

Telecommunication Deregulation

Sub. for SB 72 amends existing telecommunications law to allow any price-cap regulated local exchange carrier that has deregulated a majority of its local exchange access lines to elect to be regulated as a telecommunications carrier rather than as a local exchange carrier. Under the bill, a local exchange carrier that elected to be regulated as a telecommunications carrier is referred to as an “electing carrier.”

The carrier must provide the Kansas Corporation Commission (KCC) with at least 90 days’ notice of its intention to be regulated as a telecommunications carrier, along with a verified statement that the majority of its access lines are deregulated and information about the number of access lines the carrier serves in each of its exchanges. The KCC is required to review the information. Unless the KCC determines within 45 days that the majority of the carrier’s access lines are not deregulated, the KCC is required to designate the carrier as an electing carrier.

The bill outlines the following rights and responsibilities of an electing carrier:

- An electing carrier is subject to price cap regulation for lifeline services, but otherwise is not subject to rate regulation by the KCC;
- An electing carrier is subject to no more regulation than other telecommunications carriers operating in Kansas (e.g., wireless carriers and cable companies), except that it remains subject to existing requirements regarding reasonable resale of its retail service, unbundling and interconnection obligations, intrastate access charges, and the Kansas Lifeline Service Program. In addition, an electing carrier remains eligible to receive funding from the Kansas Universal Service Fund (KUSF);
- An electing carrier can charge no more for single residential or business lines in its rural exchanges (exchanges with less than 6,000 local exchange access lines) than the average of its rates for those lines in its urban exchanges (exchanges with 75,000 or more local exchange access lines);
- An electing carrier could be relieved of its requirement to serve as carrier of last resort (COLR) in its urban exchanges by providing written notice to the KCC of the specific urban exchanges in which the carrier elects to be relieved of that obligation;
- Neither an electing carrier that chooses to be relieved of its COLR obligation in an urban exchange, nor any local exchange carrier that does not have COLR responsibility in an exchange, is eligible for KUSF funding for COLR

obligations or for high cost support in that exchange. Such carriers remain eligible for KUSF support for the Kansas Lifeline Services Program;

- An electing carrier is required to offer single residential local exchange access lines in its exchanges;
- An electing carrier is required to allow interconnection by a telecommunications carrier to transmit and route voice traffic between the electing carrier and the telecommunications carrier, regardless of the technology used to originate and terminate the call;
- An electing carrier and all local exchange carriers are required to allow consumers to use a signed document called a “letter of agency” to satisfy the notification requirement when a consumer wishes to change telecommunications carriers; and
- The local service rates of electing carriers will not be included when determining the average of residential local service rates used to calculate KUSF support for rural telephone companies.

(Note: Currently, AT&T and CenturyLink are the only price-cap regulated local exchange carriers in Kansas, and only AT&T meets the criteria to become an electing carrier.)

The bill also modifies the statutory contents of the annual price deregulation report prepared by the KCC. Changes in rates for nonwireless basic local telecommunications service in deregulated exchanges still will be reported, but the KCC will no longer be required to make recommendations to the Governor and Legislature on changes needed in state law based on a specific analysis of those changes. New information required in the report for price deregulated exchanges includes the following:

- Current rates for services and services available in a deregulated exchange provided by all telecommunications carriers or other telecommunications service providers regardless of the technology used to provide service; and
- The number of competitors in a deregulated exchange including, but not limited to, facilities-based carriers, commercial mobile radio service, or broadband-based service providers.