

AN ACT

relating to the distribution of universal service funds to certain small and rural local exchange companies.

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

SECTION 1. Section 56.031, Utilities Code, is amended to read as follows:

Sec. 56.031. ADJUSTMENTS: TEXAS HIGH COST UNIVERSAL SERVICE PLAN. The commission may revise the monthly per line support amounts to be 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,~~] after notice and an opportunity for hearing. In determining appropriate monthly per line support amounts, the commission shall consider the adequacy of basic rates to support universal service.

SECTION 2. Subchapter B, Chapter 56, Utilities Code, is amended by adding Section 56.032 to read as follows:

Sec. 56.032. ADJUSTMENTS: SMALL AND RURAL INCUMBENT LOCAL EXCHANGE COMPANY UNIVERSAL SERVICE PLAN. (a) For purposes of this section, "consumer price index" means the Consumer Price Index for All Urban Consumers, as published by the federal Bureau of Labor Statistics of the United States Department of Labor.

(b) Except as provided by Subsections (c), (d), (e), and (f), the commission may revise the monthly support amounts to be

1 made available from the Small and Rural Incumbent Local Exchange
2 Company Universal Service Plan by revising the monthly per line
3 support amounts, after notice and an opportunity for hearing. In
4 determining appropriate monthly per line support amounts, the
5 commission shall consider the adequacy of basic rates to support
6 universal service.

7 (c) On the written request of a small or rural incumbent
8 local exchange company that receives monthly per line support
9 amounts, the commission shall disburse funds to the company in
10 fixed monthly amounts based on the company's annualized amount of
11 recovery for the calendar year ending on December 31, 2010. A
12 company may submit only one request under this subsection and must
13 submit the request on or before December 31, 2011.

14 (d) On the written request of a small or rural incumbent
15 local exchange company that is not an electing company under
16 Chapter 58 or 59, the commission annually shall set the company's
17 monthly support amounts for the following 12 months by dividing by
18 12 the annualized support amount calculated under this subsection.
19 The commission shall calculate the annualized amount:

20 (1) for the initial 12-month period for which a
21 company makes an election under this subsection, by:

22 (A) determining the annualized support amount
23 calculated for the requestor in the final order issued by the
24 commission in Docket No. 18516; and

25 (B) adjusting the support amount determined
26 under Paragraph (A) at the beginning of each calendar year by a
27 factor equal to the most recent consumer price index published at

1 that time, beginning with the 1999 calendar year and ending in the
2 year the company makes an election under this subsection; and

3 (2) for the 12-month period following the initial
4 period for which a company made an election under this subsection
5 and for subsequent 12-month periods, by adjusting the most recent
6 annualized support amount calculated by the commission by a factor
7 equal to the percentage change in the consumer price index for the
8 most recent 12-month period.

9 (e) If a company elects to receive monthly support amounts
10 under Subsection (d), the commission, on its own motion or on the
11 written request of the company, may initiate a proceeding to
12 recalculate the most recent annualized support amount to be used as
13 the basis for adjustment for a subsequent 12-month period under
14 Subsection (d)(2). If, based on the recalculation, the commission
15 by order adjusts a company's most recent annualized support amount,
16 the adjusted support amount supersedes the annualized support
17 amount calculated in accordance with Subsection (d).

18 (f) The commission shall administratively review requests
19 filed under Subsections (c) and (d). Except for good cause, the
20 commission shall approve the request not later than the 60th day
21 after the date the commission determines the company is eligible
22 and has met all the procedural requirements under this subchapter.

23 (g) This section does not affect the commission's authority
24 under Chapter 53 or this chapter.

25 (h) This section and any monthly support amount approved
26 under this section expire on September 1, 2013.

27 SECTION 3. Effective September 1, 2013, Section 56.031,

1 Utilities Code, is amended to read as follows:

2 Sec. 56.031. ADJUSTMENTS. The commission may revise the
3 monthly per line support amounts to be made available from the Texas
4 High Cost Universal Service Plan and from the Small and Rural
5 Incumbent Local Exchange Company Universal Service Plan at any time
6 after September 1, 2007, after notice and an opportunity for
7 hearing. In determining appropriate monthly per line support
8 amounts, the commission shall consider the adequacy of basic rates
9 to support universal service.

10 SECTION 4. Except as otherwise provided by this Act, this
11 Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 2603 was passed by the House on May 13, 2011, by the following vote: Yeas 138, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2603 on May 23, 2011, by the following vote: Yeas 137, Nays 2, 3 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2603 was passed by the Senate, with amendments, on May 21, 2011, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor