

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on February 15, 2011, in Room 548-S of the Capitol.

All members were present except:

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes  
 Mary Torrence, 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:

Others attending: See attached list.

Chair opened for discussion and possible action on:

**SB 50 – concerning emergency communications, relating to fees, charges, collection and distribution**

Kansas Department of Revenue recommended that **SB 50** be amended by deleting the language in New Section 10 (b).

Moved by Senator Emler, seconded by Senator Petersen, to amend **SB 50** by deleting the language in New Section 10 (b). Motion carried.

Technical amendments to **SB 50** were recommended by the Revisor of Statutes – (1) change language in New Section 12 (c) - ~~Upon receipt of the~~ *All* moneys that have been collected from the prepaid wireless 911 fee, ~~all such moneys shall be deposited~~ ..... and in Section 12 (g) change date to 2012 from 2017; (2) Sec. 19. 12-5338 On January 1, 2012 the wireless enhanced 911 grant fee shall be discontinued, the advisory board shall be abolished, any unobligated balance of the wireless enhanced 911 grant fund shall be distributed pursuant to subsection (a) of section 6 and amendments thereto, and the fund shall be abolished. (3) Creation of an additional fund called the 911 state maintenance fund to separate the federal dollars from any moneys contributed the the state or a private donation.

Moved by Senator Petersen, seconded by Senator Taddiken, to amend **SB 50** as recommended by the Revisor of Statutes. Motion carried.

Cox Communications requested the fees be labeled 911 fees instead of “KS 911 fees” as it appears on page 8, line 17 of **SB 50**.

Moved by Senator Bruce, seconded by Senator Petersen, to amend **SB 50** to show the fees labeled as “911 fees.” Motion carried.

Kansas Legislative Research Department prepared a chart on Timeline for 2011 **SB 50** (Attachment 1)

Senator Francisco requested language that would allow retailers the ability to retain an administrative fee.

Moved by Senator Francisco, seconded by Senator Merrick, to amend **SB 50** to allow 1% administrative fee for retailers.

Substitute motion by Senator Bruce, seconded by Senator Masterson, to remove the 2% administrative provider fees. Motion carried.

Kansas Legislative Research Department distributed information on 911 revenue estimates for the two fee levels. (Attachment 2)

After considerable discussion, moved by Senator Masterson, seconded by Senator Merrick to approve lowering the 911 fee in **SB 50** from 55 cents per month to 50 cents per month. Motion was withdrawn and Kansas Legislative Research Department was directed to prepare an estimate on the amounts collected on both the 50 cent and 55 cent fees and no action taken on this matter.

## CONTINUATION SHEET

Minutes of the Senate Utilities Committee at 1:30 p.m. on February 15, 2011, in Room 548-S of the Capitol.

Chair Apple proposed the committee give consideration to a separate amendment addressing a change in state coordinator and make those duties part of the duties of the chair of the Coordinating Council who would serve at the pleasure of the Governor.

Kansas Corporation Commission provided rate information to support the increases expressed as percentages in their testimony. (Attachment 3)

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

Respectfully submitted,

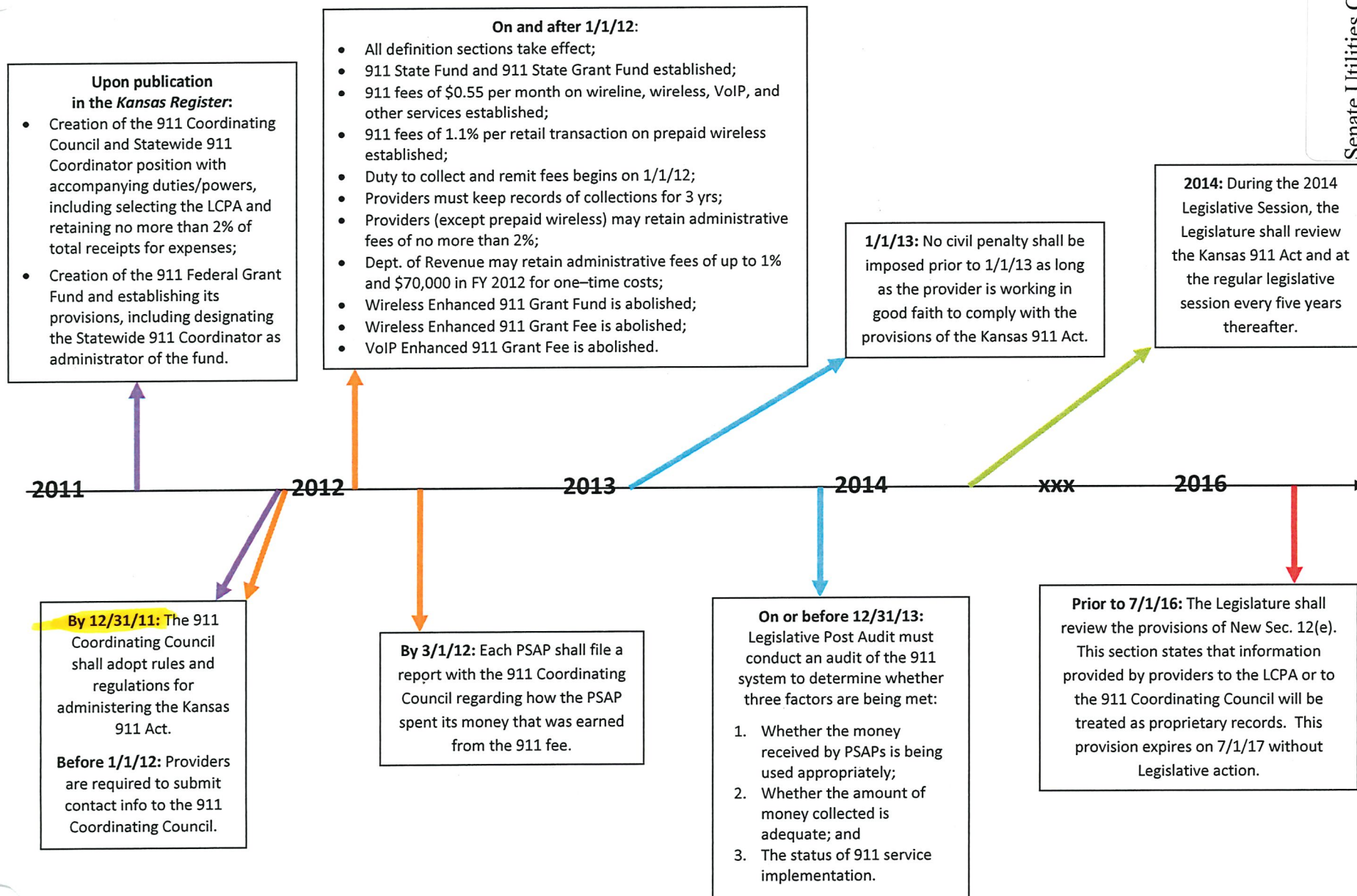
Ann McMorris  
Committee Assistant

Attachments - 3

**SENATE UTILITIES  
COMMITTEE GUEST LIST  
FEBRUARY 15, 2011**

NAME	REPRESENTING
Mike Reecht	Sprint
Patrick Fusik	Sprint
Whitney Damm	Pixius
Alan Jensen	COX
Lois Depperschmidt	AT&T
Dina Fisk	VERIZON
Tom Day	KCC
Tim Gartner	AT&T
Lon Stanton	NORTHERN NATURAL GAS
Ducallan	USN Office
Nelson Knueger	US CELL/ular
ERIK SARTORIUS	City of Overland Park
Ed Kumpf	KACP/KCPA/KSA

## Timeline for 2011 SB 50



## Timeline for 2011 SB 50

### 2011

1. The Kansas 911 Act takes effect upon publication in the *Kansas Register*. Sec. 26.
  - The 911 Coordinating Council is created, along with accompanying duties/powers. New Sec. 3.
  - The Statewide 911 Coordinator position is created, along with accompanying duties/powers. New Sec. 3(c)(1)-(2).
  - Expenses related to the 911 Coordinating Council shall be paid from the 911 State Grant Fund. No more than 2% of the total receipts from providers and the Department of Revenue received by the LCPA may be used to pay for the council's expenses. New Sec. 3(i).
  - The 911 Coordinating Council selects the LCPA. New Sec. 5.
2. The 911 Federal Grant Fund is established. New Sec. 4.
  - The Statewide 911 Coordinator shall serve as administrator of the fund and distribute grants in accordance with the recommendations of the 911 Coordinating Council. New Sec. 4(b).
3. The 911 Coordinating Council shall adopt rules and regulations by December 31, 2011. New Sec. 3(e).

### 2012

1. Providers shall submit their contact information to the 911 Coordinating Council prior to January 1, 2012. New Sec. 3(j).
2. Bill definitions, unless otherwise specified to take effect upon the effective date of the act, take effect on or after January 1, 2012. New Sec. 1.
3. The LCPA shall establish the 911 State Fund and the 911 State Grant Fund on or after January 1, 2012. New Sec. 6.
4. 911 fees of \$0.55 per month per subscriber account is imposed for wireline, wireless, VoIP, or other service capable of contacting a PSAP, effective January 1, 2012. New Sec. 7.
5. The duty to collect the imposed fees shall begin on January 1, 2012. New Sec. 8(b).
6. Fees are due monthly. Amounts collected in one month must be remitted to the LCPA within 15 days of the end of the calendar month, along with a return. The service provider must keep records of the collections for 3 years. This section takes effect on and after January 1, 2012. New Sec. 8(e).
7. The provider may retain an administrative fee of not more than 2% of moneys collected from fees, effective January 1, 2012. New Sec. 8(f)-(h).
8. 911 fees of 1.1% per retail transaction are imposed on prepaid wireless, effective January 1, 2012. New Sec. 9.
9. The Department of Revenue may retain up to 1% of remitted charges on prepaid wireless for administration, effective January 1, 2012. New Sec. 10(e).
10. The Department of Revenue may retain \$70,000 of remitted funds in FY 2012 (in addition to the 1% administrative fee) for programming and other one-time costs for establishing a system for collecting the prepaid wireless 911 fee. New Sec. 10(f).
11. The prepaid wireless 911 fee imposed in this act shall be the only 911 funding obligation imposed on prepaid wireless service in this state, effective January 1, 2012. New Sec. 11.
12. The distribution of funding and the proceeds of fees collected shall be disbursed and used for only what is specified in the act, effective January 1, 2012. New Sec. 12-16.
13. Each PSAP shall file a report with the 911 Coordinating Council by March 1, 2012, demonstrating how the PSAP spent the money it earned from the 911 fee. New Sec. 3(k).

### 2013

1. No civil penalty shall be imposed prior to January 1, 2013, as long as providers are working in good faith to comply with the provisions of the act. New Sec. 3(o).
2. Before December 31, 2013, Legislative Post Audit must conduct an audit of the 911 system (and once every three years thereafter). New Sec. 15(c).

### 2014

1. The Legislature shall review the act during the 2014 Legislative Session and every 5 years thereafter. New Sec. 15(d).

### 2016

1. The Legislature shall review the provisions of New Sec. 12(e) before July 1, 2016, which shall expire on July 1, 2017, unless the Legislature acts to reenact the provision. The provision states that information provided by providers to the LCPA or to the 911 Coordinating Council will be treated as proprietary records, which will be withheld from the public upon request of the party submitting such records. New Sec. 12(e)-(f).

**911 Revenue Estimates, 2009 and 2010 SB50 at two fee levels**

	<b>2009</b>	<b>SB50 @ \$0.55</b>	<b>SB50 @ \$.50</b>
Fee Revenue from subscribers	\$20,535,882	\$20,643,347	\$18,766,679
Fee Revenue from pre-paid wireless	\$316,334	\$1,485,221	\$1,336,699
Total	\$20,852,216	\$22,128,568	\$20,103,378

Kansas Legislative Research Department, 2/15/11

1500 SW Arrowhead Road  
Topeka, KS 66604-4027

Thomas E. Wright, Chairman  
Ward Loyd, Commissioner



Corporation Commission

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fax: 785-271-3354  
<http://kcc.ks.gov/>

Sam Brownback, Governor

February 11, 2011

Senate Utilities Committee  
State Capitol  
300 SW 10<sup>th</sup>  
Topeka, KS 66612

Dear Senate Utilities Committee:

During the hearings on Senate Bill 72 on February 10, 2011, it was requested that Commission staff provide rate information to support the increases expressed as percentages in staff's testimony. This information is provided below.

In Missouri, AT&T's average monthly rate for residential service in 2007 was \$11.34 and in 2010 the average monthly rate was \$18.40. This is an increase of 62.27%. AT&T's average monthly Missouri business rate was \$32.12 in 2007 and in 2010 the average monthly rate was \$39.25. This is an increase of 22.22%. AT&T's overall average rate was \$14.88 in 2007 and \$25.46 in 2010. This is an increase of 71.13%. CenturyTel Missouri's overall average rate in Missouri in 2007 was \$11.53 and in 2010 the average rate was \$14.87. This is an increase of 28.96%. Embarq Missouri's overall average rate in Missouri in 2007 was \$15.76 and in 2010 the average rate was \$17.98. This is an increase of 14.10%.

In Ohio, the legislation that went into effect in September 2010, allows AT&T to have additional pricing flexibility for residential basic local service (for providing a customer with an access line and no additional features). While that rate had been regulated, the new legislation allows AT&T to increase the rate by \$1.25 per month per year. In 2010, the rate for residential basic local service was \$14.25 per month. In 2011, AT&T increased the rate for this service by the full amount allowed under the legislation to \$15.50 per month (an increase of 9%).

Residential rates for AT&T's smallest exchanges in Arkansas were \$13.74 in 2009. That rate increased to \$16.75 in 2010 and to \$20.00 in 2011 (a 45.56% increase since 2006 and a 19.4% increase from 2010). In AT&T's largest exchanges, the rate for business service increased from \$45.00 per month in 2010 to \$48.00 per month in 2011 (an increase of 7%).

Senate Utilities Committee  
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Attachment 3 -1

In California, AT&T increased its residential rate in 2009 from \$10.94 a month to \$13.50 (an increase of 23%). In 2010, AT&T increased its residential rate from \$13.50 to \$16.45 (an increase of 22%).

Please let me know if you have additional questions on this matter. I can be contacted at (785) 271-3132 or at [c.aarnes@kcc.ks.gov](mailto:c.aarnes@kcc.ks.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Christine Aarnes', with a stylized flourish at the end.

Christine Aarnes  
Chief of Telecommunications  
Kansas Corporation Commission