Study of Telecommunication Services in Nevada

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LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY TELECOMMUNICATION SERVICES IN NEVADA

(A.C.R. No. 2 [File No. 10, *Statutes of Nevada 2003, 20th Special Session*])

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SUMMARY OF RECOMMENDATIONS

LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY TELECOMMUNICATION SERVICES IN NEVADA

Assembly Concurrent Resolution No. 2
(File No. 10, *Statutes of Nevada 2003, 20th Special Session*)

This summary presents the recommendation and actions approved by the Legislative Commission's Subcommittee to Study Telecommunication Services in Nevada. The Subcommittee submits the following proposal for consideration by the 73rd Session of the Nevada Legislature.

1. Provide for specified information to be confidential for the purpose of creating reports for Legislative committees and studies. (BDR 17-470)

SUBCOMMITTEE ACTIONS

In addition, the Subcommittee passed the following items:

1. Requesting that the Chairman of the Public Utilities Commission of Nevada appear before a joint hearing of the Senate and Assembly Standing Committees on Commerce and Labor during the first weeks of the 2005 Legislative Session. The Subcommittee requests that the Chairman give a brief report on the current status of Federal Communications Commission dockets and their implications on the State of Nevada and to report on the changing telecommunications marketplace.

2. Directing that the report compiled by the independent consultants not be accepted as the Subcommittee's final report, and thereby not be included in the subcommittee's report to the Legislative Commission. Further, the report shall be submitted to the Public Utilities Commission of Nevada for further review and analysis.

REPORT TO THE 73RD SESSION OF THE NEVADA LEGISLATURE BY THE LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO STUDY TELECOMMUNICATION SERVICES IN NEVADA

I. INTRODUCTION

The 2003 Nevada Legislature adopted Assembly Concurrent Resolution No. 2 (File No. 10, *Statutes of Nevada 2003, 20th Special Session*) (Appendix A) directed the Legislative Commission to conduct an interim study of telecommunication services in Nevada. In passing this resolution, the Legislature acknowledged that the availability and development of telecommunication services in Nevada not only affects the quality of life of the residents of this state, but is also essential for maintaining a strong and vibrant economy.

The Subcommittee held five meetings, including a work session. All meetings were held in Las Vegas. These public hearings were conducted through simultaneous videoconferencing between meeting rooms at the Legislative Building in Carson City and the Grant Sawyer State Office Building in Las Vegas.

During the course of the study, formal presentations, expert testimony, staff reports, and public testimony were provided on various topics, such as the background of the telecommunications industry, federal and state universal service, competition in the telecommunications marketplace, implicit and explicit subsidies, broadband deployment, Voice over Internet Protocol, and Broadband over Power Lines. In addition, the Public Utilities Commission of Nevada provided two independent consultants for the purpose of collecting data and performing analysis of telecommunication services in Nevada.

During the final meeting and work session, the Subcommittee adopted one recommendation as a bill draft for consideration by the 2005 Legislature. The bill draft provides for specified information to be confidential for the purpose of creating reports for Legislative committees and studies. This recommendation is a result of the difficulty that the independent consultants experienced in gathering data that certain companies deemed to be confidential and proprietary.

II. PUBLIC HEARINGS

A. November 14, 2003

The first meeting of the Legislative Commission's Subcommittee to Study Telecommunications in Nevada, held on November 14, 2003, was informational in nature. Following opening remarks by Chairman David R. Parks, an overview of the Federal Communications Commissions policy to foster competition in the telecommunications industry was presented by Michelle Carey, Division Chief, Competition Policy Division. Ms. Carey explained in detail certain provisions in *The Telecommunications Act of 1996* and the unbundling requirements for Local Exchange Carriers.

Don Soderberg, Chairman of the Public Utilities Commission of Nevada, discussed the future trends in the telecommunications industry. Mr. Soderberg explained that telecommunications is no longer just voice over the telephone and that future telecommunications will take on various forms of communication services. Dick Burdette, Manager, Regulatory Operations, PUCN, presented an overview of telecommunications competition in Nevada.

After a presentation by Diane C. Thornton, Senior Research Analyst, on key telecommunication legislation in Nevada, Timothy Hay, Chief Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General, discussed current and future competitive trends for telecommunication services in Nevada.

An industry panel that represented various telecommunication services, including Wireless, Cable and both Competitive and Incumbent Local Exchange Carriers, each presented a synopsis on their industry's position in the telecommunications market.

B. February 27, 2004

During the second meeting of the interim on February 27, 2004, Rick Guerrero, Vice President for Network Operations Engineering for Cox Communications, provided technical information to the Subcommittee members concerning cable network design and providing Voice over Internet Protocol (VoIP).

Rich Bilotti, Managing Director, Global Media Leader for Morgan Stanley Dean Witter, via videoconference from New York, discussed the financial aspects of corporate investment in the telecommunications and cable market.

Next, William L. Keane, Principal Deputy Legislative Counsel, Legal Division, Legislative Counsel Bureau (LCB), clarified an internal reference in Assembly Concurrent Resolution (ACR) No. 2 (File No. 10, *Statutes of Nevada 2003, 20th Special Session*).

Adriana Escobar-Chanos, Commissioner, Public Utilities Commission of Nevada, introduced two independent consultants, Dr. Robert Loube, Director, Economic Research, Rhoads & Sinon, LLC and Scott K. Kennedy, Senior Telecommunications Specialist, Gabel Communication. Dr. Loube discussed an outline of study topics for ACR No. 2. The Subcommittee unanimously voted to accept the study outline. (Appendix B and C)

C. April 2, 2004

The third meeting was held on April 2, 2004. Chairman Parks extended the deadline for companies to submit data on telecommunication services. In addition, he stated that the Public Utilities Commission of Nevada agreed to open a docket for the Study to accept the data that has been requested by the Subcommittee.

Michael Hillerby, Chief of Staff, Office of the Governor, gave a brief presentation on the

Internet Tax Freedom Act and the National Governors Association's (NGA) position on the Act. The NGA supports the extension of the existing moratorium on state and local taxation of Internet access in a manner that is technologically neutral and fiscally fair to state and local governments.

Dale N. Hatfield, Adjunct Professor, Interdisciplinary Telecommunications Department, University of Colorado at Boulder, discussed the background and the convergence of communication technology in the telecommunications industry.

The explanation of subsidies in the telecommunications market was given by Yasuji Otsuka, a Senior Economist, and Jeffrey Galloway, a Financial Analyst with the PUCN. Mr. Otsuka and Mr. Galloway discussed the Nevada Universal Service Fund (Appendix D). Dr. Robert Loube, Director, Economic Research, Rhoads & Sinon, LLC, presented information on the Federal Universal Service Fund.

Next, a presentation on subsidies involving basic residential lines and Lifelines in relation to the pricing of such services that are offered by Sprint was given by Ann C. Pongracz, General Counsel, Sprint Nevada.

Lastly Charles Bolle, PUCN, discussed the ruling of the United States Court of Appeals for the District of Columbia Circuit concerning network sharing by incumbent local exchange carriers.

D. July 9, 2004

At the fourth meeting, on July 9, 2004, Scott Kennedy, Senior Telecommunications Specialist, provided initial findings on the availability of telecommunication services in Nevada. Mr. Kennedy presented statistical charts that showed that the State of Nevada is on par with the national average in wireless connectivity and broadband deployment. However, the percentage of residential lines provided by competitive local exchange carriers is well below the national average.

Karen Pearl, Executive Director for the Nevada Telecommunication Association, gave a brief overview on the history of telecommunications in Nevada. Next, Dan Jacobsen, Executive Director Regulatory for SBC Nevada, presented his company's findings on subsidies in Northern Nevada. Mr. Jacobsen stated that competition is eroding traditional implicit subsidies, thereby affecting the investment ability of incumbent local exchange carriers.

Lastly, Chairman Parks and Senator Townsend asked that interested parties bring forth to the Subcommittee recommendations for the final work session.

E. August 27, 2004

The fifth meeting and final work session of the interim for the Subcommittee was held on August 27, 2004. Christopher Briton, President and Chief Executive Officer of IDACOMM/Velocitus discussed the capability of the new technology of Broadband over Powerline (BPL).

Mr. Scott K. Kennedy and Dr. Robert Loube then presented the data gathered for Assembly Concurrent Resolution No. 2. Mr. Kennedy and Dr. Loube stated that they were unable to gather data from Cable and Wireless companies and therefore felt the information they were presenting was incomplete.

After discussion held during the work session, a bill draft was requested to provide for specified information to be confidential for the purpose of creating reports for Legislative committees and studies.

In addition, the Subcommittee voted to request that the Chairman of the Public Utilities Commission of Nevada appear before a joint hearing of the Senate and Assembly Standing Committees on Commerce and Labor during the 2005 Legislative Session and to not accept the report compiled by the independent consultants as the Subcommittee's final report. Further, the Subcommittee directed that the report be submitted to the Public Utilities Commission of Nevada for further review and analysis.

Public comment was given by Garner Gillespie, Cox Communications; Isaac Henderson, private citizen; Dan Jacobsen and Dan Reaser, SBC; Ann Pongratz, Sprint; Julian Chang, AT& T; and Bob Ostrosky, Cox Communications.

III. BACKGROUND ON TELECOMMUNICATION REGULATION

In the United States, federal and state governments are authorized to intervene in the telecommunications marketplace when the market is considered inadequate to ensure supply and demand of products and services. At the federal level, regulation involves the Communications Act of 1934 (as amended) that is administered by the rulings of the Federal Communications Commission (FCC). Regulatory bodies such as public utility commissions handle state-level regulation.

Telecommunication deregulation has its roots in the courtroom based on a 1974 antitrust case against AT&T. In 1984, when AT&T accepted the restructuring agreement, also known as the Modification of Final Judgment, the company was divested into seven Regional Bell Operating Companies. The purpose of the divestiture was to separate the competitive long-distance market from the local market where incumbent telephone companies faced no competition. This was the first step in a policy trend towards deregulating telecommunications by replacing regulations with market forces of competition.

In 1996, on the national level, Congress enacted the Telecommunications Act of 1996. The Act dramatically changed the ground rules for competition and regulation within the telecommunications industry. The legislation required the Regional Bell Operating Companies to open their networks to competitors and sought to open local markets to a host of potential competitors, including cable companies, utilities, and wireless service providers.

Prior to the Telecommunications Act of 1996, the FCC had the authority to regulate interstate telecommunication services and the states had the authority to regulate intrastate telecommunication services. The Act gave the FCC the general authority to set rules and policies for local competition, while assigning the states the responsibility of implementing the statutory and federal regulatory requirements of the Act.

Universal Service Programs

The Communications Act of 1934 states that all people in the United States shall have access to "rapid, efficient, nationwide…communications service with adequate facilities at reasonable charges." Prior to the Telecommunications Act of 1996, the Universal Service Fund operated as a mechanism by which interstate long distance carriers were assessed to subsidize telephone service to low-income households and high-cost areas. The Telecommunications Act of 1996 expanded the traditional definition of universal service—affordable, nationwide telephone service—to include among other things rural health care providers and eligible schools and libraries.

Today, the FCC provides universal service support through the following four support mechanisms:

1. The high-cost support mechanism provides support to telephone companies that serve high-cost areas, thereby making phone service affordable for the residents of these regions;

2. The low-income support mechanism assists low-income customers by helping to pay for monthly telephone charges as well as connection charges to initiate service;

3. The rural health care support mechanism allows rural health care providers to pay rates for telecommunications services similar to those of their urban counterparts, making telehealth services affordable; and

4. The schools and libraries support mechanism, popularly know as the "E-Rate," provides telecommunication services (e.g., local and long-distance calling, high-speed lines), Internet access, and internal connections (the equipment to deliver these services).

IV. TELECOMMUNICATION REGULATION IN NEVADA

In Nevada, the regulation of telephone service is under the jurisdiction of the Public Utilities Commission of Nevada (PUCN). The PUCN's role as delineated by the Legislature is to regulate just and reasonable rates for consumers of utility services, taking into mind the interests of the consumers and the shareholders of the utilities that are regulated.

In 1997, the passage of **Assembly Bill 366** (Chapter 482, *Statutes of Nevada* 1997), changed the name of the Public Service Commission of Nevada (PSCN) to the Public Utilities Commission of Nevada (PUCN). In addition, the bill authorized the PUCN to reorganize itself into sections, alter its organization, and reassign responsibilities of the sections as necessary.

The PUCN consists of three Commissioners appointed to four-year terms by the Governor. The Commissioners are assisted by professional staff consisting of analysts, attorneys, economists, and engineers. The PUCN sets retail rates for natural gas and electricity. Decisions of the PUCN are appealable to the courts. The Consumer's Advocate of the Bureau of Consumer Protection exists within the Office of the Attorney General to represent consumer interests before the PUCN.

Universal Service Programs in Nevada

Universal Service Programs of Lifeline Telephone Service ("Lifeline") and Link-up Telephone Service ("Link-Up") services are governed by *Nevada Revised Statutes* (NRS) 707.400 through NRS 707.500. The Lifeline program provides a discount on the basic local service charge and on the federal end-user charge to residential customers. The Link-Up program allows for a reduction in the carrier's customary charge for connecting telecommunications service for a single telecommunications connection at a consumer's principal place of residence. Both programs are available to customers who meet the income eligibility requirements established by the PUCN. In Nevada, the usage of Lifeline and Link-Up continues to increase. According to SBC Communications, in 2003 the use of Lifeline services by customers increased 32 percent.

V. FREQUENTLY USED TELECOMMUNICATION TERMS & ACRONYMS

3G Wireless
Third generation wireless technologies; a group of wireless technologies, such as Internet-enabled Palm Pilots, that move from circuit-switched communications to wireless broadband, high-speed, packet-based networks. These technologies are preceded by first generation analog and second generation digital, communication technologies.

802.11
A family of wireless specifications developed by a working group of the Institute of Electrical and Electronics Engineers. The 802.11 specifications are used to manage packet traffic over a

network and ensure that packets do not "collide" when traveling from the point of origin to the destination.

ADSL
Asymmetrical Digital Subscriber Line; a modest speed, limited distance, local access solution using a single regular telephone pair. ADSL supports simultaneous transmission of data and voice over the same pair.

ATM
Asynchronous Transfer Mode; a cell based switching technology that supports multimedia networking; ATM allows the class of service for information/data on the network to be specified and can emulate other telecommunication services. The ATM is often used in conjunction with SONET, but may operate at any transmission rate.

Bluetooth
A wireless system operating in the 2.4 GHz ISM band intended initially as a short-range cable replacement technology.

Bit
Abbreviation for binary digit; in binary notation either of the characters 0 or 1.

BPL
Broadband over Power Lines; offers high-speed access Internet to homes through the common electrical outlet by combining the technological principles of radio, wireless networking, and modems. Data can be sent over power lines and into homes at speeds between 500 kilobits and 3 megabits per second (equivalent to DSL and cable broadband service).

bps
Bits per Second; a measurement of data rate, generally excluding the contributions or effects of error correction, encryption, framing, synchronization, and similar such signals.

Broadband
High capacity digital data services, generally 200 kilobytes per second or faster.

byte
A sequence of adjacent bits (usually 8) considered as a unit.

CLEC
Competitive Local Exchange Carrier; a new firm providing telecommunications service to the subscriber's location that enters the market in competition with an ILEC

Digital Switch
A computer-based machine for establishing and managing on-demand telecommunications such as a telephone call.

DS-1
Digital System 1 digital carrier service, or telecommunications link; DS-1 provides 1.544 megabytes per second or 24 phone calls.

DS-3
Digital System 3 digital carrier service, or telecommunications link; DS-3 is equivalent to 28 DS-1s or 45 megabytes per second of capacity.

DSL
Digital Subscriber Line; a broadband connection provided over telephone lines.

FCC
Federal Communications Commission; U.S. body regulating, approving, and licensing radiated electromagnetic signals including broadcasting and telecommunications.

GHz
Gigahertz; a unit of frequency denoting 10^9 Hz.

HFC
Hybrid Fiber-Coax; cable television network system that uses optical fiber in core of the network and copper coaxial cable in the periphery of the network to the subscriber. The HFC is typically used to enable two-way traffic in order to provide "cable modem" broadband service.

Hz
Hertz; a unit of frequency which is equivalent to one cycle per second.

ILEC
Incumbent Local Exchange Carrier; the established telephone company that provides telecommunications service to the subscriber's location.

IP
Internet Protocol; the core technologies of the Internet that specify how devices are addressed and how connections between these devices are set up/maintained.

ISM
Industrial, scientific, and medical applications of radio frequency energy. The operation of equipment or appliances designed to generate and use locally radio-frequency energy for industrial, scientific, medical, domestic, or similar purposes, excluding applications in the field of telecommunications.

ISP
Internet Service Provider; any firm that sells Internet services such as access, Web hosting, or electronic mail. The ISPs may own their own network infrastructure or may lease it from other telecommunications providers.

IXC
Inter-exchange Carrier; a long-distance company.

LAN
Local Area Network; a private computer network that physically connects devices within a building.

LATA
Local Access and Transport Area; a telecommunications tariff aspect in the USA.

Latency
The amount of delay in a LAN or WAN. For basic data where a small delay can be tolerated, latency is usually not an issue. However, for communications services used for videoconferencing or VoIP for example, latency can interfere with the audio and/or visual communications. In shared bandwidth transmission environments, it is possible to encounter latency which varies dynamically, caused by perhaps a single user accessing or originating multi-megabyte-sized files or accessing high bandwidth streaming signals.

LEC
Local Exchange Carrier; a local telecommunications company, any firm that provides telecommunications service to the subscriber's location (also CLEC or ILEC).

Multimedia
Anything using more than one medium; graphics, sound animation, text and/or video generated by a computer.

OS
Operating System; the software program that manages the basic operation of a computer system.

Packet
A form of data transmission breaking information into many small packets, each including information such as source, destination, protocol, and packet length information. The concept is used for the Internet where a given transmission facility is shared by many different users, with packets removed or added as appropriate at different locations.

PAR
Plan of Alternative Regulation; rules adopted by the PUCN to allow alternatives to the existing form of regulation and are designed to reduce barriers to entry in the marketplace and allow more competition.

PCS
Personal Communications Services.

PDAs
Personal digital assistants; handheld devices originally designed as personal organizers, but became much more versatile over the years. A basic PDA usually includes a clock, date book, address book, task list, memo pad, and a simple calculator. One major advantage of using PDAs is their ability to synchronize data with desktop, notebook, and desknote computers.

POP
Point of Presence; an interconnection point between a LEC and an IXC, or ISP. The common carrier physical location in a city, for example.

POTS
Plain Old Telephone Service; Jargon.

PSTN
Public Switched Telephone Network.

PUCN
Public Utilities Commission of Nevada.

RBOC
Regional Bell Operating Company; one of seven U.S. telephone companies that resulted from the break up of AT&T.

Redundancy
Alternative and/or duplicate transmission paths, routes, equipment, and power in various combinations to enhance the reliability of a telecommunications infrastructure.

SONET
Synchronous Optical Network; very high capacity, optical fiber-based telecommunications network system. SONET has a ring architecture which makes it very reliable; typically used in the core network of telecommunications service providers.

Spread Spectrum
A "frequency-less" (as opposed to traditional radio) wireless telecommunications technology that allows wireless connections to be very clear and secure.

T-1
A digital telecommunications link that supports 24 voice-grade channels and provides 1.544 megabytes per second of bandwidth. The T-1 is equivalent to DS-1, but is specifically carried over copper twisted pair wire.

Telephony
The term used to describe the science of transmitting voice over a telecommunications network.

Unbundling
The term used to describe the access provided by local exchange carriers so that other service providers can buy or lease portions of its network elements, such as interconnection loops, to serve subscribers.

Universal Service
The financial mechanism which helps compensate telephone companies or other communications entities for providing access to telecommunications services at reasonable and affordable rates throughout the country, including rural, insular and high costs areas, and to public institutions. Companies, not consumers, are required by law to contribute to this fund. The law does not prohibit companies from passing this charge on to customers.

VoIP
Voice over Internet Protocol; a series of techniques permitting transmission of telephony over the Internet.

WAN
Wide Area Network; typically an inter-city network.

Wi-Fi
Wireless Fidelity; refers to any type of 802.11 network, whether 802.11b, 802.11a, dual-band, etc.

VI. KEY TELECOMMUNICATION LEGISLATION IN NEVADA

The basis of telecommunication legislation in Nevada, as with the rest of the nation, is generated from the divestiture of AT&T. Below is a summary of the key pieces of telecommunication legislation, organized by subject.

A. Regulation of Telecommunication

Senate Bill 387 (Chapter 360, *Statutes of Nevada, 1985*) was passed by the Nevada Legislature, in response to AT&T's divestiture. This bill changed the existing law from regulations that were directed toward the regulation of monopoly services to regulations that

sought flexibility, and allowed the Public Service Commission of Nevada (PSCN) to monitor the transition into a competitive market.

Senate Bill 272 (Chapter 290, *Statutes of Nevada 1989*) revises the method for determining the gross operating revenue of telephone utilities. The bill makes it clear that gross revenue includes all intrastate revenues that are considered by the PSCN in setting rates, except the proceeds from furnishing service to other utilities. Gross operating revenues are the base for the annual mill levy for the support of the Commission and the Consumer's Advocate, Office of the Attorney General.

Senate Bill 294 (Chapter 277, *Statutes of Nevada*), also passed in 1989, requires the PSCN to adopt an alternative plan for the regulation of public utilities that provide telecommunication services. This was a progressive piece of legislation that foresaw the changing direction of the telecommunications industry. The bill specifies that the plan must allow for adjustment of rates charged by the public utilities that choose to be regulated under the alternative plan. It must also provide for flexibility of pricing for discretionary services and those that are competitive. Utilities regulated under the alternative plan are to be exempted from provisions of Chapters 704 and 707 of *Nevada Revised Statutes* specified in the plan. The bill also allows the Commission to exempt discretionary services provided by telecommunication facilities from regulation. Discretionary services do not include basic local exchange or access services provided to interexchange carriers.

Senate Bill 39 (Chapter 234, *Statutes of Nevada, 1991*) authorizes the PSCN to adopt by reference any rate relating to telecommunication services issued by an agency of the Federal Government or of another state. It also requires that a copy of each such rate schedule must be filed with Nevada's Secretary of State.

Nevada Bell requested this legislation to allow the PSCN to adopt rates previously adopted by the FCC. This measure eliminates the duplication of regulatory procedures and allows the PSCN to avoid having to review and analyze all rates just to change one. Under previous law, the PSCN had to review all of Nevada Bell's telephone rates before acting on a rate that was previously approved by the FCC for long distance access. The first company to enter into a PAR was Nevada Bell in 1991. In 1994, there were some revisions to the PAR, and subsequently, Sprint Nevada entered into a similar price cap regulation.

Assembly Bill 105 (Chapter 37, *Statutes of Nevada 1991*) amends a provision that limits the authority of the Advocate for Customers of Public Utilities, Office of the Attorney General. The bill prohibits the Consumer's Advocate, from intervening in matters relating to telecommunication services that are competitive or discretionary. Previous law prohibited the Consumer's Advocate from intervening in matters relating to telephone equipment and services that were subject to competition and required the utility to certify under oath which equipment and services fell into this category. This act leaves the determination of which services are competitive or discretionary to the office of the Consumer's Advocate rather than to the public utilities.

Senate Bill 425 (Chapter 208, *Statutes of Nevada 1993*) extends the dates upon which the PSCN must report to the Legislature concerning the alternative plan for regulating public utilities that provide telecommunication services.

Assembly Bill 71 (Chapter 189, *Statutes of Nevada 1997*) removes telephone and telegraph buildings from the definition of "utility facility" for purposes of the Utility Environmental Protection Act. Before passage of A.B. 71, the PUCN reviewed minor construction projects for the telecommunication industry. The measure was intended to alleviate the regulatory burden on the telecommunication industry and the workload of the Commission's staff, so that more attention may be given to larger projects.

Senate Bill 440 (Chapter 313, *Statutes of Nevada 1999*) continued regulatory reform by modifying the plan for alternative regulation. This bill requires the PUCN to establish regulations for determining whether a service should be reclassified. It also authorizes pricing flexibility, and provides that if a carrier is regulated under a Plan of Alternative Regulation (PAR), it is not subject to review of earnings, monitoring of rate base or any other regulation relating to its net income or rate of return.

Senate Bill 400 (Chapter 479, *Statutes of Nevada*) was passed in 2003, after much vigorous discussion. This bill enacts provisions relating to the regulation of telecommunication and broadband services. The measure revises provisions relating to incumbent local exchange carriers regulated under a PAR and amends requirements and procedures relating to those carriers. It also revises provisions relating to the classification of certain services and authorizes flexibility in the pricing and terms of certain services. Additionally, the legislation prohibits the PUCN from regulating broadband service under certain circumstances.

Assembly Concurrent Resolution No. 2 (File No. 10, *Statutes of Nevada 2003, 20th Special Session*) was passed by the Legislature during the 20th Special Session in response to the questions brought forth by the discussion on S.B. 400. As directed in the resolution, the study must include an evaluation of telecommunication services in Nevada. In passing this resolution, the Legislature acknowledged that the availability and development of telecommunication services in Nevada not only affects the quality of life of the residents of this state, but also is essential for maintaining a strong and vibrant economy.

B. Universal and Emergency Services

Senate Bill 246 (Chapter 312, *Statutes of Nevada 1989*) authorizes a public utility to record and disclose the contents of telephone calls regarding emergencies and service outages. The utility may record calls which are received over a line specified for these types of calls. The listing of the emergency number in the directory must contain a notice that a call to that number may be recorded.

Assembly Bill 603 (Chapter 247, *Statutes of Nevada 1995*) authorizes the Public Service Commission of Nevada to collect certain assessment fees from public utilities that provide telecommunication services. The money distributed in the fund may be used solely to maintain the availability of telephone service. Testimony indicated that A.B. 603 was supported by the PSCN, the Consumer's Advocate, and utilities that provide telecommunication services. The measure is intended to make telephone service available to as many persons as possible.

Senate Bill 473 (Chapter 427, *Statutes of Nevada 1995*) authorizes the board of county commissioners in a county with a population between 100,000 and 400,000 to impose a surcharge on telephone services within that county. The surcharge must not exceed 25 cents per month for each access line to the local exchange of a telephone company, and the funds collected must be used for the enhancement of the telephone system for reporting an emergency in the county. The bill authorizes a telephone company or a mobile telephone service supplier in the affected area to collect the surcharge with the monthly billing and allows the retention of an amount equal to the cost of the collection. If such a surcharge is imposed, S.B. 473 requires the board to establish an advisory committee, of not less than five members, to develop a plan to enhance the telephone system for reporting an emergency in that county and to oversee any money allocated for the purpose. In addition, the board is required to create a special revenue fund for the deposit of collected surcharges.

Assembly Bill 603 (Chapter 247, *Statutes of Nevada 1995*) authorizes the Commission to collect certain assessment fees from public utilities that provide telecommunication services. The money distributed in the fund may be used solely to maintain the availability of telephone service.

Senate Bill 487 (Chapter 120, *Statutes of Nevada*) was passed in 1999 by the Legislature to automatically allow qualified low-income residents to receive Lifeline service. This measure establishes a procedure for informing these persons that they may be eligible for a reduced rate for basic telephone service or reduced connection charges. The measure requires the Department of Human Resources to give each eligible provider a list of eligible customers, who are located in the provider's service area. Every six months, the department must provide each eligible provider with an updated list of eligible customers in the state.

Senate Bill 487 also provides that the reduction in telephone rates for Lifeline or Link-Up services shall be based on a formula established in regulations by the PUCN and, each provider's tariff on file with the PUCN, as applicable. The reduction only applies to specified basic telephone services. Additionally, the measure requires any reductions greater than the reimbursement provided under the federal Universal Service Fund to be reimbursed from the statewide Universal Service Fund established by the PUCN pursuant to statute.

Senate Bill 563 (Chapter 346, *Statutes of Nevada 2001*) directs the board of county Commissioners in a county whose population is more than 100,000, but less than 400,000 to impose a surcharge for the enhancement of the "911" system on customers of mobile telephone service whose place of primary use, rather than their residence, is in the county. Similarly,

the measure specifies that the method for calculating limitations on city and county franchise fees imposed on a public utility that sells or resells personal wireless services must be based on a customer's place of primary use.

Further, the bill provides a procedure by which a customer may dispute the surcharge, fee, or designation of place of primary use. The procedure allows the customer to notify the supplier or public utility in writing and requires the inclusion of certain descriptive information. The supplier or public utility must review the notice within 60 days and, depending upon the determination, either provide a refund or a written explanation.

C. Wireless Technology

In 1985 wireless technology was not yet available or offered in Nevada. Today, wireless phones have become an indispensable part of many people's lives.

Senate Bill 10 (Chapter 237, *Statutes of Nevada 2003*) prohibits an agency, board, commission, or political subdivision of the state from regulating the use of a cellular phone, or other portable phone, by a person operating a motor vehicle.

Senate Bill 426 (Chapter 329, *Statutes of Nevada 2003*) sets forth legislative findings and declarations concerning the Wireless Communications and Public Safety Act of 1999 regarding state encouragement of efforts to facilitate development of reliable personal wireless service networks as a means of promoting public safety. The bill was passed by the 2003 Legislature in an effort to provide consistent wireless service and to prevent the development of a patchwork system of conflicting regulations. The measure requires that a land use authority establish procedures and standards for approval of an application for placement or construction of facilities for personal wireless communications.

Assembly Bill 138 (Chapter 79, *Statutes of Nevada 2003*) requires school district boards of trustees to adopt a policy concerning students' use of pagers, cellular phones, or other similar devices on school property or at school sponsored activities. The bill repealed a section of State Law that prohibited a student from carrying or possessing such devices on school property.

D. Telemarketing Regulation

Senate Bill 375 (Chapter 509, *Statutes of Nevada 1993*) provides for telemarketers to be registered rather than licensed, and increased the role of the Attorney General in the enforcement of the telemarketing laws. Passage of this bill substantially revised Nevada's telemarketing law.

Senate Bill 488 (Chapter 386, *Statutes of Nevada 1995*) amends the laws governing solicitation by telephone. The exemption from registration for nonprofit organizations is narrowed. Organizations that represent to consumers that they will receive a prize in return for their

donation are required to register as telephone solicitors, unless they solicit donations of $50 or less or offer prizes of minimal value. Exceptions are made for volunteer services or organizations that solicit dues or assessments from members. Recovery services that represent to consumers that they will, for a fee, recover money the consumer has previously paid to other telephone solicitors are also required to register and are prohibited from collecting any fee from the consumer until the service has been performed. Finally, the bill provides that the Attorney General has primary jurisdiction to investigate and prosecute violations of the law governing solicitation by telephone and may commence an investigation or file a criminal action without the leave of the court.

Assembly Bill 366 (Chapter 482, *Statutes of Nevada 1997*) changed the name of the PSCN to the Public Utilities Commission of Nevada (PUCN). In addition, the measure gives to the Commission the following responsibilities related to telecommunication services:

- The Consumer's Advocate may compile and maintain a data base of the types of telecommunication services that are available in this state.

- Perform outreach programs, identify problems and facilitate the development of solutions relating to the provision of telecommunication service to public schools, public libraries, medical facilities and local governments in rural counties.

- Act as an advocate for the public schools, public libraries, medical facilities, businesses and general public of this state before the PUCN relating to the provision and access of universal service.

- Facilitate coordination among the agencies and local governments of this state and the Commission regarding issues relating to telecommunication services.

Assembly Bill 337 (Chapter 121, *Statutes of Nevada 2001*) expands the definition of "deceptive trade practice" to include certain acts by persons during a telephone solicitation or a sales presentation. These acts include:

- Using threatening, intimidating, profane, or obscene language;

- Repeatedly or continuously conducting a solicitation or presentation in an annoying, abusive, or harassing manner;

- Soliciting a person by telephone at his or her residence between 9 p.m. and 8 a.m.; or

- Blocking or otherwise intentionally circumventing a caller identification service when placing an unsolicited telephone call.

The bill also authorizes a court to award reasonable attorney's fees and costs in addition to any other relief if a person has been found to have engaged in a deceptive trade practice.

Assembly Bill 232 (Chapter 464, *Statutes of Nevada*) passed by the Legislature in June 2003 enacted Nevada's Do Not Call Registry. The bill requires the Attorney General to establish and maintain a registry of telephone numbers of persons who do not wish to receive unsolicited calls from telemarketers.

The measure prohibits a telephone solicitor from making an unsolicited telephone call for the sale of goods or services to a telephone number included in the registry, except in certain circumstances. Making an unsolicited telephone call in violation of the provisions of A.B. 232 is a deceptive trade practice. The bill also makes it a deceptive trade practice to place an unsolicited telephone call that does not allow a service to identify the caller. Furthermore, automated dialing calls are prohibited between 8 p.m. and 9 a.m.

E. Electronic Commerce

The face of commerce has changed dramatically because of the Internet. The Internet has made it possible to purchase goods easily from a nearby state or from a country in a different hemisphere.

Under current law, only vendors who are physically present in the state are required to collect and remit the tax on taxable sales in that state. As a result, states cannot compel remote vendors, such as catalogue or Internet companies, to collect and remit these taxes so long as those vendors do not have any physical presence in the purchaser's state. In an effort modernize the existing sales and use tax rules, there is a nationwide project underway by state governments to encourage state participation in the Streamlined Sales and Use Tax Agreement.

The Streamlined Sales and Use Tax Agreement provides states with a blueprint to create simplified sales and use tax collection system that removes the burden and cost from sellers. The agreement is designed to facilitate the collection of sales taxes on Internet purchases and other forms of remote sales. To date, 35 states and the District of Columbia have enacted legislation to develop an interstate agreement.

Upon passage of **Assembly Bill 514** (Chapter 400, *Statutes of Nevada 2003*), Nevada became a participating state in the Streamlined Sales and Use Tax Agreement. This measure revises existing statutes and adds new provisions relating to sales and use taxes. The measure allows for electronic registration of sellers and for electronic payment of taxes. Further, A.B. 514 establishes requirements for determining the place of sale and for claiming an exemption from taxes.

In addition, the bill provides for a **ballot question at the 2004 General Election** to conform the state sales and use tax law to the Streamlined Sales and Use Tax Agreement. The ballot question asks voters to approve certain abatements, definitions, and exemptions that align the provisions of the state sales and use tax act and the local school support tax so that transactions under state and local sales and use taxes will be similarly treated. Specifically, the ballot

question relates to trade-ins on vehicle purchases; occasional vehicle sales; ophthalmic or ocular devices; farm machinery and equipment; fine art for public display; certain aircraft and parts of aircrafts; and engines and chassis of professional racing vehicles. Nevadans voted "no" in the general election, thereby not providing exemptions from the sales and use tax by a margin of 62 percent to 38 percent.

F. Franchise Fees

Franchise fees are rental fees charged to utility companies by cities or counties for use of public rights-of-way. Generally, the fees in the telecommunication and cable industry are considered to be an expense of terrestrial-based delivery of services, such as telephone, cable, and wireless.

Nevada Revised Statutes 709.050 through 709.160 allows cities and counties to award franchises to utility companies to run equipment (pipe, wire, conduit) along a public right-of-way. Under Chapter 711 of NRS, a local government may grant a franchise to a cable company. The amount of franchise fees varies by county or city, with a maximum set at 5 percent of the utility's gross receipts, as prescribed by NRS 354.59883.

Senate Bill 568 of the 1995 Session (Chapter 591, *Statutes of Nevada*) prohibits a city or county from adopting an ordinance imposing or increasing a fee if the ordinance alters the terms of any existing franchise agreement between the city or county and a public utility. The bill also prohibits fees that apply to any public utility that does not derive revenue from customers located within the jurisdiction of the city or county.

G. Cable Services

Assembly Bill 773 (Chapter 490, *Statutes of Nevada 1993*) allows cable television systems to offer telecommunication services to consumers on the same basis as telephone companies. Cable television systems are required to obtain a certificate of public convenience and necessity before offering any telecommunication service that is regulated by the PSCN. Prior to the passage of A.B. 773, cable television systems were forbidden to offer telecommunication services in an area served by a telephone company. The bill also states that all providers of telecommunication services must be regulated in a fair and impartial manner to promote economical and efficient service.

Senate Bill 429 (Chapter 230, *Statutes of Nevada 2003*) prohibits the governing body of a county or city authorized to sell community antenna television system services to the general public, or any entity or agency directly or indirectly controlled by the county or city, from constructing owning, managing, or operating such a cable system in any that are outside its territorial boundaries unless the governmental entity:

- Obtains a franchise from the appropriate governing body of that area; and

- Complies with the same federal, state, and local requirements that apply to a privately held cable system.

The bill also provides that the governing body of a county or city authorized to sell community antenna television system services to the general public, or any entity or agency directly or indirectly controlled by the county or city, is prohibited from constructing owning, managing, or operating such a cable system in any that are within its territorial boundaries that is governed by another governing body and which is serviced by a private cable system, unless the governmental entity:

- Obtains a franchise from the other governing body of that area or enters into an interlocal agreement with that other body;

- Is required to comply with the same federal, state, and local requirements that apply to a privately held cable system; and

- Is prohibited from providing cable services free of charge to any governmental officer or employee for personal or household use.

VII. ISSUES CONSIDERED DURING THE 2003-2004 LEGISLATIVE INTERIM

During the 2003-2004 Legislative interim, the Legislative Commission's Subcommittee to Study Telecommunication Services in Nevada discussed telecommunications at length. The major topics that were covered are described and summarized below.

A. Broadband Deployment

Across America, the availability of ubiquitous, reliable, high-speed broadband access is changing the way we work and live. Computer ownership and Internet access have grown remarkably. According to the Pew Internet and American Life Project, nearly two-thirds (63 percent) of American adults use the Internet and that figure climbs to nearly 75 percent of those between the ages of 12 and 17. Nielsen Net Ratings recently reported that 50 million Americans now access the Internet from home using high-speed connections.

Advances in broadband services, offered over telephone and cable wires, licensed and unlicensed wireless connections, satellite, digital television, and electrical power lines provide the opportunity to improve the quality of life in rural America. The availability of broadband access is critical in attracting new businesses to rural areas and giving existing businesses the availability to compete with firms in more urban settings. In addition, broadband can be used to further advances in educational tools and medical availability.

The FCC has put a high priority on making sure that Americans living and working in rural communities have access to the same kind of high quality infrastructure that is available in urban and suburban America. In August of 2003, Michael K. Powell, Chairman, FCC, announced the Rural Action Plan to spur the deployment of advanced telecommunications. The plan seeks to encourage broadband deployment in rural areas.

According to the National Conference of State Legislatures, the following seven states passed broadband regulation in 2003: (1) Idaho; (2) Maryland; (3) Mississippi; (4) Nevada; (5) Oregon; (6) South Carolina; and (7) Virginia. The Nevada Legislature in 2003 passed Senate Bill 400 (Chapter 479, *Statutes of Nevada*), which prohibits the PUCN from regulating any broadband service, including imposing requirements relating to the terms, conditions, rates, or availability of broadband service.

B. Competition in the Telecommunication Market

The core arguments surrounding telecommunications have centered on whether or not competition exists in the marketplace and whether or not regulation is needed to foster the development of competition or if regulation, in fact, is hindering the development of competition. Alongside this argument is the undercurrent of a blurring distinction between different communication technologies with the convergence of telephone, wireless, internet telephony, satellite, and other forms of communication. Many of the new technologies that deliver telecommunication services do not fall under the traditional regulatory framework for telecommunications. Yet, despite these services competing with one another, some services are heavily regulated while others are not regulated at all.

There are three competing methods of delivering telecommunication services in the State of Nevada; wireline service, wireless service, and cable broadband service. Competition between these services is largely affected by artificial methods created by the FCC through the Telecommunications Act of 1996. The different tax and regulatory treatments that are applied to each of these services affect competition by creating cost differences.

- Wireline services are taxed and subject to price and service quality regulation by the PUCN and FCC.

- Wireless services are taxed and subject to regulation by the FCC.

- Cable broadband includes both cable services and internet services. Cable services are taxed, but are generally not subject to price and service quality regulation. Internet services are generally not taxed or regulated.

C. Future Trends in Telecommunications

The telecommunication market has largely been driven by the influx of new technologies and consumer demand. At one time, the telephone was considered the only telecommunications technology. Today, telecommunication services consist of a combination of voice, high-speed data and video services. New technologies that are available today, such as voice telephony and broadband over power lines, will have an impact on the future trends.

New Technologies

The convergence of services offered by telecommunications, cable, satellite, wireless, Internet telephony or Voice over Internet Protocol (VoIP), et cetera, offer a challenge to the existing regulatory and tax system. The regulated and taxed market of voice telecommunication is colliding with new technology that is unregulated and minimally taxed. Presentations on new technologies, such as Voice over Internet Protocol and Broadband over Power Lines were given to the Subcommittee.

Broadband over Power Lines

Broadband over Power Lines (BPL) offers high-speed access Internet to your home through the common electrical outlet. By combining the technological principles of radio, wireless networking, and modems, developers have created a way to send data over power lines and into homes at speeds between 500 kilobits and 3 megabits per second (equivalent to Digital Subscriber Line [DSL] and cable broadband service).

The system would allow current power companies to become internet service providers to much of the country with most of their customers living in rural areas that are currently not being serviced by existing DSL or cable broadband services. This technology is already being tested in several cities around the U.S.

A concern over BPL has been brought forward by the amateur radio community. According to radio amateurs, BPL represents a potential interference source for all radio services using the 2 Megahertz (Mhz) to 80 Mhz frequency range. Both the internet signal and radio services are transmitted through the electrical lines at this frequency. Overhead electrical power lines and residential wiring act as antennas that unintentionally radiate the broadband signals as radio signals throughout entire neighborhoods and along roadsides. Interference has been observed nearly one mile from the nearest BPL source.

Hotspots

A hotspot is a wireless access point where users can log onto a network or the Internet. Hotspots are found in various public places for free or for a fee, provided the users' devices (such as laptops, or Personal Digital Assistants [PDAs]) have Wi-Fi chipsets.

Many airports and hotels have hotspots. Also, Starbucks has hotspots at more than 1,000 locations in the United States.

Voice over Internet Protocol

The VoIP technology allows a person to make telephone calls using a broadband internet connection instead of a regular analog phone line. However, VoIP is not simply just voice, but supports converged multimedia applications that transmit voice, data, and video. There are several different definitions of VoIP, including:

- Packet-based networks that permit multiple types of entities to Internet protocol enabled services;

- Internet protocol enabled services that include Internet access, video, multimedia, gaming, and other applications; and

- Internet protocol enabled services that include voice applications and are sold by traditional telecommunication carriers.

The impact of this new technology is the dramatic lowering of costs of maintaining networks and placing calls. There is some speculation that VoIP could displace telephone companies by providing low-cost or no cost local and long distance dialing.

Wi-Fi

"Wireless fidelity" is used to describe products that follow the 802.11 set of standards developed by the Institute of Electrical and Electronic Engineers. The most popular of these standards is 802.11b, which operates in the same frequency band as a microwave oven or cordless telephone.

In most cases, enterprises use Wi-Fi to link data networks together instead of using wires. According Gartner Inc., 50 percent of Fortune 1,000 companies will have extensively deployed wireless local area networks (WLANs) using Wi-Fi to support standard wired local area networks by 2005. In the home, WLANs are becoming a popular way of networking multiple computers to a broadband Internet connection. This technology has a range of about 300 feet.

Data rates for Wi-Fi continue to improve. The emerging 802.11a standard operates in the 5 Gigahertz (GHz) band and can transfer data up to 54 Mbps. The 802.11g standard, the newest, is compatible with 802.11b and operates in the same 2.4 GHz band, but it can transfer up to 54 Mbps like 802.11a. In the near future data rates may reach levels as high as 100 megabits per second (Mbps). In the meantime, Wi-Fi chipsets will be embedded in more and more devices, such as cars, cameras and of course, computers.

D. Initial Findings on Availability of Advanced Telecommunication Services in Nevada

Scott K. Kennedy, Senior Telecommunications Specialist, Gabel Communication, explained the data contained in his presentation of initial findings was gathered from sources available to the public. Some topics that Mr. Kennedy discussed included (Appendix E):

- The data provided on major Nevada service providers indicate that Nevada's growth rate for Competitive Local Exchange Carrier (CLEC) lines is very weak, with the existing growth rate at 4 percent versus a national rate of 71 percent. Nevada CLECs primarily serve large business customers, with only 21 percent serving residential or small business customers, compared to the national average of 63 percent.

- In 1997, advanced services availability was concentrated in the major population centers and portions of Elko and Humboldt counties. In 2000, there was a major increase in Internet service providers offering dial-up access. During 2003, the large expansion of services was attributed to higher broadband capabilities with speeds greater than 56 kilobytes per second to accommodate large data transfers.

- Federal Communications Commission data on high-speed service providers nationwide indicate that Nevada has experienced little change in the number of service providers since 2000. However, Nevada ranks well with the number of providers per zip code. Only 4 percent of the zip codes in the state have no high-speed access lines, opposed to the national average of 7 percent. The geographic distribution of the state's population is reflective of the urban areas and the figures do not necessarily illustrate actual rural area statistics.

    - From 1999 to 2003, Nevada showed a 952 percent increase in the number of high-speed lines, versus the nationwide average of 925 percent. The growth rate for high-speed lines slowed in 2001 and 2002, and increased again in 2003, exceeding the national average of 42 percent, with Nevada's 55 percent. The state's density of penetration is depicted in the ratio of households per high-speed line. Nevada ranks fairly high with three households per every one high-speed line.

    - Wireless telephone service is equally distributed throughout the state, although the data provided only shows switching equipment that connects with the public switch network and is not indicative of "cell phone to cell phone" networks.

    - The data indicates that broadband connectivity is widely available in urban areas, while only certain rural areas have access.

E. Investments in the Communications Marketplace

The dynamic field of telecommunications is dynamic. As technology advances and public policies change, the telecommunications industry evolves through new business practices and

service offerings. However, the fundamental economics of offerings telecommunications products and services for communication remains the same, according to Rich Bilotti, Managing Director, Global Media Leader for Morgan Stanley Dean Witter. Mr. Bilotti stated that not only are new service offerings dependent on the existing regulatory and business practices in the industry, but investors are also heavily dependent on a state's regulatory scheme when determining whether or not to invest in communications services within a market.

F. Network Sharing By Incumbent Local Exchange Carriers

In a significant policy reversal on June 9, 2004, the Justice Department stated it would not appeal a federal court's decision on line-leasing rules. The justices reviewed an appeals court decision that struck down a set of FCC regulations requiring the Bell companies (Verizon, SBC Communications, BellSouth, and Qwest Communications) to open their networks to competition by making their networks available to rivals at heavy discounts. Because the Supreme Court did not intervene, the appeals court decision took effect June 15, 2004. Advocates of dismissing the line leasing rules have maintained that the rules reduce competition. Certain telephone companies have appealed the case, asking the Federal Appeals Court to block the FCC ruling on telephone competition.

G. Nevada Telecommunications Association

The Nevada Telecommunications Association is an industry trade association comprised of 13 active local telephone service providers. For the 13 service providers, gross plant investment totals are over $1.1 billion, with 1.4 million access lines and approximately 2,800 employees. The service providers are listed below:

Beehive Telephone Company - Nevada	CC Communications
Citizens Communication of Nevada	Filer Mutual Telephone
CenturyTel of the Gem State, Inc.	Lincoln County Telephone Systems, Inc.
Humboldt Telephone Company	Rio Virgin Telephone Company
Moapa Valley Telephone Company	SBC/Nevada Bell
Rural Telephone Company	Verizon - Nevada
Sprint	

According to Karen Pearl, Executive Director, the NTA provides a forum for communication between the local exchange carriers and other telecommunication service providers. In addition, the NTA monitors activities at the PUCN and at the Legislature while in Session.

H. Regulation of New Technology

Another major issue facing telecommunications is whether or not to regulate new technologies such as VoIP. Internet telephony, or VoIP, which is rapidly growing in popularity, allows people to make calls using a computer and broadband connection by breaking the conversation

into digital packets, similar to how electronic mail (e-mail) is sent. The U.S. Senate is currently debating how much of a regulatory touch should be applied to VoIP services. Recently, a U.S. Senator argued for quick action on a bill that would limit state and federal regulation of the technology. The fear is that regulation would stunt the growth and innovation of new technologies in the competitive market place. However, many issues must be considered with the regulation of VoIP including the protection of rural telephone service, "911" funding, and antiterrorist wiretaps.

In 2004, the FCC ruled that states are prohibited from imposing telecommunication regulations on VoIP providers. Certain states such as Minnesota are focusing on a court hearing to be held in late November 2004. Utility regulators will argue that they have the right to oversee internet phone providers.

I. Subsidies

A subsidy occurs when the price of a service is less than the cost of that service. Two of the most significant subsidies are universal service and residential basic service. Universal service is based on the concept that there should be affordable, nationwide telephone service for all customers including urban and rural. The cost of providing services to both urban and rural customers varies dramatically. Customers of basic residential service pay a lower rate for telecommunication services than businesses, which bear a heavier burden for the same service. Incumbent local exchange carriers (ILECs) such as Sprint and SBC Communications are required by regulation to provide these subsidies, whereas their competition is not. According to testimony during the hearings, the ILECs are concerned that competition is eroding their capacity to subsidize services to Lifeline customers, residential customers, and rural customers. With increasing competition in the telecommunications market, the margins are closer to cost, affecting the ability of ILECs to subsidize services from higher margin services.

VIII. DISCUSSION OF RECOMMENDATION

The bill draft provides for specified information to be confidential for the purpose of creating reports for Legislative committees and studies. This recommendation is a result of the difficulty that the independent consultants experienced in gathering data that certain companies deemed to be confidential and proprietary.

Confidential Information

The Legislative Commission's Subcommittee to Study Telecommunication Services in Nevada had difficulty in obtaining some of the information that the Subcommittee would have found highly useful in completing the study prescribed in ACR No. 2 during the 2003-2004 interim; many companies refused to disclose sensitive information to the Subcommittee or its consultants. The companies feared that the information could be obtained by competitors or the media because it was not considered confidential by statute. The Subcommittee's purpose in proposing this BDR is to give Legislative committees and studies an additional tool to aid in

obtaining important information by encouraging voluntary disclosures of information and safeguarding the confidentiality of this information. The Subcommittee believes that having an additional tool to obtain sensitive information will enhance the ability of legislators and committees to carry out their responsibilities to the citizens of Nevada.

1. Provide for specified information to be confidential for the purpose of creating reports for Legislative committees and studies. (BDR 17-470)

Note: BDR 17-470 will be available at the beginning of the 2005 Legislative Session.

In addition to any other method available to a Legislative committee or study for obtaining information, a Legislative committee or study may obtain information using the following statutory process.

- The Legislative committee or study may designate an outside consultant to receive information, including confidential information, and to create a report for the Legislative committee or study based upon that information.

- A person providing information to this outside consultant may designate as confidential any of the information he provides to the outside consultant.

- The outside consultant may include such confidential information in the report only if the confidential information is aggregated or otherwise combined with other information so the confidential information cannot be identified as the confidential information of the person who provided it. Pursuant to this statutory process, the outside consultant must not release the confidential information to the Legislative committee or study or to any other person except for the employees or staff of the outside consultant who are necessary to create the report. The report itself may be released to the Legislative committee or study, and the Legislative committee or study may release the report to the public.

- The outside consultant must destroy the confidential information by a date designated by the Legislative committee or study after the report is completed.

- All information designated as confidential pursuant to this process shall be deemed confidential for all purposes related to this statutory process.

IX. SUBCOMMITTEE ACTIONS

In addition, the Subcommittee passed the following items:

- Requesting that the Chairman of the Public Utilities Commission of Nevada appear before a joint hearing of the Senate and Assembly Standing Committees on Commerce and Labor during the first weeks of the 2005 Legislative Session. The Subcommittee requests that the Chairman give a brief report on the current status of Federal

Communications Commission dockets and their implications on the State of Nevada and to report on the changing telecommunications marketplace. (Appendix F and G)

- Directing that the final report compiled by the independent consultants not be accepted as the Subcommittee's final report, and thereby not be included in the subcommittee's report to the Legislative Commission. Further, the independent consultants' report shall be submitted to the Public Utilities Commission of Nevada for further review and analysis. (Appendix H)

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APPENDIX A

Assembly Concurrent Resolution No. 2
File No. 10, *Statutes of Nevada 2003, 20th Special Session*

Assembly Concurrent Resolution No. 2

FILE NUMBER 10

ASSEMBLY CONCURRENT RESOLUTION—Directing the Legislative Commission to conduct an interim study of telecommunication services in this state.

WHEREAS, The development and availability of telecommunication services continue to improve and enrich the quality of life for the residents of this state; and

WHEREAS, Providing telecommunication services efficiently and economically is essential for maintaining a strong and vibrant economy in this state; and

WHEREAS, The regulation and taxation of telecommunication companies affect economic growth in this state; now, therefore, be it

RESOLVED BY THE ASSEMBLY OF THE STATE OF NEVADA, THE SENATE CONCURRING, That the Legislative Commission is hereby directed to appoint an interim committee, composed of three members of the Assembly and three members of the Senate, one of whom must be appointed as Chairman of the committee, to conduct a study of telecommunication services in this state; and be it further

RESOLVED, That the study must include, without limitation, an evaluation of:

1. The methods presently used to determine the rates for telecommunication services provided in this state;

2. The feasibility of eliminating any implicit subsidies based upon the type and location of the telecommunication services provided in this state;

3. The feasibility of determining rates for telecommunication services provided in this state without the use of implicit subsidies based upon the type and location of telecommunication services provided in this state;

4. The current competition and future competitive trends for telecommunication services in the Northern Nevada and Southern Nevada markets;

5. The pricing trends to various customer classes of telecommunication services after the enactment of Senate Bill No. 400 by the 70th Session of the Nevada Legislature;

6. Methods to promote deployment of affordable broadband services to all classes of consumers; and

7. Before regulatory action is taken that is not otherwise required as a result of changes made by the 72nd Session of the Nevada Legislature or as result of federal laws and regulations, the appropriate scope of future legislative or regulatory policies regarding telecommunication services and products to promote an orderly transition to a functionally competitive telecommunications market in a manner that will most benefit the consumers and economy of this state; and be it further

RESOLVED, That any recommended legislation proposed by the interim committee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly appointed to the committee; and be it further

RESOLVED, That the Legislative Commission shall submit a report of the results of the study and any recommendations for legislation to the 73rd Session of the Nevada Legislature.

APPENDIX B

Letter dated December 9, 2003, to Donald Soderberg,
from David R. Parks, Nevada State Assemblyman

DAVID R. PARKS
ASSEMBLYMAN
District No. 41

COMMITTEES:
Chairman
Taxation

Member
Commerce and Labor
Ways and Means

State of Nevada Assembly

Seventy-Second Session

December 9, 2003

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LEGISLATIVE BUILDING:
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Don Soderberg, Chairman
Public Utilities Commission of Nevada
1150 East William Street
Carson City, NV 89701-3019

Dear Don:

During our meeting on October 24, 2003, you offered the assistance of two independent consultants, Scott K. Kennedy and Dr. Robert Loube, to provide the research and analysis as mandated by Assembly Concurrent Resolution No. 2 of the 20th Special Session. With the considerable expertise of Mr. Kennedy and Dr. Loube, I am confident that they will be able to offer extensive guidance in the topic areas that are covered by A.C.R. 2. However, in an effort to define more clearly the type of analysis that should be covered, I have listed below suggested study topics:

1. The methods presently used to determine the rates for telecommunication services provided in this state.

2. The feasibility of eliminating any implicit subsidies based upon the type and location of the telecommunication services provided in this state.

3. The feasibility of determining rates for telecommunication services provided in Nevada without the use of implicit subsidies based upon the type and location of telecommunication services provided in this state

   - Definition of subsidy.
   - Methods to determine costs of services by region and customer class and application to Nevada regions and classes.
   - The feasibility of determining rates without implicit subsidies.

- The feasibility of replacing implicit subsidies with explicit subsidies when explicit subsidies are necessary to keep rates affordable.

4. The current competition and future competitive trends for telecommunication services in the northern Nevada and southern Nevada markets.

   - Definition of impairment ratings and the relationship to competition.
   - Definition of telecommunication services (e.g., when considering status of competition in market for basic services, do we include service types such as wireless, voice-over-internet and voice-over-cable services when defining market and determining market shares).
   - Definition of appropriate measures (namely, access lines, minutes of use).
   - Choice of appropriate measures (e.g., effect of accuracy and availability on measure[s] selected).
   - Market share results using selected measures.

5. The pricing trends to various customer classes of telecommunication services after the enactment of Senate Bill 440 by the 70th Session of the Nevada Legislature.

   - What has been the impact on regulated services? How has deregulation of certain services affected existing customers?
   - What is the appropriate period of analysis? (For example, it may not be appropriate to draw conclusions based on near and short-term price changes.)
   - What is the appropriate method to measure price changes? (Namely, how do we treat prices of services that are now included in bundles pursuant to Senate Bill 400?)

6. Methods to promote deployment of affordable broadband services to all classes of consumers.

   - Feasibility of required build-out options.
   - Feasibility of the use of explicit subsidies to help bridge the "digital divide."
   - Feasibility of innovative ways to encourage deployment and competition.

As Chairman, and on the behalf of the members of the Legislative Commission's Subcommittee to Study Telecommunications Services in Nevada, please allow me to express our appreciation for your involvement and cooperation in this matter.

Sincerely,

Assemblyman David R. Parks
Chairman, Legislative Commission's Subcommittee
to Study Telecommunications Services in Nevada

DRP/rd:L08
cc: Charles G. Bolle, Policy Advisor,
Public Utilities Commission of Nevada

APPENDIX C

Nevada Legislative Study Outline Prepared by
Dr. Robert Loube and Scott K. Kennedy

Nevada Legislative Study Outline
Prepared by
Dr. Robert Loube and Mr. Scott K. Kennedy

1. The methods presently used to determine the rates for telecommunications services provided in this state.

   - Review and summarize recent (PUCN) orders and legislative initiatives
     - PUCN orders on general rate cases
     - SB 400 and SB 440.
   - Highlight outstanding issues
     - The unsettled issues in previous rate cases (Sprint's recent two rate cases, docket nos. 99-2024 and 01-12047)
     - How to treat the revenues and costs of detariffed services (services classified as "competitive" or "deregulated") and interstate services (DSL services for ratemaking purposes?
     - How to set the rates for residential service, i.e., cost of service vs. maintaining lower rates for residential service under the broader concept of universal service?

2. The feasibility of eliminating any implicit subsidies base upon the type and location of the telecommunications service provided in this state.

   - Subsidy definition
     - Less than incremental cost of service
       - Incremental cost can be measured by element cost (TELRIC) or service cost (TSLRIC)
       - Incremental cost depends on the planning horizon used to measure the cost
     - Are loop costs an input to basic services or an input to all services
     - Is it profitable to serve a particular customer class
   - Subsidies can be eliminated either by rate re-balancing or universal service funds.
   - Determine the approximate rates without a subsidy
   - Estimate the number of customers that are receiving a subsidy and the cost of the subsidy
   - For example, Wyoming determined for Qwest Wyoming that the urban rate would be $23.10, and the rural rates would range from $38.60 to $69.35. However, state commission established a state fund that guarantees that no rate would be above 130 percent of the state average rate. Therefore, all bills were capped at $34.81.

3. The feasibility of determining rates for telecommunications services provided in Nevada without the use of implicit subsidies based upon type and location of telecommunication service provided in this state

- Determining the cost of service
  - Using cost models to determine geographic cost of service
  - Allocating costs across services
  - Use of embedded versus forward-looking cost of service
- Developing a matrix of unsubsidized rate estimates
- Establishing a state universal service to provide explicit subsidies
- Estimate the size of the fund, given alternative benchmarks
  - Alternative benchmarks include:
    - (a) A percentage of average state cost
    - (b) A percentage of average state rate
    - (c) A percentage of average state income
- Determine the carriers that are required to pay into the fund
- Estimate the size of the revenue base that will support the fund
- Calculate approximate surcharge percentage
- Establish portability rules

4. The current state of competition in Nevada and projected competitive trends in telecommunications services for the state's northern and southern regional markets.

- How many competitors are there in the northern and southern regional markets?

- Are the competitors facility based? What customer classes are these competitors targeting?

- Definition of telecommunications services—should an analysis of competition for basic services include services such as wireless, VoIP and voice-over-cable when defining a market and performing market share analysis

- Definition of appropriate measures of market shares

- Choice of appropriate measures—effect of accuracy and availability on measures selected

- Market share results using selected measures

- Definition of impairment and its relationship to competition
  - Availability of UNEs and the prices, along with ILECs' retail pricing, would largely determine the future competition

5. The pricing trends to various customer classes of telecommunications services after the enactment of Senate Bill 440 by the 70th Session of the Nevada Legislature.

- Determine the price changes for services since the enactment of Senate Bill 440
  - Determine what starting point is. Pricing movements for those services to which pricing flexibility were granted for discretionary and competitive services
- Measure price changes on a stand-alone basis and on package basis (pursuant to SB 400)

6. Methods to promote deployment of affordable broadband services to all classes of consumers.

- Estimate the size of the digital divide in Nevada by geographic area and demographic group
- Estimate the incremental investments required to provide digital services to all Nevada consumers
- Develop strategies that build on existing federal universal service programs
  - Rural build-out programs can be supported, in part, through federal high cost programs
  - Urban low-income programs developed as extension of schools and libraries programs will be supported, in part, through the federal schools and libraries programs
- Rural county or municipal programs
  - Encourage rural governments to develop digital deployment technology plans
  - After the technology plan has been approved by the Nevada Public Utilities Commission, the rural government agency will ask alternative providers to bid on the plan
  - The rules of the state universal service fund will determine what percentage of the plan's cost will be recovered directly from consumers and what percentage will be recovered from the state universal service fund.

APPENDIX D

Letter dated April 5, 2004, to Diane C. Thornton,
from Jeffery Galloway, Fiscal Analyst, Public Utilities Commission of Nevada

KENNY C. GUINN
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION OF NEVADA
1150 East William Street
Carson City, Nevada 89701-3109
Policy (775) 687-6007 • Fax (775) 687-6110
Staff (775) 687-6001 • Fax (775) 687-6120
http://puc.state.nv.us

RURAL NEVADA
557 W. Silver Street, No. 205
Elko, Nevada 89801
(775) 738-4914 • Fax (775) 778-6928

SOUTHERN NEVADA OFFICE
101 Convention Center Dr., Suite 250
Las Vegas, Nevada 89109
(702) 486-7210 • Fax (702) 486-7206

April 5, 2004

Diane C. Thornton
Senior Research Analyst
Legislative Counsel Bureau
401 S. Carson Street
Carson City, NV 89701

Re: Assembly Concurrent Resolution Subcommittee No. 2 Meeting

Dear Ms. Thornton,

I have enclosed the information requested by Senator Randolph Townsend during the meeting on April 2, 2004. This is a copy of the list of services supported by federal universal service funds that was briefly described by Dr. Robert Loube. I have also enclosed a map produced by the Nevada Telecommunications Association denoting the service areas of the various local exchange carriers in Nevada.

Please contact me at (775) 687-6036 if you have any questions about this material.

Sincerely,

Jeffrey Galloway
Financial Analyst

cc. Donald Soderberg, Chairman, PUC
Kirby Lampley, Director of Regulatory Operations, PUC

Enclosures

identified in the most recent Goldsmith Modification published by the Office of Rural Health Policy of the U.S. Department of Health and Human Services.

Rural incumbent local exchange carrier. "Rural incumbent local exchange carrier" is a carrier that meets the definitions of "rural telephone company" and "incumbent local exchange carrier," as those terms are defined in §51.5 of this chapter.

Rural telephone company. "Rural telephone company" has the same meaning as that term is defined in §51.5 of this chapter.

State commission. The term "state commission" means the commission, board or official (by whatever name designated) that, under the laws of any state, has regulatory jurisdiction with respect to intrastate operations of carriers.

Technically feasible. "Technically feasible" means capable of accomplishment as evidenced by prior success under similar circumstances. For example, preexisting access at a particular point evidences the technical feasibility of access at substantially similar points. A determination of technical feasibility does not consider economic, accounting, billing, space or site except that space and site may be considered if there is no possibility of expanding available space.

Telecommunications. "Telecommunications" is the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received.

Telecommunications carrier. A "telecommunications carrier" is any provider of telecommunications services, except that such term does not include aggregators of telecommunications services as defined in section 226 of the Act. A telecommunications carrier shall be treated as a common carrier under the Act only to the extent that it is engaged in providing telecommunications services, except that the Commission shall determine whether the provision of fixed and mobile satellite service shall be treated as common carriage. This definition includes cellular mobile radio service (CMRS) providers, interexchange carriers (IXCs) and, to the extent they are acting as telecommunications carriers, companies that provide both telecommunications and information services. Private mobile radio service (PMRS) providers are telecommunications carriers to the extent they provide domestic or international telecommunications for a fee directly to the public.

Telecommunications channel. "Telecommunications channel" means a telephone line, or, in the case of wireless communications, a transmittal line or cell site.

Telecommunications service. "Telecommunications service" is the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

Website. The term "website" shall refer to any websites operated by the Administrator in connection with the schools and libraries support mechanism, the rural health care support mechanism, the high cost mechanism, and the low income mechanism.

Wire center. A wire center is the location of a local switching facility containing one or more central offices, as defined in the Appendix to part 36 of this chapter. The wire center boundaries define the area in which all customers served by a given wire center are located.

[62 FR 32948, June 17, 1997, as amended at 62 FR 41303, Aug. 1, 1997; 63 FR 70571, Dec. 21, 1998; 64 FR 67431, Dec. 1, 1999; 66 FR 30087, June 5, 2001; 66 FR 59726, Nov. 30, 2001]

§54.7 Intended use of federal universal service support.

A carrier that receives federal universal service support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Subpart B—Services Designated for Support

§54.101 Supported services for rural, insular and high cost areas.

(a) *Services designated for support.* The following services or functionalities

shall be supported by federal universal service support mechanisms:

(1) *Voice grade access to the public switched network.* "Voice grade access" is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signalling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call. For the purposes of this part, bandwidth for voice grade access should be, at a minimum, 300 to 3,000 Hertz;

(2) *Local usage.* "Local usage" means an amount of minutes of use of exchange service, prescribed by the Commission, provided free of charge to end users;

(3) *Dual tone multi-frequency signaling or its functional equivalent.* "Dual tone multi-frequency" (DTMF) is a method of signaling that facilitates the transportation of signaling through the network, shortening call set-up time;

(4) *Single-party service or its functional equivalent.* "Single-party service" is telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed, or, in the case of wireless telecommunications carriers, which use spectrum shared among users to provide service, a dedicated message path for the length of a user's particular transmission;

(5) *Access to emergency services.* "Access to emergency services" includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911," to call emergency services through a Public Service Access Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems;

(6) *Access to operator services.* "Access to operator services" is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call;

(7) *Access to interexchange service.* "Access to interexchange service" is defined as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier, necessary to access an interexchange carrier's network;

(8) *Access to directory assistance.* "Access to directory assistance" is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings; and

(9) *Toll limitation for qualifying low-income consumers.* Toll limitation for qualifying low-income consumers is described in subpart E of this part.

(b) *Requirement to offer all designated services.* An eligible telecommunications carrier must offer each of the services set forth in paragraph (a) of this section in order to receive federal universal service support.

(c) *Additional time to complete network upgrades.* A state commission may grant the petition of a telecommunications carrier that is otherwise eligible to receive universal service support under §54.201 requesting additional time to complete the network upgrades needed to provide single-party service, access to enhanced 911 service, or toll limitation. If such petition is granted, the otherwise eligible telecommunications carrier will be permitted to receive universal service support for the duration of the period designated by the state commission. State commissions should grant such a request only upon a finding that exceptional circumstances prevent an otherwise eligible telecommunications carrier from providing single-party service, access to enhanced 911 service, or toll limitation. The period should extend only as long as the relevant state commission finds that exceptional circumstances exist and should not extend beyond the

time that the state commission deems necessary for that eligible telecommunications carrier to complete network upgrades. An otherwise eligible telecommunications carrier that is incapable of offering one or more of these three specific universal services must demonstrate to the state commission that exceptional circumstances exist with respect to each service for which the carrier desires a grant of additional time to complete network upgrades.

[62 FR 32948, June 17, 1997, as amended at 63 FR 2125, Jan. 13, 1998; 63 FR 33585, June 19, 1998]

Subpart C—Carriers Eligible for Universal Service Support

§54.201 Definition of eligible telecommunications carriers, generally.

(a) *Carriers eligible to receive support.* (1) Beginning January 1, 1998, only eligible telecommunications carriers designated under paragraphs (b) through (d) of this section shall receive universal service support distributed pursuant to part 36 and part 69 of this chapter, and subparts D and E of this part.

(2) A state commission that is unable to designate as an eligible telecommunications carrier, by January 1, 1998, a carrier that sought such designation before January 1, 1998, may, once it has designated such carrier, file with the Commission a petition for waiver of paragraph (a)(1) of this section requesting that the carrier receive universal service support retroactive to January 1, 1998. The state commission must explain why it did not designate such carrier as eligible by January 1, 1998, and provide a justification for why providing support retroactive to January 1, 1998, serves the public interest.

(3) This paragraph does not apply to offset or reimbursement support distributed pursuant to subpart G of this part.

(4) This paragraph does not apply to support distributed pursuant to subpart F of this part.

(b) A state commission shall upon its own motion or upon request designate a common carrier that meets the requirements of paragraph (d) of this section as an eligible telecommunications carrier for a service area designated by the state commission.

(c) Upon request and consistent with the public interest, convenience, and necessity, the state commission may, in the case of an area served by a rural telephone company, and shall, in the case of all other areas, designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission, so long as each additional requesting carrier meets the requirements of paragraph (d) of this section. Before designating an additional eligible telecommunications carrier for an area served by a rural telephone company, the state commission shall find that the designation is in the public interest.

(d) A common carrier designated as an eligible telecommunications carrier under this section shall be eligible to receive universal service support in accordance with section 254 of the Act and shall, throughout the service area for which the designation is received:

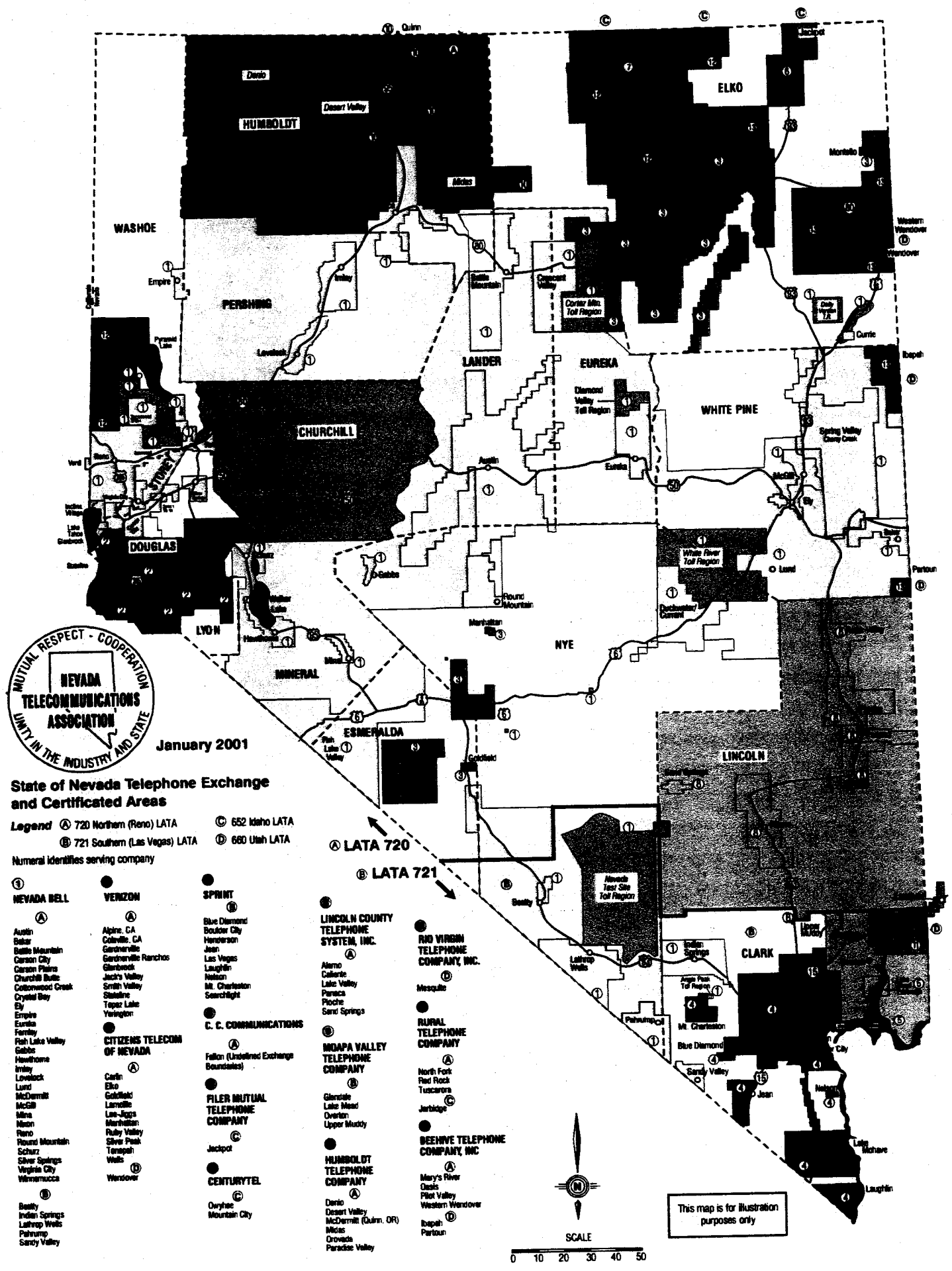
(1) Offer the services that are supported by federal universal service support mechanisms under subpart B of this part and section 254(c) of the Act, either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and

(2) Advertise the availability of such services and the charges therefore using media of general distribution.

(e) For the purposes of this section, the term *facilities* means any physical components of the telecommunications network that are used in the transmission or routing of the services that are designated for support pursuant to subpart B of this part.

(f) For the purposes of this section, the term "own facilities" includes, but is not limited to, facilities obtained as unbundled network elements pursuant to part 51 of this chapter, provided that such facilities meet the definition of the term "facilities" under this subpart.

(g) A state commission shall not require a common carrier, in order to satisfy the requirements of paragraph (d)(1) of this section, to use facilities



MUTUAL RESPECT - COOPERATION
NEVADA TELECOMMUNICATIONS ASSOCIATION
UNITY IN THE INDUSTRY AND STATE

January 2001

State of Nevada Telephone Exchange and Certificated Areas

Legend Ⓐ 720 Northern (Reno) LATA Ⓒ 652 Idaho LATA
Ⓑ 721 Southern (Las Vegas) LATA Ⓓ 660 Utah LATA

Numeral identifies serving company

① NEVADA BELL

Ⓐ
Austin
Baker
Battle Mountain
Carson City
Carson Plains
Churchill Butte
Cottonwood Creek
Crystal Bay
Ely
Empire
Eureka
Fernley
Fish Lake Valley
Gabbs
Hawthorne
Imlay
Lovelock
Lund
McDermitt
McGill
Mina
Minden
Reno
Round Mountain
Schurz
Silver Springs
Virginia City
Winnemucca

Ⓑ
Beatty
Indian Springs
Lathrop Wells
Pahrump
Sandy Valley

● VERIZON

Ⓐ
Alpine, CA
Coleville, CA
Gardnerville
Gardnerville Ranchos
Glenbrook
Jack's Valley
Smith Valley
Stateline
Topaz Lake
Yerington

● CITIZENS TELECOM OF NEVADA

Ⓐ
Carlin
Elko
Goldfield
Lamoille
Lee–Eggs
Manhattan
Ruby Valley
Silver Peak
Tonopah
Wells

Ⓓ
Wendover

● SPRINT

Ⓑ
Blue Diamond
Boulder City
Henderson
Jean
Las Vegas
Laughlin
Nelson
Mt. Charleston
Searchlight

● C. C. COMMUNICATIONS

Ⓐ
Fallon (Undefined Exchange Boundaries)

● FILER MUTUAL TELEPHONE COMPANY

Ⓒ
Jackpot

● CENTURYTEL

Ⓒ
Owyhee
Mountain City

● LINCOLN COUNTY TELEPHONE SYSTEM, INC.

Ⓐ
Alamo
Caliente
Lake Valley
Panaca
Pioche
Sand Springs

Ⓑ
Meadow Valley Telephone Company
Glendale
Lake Mead
Overton
Upper Muddy

● HUMBOLDT TELEPHONE COMPANY

Ⓐ
Denio
Desert Valley
McDermitt (Quinn, OR)
Midas
Orovada
Paradise Valley

● RIO VIRGIN TELEPHONE COMPANY, INC.

Ⓓ
Mesquite

● RURAL TELEPHONE COMPANY

Ⓐ
North Fork
Red Rock
Tuscarora

Ⓒ
Jarbidge

● BEEHIVE TELEPHONE COMPANY, INC

Ⓐ
Mary's River
Oasis
Pilot Valley
Western Wendover

Ⓓ
Ibapah
Partoun

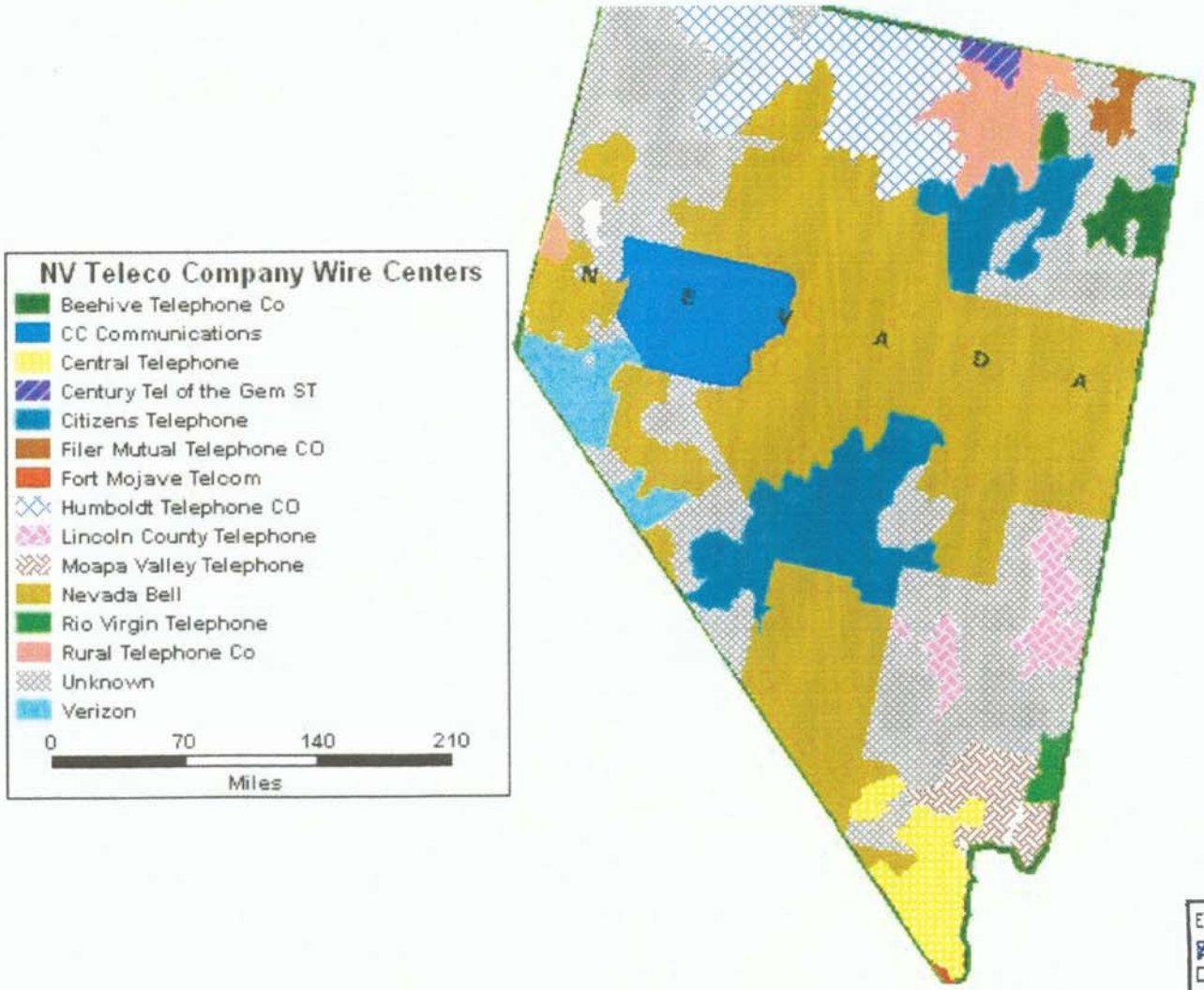
Ⓐ LATA 720

Ⓑ LATA 721

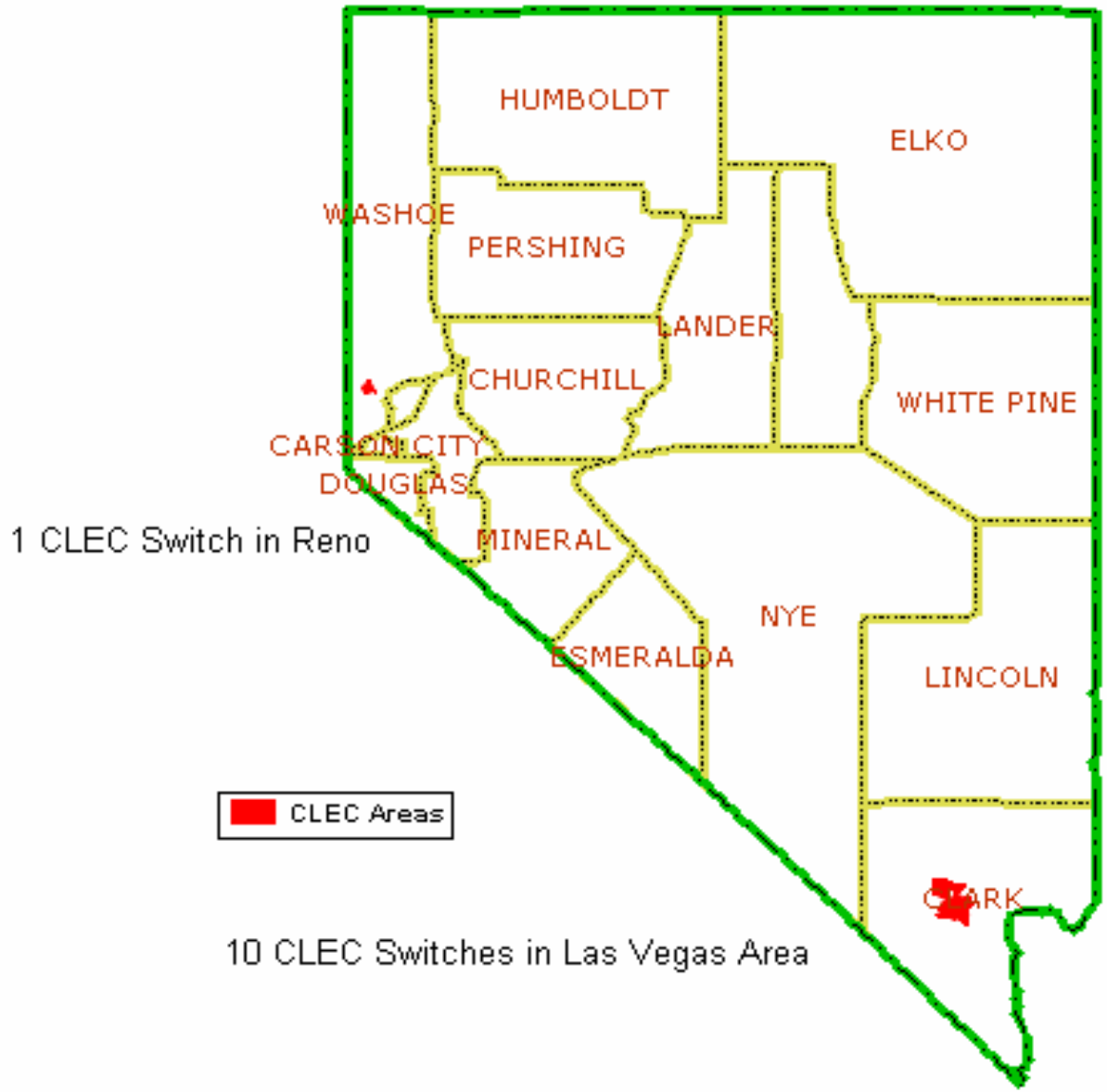
APPENDIX E

Initial Findings Presentation *Major Nevada Service Providers*
Compiled by Dr. Robert Loube and Scott K. Kennedy

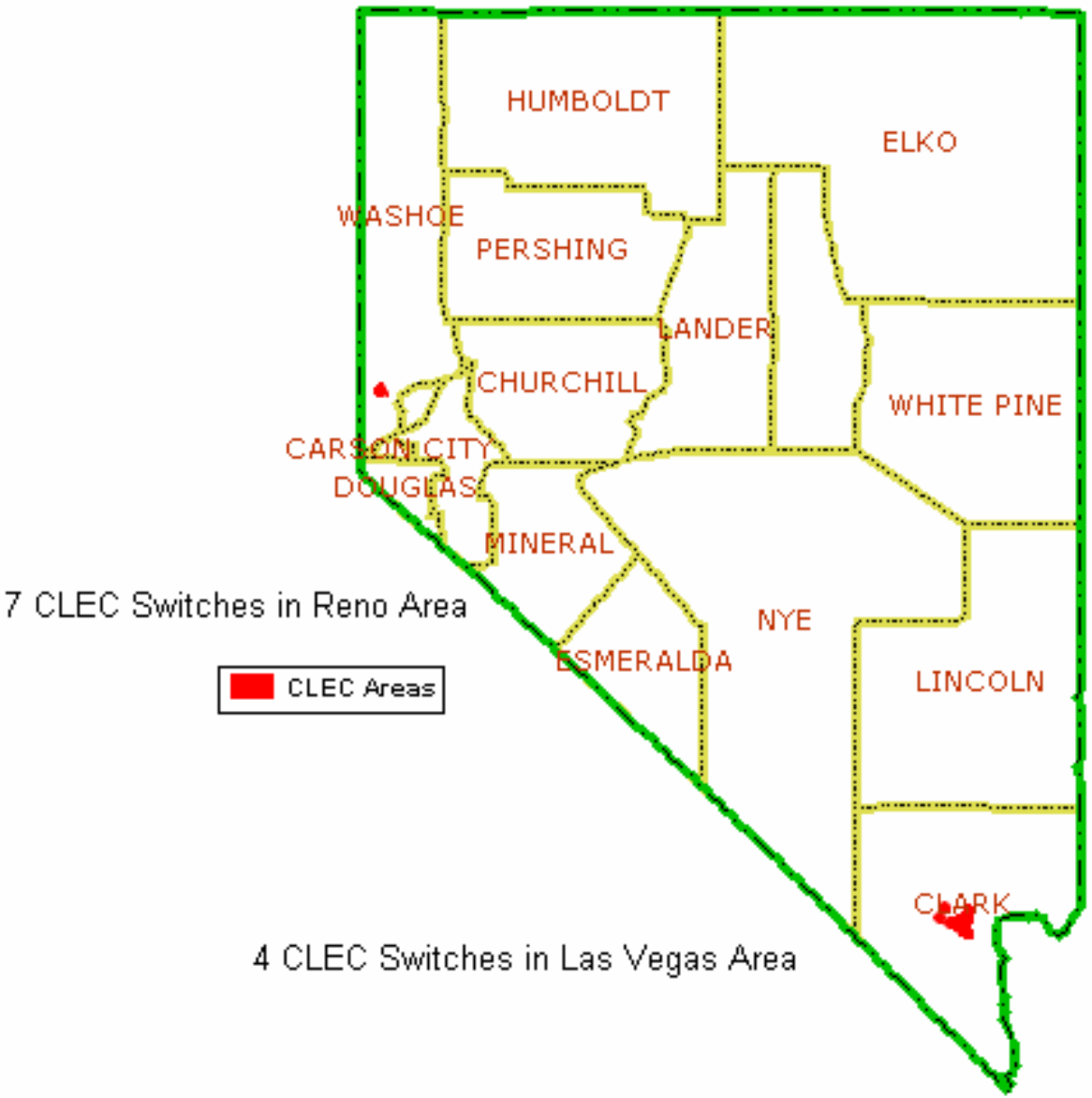
Major Nevada Service Providers



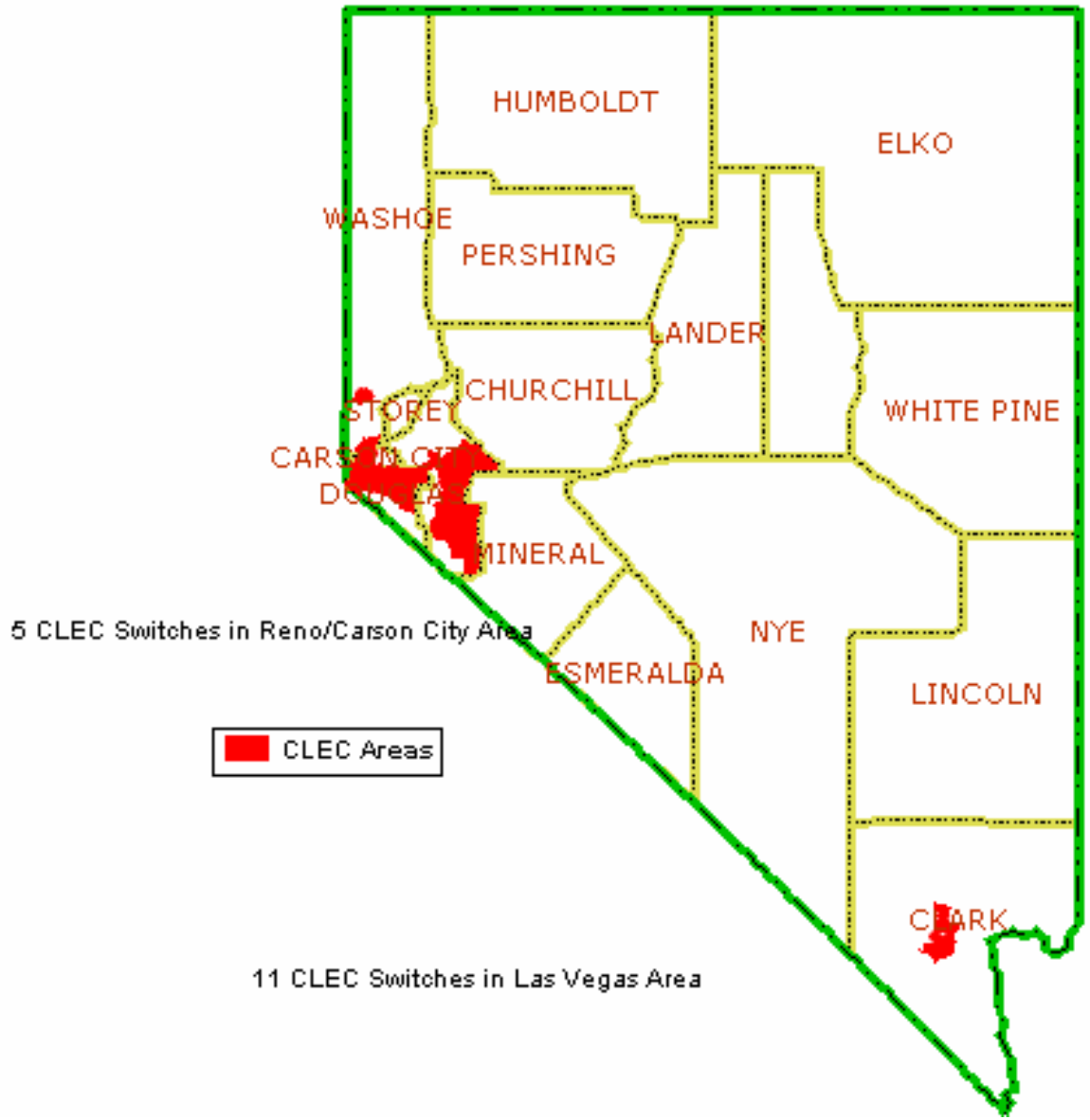
CLEC Switch Locations 1997



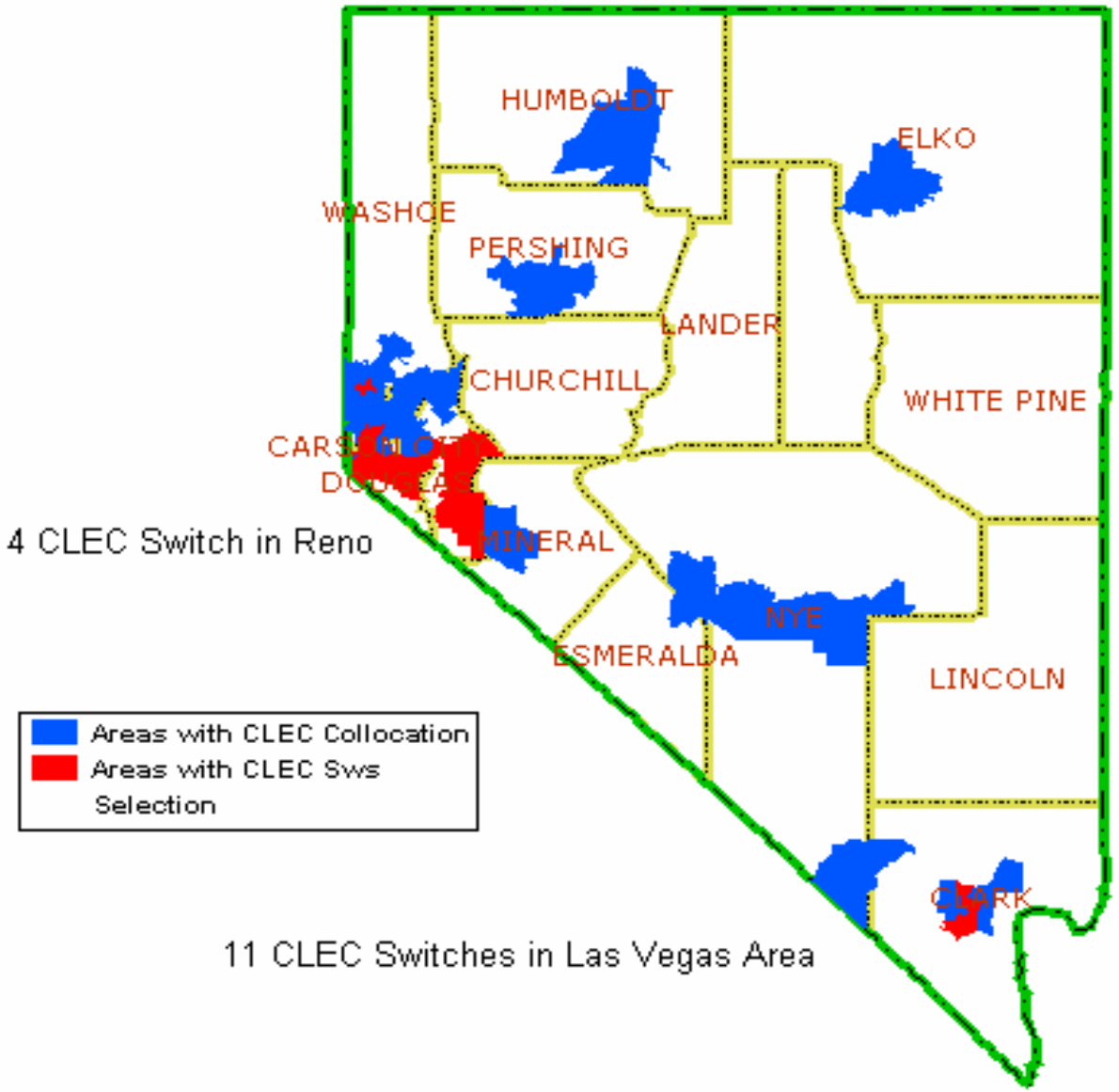
CLEC Switch Locations 2000



CLEC Switch Locations 2003



Areas with CLEC Collocation 2003



Competitive Local Exchange Carrier Percentage Share of End-User Switched Access Lines

State	2001	2002	2003	
	Jun	Dec	Jun	Dec
Arizona	7	12	16	22
California	7	11	13	15
Colorado	10	15	16	17
Idaho	*	*	5	6
Montana	*	*	3	4
Nebraska	*	18	20	21
Nevada	**10**	**11**	**9**	**10**
New Mexico	*	*	*	*
North Dakota	*	*	*	8
Oregon	5	9	8	12
South Dakota	*	*	14	18
Utah	11	15	19	20
Washington	6	10	10	11
Wyoming	*	*	*	*
Selected States Average	8	13	12	14
Nationwide	9	13	15	16

Notes: Carriers with under 10,000 lines in a state were not required to report.

* Data withheld to maintain firm confidentiality.

End-User Switched Access Lines Served by Reporting Competitive Local Exchange Carriers

State	2001	2002	2003		Percentage Growth in Lines 2001 to 2003
	Jun	Dec	Jun	Dec	
Arizona	231,777	400,080	519,128	707,477	205%
California	1,668,232	2,705,851	3,046,959	3,422,373	105%
Colorado	325,983	482,014	495,007	505,777	55%
Idaho	*	*	33,864	46,859	
Montana	*	*	17,473	18,616	
Nebraska	*	177,698	190,754	199,498	
Nevada	**144,453**	**163,520**	**132,684**	**150,615**	4%
New Mexico	*	*	*	*	
North Dakota	*	*	*	25,039	
Oregon	118,425	183,319	167,965	249,701	111%
South Dakota	*	*	49,243	64,784	
Utah	145,603	194,352	235,170	241,454	66%
Washington	229,693	406,750	386,104	433,977	89%
Wyoming	*	*	*	*	
Selected States	2,864,166	4,713,584	5,274,351	6,066,170	112%
Nationwide	17,274,727	24,780,979	26,890,594	29,565,509	71%

Note:Carriers with under 10,000 lines in a state were not required to report.
* Data withheld to maintain firm confidentiality.

CLEC-Reported End-User Switched Access Lines by State
As Of December 31, 2003

State	CLEC-Owned	UNEs	Resold Lines	Total	Percentage of UNE Lines	Percentage of Owned Lines	Percentage of Resold Owned Lines
Arizona	351,094	233,958	122,425	707,477	33%	50%	17%
California	1,022,095	1,858,739	541,539	3,422,373	54%	30%	16%
Idaho	3,144	*	*	46,859		7%	
Montana	14,295	*	*	18,616		77%	
Nebraska	129,778	41,053	28,667	199,498	21%	65%	14%
Nevada	**32,824**	**86,579**	**31,212**	**150,615**	**57%**	**22%**	**21%**
New Mexico	*	*	*	*			
North Dakota	6,485	17,251	1,303	25,039	69%	26%	5%
Oregon	37,676	165,498	46,527	249,701	66%	15%	19%
South Dakota	34,986	28,830	968	64,784	45%	54%	1%
Utah	73,420	97,022	71,012	241,454	40%	30%	29%
Washington	143,786	183,124	107,067	433,977	42%	33%	25%
Wyoming	*	*	*	*			
Total--Selected States	1,849,583	2,712,055	950,719	5,560,393	49%	33%	17%
Nationwide	6,935,358	17,903,891	4,726,260	29,565,509	61%	23%	16%

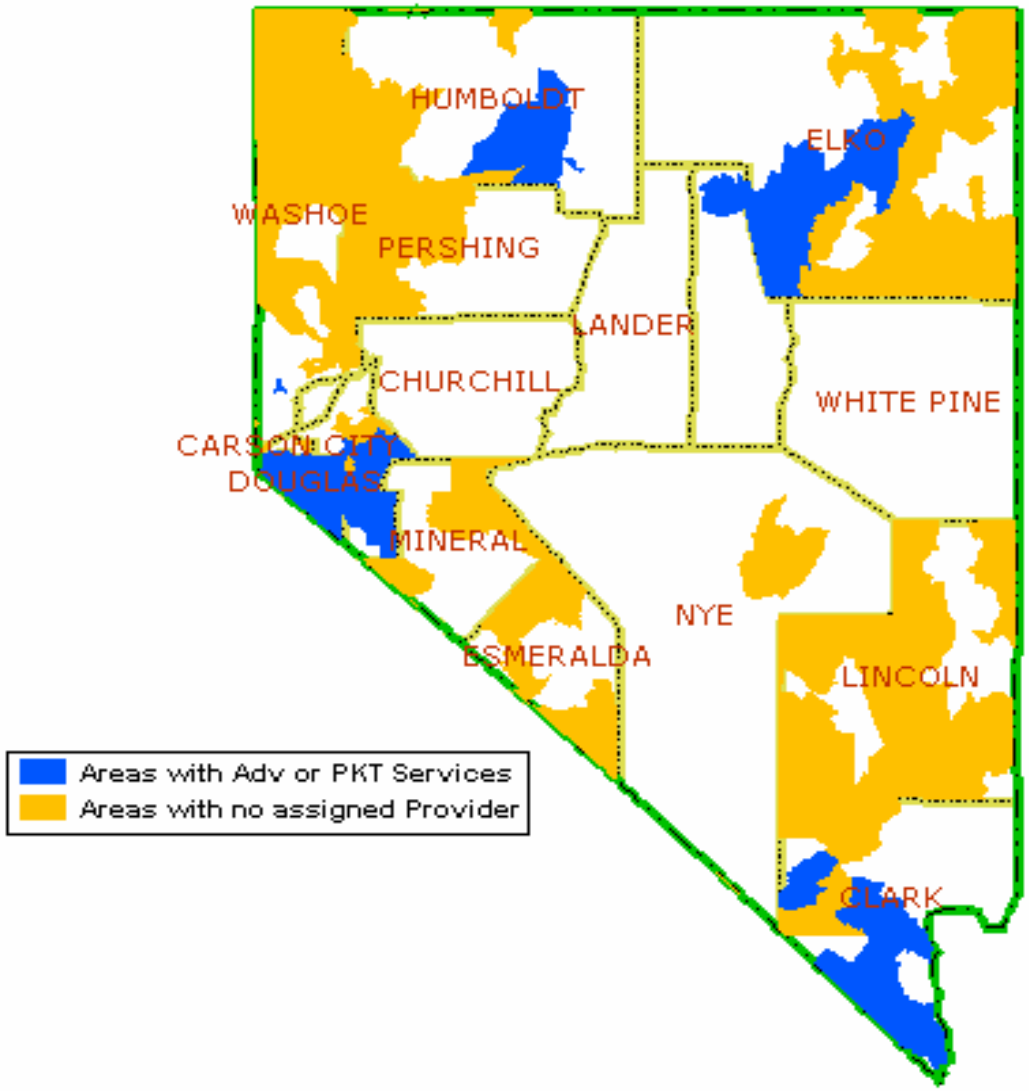
* Data withheld to maintain firm confidentiality.

Percentage of Lines Provided to Residential and Small Business Customers
As Of December 31, 2003

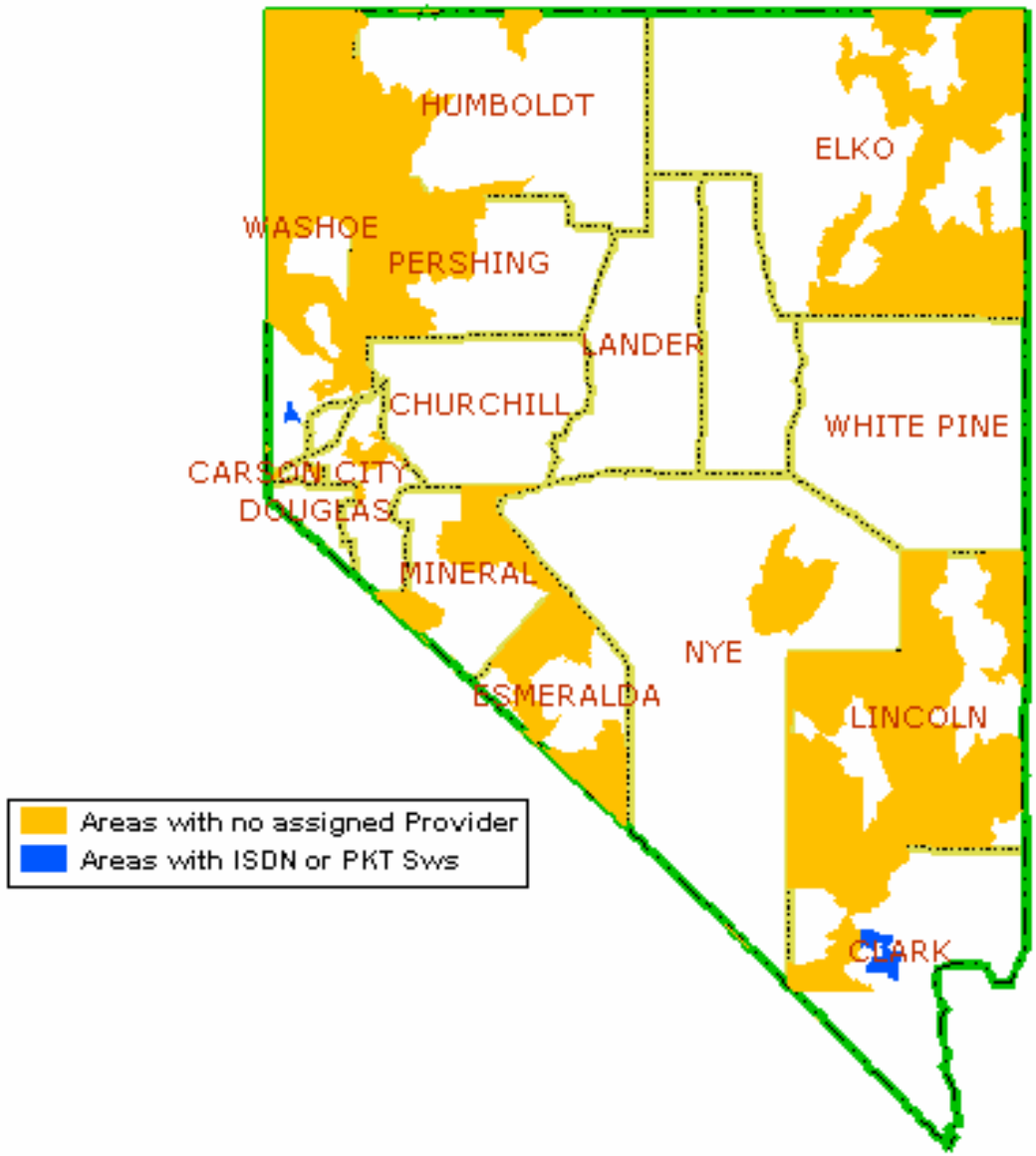
State	ILECS	CLECS
Arizona	74	69
California	82	65
Colorado	76	61
Idaho	77	73
Montana	79	75
Nebraska	70	68
Nevada	**75**	**27**
New Mexico	78	*
North Dakota	81	91
Oregon	82	59
South Dakota	76	97
Utah	75	59
Washington	80	51
Wyoming	73	*
Selected States	77	66
Nationwide	78	63

NA -- Not Applicable.
* Data withheld to maintain firm confidentiality.

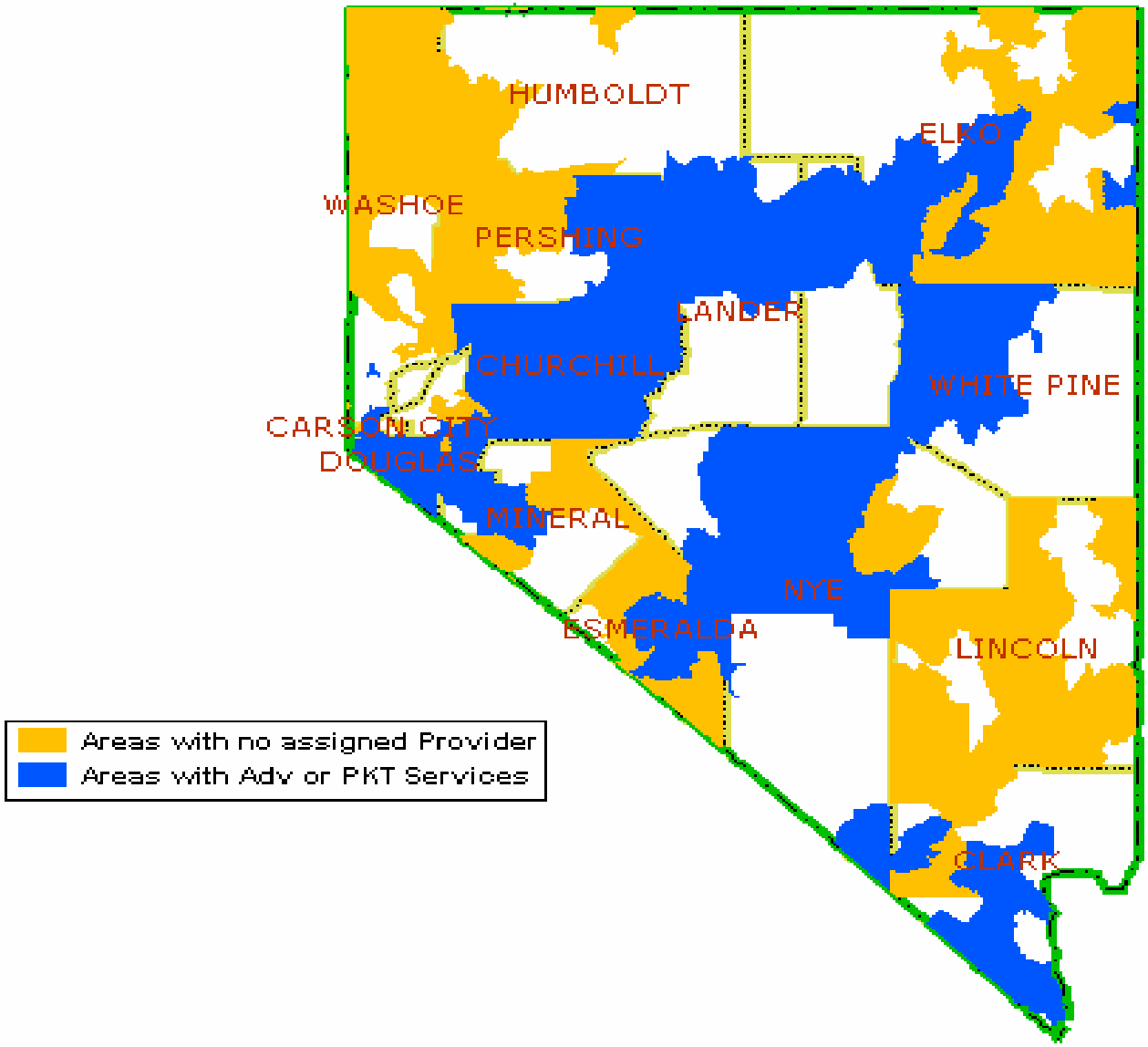
Advanced or Packet Service Availability 1997



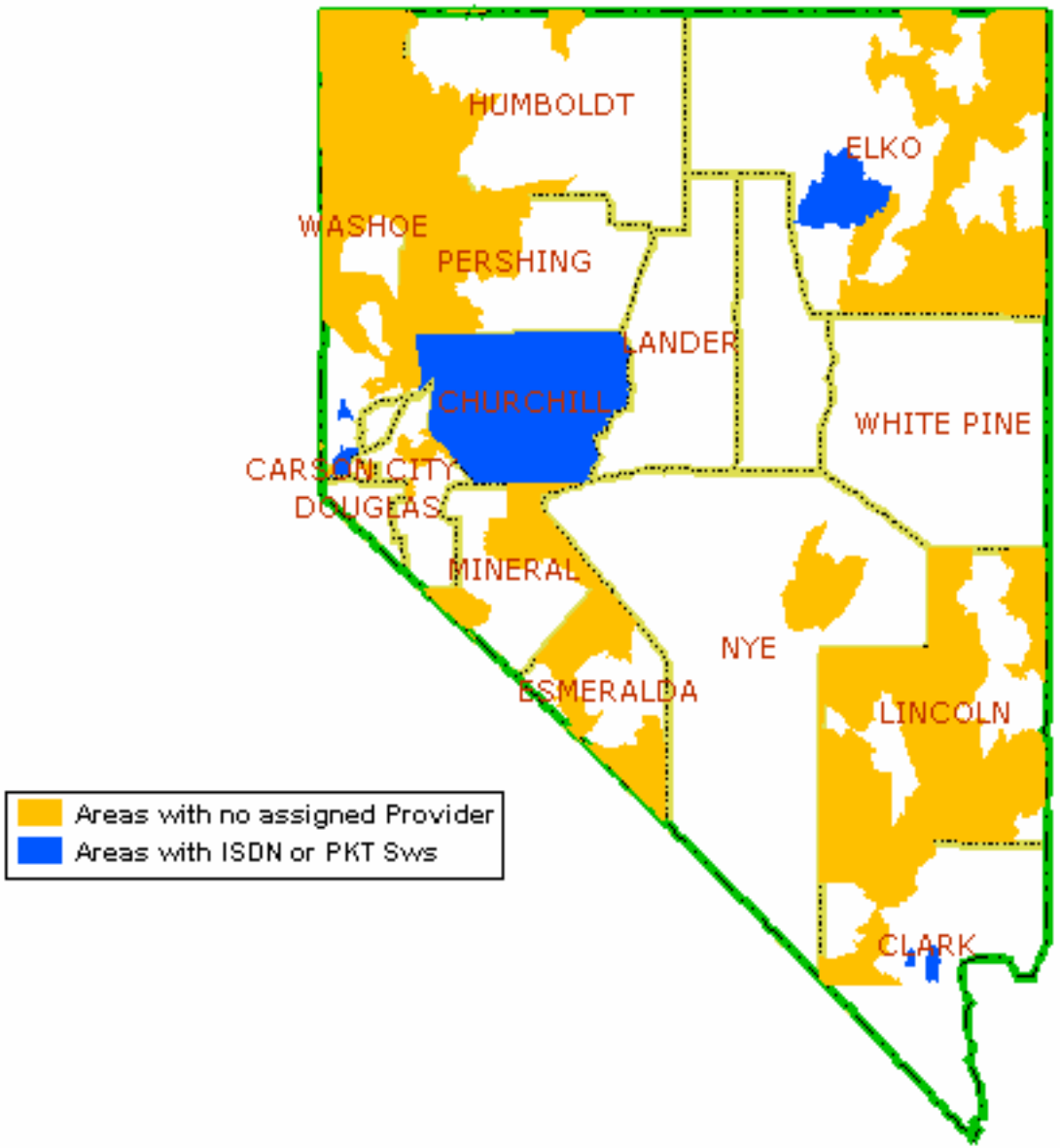
ISDN or Packet Service Availability 1997



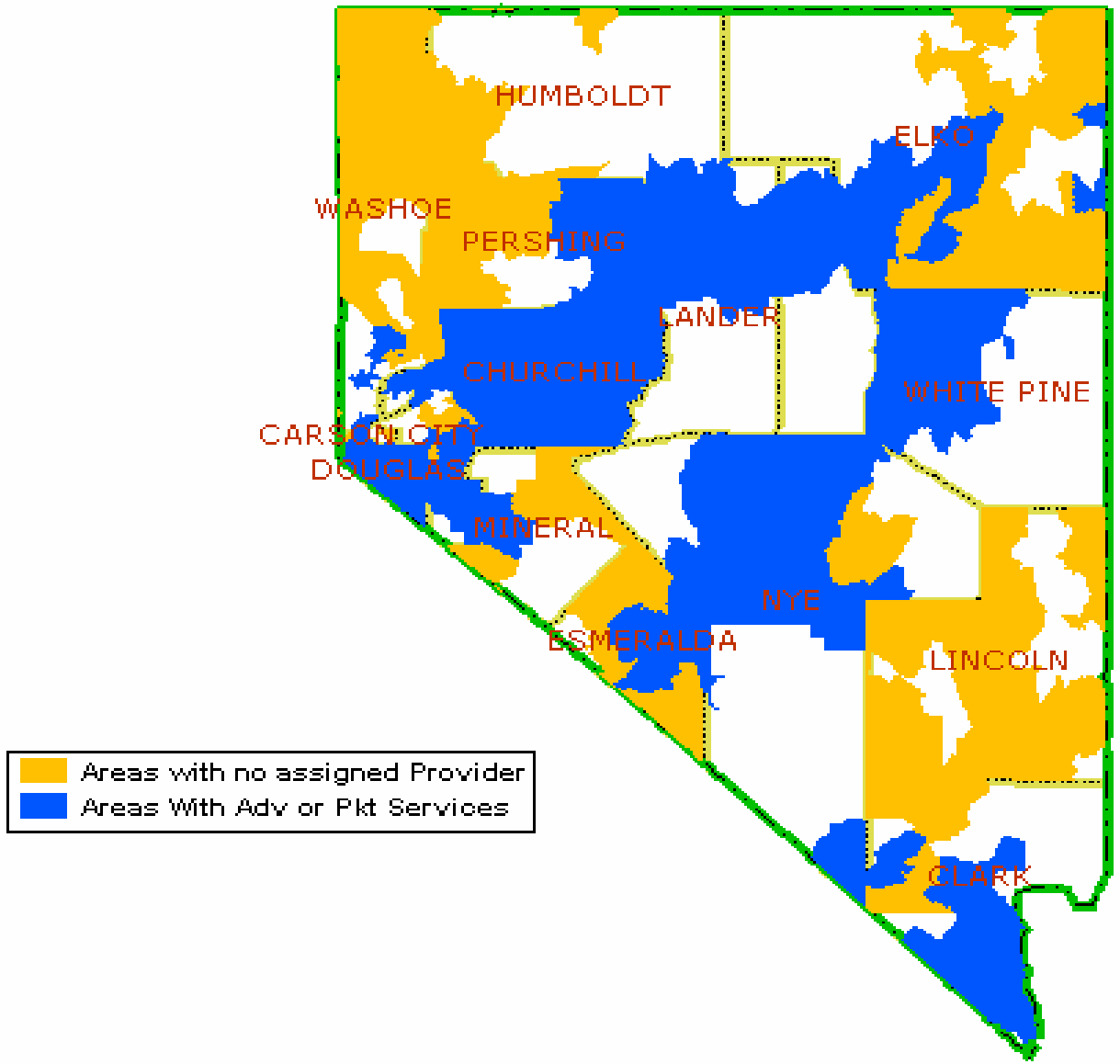
Advanced or Packet Service Availability 2000



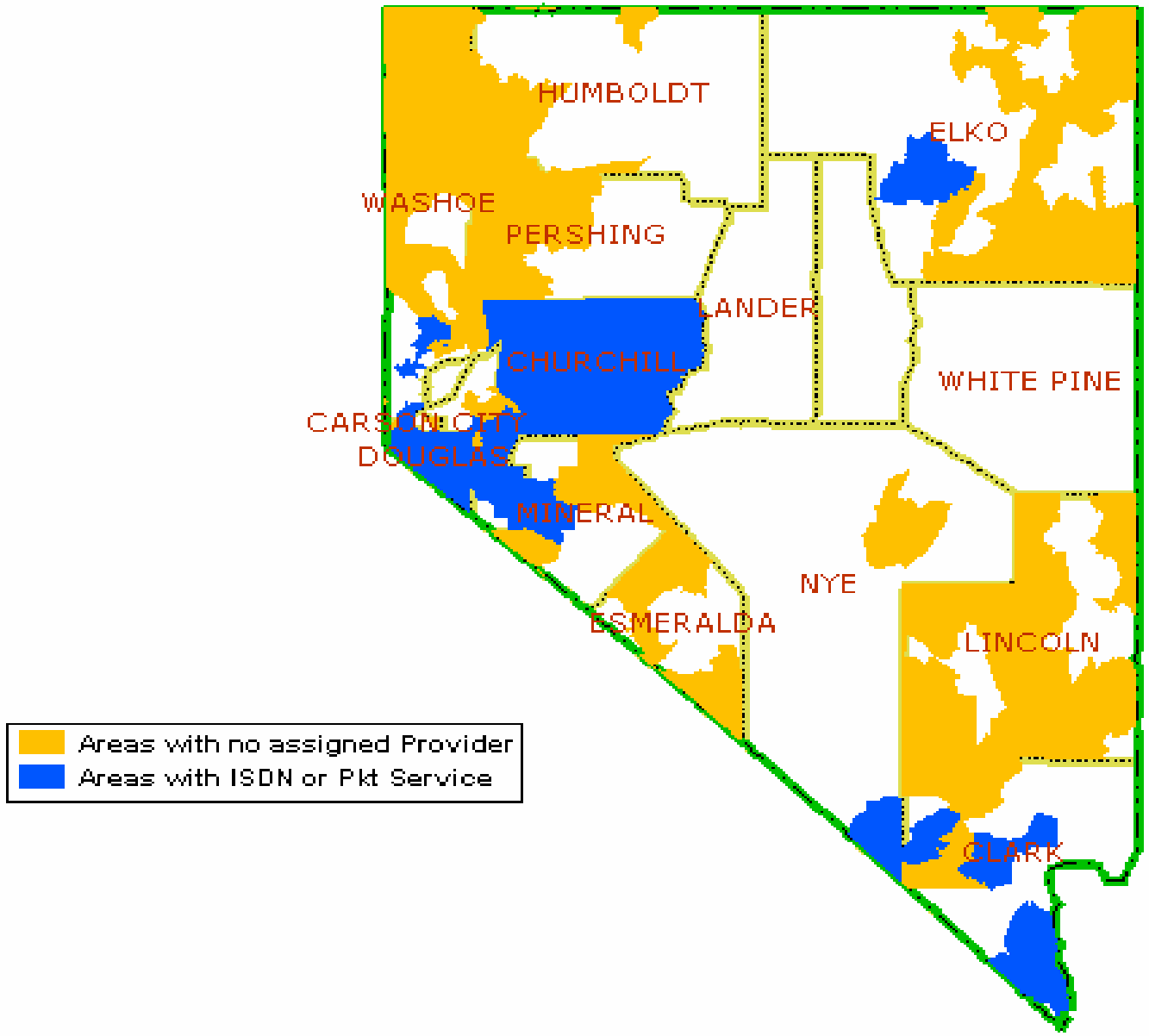
ISDN or Packet Service Availability 2000



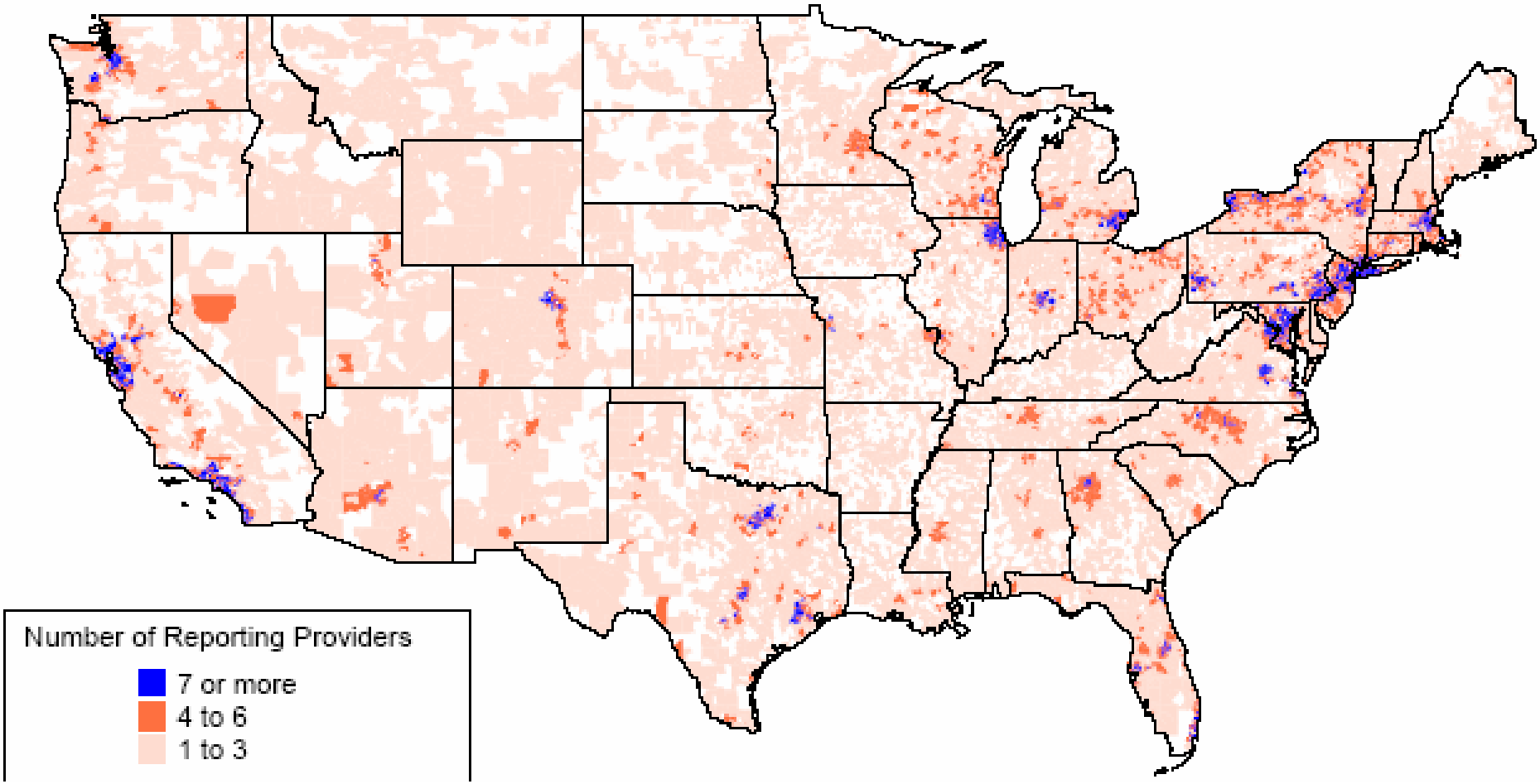
Advanced or Packet Service Availability 2003



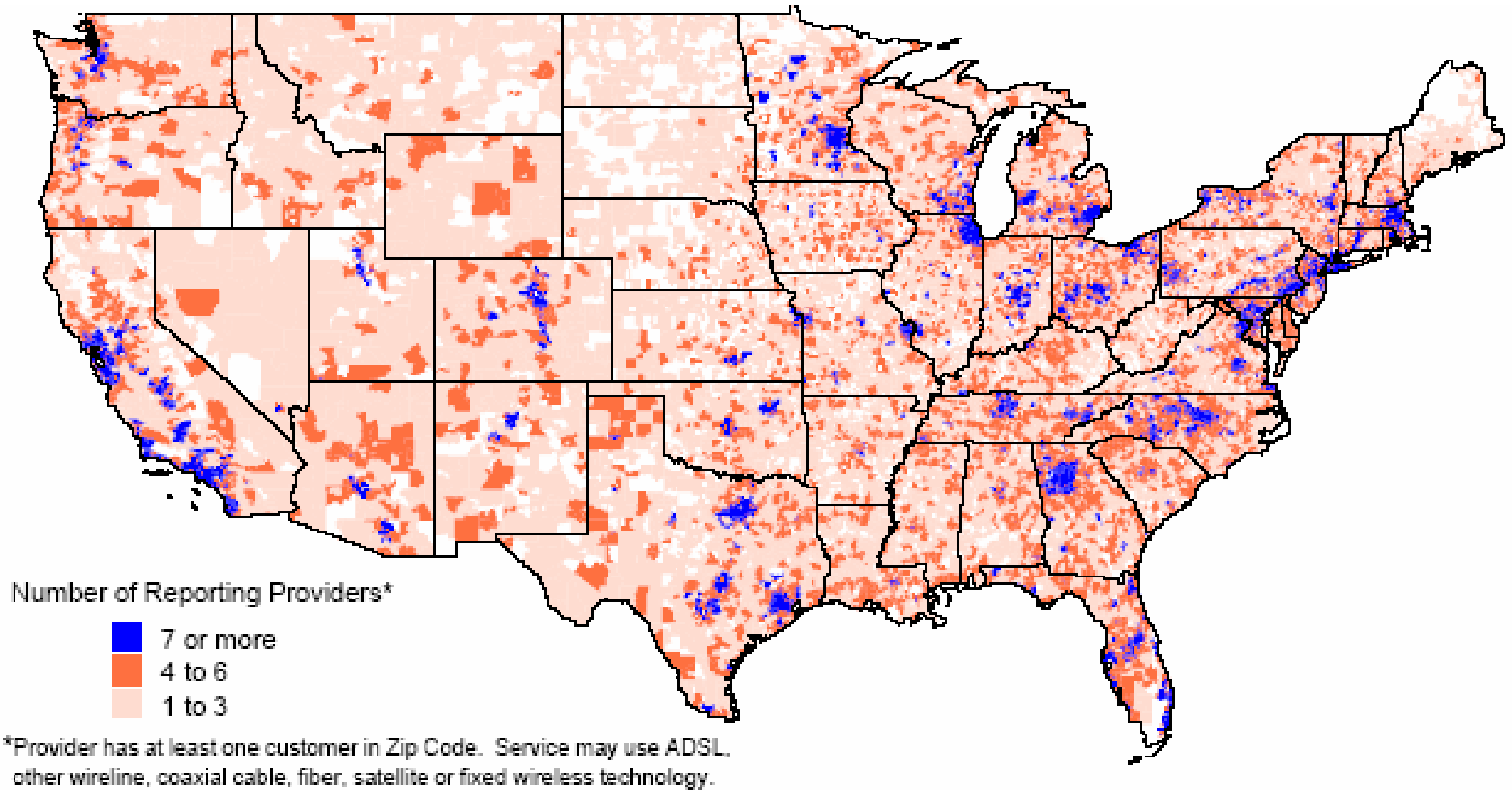
ISDN or Packet Service Availability 2003



High Speed Providers by Zip Code
As of December 31, 2000

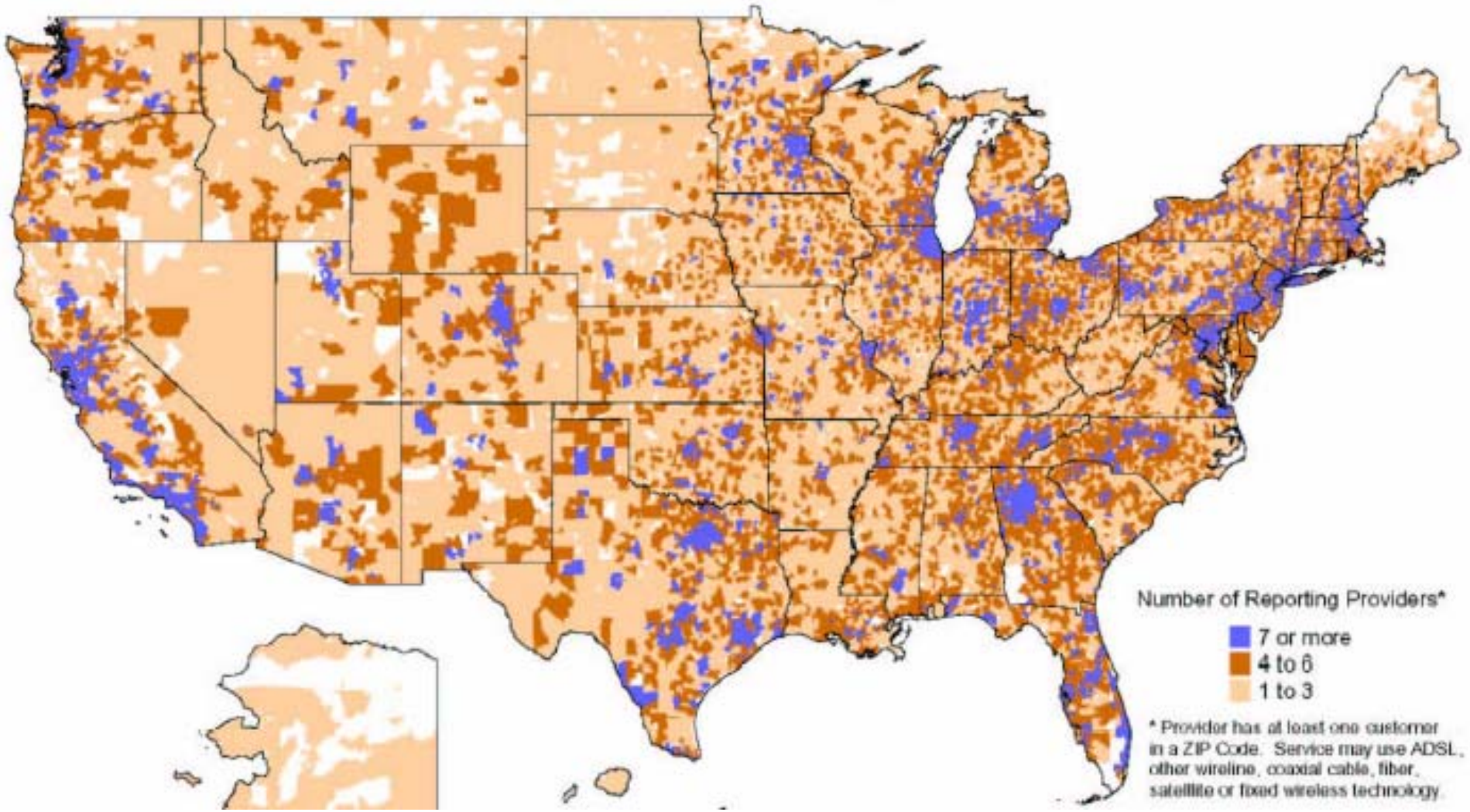


High Speed Providers by Zip Code
As of December 31, 2002



*Provider has at least one customer in Zip Code. Service may use ADSL, other wireline, coaxial cable, fiber, satellite or fixed wireless technology.

High Speed Providers by Zip Code
As of December 31, 2003



Percentage of Zip Codes with High-Speed Lines in Service
As of December 31, 2003
(Over 200kbps in at Least One Direction

State	Zero	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten or More
Arizona	2	5	15	17	7	9	4	5	4	4	28
California	2	6	11	11	8	4	5	4	5	5	39
Colorado	4	13	18	16	10	4	5	3	4	3	20
Montana	19	28	26	15	3	2	2	3	1	0	0
Nebraska	17	25	23	15	11	5	3	1	0	0	0
Nevada	**4**	**28**	**14**	**9**	**14**	**9**	**15**	**5**	**3**	**0**	**0**
North Dakota	17	54	23	5	2	1	0	0	0	0	0
Oregon	5	10	18	18	17	7	5	2	4	4	11
South Dakota	25	32	25	11	3	3	0	0	0	0	0
Utah	10	21	18	12	5	3	2	1	2	2	24
Washington	5	9	18	16	8	5	5	5	6	4	18
Wyoming	8	25	21	28	5	11	1	0	0	0	0
Selected States Average	10	21	19	14	8	5	4	2	2	2	12
Nationwide	7	15	17	15	11	8	6	4	3	3	11

Providers of High Speed Lines by Technology
As of December 31, 2003
(Over 200kbps in at Least One Direction)

State	ADSL	Coaxial Cable	Other 1	Total (Unduplicated)
Arizona	7	7	14	23
California	16	10	27	40
Colorado	7	5	13	19
Idaho	7	*	7	13
Montana	10	*	9	17
Nebraska	**10**	**8**	**14**	**22**
Nevada	9	*	11	15
New Mexico	8	4	8	15
North Dakota	15	4	16	21
Oregon	15	5	17	26
South Dakota	13	4	13	24
Utah	9	*	15	18
Washington	13	6	20	26
Wyoming	4	*	4	7
Selected States Average	7	7	11	19
Nationwide Average	12	7	16	24

* Data withheld to maintain firm confidentiality. In this table, an asterisk also indicates 1-3 providers reporting.

1 Other includes wireline technologies other than asymmetric digital subscriber line (ADSL), optical fiber-to-the subscriber's premises, satellite, and terrestrial wireless systems.

High Speed Lines by State
(Over 200kbps in at Least One Direction)

State	1999	2000		2001		2002		2003	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Arizona	58,825	111,678	153,500	158,122	251,709	308,621	370,939	445,179	536,465
California	547,179	910,006	1,386,625	1,705,814	2,041,276	2,598,491	3,035,756	3,456,681	4,165,658
Colorado	36,726	64,033	104,534	147,220	177,419	243,810	298,265	344,154	425,431
Idaho	*	8,070	15,908	20,233	18,445	43,119	54,963	64,353	80,455
Montana	*	*	7,378	10,446	13,037	17,969	20,090	28,023	39,240
Nebraska	36,748	44,188	54,085	55,188	71,451	92,849	117,219	141,172	173,524
Nevada	**23,514**	**40,582**	**59,879**	**78,535**	**109,850**	**138,042**	**159,179**	**209,732**	**247,442**
North Dakota	*	2,437	4,227	6,277	6,082	14,164	20,024	25,474	31,571
Oregon	27,062	44,186	76,839	93,242	158,048	199,549	275,449	318,460	380,507
South Dakota	*	3,516	2,839	5,448	9,585	12,555	18,060	22,016	28,557
Utah	11,635	19,612	35,970	55,103	72,977	93,928	121,744	135,007	162,905
Washington	71,930	118,723	195,628	227,066	335,667	422,348	485,063	577,378	672,247
Wyoming	*	*	*	*	7,856	10,990	14,696	17,507	24,818
Selected States	813,619	1,367,031	2,097,412	2,562,694	3,273,402	4,196,435	4,991,447	5,785,136	6,968,820
Nationwide	2,754,286	4,367,434	7,069,874	9,616,341	12,792,812	16,202,540	19,881,549	23,459,671	28,230,149

* Data withheld due to confidentiality.

High Speed Lines by State

Growth Rates and Penetration

(Over 200kbps in at Least One Direction)

State	1999 to 2003 Percentage Growth	Dec 2001 To Dec 2002 Percentage Growth	Dec 2002 To Dec 2003 Percentage Growth	Ratio of Households to High Speed Lines[1]
Arizona	812%	47%	45%	3.54
California	661%	49%	37%	2.76
Colorado	1058%	68%	43%	3.90
Idaho		198%	46%	5.84
Montana		54%	95%	9.14
Nebraska	372%	64%	48%	3.84
Nevada	**952%**	**45%**	**55%**	**3.04**
North Dakota		229%	58%	8.15
Oregon	1306%	74%	38%	3.51
South Dakota		88%	58%	10.16
Utah	1300%	67%	34%	4.30
Washington	835%	45%	39%	3.38
Wyoming		87%	69%	7.80
Selected States Average	912%	86%	51%	5.33
Selected States Median	893%	67%	46%	3.90
Selected States	757%	52%	40%	3.21
Nationwide	925%	55%	42%	3.74

1) Household Data is From the 2000 Census. High Speed Lines are as of December 31, 2003.

ADLS High Speed Lines by State

(Over 200kbps in at Least One Direction)

State	1999	2000		2001		2002		2003	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Arizona	*	*	32,395	39,828	53,489	68,280	72,324	77,368	87,263
California	122,855	373,574	622,894	735,677	928,345	1,214,543	1,485,309	1,715,998	2,065,780
Colorado	*	*	42,810	52,617	70,615	100,197	113,040	126,189	155,137
Idaho	*	*	*	*	13,643	16,108	17,930	19,382	24,503
Montana	*	*	1,760	2,842	4,272	7,108	6,549	13,119	19,417
Nevada	*	*	**10,023**	*	**17,598**	**24,073**	**36,662**	**47,934**	**61,014**
New Mexico	*	*	*	7,578	*	18,224	22,607	26,948	36,546
North Dakota	*	*	*	*	4,849	6,575	8,826	11,593	14,034
Oregon	*	19,989	31,644	25,877	57,899	68,747	82,555	95,654	117,253
South Dakota	*	*	*	1,652	2,869	4,389	6,308	8,637	11,635
Utah	*	*	17,352	23,476	33,306	47,637	57,025	65,648	76,466
Washington	*	52,345	79,130	64,812	140,273	172,652	200,189	225,377	262,149
Wyoming	*	*	*	*	*	*	*	5,503	8,467
Selected States Average			104,751	106,040	120,651	145,711	175,777	187,642	226,128
Selected States Median			32,395	32,853	43,398	47,637	57,025	56,791	68,740
Nationwide	369,792	951,583	1,977,101	2,693,834	3,947,808	5,101,493	6,471,716	7,675,114	9,509,442

ADLS High Speed Lines by State

Growth Rates and Penetration

(Over 200kbps in at Least One Direction)

State	Percentage Growth in ADSL Lines			ADSL Lines as a Percentage of Total End-User Switched Access Lines[1]
	Dec 2000 to Dec 2003	Dec 2001 to Dec 2002	Dec 2002 to Dec 2003	As of December 31, 2003
Arizona	169%	35%	21%	3%
California	232%	60%	39%	9%
Colorado	262%	60%	37%	5%
Idaho		31%	37%	3%
Montana	1003%	53%	196%	4%
Nevada	**509%**	**108%**	**66%**	**4%**
New Mexico			62%	0%
North Dakota		82%	59%	5%
Oregon	271%	43%	42%	6%
South Dakota		120%	84%	3%
Utah	341%	71%	34%	6%
Washington	231%	43%	31%	7%
Wyoming				
Selected States Average	377%	64%	59%	5%
Selected States Median	271%	60%	42%	5%
Nationwide	381%	64%	47%	5%

1) Carriers with under 10,000 lines in a state were not required to report.

High Speed Lines by Type Offer
As of December 31, 2003
(Over 200kbps in at Least One Direction)

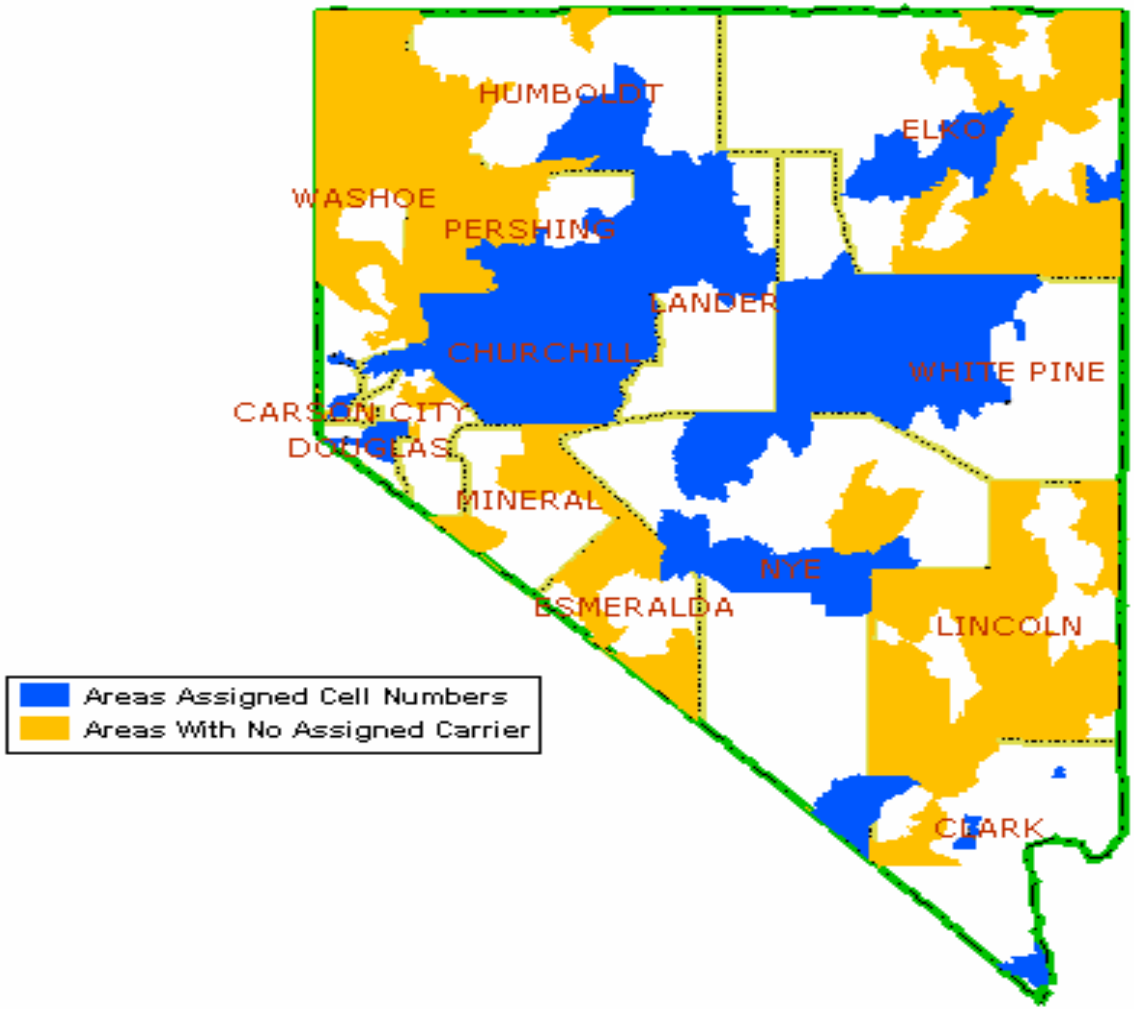
State	Residential & Small Business	Other 1	Total
Arizona	516,173	20,292	536,465
California	3,803,058	362,600	4,165,658
Colorado	392,395	33,036	425,431
Idaho	78,195	2,260	80,455
Montana	37,174	2,066	39,240
Nebraska	163,495	10,029	173,524
Nevada	**227,216**	**20,226**	**247,442**
New Mexico	85,798	5,938	91,736
North Dakota	30,636	935	31,571
Oregon	365,309	15,198	380,507
South Dakota	27,351	1,206	28,557
Utah	152,100	10,805	162,905
Washington	632,652	39,595	672,247
Wyoming	23,505	1,313	24,818
Selected States	6,535,057	525,499	7,060,556
Selected States Average	466,790	37,536	504,325
Selected States Median	157,798	10,417	168,215
Nationwide	25,976,850	2,253,299	28,230,149
Nationwide Average	505,884	44,112	549,996
Nationwide Median	330,290	28,556	368,528

1) Other includes medium and large business, institutional, and government customers.

* Number withheld due to confidentiality.

Nevada Areas with Numbers Assigned to Cell Phone Operators

As of 2003

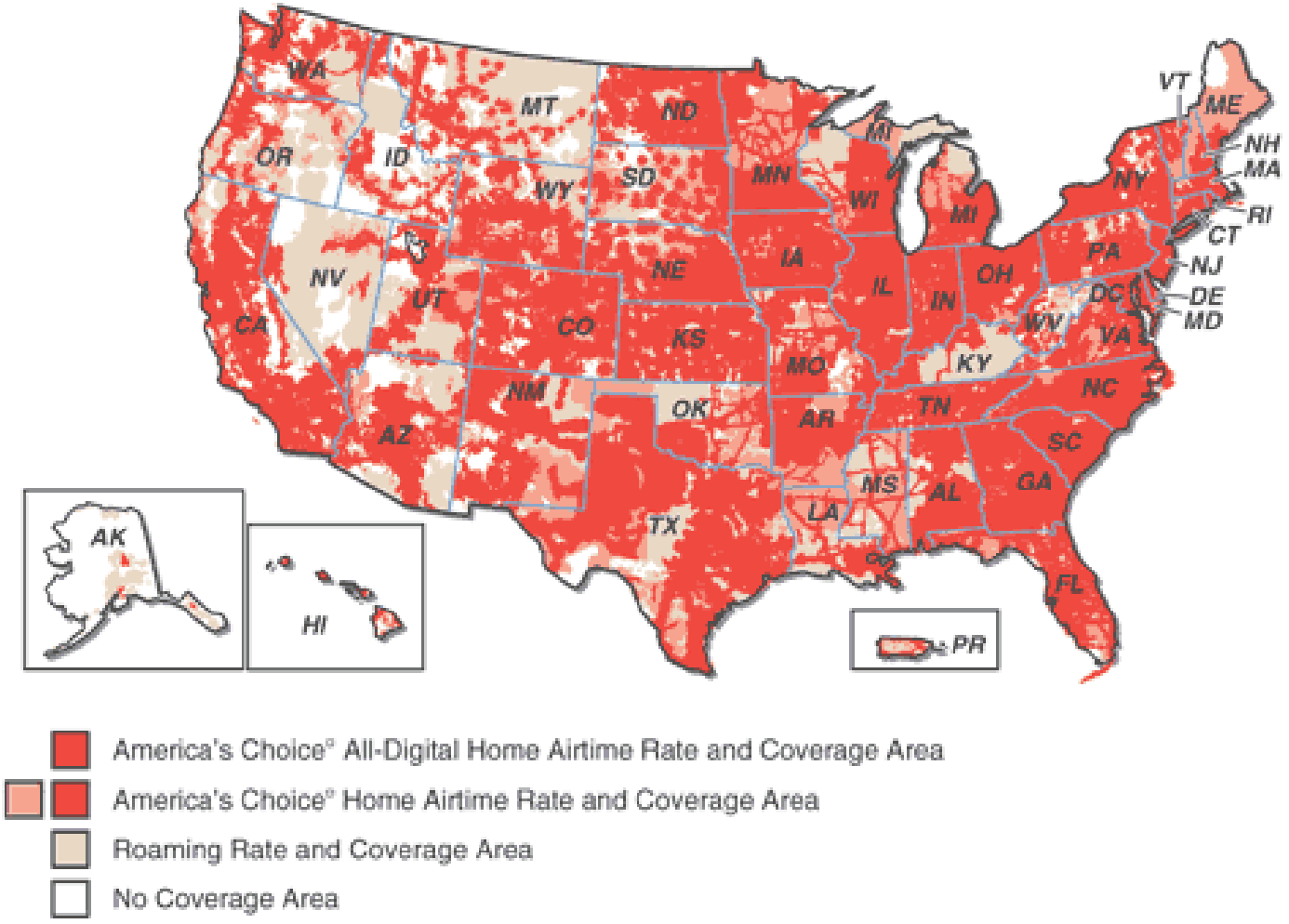


Sprint PCS Network Coverage

Sprint Nationwide PCS Network
Enjoy clarity you can see and hear on the largest all-digital, all-PCS nationwide network serving more than 230 million people.

Expanded Voice Coverage
Reaching more than 280 million people, allows you to make or receive calls throughout the country with no additional charges for roaming or long distance.

Verizon Wireless Network Coverage



Mobile Wireless Telephone Subscribers

State	December 2003 Carriers [1]	Subscribers								
		1999	2000		2001		2002		2003	
		Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
Arizona	14	1,125,321	1,624,668	1,855,115	2,018,410	2,171,021	2,412,998	2,520,058	2,643,952	2,843,061
California	15	8,544,941	12,283,369	12,710,520	14,184,625	15,052,203	16,007,376	17,575,105	18,892,619	20,360,454
Colorado	10	1,552,718	1,654,989	1,856,075	1,983,405	2,145,816	2,247,166	2,358,748	2,426,929	2,554,731
Idaho	10	271,436	296,066	344,564	398,781	444,864	500,693	536,064	572,406	605,488
Montana	4	*	*	*	*	279,349	291,429	315,512	343,160	373,947
Nebraska	9	576,296	600,885	659,380	712,685	791,799	838,568	867,810	900,744	937,184
Nevada	**8**	**750,335**	**825,163**	**684,752**	**766,581**	**842,155**	**895,586**	**984,486**	**1,077,380**	**1,216,838**
North Dakota	*	*	*	*	*	*	245,578	*	*	*
Oregon	10	914,848	1,082,425	1,201,207	1,268,909	1,399,279	1,473,883	1,682,343	1,682,036	1,778,936
South Dakota	5	*	*	*	*	278,646	292,210	325,114	344,825	365,211
Utah	9	643,824	692,006	750,244	833,492	919,002	970,854	1,052,522	1,094,563	1,154,992
Washington	10	1,873,475	2,144,767	2,286,082	2,493,214	2,706,030	2,849,043	2,869,784	3,102,750	3,377,193
Wyoming	4	127,634	*	*	173,939	194,665	168,232	191,939	276,344	295,706
Selected States		16,380,828	21,204,338	22,347,939	24,834,041	27,224,829	29,193,616	31,279,485	33,357,708	35,863,741
Selected States Average	9	1,638,083	2,356,038	2,483,104	2,483,404	2,268,736	2,245,663	2,606,624	2,779,809	2,988,645
Selected States Median	10	832,592	1,082,425	1,201,207	1,051,201	880,579	895,586	1,018,504	1,085,972	1,185,915
Nationwide	86	79,696,083	90,643,058	101,043,219	114,028,928	123,990,857	130,751,459	138,878,293	147,623,734	157,042,082

* Data withheld to maintain firm confidentiality.

[1] Carriers with under 10,000 subscribers in a state were not required to report.

Mobile Wireless Subscribers
Growth Rates and Household Penetration

State	Percentage Growth Rates					Ratio of Cell Phones Per Household[1]
	1999 to 2003	1999 to 2000	2000 to 2001	2001 to 2002	2002 to 2003	
Arizona	153%	65%	17%	16%	13%	1.50
California	138%	49%	18%	17%	16%	1.77
Colorado	65%	20%	16%	10%	8%	1.54
Idaho	123%	27%	29%	21%	13%	1.29
Montana				13%	19%	1.04
Nebraska	63%	14%	20%	10%	8%	1.41
Nevada	62%	-9%	23%	17%	24%	1.62
North Dakota						
Oregon	94%	31%	16%	20%	6%	1.33
South Dakota				17%	12%	1.26
Utah	79%	17%	22%	15%	10%	1.65
Washington	80%	22%	18%	6%	18%	1.49
Wyoming	132%			-1%	54%	1.53
Selected States	119%	36%	22%	15%	15%	1.60
Selected States Average	101%	27%	20%	13%	16%	1.45
Selected States Median	87%	22%	18%	15%	13%	1.49
Nationwide	97%	27%	23%	12%	13%	1.49

1) Household data from the 2000 US Census.

WiFi Hotspots in Nevada

208 Wi-Fi hotspots in Nevada

http://forbes.jiwire.com/browse-hotspot-united-states-us-nevada-nv-34.htm

Select a city:

Battle Mountain *(1)*
Carlin *(1)*
Carson City *(8)*
Fernley *(2)*
Henderson *(23)*
Incline Village *(2)*
Las Vegas *(125)*
Laughlin *(1)*
North Las Vegas *(3)*
Pahrump *(3)*
Reno *(30)*
Sparks *(5)*
W. Wendover *(1)*
Wells *(2)*
Winnemucca *(1)*

Voice over IP

Voice Over IP is available from Vonage in the following NV Area Codes

Nevada Available Area Codes	
702	Blue Diamond
702	Boulder City
702	Henderson
702	Las Vegas
702	Laughlin
702	Mount Charleston
702	Searchlight

Source: http://www.vonage.com/avail.php

VoIP from Voiceglo is available in the following NV Area Codes

702	HENDERSON
702	LAUGHLIN
702	PAHRUMP
702	SEARCHLIGHT

Source: http://www.voiceglo.com/complete_plans/area_codes

VoIp from Packet8 is available in Las Vegas

Source: http://www.packet8.net/about/areacodes.asp

APPENDIX F

Letter dated September 9, 2004, to David R. Parks, from
Donald Soderberg, Chairman, Public Utilities Commission of Nevada

DAVID R. PARKS
ASSEMBLYMAN
District No. 41

COMMITTEES:
Chairman
Taxation

Member
Commerce and Labor
Ways and Means

RESIDENCE:
1700 Gabriel Drive
Las Vegas, Nevada 89119-6286
Voice: (702) 736-6929
Fax No.: (702) 736-3922

LEGISLATIVE BUILDING:
401 S. Carson Street
Carson City, Nevada 89701-4747
Office: (775) 684-8821
Fax No.: (775) 684-8874

State of Nevada
Assembly

Seventy-Second Session

September 9, 2004

Don Soderberg, Chairman
Public Utilities Commission of Nevada
1150 East William Street
Carson City, NV 89701-3019

Dear Chairman:

This letter is to inform you that at the August 27, 2004, meeting of the Legislative Commission's Subcommittee to Study Telecommunication Services in Nevada (Assembly Concurrent Resolution No. 2 [File No. 10, *Statutes of Nevada 2003, 20th Special Session*]), the Subcommittee unanimously voted to request that the Chairman of the Public Utilities Commission of Nevada appear before a joint hearing of the Senate and Assembly Standing Committees on Commerce and Labor during the first weeks of the 2005 Legislative Session. The Subcommittee requests that you give a brief report on the current status of Federal Communications Commission dockets and their implications on the State of Nevada and to report on the changing telecommunications marketplace.

This interim study has shown the significant impact that telecommunication services have on a state's economy and the welfare of its citizens. With the rapid changes in new technology, such as voice telephony and Broadband over Power Lines, I believe it is necessary for legislators to be knowledgeable on such issues in order to make informed policy decisions.

Thank you for your consideration of this request. Questions or concerns about this correspondence may be directed to me through the subcommittee's staff person Diane C. Thornton, Senior Research Analyst, Research Division, Legislative Counsel Bureau, at (775) 684-6825 or via electronic mail to her at dthornton@lcb.state.nv.us.

Sincerely,

Assemblyman David R. Parks
Chairman, Legislative Commission's Subcommittee
to Study Telecommunication Services in Nevada

DRP:rb/L13 Telecommunications
cc: Members, Telecommunication Subcommittee

APPENDIX G

Letter dated September 14, 2004, to David R. Parks, from
Donald Soderberg, Chairman, Public Utilities Commission of Nevada

KENNY C. GUINN
Governor

STATE OF NEVADA
PUBLIC UTILITIES COMMISSION OF NEVADA
1150 E. William Street
Carson City, Nevada 89701-3109
Policy (775) 687-6007 • Fax (775) 687-6110
Staff (775) 687-6001 • Fax (775) 687-6120
http://puc.state.nv.us

RURAL NEVADA
557 W. Silver Street, No. 205B
Elko, Nevada 89801
(775) 738-4914 • Fax (775) 778-6928

SOUTHERN NEVADA OFFICE
101 Convention Center Drive, Suite 250
Las Vegas, Nevada 89109
(702) 486-2600 • Fax (702) 486-7206

September 14, 2004

Assemblyman David R. Parks
State of Nevada Assembly
401 South Carson Street
Carson City, NV 89701-4747

Dear Assemblyman Parks:

I have received your correspondence requesting a report on the current status of Federal Communications Commission dockets and their implications on the State of Nevada and also on the changing telecommunications marketplace. We will be happy to provide the report and if there is any other information that you would like a report on, please do not hesitate to contact us at 687-6007.

Sincerely,

DONALD L. SODERBERG
Chairman

cc: Diane Thornton, Legislative Counsel Bureau
Charles Bolle, Public Utilities Commission

CONSUMER DIVISION:
Carson City/Reno—(775) 687-6000 • Las Vegas—(702) 486-2600 • Other Areas—800-992-0900 Ext. 687-6000

APPENDIX H

Letter dated September 9, 2004, to Donald Soderberg,
from David R. Parks, Nevada State Assemblyman

DAVID R. PARKS
ASSEMBLYMAN
District No. 41

COMMITTEES:
Chairman
Taxation

Member
Commerce and Labor
Ways and Means

State of Nevada Assembly

Seventy-Second Session

RESIDENCE:
1700 Gabriel Drive
Las Vegas, Nevada 89119-6286
Voice: (702) 736-6929
Fax No.: (702) 736-3922

LEGISLATIVE BUILDING:
401 S. Carson Street
Carson City, Nevada 89701-4747
Office: (775) 684-8821
Fax No.: (775) 684-8874

September 9, 2004

Don Soderberg, Chairman
Public Utilities Commission of Nevada
1150 East William Street
Carson City, NV 89701-3019

Dear Chairman:

At the August 27, 2004, meeting of the Legislative Commission's Subcommittee to Study Telecommunication Services in Nevada (Assembly Concurrent Resolution No. 2 [File No. 10, *Statutes of Nevada 2003, 20th Special Session*]), the Subcommittee voted to refer the report compiled by Mr. Scott K. Kennedy and Dr. Robert Loube to the Public Utilities Commission of Nevada (PUCN) for further review. The Subcommittee feels that the PUCN is the appropriate venue to allow further evaluation of the information gathered in the report.

The Subcommittee values the expertise and vast knowledge of Mr. Kennedy and Dr. Loube, not to mention their time spent gathering data as directed by Assembly Concurrent Resolution No. 2. However, based on the testimony of Mr. Kennedy and Dr. Loube that the data in their report is incomplete, the Subcommittee voted to not accept the report presented as the Subcommittee's final report to be submitted to the Legislative Commission.

As Chairman, and on the behalf of the members of the Legislative Commission's Subcommittee to Study Telecommunications Services in Nevada, please allow me to express our appreciation of your involvement and cooperation in this study.

Sincerely,

Assemblyman David R. Parks
Chairman, Legislative Commission's Subcommittee
to Study Telecommunication Services in Nevada

DRP:rb/L14Telecommunications
cc: Members, Telecommunication Subcommittee

APPENDIX I

Suggested Legislation

The following Bill Draft Request will be available during the 2005 Legislative Session, or can be accessed after "Introduction" at the following Web site: http://www.leg.state.nv.us/73rd/BDRList/page.cfm?showAll=1.

BDR 17-470 Provide for specified information to be confidential for the purpose of creating reports for Legislative committees and studies.