

BILL ANALYSIS

C.S.H.B. 669
By: King, Ken
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that the universal service fund was established to provide support for telecommunications services in high cost and rural areas. There have been calls to use the fund to expand broadband service access and help more rural Texans benefit from modern technology advancements. C.S.H.B. 669 seeks to answer these calls by providing for a rural broadband service program.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTIONS 3 and 7 of this bill.

ANALYSIS

C.S.H.B. 669 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to provide from broadband charge receipts from electing providers, support for broadband service providers to offer retail broadband service in underserved rural areas of Texas at rates comparable to the benchmark rates established by the Federal Communications Commission. The bill prohibits support received under this rural broadband service program from being used for another purpose and requires the PUC by rule to adopt criteria for areas of Texas to qualify as underserved rural areas for purposes of the program. The bill requires a broadband service provider to notify the PUC of its election to participate in the program and pay the applicable uniform charge before receiving financial assistance under the program and requires the PUC to adopt rules to ensure that support provided under the program is calculated in a manner that is consistent with standard accounting principles. The bill requires the PUC by rule to establish standards for networks built or maintained using support disbursed under the program and sets out requirements for the standards.

C.S.H.B. 669 includes providing support for the rural broadband service program among the purposes of the universal service fund and includes broadband service providers that elect to participate in the program among the entities required to participate in the fund under PUC rules. The bill includes providers participating in the program among those that fund the universal service fund through a statewide uniform charge and authorizes the PUC to establish separate uniform charges for telecommunications providers and providers participating in the program. The bill restricts the use of funds from the uniform charge on those providers to the funding of programs applicable to the respective provider. The bill authorizes the PUC to assess a uniform charge on a broadband service provider only if the provider notifies the PUC of its election to participate in the rural broadband service program, authorizes such a provider to notify the PUC

at any time of the provider's intention to discontinue its participation, and makes the election effective on the 60th day after the date of the notification.

C.S.H.B. 669 sets out specific duties of the PUC with regard to broadband service providers that elect to participate in the rural broadband service program, including duties relating to the adoption of program eligibility criteria and determination of eligibility and the review and approval of certain procedures relating to the credit, collection, and distribution of broadband charge receipts under the program. The bill authorizes the PUC to require such a provider to provide a report or information necessary to assess contributions, broadband charges, and disbursements to the universal service fund and makes the report or information confidential and not subject to disclosure under state public information law.

C.S.H.B. 669 grants the PUC jurisdiction relating to broadband service providers only as necessary to enforce provisions relating to telecommunications assistance and the universal service fund and enforce rules adopted under those provisions. The bill establishes that those provisions do not otherwise grant the PUC authority to regulate broadband services or broadband service providers. The bill defines "broadband service" and "broadband service provider."

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 669 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute, with respect to the rural broadband service program, does not include a requirement that the PUC provide from the universal service fund financial assistance for an incumbent local exchange company to build and maintain facility-based networks capable of providing access to broadband service in rural areas of Texas where support is necessary at certain rates. The substitute includes a requirement that the PUC instead provide from broadband charge receipts from electing providers, support for broadband service providers to offer retail broadband service in underserved rural areas of Texas at those rates.

The substitute includes a provision requiring a broadband service provider to notify the PUC of its election to participate in the program and pay the applicable uniform charge and includes such electing providers among the entities required to participate in the universal service fund under PUC rules.

The substitute does not include a definition for "broadband service" under the bill's provisions establishing the program, but the substitute includes that definition and a definition for "broadband service provider" under statutory provisions relating to telecommunications assistance and the universal service fund.

The substitute includes provisions providing for:

- PUC jurisdiction over broadband service providers;
- uniform charges on telecommunications providers and electing broadband service providers for the universal service fund;
- specific PUC powers and duties relating to such electing providers; and
- reports or information the PUC may require of such an electing provider.