



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

Testimony of
Janet Buchanan, Chief of Telecommunications
Kansas Corporation Commission

Before the Senate Utilities Committee
Regarding HB 2042
March 1, 2005

Chairperson Emler and Committee Members:

Thank you for allowing me to appear before you this morning on behalf of the Kansas Corporation Commission to express the Commission Staff views regarding HB 2042. My name is Janet Buchanan. I am the Commission's Chief of Telecommunications.

The Commission is not opposed to the legislation as currently drafted. The language change would apply similar criteria for review to promotions that is now utilized for standard offerings. Promotions are offerings that are usually made available to consumers for a shorter period of time than standard offerings. The Commission has interpreted the current language in the statute pertaining to promotions to be more restrictive than that proposed but is not opposed to the change. The Commission believes that this change in language does not necessarily permit new offerings to be made; it merely changes the manner in which the offers can be made. For example, the Commission has found that win, winback and retention offerings are not unduly discriminatory. Thus the Commission has permitted such offerings to be made through a local exchange carrier's standard offerings. However, the Commission found that win, winback and retention offerings are, by their nature, discriminatory and could not pass the "nondiscriminatory" hurdle within the statute pertaining to promotions. Therefore, local exchange carriers could only make these offerings, which would be likely to change frequently, through the more cumbersome process applied to standard offerings. This change in language will permit local exchange carriers to make win, winback and retention offerings through promotions.

The Commission has traditionally allowed promotions to go into effect through operation of law (without a formal order approving the offering). Staff examines promotions to identify any problems. If a problem is identified, Staff requests that the local exchange carrier, inter-exchange carrier or competitive local exchange carrier withdraw the promotion and replace it with an acceptable promotion. Staff also currently reviews promotions offered by local exchange carriers to ensure that the rates are above the cost floor. With this change in language, Staff would continue to conduct this review to ensure that offerings are not anti-competitive and also review the promotion to ensure that the offering is not unjust, unreasonably discriminatory or unduly preferential.

Thank you for the opportunity to appear before you this morning. I will be happy to answer questions at the appropriate time.