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S.B. 400

Testimony supporting S.B. 400
Presented May 7, 2003
Assembly Commerce Committee
David Goldwater, Chairman

Testimony submitted by Sprint of Nevada and SBC Nevada

Enactment of S.B. 400 will benefit Nevada consumers by:

- Eliminating current restrictions which limit our flexibility to offer discounts and other benefits in exciting new service packages to residential customers (Section 23(1)(b)).
- Expediting roll-out of new telecommunications price and service options to business customers (Section 23(1)(c) and (Section 12(1)).
- Authorizing Sprint of Nevada and SBC Nevada to offer term and volume discounts, as well as new service packages, to business customers (Section 23(1)(c)).

S.B. 400 benefits the State of Nevada by encouraging additional investment in Nevada and growth in telecommunications.

- S.B. 400 incents additional investment in Nevada telecommunications infrastructure by creating equality in regulatory treatment for telephone companies, cable TV companies, and satellite firms providing broadband services, such as high speed access to the Internet (Section 8(1)).
- Today, cable TV companies have majority of customers for residential broadband services. Their broadband cable modem products have similar functionality to telephone company DSL broadband.
- Cable TV companies broadband services are NOT regulated by PUC or FCC.
- Today, Sprint and SBC broadband (DSL) service is tariffed with and regulated by the FCC, not the PUC. S.B.400 maintains this current assignment of regulatory responsibility.

S.B. 400 continues current PUC regulation of basic residential rates.

- Nevada has some of the lowest basic residential rates in the nation:
 - Sprint of Nevada: \$ 10.40 per month.
 - SBC Nevada: \$ 10.75 per month.
- S.B. 400 protects the low basic residential rates currently paid by Nevada consumers.
- S.B. 400 preserves the status of R1 as basic service (Section 15).
- S.B. 400 does not allow any basic residential rate increases. Under existing law (NRS 704.110), Sprint of Nevada and SBC Nevada must file a general rate case with the PUC to adjust basic residential rates. This protection continues following enactment of S.B. 400.

S.B. 400 includes additional consumer protections

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- Today, Sprint of Nevada and SBC Nevada offer "Lifeline" service to low income residential consumers:

	Lifeline Rate	# of Lifeline Customers
• Sprint of Nevada	\$ 5.77	26,964
• SBC Nevada	\$ 5.70	11,970

- Lifeline rates will continue unchanged by S.B. 400.

Note: Sprint of Nevada, SBC Nevada and other Nevada ILECs are the only telephone companies which offer the low Lifeline rates to Nevada consumers.

- Today, Nevada residential and business consumers who have problems with services provided by Sprint of Nevada and SBC Nevada can bring their complaints to the PUC. This is not changed by S.B. 400.

Will S.B. 400 will raise basic residential rates?

- NO: under SB 400, basic residential rates are still subject to PUC review.
 - Under S.B. 400, Sprint of Nevada, and now SBC Nevada, are required to file periodic rate cases to ensure their prices are "just and reasonable".
 - In rate cases, the PUC, the Attorney General's Office of Consumer Protection, and other parties, have 180 days to review the companies earnings and rate design. The PUC, BCP and other parties (including CLECs and retail customers) have the right to engage in substantial discovery, and to challenge the structure and prices of services.
 - Nothing in S.B. 400 changes these current PUC rate case requirements.

The PUC received explicit authority to regulate ILEC's provision of network elements and services to CLECs under the federal Telecommunications Act.

- In 1996, the U.S. Congress enacted the Telecommunications Act, to help develop local telecommunications competition. This bill gave the state PUCs a new source of jurisdiction to regulate Sprint and SBC, specifically the jurisdiction to enforce federal standards on the ILECs' provision of local telecommunications infrastructure to CLECs. **The PUC's authority to continue to exercise jurisdiction under the Telecom Act is not diminished by S.B. 400.**

Under the 1996 Telecom Act, local competition is developing today in Nevada, especially in the market for business services.

- Today, Nevada CLECs serve over 200,000 customer lines.
- Today, Nevada CLECs purchase over 100,000 lines (unbundled loops) from Sprint of Nevada and SBC Nevada. CLECs serve their remaining customers with facilities of their own, or facilities obtained from companies other than Sprint of Nevada and SBC Nevada.
- Today, Nevada CLECs serve about 30% of the statewide business market.

S.B. 400 adds to the protections mandated by the 1996 Telecom Act.

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- In addition to the PUC's federally-mandated jurisdiction under the Telecom Act, S.B. 400 includes several sections to protect local competition:
 - Section 8(2): Ensures that Sprint of Nevada and SBC Nevada will have to continue to provide CLECs with unbundled elements and resold services at prices, terms and conditions regulated by the Nevada PUC, as authorized by the federal 1996 Telecommunications Act and FCC regulations.
 - Section 7: Prohibits Sprint of Nevada and SBC Nevada from engaging in any anticompetitive act or unreasonable discrimination, in exercising flexibility in service pricing or terms.
 - Section 28: Preserves existing Nevada law stating that the PUC will enforce the obligations of Sprint of Nevada and SBC Nevada under the 1996 Telecom Act to provide unbundled network elements and resold services to CLECs.
- And, existing law (NRS 704.282) requires the Nevada PUC to conduct expedited complaint proceedings for any complaint submitted by a CLEC alleging violation by Sprint of Nevada or SBC Nevada of ANY provision of NRS 703 and 704. **This section is NOT affected by S.B. 400.**

Why should the Nevada legislature approve S.B. 400?

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S.B. 400:

- Provides benefits to residential customers, including better packages of telecommunications services, and continuing PUC review of basic rates.
- Provides better price and service options and flexibility to business customers, more efficiently than current procedures.
- Encourages continuing investment in Nevada telecommunications infrastructure, which is needed to support development of the Nevada economy.

Thank you for the opportunity to present this testimony. We would be happy to respond to any questions from the Committee.