Debra Aron
Docket No. 05-SWBT-997-PDR, May 6, 2005,
p. 6

- » Nevertheless, despite the backward-looking and incomplete way the KCC examined competition, its own results demonstrate that competition continues to expand in Kansas.

2. What did the KCC report find?

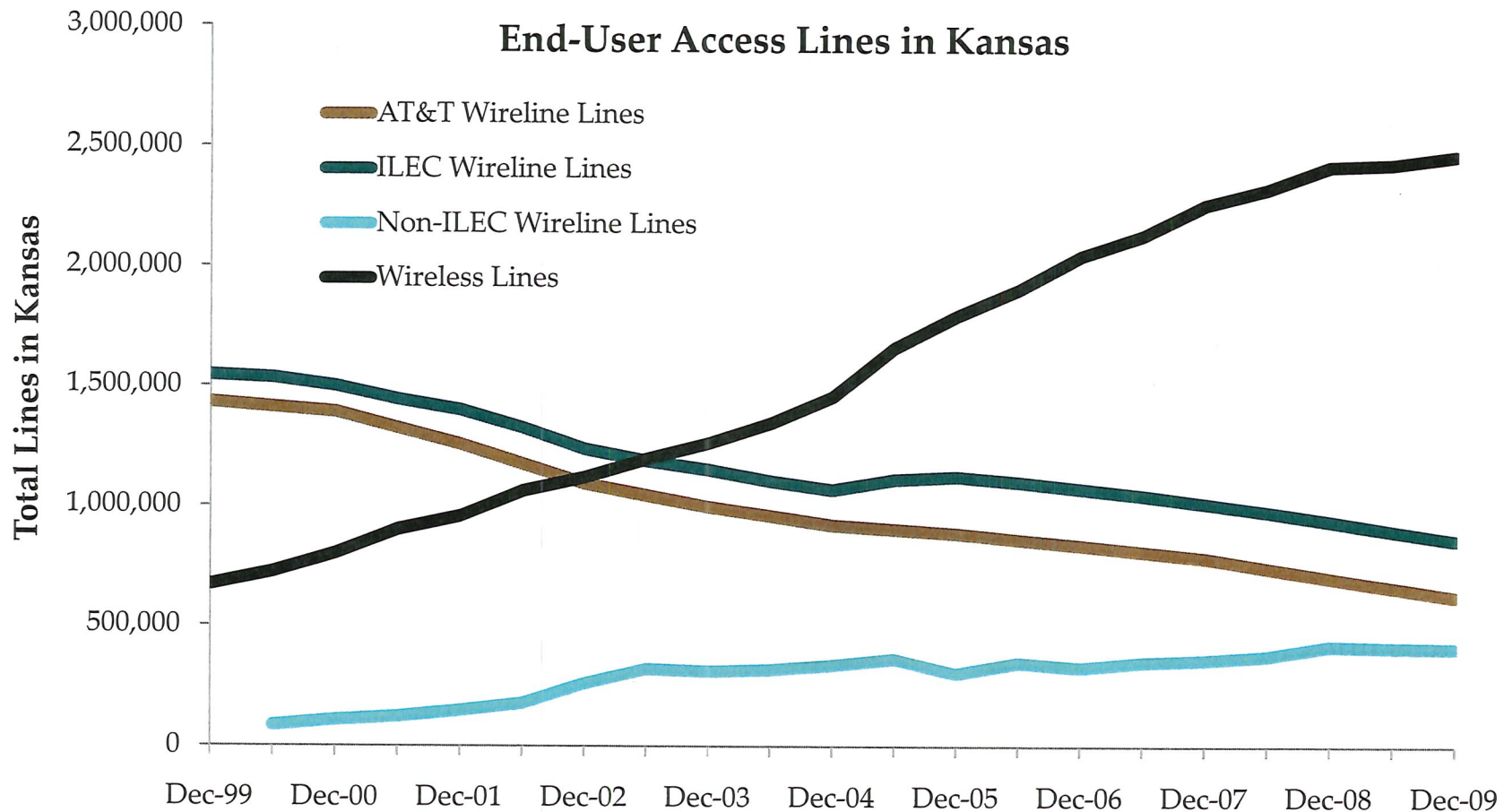
What has happened in the US telecommunications industry since 2006, according to the KCC report?

- » Incumbent Local Exchange Carriers (“ILECs”) have continued to lose lines
- » Lines served by CLECs’ own facilities has increased
- » The number of CLECs has increased
- » CLEC market share exceeded the national average and grew every year since 2005
- » Prices of unregulated services have declined
- » Prices that were controlled (stand-alone basic local service) remained within the required cap
- » Competition has become more facilities based and less reliant on incumbents’ facilities
- » Wireless lines in the state have grown significantly from 2003 to 2009.

➤ **There is no evidence here that the market has performed in any way other than competitively**

Wireless “lines” have increased in Kansas even as traditional ILEC-served wirelines have declined

7-20

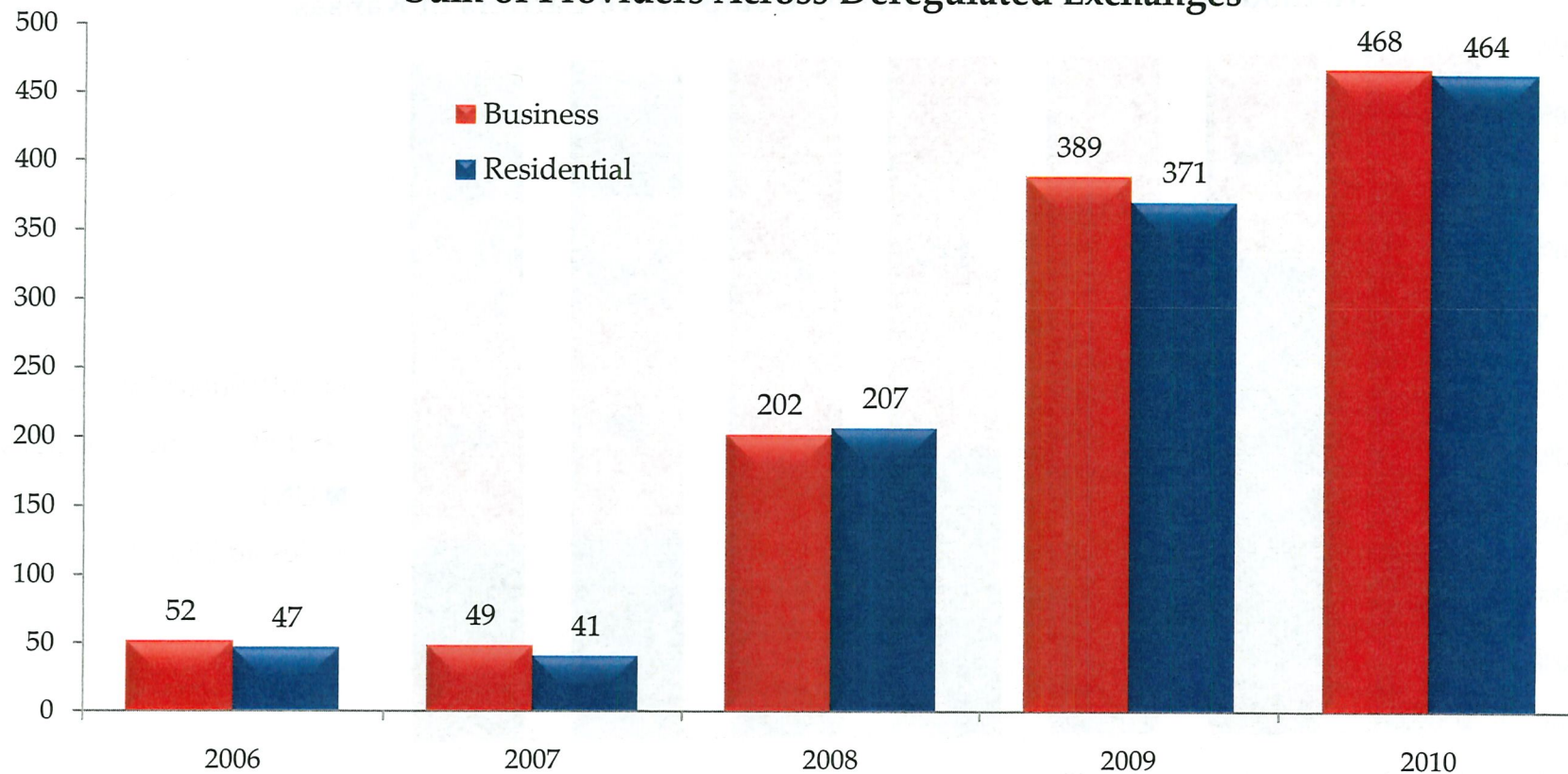


Sources: FCC Local Competition Report; FCC ARMIS Report 43-08

The number of competitive carriers has increased

12-1
7-21

Sum of Providers Across Deregulated Exchanges

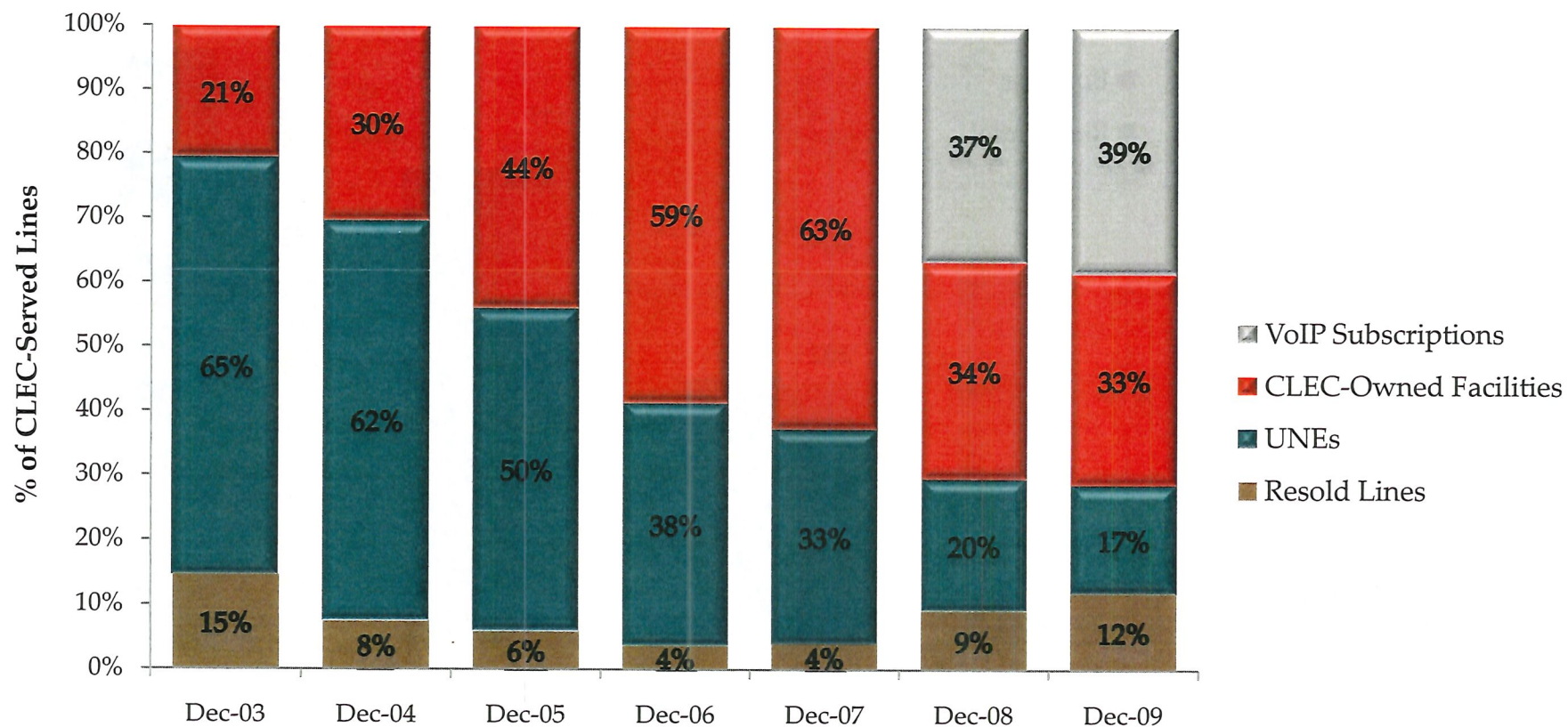


Source: KCC Report, Tables 3 and 4

Facilities-based competition has increased

7-22

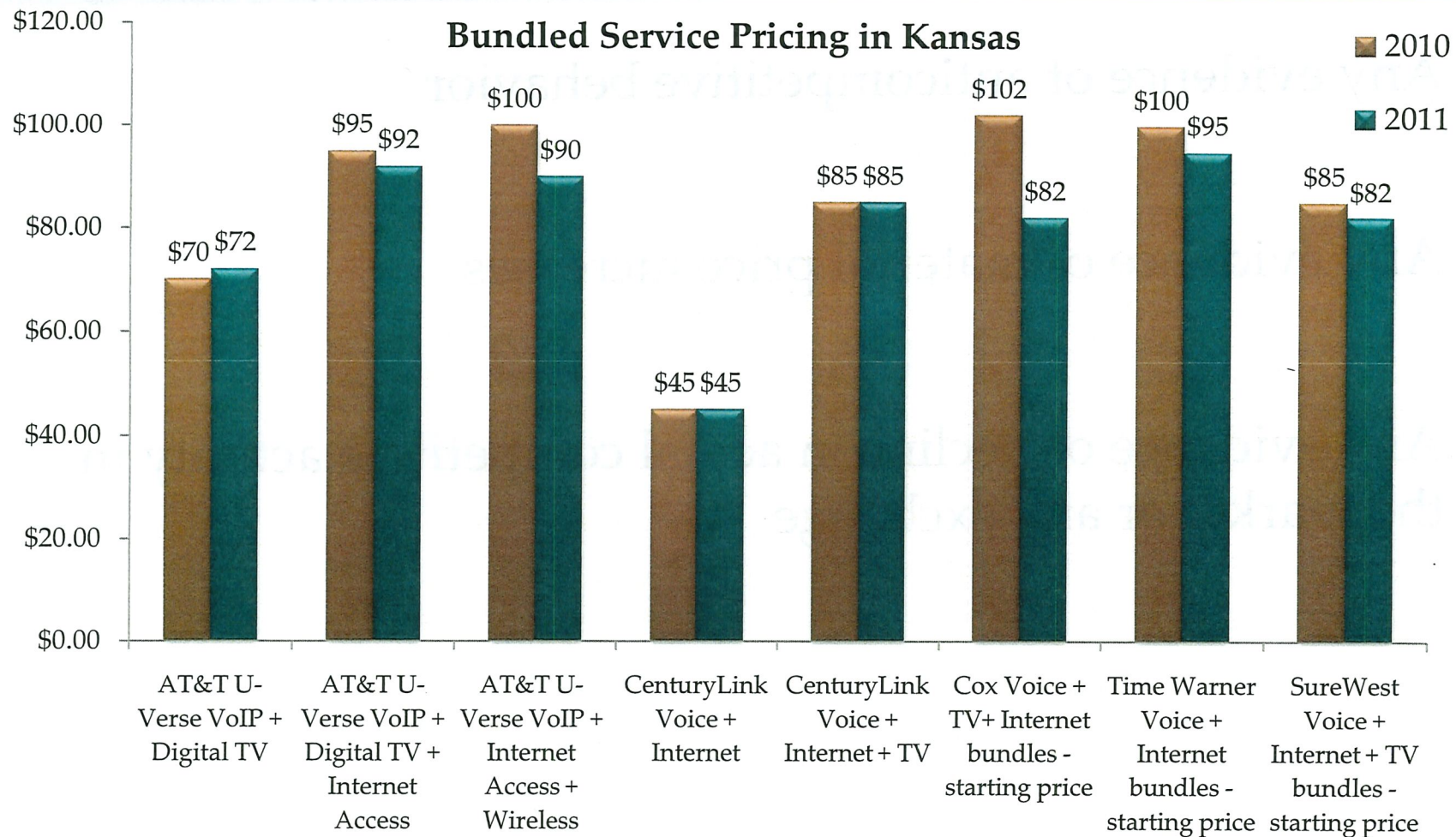
Method of Provisioning Service by Competitive Carriers in Kansas



Source: KCC Report, Table 9

Deregulated prices mostly fell, some significantly

7-23



Source: KCC Report, pp. 41-42

What did the Report not find?

- » Any evidence of anticompetitive behavior
- » Any evidence of material price increases
- » Any evidence of decline in actual competitive activity in the market or any exchange

3. What else has happened since 2006 that the KCC did not analyze?

What else has happened since 2006?

- » Wireless continues to be the growth driver and innovation engine in the marketplace
- » Broadband adoption continues to grow and availability is almost ubiquitous
- » Non-voice communications have soared

Wireless continues to be the growth driver in the marketplace and is the innovation engine

- » 90% of adults live in a house with at least one working cell phone [Pew Research Center, February 2011]
- » “85% of Americans age 18 and older own a cell phone, making it by far the most popular device among adults. “ [Pew Research Center, February 2011]
- » The proportion of wireless-only households has more than doubled since 2006, and exceeds 26% [Blumberg et al., 2007; Blumberg et al., 2011]
- » Wireless broadband connections more than doubled from 2008 to 2009, and higher-speed broadband connections increased twenty-fold [FCC, December 2010]

7-28

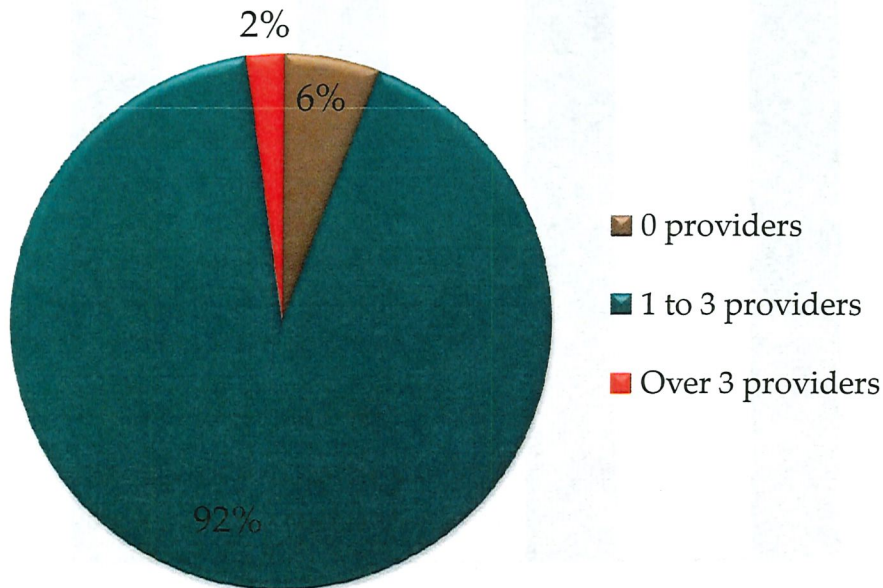
Broadband *availability* is almost ubiquitous in Kansas and broadband *adoption* continues to grow

98% of census tracts in Kansas have residential wireless broadband service available, and 94% have fixed residential broadband service available

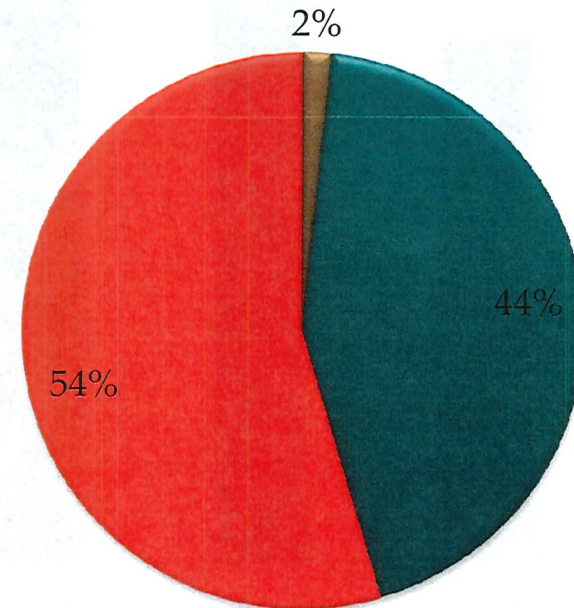
68-1
7-29

Share of Census Tracts with 0, 1, 2, 3 or More Residential Broadband Providers

Fixed (at least 3 mbps downstream & 768 kbps upstream)



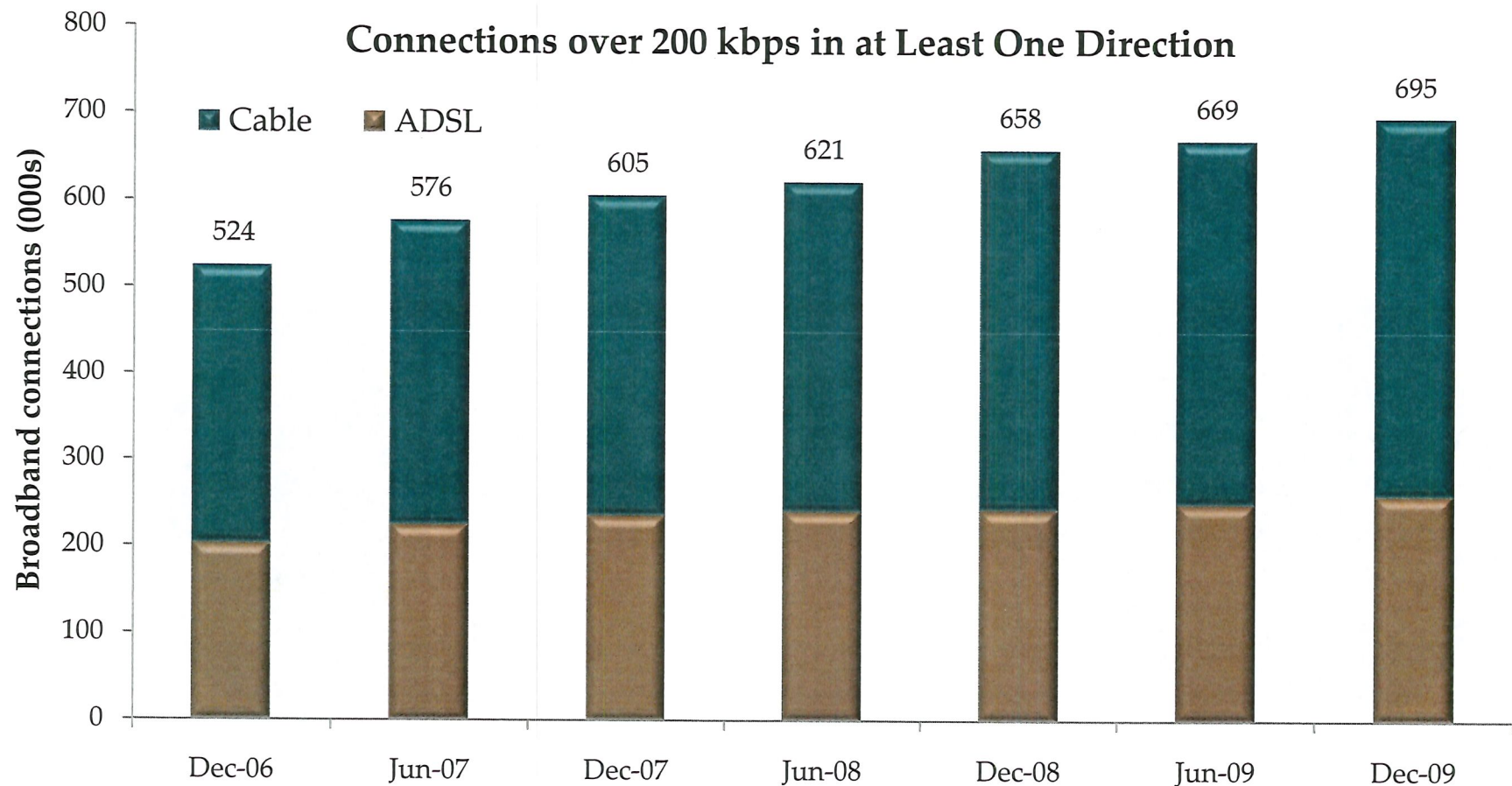
Wireless



Source: FCC Internet Access Services Report, December 2010

Residential broadband fixed connections in Kansas increased by 33% since 2006

7-30

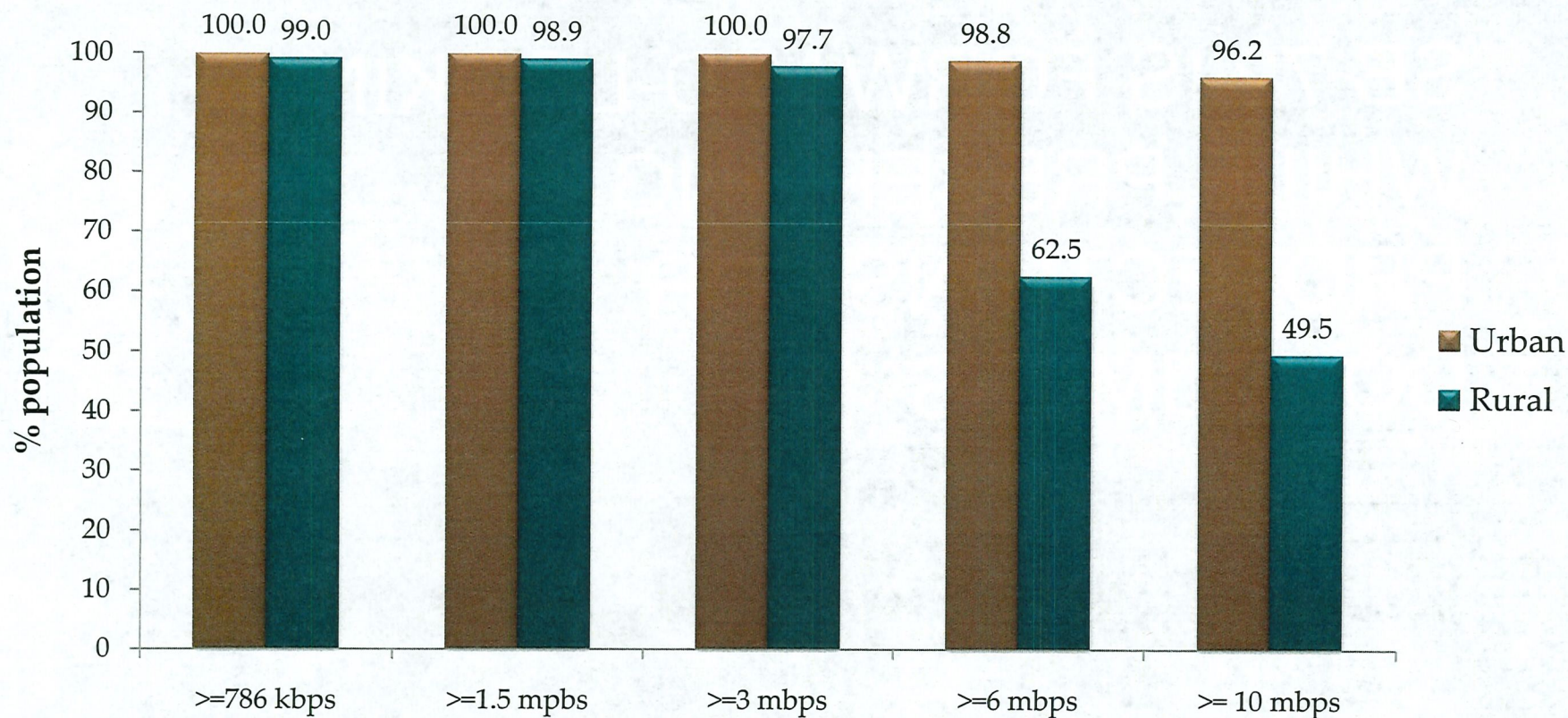


Source: FCC Internet Access Services Report, December 2010

13-1
7-31

Broadband service with download speeds *up to 6 mbps* is widely available in both urban and rural areas of Kansas

Percent Population in Urban and Rural Areas with
Reported Broadband Availability



Source: broadbandmap.gov

4. SB 72 IS FORWARD-LOOKING WHILE PRESERVING PROTECTIONS FOR CONSUMERS

SB 72 is forward-looking

- » SB72 continues in the direction the legislature established in 2006, which, by all measures in the KCC report, has been successful
- » SB72 acknowledges the continued evolution of the communications marketplace by removing most remaining asymmetric regulations on incumbent carriers who elect those rights and obligations
- » SB72 retains certain legacy obligations that limit price increases in rural areas, and preserves low-income programs

Consumer benefits of SB 72

7-34

- » It reflects better the current competitive landscape by relieving incumbent wireline local exchange carriers from regulatory restrictions that other telecommunications providers do not face
- » It recognizes that the telecommunications market is competitive, and that market is superior to regulators in producing pricing structures, pricing responses, and services that respond to consumer demand.
- » Will encourage efficient innovation and investment in new facilities through competition

7-35

SB 72 will promote the public policy goals established by the Kansas legislature

- » Broadband availability in KS far exceeds adoption
- » Public policy goals focus on broadband, not the black rotary phone
- » Artificially suppressing basic local service prices reduces broadband adoption

Artificially low local service prices discourage broadband adoption

7-36

- » I conducted a statistical analysis of communications choices and expenditures on data from over 54,000 households from 2006-2010.
- » Some purchased broadband, some did not
- » After accounting for the effects of income, age, household size, race, urban/rural location, and other factors, I found that where prices are higher for basic local service, broadband adoption rates are higher.
- » This effect is statistically significant (not due to chance) and robust (the results do not appear to be sensitive to details of how the analysis was conducted)

See, Debra J. Aron and Allan Ingraham, "The Effects of Legacy Pricing Regulation on Adoption of Broadband Service in the United States,"
March, 2011.

SB 72 retains consumer safeguards

7-37

- › It preserves existing Lifeline Service Program (subsidized service for low-income customers)
- › Electing carriers' rates for single-line residential or business local service in rural exchanges are capped at the average of its rates in urban exchanges

Appendix

7-38
8C-L

Research has demonstrated that
excessive regulation harms
consumers and competition

Many industries have seen the benefits of deregulation

17-40

Crandall (2003): The Effects of Deregulation in the United States

Sector	Nature of Deregulation	Consumer Benefit
Airlines	Total	33 percent reduction in real (inflation adjusted) fares.
Trucking	Total	35 to 75 percent reduction in real rates
Railroads	Partial; rate ceilings and floors on "monopoly " routes	More than 50 percent decline in real rates
Natural Gas	Partial; distribution still regulated	30 percent decline in consumer prices
Telecommunications	Partial; local rates and interstate access charges still regulated	More than 50 percent decline in long distance rates
Banking	Consumer rates deregulated; entry liberalized	Increase in rates on consumer deposits; improved productivity

Source: Robert W. Crandall, "An End to Economic Regulation?" in *Utility Markets*, Collin Robinson (ed.), Institute of Economic Affairs, May 1, 2003.

Economists have studied the harmful effects of excessive regulation in telecommunications markets

- » Wireless industry in the U.S.:
 - › Hausman (2002) found that:
 - delays caused by FCC regulations and indecision resulted in a 10-year delay and a cost of \$24.3 billion in 1983 dollars to the economy in consumer welfare
 - state regulation of cellular service prices prior to 1995 resulted in *higher* prices to consumers by about 15 percent
 - › Hazlett (2003) found that wireless penetration in 1995 was some 1.7 times higher in states where there was no rate regulation as compared to states where there was rate regulation, and that wireless subscriptions grew faster in rate-unregulated states than in rate-regulated states
- » Cable industry in the U.S.: Hazlett (2003) found that price regulation on cable companies damaged product quality (fewer channels to choose from), and that this reduction in quality manifested itself in slower subscription rates.
- » Landline telephony in Europe: Grzybowski (2006) found that liberalization of the telecommunications industry decreased retail prices by about 8.2%.

Economic research has also demonstrated the beneficial effects of deregulation on investment, productivity, and employment

7-42

- » Alesina *et al.* (2003) look at the effects of regulation on investment in the transport, communication, and utilities sectors. They find that liberalization of entry in potentially competitive markets has a sizeable effect on long-run investment rates. For example, if Germany and France were to align regulation in non-manufacturing industries with US standards their investment rate would increase by 2.3 percentage points in the long-run.
- » Nicoletti's and Scarpetta's (2003) results suggest that if continental EU countries were to align their regulatory practices to the most liberal OECD country, they could increase the annual rate of productivity growth by between 0.4 and 1.1 per cent over a period of ten years.
- » Nicoletti and Scarpetta (2004) found that in countries where pro-competition policy developments were extensive product market reforms are estimated to have added between 2 and 3 percentage points to their employment rate over the 1980-2002 period.

Suggestions that deregulated prices have increased in other states are potentially misleading

- » Consider California. Testimony before this Committee was that AT&T increased the price of deregulated services by 22 and 23%
 - » In fact, these increases were expected as part of the California Commission's adoption of a new Uniform Regulatory Framework.
 - » The AT&T prices had been frozen since the 1990s, were far below Verizon's in the same area, and remain below the Verizon prices even after the increases.
- » In permitting the price increases, the California Commission said:
 - » Price controls **"discourage true intermodal competition for voice services, including basic residential service."**
 - » Controls **"discourage a new entrant from joining or expanding its offerings in the state's voice communications market."**
 - » Failure to permit efficient prices would mean that the state **"may not receive the most advanced communications technologies."**

Testimony of Rachel Lipman Reiber
Testimony in Support of SB 72

My name is Rachel Lipman Reiber. I am an attorney in private practice in Johnson County, Kansas. Since 2001, I have represented SureWest, formerly known as Everest Connections, a facilities-based broadband provider of telecommunications, cable and Internet Service. I have provided an abbreviated version of my education and employment history at the conclusion of my testimony. Today I am not appearing as a representative of SureWest, although they are aware of my participation and testimony. I appear here today as a long time participant and observer of the telecommunications industry, both as a regulator and as a competitor to legacy incumbent telecommunications companies.

Since 1994, the Kansas Legislature has enacted telecommunications legislation with two goals: (1) promoting competition in the marketplace and/or (2) increasing investment in telecommunications infrastructure. After Congress passed the historic Telecommunications Act of 1996, the Kansas Legislature passed its own bill, implementing the federal law, and providing for a state regulatory framework for local exchange competition. K.S.A. 66-2005 was an integral part of the 1996 legislative package.

Section (p) of the 1996 version of the K.S.A 66-2005, outlined the process which has been utilized by legacy telecommunications providers, such as AT&T, to apply to the Kansas Corporation Commission (KCC) to request that they be deregulated in particular exchanges based on evidence of existence of competition. In 2005, SWBT requested and received price deregulation on certain services in Kansas City, Wichita and Topeka.¹ In 2006, the Legislature reviewed and modified the deregulation process in subsection (q) implementing a framework for further deregulation and transitioning the telecommunications market place in Kansas.. Notwithstanding these deregulatory changes, stand-alone single line residential service and small business service of up to four access lines have remained subject to KCC price regulation as detailed in subsection (q)(1)(F).

New subsection (x) of SB72 would continue the transition from rate regulation to competition and allow legacy incumbent telephone companies, such as AT&T and CenturyLink, to be placed on an equal footing and subject to the same level of regulation as their competitors. The changes proposed by SB72 are modest and appropriate for several reasons. First and foremost is the widespread availability of competitive services from both landline and wireless alternatives. In 2010, the KCC issued its first CLEC certificate permitting local exchange competition in several rural telephone exchanges, signifying that competitive landline telecommunication options are no longer reserved for large and medium sized exchanges. Second is widespread availability of wireless service available from numerous carriers, even in rural areas. With its GPS capability, wireless service is now a legitimate 911 alternative to landline E911 service. Wireless providers, unburdened by extensive infrastructure requirements,

¹ Docket No. 05-SWBT-997-PDR, *Order Granting in Part and denying in Part Southwestern Bell Telephone, L.P.'s Application for Price Deregulation of Certain Residential and Business Telecom Service in the Kansas City, Wichita and Topeka Metropolitan Exchanges*, iss'd June 27, 2005.

HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

ATTACHMENT 8-1

are able to offer numerous calling plans, including some with affordable prepaid or pay-as-you-go options.

In short, ever increasing competition has paved the way for additional deregulation. But in my view, the strongest argument for SB72 is that it contains numerous safeguards that remain in place to protect both consumers and competitors.

First, and foremost, consumers would not be harmed by SB72. One of the KCC's primary tasks is to ensure that affordable local exchange service is available to low income customers. Electing carriers and telecommunications carriers alike are subject to the KCC's Lifeline requirements. New subsection (x)(D)(3) requires that an electing carriers' rates for single exchange access lines in rural exchanges not exceed rates for those services in urban exchanges, which is very significant, given the disparate costs of providing service to those populations. Electing carriers also would retain their carrier of last resort obligations in exchanges under 75,000 access lines.

SB72 does not affect the obligations of all telecommunications carriers, including electing carriers, to comply with the KCC's recently revised billing standards affecting billing, security deposits, credit lines, and disconnection of service.² Electing carriers also would continue to be required to file tariffs, contracts and quarterly quality of service reports.

Competing carriers also would retain the rights they currently have with respect to obtaining services from electing carriers. An electing carrier's competitors would continue to be able to receive resale of retail telecommunications service, as well as unbundling and interconnection obligations as required by K.S.A. 66-2003, and amendments thereto; and the continuing obligations within subsection (c) with regard to intrastate access charges. Even facilities-based competitors rely on electing carriers for some portions of the services they provide. SB72 ensures that electing carriers cannot modify their existing obligations to competitors.

SB 72 provides the framework for continuing the implementation of deregulation begun 15 years ago, and represents the next logical step in the transition from a monopoly to a competitive environment. I urge that you vote affirmatively to pass this bill out of committee.

Dec. 2006 – Present	Counsel for SureWest f/n/a Everest Connections and legal counsel to several other CLECs and wireless providers
2001 – 2006	Vice President of Regulatory and Government Affairs for Everest Connections
1998 – 2001	General Attorney/Senior Director of Regulatory Affairs for Sprint Corporation
1995 – 1998	Senior Attorney/Legal Advisor to Sprint CLEC business unit
1991 – 1995	KCC Commissioner
1989 – 1991	Attorney/Advisory Federal Energy Regulatory Commission, Natural Gas Pipeline Rates Division
1987 – 1989	KCC Assistant General Counsel
1985 – 1987	Assistant Attorney General/Criminal Division

B.S. Journalism; J.D. University of Kansas

² Docket No. 06-GIMT-187-GIT, *Order Adopting Staff's Report and Recommendation*, iss'd October 5, 2010.

Mr. Chairman and members of the Committee:

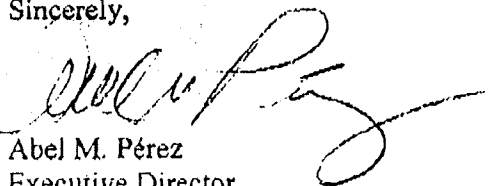
On behalf of the Wichita Hispanic Chamber of Commerce, its board of directors and its esteemed members, I extend our support for modernization of the Kansas communications rules during this year's legislative session.

The Wichita Chamber is confident modernization of rules will result in positive opportunities for the Hispanics our organization serves locally, but also for Hispanics living in urban and rural areas all across Kansas. They will benefit from the ongoing investment of advanced wireless communications that all Kansans need today for business, educational, healthcare and quality of life purposes. They will also benefit from job creation and enhanced competition that removal of old, antiquated regulations will bring.

Late last year, the Hispanic Chamber's board of directors approved a letter of support calling for modernization of the state's communications rules. A copy of that resolution will be shared with members of the Kansas state Senate and House of Representatives. With this testimony, the Wichita Hispanic Chamber again spotlights its commitment and support for modernization in 2011.

Thank you for allowing the Hispanic Chamber to participate in the legislative process by this endorsement of modernization of the state's communications rules.

Sincerely,



Abel M. Pérez
Executive Director
Wichita Hispanic Chamber of Commerce, Inc.

Testimony in support of modernizing communications laws

House Energy and Utilities Committee
Kansas Legislature
March 15, 2011

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to voice support for legislation to modernize Kansas' communications laws.

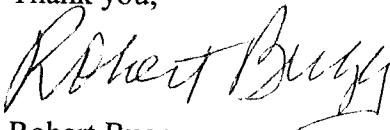
I have been fortunate over the years to have worked in public service for Topeka and for the State of Kansas. I also am fortunate to have associated with many outstanding Kansas residents, as we worked together on worthwhile civic and community projects. In the process I have met a diverse range of Kansans who I have found to be alike in that we have a great affection for our State and our communities, and we want good things to happen for our fellow Kansans, for our children and grandchildren.

Keeping Kansas' economy strong is a key to helping our state now and for the benefit of future generations. Finding ways to do that when the state faces budget shortfalls is the challenge. Encouraging private investment in communications services, by modernizing Kansas' outdated communications laws, is a great way to boost the Kansas economy now and for the future. Communications investment will provide much needed employment for Kansans at a time when jobs remain tight.

While I remember well the days of one phone company in town and one phone in the house, I now see a very competitive marketplace and I have come to appreciate, and depend upon, the technological marvels of internet, wireless and other communications services. We need communications investment to further along the new services that can benefit Kansans of all ages.

The changes in communications services in my lifetime have been profound. Our laws need to reflect these advancements, promote robust and fair competition, and open the window wide for communications technologies to come. Please encourage the continued advancement of these services by modernizing Kansas communications laws.

Thank you,



Robert Bugg
3721 SE Evans Drive
Topeka, KS 66609

ATTACHMENT

HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

ATTACHMENT 10

THE VANTAGE POINT
FOUNDATION

March 15, 2011

Mr. Chairman and members of the Committee:

My name is John Glassman, executive director of Douglas County Senior Services in Lawrence, Kansas. It is a privilege today to testify in support of modernization of the state's communications laws in Kansas.


We are all becoming aware of the growing numbers of seniors here in Kansas. It is no surprise that recent surveys show 90% of baby boomers want to remain and grow old in their homes. Personal circumstances will determine how feasible that will be but we do know the potential to do so can be found in new applications of technology.

According to a recent Harris poll, 80% of Americans want "mobile healthcare services delivered can make cheaper and better healthcare a reality for Kansans.

A vast array of home use technologies have been developed and are currently being used. The ability of newly-invented wireless monitoring devices can better respond to mobility issues that enhance the care and treatment of the elderly wherever they may be located. This is important to professionals and family caregivers as they increasingly look for ways to manage the care of their loved ones and to monitor their condition in a timely way.

It is essential that older adults have a presence online. Being involved on the internet is more than access to information. Access plays an important role of connecting seniors to others, offsetting the loneliness and isolation many older adults feel when they are confined to their homes. And with robust competition, pricing safeguards and Lifeline services for those who need assistance the most, I'm confident rates will continue to be affordable for consumers of all ages in metro and rural areas

Governor Sam Brownback recently stated there was a need to encourage investment in wireless and broadband infrastructure across the state. This is the opportune time to build the infrastructure of the future that will serve the growing elderly population and elected officials can put in place policies that will encourage this.



John Glassman
President

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HOUSE ENERGY AND UTILITIES

3/15/2011

Summary of the Testimony of Steve Pociask
American Consumer Institute
Center for Citizen Research
Before the House Standing Committee on Energy and Utilities

March 15, 2011

I am Steve Pociask, president of the American Consumer Institute. As a 501c3 educational and research nonprofit, I cannot endorse or support any legislation, but I can tell you that the Substitute for Senate Bill No. 72, if enacted, would provide economic benefits for consumers in Kansas. The following are the major points of my oral testimony:

- Telecommunications competition has become irreversible and the onetime dominance of the old telephone company is over, as evidenced by the high level of direct competition and significant intermodal competition.
- However, the full benefit of competition can only be realized if and only if rivals are allowed to fully compete.

What are the potential benefits?

- Spurring price competition and yielding lower consumer prices;
- Encouraging product innovation and differentiation;
- Stimulating investment in emerging services; and
- Boosting job growth.

In summary, when companies are encouraged to compete, consumers win. Lower prices, increased investment, increased jobs – it is a good deal for the state's economy and a great deal for consumers in the state. Only when market rivals are provided an opportunity to fully compete can consumers achieve the full benefits of competition.

ATTACHMENT
HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

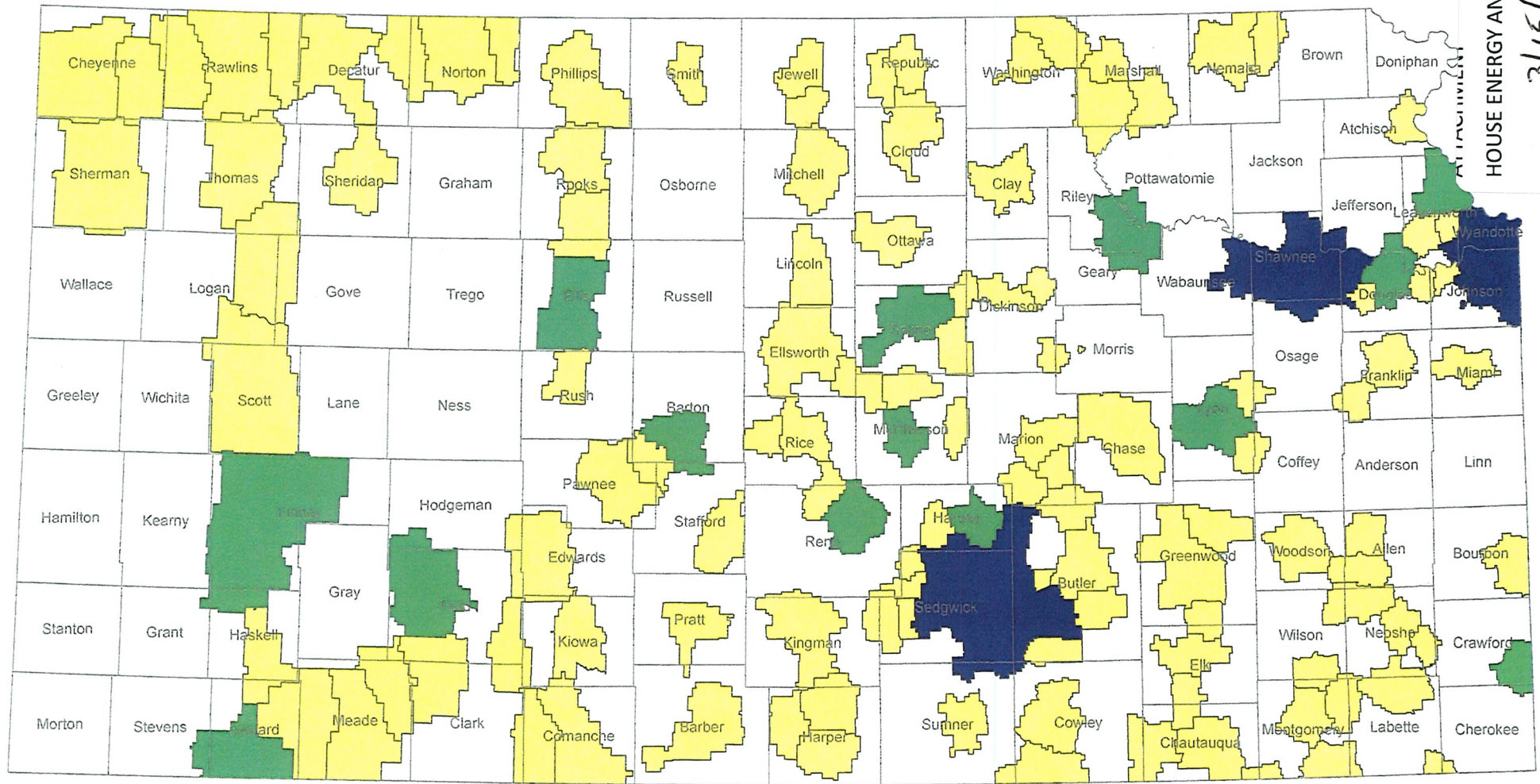
ATTACHMENT 12

AT&T Access Line Count

HOUSE ENERGY AND UTILITIES

DATE: 3/15/2011

ATTACHMENT 13-1



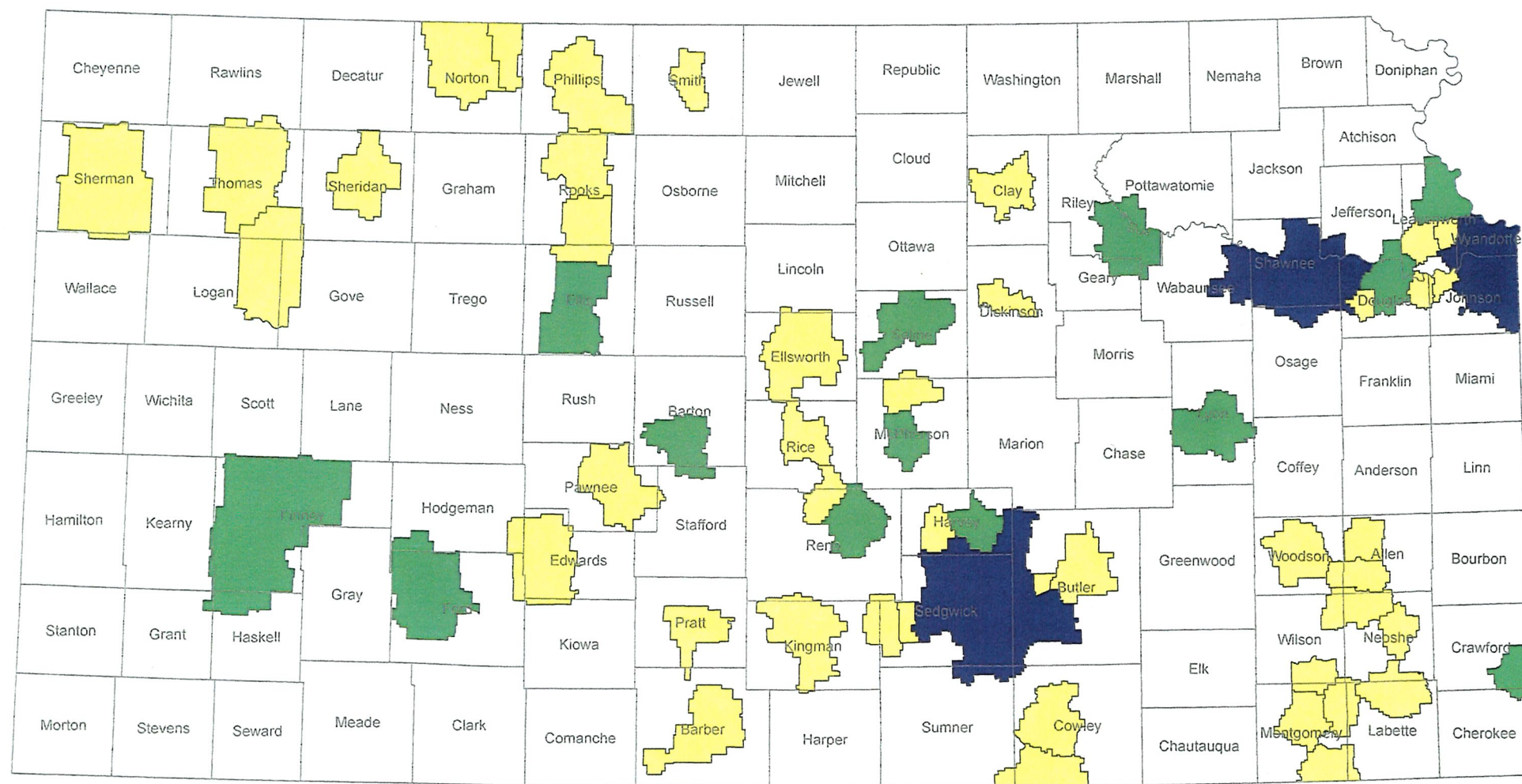
2009 Line Count



Miles

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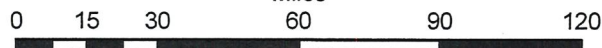
13-2



2009 Line Count



Miles

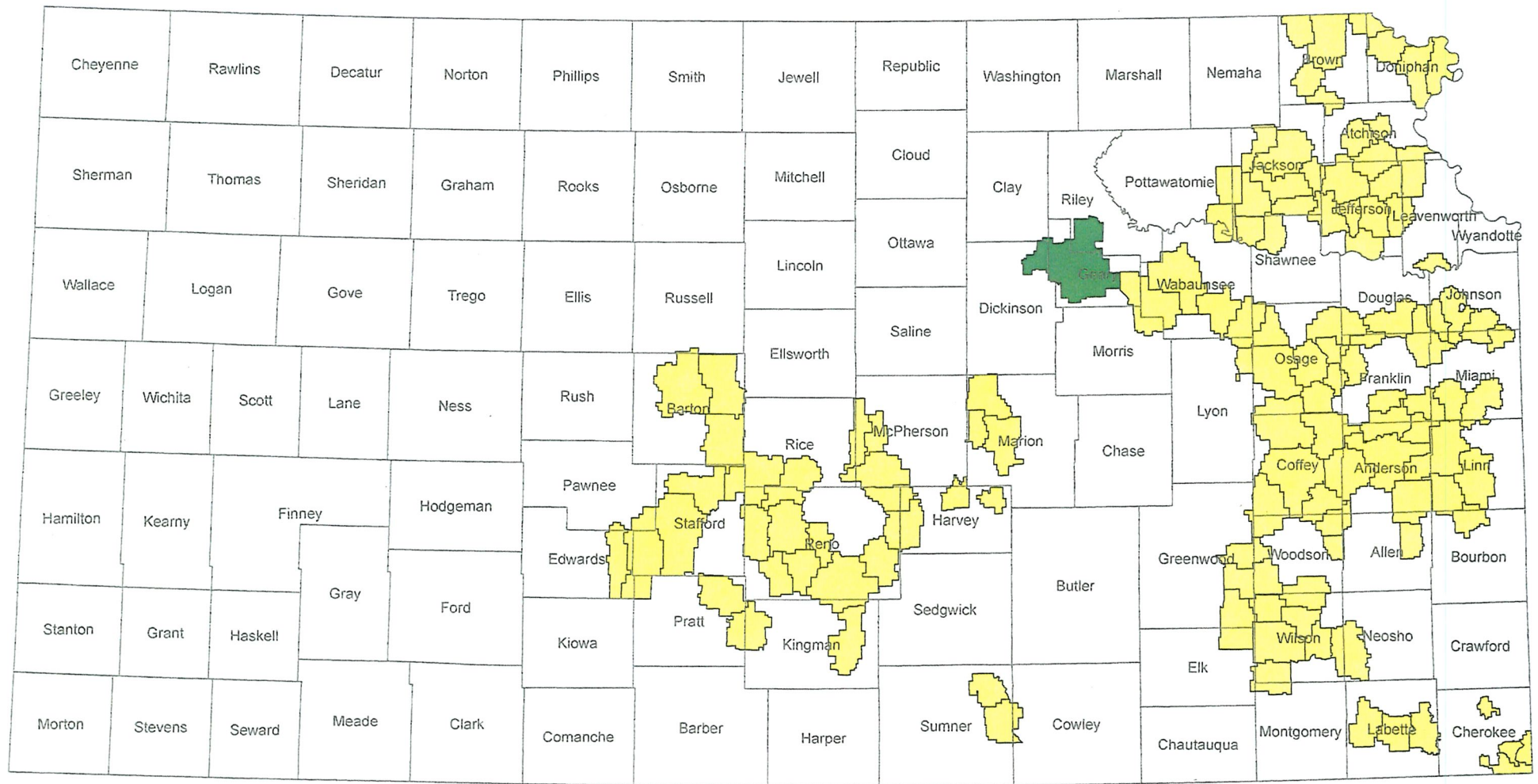


Corporation Commission

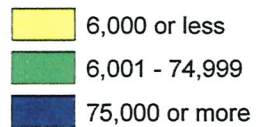
8 February 2011

CenturyLink Access Line Count

13-3



2009 Line Count



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Miles

0 15 30 60 90 120



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8 February 2011