

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 9:30 A.M. on February 19, 2008 in Room 526-S of the Capitol.

Committee members absent: Sen. Emler (excused)

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:

Mike Murray, Embarq Corporation
Don Low, KCC
Steve Rarrick, CURB

Others in attendance: See attached list

Chair opened the hearing on

SB 570 - Kansas universal service fund, exemptions for certain local exchange carriers.

Proponent:

Michael R. Murray, Embarq Corporation, stated **SB 570** would facilitate potential mergers and acquisitions by allowing transactions involving price cap regulated companies to proceed without KCC approval. **SB 570** will not affect KCC's current authority to monitor the service quality of price cap regulated companies. (Attachment 1)

Questions concerning non-competitive areas and portions under regulation.

Opponents:

Don Low, Kansas Corporation Commission, testified that **SB 570** basically would exempt price-cap local exchange companies from Commission review of acquisitions of utilities under two statutes, K.S.A. 66-127 and 66-136. He voiced concern about the consequences for competition that need to be reviewed. (Attachment 2)

Questioned whether companies seeking financial gain only had been in Kansas. Also questioned time period involved in mergers and acquisition. KCC accountant indicated 3 months for some and 10 months for others.

Steve Rarrick, staff attorney, Citizens' Utility Ratepayer Board, CURB opposes **SB 570** because eliminating KCC review and approval of acquisitions and mergers will leave Kansas ratepayers at risk for: (1) significant local rate increases; (2) loss of extended area service (EAS) calling and the associated additional long distance charges; and (3) decreased or inadequate service quality. (Attachment 3)

Questions regarding FCC involvement. Senator Lee requested of KCC a list of communities with competitors and who the competitors are and a list of non-competitive communities. KCC will compile.

Chair closed the hearing on **SB 570**.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments -3