

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on February 8, 2011, in Room 548-S of the Capitol.

All members were present except:

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes  
Cindy Lash, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Ann McMorris, Committee Assistant

Conferees appearing before the Committee:

Steve Hahn, President, AT&T Kansas  
Todd Abrajano, executive director, Mid-American Communications Alliance  
Rachel Reiber, former KCC commissioner and current CLEC attorney  
Tim Holverson, EVP, Leavenworth/Lansing Area Chamber of Commerce  
John Idoux, Centurylink

Others attending: See attached list.

Chair opened the hearing on:

**SB 72 – Telecommunications and Price Deregulation**

Matt Sterling, assistant Revisor of Statutes, provided an explanation of changes proposed in **SB 72**. (Attachment 1)

Fiscal note for **SB 72** was distributed to the committee and staff. (Attachment 2)

**Proponents**

Steve Hahn, president, AT&T Kansas, stressed the need for the changes incorporated in **SB 72** in order to remove unnecessary and outdated regulations while maintaining safeguards for rural consumers. (Attachment 3)

Todd Abrajano, executive director, Mid-American Communications Alliance, voiced consumer support for **SB 72**. He presented their findings from a scientific poll with over 500 randomly selected Kansans. He noted a state's regulatory policy can be a huge incentive to new investments. (Attachment 4)

Rachel Reiber, former KCC commissioner and current CLEC attorney, stressed that **SB 72** contains numerous safeguards that protect both consumers and competitors. This bill provides the framework for continuing the implementation of deregulation begun 15 years ago and represents the next logical steps in the transition from a monopoly to a competitive environment. (Attachment 5)

Tim Holverson, EVP, Leavenworth/Lansing Chamber of Commerce, favored **SB 72** because it is good for jobs, good for consumers and good for the long term economic health of Kansas. (Attachment 6)

John Idoux, Centurylink, noted **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, it maintains critical support for rural high cost areas. (Attachment 7)

Written testimony in support of **SB 72** was provided by the following:

Jim Daniels, retired Boeing executive (Attachment 8)  
Ben Vidricksen, former state senator, senior advocate (Attachment 9)  
Robert Bugg, community leader, African-American (Attachment 10)  
Steve Smith, Chief Financial Officer, Kansas Heart Hospital (Attachment 11)  
John Glassman, executive director, Douglas County Senior Services Inc.  
and President, The Vantage Pointe Foundation (Attachment 12)  
Jim Graham, President and CEO, Kansas Council on Economic Education (Attachment 13)  
Abel Perez, executive director, Wichita Hispanic Chamber (Attachment 14)  
Amy Noone Frederick, President, the 60 Plus Association (Attachment 15)

## CONTINUATION SHEET

Minutes of the Senate Utilities Committee at 1:30 p.m. on February 8, 2011, in Room 548-S of the Capitol.

Chair announced the hearing on **SB 72** would remain open and opponents would be called to testify at the meeting on February 9, 2011.

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,  
Ann McMorris  
Committee Assistant  
Attachments - 15

**SENATE UTILITIES  
COMMITTEE GUEST LIST  
FEBRUARY 8, 2011**

NAME	REPRESENTING
Mike Scott	DTT
Todd Agreano	MCA
JUDITH GANN	CAPITOL ADVANTAGE
Rachel Reiber	AT&T
Mike Murray	Century Link
Chais Carbone	AT&T
Cindy Zarbeld	<del>AT&amp;T</del>
SCOTT SCHNEIDER	Lox Communications
STEVE RARRICK	CurB
John Idoux	Century Link
George Stebbins	AT&T
DEREK HEIN	HEINLAW FIRM
PATRICK FUCIA	Sprint
Tam Slougher	Capital Strategies
Ward Loyd	KCC
DINA FISK	VERIZON
Christine Aernes	KCC
Janet Buchanan	KCC

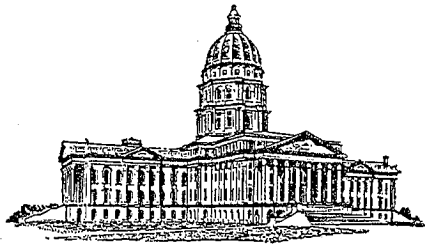
**SENATE UTILITIES  
COMMITTEE GUEST LIST  
FEBRUARY 8, 2011**

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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 Apple and members of the Senate Utilities Committee  
From: Matt Sterling, Assistant Revisor of Statutes  
Date: February 8, 2011  
Subject: Senate Bill 72

SB 72 amends K.S.A. 66-2005 concerning telecommunications and price cap regulation. The bill would permit any local exchange carrier with a majority of the carrier's local exchange access lines price deregulated to no longer be regulated as a local exchange carrier. The local exchange carrier would instead be regulated as a telecommunications carrier and be referred to as an "electing carrier."

"Telecommunications carrier" is defined in K.S.A. 66-1,187 and 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.

An electing carrier would not be subject to price regulation and would be subject to nondiscriminatory regulation by the commission in the same manner as other telecommunications carriers operating in the state. However, the electing carrier would remain subject to: The reasonable resale of retail telecommunications services, unbundling and interconnection obligations as required by K.S.A. 66-2003; the requirements of subsection (c) concerning intrastate access charges; and the requirements of the Kansas Lifeline Service Program, as required by K.S.A. 66-2006. The carrier would also remain eligible for KUSF funding.

An electing carrier would be required to keep its rates for single residential exchange access lines in rural exchanges no higher than its rates for single residential lines in its urban exchanges. Rural exchanges are defined as, "any exchange in which there are fewer than 6,000 local exchange access lines served by all providers."

Senate Utilities Committee  
February 8, 2011  
Attachment 1 -1

An electing carrier would be relieved of the requirement to serve as carrier of last resort except that the carrier would continue to serve as carrier of last resort for any exchange with less than 6,000 local exchange access lines served by all providers. Until July 1, 2014, an electing carrier would also continue to serve as carrier of last resort, by use of any telecommunications services, in any exchange that serves between 6,000 and 74,999 local exchange access lines by all providers.



February 8, 2011

The Honorable Pat Apple, Chairperson  
Senate Committee on Utilities  
Statehouse, Room 224-E  
Topeka, Kansas 66612

Dear Senator Apple:

SUBJECT: Fiscal Note for SB 72 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 72 is respectfully submitted to your committee.

SB 72 would allow any local exchange carrier (LEC) to elect not to be regulated as an LEC and be regulated instead as a telecommunications carrier. These carriers would be referred to as electing carriers. Electing carriers would not be subject to price regulation, and any regulation made by the Kansas Corporation Commission would be no more stringent for electing carriers than for telecommunications carriers. Electing carriers would remain subject to resale of retail telecommunications services, unbundling and interconnection agreements, intrastate access charges, would have access to the Kansas lifeline service program, and would remain eligible to receive Kansas universal service funds.

The bill would require that until July 1, 2014, an electing carrier's rates for single residential lines in a rural exchange could be no higher than the rate for single residential lines in an urban exchange. A "rural exchange" would be defined as any exchange with fewer than 6,000 access lines and an "urban exchange" as any exchange with 75,000 or more access lines. SB 72 would also relieve electing carriers of their obligation to serve as the carrier of last resort with the following two exceptions:

1. Until July 1, 2014, in exchanges where there are between 6,000 and 74,000 access lines, the electing carriers would continue to serve as carriers of last resort for telecommunications services; and,
2. In any rural exchange, exchanges with fewer than 6,000 access lines, the electing carriers would continue to serve as carrier of last resort.

The Kansas Corporation Commission indicates that passage of the bill would have a negligible fiscal effect on agency operations. Local governments in rural communities that are

Senate Utilities Committee

February 8, 2011

Attachment 2-1

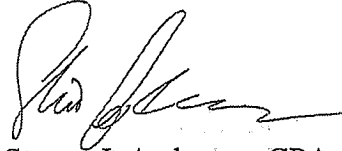
The Honorable Pat Apple, Chairperson

February 8, 2011

Page 2—Fisc\_Note\_Sb72

served by electing carriers and where competition does not exist may experience an increase in rates paid by consumers.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Tom Day, KCC

Larry Baer, League of KS Municipalities

Shonda Smith, CURB





Steve Hahn  
President – AT&T Kansas

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F: 785.276.1713  
steven.hahn@att.com

February 8, 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 encourage private investment in the state of Kansas, spur job growth, and will lead to the faster deployment of an advanced communications network that will benefit every Kansan.

Best of all, this proposal should have no fiscal note. SB 72 simply updates communication policy in the state of Kansas to reflect current market conditions, freeing capital and resources currently devoted to regulation that is no longer necessary.

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." Investment in our state's communications infrastructure will benefit all Kansans. Investment drives 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. And 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 more than half of its landline base in Hutchinson, almost 70% in Lawrence, more than 55% in Clay Center and 52% in Dodge City. Clearly, competition is thriving. Yet, AT&T is still subject to regulation that does not apply to many of its competitors. Passage of SB 72 removes unnecessary and outdated regulations while maintaining safeguards for rural consumers. It is 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. We see this every day in our own actions, and those of our friends, colleagues and families. 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.

Senate Utilities Committee  
February 8, 2011  
Attachment 3-1

**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.

**Twitter:** Twitter and tweeting did not exist in 2006. In 2011, its users now send 90,000,000 tweets every day.

**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 kid in Leavenworth or Dodge City 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 path is clear. The Legislature created sound public policy and an environment ripe for investment – and the investment and jobs followed.

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 43 counties in western Kansas. This means that Kansans in Hays, Colby, 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.

This industry is changing rapidly. To keep pace with our neighboring states – to ensure that Kansas is every bit as attractive for investment - it is time for the next step. SB 72 is that step.

Though competition for communications services is fierce in Kansas, there may be concerns that robust competition does not reach the most rural areas of the state. To address these concerns, SB 72 includes safeguards that ensure the state's smallest cities and most rural consumers will receive the same benefits of the robust competition enjoyed in our state's largest 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, will stay in place.

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.



Mr. Chairman and Members of the Committee:

My name is Todd Abrajano and I am Executive Director of the Mid America Communications Alliance. MCA exists to advocate on behalf of consumers for more choice and better service 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 to voice consumer support for SB 72. Recent advances in technology give consumers access to more choices and better value than many thought possible even a few years ago. The market is accelerating rapidly and it is MCA's goal to ensure that our member states are on the cutting edge of what's next.

As a consumer driven organization, it is important to periodically take the pulse of our states' consumers. You've heard from or will hear from members of the industry and regulators during this hearing. I think it is valuable to hear what consumers are saying. In early January, MCA commissioned a scientific poll with over 500 randomly selected Kansans. I would like to present some of our key findings:

Kansans understand that the future is wireless.

- 95% of Kansans believe that wireless will be the primary form of communication within five years.

Kansans already are moving toward this technology in waves.

- 55% of Kansans use wireless as their primary form of communication.
  - 54% of urbanites and interestingly **57% of rural residents.**

Outdated policy and unnecessary regulations are hindrances to growth. Consumers win when companies are unleashed to battle each other for business. Kansans overwhelmingly agree.

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

Kansas can't afford to wait. My organization operates in four states; Oklahoma, Missouri and Arkansas have already taken major steps in updating their regulatory regimes. This means that these surrounding states will continue to push Kansas toward the back of the line when capital expenditures are made.

-more-

Senate Utilities Committee  
February 8, 2011  
Attachment 4-1



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

Technological innovations are created and new capital investments are made to keep up with rapidly expanding consumer demand is driving the amazing growth in this market. 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.

MCA's recent statewide survey suggests that an overwhelming majority of Kansas consumers want the very best that technology has to offer. They've indicated their support for opening up the state to investment and the technology upgrades that follow. I ask that you consider what your constituents are requesting and answer their call to move Kansas forward.

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

Thank you.

4-2

Testimony of Rachel Lipman Reiber  
Conferee 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.<sup>1</sup> 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,

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<sup>1</sup> 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.

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, although they could fulfill those obligations in exchanges between 6,000 and 75,000 by using an alternative form of voice communications technology.

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.<sup>2</sup> 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

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



## Leavenworth-Lansing Area Chamber of Commerce

February 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 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

Senate Utilities Committee  
February 8, 2011  
Attachment 6-1



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



5454 W 110<sup>th</sup> Street  
Overland Park, KS 66211  
913-345-6692

## **Testimony in Support of Senate Bill 72**

**Testimony by CenturyLink  
John Idoux, Kansas Governmental Affairs  
Before the Senate Utilities Committee  
February 8, 2011**

Thank you Chairman Apple 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 Senate Bill 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.

### ***Senate Bill 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.

Senate Utilities Committee  
February 8, 2011  
Attachment 7 -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.<sup>1</sup>
- 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***

- The Commission still will oversee telecommunications carriers to prevent fraud and other practices harmful to consumers.
- Truth-in-billing obligations remain intact. All carriers must disclose all rates, terms and conditions and issue bills using clear, concise language.
- The Commission retains authority to adopt quality of service standards for all carriers in the state.

***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 when ever a price increase or price decrease is mandated by the competitive marketplace.
- The archaic price cap modeling requirements place AT&T and CenturyLink at substantial cost disadvantage as this modeling is not required of cable companies and other competitors.

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<sup>1</sup> 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](http://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/](http://www.wirelessweek.com/News/2010/05/Policy-and-Industry-CDC-1in4-Households-Wireless-Only-Research/)

7-2

***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.

***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.

January 27, 2011

Mr. Chairman and Committee Members:

As a retired Boeing executive who today remains an active senior in Derby, I provide as written testimony my support for modernization of the state's communication rules.

Over the years, I've seen the telephone marketplace change dramatically and forever in Kansas. No longer do seniors have a single choice for communications needs. Thanks to competition, people of all ages today enjoy greater choice and services, and at a price that remains a bargain for consumers.

In today's world it makes no sense to keep in place old rules meant for the age of rotary phones. The old rules discourage investment that will expand wireless technologies that provide seniors so many benefits, including healthcare and quality of life.

Again thank you for allowing me to provide this written testimony and for your support of modernizing our state's communications rules this year.



Jim Daniels

Derby, KS

Senate Utilities Committee  
February 8, 2011  
Attachment 8-1

1314 Sunrise Dr.  
Salina, KS 67401

Mr. Chairman and members of the Committee:

Please accept this letter as testimony of my support of legislation in 2011 for modern communications rules in Kansas.

As a former state senator from Salina from 1979-2000, I have long advocated for good public policy that will encourage investment and jobs across the state. Legislation to remove old, antiquated communications rules will encourage continued investment on advanced wireless technologies that consumers want and demand.

In the years following my position as a state lawmaker, I have continued serving my fellow Kansans by advocating for seniors. I know the elderly of this state can benefit from advanced wireless communications services that modern rules can bring. Because modern rules will promote more robust competition in Kansas, people of all ages can be confident rates will remain one of the best values in the marketplace. And seniors and others who need assistance the most can continue to depend on LifeLine service to keep them connected.

Thank you for supporting the modernization of communications rules during this year's legislative session.



Ben Vidricksen  
Retired Kansas State Senator

Senate Utilities Committee  
February 8, 2011  
Attachment 9-1

## Testimony in support of modernizing communications laws

Senate Utilities Committee  
Kansas Legislature  
Feb. 4, 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

Senate Utilities Committee  
February 8, 2011  
Attachment 10-1



January 28, 2011

Mr. Chairman and Members of the Committee:

On behalf of the Kansas Heart Hospital, I thank you for allowing me to communicate our support for updating communications rules in Kansas.

Advanced technologies that utilize wireless and broadband to provide health care are already being used to the benefit of Kansans. These technologies are used to remotely monitor patients, to exchange medical data and images, to provide emergency service in remote areas and to keep healthcare costs down.

While expansion of advanced wireless technologies has occurred over the past few years, more needs to be done. Updating our policies to make our state more attractive to investment allows patients and providers in Kansas to look forward to even better health technology and value.

Deployment of the newest technology will be especially important to our state's more rural residents.

I respectfully urge your support for updated communications policy in Kansas; which will lead to the investment that will benefit Kansas health care providers and patients. Thank you for your consideration.

Sincerely,

Stephen S. Smith  
Chief Financial Officer

Senate Utilities Committee  
February 8, 2011  
Attachment 11-1



THE VANTAGE POINTE  
FOUNDATION

February 7, 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.

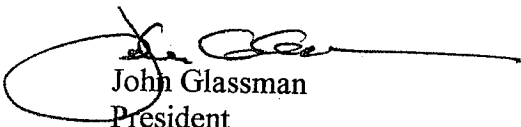
We are all becoming aware of the growing numbers of seniors here in Kansas. It is no surprise that recent surveys show 90% of baby boomers want to remain and grow old in their homes. Personal circumstances will determine how feasible that will be but we do know the potential to do so can be found in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

According to a recent Harris poll, 80% of Americans want "mobile healthcare services delivered from smart phones, wearable bio-sensors and disease monitoring devices." Further investment 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.

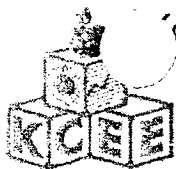
Governor Sam Brownback recently stated there was a need to encourage investment in wireless and broadband infrastructure across the state. This is the opportune time to build the infrastructure of the future that will serve the growing elderly population and elected officials can put in place policies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



John Glassman  
President

Senate Utilities Committee  
February 8, 2011  
Attachment 12-1





# Kansas Council on **ECONOMIC EDUCATION**

February 2, 2011

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Dr. Dan Rupp  
Harold Stones

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](mailto:kcee@wichita.edu)  
Web: [www.kcee.wichita.edu](http://www.kcee.wichita.edu)

Mr. Chairman and members of the Senate Utilities Committee:


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 non-profit organization with the mission of equipping kindergarten through 12<sup>th</sup> 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 and believes that approval of updated 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 educational 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 and CEO

Senate Utilities Committee  
February 8, 2011  
Attachment 13 -1



February 4, 2011

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.

Senate Utilities Committee  
February 8, 2011  
Attachment 14-1

# *The 60 Plus Association*

515 King Street • Suite 315 • Alexandria, VA 22314  
Phone 703.807.2070 • Fax 703.807.2073 • [www.60Plus.org](http://www.60Plus.org)

**Kill the Death Tax. Protect Social Security. Energy Security.**

*James L. Martin*  
Chairman

*Amy N. Frederick*  
President

*Rep. Roger Zion (R-IN, 1967-75)*  
Honorary Chairman

*Pat Boone*  
National Spokesman

February 8, 2011

Mr. Chairman and Members of the Committee:

As President of the 60 Plus Association and on behalf of our 138,000 Kansan seniors, I am writing to express support for passage of SB 72.

Founded in 1992, the 60 Plus Association is a non-partisan seniors advocacy group with a free enterprise, less government, less taxes approach to seniors issues. We believe that seniors, and society at large, are best served when minimal government intrusion and fierce competition combine to create an environment of more choice and better service.

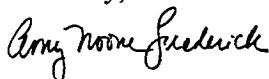
Communications are rapidly changing the ways we live, work and play. Perhaps once considered the dominion of a younger generation, seniors have embraced technology. Adoption of these new technologies allows seniors to connect rapidly and in new ways. Increased social connectivity through wireless or video chat technologies gives seniors access to family and friends who may be far away, decreases loneliness and contributes to an overall feeling of wellness. Seniors can now email their family, take online classes, and even check their Facebook status.

Of particular interest to our seniors are some exciting advances in health care. Wireless technology and devices are making it possible for patients of all ages to spend less time in hospitals while receiving better, more holistic care at home. For example, mobile monitoring of medicine or blood glucose levels is now possible. These advances in technology assist doctors with real time data that just isn't possible in a hospital – and it happens seamlessly. For seniors, perhaps most exciting for a largely rural state like Kansas is the introduction of connectivity for rural hospitals. Seniors who live in rural areas may not need to make a trip to a larger city to see a specialist in the near future. Video conferencing and the ability to read diagnostic tests remotely will bring specialized care to rural Kansas for a fraction of the cost. The rapid acceleration of technology and the benefits it brings for our constituency is exciting. We've seen firsthand in other states how increased investment in communications infrastructure has improved the quality of life for seniors.

Kansas cannot wait; the market is moving fast. We respectfully ask that you join us in support of SB 72. The 138,000 citizen activists of 60 Plus in Kansas are counting on you to update communications rules and bring the benefits of technology to this state

As always, thank you for your consideration and for everything you do to support seniors in Kansas.

Sincerely,



Amy Noone Frederick  
President

Senate Utilities Committee  
February 8, 2011  
Attachment 15-1

*The 60 Plus Association is a 19-year-old nonpartisan organization working for death tax repeal, saving Social Security, affordable prescription drugs, lowering energy costs and other issues featuring a less government, less taxes approach as well as a strict adherence to the Constitution. 60 Plus calls on support from over 7 million activists. 60 Plus publishes a newsletter, SENIOR VOICE, and a Scorecard, bestowing awards on lawmakers of both parties who vote "pro-senior." 60 Plus has been called, "an increasingly influential senior citizen's group" and since 1992 "the conservative alternative to the AARP."*