

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 13, 2008 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Steve Mowery, vice president, AllTel
Mark Johnson, US Cellular
Janet Buchanan, KCC
Dan Jacobsen, President, Kansas AT&T
Michael R. Murray, Embarq Corporation

Others in attendance: See attached list

A response to the question on Renewable Energy Credits as used by Sunflower was distributed to the committee. ([Attachment 1](#))

Chair opened for hearing on:

SB 468 - Certification of federal universal service fund high cost support by the state corporation commission

Chair asked staff for an overview of **SB 468** - Cindy Lash of Research stated this bill comes out of the Interim Committee on Energy, Natural Resources and Environment. It amends state law relating to telecommunications and the new language is on page 3, line 5 stating that the KCC cannot refuse to certify to the FCC carriers eligibility to receive high cost federal universal service money solely because that money was spent in an area that was served by an incumbent carrier that wasn't eligible. There was KCC ruling that would not allow eligible telecommunications companies (ETC) to be certified to the FCC who spend their federal universal service money in an area served by AT&T whose area is not eligible for these funds. An ETC spent some of their funds in AT&T area and the KCC said that was not eligible to be certified to FCC. The Special Committee recommended introduction of legislation that would direct the KCC to certify that spending as eligible.

Proponent

Steve Mowery, Vice President-Public Policy for Alltel Wireless, noted the enactment of this bill will provide rural consumers in Kansas with the same benefits of federal universal service support that consumers in other states already enjoy. This bill will allow Alltel to be able to use federal universal service funds to provide rural Kansas consumers with basic and advanced wireless services. ([Attachment 2](#))

Written testimony was provided by: Mark Johnson, U.S. Cellular ([Attachment 3](#))
Patrick Fucik, Sprint ([Attachment 4](#))

Opponent

Janet Buchanan, Kansas Corporation Commission, provided background information regarding the federal universal service fund and the certification process. KCC opposes **SB 468** as the proposed language will disadvantage truly high cost areas and run afoul of the FCC's admonition to keep federal support competitively neutral. ([Attachment 5](#))

Written testimony provided by Michael R. Murray, Embarq Corporation ([Attachment 6](#))
Greg Reed, President, Wheat State Telephone, Inc. ([Attachment 7](#))

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on February 13, 2008 in Room 526-S of the Capitol.

Neutral

Dan Jacobsen, President - AT&T Kansas, noted wireless companies in rural Kansas have full pricing flexibility while AT&T prices for basic telephone service remain regulated. AT&T is not actively opposing this bill. However, in order to compete with wireless companies, AT&T needs to have the same pricing flexibility.

Pricing flexibility changes are included in **HB 2637**. (Attachment 8)

Committee questioned the conferees on: how is it known if wireless carriers are serving an area; quality of service is something that needs to be addressed; the amendment offered by Embarq.

Chair closed hearing on **SB 468**.

Chair opened the hearing on

SB 469 - Telecommunications, requirements on local exchange carriers as carriers of last resort.

Proponent

Michael R. Murray, Embarq Corporation, explained their proposed amendment which addressed the issue of carrier of last resort obligations. (Attachment 9)

Due to the lack of time, Chair adjourned the session and announced hearing on **SB 469** would be continued on February 14, 2008.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 9