

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Vice-Chairman Carl Krehbiel at 9:05 a.m. on February 7, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Carl Holmes - Excused
Representative Judy Morrison - Excused
Representative Jason Watkins - Excused

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee:

Representative Tom Sloan, Lawrence, KS
Mike Murray, Sprint, Topeka, KS
Janet Buchanan, Kansas Corporation Commission, Topeka, KS
Anne Spiess, Kansas Telecommunications Industry Assn, Topeka, KS

Others attending: See Attached List

HB 2043 - KDFA authorized to issue bonds to finance broadband facilities where no broadband service is currently available

Vice-Chairman Krehbiel opened the hearing on **HB 2043**.

Representative Tom Sloan appeared in support of **HB 2043** (Attachment 1). Representative Sloan told the committee that the bill authorized the Kansas Development Finance Authority (KDFA) to issue bonds for the financing of regional broadband facilities where public agencies and private sector providers partner. He explained that it was an attempt to expand the areas of the state in which providers could recover their investments while offering many benefits to the citizens.

Mike Murray, Director of Governmental Affairs for Sprint, addressed the committee in opposition to **HB 2043** (Attachment 2). Mr. Murray expressed concern that the bill would create an incentive for local governments to enter the telecommunications business, thereby competing with the private sector.

Representative Sloan and Mr. Murray responded to questions from the committee. Additionally, Shirley Allen, representing the Kansas Rural Independent Telephone Companies, responded to questions.

Vice-Chairman Krehbiel closed the hearing on **HB 2043**.

HB 2046 - Regulation of local exchange carriers; broadband deployment

Vice-Chairman Krehbiel opened the hearing on **HB 2046**.

Representative Tom Sloan testified in support of **HB 2046** (see Attachment 1). Representative Sloan explained that this bill provided means for rural residents to receive access to high speed Internet services. It provides for the Kansas Corporation Commission to return those companies currently at price cap regulation to the traditional rate-of-return regulation on an exchange-by-exchange basis to achieve ubiquitous broadband service.

Janet Buchanan, Chief of Telecommunications for the Kansas Corporation Commission, appeared as an opponent to **HB 2046** (Attachment 3). Ms. Buchanan stated that the Commission opposed the bill for two reasons: 1) it would be extremely difficult to implement rate of return regulation on an exchange by exchange basis and 2) they do not have the jurisdictional authority to require deployment of broadband. She also stated that the legislation would impose a significant change in the policies under which price cap local exchange carriers have been operating since 1997 as well as setting out another criterion for rate of return regulation.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N, Statehouse, at 9:05 a.m. on February 7, 2005

Anne Spiess, President of the Kansas telecommunications Industry Association, testified in opposition to **HB 2046** (Attachment 4). Ms. Spiess stated the Association believed the bill to be unnecessary because Kansans have access to broadband and subscribership will continue to grow, without government intervention.

Ms. Buchanan and Ms. Spiess responded to questions from the committee.

Vice-Chairman Krehbiel closed the hearing on **HB 2046**.

The meeting adjourned at 10:48 a.m.

The next meeting will be on Tuesday, February 8, 2005 at 9:00 a.m.