

Amend CSHB 789 by adding a new SECTION 9 as follows and renumbering the SECTIONS of the bill appropriately:

SECTION 9. Subchapter B, Chapter 56, Utilities Code, is amended by adding Section 56.031 to read as follows:

Sec. 56.031. COMMISSION REVIEW AND EVALUATION OF DISTANCE LEARNING DISCOUNTS AND PRIVATE NETWORK SERVICES FOR CERTAIN ENTITIES. (a) On or before October 1, 2005, the commission shall initiate a study for the purpose of evaluating a new funding mechanism to provide financial support to all telecommunications utilities that provide discounts or private network services at prescribed rates to the entities identified in Chapter 57, Subchapter B, Chapter 58, Subchapter G and Chapter 59, Subchapter D.

(b) The study must include an evaluation of alternative sources of funding such support, including utilizing federal E-rate funding, and an evaluation of alternative funding mechanisms that would result in support being made available to all telecommunications utilities on a non-discriminatory basis and on a technology neutral basis in exchange for providing services at rates comparable to those preferred rates being paid by the entities identified under Chapter 57, Subsection B, Chapter 58, Subsection G and Chapter 59, Subsection D provisions.

(c) The commission shall conduct necessary proceedings to evaluate the appropriate funding mechanism and the appropriate method for determining the amount of support to be made available to telecommunications utilities that provide discounts to entities listed in subsection (b).

(d) On or before November 15, 2006, the commission shall issue a report to the speaker of the house or representatives and the lieutenant governor on the viability of establishing a new program or funding mechanism through which support shall be funded and support disbursed in exchange for providing discounts to the entities listed in subsection (b). The commission shall include in the report its findings regarding the cost of any new funding mechanism, the benefit of establishing a new program or funding mechanism and any other relevant information the commission deems appropriate to assist the Legislature in its review of discounts

for distance learning and private network services. This section
expire September 1, 2007.