

By: Smithee

H.B. No. 2603

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the distribution of universal service funds to certain  
3 small and rural local exchange companies.

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

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

7 Sec. 56.031. ADJUSTMENTS: TEXAS HIGH COST UNIVERSAL  
8 SERVICE PLAN. The commission may revise the monthly per line  
9 support amounts to be made available from the Texas High Cost  
10 Universal Service Plan [~~and from the Small and Rural Incumbent~~  
11 ~~Local Exchange Company Universal Service Plan at any time after~~  
12 ~~September 1, 2007,~~] after notice and an opportunity for  
13 hearing. In determining appropriate monthly per line support  
14 amounts, the commission shall consider the adequacy of basic rates  
15 to support universal service.

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

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

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

1 available from the Small and Rural Incumbent Local Exchange Company  
2 Universal Service Plan by revising the monthly per line support  
3 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) A small or rural local exchange company that reduces its  
10 intrastate switched and special access rates and associated rate  
11 elements by adopting the company's related rates, terms, and  
12 conditions contained in the company's interstate access tariff may  
13 submit a written request to the commission under this subsection.  
14 On the company's written request, the commission shall set the  
15 company's monthly support amounts at amounts equal to the estimated  
16 difference between the revenue the company would have received  
17 through the company's rates in effect before the adoption of the  
18 company's interstate access rates as described by this subsection  
19 and the company's revenue under its newly adopted rates. After a  
20 company initially adopts its interstate access rates as described  
21 by this subsection, the company must conform its intrastate access  
22 rates to match any changes to the company's interstate access  
23 rates.

24 (f) The commission shall administratively review requests  
25 filed under Subsections (c), (d), and (e). Except for good cause,  
26 the commission shall approve the request not later than the 60th day  
27 after the date the commission determines the company is eligible

1 and has met all the procedural requirements under this subchapter.

2 SECTION 3. This Act takes effect September 1, 2011.