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LEGISLATURE OF THE STATE OF KANSAS

MEMORANDUM

To: Chairmen Apple and Seiwert and members of the Telecommunications Study Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: November 6, 2013
Subject: Telecommunications Service Providers Definitions and Regulation

Local Exchange Carriers

Definition

Any telecommunications public utility or its successor, not to include an electing carrier, providing switched telecommunications service within any local exchange service area, as approved by the commission on or before January 1, 1996. (K.S.A. 66-1,187(h))

Regulation

Local exchange carriers operate under either traditional rate of return regulation or price cap regulation. Rate of return regulation fixes the rate of return that a company can earn on its assets. The commission sets the price the company can charge so as to allow it to earn a limited, specified rate of return. The regulated price can be adjusted upward if the utility's rate of return drops and will be adjusted downward if the utility makes a higher rate. Under price cap regulation, a company's prices are set and then adjusted according to parameters established by the commission. All local exchange carriers serve as carriers of last resort. A carrier of last resort is required to provide service to any customer in a service area that requests it, even if serving that customer would not be economically viable.

Electing carriers

Definition

Any local exchange carrier with a majority of the carrier's local exchange access lines in the state price deregulated pursuant to subsection (q) of K.S.A. 66-2005 may elect to no longer be regulated as a local exchange carrier and, notwithstanding any other provisions, upon such election shall instead be regulated as a telecommunications carrier. (K.S.A. 66-2005(x))

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Attachment 4**

Regulation

Electing carriers are not subject to KCC supervision for the provision of telecommunications services or quality of service standards and do not have any carrier of last resort obligations.

Telecommunications carriers

Definition

Any corporation, company, individual, association of persons, their trustees, lessees or receivers that provides a telecommunications service, including, but not limited to, interexchange carriers and competitive access providers, but not including local exchange carriers certified before January 1, 1996. (K.S.A. 66-1,187(m))

Regulation

Telecommunications carriers are not subject to KCC supervision for the provision of telecommunications services or quality of service standards and do not have any carrier of last resort obligations.

Carrier Eligibility for Universal Service Support

Eligible telecommunications carrier

Designation made by the KCC for a common carrier that offers telecommunications services for a service area allocated by the KCC, either using its own facilities or a combination of its own facilities and resale of another carrier's services, and advertises the availability of such services and charges. (47 U.S.C. 214(e))

Competitive eligible telecommunications carrier

Any telecommunications carrier designated by the commission as an eligible telecommunications carrier after January 1, 1998. (K.S.A. 66-2008(c)(4))