

1-1 By: Smithee (Senate Sponsor - Hegar) H.B. No. 2603
1-2 (In the Senate - Received from the House May 16, 2011;
1-3 May 16, 2011, read first time and referred to Committee on Business
1-4 and Commerce; May 19, 2011, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 7, Nays 2;
1-6 May 19, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 2603 By: Jackson

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the distribution of universal service funds to certain
1-11 small and rural local exchange companies.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 56.031, Utilities Code, is amended to
1-14 read as follows:

1-15 Sec. 56.031. ADJUSTMENTS: TEXAS HIGH COST UNIVERSAL
1-16 SERVICE PLAN. The commission may revise the monthly per line
1-17 support amounts to be made available from the Texas High Cost
1-18 Universal Service Plan [~~and from the Small and Rural Incumbent~~
1-19 ~~Local Exchange Company Universal Service Plan at any time after~~
1-20 ~~September 1, 2007,~~] after notice and an opportunity for
1-21 hearing. In determining appropriate monthly per line support
1-22 amounts, the commission shall consider the adequacy of basic rates
1-23 to support universal service.

1-24 SECTION 2. Subchapter B, Chapter 56, Utilities Code, is
1-25 amended by adding Section 56.032 to read as follows:

1-26 Sec. 56.032. ADJUSTMENTS: SMALL AND RURAL INCUMBENT LOCAL
1-27 EXCHANGE COMPANY UNIVERSAL SERVICE PLAN. (a) For purposes of this
1-28 section, "consumer price index" means the Consumer Price Index for
1-29 All Urban Consumers, as published by the federal Bureau of Labor
1-30 Statistics of the United States Department of Labor.

1-31 (b) Except as provided by Subsections (c), (d), (e), and
1-32 (f), the commission may revise the monthly support amounts to be
1-33 made available from the Small and Rural Incumbent Local Exchange
1-34 Company Universal Service Plan by revising the monthly per line
1-35 support amounts, after notice and an opportunity for hearing. In
1-36 determining appropriate monthly per line support amounts, the
1-37 commission shall consider the adequacy of basic rates to support
1-38 universal service.

1-39 (c) On the written request of a small or rural incumbent
1-40 local exchange company that receives monthly per line support
1-41 amounts, the commission shall disburse funds to the company in
1-42 fixed monthly amounts based on the company's annualized amount of
1-43 recovery for the calendar year ending on December 31, 2010. A
1-44 company may submit only one request under this subsection and must
1-45 submit the request on or before December 31, 2011.

1-46 (d) On the written request of a small or rural incumbent
1-47 local exchange company that is not an electing company under
1-48 Chapter 58 or 59, the commission annually shall set the company's
1-49 monthly support amounts for the following 12 months by dividing by
1-50 12 the annualized support amount calculated under this subsection.
1-51 The commission shall calculate the annualized amount:

1-52 (1) for the initial 12-month period for which a
1-53 company makes an election under this subsection, by:

1-54 (A) determining the annualized support amount
1-55 calculated for the requestor in the final order issued by the
1-56 commission in Docket No. 18516; and

1-57 (B) adjusting the support amount determined
1-58 under Paragraph (A) at the beginning of each calendar year by a
1-59 factor equal to the most recent consumer price index published at
1-60 that time, beginning with the 1999 calendar year and ending in the
1-61 year the company makes an election under this subsection; and

1-62 (2) for the 12-month period following the initial
1-63 period for which a company made an election under this subsection

2-1 and for subsequent 12-month periods, by adjusting the most recent
2-2 annualized support amount calculated by the commission by a factor
2-3 equal to the percentage change in the consumer price index for the
2-4 most recent 12-month period.

2-5 (e) If a company elects to receive monthly support amounts
2-6 under Subsection (d), the commission, on its own motion or on the
2-7 written request of the company, may initiate a proceeding to
2-8 recalculate the most recent annualized support amount to be used as
2-9 the basis for adjustment for a subsequent 12-month period under
2-10 Subsection (d)(2). If, based on the recalculation, the commission
2-11 by order adjusts a company's most recent annualized support amount,
2-12 the adjusted support amount supersedes the annualized support
2-13 amount calculated in accordance with Subsection (d).

2-14 (f) The commission shall administratively review requests
2-15 filed under Subsections (c) and (d). Except for good cause, the
2-16 commission shall approve the request not later than the 60th day
2-17 after the date the commission determines the company is eligible
2-18 and has met all the procedural requirements under this subchapter.

2-19 (g) This section does not affect the commission's authority
2-20 under Chapter 53 or this chapter.

2-21 (h) This section and any monthly support amount approved
2-22 under this section expire on September 1, 2013.

2-23 SECTION 3. Effective September 1, 2013, Section 56.031,
2-24 Utilities Code, is amended to read as follows:

2-25 Sec. 56.031. ADJUSTMENTS. The commission may revise the
2-26 monthly per line support amounts to be made available from the Texas
2-27 High Cost Universal Service Plan and from the Small and Rural
2-28 Incumbent Local Exchange Company Universal Service Plan at any time
2-29 after September 1, 2007, after notice and an opportunity for
2-30 hearing. In determining appropriate monthly per line support
2-31 amounts, the commission shall consider the adequacy of basic rates
2-32 to support universal service.

2-33 SECTION 4. Except as otherwise provided by this Act, this
2-34 Act takes effect September 1, 2011.

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