

February 8, 2011

The Honorable Pat Apple, Chairperson
Senate Committee on Utilities
Statehouse, Room 224-E
Topeka, Kansas 66612

Dear Senator Apple:

SUBJECT: Fiscal Note for SB 72 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 72 is respectfully submitted to your committee.

SB 72 would allow any local exchange carrier (LEC) to elect not to be regulated as an LEC and be regulated instead as a telecommunications carrier. These carriers would be referred to as electing carriers. Electing carriers would not be subject to price regulation, and any regulation made by the Kansas Corporation Commission would be no more stringent for electing carriers than for telecommunications carriers. Electing carriers would remain subject to resale of retail telecommunications services, unbundling and interconnection agreements, intrastate access charges, would have access to the Kansas lifeline service program, and would remain eligible to receive Kansas universal service funds.

The bill would require that until July 1, 2014, an electing carrier's rates for single residential lines in a rural exchange could be no higher than the rate for single residential lines in an urban exchange. A "rural exchange" would be defined as any exchange with fewer than 6,000 access lines and an "urban exchange" as any exchange with 75,000 or more access lines. SB 72 would also relieve electing carriers of their obligation to serve as the carrier of last resort with the following two exceptions:

1. Until July 1, 2014, in exchanges where there are between 6,000 and 74,000 access lines, the electing carriers would continue to serve as carriers of last resort for telecommunications services; and,
2. In any rural exchange, exchanges with fewer than 6,000 access lines, the electing carriers would continue to serve as carrier of last resort.

The Kansas Corporation Commission indicates that passage of the bill would have a negligible fiscal effect on agency operations. Local governments in rural communities that are

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served by electing carriers and where competition does not exist may experience an increase in rates paid by consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Tom Day, KCC
Larry Baer, League of KS Municipalities
Shonda Smith, CURB