

## **BILL ANALYSIS**

H.B. 2680  
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State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The telecommunications industry is a quickly evolving and highly competitive marketplace. As new services are developed and offered, small companies need the regulatory flexibility to be able to offer these new services, package services, and offer promotional prices quickly. Additionally, in a competitive market place in which similar services are offered by competitors that may not be regulated, these small companies need to be able to respond quickly to the market in order to survive.

Currently, certain small local exchange companies are allowed limited regulatory flexibility. These companies may make minor changes to rates, currently up to 10 percent, and to offer certain services to customers by making an administrative filing with the Public Utility Commission of Texas prior to the change or offering. Policy issues have been raised regarding some of the rates charged by small companies. While certain companies would like to respond to these concerns by making some changes to their rates, the 10 percent limitation forces them to either engage in a very involved and costly process to effect a rate change or spread out a change over so many years that the response is ineffective.

H.B. 2680 seeks to allow greater flexibility in rate changes for small local exchange companies and cooperatives by allowing these telecommunications utilities to make minor changes in rates up to a 50 percent increase, shortening deadlines, and cleaning up the statutory language.

### **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**

H.B. 2680 amends the Utilities Code, in a provision of law relating to telecommunications utilities that governs special rate change procedures for small local exchange companies and cooperatives, to redefine "minor change" to remove reference to a proposed tariff change among the changes in the past 12 months that together increase the company's total regulated intrastate gross annual revenues by not more than five percent. The bill, with regard to a change to a basic local access line rate, redefines "minor change" to specify that it does not include a change that, together with any other change that took effect during the 12 months previous to the proposed change, results in an increase of more than 50 percent, rather than 10 percent.

H.B. 2680 authorizes a small local exchange company to offer a packaged service or a promotional service, in addition to other services, if the company meets certain conditions and amends procedures relating to offering certain services or making minor changes in rates or tariffs to replace references to a statement of intent with references to a notice, and to shorten deadlines for filing the notice and providing it to affected customers from the 91st and 61st day, respectively, to the 10th day before the effective date of the proposed change. The bill makes a conforming change.

**EFFECTIVE DATE**

September 1, 2011.