

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 10, 1999 LB 514

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. This is probably the, what I would call the third phase of a process dealing with telephones and telecommunications. Two years ago this body spent a considerable amount of time dealing with the Telecommunications Act of 1996, and we introduced the concepts of universal service and we talked about access charges at that point in time. And I can tell you, I remember the glazed looks that I had when I first started learning it, and I can tell you the glazed looks that I saw from this body the first time we started talking about access charges. Through about \$5 million and a lot of thirty second commercials, the term "access charge" became a household term in this state, at least for a month or so, and I don't know whether that was a good or a bad approach, but what has happened is that it has brought people to realize that there is more to telephones in this state than picking up your phone and getting a dial tone. Very complicated system of finance, very complicated system of funding and regulation. This bill is the next generation of bills. We did put into place the Universal Service Fund. Universal service, by definition, is designed to give people access and service to telephones. Nebraska is one of the highest states in the country with people having a telephone, basic dial tone service. When the Telecommunications Act of 1996 passed, the federal act, all of a sudden competition was introduced, and the goal of that law obviously was to create competition. And that would not only be competition for long distance, which is already there, you all get the phone calls from the various long distance providers wanting you to switch. Sometimes they give you T-shirts to switch. Sometimes you don't even know that you switched. But competition in these terms are for local service as well, and once that competition comes in, we were going to have to move prices and rates, we're going to have to have some rational relationship to what the actual cost was, so rates were going to have to move to cost. We had a bill in here that allowed those companies do what we called rebalance rates, adjust rates so they could come up to cost. That was a very difficult bill for this body to pass, and we did do that, and you see some of those rates changing and occurring, getting closer to cost. With that comes, well, access reform has to occur. Those access fees that long distance carriers pay to the local companies, those were