

AN ACT

relating to the universal service fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 56.023, Utilities Code, is amended by amending Subsections (f), (g), (h), (i), and (k) and adding Subsections (q), (t), and (u) to read as follows:

(f) Except as provided by Subsection (g), for an incumbent local exchange company or cooperative that served greater than 31,000 access lines in this state on September 1, 2022 [~~2013~~], or a company or cooperative that is a successor to such a company or cooperative, the support that the company or cooperative is eligible to receive on December 31, 2023 [~~2016~~], under a plan established under Section 56.021(1)(A) is reduced:

(1) on January 1, 2024 [~~2017~~], to 75 percent of the level of support the company or cooperative is eligible to receive on December 31, 2023 [~~2016~~];

(2) on January 1, 2025 [~~2018~~], to 50 percent of the level of support the company or cooperative is eligible to receive on December 31, 2023 [~~2016~~]; ~~and~~

(3) on January 1, 2026 [~~2019~~], to 25 percent of the level of support the company or cooperative is eligible to receive on December 31, 2023; and

(4) on January 1, 2027, to zero percent of the level of support the company or cooperative is eligible to receive on

1 December 31, 2023 [~~2016~~].

2 (g) After the commission has adopted rules under Subsection
3 (j), an incumbent local exchange company or cooperative that is
4 subject to Subsection (f) may petition the commission to initiate a
5 contested case proceeding as necessary to determine the eligibility
6 of the company or cooperative to receive support under a plan
7 established under Section 56.021(1)(A). A company or cooperative
8 may not file more than one petition under this subsection. On
9 receipt of a petition under this subsection, the commission shall
10 initiate a contested case proceeding to determine the eligibility
11 of the company or cooperative to receive continued support under a
12 plan established under Section 56.021(1)(A) for service in the
13 exchanges that are the subject of the petition. To be eligible to
14 receive support for service in an exchange under this subsection,
15 the company or cooperative must demonstrate that it has a financial
16 need for continued support. The commission must issue a final order
17 on the proceeding not later than the 330th day after the date the
18 petition is filed with the commission. Until the commission issues
19 a final order on the proceeding, the company or cooperative is
20 entitled to receive the total amount of support the company or
21 cooperative was eligible to receive on the date the company or
22 cooperative filed the petition. A company or cooperative that
23 files a petition under this subsection is not subject to Subsection
24 (f) after the commission issues a final order on the proceeding. If
25 the commission determines that a company or cooperative has
26 demonstrated financial need for continued support under this
27 subsection, it shall set the amount of support in the same

1 proceeding. The amount of support set by the commission for an
2 exchange under this subsection may not exceed:

3 (1) 100 percent of the amount of support that the
4 company or cooperative will be eligible to receive on December 31,
5 2023 [~~2016~~], if the petition is filed before January 1, 2024 [~~2016~~];

6 (2) 75 percent of the amount of support that the
7 company or cooperative will be eligible to receive on December 31,
8 2023 [~~2016~~], if the petition is filed on or after January 1, 2024
9 [~~2016~~], and before January 1, 2025 [~~2017~~];

10 (3) 50 percent of the amount of support the company or
11 cooperative is eligible to receive on December 31, 2023 [~~2016~~], if
12 the petition is filed on or after January 1, 2025 [~~2017~~], and before
13 January 1, 2026 [~~2018~~]; [~~or~~]

14 (4) 25 percent of the amount of support that the
15 company or cooperative is eligible to receive on December 31, 2023
16 [~~2016~~], if the petition is filed on or after January 1, 2026 [~~2018~~],
17 and before January 1, 2027; or

18 (5) zero percent of the amount of support that the
19 company or cooperative is eligible to receive on December 31, 2023,
20 if the petition is filed on or after January 1, 2027, and before
21 January 1, 2028 [~~2019~~].

22 (h) Except as provided by Subsection (i), for an incumbent
23 local exchange company that is an electing company under Chapter 58
24 or 59 or a cooperative that served greater than 31,000 access lines
25 in this state on September 1, 2022 [~~2013~~], or a company or
26 cooperative that is a successor to such a company or cooperative,
27 the support that the company or cooperative is eligible to receive

1 on December 31, 2024 [~~2017~~], under a plan established under Section
2 56.021(1)(B) is reduced:

3 (1) on January 1, 2025 [~~2018~~], to 75 percent of the
4 level of support the company or cooperative is eligible to receive
5 on December 31, 2024 [~~2017~~];

6 (2) on January 1, 2026 [~~2019~~], to 50 percent of the
7 level of support the company or cooperative is eligible to receive
8 on December 31, 2024 [~~2017~~]; [~~and~~]

9 (3) on January 1, 2027 [~~2020~~], to 25 percent of the
10 level of support the company or cooperative is eligible to receive
11 on December 31, 2024; and

12 (4) on January 1, 2028, to zero percent of the level of
13 support the company or cooperative is eligible to receive on
14 December 31, 2024 [~~2017~~].

15 (i) After the commission has adopted rules under Subsection
16 (j), an incumbent local exchange company or cooperative that is
17 subject to Subsection (h) may petition the commission to initiate a
18 contested case proceeding as necessary to determine the eligibility
19 of the company or cooperative to receive support under a plan
20 established under Section 56.021(1)(B). A company or cooperative
21 may not file more than one petition under this subsection. On
22 receipt of a petition under this subsection, the commission shall
23 initiate a contested case proceeding to determine the eligibility
24 of the company or cooperative to receive continued support under a
25 plan established under Section 56.021(1)(B) for service in the
26 exchanges that are the subject of the petition. To be eligible to
27 receive support for service in an exchange under this subsection,

1 the company or cooperative must demonstrate that it has a financial
2 need for continued support. The commission must issue a final order
3 on the proceeding no later than the 330th day after the date the
4 petition is filed with the commission. Until the commission issues
5 a final order on the proceeding, the company or cooperative shall
6 continue to receive the total amount of support it was eligible to
7 receive on the date the company or cooperative filed a petition
8 under this subsection. A company or cooperative that files a
9 petition under this subsection is not subject to Subsection (h)
10 after the commission issues a final order on the proceeding. If the
11 commission determines that a company or cooperative has
12 demonstrated financial need for continued support under this
13 subsection, it shall set the amount of support in the same
14 proceeding. The amount of support set by the commission for an
15 exchange under this subsection may not exceed:

16 (1) 100 percent of the amount of support that the
17 company or cooperative will be eligible to receive on December 31,
18 2024 [~~2017~~], if the petition is filed before January 1, 2025 [~~2017~~];

19 (2) 75 percent of the amount of support that the
20 company or cooperative will be eligible to receive on December 31,
21 2024 [~~2017~~], if the petition is filed on or after January 1, 2025
22 [~~2017~~], and before January 1, 2026 [~~2018~~];

23 (3) 50 percent of the amount of support that the
24 company or cooperative is eligible to receive on December 31, 2024
25 [~~2017~~], if the petition is filed on or after January 1, 2026 [~~2018~~],
26 and before January 1, 2027 [~~2019~~]; [~~or~~]

27 (4) 25 percent of the amount of support that the

1 company or cooperative is eligible to receive on December 31, 2024
2 [~~2017~~], if the petition is filed on or after January 1, 2027 [~~2019~~],
3 and before January 1, 2028; or

4 (5) zero percent of the amount of support that the
5 company or cooperative is eligible to receive on December 31, 2024,
6 if the petition is filed on or after January 1, 2028, and before
7 January 1, 2029 [~~2020~~].

8 (k) Subsections (g) and (i) do not authorize the commission
9 to initiate a contested case hearing concerning a local exchange
10 company that has elected to participate in a total support
11 reduction plan under 16 T.A.C. Section 26.403 that requires the
12 company to forego funding under a plan established under Section
13 [56.021\(1\)](#) after January 1, 2024 [~~2017~~]. This section does not
14 affect any obligation of a local exchange company subject to such a
15 total support reduction plan.

16 (g) Notwithstanding the period for continued support
17 specified by Subsection (p), if the eligible telecommunications
18 provider receiving continued support under that subsection is a
19 cooperative or an affiliate of a cooperative, the
20 telecommunications provider is entitled to continued support
21 through December 31, 2023, at the same monthly per line support
22 amount as the provider is receiving as of the date the support
23 ceases for that exchange for the incumbent local exchange company
24 or cooperative. Support authorized under this subsection ceases
25 December 31, 2023.

26 (t) Not later than September 1 of every fourth year
27 beginning September 1, 2023, the commission shall review and may

1 adjust the standards and criteria to demonstrate financial need for
2 continued support under Subsection (f).

3 (u) Not later than September 1 of every fourth year
4 beginning September 1, 2024, the commission shall review and may
5 adjust the standards and criteria to demonstrate financial need for
6 continued support under Subsection (h).

7 SECTION 2. Subchapter B, Chapter 56, Utilities Code, is
8 amended by adding Sections 56.0231 and 56.0232 to read as follows:

9 Sec. 56.0231. SUPPORT EXPIRED. Support to an incumbent
10 local exchange company or cooperative provided under Section 56.023
11 must be reduced on December 31, 2024, to zero percent of the amount
12 of support that the company or cooperative is eligible to receive on
13 that date if before December 31, 2022, support to the company or
14 cooperative had been reduced to 25 percent of the support the
15 company or cooperative was eligible to receive.

16 Sec. 56.0232. SUPPORT RELINQUISHED. (a) An eligible
17 telecommunications provider may notify the commission that the
18 provider relinquishes the support it is entitled to receive under
19 this chapter. After notice by the provider, the commission shall
20 require the entity administering the universal service fund to
21 terminate support to the provider.

22 (b) If the commission does not notify the administrator
23 under Subsection (a) of the provider's request before the 90th day
24 after the date the commission receives the request, the provider is
25 entitled to stop receiving the support on that date.

26 SECTION 3. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

S.B. No. 1710

1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1710 passed the Senate on
April 19, 2023, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1710 passed the House on
May 19, 2023, by the following vote: Yeas 137, Nays 6, two
present not voting.

Chief Clerk of the House

Approved:

Date

Governor