

# Citizens' Utility Ratepayer Board

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## **SENATE COMMERCE COMMITTEE** **S.B. 525**

Testimony on Behalf of the Citizens' Utility Ratepayer Board  
By David Springe, Consumer Counsel  
February 20, 2004

Madam Chair and members of the Committee:

Thank you for this opportunity to appear before you today and offer testimony on S.B 525. The Citizens' Utility Ratepayer Board opposes this bill for the following reasons:

K.S.A. 66-2001 states "It is hereby declared to be the public policy of the state to:

- (a) Ensure that every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price;
- (b) Ensure that consumers throughout the state realize the benefits of competition through increased services and improved telecommunications facilities at reduced rates;
- (e) Protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity;"

Section 3 of S.B. 525 (See page 9, lines 14-26) amends K.S.A. 66-2005(l) to remove the requirement that local exchange company promotions be offered to "all customers in a nondiscriminatory manner". By definition, approval of this amendment allows local exchange companies to offer "discriminatory" prices to customers. Rather than ensuring that "customers throughout the state" realize the benefits of competition consistent with the policy of the state, this amendment insures that only "some" customers throughout the state will benefit from competition while other customers can be discriminated against. Why should two customers living next door to each other pay different rates for telephone service from the same company? CURB is concerned that

this bill will allow targeted promotions designed to eliminate competitors. From a policy standpoint, the short-term benefits to consumers that actively pursue lower (discriminatory) prices must be weighed against the long-term detriment to the competitive market we in Kansas, as a matter of policy, are trying to develop.

Section 4 of S.B. 525 (See page 12, lines 29-43) amends K.S.A. 66-2008(c) to include language that allows the Kansas Universal Service Fund to be modified, after Commission review, “except that the results of such modification shall not be a decrease to the KUSF distribution for any local exchange carrier”. Regardless of whether the underlying costs of local service would dictate a reduction in KUSF distribution, which would benefit Kansas consumers, this bill insures that consumers will only see increases in the amount paid into the KUSF fund. Why shouldn’t Kansas consumers see decreases in the KUSF where appropriate? This language is neither fair nor balanced, and does not serve to benefit the consumer in Kansas.

CURB believes that these two amendments cannot be reconciled with the policy goals expressed in K.S.A. 66-2001. K.S.A. 66-2001 does not declare the policy of the state to be that only “some” customers realize the benefits of competition, while others can be discriminated against. In fact K.S.A. 66-2001(b) speaks in terms of “reduced rates”, not for “some” consumers, but for consumers “throughout the state”. Further, we have an affirmative duty to “protect consumers” from practices that are inconsistent with the “public interest, convenience and necessity”. For these reasons, CURB does not believe that the provisions in this bill serve to benefit or protect Kansas consumers, are not fair, are not balanced, are against the stated policy in Kansas and are not in the public interest. Therefore, CURB does not support this bill.