

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 3, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Ann Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Secretary

Conferees appearing before the committee:  
Janette Luehring, Kansas Corporation Commission

Others attending: See attached list

**SB 455 - Late payment fees on KUSF assessment**

Janette Luehring, Chief of Telecommunications, Utilities Division, Kansas Corporation Commission, testified in support of **SB 455**, which would legally authorize the Commission to assess late payment fees for delinquent Kansas Universal Service Fund payments. (Attachment 1)

The Commission established the KUSF and assessment method in its Docket 190,492-U, December 27, 1996 and Order of February 3, 1997. The assessments are required to be on an equitable and non-discriminatory basis. All telecommunications service providers are assessed a percentage of intrastate revenue at a rate of 4.92%. The Commission established a late fee assessment of 1% per month in its February 18, 1997 Order, finding that a late fee payment is necessary to encourage prompt payment, to ensure the integrity of the fund, and is a standard business practice.

Ms. Luehring stated telecommunication carriers submit worksheets to National Exchange Carriers Association reporting their intrastate revenues for the month, and a calculation of the KUSF assessment is made. Late payment fees are assessed if a carrier fails to make a timely and complete payment. The Commission forwards a certified letter to a company when its payment is 90 days past due. The Commission may pursue collection through the courts or may issue a show cause order to cancel a company's certificate if the company continues to fail to pay its KUSF.

The Commission requested introduction of **SB 455** which clearly authorizes the Commission to assess a late payment fee for delinquent KUSF payments. Currently, one carrier is challenging the Commission's authority because it is not specifically set forth in the statute.

Ms. Luehring reported that in year one late payments were collected in the amount of approximately \$80,000; year two - \$600,000, due largely to the court's decision that wireless carriers could be assessed; and year three to date - \$40,310.

The Committee questioned Ms. Luehring on the Commission practice of waiting 90 days prior to sending a certified letter. It was suggested a letter should be sent at the end of 30 days.

The hearing on **SB 455** was concluded.

**Senator Brownlee moved, seconded by Senator Steineger, that SB 455 be amended on line 26, following the word "due" by inserting the word "monthly". The voice vote was in favor of the motion.**

**Senator Steffes moved, seconded by Senator Brownlee, that SB 455 be recommended favorable for passage as amended. The recorded vote was unanimous in favor of the motion.**

## CONTINUATION SHEET

The Chair distributed to the Committee a letter from Philip S. Harness, Director, Workers Compensation Division, in response to a Committee inquiry relating to the number of workers compensation fraud and abuse cases filed since February 1999. (Attachment 2)

**Upon motion by Senator Steffes, seconded by Senator Donovan, the Minutes of February 1 and February 2, 2000, were unanimously approved.**

The meeting concluded at 8:45 a.m.

The next meeting is scheduled for February 4, 2000.