

BILL ANALYSIS

C.S.H.B. 2603
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that the Texas universal service fund operates by collecting an assessment on all telecommunications providers and distributing those funds back among the telecommunications providers to support services in high cost and rural areas. Interested parties contend that the current system for distributing money from the fund does not adequately address advancing technology and the changing needs of the telecommunications consumer. C.S.H.B. 2603 seeks to provide greater flexibility to telecommunications providers by proposing options for adjusting the fund.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2603 amends the Utilities Code, in a provision relating to adjustments in monthly per line support amounts made available from the Texas High Cost Universal Service Plan and from the Small and Rural Incumbent Local Exchange Company Universal Service Plan at any time after September 1, 2007, to remove the Small and Rural Incumbent Local Exchange Company Universal Service Plan from the applicability of that provision and to remove the expired date. The bill, in provisions regarding the Small and Rural Incumbent Local Exchange Company Universal Service Plan, sets out provisions authorizing the Public Utility Commission of Texas (PUC) to revise the monthly support amounts to be made available from the plan by revising the monthly per line support amounts, after notice and an opportunity for hearing. The bill requires the PUC, in determining appropriate monthly per line support amounts, to consider the adequacy of basic rates to support universal service. The bill requires the PUC, on the written request of a small or rural incumbent local exchange company that receives monthly per line support amounts, to disburse funds to the company in fixed monthly amounts based on the company's annualized amount of recovery for the calendar year ending on December 31, 2010. The bill authorizes a company to submit only one such request and requires the company to submit the request on or before December 31, 2011.

C.S.H.B. 2603 requires the PUC, on the written request of a small or rural incumbent local exchange company that is not an electing company, to set the company's monthly support amounts annually for the following 12 months by dividing by 12 the annualized support amount calculated as follows: for the initial 12-month period for which the company makes an election, the amount is calculated by determining the annualized support amount calculated for the requestor in the final order issued by the PUC in Docket Number 18516; and adjusting the support amount at the beginning of each calendar year by a factor equal to the most recent consumer price index published at that time, beginning with the 1999 calendar year and ending in the year the company makes an election. The PUC is required to calculate the annualized amount, for the 12-month period following the initial period for which the company made an election and for subsequent 12-month periods, by adjusting the most recent annualized support

amount calculated by the PUC by a factor equal to the percentage change in the consumer price index for the most recent 12-month period.

C.S.H.B. 2603 requires the PUC to administratively review requests filed under the bill and requires the PUC, except for good cause, to approve the request not later than the 60th day after the date the PUC determines the company is eligible and has met all the procedural requirements under provisions of law relating to the universal service fund.

C.S.H.B. 2603 defines "consumer price index" for purposes of the bill's provisions relating to adjustments available from a small and rural incumbent local exchange company universal service plan.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2603 omits a provision contained in the original authorizing a small or rural local exchange company that reduces its intrastate switched and special access rates and associated rate elements by adopting the company's related rates, terms, and conditions contained in the company's interstate access tariff to submit a written request to the Public Utility Commission of Texas (PUC).

C.S.H.B. 2603 omits a provision contained in the original requiring the PUC, on the company's written request, to set the company's monthly support amounts at amounts equal to the estimated difference between the revenue the company would have received through the company's rates in effect before the adoption of the company's interstate access rates as described and the company's revenue under its newly adopted rates.

C.S.H.B. 2603 omits a provision contained in the original requiring a company, after the company initially adopts its interstate access rates, to conform its intrastate access rates to match any changes to the company's interstate access rates.