

regulation and set this matter for hearing. Therefore, pursuant to Nevada Revised Statute (“NRS”) 233B.061

NOTICE IS HEREBY GIVEN that the Commission has scheduled a WORKSHOP in this docket as follows:

MONDAY, APRIL 27, 1998

10:00 a.m.
Hearing Room A
Public Utilities Commission
727 Fairview Drive
Carson City, Nevada 89701

at which time interested persons may appear and be heard. If necessary, the workshop will continue from day to day until completed.

Furthermore, NOTICE IS HEREBY GIVEN that the Commission has scheduled a HEARING in this docket as follows:

MONDAY, MAY 4, 1998

10:00 a.m.
Hearing Room A
Public Utilities Commission
727 Fairview Drive
Carson City, Nevada 89701

at which time interested persons may appear and be heard. If necessary, the hearing will continue from day to day until completed.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public workshop and/or hearing and should submit an original and nine copies of written comments addressing the proposed regulations for filing on or before MONDAY, FEBRUARY 23, 1998.

At the workshop and hearing, the Commission will discuss the proposed regulation and the various comments received in an effort to adopt the appropriate procedures. At the hearing, the Commission may also consider issues related to the provisions of Chapters 233B, 703, and 704 of the NRS and Chapters 703 and 704 of the Nevada Administrative Code. The Commission may also discuss public comments and may make decisions on the procedural and substantive issues raised at the hearing.

A copy of this notice and the complete text of the proposed regulation are on file and available for public inspection at the State Library, 100 Stewart Street, Carson City, Nevada and the offices of the Commission, 727 Fairview Drive, Carson City, Nevada 89710 and 555 East Washington Avenue, Suite 4500, Las Vegas, Nevada 89101. In all counties in which an office of the Commission is not maintained, a copy of this notice and proposed regulation will also be available for public inspection at the main public library during business hours. Copies 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 adoption of any regulation, the agency, if requested to do so by an interested person, either prior to 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 consideration urged against its adoption.

This notice of hearing has been posted at the county courthouses for Carson City, Reno, and Las Vegas, Nevada.

By the Commission,

JEANNE REYNOLDS, Commission Secretary

Dated: Carson City, Nevada

(SEAL) _____

R010-98

PROPOSED REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

PUC Docket No. 97-11014

Explanation: New material is underlined

AUTHORITY: NRS 704.210

Section 1. Chapter. 704 of the Nevada Administrative Code (“NAC”) is hereby amended by adding thereto the provisions set forth as Sections 2 to 9, inclusive, of this regulation.

Sec. 2. Definitions. As used in NAC 704.XXX to 704.XXX, inclusive, unless the context otherwise requires:

1. “Avoided cost study” means a study conducted for the purposes of determining wholesale rates.
2. “Wholesale rate” means the retail rate charged for a telecommunications service excluding the portion thereof attributable to avoided retail costs.

3. “Avoided retail costs” means the difference between the level of costs an incumbent local exchange carrier currently incurs in providing a given level of service at retail and the level of costs the incumbent would incur if it were to provide the same level of service solely through sale at wholesale.

4. “Wholesale discount factor” means the ratio of avoided retail costs to total company expenses for a particular service or group of services.

5. “All other services” means all telecommunications services an incumbent local exchange carrier must offer for resale pursuant to 47 U.S.C. §251(c)(4), excluding operator and directory assistance services.

6. “Incumbent local exchange carrier” means incumbent local exchange carrier as defined 47 U.S.C. §251(h).

7. “Requesting telecommunications carrier” means a telecommunications carrier as defined in 47 U.S.C. §153(44) requesting to purchase at wholesale rates services offered by the incumbent local exchange carrier.

Sec. 3. Wholesale discount factors.

1. Except as noted in subsection 4 of this Section, an incumbent local exchange carrier shall

determine wholesale discount factors on the basis of an avoided cost study that complies with the requirements of Sections 5 - 9, inclusive.

2. An incumbent local exchange carrier shall determine separate wholesale discount factors for:

(a) operator and directory assistance services, and

(b) all other services.

3. An incumbent local exchange carrier may determine a wholesale discount factor to apply to all other services as a group. Such determination does not relieve the carrier of the obligation of determining a service specific wholesale discount factor as may be required for the purposes of 47 U.S.C. §§252 (b),(c) and (d).

4. An incumbent local exchange carrier and a requesting telecommunications carrier may voluntarily negotiate and enter into a binding agreement for wholesale discount factors without regard to Sections 5-9.

Sec. 4. Wholesale rates. Incumbent local exchange carriers shall determine wholesale rates for services offered for resale for the purposes of 47 U.S.C. §§251(c)(4) and 252(d)(3), and Nevada Bell for the purposes of these sections and 47 U.S.C. §252(f), by subtracting from the retail rate for the service the result obtained by multiplying the retail rate by the applicable wholesale discount factor.

Sec. 5. Studies required.

1. An incumbent local exchange carrier shall conduct separate avoided cost studies for:

(a) operator and directory assistance services, and

(b) all other services.

2. An incumbent local exchange carrier may conduct an avoided cost study for all other services as a group. Conducting such a study does not relieve the carrier of the obligation of conducting a service specific avoided cost study as may be required for the purposes of 47 U.S.C. §§252 (b),(c) and (d).

Sec. 6. Total company data. Avoided cost studies shall use most currently available total company, unseparated data as reported in the Federal Communications Commission's Automated Record Management Information System (ARMIS) 43-03 Report, as that system exists on January 1, 1998.

Sec. 7. Uniform systems of accounts. Avoided cost studies shall be conducted upon the basis of the

Uniform Systems of Accounts for Class A and B telephone companies ("USOA accounts") described in 47 C.F.R. Part 32 as those regulations exist on January 1, 1998.

Sec. 8. Services not offered for resale. Avoided cost studies shall exclude revenues and expenses associated with telecommunications services not offered for resale.

Sec. 9. Avoided retail costs. Avoided cost studies shall:

1. be based upon avoided retail costs as defined in Section 2.3;
2. include as avoided direct costs a portion of costs recorded in USOA account 6611 (product management) and the vast majority of costs recorded in USOA accounts 6612 (sales), 6613 (product advertising), and 6623 (customer service); and
3. include as avoided indirect costs a portion of costs recorded in USOA accounts 6121-6124 (general support expenses); USOA accounts 6711, 6712, and 6721-6728 (corporate operations expense); and USOA account 5301 (telecommunications uncollectibles).