

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 12:45 p.m. on February 24, 2011, in Room 152-S of the State 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:

Others attending: See attached list.

Chair noted the purpose of this meeting is to reconsider the action on **SB 72** which the Senate Utilities Committee took on February 22, 2011 and action at the meeting at the rail on February 23, 2011 which put **SB 72** back in committee.

Chair opened for discussion on further amendments to:

Substitute for SB 72 – Telecommunications and Price Deregulation

Moved by Senator Masterson, seconded by Senator Petersen, to amend **Substitute for SB 72** by adding electing carrier to KSA 50-6, 103(f). Motion carried.

Moved by Senator Bruce, seconded by Senator Kultala, to amend **Substitute for SB 72** by inserting additional language in Paragraph (5) page 23 and changing "shall no longer" to "shall not". Motion carried. NO vote recorded by Senator Merrick. (Attachment 1)

AT&T voiced objection to the second amendment to Paragraph (6) Page 23 as shown in the second box of (Attachment 1). No action taken on amendments offered to (5) and (6) in (Attachment 2)

Moved by Senator Masterson, seconded by Senator Merrick, to amend **Substitute for SB 72** by striking Paragraph (6) on page 23.

Substitute Motion by Senator Bruce, seconded by Senator Kultala, to amend **Substitute for SB 72** by adopting the second amendment on (Attachment 1). Motion died.

Substitute motion by Senator Francisco, seconded by Senator Kultala, to amend **Substitute for SB 72** by striking all the language after 'access line' in Paragraph 6 – which would read as follows: (6) *Notwithstanding the provisions of this subsection (x), an electing carrier shall offer a single residential local exchange access line in its exchanges.* Motion carried. NO vote recorded for Senator Merrick. (Attachment 3)

Moved by Senator Francisco, seconded by Senator Petersen, to amend **Substitute for SB 72** by providing an amendment requiring that in determining the state average for residential local service rates electing carriers would not be included. Motion carried. (Attachment 4)

Moved by Senator Bruce, seconded by Senator Kultala, to pass **Substitute for SB 72** out as amended. Motion carried.

The meeting was adjourned at 2:00 p.m.

Respectfully submitted,
Ann McMorris, Committee Assistant

Attachments - 4

**SENATE UTILITIES
COMMITTEE GUEST LIST
FEBRUARY 24, 2011**

[illegible]

last resort, as required by K.S.A. 66-2009, and amendments thereto, by providing written notification to the commission of the specific urban exchanges for which the electing carrier is electing to be relieved of carrier of last resort obligations, in the electing carrier's urban exchanges.

or any local
exchange carrier
that does not have a
carrier of last resort
obligation in a
specific exchange

(5) Notwithstanding any other provision of law to the contrary, an electing carrier that notifies the commission that the electing carrier chooses to be relieved of carrier of last resort obligations in specific urban exchanges shall no longer be eligible for KUSF funding for carrier of last resort obligations, as required by K.S.A. 66-2009, and amendments thereto, in those specific exchanges.

(6) Notwithstanding the provisions of this subsection (x), an electing carrier shall provide a single residential local exchange access line, or up to four business local exchange access lines at one location, at the rate level in effect as of the date the electing carrier made such election, adjusted by not more than any increases in the consumer price index for all urban consumers, as officially reported by the bureau of labor statistics of the United States department of labor, or its successor index, and such electing carrier shall not require a term commitment in order to receive such pricing.

in an electing
carrier's rural
exchanges,

(7) For the purposes of this subsection:

(A) "Facilities based carrier" means a telecommunications carrier or entity providing local telecommunications service either wholly or partially over its own network. Facilities based carrier shall not include any radio communication services provider licensed by the federal communications commission to provide commercial mobile radio services;

(B) "rural exchange" means any exchange in which there are fewer than 6,000 local

last resort, as required by K.S.A. 66-2009, and amendments thereto, by providing written notification to the commission of the specific urban exchanges for which the electing carrier is electing to be relieved of carrier of last resort obligations, in the electing carrier's urban exchanges.

(5) Notwithstanding any other provision of law to the contrary, an electing carrier that notifies the commission that the electing carrier chooses to be relieved of carrier of last resort obligations in specific urban exchanges shall no longer be eligible for KUSF funding for carrier of last resort obligations, as required by K.S.A. 66-2009, and amendments thereto, in those specific exchanges.

or high cost support

(6) Notwithstanding the provisions of this subsection (x), an electing carrier shall provide a single residential local exchange access line, or up to four business local exchange access lines at one location, at the rate level in effect as of the date the electing carrier made such election, adjusted by not more than any increases in the consumer price index for all urban consumers, as officially reported by the bureau of labor statistics of the United States department of labor, or its successor index, and such electing carrier shall not require a term commitment in order to receive such pricing.

, but would remain eligible for KUSF support for Kansas lifeline service program purposes.

(7) For the purposes of this subsection:

(A) "Facilities based carrier" means a telecommunications carrier or entity providing local telecommunications service either wholly or partially over its own network. Facilities based carrier shall not include any radio communication services provider licensed by the federal communications commission to provide commercial mobile radio services;

(B) "rural exchange" means any exchange in which there are fewer than 6,000 local

notification to the commission of the specific urban exchanges for which the electing carrier is electing to be relieved of carrier of last resort obligations, in the electing carrier's urban exchanges.

(5) Notwithstanding any other provision of law to the contrary, an electing carrier that notifies the commission that the electing carrier chooses to be relieved of carrier of last resort obligations in specific urban exchanges shall no longer be eligible for KUSF funding for carrier of last resort obligations, as required by K.S.A. 66-2009, and amendments thereto, in those specific exchanges.

(6) Notwithstanding the provisions of this subsection (x), an electing carrier shall _____ offer
~~provide a single residential local exchange access line, or up to four business local exchange~~ _____ s
access lines at one location, at the rate level in effect as of the date the electing carrier made such
election, adjusted by not more than any increases in the consumer price index for all urban
consumers, as officially reported by the bureau of labor statistics of the United States department
of labor, or its successor index, and such electing carrier shall not require a term commitment in
order to receive such pricing _____ in its exchanges

(7) For the purposes of this subsection:

(A) "Facilities based carrier" means a telecommunications carrier or entity providing
local telecommunications service either wholly or partially over its own network. Facilities based
carrier shall not include any radio communication services provider licensed by the federal
communications commission to provide commercial mobile radio services;

(B) "rural exchange" means any exchange in which there are fewer than 6,000 local
exchange access lines served by the electing carrier and all facilities based carriers; and

(d) Beginning March 1, 1997, each rural telephone company shall have the authority to increase annually its monthly basic local residential and business service rates by an amount not to exceed \$1 in each 12-month period until such monthly rates reach an amount equal to the statewide rural telephone company average rates for such services. The statewide rural telephone company average rates shall be the arithmetic mean of the lowest flat rate as of March 1, 1996, for local residential service and for local business service offered by each rural telephone company within the state. In the case of a rural telephone company which increases its local residential service rate or its local business service rate, or both, to reach the statewide rural telephone company average rate for such services, the amount paid to the company from the KUSF shall be reduced by an amount equal to the additional revenue received by such company through such rate increase. In the case of a rural telephone company which elects to maintain a local residential service rate or a local business service rate, or both, below the statewide rural telephone company average, the amount paid to the company from the KUSF shall be reduced by an amount equal to the difference between the revenue the company could receive if it elected to increase such rate to the average rate and the revenue received by the company.

(e) For purposes of determining sufficient KUSF support, an affordable rate for local exchange service provided by a rural telephone company subject to traditional rate of return regulation shall be determined as follows:

(1) For residential service, an affordable rate shall be the arithmetic mean of residential local service rates charged in this state in all exchanges served by rural telephone companies and in all exchanges in rate groups 1 through 3 as of February 20, 2002, of all other local exchange carriers, weighted by the number of residential access lines to which each such rate applies, and

but not including electing telecommunications carriers,