

SENATE BILL NO. 498—COMMITTEE ON  
COMMERCE, LABOR AND ENERGY

MARCH 25, 2013

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Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to telecommunications.  
(BDR 58-1097)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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

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AN ACT relating to telecommunication services; revising provisions relating to telecommunications; requiring the Public Utilities Commission of Nevada to establish certain procedures for contracting with an independent administrator for purposes relating to certain telephone services; authorizing certain telecommunication providers to access, under certain circumstances, certain databases created and maintained by the Department of Health and Human Services for purposes relating to certain telephone services; authorizing an independent administrator to access, under certain circumstances, such databases and databases of other state agencies for purposes relating to certain telephone services; repealing certain provisions relating to telecommunication providers; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law requires the Public Utilities Commission of Nevada to regulate  
2 public utilities that provide telecommunication service to the public. (Chapter 704  
3 of NRS) Existing law also provides certain rights and obligations to all  
4 telecommunication providers. (NRS 704.040-704.060) **Section 1** of this bill  
5 requires the Commission to establish by regulation certain procedures for  
6 contracting with an independent administrator who will certify or recertify the  
7 eligibility of customers for lifeline service, a Federal Government benefit program  
8 that provides discounts on monthly telephone service for eligible low-income  
9 customers.  
10 **Section 1.3** of this bill authorizes certain telecommunication providers to  
11 access databases created and maintained by the Department of Health and Human



12 Services for the exclusive purpose of determining or verifying the status of an  
13 eligible customer. **Section 1.3** also provides that such access by telecommunication  
14 providers must be prohibited after such time as an independent administrator is  
15 selected and is able to inform eligible providers of the status of their customers'  
16 eligibility to receive lifeline service. **Section 1.3** further provides that an  
17 independent administrator who is selected pursuant to **section 1** may access the  
18 database created and maintained by the Department and, to the extent authorized by  
19 state and federal law, any other database created and maintained by any other state  
20 agency for the purpose of determining or verifying the status of an eligible  
21 customer.

22 Existing law requires that the Department provide each eligible  
23 telecommunication provider with a list of eligible customers, as determined by  
24 criteria adopted by the Commission or the Federal Communications Commission.  
25 (NRS 707.470) Existing law also requires that an eligible telecommunication  
26 provider notify an eligible customer that he or she will receive lifeline or link up  
27 services unless the eligible customer specifically declines to receive the services.  
28 (NRS 707.480) **Section 2** of this bill repeals these requirements.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 704.040 is hereby amended to read as follows:

2 704.040 1. Every public utility shall furnish reasonably  
3 adequate service and facilities. Subject to the provisions of  
4 subsection 3, the charges made for any service rendered or to be  
5 rendered, or for any service in connection therewith or incidental  
6 thereto, must be just and reasonable.

7 2. Every unjust and unreasonable charge for service of a public  
8 utility is unlawful.

9 3. Except as otherwise provided in NRS 704.68861 to  
10 704.68887, inclusive:

11 (a) A competitive supplier is exempt from any provision of this  
12 chapter governing the rates, prices, terms and conditions of any  
13 telecommunication service.

14 (b) A small-scale provider of last resort is subject to the  
15 provisions of this chapter, NRS 427A.797 and chapter 707 of NRS.

16 4. All telecommunication providers which offer the same or  
17 similar service must be subject to fair and impartial regulation, to  
18 promote adequate, economical and efficient service.

19 5. To maintain the availability of telephone service in  
20 accordance with the regulations adopted pursuant to NRS 704.6873,  
21 the Commission shall provide for the levy and collection of a  
22 uniform and equitable assessment, in an amount determined by the  
23 Commission, from all persons furnishing intrastate  
24 telecommunication service or the functional equivalent of such  
25 service through any form of telephony technology, unless the levy  
26 and collection of the assessment with regard to a particular form of



1 technology is prohibited by federal law. Assessments levied and  
2 collected pursuant to this subsection must be maintained in a  
3 separate fund established by the Commission. The Commission  
4 shall contract with an independent administrator to administer the  
5 fund pursuant to open competitive bidding procedures established  
6 by the Commission. The independent administrator shall collect the  
7 assessments levied and distribute them from the fund pursuant to a  
8 plan which has been approved by the Commission. ~~Money in the  
9 fund must be used for the sole purpose of maintaining the  
10 availability of telephone service.~~

11 **6. The Commission shall by regulation establish:**

12 **(a) The procedure for contracting with an independent**  
13 **administrator who will certify or recertify the eligibility of**  
14 **customers for lifeline service as defined in NRS 707.450,**  
15 **including:**

16 **(1) The selection of the independent administrator pursuant**  
17 **to open competitive bidding procedures established by the**  
18 **Commission; and**

19 **(2) The duties of the independent administrator which must**  
20 **be promulgated in advance of conducting the initial request for**  
21 **proposal for the independent administrator.**

22 **(b) The duties of the independent administrator which must:**

23 **(1) Be determined by criteria adopted by the Commission or**  
24 **the Federal Communications Commission;**

25 **(2) Provide for the independent administrator to be able to**  
26 **accomplish all functions necessary for interfacing with the**  
27 **National Lifeline Accountability Database when it is established**  
28 **and operational pursuant to 47 C.F.R. § 54.404 and any other**  
29 **national eligibility database for eligible telecommunication**  
30 **providers; and**

31 **(3) Require the independent administrator to be responsible**  
32 **for informing eligible telecommunications providers of the status**  
33 **of their customers' eligibility to receive lifeline service as defined**  
34 **in NRS 707.450.**

35 **7. To implement the requirements of subsections 5 and 6, the**  
36 **Commission:**

37 **(a) May select a single entity to perform the duties of**  
38 **subsections 5 and 6; and**

39 **(b) Is authorized to use the fund set forth in subsection 5 for**  
40 **the sole purpose of maintaining the availability of telephone**  
41 **service as set forth in subsections 5 and 6.**

42 **Sec. 1.3.** Chapter 707 of NRS is hereby amended by adding  
43 thereto a new section to read as follows:

44 **1. Until an independent administrator is selected pursuant to**  
45 **NRS 704.040, an eligible provider may access any database, if one**



1 *exists, that is created and maintained by the Department for the*  
2 *exclusive purpose of determining or verifying the status of an*  
3 *eligible customer. Such access by an eligible provider is subject to*  
4 *the rules and regulations of the Department and is prohibited:*

5 *(a) For any purpose other than the purpose described in this*  
6 *subsection; and*

7 *(b) After an independent administrator is selected pursuant to*  
8 *NRS 704.040 and the independent administrator is able to inform*  
9 *eligible providers of the status of their customers' eligibility to*  
10 *receive lifeline service.*

11 *2. An independent administrator selected pursuant to NRS*  
12 *704.040 may access any database described in subsection 1 and, to*  
13 *the extent authorized by state and federal law, access any other*  
14 *database, if one exists, that is created and maintained by any other*  
15 *state agency for the exclusive purpose of determining or verifying*  
16 *the status of an eligible customer.*

17 **Sec. 1.7.** NRS 707.400 is hereby amended to read as follows:

18 707.400 As used in NRS 707.400 to 707.500, inclusive, *and*  
19 *section 1.3 of this act*, the words and terms defined in NRS 707.410  
20 to 707.460, inclusive, have the meanings ascribed to them in those  
21 sections.

22 **Sec. 2.** 1. NRS 707.470 is hereby repealed.

23 2. NRS 707.480 is hereby repealed.

24 **Sec. 3.** The Public Utilities Commission of Nevada shall adopt  
25 the regulations required by NRS 704.040, as amended by section 1  
26 of this act, on or before July 1, 2014.

27 **Sec. 4.** 1. This section and section 1, subsection 2 of section  
28 2, and section 3 of this act become effective on October 1, 2013.

29 2. Sections 1.3 and 1.7, and subsection 1 of section 2 of this act  
30 become effective on January 1, 2014.

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## TEXT OF REPEALED SECTIONS

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**707.470 Department to provide list of eligible customers to each eligible provider; contents of the list; update of list regulations.**

1. The Department shall provide to each eligible provider a list of eligible customers, as determined by criteria adopted by the Public Utilities Commission of Nevada or the Federal Communications Commission, as appropriate, who are located within the service area of the eligible provider. The list must include:



- (a) The name and address of each eligible customer; and
- (b) If applicable, the telephone number of each eligible customer.

2. Every 6 months the Department shall provide to each eligible provider an updated list of the eligible customers in this State.

3. The Department may adopt such regulations as are necessary to coordinate the acquisition and provision of the information required to be provided pursuant to this section.

**NRS 707.480 Eligible provider to notify eligible customers regarding default receipt of lifeline and link up services; contents of notification; declination of services; billing for services; duration of lifeline services.**

1. An eligible provider, within 7 days after determining that a person located in its service area is an eligible customer, shall notify the eligible customer that the eligible customer will receive lifeline or link up services, or both, unless the eligible customer specifically declines to receive the services. The notification must include:

- (a) Information about the lifeline and link up services, including, without limitation, the date on which the services will begin and any options or responsibilities that the eligible customer may have related to the receipt of those services;

- (b) A self-addressed, postage paid response card which the eligible customer must return to the eligible provider to decline the services; and

- (c) A statement that the eligible provider will automatically provide lifeline or link up services, or both, to the eligible customer unless the eligible customer declines the services by timely returning to the eligible provider the response card included with the notification.

2. To decline lifeline or link up services, an eligible customer must return the response card included in the notification provided pursuant to subsection 1 to the eligible provider not later than 10 days before the date on which the services are scheduled to begin.

3. An eligible provider shall begin billing an eligible customer for lifeline or link up services, or both, not later than 60 days after the date on which the eligible provider receives the list of eligible customers from the Department which includes the eligible customer, if the eligible customer has not declined the services.

4. An eligible provider shall continue providing lifeline services to an eligible customer for as long as the eligible customer continues to receive telecommunication services from the eligible



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provider until the customer or the Department notifies the eligible provider that the customer is no longer eligible for the program. The eligible provider shall discontinue providing lifeline services to an eligible customer if the eligible customer notifies the eligible provider in writing that the eligible customer wishes to discontinue receiving those services.

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\* S B 4 9 8 R 1 \*