



Testimony of

John J. Federico

President: Kansas Cable Telecommunications Association

Regarding HB2021

House Utilities & Telecommunications Committee

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Chairman Seiwert & Members of the House Utilities & Telecommunications Committee:

Thank you for the opportunity to present testimony on behalf of the Kansas Cable Telecommunications Association (KCTA) on HB2021. Mr. Chairman, I want to thank you for your patience and steady hand as you navigated an entire industry, with at times wholly varied interests, through some very challenging negotiations.

I want to take a moment and thank the other members of the industry “coalition” who, to a person, showed tremendous professionalism throughout the process and seemed to put forth a sincere effort to negotiate in good faith.

I stand before you today, on behalf of the individual members of the KCTA, and their customers, (your constituents), neither as proponent nor an opponent of the legislation. Granted, our primary concerns with the original bill were worked out to “*some*” degree of satisfaction, but not in a manner that pleased every member of our association.

At one point we were asked “why the cable industry had such a keen interest in this “*telecommunications*” legislation?” Well Mr. Chairman, as you and your committee members certainly can appreciate, the telecommunication industry as a whole, and the intensity of the competition, as changed dramatically over the years. The cable industry has gone well-beyond just offering video products and services. Through good ol’ fashion innovation and significant private capital investment, the cable industry now offers state of the art telecommunication services throughout Kansas that includes; video, video on demand, telephony and of course

broadband. As such, ANY legislation that impacts the regulation of our member companies, or those of our competitors, is of great concern to the KCTA.

In general, the cable industry had concerns with three general areas of the original bill.

The first, ...as the bill seeks to remove certain regulatory burdens from “electing carriers,” we wanted to make sure that as a result of unintended consequences, that burden did not shift to other incumbent providers. I speak specifically to Carrier of Last Resort (CoLR) obligations. We are satisfied that that will not be the case and the bill comports with our overall belief that in today’s highly competitive market, the consumer benefits most from a “light” regulatory touch.

Our second area of concern was the language found in Section 3 on Page 4, and (y) and (z) of Section 6 on Page 20. The language in the bill before you is negotiated language and generally satisfies our concerns. Through a painstaking negotiation process, we believe there is sufficient language in the bill now that allows for oversight and resolution of disagreements surrounding “interconnection agreements” between the parties.

Lastly, we are very interested in the state’s interest on behalf of telecommunication consumers in the state, and ultimately the Legislature’s plan, to reduce the size of the KUSF. Beyond a general interest in reducing the overall cost/tax of telecommunication services for Kansas consumers, the cable industry’s paramount concern is the *unlevel* and often times *unfair* level of competition between providers who receive KUSF funding, and those that do not. When factoring in the amount of subsidies that flow to certain providers, and whether there is unjust enrichment and/or “value to the consumer” attached to those dollars, you HAVE to take into consideration the *entirety* of the amount of subsidies those providers are receiving and where that money is being spent. At the end of the day we would have liked to have seen a more rapid reduction of KUSF subsidies, but in the spirit of negotiation, we can accept a thorough study of the issue and an equitable resolution considered in the 2016 Legislative Session.

Again, I appreciate the opportunity to address your committee Mr. Chairman and will happily stand for questions at the appropriate time.