

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 9, 2013**

**TO:** Honorable Byron Cook, Chair, House Committee on State Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3384** by Hilderbran (Relating to the eligibility for and distributions of universal service funds.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Utilities Code relating to the eligibility for and distribution of universal service funds. The bill would limit high cost support, including the Texas High Cost Universal Service Plan and the Small Rural and Incumbent Local Exchange Company Universal Service Plan, to areas not served by an unsubsidized competitor. The bill would also make local exchange companies or cooperatives that serve more than 31,000 or more access lines ineligible to receive high cost support from the universal service fund in an exchange in which 50 percent or more of the residents in the exchange are offered voice telephony service by one or more unsubsidized competitors, unless the local exchange company or cooperative before October 1, 2013, commits to the Public Utility Commission (PUC) that the company or cooperative will stop receiving high cost support on or before January 1, 2017. The bill would require the PUC to conduct contested cases to determine the eligibility of an exchange for high cost support upon receipt of a petition by an unsubsidized competitor who claims an exchange is ineligible for support.

The bill would authorize a company receiving a fixed monthly support amount as determined by the PUC in Docket No. 39643 to continue to receive that amount until modified by the PUC after notice and hearing. The bill would also require the PUC to adjust the support amount in the Small and Rural Incumbent Local Exchange Company Universal Service Program for those companies that are not governed by Chapter 58 and 59, Utilities Code, and companies receiving fixed support amounts in accordance with Docket No. 36643, in proportion to changes in the Consumer Price Index.

Based on information provided by the PUC, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** UP, AG, ED