



Before the Senate Utilities Committee
SB 49 VoIP-KUSF
Michael R. Murray, Director of Governmental Affairs
Thursday, January 25, 2007

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to comment on SB 49 at today's hearing.

This issue is very similar to policy legislation enacted last year in Kansas. In the 2006 Session you passed legislation requiring VoIP providers to contribute to the 911 Fund.

Also in 2006, the Federal Communications Commission ordered VoIP providers to contribute to the Federal Universal Service Fund.

Following on the FCC decision in 2006, the objective of SB 49 is to require interconnected VoIP providers (those companies which deliver intrastate telephone service via voice-over-the-internet protocol) to contribute to the Kansas Universal Service Fund supporting universally affordable and available telecommunications, just like other wireline and wireless carriers contribute today.

In ordering VoIP providers to contribute to the Federal Universal Service Fund, **the FCC found that interconnected VoIP providers benefit from their access to the interconnected wireline network**, and therefore interconnected VoIP providers should contribute to the preservation of that network on the same basis as every other provider that currently must support that network. It is becoming increasingly anti-competitive for VoIP providers to benefit from their access to the interconnected wireline telephone network on an unequal basis.

"Interconnected" is the key term. VoIP providers who deliver telecommunications by interconnecting to the wireline telephone network built and maintained by wireline telecommunications providers should require their customers to contribute their "fair share" to the system that ensures that the wireline telephone network remains affordable for all end users just as every other wireline and wireless telephone customer does today.

The Kansas Corporation Commission has recently opened a docket to determine whether VoIP providers should contribute to the Kansas Universal Service Fund. It is our position that the Legislature should set policy as it pertains to VoIP support of the KUSF, and SB 49 does exactly that.

SB 49 does not contemplate giving the KCC regulatory authority over VoIP. The intent of SB 49 is to make it crystal clear that VoIP providers which use the interconnected wireline network to provide telecommunications must bear their fair share of the costs associated with providing universal service and keeping local telephone rates affordable.

What's good for goose is good for the gander. The rules should be the same for everyone who uses the "interconnected" wireline telephone network. Wireline telephone companies such as Embarq have **"carrier of last resort" obligations** under the law. In its local exchanges, the incumbent local exchange company must maintain the wireline to each customer even if the customer has chosen a competitor as the local provider. There is a cost associated with that obligation. And, if the customer wants to switch back to the incumbent local exchange company, the wireline must be there to do so.

It is our hope that you will act favorably on SB 49. Thank you for your consideration, and I'd be pleased to respond to questions.