

February 11, 2005

The Honorable Jay Emler, Chairperson
Senate Committee on Utilities
Statehouse, Room 449-N
Topeka, Kansas 66612

Dear Senator Emler:

SUBJECT: Fiscal Note for SB 120 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 120 is respectfully submitted to your committee.

SB 120 would amend current law regarding telephone regulation. This bill would exclude residential and single-line businesses from price cap regulation, when combined with a packaged or bundled offering, when two or more telecommunications services are offered for a single price. This could occur only if services in the packages were also available individually. The bill would also price deregulate any packaged or bundled telecommunication services offered after August 1, 2005. The bill would also change price cap regulations for the residential and single-line business service basket. This bill would require price caps to be set based upon the telephone service component of the Consumer Price Index as published by the United States Department of Commerce.

Price caps for the miscellaneous services basket could be adjusted annually at the discretion of the telecommunications carrier as long as the total basket increase did not exceed 6.0 percent. Under this bill, the Kansas Corporation Commission would price deregulate within an exchange area any individual residential service or service category, if a telecommunications carrier could demonstrate that there is at least one telecommunications company providing basic residential telephone service to the exchange area. SB 120 would also require the Commission to review the Kansas Universal Service Fund (KUSF) usage costs specific to individual qualified telecommunications public utilities, telecommunications carriers, or wireless

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telecommunications providers receiving funds from the KUSF, including costs arising from fulfilling carrier of last resort obligations.

Sincerely,

A handwritten signature in black ink that reads "Duane A. Goossen". The signature is written in a cursive style with a large initial "D".

Duane A. Goossen
Director of the Budget

cc: Tom Day, KCC
Beth Runnebaum, CURB