

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Seventh Session
May 22, 2013**

The Committee on Commerce and Labor was called to order by Chairman David P. Bobzien at 1:44 p.m. on Wednesday, May 22, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at nelis.leg.state.nv.us/77th2013. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman David P. Bobzien, Chairman
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblyman Skip Daly
Assemblywoman Olivia Diaz
Assemblyman John Ellison
Assemblyman Jason Frierson
Assemblyman Tom Grady
Assemblyman Ira Hansen
Assemblyman Crescent Hardy
Assemblyman James W. Healey
Assemblyman William C. Horne
Assemblyman Pete Livermore
Assemblyman James Ohrenschall

COMMITTEE MEMBERS ABSENT:

Assemblywoman Marilyn K. Kirkpatrick, Vice Chairwoman (excused)



GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Matt Mundy, Committee Counsel
Leslie Danihel, Committee Manager
Earlene Miller, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Kami Dempsey, representing Cox Communications, LLC
Debra Terwilliger, Assistant Staff Counsel, Public Utilities
Commission of Nevada
Randy Brown, representing AT&T
Joshua Hicks, representing TracFone Wireless
Randy Robison, representing CenturyLink
Mike Eifert, representing Nevada Telecommunications Association

Chairman Bobzien:

[The roll was called; a quorum was present.] We will open the hearing on
Senate Bill 498 (1st Reprint).

Senate Bill 498 (1st Reprint): Revises provisions relating to
telecommunications. (BDR 58-1097)

Kami Dempsey, representing Cox Communications, LLC:

This bill addresses trading a third-party process to administer the lifeline program in Nevada, and it streamlines the system. We are in favor of this bill and have worked on it for the past year. There were some final changes in the Senate. The lifeline program helps qualified low-income Americans to access affordable phone service by providing discounts on one basic monthly telephone service whether it is wireless or wire-lined. Customers qualify for lifeline services based on program eligibility at the state and federal levels. Some of the programs include Medicaid, the Supplemental Nutrition Assistance Program, federal public housing assistance, and low-income home energy assistance programs.

We bombard the eligible people to inform them about the programs. Currently, it is difficult for a person who may fall under one of these programs to

understand what the information is. This legislation creates an opportunity for the Public Utilities Commission (PUC) to set regulations and standards to go to a request for proposal (RFP) process to attract a third-party administrator (TPA) to streamline the process. This will enable the person who qualifies for the program to have a one-stop shop. It will be less cumbersome and reduce potential fraud. There has been a lot of information on the federal level regarding people who access multiple accounts. You are allowed one account per household. Some people were switching and trying to get additional services. If there is one TPA, the system can be streamlined and it will be more difficult to take advantage of the system.

Debrea Terwilliger, from the PUC, has been very involved and is here to answer specific questions. We have been working on this for a year. The Department of Health and Human Services, the PUC, and other providers are in support of this process.

Chairman Bobzien:

Are there any questions?

Assemblywoman Carlton:

Who do we imagine being the third-party provider?

Debrea Terwilliger, Assistant Staff Counsel, Nevada Public Utilities Commission:

The PUC voted in support of this bill. The Commission would go through the normal state process to conduct an RFP in order to solicit bids for a third-party administrator. There are two primary TPAs in the country. They are Solix Technologies, Inc. and Xerox. The PUC currently uses Solix for the Nevada Universal Service Fund, the High Cost Fund, and the state lifeline fund. We would presume that Solix would bid during the process to administer the program. We would still go to an RFP to make sure it is a fair bidding process.

Assemblywoman Carlton:

What cut do they take off the top?

Debrea Terwilliger:

There is a cost to administer the program. The TPA makes a certain amount of profit in addition to the cost. We asked Solix how much they might bid and saw some of their numbers. Some of it depends on how the Commission structures the regulations and the scope of the work. On everybody's phone bill, there is an assessed fee for the Nevada Universal Service Fund. It could double that amount or more. The fee is sometimes five cents or even one cent per month per customer. The point of this is that we will reduce waste, fraud, and abuse. Many states are moving in this direction.

Assemblywoman Carlton:

There will be an administrative fee and a profit margin. All of these dollars currently go to people who use lifeline. Now a portion of that fee will go to a for-profit company to manage the program.

Debrea Terwilliger:

Yes, some of this money will go to a for-profit corporation to administer the program. Solix administered the Nevada Universal Service Fund and makes a profit from that. I do not know the profit margins.

Chairman Bobzien:

Are there additional questions? Seeing none, are there others to provide testimony?

Randy Brown, representing AT&T:

We are in full support of this measure. We worked collaboratively with all of the parties. Companies like AT&T and others similarly situated are potential beneficiaries of the funds we are talking about today. Until now, we have used our own employees to qualify people for these programs. We do not think that is good, because we are the potential beneficiaries. We feel the function of qualifying people should be handled by an independent TPA.

Joshua Hicks, representing TracFone Wireless:

TracFone Wireless is one of the largest providers of the lifeline service. I agree with the comments made by the previous speakers and we are in support of the bill. We think it is a strong move forward in the lifeline service. The database that is in here is important to us. We have been working with the Department of Health and Human Services to use the database as an interim solution until a TPA is available.

Randy Robison, representing CenturyLink:

We are in support of this bill for the reasons that have been presented.

Chairman Bobzien:

Are there any questions?

Assemblyman Frierson:

My question is about any breaches of security for the time that the provider would be able to directly access the database. Is there a concern or has that been addressed?

Joshua Hicks:

My client is the one using the database now. We are in the process of implementing the database. The data that will be shared with any provider who uses the database would not include confidential information. It would include information such as first and last names, date of birth, and the last four digits of the social security number. It verifies if someone is in one of the programs administered by the Department of Health and Human Services which would make them eligible for the program.

Assemblyman Frierson:

By virtue of them being on the list, it is confidential. They are only on the list because they are eligible. Is there any concern about the list being provided to others who might have reason to access that list?

Joshua Hicks:

The list does not come into the hands of any private provider. It is maintained by the state. The Department of Health and Human Services maintains the list as a verification tool. They will only verify if the person is in the program.

Chairman Bobzien:

Are there further questions?

Assemblywoman Carlton:

What kind of resources are your companies using to do this? I want to understand the time involved. Can you associate a dollar amount?

Randy Brown:

AT&T is responsible for qualifying people into the program for which their customers are eligible. We use a third party to do that work. We use a contractor, which I believe is Aetna, to do that work in all states in which AT&T is a lifeline provider.

Assemblywoman Carlton:

I would like to have a frame of reference about how these monies have been spent in the past and how they will be spent in the future.

Chairman Bobzien:

Are there any other questions? Seeing none, is there anyone else wishing to speak in support of the bill?

Mike Eifert, representing Nevada Telecommunications Association:

The rural providers have actively participated in all of these discussions and we are in wholehearted support. It is a good bill.

Chairman Bobzien:

Are there any questions? Seeing none, is there anyone else in support of S.B. 498 (R1)? [There was none.] Is there any opposition? [There was none.] Is there anyone to speak from a neutral position? [There was none.] I will close the hearing on S.B. 498 (R1). Is there any public comment? [There was no response.] Are there any matters to come before the Committee? [There was no response.] The meeting is adjourned [at 2:00 p.m.].

RESPECTFULLY SUBMITTED:

Earlene Miller
Committee Secretary

APPROVED BY:

Assemblyman David P. Bobzien, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: May 22, 2013

Time of Meeting: 1:44 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster