

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 17, 2008 in Room 526-S of the Capitol.

Committee members absent: Sen. Roger Reitz - 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:

Steve Rarrick, CURB

Ken Schifman, Sprint

Others in attendance: See attached list

An example of pricing constraint under KSA 66-2005 (q)(7), prepared by Janet Buchanan of KCC, was distributed to the committee. ([Attachment 1](#))

Chair continued the hearing on

**HB 2637 - Telecommunications; pricing flexibility; lifeline service program**

Opponents:

Steve Rarrick, Staff Attorney, Citizens' Utility Ratepayer Board, noted the primary objective of **HB 2637** is to remove the price cap protections for the basic residential line and up to four business lines (basic local service). This bill is not about pricing flexibility, it is about price increasing flexibility. He presented examples of the results in other states which have passed price deregulation legislation similar to **HB 2637**. He noted in most states they have limited price increase for basic local service to a specific dollar amount each year. CURB urges the Committee to pass the provisions of **HB 2637** related to automatic Lifeline enrollment.

([Attachment 2](#))

Ken Schifman, Sprint Nextel, noted Sprint objects when deregulation is not coupled with safeguards necessary to protect consumers and promote further competition. Sprint Nextel's proposed amendment provides a critically needed balance to offset the removal of price caps on basic local services and to ensure a public interest benefit for the citizens of Kansas. The proposed amendment would insert the language "by July 1, 2009" on page 2, line 26 after the word 'approval'. Without a deadline imposed by the legislature, other matters could take precedence at the KCC. ([Attachment 3](#))

Committee questions: Percentage on five year increase. Inflation rate. Meaning of competition as used in the statute. Level of competition in the states referenced in Mr. Rarrick's testimony. (Unknown) What percentage of customers are under the cap rate? (Not available).

Closed hearing on **HB 2637**.

The Chair had asked all conferees appearing on **HB 2637** to provide their amendments if they had any, and bring them to the meeting today. Susan Cunningham of AARP provided AARP's proposed revisions which were distributed to the committee. ([Attachment 4](#))

Other information provided the committee: Price Deregulated Exchanges and Competitive Exchanges. ([Attachment 5](#))

Senator Lee requested further information from AT&T and Janet Buchanan of KCC to clarify some questions she had regarding **HB 2637** to be delivered to the committee prior to committee action on the bill.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 5