
SBC Kansas

Overview of Competition

Senate Utilities Committee
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Cyndi Gallagher
Director of Regulatory Affairs

SBC Investment in Kansas

Total annual investment = \$427 million

Background

- Serving Kansas for 125 years
- Bell system divestiture – 1984
- 1996 Telecom Acts
 - Federal Act required incumbent companies to open their networks to competitors
 - In return, local companies would be allowed to compete for long distance

1996 Kansas Act

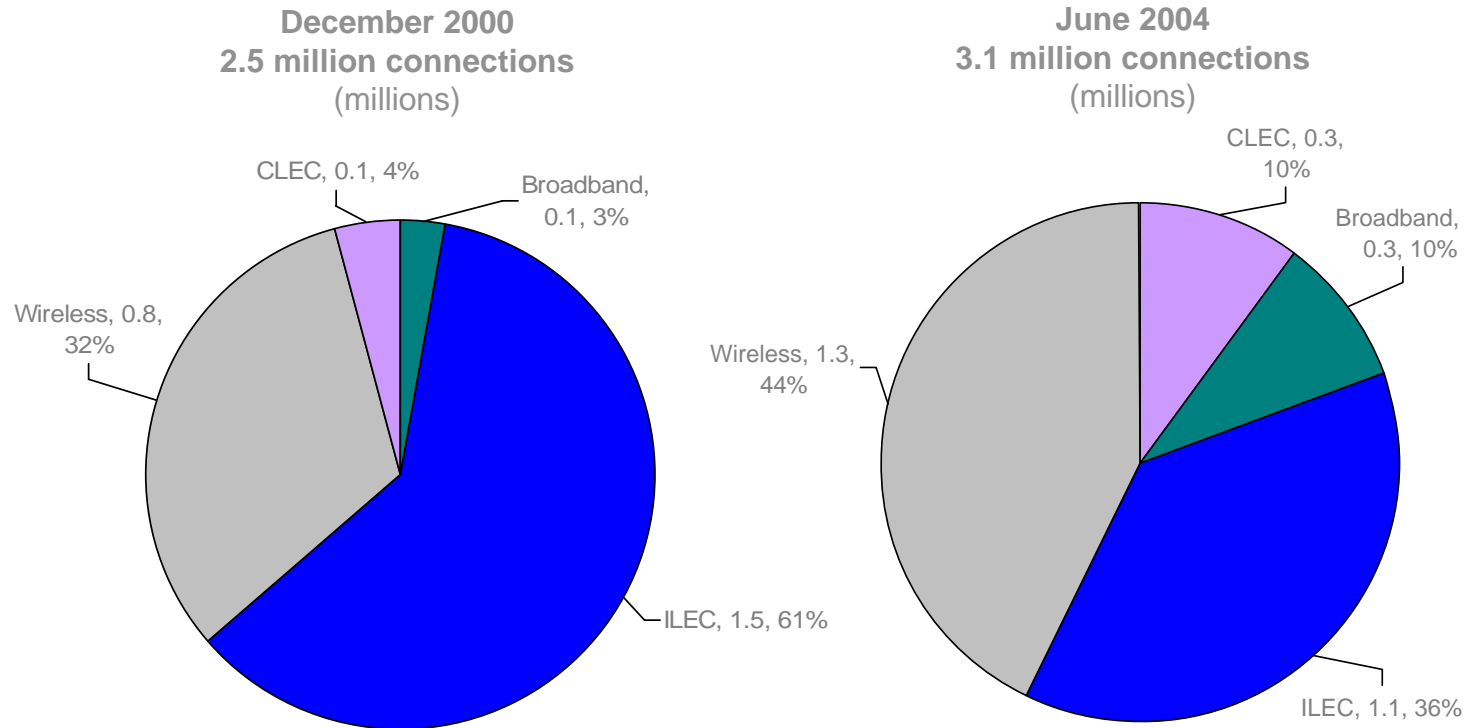
- Intended to foster competition
- Established Kansas Universal Service Fund
- Allows the KCC to grant pricing flexibility

Choices in voice communications

Kansans enjoy a variety of communications options:

- Traditional wireline companies
- Competitive Local Exchange Companies (CLECs)
- Wireless (cellular)
- Cable
- Voice over Internet Protocol (VoIP)

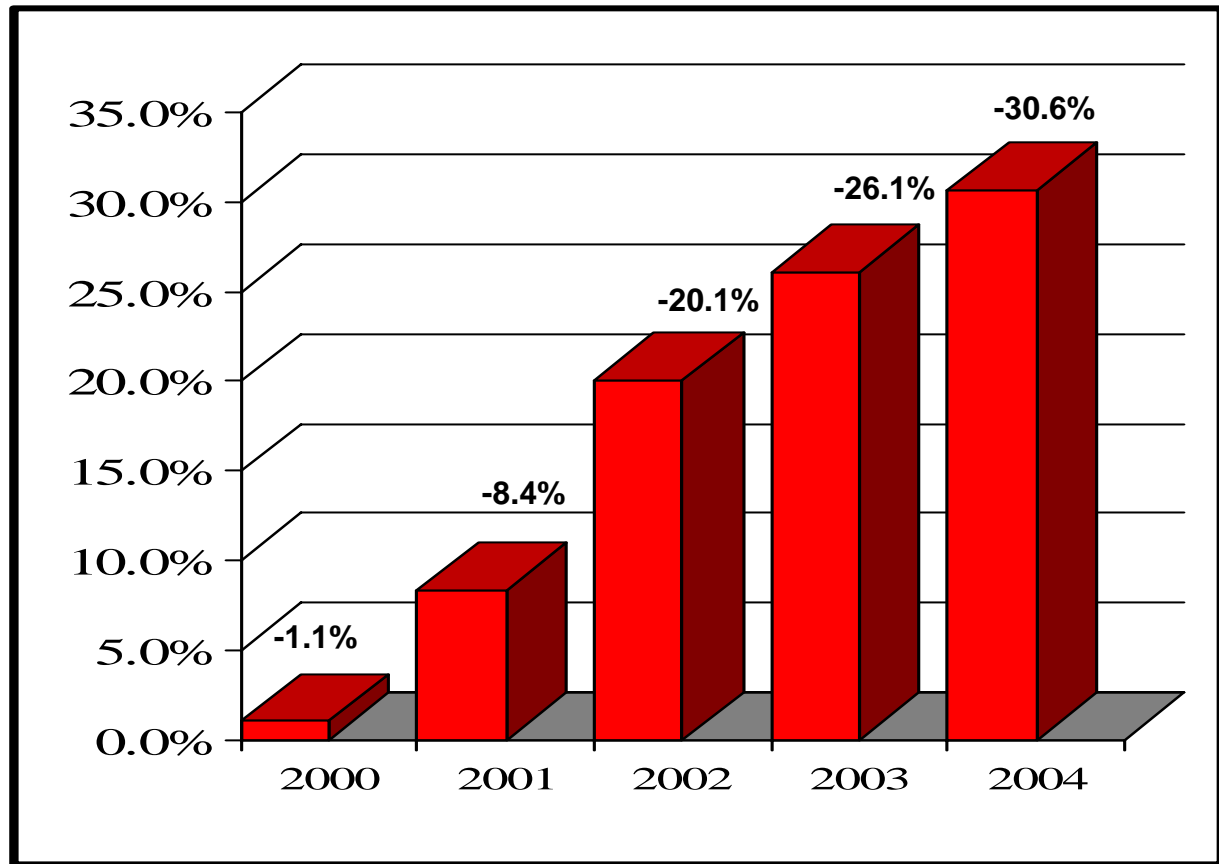
Communications Evolution



During the past three years, the communications market, residential and business, in Kansas grew nearly 25%. ILEC connections declined 26%, resulting in a 41% decline in ILEC share of total connections.

SBC-Kansas line losses

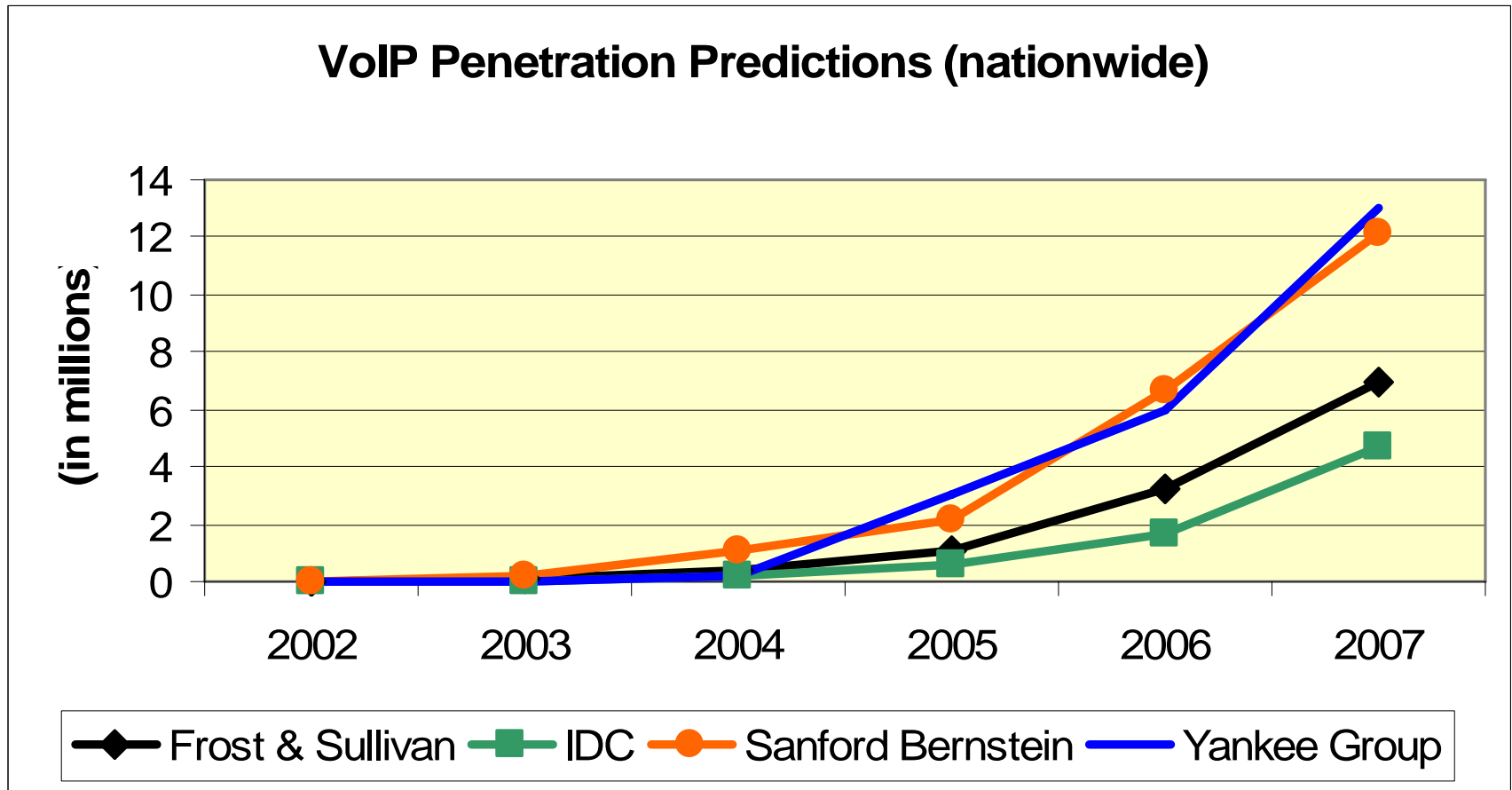
Cumulative Line Losses



Wireless

- There are 1.3 million wireless subscribers in Kansas
- Wireless lines in Kansas have nearly doubled since December 1999

VoIP



Broadband

- Today, over 75 percent of SBC customers have access to DSL service

Other Broadband Providers

- Cable (Cox, Time Warner, Comcast)
- Satellite (DirecWay)
- Wireless (Verizon, Sprint)
- Fixed wireless (Pixius)
- WiFi (McDonald's, airports)

Broadband

- The broadband market has increased from 26K customers in Dec 99 to 323K customers through June 2004
- Cable providers control 65% of the broadband market – DSL has 27%

Current issues

- Pricing flexibility – KCC
- Promotions parity – HB 2042