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AARP Testimony on Senate Bill 400

Before the Senate Committee on Commerce and Labor

Good morning Chairman Townsend and Members of the Committee. Thank you for the opportunity to appear before you this morning 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. AARP represents the interests of more than 256,000 members in the state of Nevada.

SB 400 deals primarily with broadband service, an important component of modern telecommunications. AARP supports measures that ensure wide public access to voice, video and data connections at a reasonable cost. Unfortunately, SB 400 does not work toward these goals. In fact, the bill works against these goals. If passed, it would bar the Nevada Public Utilities Commission (PUC) from regulating Sprint and SBC's broadband services, known as Digital Subscriber Line or DSL service. In addition, SB 400 would open the door to eliminating all of the PUC's regulatory authority over the companies' local telephone services. 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.

Local exchange companies, like Sprint, SBC, and BellSouth contend they need the enactment of legislation like SB 400 to allow them to compete with cable companies on a level playing field. While AARP rejects this argument, if you accept the companies' rationale, then recent events have 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 gives local exchange companies the broadband deregulation they have been seeking. While the FCC has yet to issue its written order adopting these rules, the press release announcing the decision states that the Commission provides "substantial unbundling relief for loops utilizing fiber facilities..." Because the devil will be in the details in this order, which should be issued in the next few weeks, AARP urges the Nevada legislature to refrain from passing SB 400 at this time. 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 voice service. If the bill is passed, not only would broadband service be freed from regulation, but so would the "underlying facilities" that provide broadband service. When telephone companies provide high-speed Internet access, the facilities (loop plant) that provide both DSL and basic local telephone service are shared. These facilities can be combined in such a manner that some of the facilities utilized to provide voice service cannot be

distinguished from the facilities utilized to provide broadband service at any point on the network. As a result, deregulation would preclude the PUC's authority over Sprint and SBC's basic local telephone services, as well as the establishment of unbundled network elements and associated prices for these facilities. Is that what we want?

AARP opposes proposals to eliminate open access requirements for local telephone companies. Also, AARP strongly believes that the PUC has a key role to play in ensuring that rates and services from Nevada utilities are just, reasonable, affordable and of high quality.

We strongly 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 public interest and not in the best interest of the consumers of Nevada.

Thank you for your time today. I'll now take any questions you may have.