

**ADOPTED REGULATION OF THE PUBLIC
UTILITIES COMMISSION OF NEVADA**

LCB File No. R241-03

Effective August 2, 2004

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §1, NRS 704.210 and 704.6873.

A REGULATION relating to telecommunication service; revising the provisions governing lifeline discounts offered by certain telecommunications carriers to qualifying low-income subscribers; and providing other matters properly relating thereto.

Section 1. NAC 704.680475 is hereby amended to read as follows:

704.680475 1. An eligible telecommunications carrier shall offer to subscribers within its service area the following services:

- (a) Lifeline; and
- (b) Link up.

2. In offering lifeline service pursuant to subsection 1, an eligible telecommunications carrier shall offer to qualifying low-income subscribers ~~[a lifeline discount of at least \$5.25 per line per month, but the discount must not exceed 60 percent of the amount of the monthly rate charged by the carrier for one party residential basic local exchange service, including, without limitation, the charge for a federal subscriber line.]~~ *such lifeline discounts as are necessary to enable the carrier to comply fully with the directives of the Federal Communications Commission, including, without limitation, 47 C.F.R. § 54.403.*

3. As used in this section, “link up” has the meaning ascribed to it in 47 C.F.R. § 54.411(a).

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R241-03**

The Public Utilities Commission of Nevada adopted regulations assigned LCB File No. R241-03 which pertain to chapter 704 of the Nevada Administrative Code on June 22, 2004.

Notice date: 2/17/2004
Hearing date: 5/11/2004

Date of adoption by agency: 6/22/2004
Filing date: 8/2/2004

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.

The regulations concerning revision or repeal of the 60 percent limitation on the Lifeline credit contained within NAC 704.680475(2) in Nevada in Public Utilities Commission of Nevada ("Commission") Docket No. 03-3028 were noticed twice: a Notice of Request for Comments was issued on April 11, 2003; and a Notice of Intent to Amend/Adopt/Repeal Regulations, Request for Comments, Notice of Workshop and Notice of Hearing was issued on February 17, 2004. Both notices were published in the Elko Daily Free Press, Las Vegas Review Journal, Nevada Appeal, Reno Gazette Journal, and Tonopah Times-Bonanza. Additionally, the notices were mailed to county clerks, county libraries and all persons who requested inclusion on the Commission's service list.

In addition to the public response from affected businesses discussed in #3 below, the following summary represents public responses that were made to the Commission at the duly-noticed Workshop held on May 11, 2004: William Stanley, Assistant Counsel for the Commission's Regulatory Operations Staff ("Staff"), presented Staff's proposed changes to the proposed regulations and indicated that all participants agreed to Staff's changes.

A copy of the summary may be obtained by calling the Commission at (775) 687-6001 or (702) 486-2600, or by writing to the Commission at 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

2. The number of persons who:

- (a) **Attended the workshop:**
May 11, 2004: 11
- (b) **Testified at the workshop:**
May 11, 2004: 1
- (c) **Attended the hearing:**
May 11, 2004: 7

(d) Submitted to the agency written comments:

Written comments were submitted by the following: the Regulatory Operations Staff of the Commission (“Staff”); the Attorney General’s Bureau of Consumer Protection (“BCP”); Nevada Bell Telephone Company, d/b/a SBC Nevada (“SBC Nevada”); the Nevada Telecommunications Association; Verizon California Inc., d/b/a Verizon Nevada (“Verizon”); and Central Telephone Company - Nevada, d/b/a Sprint of Nevada (“Sprint”).

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses by notices placed in the newspapers mentioned in the response to question #1 above, by direct mailings to interested persons on the Commission’s mailing list and by posting of notices at county libraries, courthouses and the Commission’s website.

Appearances were made at the foregoing workshops and hearings by interested persons, including: Staff; BCP; SBC Nevada; Sprint, the Nevada Telecommunications Association; and Verizon.

Transcripts of the workshops and hearings, copies of the comments and this summary are on file and available for public viewing at the offices of the Commission. Copies of the transcripts may be obtained by calling the Commission at (775) 687-6001 or (702) 486-2600, or by writing to the Commission at: 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

4. If the regulations were adopted without changing any part of the proposed regulations, a summary of the reasons for adopting the regulations without change.

Changes were made to the proposed regulations before they were adopted by the Commission. The Commission received the Legislative Counsel Bureau’s (“LCB”) revisions to the proposed regulations on January 27, 2004. On May 11, 2004, after the duly-noticed Workshop, the Presiding Officer changed the language of the proposed regulations to include clarifications suggested by the participants at the Workshop. The modifications were not substantive in nature, but merely for clarification. On May 13, 2004, the revised proposed regulations were sent to the LCB for further review. The Commission received the LCB’s comments on May 27, 2004. The LCB’s version of the revised proposed regulations was adopted by the Commission on June 9, 2004, at a duly-noticed general session.

5. The estimated economic effect of the adopted regulations on the businesses that it is to regulate and on the public. These must be stated separately, and each case must include:

- (a) Both adverse and beneficial effects; and**
- (b) Both intermediate and long-term effects.**

The Commission completed a small business impact statement pursuant to Nevada Revised Statute (“NRS”) 233B.0608. On February 17, 2004, the Presiding Officer issued a Procedural Order instructing Staff to conduct an investigation into whether the proposed regulations is likely to: (i) impose a direct and significant economic burden upon a small business; or (ii) directly restrict the formation, operation or expansion of a small business. Staff was required to present a report on the investigation to the Commission. At the March 31, 2004 general session, Staff presented its report to the Commission. The Commission voted at that general session to accept Staff’s recommendation that the proposed regulations do not impose a direct and significant burden on small businesses in Nevada or restrict the formation, operation or expansion of small businesses in Nevada.

The regulations have no additional direct economic effect on businesses subject to the regulations, other than to allow those businesses to access and comply with federal Lifeline support levels. All Eligible Telecommunication Carriers (“ETC”), including Incumbent Local Exchange Carriers, are required to offer Lifeline service per NAC 704.680475. Removing the 60 percent cap on the Lifeline discount credit, however, does not necessarily correlate with an increase to offered Lifeline credits. Likewise, the public will not be affected by the regulations because the regulations impose no fee or other charges. Therefore, the revised Nevada regulations will not have an economic impact in the intermediate or long term.

The revised proposed regulations will benefit low-income subscribers by providing access to additional federal funds to offset phone service fees, promoting universal service throughout Nevada.

6. The estimated cost to the agency for enforcement of the adopted regulations.

At this time, the Commission cannot quantify what, if any, estimated cost it will incur to enforce the adopted regulations.

7. A description of any regulations of other state or government agencies that the proposed regulations overlap or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulations overlaps or duplicates a federal regulations, the name of the regulating federal agency.

The regulations overlap federal regulations regarding universal telecommunications service and Lifeline credits in that the revised proposed regulations allow a telecommunications company that is designated as an ETC to access additional funds from the federal government to offset telecommunications service. Those funds were previously available to subscribers in other states that did not have a cap on the Lifeline credit.

8. If the regulations include provisions that are more stringent than federal regulations that regulate the same activity, a summary of such provisions.

The regulations are not more stringent than any federal regulations that regulate the same activity.

9. If the regulations provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Commission does not anticipate any new fees or an increase in any existing fees as a result of the adoption of these regulations.

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In re Commission Investigation And Rulemaking To)
Determine If The 60 Percent Limitation On The Lifeline)
Credit Contained Within NAC 704.680475(2) Should Be)
Revised Or Repealed.)

Docket No. 03-3028

At a general session of the Public Utilities
Commission of Nevada, held at its offices
on June 9, 2004.

PRESENT: Chairman Donald L. Soderberg
Commissioner Adriana Escobar Chanos
Commissioner Carl B. Linvill
Commission Secretary Crystal Jackson

ORDER

The Public Utilities Commission of Nevada (“Commission”) makes the following findings of fact and conclusions of law:

1. On March 20, 2003, the Commission voted to open an investigation and rulemaking to determine if the 60 percent limitation on the Lifeline credit contained within the Nevada Administrative Code (“NAC”) 704.680475(2) should be revised or repealed. The Commission designated this matter as Docket No. 03-3028.
2. This matter is being conducted by the Commission pursuant to the Nevada Revised Statutes (“NRS”) and the NAC, Chapters 233B, 703, and 704.
3. The Commission issued a public notice of this matter in accordance with state law and the Commission’s Rules of Practice and Procedure.
4. On April 11, 2003, the Commission issued a request for comments in this matter.
5. On December 17, 2003, the proposed regulations were sent to the Legislative Council Bureau for review. On January 22, 2004, the Commission received the Legislative Council Bureau’s comments on the proposed regulations.

6. On February 17, 2004, the Commission issued a Notice of Intent to Amend/Adopt/Repeal Regulations.

7. On March 31, 2004, the Commission voted to adopt the Regulatory Operations Staff of the Commission's ("Staff") Small Business Impact Statement Report on the proposed regulations, finding no direct or significant impact upon small businesses.

8. On April 19, 2004, the Commission received comments on the proposed regulations from the Nevada Telecommunications Association. April 27, 2004, the Commission received comments on the proposed regulations from Staff, the Attorney General's Bureau of Consumer Protection, Central Telephone Company-Nevada, d/b/a Sprint of Nevada ("Sprint"), Verizon California Inc., d/b/a Verizon Nevada, and Nevada Bell Telephone Company, d/b/a SBC Nevada.

9. On May 11, 2004, the Commission held a workshop and hearing in this matter.

10. During the workshop, Staff presented proposed language clarifying the intent of the proposed regulations.

11. During the hearing, the Presiding Officer presented revised proposed regulations incorporating comments made during the workshop. An additional edit, suggested by Sprint, was incorporated into the revised proposed regulations during the hearing.

12. On May 13, 2004, the revised proposed regulations incorporating comments from the May 11, 2004 workshop and hearing were sent to the Legislative Council Bureau for review. On May 27, 2004, the Commission received the Legislative Council Bureau's comments on the revised proposed regulations.

13. The Commission finds that it is in the public interest to adopt the revised proposed permanent regulations, attached hereto as Attachment A and incorporated herein by reference.

THEREFORE, based upon the foregoing findings of fact and conclusions of law, it is hereby ORDERED that:

1. The proposed permanent regulations in Docket No. 03-3028, which are attached hereto as Attachment A and incorporated herein by reference, are ADOPTED.

2. The Commission retains jurisdiction for the purpose of correcting any errors that may have occurred in the drafting or issuance of this Order.

By the Commission,

DONALD L. SODERBERG, Chairman

ADRIANA ESCOBAR CHANOS, Commissioner

CARL B. LINVILL, Commissioner and Presiding Officer

Attest: _____
CRYSTAL JACKSON, Commission Secretary

Date: Carson City, Nevada

6-22-04
(SEAL)