

LCB File No. R187-05

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and rulemaking regarding applicable)
regulation of county-owned telephone systems)
concerning the Universal Service Fund.) Docket No. 05-7046
_____)

NOTICE OF INTENT TO AMEND/REPEAL REGULATIONS;

NOTICE OF WORKSHOP AND NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada (“Commission”) will hold a WORKSHOP on **Monday, November 28, 2005, 9:00 a.m.**, at the offices of the Commission, Hearing Room A, 1150 East William Street, Carson City, Nevada 89701, at which time interested persons may appear and be heard. The workshop may be continued from day to day. The purpose of this workshop is to receive comments from all interested persons regarding changes to the Commission's regulations as a result of Senate Bill (“S.B.”) 210 passed during the 73rd Regular Session of the Nevada Legislature regarding applicable regulation of county-owned telephone systems concerning the Nevada Universal Service Fund (“NUSF”). Specifically, S.B. 210 clarifies that a county-owned telephone system must collect and be eligible to receive NUSF assessments and funds under the same terms and conditions as a public utility subject to subsection 7 of Nevada Revised Statute (“NRS”) 704.040. The proposed regulations contain additions and deletions to the Commission’s regulations to implement S.B. 210.

NOTICE IS HEREBY GIVEN that the Commission will hold a HEARING on **Monday, November 28, 2005, 1:00 p.m.**, at the offices of the Commission, Hearing Room A, 1150 East

William Street, Carson City, Nevada 89701, at which time interested persons may appear and be heard. The hearing may be continued from day to day. The purpose of this hearing is to receive comments from all interested persons regarding the proposed regulations containing additions and deletions to the Commission's regulations regarding applicable regulation of county-owned telephone systems concerning the NUSF.

The following information is provided pursuant to the requirements of NRS 233B.0603: The proposed regulations make various additions and deletions to the Commission's regulations regarding applicable regulation of county-owned telephone systems concerning the NUSF. The additions and deletions to the Commission's regulations are to clarify that a county-owned telephone system must collect and be eligible to receive NUSF assessments and funds under the same terms and conditions as a public utility subject to subsection 7 of Nevada Revised Statute 704.040.

The proposed regulations affect all entities that offer or will offer telecommunications services, as well as the customers of such entities. At this time, the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulation or the public, either immediate or long-term, which may result from the regulation.

The Commission cannot quantify at this time any increase in costs associated with enforcement of these proposed regulations. The regulations do not overlap or duplicate any other state or local federal government regulation, nor do they establish any new fee or increase an existing fee.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public workshop and/or hearing, or address their comments, data, views, or

arguments, in written form, to the Secretary of the Commission, 1150 E. William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109; and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulations are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulations will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adopting any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice has been posted at the county courthouses located in Reno, Carson City, and Las Vegas.

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Docket No. 05-7046

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

AUTHORITY: NRS 703.025, 704.040, 704.210, 704.6873

Section 1. Chapter 704 of the NAC is hereby amended by adding thereto the provisions set forth as sections 2 through 5 of this regulation:

Sec. 2. NAC 704.68044 Duties of Administrator of Fund. The Administrator of the Fund for Universal Service shall:

1. Conduct periodic audits of contributors to the Fund for Universal Service to ensure that the correct payments are being remitted by the providers of telecommunication service.
2. Verify the qualifications of an applicant who requests support from the Fund for Universal Service.
3. Collect assessments from each provider of telecommunication service ~~[certificated by the Commission]~~ and deposit that money into the Fund for Universal Service.
4. Disburse money from the Fund for Universal Service to providers of telecommunication service who qualify for funding in accordance with NAC 704.6804 to 704.68056, inclusive, and with applicable orders of the Commission.
5. Prepare an annual report of all activities of the Fund for Universal Service including:
 - (a) The total annual payments into the Fund from each ~~[certificated]~~ provider of telecommunication service; and
 - (b) An itemization of all disbursements from the Fund to each qualified provider of telecommunication service.
6. Prepare and submit a request to the Commission to collect money for and disburse money from the Fund, which includes:
 - (a) The estimated amount of money required to support the Fund for the following year; and
 - (b) The percentage rate which must be applied to the intrastate retail revenues of all of the providers of telecommunication service, to raise the estimated amount of money required, as reported in paragraph (a) of this subsection.

Sec. 3. NAC 704.68046 General eligibility requirements to qualify for disbursement from Fund. To qualify for a disbursement of money from the Fund for Universal Service:

1. Except as otherwise provided in subsection 2, if the disbursement of money is for the purposes set forth in subsections 1 to 4, inclusive, of NAC 704.68043, the provider of telecommunication service must:
 - (a) Be an eligible telecommunications carrier; and

(b) Unless otherwise specifically authorized by the Commission, average its rates for basic service in a manner that is consistent with NAC 704.68085 within the service area in which it is designated as an eligible telecommunications carrier.

2. If the disbursement of money is:

(a) For the purpose set forth in subsection 4 of NAC 704.68043; and

(b) Intended specifically to support the provision of access to an Internet service provider pursuant to the provisions of 47 C.F.R. § 54.621,

□ the provider of telecommunication service is not required to be an eligible telecommunications carrier, but must have a certificate of public convenience and necessity issued by the Commission *or is a county telephone line or system*.

3. If the disbursement of money is for the purpose set forth in subsection 5 of NAC 704.68043, the provider of telecommunication service must:

(a) Hold a certificate of public convenience and necessity issued by the Commission *or is a county telephone line or system*;

(b) Meet the requirements for eligibility set forth in 47 C.F.R. § 54.501; and

(c) Provide services described in 47 C.F.R. § 54.502 at discounted rates pursuant to NAC 704.680469.

4. To be eligible to receive disbursements from the fund, the county telephone line or system must meet the same terms and conditions set forth in NAC 704.6804 to 704.68056, inclusive.

Sec. 4. NAC 704.680461 Requirements for designation as eligible telecommunications carrier; issuance of order by Commission approving or denying application.

1. A provider of telecommunication service who seeks designation as an eligible telecommunications carrier must file with the Commission an application in which the provider affirms that it:

(a) Holds a certificate of public convenience and necessity issued by the Commission that authorizes the provider of telecommunication service to provide basic service *or is a county telephone line or system*.

(b) Unless otherwise specifically authorized by the Commission pursuant to NAC 704.680462, offers the services described in 47 C.F.R. § 54.101 throughout the service area for which the provider of telecommunication service seeks designation as an eligible telecommunications carrier. Such services must be provided at rates and in accordance with terms that are nondiscriminatory and may be provided by the provider of telecommunication service using:

(1) Its own facilities, which may include, without limitation, facilities obtained as unbundled network elements from another provider of telecommunication services; or

(2) A combination of its own facilities and resale of the services of another provider of telecommunication service.

(c) At least once every 3 months, advertises throughout the service area for which the provider of telecommunication service seeks designation as an eligible telecommunications carrier the availability of the services described in 47 C.F.R. § 54.101 and the rates and charges applicable to those services through prominent presentation in one or more forms of media of general distribution, including, without limitation, newspapers, television or radio.

2. The Commission will issue an order approving or denying an application filed pursuant to subsection 1 within 90 days after receipt of the application.

Sec. 5. NAC 704.68054 Assessment for support of Fund.

1. The Commission will make an annual determination of the total amount of money required to support the Fund for Universal Service for the next calendar year based on the recommendation of the Administrator and any person given permission to intervene by the Commission. The Commission will then set the assessment based on a percentage rate on anticipated revenues from retail intrastate telecommunication service of all ~~certificated~~ providers of telecommunication service required to recover this amount.

2. The assessment must be remitted to the Administrator by a provider of telecommunication service on a quarterly basis.

3. Any shortfall or overage in the Fund for Universal Service at the end of the calendar year must be carried forward to the following calendar year and used in establishing the rate for that year.