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Testimony on HB2515
Opponent Testimony
House Energy, Utilities & Telecommunications Committee

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Chairman Seiwert and Members of the Committee:

Thank you for the opportunity to submit testimony concerning HB2515. AT&T Kansas opposes HB2515.

HB2515 is designed to provide an incentive to certificated Local Exchange Carriers (LECs) and Electing Carriers, such as AT&T Kansas, to relinquish certain rural areas of their legacy telephone service territories where they do not intend, for whatever reason, to deploy broadband service as the bill defines it. As a result, in exchange for “releasing” these service areas and the customers living in those locations, the carrier would receive a state income tax credit equal to the amount of the value of the relinquishing carrier’s existing customers in that rural area.

HB2515 presupposes that the presence of the incumbent LEC, as the legacy service provider in those rural areas, inhibits or discourages broadband competition; that is simply not the case. It is not often you will hear testimony that a tax credit is not necessary, but today, under existing federal and state law, nothing prevents a competitor from moving into any AT&T Kansas or certain other LECs’ certificated legacy telephone service areas to provide broadband service and compete for customers, as can be attested to by our friends from the rural LEC community.

AT&T Kansas has no plans to relinquish our rural customers or service territory. In fact, our company is participating in the Federal Communication Commission’s (FCC) Connect America Fund Phase II (CAFII) to fund deployment of broadband in unserved and underserved areas of our Kansas certificated service territory. AT&T is also exploring the deployment of new technologies, like fixed wireless services in rural areas. Through these programs and technologies, AT&T will be investing millions of dollars in broadband infrastructure in rural parts of Kansas.

As proposed, HB2515 does raise many concerns for AT&T, including the proposed valuation process; the definition of broadband service; the new and potentially burdensome continuing obligation to work with a provider of broadband service in a “released” area, among others. One area of considerable concern is the undefined role of the Kansas Corporation Commission (KCC) in the relinquishment process; all of which could lead to unwanted and unnecessary burdens that could also conflict with federal efforts in this area.

In short, AT&T Kansas believes HB2515 is unnecessary and creates multiple concerns. On behalf of AT&T Kansas, I thank you for your consideration of these concerns.

Respectfully submitted,

Mike Scott
President
AT&T