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**SECTION-BY-SECTION ANALYSIS
SENATE BILL 400**

Section 1. Identifies Nevada Revised Statutes (NRS) Chapter 704 as the chapter amended.

Sections 2 through 6 contain definitions for the following terms:

Section 2. "Affiliate of an incumbent local exchange carrier"

Section 3. "Deregulated Service"

Section 4. "PAR carrier"

Section 5. "Telecommunication"

Section 6. "Telecommunication Service"

Section 7. States that a PAR carrier is prohibited from engaging in any anticompetitive act or from unreasonably discriminating among similarly situated customers.

Section 8. Sets forth the jurisdiction of the Public Utilities Commission of Nevada (PUCN) to regulate incumbent local providers of telecommunications services. This includes:

- 1. The PUCN is prohibited from regulating any broadband service.*
- 2. The provisions do not:*
 - a. Limit or modify the duties of an incumbent local exchange carrier or its affiliates to provide unbundled access.*
 - b. Prohibit the PUCN from:*
 - 1) Considering any revenues, costs and expenses that a public utility derives from providing a broadband service, if the PUCN is determining the rates of the utility under general rate application,*
 - 2) Acting on a consumer complaint relating to broadband service; or*
 - 3) Including any gross operating revenue that a public utility derives from broadband service when the Commission calculates gross operating revenue for purposes of collecting the annual mill tax assessment.*
- 3. Contains definitions for the following terms:*
 - a. "Affiliate of an incumbent local exchange carrier"*
 - b. "Broadband service"*
 - c. "Incumbent local exchange carrier"*

Section 9. Amends the definition of "public utility" to include defined types of telephone, radio or broadcasting companies or instrumentalities. (NRS 704.020)

Section 10. The PUCN is authorized to adopt regulations to establish a plan of alternative regulation for a public utility that provides telecommunication services. If the public utility is an incumbent local exchange carrier, the carrier may select the duration

of the plan of alternative regulation of not less than 3 years or more than 5 years. These provisions do not apply to plans approved by the PUCN before the effective date of this Act.

Section 11. Changes statutory citations in NRS 704.100 to conform to new section citations resulting from S.B. 400.

Section 12. Amends NRS 704.110.

1. Changes statutory citations in NRS 704.110 to conform to new section citations resulting from S.B. 400.
2. The section provides that a PAR carrier may file a request with the PUCN for approval or change of any schedule of volume or duration discounts for telecommunication services for an offering made to all or any class of business customers.
3. In determining the rates of a public utility that provides telecommunication services, the PUCN must not consider any revenue, cost, or expense that the public utility derives from a service that is identified as nonregulated.

Section 13. Changes statutory citations in NRS 704.68904 to conform to new section citations resulting from S.B. 400.

Section 14. Changes "an electing carrier" to a "PAR carrier" in NRS 704.68908.

Section 15. Provides that, under NRS 704.68912, the PUCN may classify each of the thirteen listed services as basic unless the PUCN has classified such service as discretionary, competitive service, deregulated or other essential.

Section 16. Changes "an electing carrier" to a "PAR carrier" in NRS 704.6892.

Section 17. Clarifies NRS 704.68924 to provide that a "discretionary service" is a telecommunications service that is not basic, competitive, deregulated or other essential, or which the PUCN declares to be discretionary.

Section 18. Clarifies the meaning of the term "electing PAR carrier" in NRS 704.68928.

Section 19. Clarifies the process set forth in NRS 704.68948 by which a PAR carrier becomes an electing PAR carrier.

Section 20. Clarifies NRS 704.68952 to require an electing carrier to file a report of earnings and summary of operations periodically with the PUCN. Also authorizes the PUCN to require the electing carrier to file a general rate case. Gives the electing carrier 180 days to file the general rate case if it has been directed to do so by the PUCN. If an electing PAR carrier does not terminate its plan earlier, the plan terminates at the end of

5 years unless the carrier files a written request. The PUCN must determine in a review whether the existing rates for basic network services are just and reasonable.

Section 21. Changes statutory citations in NRS 704.68956 to conform to new section citations resulting from S.B. 400.

Section 22. Provides that, under NRS 704.6896, that if PUCN receives a written request for a reclassification from a PAR carrier, the PUCN will act on the request not later than 120 days.

Section 23. Amends NRS 704.68964.

1. Allows a PAR carrier to exercise flexibility in pricing and terms of competitive and discretionary services.
2. Allows a PAR carrier to offer packages of services, for which the PUCN shall not specify a maximum rate.
3. Allows a PAR carrier to exercise pricing flexibility, and offer volume, term, or duration discounts and individual contracts, to respond to competition.
4. Clarifies notice (10 days) and cost support requirements for such price offerings.
5. Establishes cost floors to support the price or prices of each service.
6. Provides that the price or prices of each service that are subject to flexibility are not lower than the price floor for that service.
7. Allows a PAR carrier to offer and bill for packages of services, as packages.

Section 24. Changes "an electing carrier" to a "PAR carrier" in NRS 704.68968.

Section 25. Requires a PAR carrier to provide 10-days' written notice to the PUCN regarding the introduction of new services.

Section 26. Changes "an electing carrier" to a "PAR carrier" in NRS 704.68976.

Section 27. Changes "an electing carrier" to a "PAR carrier" in NRS 704.6898.

Section 28. Changes statutory citations in NRS 704.68984 to:

1. Conform to new section citations resulting from S.B. 400, and
2. Change "an electing carrier" to a "PAR carrier".

Section 29. This act becomes effective upon passage and approval.