

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on March 11, 2008 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Dan Jacobsen, President, AT&T Kansas
Mike Murray, Embarq Energy
Scott Schneider, Cox Communications
Susan Cunningham, AARP

Others in attendance: See attached list

Chair opened the hearing on:

HB 2637 - Telecommunications; pricing flexibility; lifeline service program

Proponents:

Dan Jacobsen, President, AT&T Kansas, stated the law should be changed to allow incumbents the same pricing flexibility as competitors. "This bill will give us the same pricing flexibility our competitors have." The bill also implements a process to benefit low income customers. **HB 2637** will implement an automatic enrollment process to help qualifying low income customers receive the lifeline discount. The bill includes a modification to the process the KCC uses to determine which carriers are eligible to receive federal subsidies to fund lifeline discounts. (Attachment 1)

Mike Murray, Embarq Energy, stated **HB 2637** would allow Embarq to compete on price for stand alone voice service only after the KCC ruled the exchange competitive. The bill would not price deregulate these levels of service in exchanges where the standard for competition was not first met. Competition and market forces lead to improved products and services and overall lower prices. (Attachment 2)

Scott Schneider, Cox Communications, noted Cox's focus in on the Lifeline Service Program portion of **HB 2637**. Cox believes the Lifeline Service Program is good for consumers. (Attachment 3)

Written testimony in support of **HB 2637** was provided by the Kansas Department of Social and Rehabilitation Services (SRS). (Attachment 4)

Questions from the committee regarding the price cap, stand alone line customers, how many customers qualify for SRS who do not participate, who is affected by the bill, and where the competition would come from for business lines. The committee requested further information on business lines, how many have individual lines; and return on investment.

Opponents:

Susan Cunningham, AARP, voiced AARP's opposition to **HB 2637** saying it would completely deregulate the price of basic residential services as of July, 2008. Currently, the price of basic local service is capped. This bill would allow incumbent carriers to price stand alone basic service at any level, despite the lack of competitive alternatives. Lifeline provisions added to the bill are inadequate to accomplish automatic enrollment and should be strengthened. (Attachment 5)

Questions on how much information about lifeline is available to the public.

Due to the lack of time to hear the remaining opponents, Chair continued the hearing and asked those who had amendments or further testimony to turn them in to his office prior to the hearing.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary Attachments - 5