

**MINUTES OF THE  
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY**

**Seventy-Seventh Session  
February 13, 2013**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Kelvin Atkinson at 1:33 p.m. on Wednesday, February 13, 2013, in Room 2134 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Kelvin Atkinson, Chair  
Senator Moises (Mo) Denis, Vice Chair  
Senator Justin C. Jones  
Senator Joyce Woodhouse  
Senator Joseph P. Hardy  
Senator James A. Settelmeyer  
Senator Mark Hutchison

**STAFF MEMBERS PRESENT:**

Marji Paslov Thomas, Policy Analyst  
Dan Yu, Counsel  
Caitlin Brady, Committee Secretary

**OTHERS PRESENT:**

Donald Lomoljo, Utilities Hearing Officer, Public Utilities Commission of Nevada  
Samuel Crano, Assistant Staff Counsel, Public Utilities Commission of Nevada  
Brin Gibson, Utilities, Inc.  
William McKean, Utilities, Inc.  
Daniel Jacobsen, Technical Staff Manager, Bureau of Consumer Protection,  
Office of the Attorney General  
Jack Mallory, Southern Nevada Building and Trades Council  
Debrea Terwilliger, Assistant Staff Counsel, Office of the Staff Counsel, Public  
Utilities Commission of Nevada  
Mike Eifert, Executive Director, Nevada Telecommunications Association  
Randy Robison, Director, State Legislative Affairs, CenturyLink  
Randy Brown, CPA, Director, Regulatory & Legislative Affairs, AT&T

Senate Committee on Commerce, Labor and Energy  
February 13, 2013  
Page 2

Anne-Marie Cuneo, Director of Regulatory Operations, Public Utilities  
Commission of Nevada

**Chair Atkinson:**

I will open the hearing on Senate Bill (S.B.) 15.

**SENATE BILL 15**: Authorizes certain public utilities to request a waiver from the requirement to submit a resource plan to the Public Utilities Commission of Nevada. (BDR 58-323)

**Don Lomoljo (Utilities Hearings Officer, Public Utilities Commission of Nevada):**

Water resource planning was instituted during the 2007 Session. Water utilities under the jurisdiction of the Public Utilities Commission of Nevada (PUCN) that have an annual gross operating revenue of \$1 million or more are required to file triennial integrated-resource plans. A resource plan is a comprehensive forecast of expected demand immediately, over 3 years, and long-term, 20 years, planning horizons. The 20-year plan is conceptual. The 3-year plan is called the action plan, and it proposes projects to and requests approval from the PUCN. If a project is approved by the PUCN, the utility may proceed and include the costs associated with it in the rates when a rate case is filed. The bill proposes to allow water utilities to seek a waiver of the resource-planning requirement as long as there will be little or no growth in their service territory or the utility is not planning any major capital projects over the 3 year period. This will allow the utility to avoid costs associated with filing the plan. The costs are usually passed on to the consumers in a subsequent rate case.

**Samuel Crano (Assistant Staff Counsel, Public Utilities Commission of Nevada):**

The most recent integrated resource plan filings for which we have the costs are from 2009 and 2011. In 2009, Spring Creek Utilities Company filed an action plan that was contested and aggressively litigated. The total cost for the filing was \$664,000. The cost was passed on to the ratepayers. In 2011, Utilities, Inc. of Central Nevada filed and settled an integrated resource plan in about 1 month. It cost approximately \$300,000 and was passed on to the ratepayers. The goal of S.B. 15 is to eliminate or avoid as many costs as possible.

**Senator Hardy:**

The bill would require looking 3 years in arrears and anticipating 3 years in advance, correct?

**Mr. Lomoljo:**

The resource plan is a forward-looking process. It looks to the immediate 3 years in the future for the action-plan period. The action plan is presented to the PUCN.

**Senator Hardy:**

*Nevada Revised Statutes* (NRS) 704.661, subsection 1 uses the immediately preceding 3 years as a standard. What is that for?

**Mr. Lomoljo:**

That standard is to determine if a public utility is required to file an integrated resource plan. We look at the revenues of the utility over the preceding 3 years.

**Brin Gibson (Utilities, Inc.):**

Utilities, Inc. owns the largest PUCN regulated water utility in the State. We support S.B. 15.

**William McKean (Utilities, Inc.):**

Utilities, Inc. owns the three largest regulated water utilities. They are still relatively small, serving no more than 5,000 customers. This bill gives the PUCN the authority to allow a waiver to water utilities with small customer bases. We support the bill.

**Daniel Jacobsen (Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General):**

We support S.B. 15. This bill will save customers money. It is costly for small water utilities to put together this type of plan, especially when nothing is expected to change.

**Mr. McKean:**

There are costs associated with engineering fees and with litigating the plan before the PUCN. We are hoping to minimize all costs.

**Jack Mallory (Southern Nevada Building and Trades Council):**

We would prefer this bill only apply to small public utility providers. Large public utilities have the resources necessary to provide plans. Most small utilities have an operating revenue of about \$1 million, so that number needs to be adjusted instead. In addition, this would apply to every public utility in the State.

**Chair Atkinson:**

Whom are you representing?

**Mr. Mallory:**

I represent the Southern Nevada Building and Trades Council (SNBTC).

**Chair Atkinson:**

Does the SNBTC have water utilities?

**Mr. Mallory:**

We have a variety of specialties.

**Chair Atkinson:**

Is your organization opposing S.B. 15?

**Mr. Mallory:**

Yes. The SNBTC represents 16 individual craft units that are generally involved in maintaining and rehabilitating public utilities and commercial structures. We do not think it is good strategic planning for larger utilities to be able to simply write a statement instead of developing a comprehensive resource plan. We are particularly concerned about areas like Clark County where there are explosions of growth.

**Mr. Lomoljo:**

Only two water utilities have been required to file resource plans with the PUCN. They are Spring Creek in Elko County and Utilities, Inc. of Central Nevada in Pahrump. Another Utilities, Inc. company crossed the \$1 million threshold and will need to file this spring. Another company in Pahrump is close, but it has not crossed the threshold yet.

**Chair Atkinson:**

How many companies are required to file resource plans?

**Mr. Lomoljo:**

There are two water utilities required to file and will be scheduled to file in the upcoming years on a triennial cycle. We have one additional water utility that is scheduled to file this spring as they just passed the \$1 million threshold.

**Mr. Crano:**

The request in S.B. 15 is simply a waiver of the requirements of NRS 704.661, subsection 1, which only applies to public utilities that furnish water for municipal, industrial or domestic purposes. It does not apply to all public utilities.

**Senator Denis:**

There are only two water utilities this applies to with the possibility of a third. Correct?

**Mr. Crano:**

Yes. The third, Utilities, Inc. of Nevada in northwest Reno, did pass the \$1 million threshold and will have to file a report this March. We have been working with them to limit the size of the filing. They are a perfect example of what this bill is intended to do. Their service area is fully built out, their facilities are adequate to service the entire service territory and they do not need to add anything to continue to provide service. This is the type of situation for which the bill is intended.

**Senator Denis:**

Since the PUCN does not regulate the Southern Nevada Water Authority, would this apply to them?

**Mr. Crano:**

No, it would not.

**Senator Hardy:**

Municipal utilities and publically traded utilities are not considered public utilities. Is there a listing of the public utilities in Nevada?

**Mr. Lomoljo:**

Yes, there is a list. I do not have the exact number of water utilities subject to PUCN jurisdiction, but my recollection is it regulates approximately 25 water utilities. They range from very small ones serving about 25 customers to large ones serving approximately 5,000 customers. I will get you an exact number.

**Senator Hardy:**

Municipal utilities are not public utilities. Correct?

Senate Committee on Commerce, Labor and Energy  
February 13, 2013  
Page 6

**Mr. Lomoljo:**

That is correct.

**Mr. Mallory:**

I was under the impression that Southern Nevada Water Authority, Las Vegas Valley Water District and others were also regulated by the PUCN. Since that is not the case, my objection is not germane. I will withdraw my objection to S.B. 15.

**Chair Atkinson:**

I am closing the hearing on S.B. 15.

SENATOR SETTELMAYER MOVED TO DO PASS S.B. 15.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

\* \* \* \* \*

**Chair Atkinson:**

I will now open the hearing on S.B. 41.

**SENATE BILL 41**: Revises certain provisions governing the regulation of certain providers of telecommunication services by the Public Utilities Commission of Nevada. (BDR 58-324)

**Debrea Terwilliger (Assistant Staff Counsel, Office of the Staff Counsel, Public Utilities Commission of Nevada):**

Senate Bill 41 relates to the regulation of telecommunication providers. Sections 1 and 3 through 9 and the portion of statute being repealed specifically relate to changes made at the federal level to the federal Universal Service Fund (USF). The Federal Communications Commission (FCC) administers the USF and regulates telecommunications providers at the federal level. The USF brings approximately \$40 million of federal money to Nevada each year to fund certain components of the program such as telephone service for low-income Nevadans, the build-out of facilities in rural and unserved or underserved areas and Internet access for schools and libraries. There are conflicts with NRS and some of the changes the FCC made; S.B. 41 resolves those conflicts and synchronizes the NRS with the FCC changes. This allows the State to keep decision-making power related to the USF in Nevada. The PUCN has committed to working with the industry, and they have been involved at every step.

Section 1 relates to small-scale providers of last resort. These are rural carriers. The FCC mandated these carriers have a minimum residential rate, or rate floor, to receive USF money. For these carriers to modify a current residential rate, they would have to file a full rate case. Section 1 reduces the regulatory burden for these carriers and creates a simplified process. They can make a simplified filing with PUCN to comply with the federal rate floor as long as they have filed a full rate case in the last 5 years.

**Senator Denis:**

If the FCC changes regulations, would section 1 of the bill make it easier for telecommunications providers because they would not have to file a rate case?

**Ms. Terwilliger:**

That is correct. They can use the simplified process not to file a full rate case if the FCC mandates an increase to the rate floor, if the service provider's rate

floor is not at the same level and if they have come in for a rate case within the past 5 years.

**Senator Denis:**

How often do providers file a full rate case?

**Ms. Terwilliger:**

None of the small-scale providers of last resort have filed a rate case in a significant amount of time. To use the simplified process, they would have to file a full rate case first.

Section 3 of the bill relates to the expansion of USF to broadband. Previously, USF money was used to ensure low-income households had access to basic telephone service. The FCC has expanded the program to require the deployment and expansion of broadband service. The NRS limits PUCN jurisdiction over broadband. The intent of S.B. 41 is to expand the jurisdiction over broadband only as it relates directly to the administration of the USF. We are not seeking to get into broadband in any other way except for the duties we have under federal statute. There might be some opposition to this section because some carriers feel we are going beyond the federal regulations. We have introduced an amendment ([Exhibit C](#)) to clarify language that we are only seeking to expand jurisdiction as it relates to USF oversight and the deployment of broadband.

Sections 4 through 9 of the bill relate to changes made at the federal level to the Lifeline program. Lifeline, a component of USF, provides telephone access to low-income households. The FCC made significant reforms to eliminate waste, fraud and abuse. We have already implemented some of the changes. Sections 4 through 9 synchronize NRS with FCC changes.

The changes in section 4 make NRS consistent with FCC principles by using the same criteria for all customers of competitive suppliers to qualify for Lifeline. Previously, NRS had different qualification criteria for different types of customers. The modification seeks to make it uniform for every customer of every competitive supplier.

Sections 5 through 8 make changes to the Link Up program. Link Up, another component of USF, helps customers get access to telephone service by helping them get a phone or paying the initiation charges to get a phone. Link Up has



been changed at the federal level to apply only on tribal lands. These sections synchronize state definitions and regulations with federal definitions.

Section 9 concerns modifications to Nevada law regarding the application of Lifeline funds. The FCC changed its regulations to permit customers to receive a bundled product that includes basic voice service along with data. The Lifeline discount only applies to the voice component of bundled products. We have clarified language in the amendment to ensure the Lifeline discount can apply to the voice component of bundled services.

Section 2 is the only section that does not deal with USF changes at the federal level. *Nevada Revised Statutes* 704.329 governs when all public utilities have to notify the PUCN when they apply for mergers, acquisitions or transfers of ownership. Subsection 6 specifically relates to telecommunication providers that can be exempted from the application process. The intent of the bill is for the PUCN to get timely notification of a carrier's claim of exemption. Because statute does not mandate a specific timeline, there have been instances where we received notification and only had 10 days to process the information. The PUCN and Bureau of Consumer Protection (BCP) have 30 days to oppose a claim of exemption from the date the United States Department of Justice filing is made. If we get notification 20 days after that filing date, we are not getting the full 30 days statute allows. There has been some opposition to this. The intent has never been to change the scope of the transactions for which these carriers must file. It is just for PUCN to be notified in a timely manner. We are working closely with the industry on this section and have committed to working more, specifically with AT&T. The PUCN proposed amendment does have some language to clarify this issue.

There is a section we are asking to be repealed, NRS 707.480. This section is in direct conflict with federal law regarding automatic enrollment in Lifeline. This section mandated telecommunications providers automatically enroll customers for Lifeline when they are notified a customer qualifies for other programs, such as Medicaid. In an effort to reduce waste, fraud and abuse, the FCC has eliminated automatic enrollment in Lifeline. For Nevada to continue receiving federal Lifeline dollars, we cannot have an automatic enrollment option.

**Senator Settelmeyer:**

The changes on page 8 bring us into compliance with federal law. Do you know how many people would gain or lose eligibility for the Lifeline program with those changes?

**Ms. Terwilliger:**

The Lifeline program currently serves approximately 30,000 customers in Nevada. The FCC required a recertification process, which drastically reduced the total number of Lifeline customers.

**Senator Settelmeyer:**

Would this change mean a number of customers would no longer be able to apply to the Lifeline program? We are changing the eligibility requirement from 175 percent of the federal poverty level to 150 percent. How many people will be affected by that change?

**Ms. Terwilliger:**

More people will be eligible for Lifeline with the change from 175 percent to 150 percent.

**Senator Settelmeyer:**

Do you know the percentage of customers that will be affected?

**Ms. Terwilliger:**

I do not know what percentage of customers will be affected, but I will figure it out and get that number to you.

**Chair Atkinson:**

Would it open up Lifeline to more people?

**Ms. Terwilliger:**

That is correct. The FCC has a higher threshold than Nevada. The State is more permissive, and more people will qualify with these changes.

**Chair Atkinson:**

The changes make it easier to qualify.

**Senator Hutchison:**

What are the state and federal funding components involved? Is everything funded by the federal government?

**Ms. Terwilliger:**

The Lifeline program has federal and state funding. The federal funding is a much larger piece, about \$12 million. The Nevada Universal Service Fund, the State funding, pays out approximately \$2 million. The statutory changes in S.B. 41 do not affect the state funding.

**Senator Hutchison:**

Would the changes to S.B. 41 increase the state-funded portion?

**Ms. Terwilliger:**

This will not affect the Nevada Universal Service Fund.

**Senator Denis:**

Will this make it easier for carriers because we will use the federal standards to determine eligibility for Lifeline?

**Ms. Terwilliger:**

Yes. We want to use the federal standards because it is too complicated to have some customers qualify under state standards and others qualify under federal standards. We want to be in accordance with federal standards. The FCC specifically allowed states to use a higher poverty line for eligibility. The FCC poverty restriction is a floor, so we went higher to include more people.

**Senator Hutchison:**

Is there a timeline for complying with the federal laws? Is our funding in jeopardy if we do not comply within a certain time frame?

**Ms. Terwilliger:**

Most of the federal requirements have already been adopted. The PUCN has worked closely with the FCC to find a way for Nevada to comply based on state law and federal regulations. We had to find a way to balance those so we would not lose crucial federal funding. The FCC wants to ensure we synchronize NRS with their regulations, specifically regarding the automatic enrollment portion.

**Senator Hutchison:**

Is funding in jeopardy, or are we just coming into compliance with federal law?

**Ms. Terwilliger:**

We made specific promises to the FCC that we would bring legislation this year to comply with federal laws specifically regarding the automatic enrollment portion. The other statutory changes will synchronize Nevada law with federal law and ensure Nevada continues to have a voice in determining where broadband money goes in the State. They are not directly in contravention with federal law. We did make promises that we would work to repeal the automatic enrollment section.

**Senator Hutchison:**

Will there be a separate application process for the services people currently receive through automatic enrollment?

**Ms. Terwilliger:**

Yes. The carriers are handling the process now. They are not automatically enrolling anyone and are double-checking qualifications for customers to be enrolled in Lifeline. We are working with the industry to develop a bill to create a Lifeline administrator.

The PUCN proposed amendment, [Exhibit C](#), makes changes to sections 2, 3 and 9 of the bill. We have added language to section 2 making it clear we are not expanding the scope of any of the transactions subject to PUCN notification beyond what is detailed in NRS 704.329, subsection 1. The industry does not always know what is happening at the federal level, especially with the highly confidential and secure nature of the Hart-Scott-Rodino filings. We want to give them an extra business day to notify PUCN in case they only find out the day of the filing or the day after. This was a compromise that came out of working with the industry on this issue.

The changes to section 3 make it absolutely clear the PUCN only wants to expand jurisdiction over broadband as it relates to USF administration. We do not want to regulate broadband except for specific circumstances when we are federally required to do so. The federal statutes mentioned, 47 USC section 214(e) and 47 USC section 254(f), concern USF, but some carriers wanted us to mention the program specifically. It is somewhat redundant, but we wanted to reach a compromise with the industry.

The amendment to section 9 clarifies the language. It was not clear that the Lifeline discount only applies to the voice telephony portion of the bundled service packages.

**Senator Hutchison:**

Is the purpose of the revisions to section 2 of the proposed amendment to give PUCN enough time to oppose or comment on mergers, acquisitions or transfers of ownership?

**Ms. Terwilliger:**

Yes. We want to have as close to the 30 days as possible in case the PUCN or BCP have an objection. The burden is on us to provide reasons a carrier should not qualify for an exemption. We need as much time as possible to prepare a case. There has been at least one case where we only had 10 days in which to prepare. The PUCN monitors the industry press frequently to see if any mergers have gone through that affect a state telecommunication utility. If we know we are going to receive notification, we can reduce time spent on those activities.

**Senator Hutchison:**

Is the State required to provide telephone and Internet access to individuals who meet certain income levels?

**Ms. Terwilliger:**

The Lifeline program has not been expanded to include data or broadband service. It only includes the voice component. The broadband expansion relates to the build out of facilities. Nevada has huge swaths of unserved areas. One wireless carrier has received mobility funds through the FCC to build out facilities and focus on providing broadband access in Nevada.

**Senator Hutchison:**

Does "facilities" mean schools and libraries, not individuals?

**Ms. Terwilliger:**

Facilities include wireless towers or fiber lines that are needed to provide broadband signal capable of certain download and upload speeds.

**Mr. Jacobsen:**

We have reviewed this bill carefully and participated in the proceedings leading up to this. The bill is structured to provide adequate protection, particularly for the customers of small rural companies. We support S.B. 41.

**Mike Eifert (Executive Director, Nevada Telecommunications Association):**

I have submitted written testimony ([Exhibit D](#)). The Nevada Telecommunications Association (NTA) supports S.B. 41. This is a strong bill that helps constituents. The NTA has submitted an amendment ([Exhibit E](#)) to section 1. Section 1 helps rural carriers by creating an option to process a limited-rate increase of up to \$50,000 of impact if the company can show the adjustment is directly related to an FCC regulation or rule change and the company has filed a rate case in the past 5 years. The PUCN wants to have all rural companies file a rate case before they will be allowed to use the simplified process. The NTA's concern is the 5-year interval is overly burdensome to small providers who do not maintain a workforce capable of filing a full rate case. Rate cases are complex and require expertise to gather filing data, properly fill out forms, answer PUCN data requests and conduct audits. Rural carriers must hire legal, accounting and subject-matter experts. A typical rate case costs \$50,000. Small carriers have not filed a rate case in quite some time. During that time, PUCN has stayed abreast of the small carriers' schedules and service through varied regulatory options, including tariff filings and annual reports. Based on experience, a 10-year interval would serve PUCN and help cut costs for small carriers. Our amendment changes the interval to file a rate case from 5 to 10 years. Additionally, we need to repeal NRS 704.480 dealing with automatic enrollment.

**Randy Robison (Director, State Legislative Affairs, CenturyLink):**

The PUCN reached out to the industry when the FCC reorganized the Lifeline program. We appreciate their process. We generally support the bill. Our priority interest is on the Lifeline portion of the bill, specifically that the discount only applies to the voice portion of a bundled service. We support the bill with the PUCN amendment.

**Randy Brown, CPA (Director, Regulatory & Legislative Affairs, AT&T):**

The PUCN has been very good at reaching out to the industry and significantly narrowed the issues that remain unresolved. As a competitive supplier, the provisions in section 1 do not affect us. We support the changes made in sections 3 through 10. We have some serious reservations regarding section 2.

We appreciate the PUCN staff's comments indicating the revised language is not intended to change current practice or jurisdiction related to reportable transactions. We have met with interested parties and are working to come up with some clarifying language in section 2. This legislation is very important to the regulatory authority and carriers; we just need a bit more time.

**Senator Hutchison:**

Do you oppose the 30-day notification window?

**Mr. Brown:**

We are not opposed to providing a 30-day window for the staff to review the transaction. We do not think the 30-day notification should be triggered by a Hart-Scott-Rodino filing. These are very private filings and could lead to many other issues. We are working to see if there is another document that makes more sense to use as the notification trigger.

**Chair Atkinson:**

I understand we are closer, but not quite there on this bill. I hope the PUCN and AT&T can work together to get us there. This is a good consumer bill.

**Mr. Mallory:**

I am concerned with the change from the defined threshold in statute to the definition contained in 47 CFR 54.409. It is unclear if the state mandates Lifeline service. According to the CFR, in a state that mandates Lifeline service, "The state commission shall establish narrowly targeted qualification criteria that are based solely on income or factors directly related to income." If the state does not mandate Lifeline service, the income threshold to qualify is 135 percent of the federal poverty guidelines or the individual must participate in one of the following programs: "Medicaid, Food Stamps, Supplemental Security Income, Federal Public Housing Assistance (Section 8), Low-Income Home Energy Assistance Program, National School Lunch Program (NSLP) or Temporary Assistance for Needy Families (TANF)." It is unclear if the proposed statute would increase eligibility. The current statute is narrow and clear for customers of competitive suppliers, and I do not understand how this will increase access to the Lifeline program.

**Senator Hutchison:**

What language leads you to believe it is unclear if it would increase or decrease eligibility for federal programs? What specifically are you referencing?

**Mr. Mallory:**

It is unclear whether access to the Lifeline program would be diminished by making this change. It does not have anything to do with access to Section 8, TANF or NSLP. Those are just criteria the FCC uses to determine if someone should be eligible for the program in a state that does not mandate Lifeline service.

**Senator Hutchison:**

Can you point to specific provisions that are ambiguous? Do you have any proposed language to improve it?

**Mr. Mallory:**

I would like to clarify whether the state mandates Lifeline service or not. If it does not, the CFR is ambiguous and only states the PUCN must establish criteria for such service. It does not state any type of threshold or participation in programs. The PUCN must establish those criteria. I am not sure which direction to go with this. The statute implies that the state mandates Lifeline, but it does not explicitly say it.

**Chair Atkinson:**

I met with the PUCN earlier, and I had not heard any opposition to this bill. Have you talked to the PUCN about this?

**Mr. Mallory:**

No, I have not talked to the PUCN about this bill.

**Chair Atkinson:**

I think the poverty levels are set federally. The PUCN and the BCP both testified that this is going to help more people qualify. I do not think the PUCN can give us a hard number today of the people affected.

**Senator Denis:**

My understanding is that the PUCN sets the poverty levels and they are already in place. This is going to use the federal guidelines instead of the state ones, and the federal guidelines are more liberal than ours. More people will qualify if we make these changes.



**Mr. Mallory:**

I rose in opposition because it is unclear if the changes will expand or contract the number of individuals eligible to participate in Lifeline. When Senator Settlemeyer asked the question, PUCN could not answer. They did not know the income threshold nor the specific federal programs that would qualify someone.

**Ms. Terwilliger:**

The language is confusing. People can qualify for Lifeline through a combination of what is in statute and what is in our regulations. There are two ways to qualify: through programs or through income. Our regulations set forth the programs through which a person can qualify. The FCC expanded the number of programs, so we have submitted changes to the Legislative Counsel Bureau to update our regulations to match the FCC expansion. The second way to qualify is by means of income. The federal level to qualify by income is 135 percent of the federal poverty level. That is a floor. In our regulations, our income qualifying point is 175 percent of the federal poverty level. Our regulations are more generous.

**Senator Denis:**

The actual level is in your regulations, so we will not see it in the statute.

**Ms. Terwilliger:**

That is correct.

**Senator Hardy:**

One of the qualifying programs for Lifeline is the NSLP. Many children are included in NSLP because it includes everyone in the school. Does this allow everyone in the school to access Lifeline?

**Ms. Terwilliger:**

Yes, NSLP is one of the qualifying programs and allows the parents of children who qualify for NSLP to access Lifeline. They are not automatically enrolled anymore, but they can access the program.

**Chair Atkinson:**

Are Lifeline and Link Up the same program?

**Ms. Terwilliger:**

Link Up only applies on tribal lands.

**Senator Denis:**

I would like to follow up on Senator Hardy's question. If a student attends a school where a certain percentage of students qualify for NSLP, then all the students at the school are eligible for NSLP. They do not all qualify for NSLP, but they can all take advantage of the program. Would the parents qualify for Lifeline if their children attend one of these schools?

**Ms. Terwilliger:**

If they do not specifically qualify for NSLP, they would not qualify for Lifeline.

**Senator Hutchison:**

Is the purpose of the changes to the federal program to avoid waste and abuse? Is that why they ended the automatic enrollment?

**Ms. Terwilliger:**

Yes.

**Anne-Marie Cuneo (Director of Regulatory Operations, Public Utilities Commission of Nevada):**

Senator Settlemeyer asked how the number or percentage of Lifeline customers changed with the new FCC regulations. It is complicated, so we cannot give you a number today. The changes are aimed at reducing waste and fraud. If a customer had three phones with Lifeline service before the changes, they now might have only one phone with Lifeline service. There would be a reduction from three to one, but still only one customer. We will get back to you with numbers, if that is what you are requesting.

**Senator Settlemeyer:**

Yes that is what I was asking.

Senate Committee on Commerce, Labor and Energy  
February 13, 2013  
Page 19

**Chair Atkinson:**

I will ask PUCN and AT&T to work together to find a compromise. I will now close the hearing on S.B. 41. The meeting is adjourned at 2:51 p.m.

RESPECTFULLY SUBMITTED:

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Caitlin Brady,  
Committee Secretary

APPROVED BY:

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Senator Kelvin Atkinson, Chair

DATE: \_\_\_\_\_

<b><u>EXHIBITS</u></b>				
<b>Bill</b>	<b>Exhibit</b>		<b>Witness / Agency</b>	<b>Description</b>
	A			Agenda
	B			Attendance Roster
SB 41	C	2	Debrea Terwilliger	Public Utilities Commission of Nevada Amendments 2-13-13
SB 41	D	3	Mike Eifert	SB 41 Section 1 Amendment Testimony
SB 41	E	3	Mike Eifert	SB 41 NTA Section 1 Amendment