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AARP Testimony

Senate Bill 400

Assembly Committee on Commerce and Labor

Good afternoon, Chairman Goldwater and Members of the Committee. Thank you for the opportunity to appear before you this afternoon on behalf of AARP Nevada to express the Association's opposition to Senate Bill 400. My name is Coralette Hannon. I am a Senior Legislative Representative specializing in telecommunications and utility issues for AARP's Department of State Affairs.

SB 400 deals primarily with broadband service, an important component of modern telecommunications. However, passage of SB 400 would harm the development of a competitive telecommunications market in three (3) significant ways. It would bar the Nevada Public Utilities Commission (PUC) from regulating Sprint and SBC's broadband services, known as Digital Subscriber Line (DSL) service. It would also open the door to eliminating the PUC's regulatory authority over local telephone service. And, it would discourage those competitors, who could likely serve rural areas and residential customers, from entering the state broadband market. And, that is a problem for Nevada consumers.

Currently, most consumers who use the Internet do so through a dial-up telephone line – a type of “narrowband” Internet access technology that delivers content at relatively low speed. Broadband technology, which provides an always-on, high-speed connection to the Internet, is the next step in the Internet's evolution. Of the facilities that currently

provide broadband, two dominate -- DSL and cable modem service.

Unlike cable companies, local telephone companies are currently required to allow DSL customers to obtain high speed Internet access through the Internet service provider of their choice. This is known as "open access." Because open access provides customers with competitive choices, we believe it is in the best interest of residential consumers. Thus, AARP opposes proposals, like SB 400, that seek to eliminate open access requirements for local telephone companies.

In this hearing, you have heard Sprint and SBC contend that enactment of SB 400 is needed in order from them to compete with cable companies on a level playing field. AARP rejects this argument for the reasons previously stated. Moreover, recent events have assuredly made passage of SB 400 unnecessary at this time.

On February 20, 2003, the Federal Communications Commission (FCC) adopted new rules deregulating broadband service provided over fiber optic cable. This decision is expected to give local exchange companies the broadband deregulation they have been seeking. In fact, the FCC's final order should be issued in the next few weeks. Thus, AARP urges the Nevada legislature to refrain from passing SB 400. We simply do not know for certain how the FCC's new rules will change the regulation of broadband service at the federal and state levels.

AARP also urges the legislature to consider the potential impact of SB 400 on the regulation of voice service. The definition of broadband service offered in SB 400 is extremely broad. When telephone companies provide high-speed Internet access, the facilities that provide both DSL and basic local telephone service are shared. Thus, the provision of voice service can not be distinguished from the overall broadband network. As a result, broadband deregulation would also eliminate the key role the PUC plays in ensuring that basic local telephone rates are just, reasonable, affordable and service is of high quality.

For all of these reasons, we urge you to reject SB 400. While this bill may be in the best interests of Sprint and SBC, it is certainly not in the best interest of Nevada consumers.

Thank you. I am available to answer any questions.