

1-1 By: Perry, Flores, Springer S.B. No. 1710
1-2 (In the Senate - Filed March 7, 2023; March 16, 2023, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 April 6, 2023, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 11, Nays 0; April 6, 2023,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

1-8		Yea	Nay	Absent	PNV
1-9	Schwertner	X			
1-10	King	X			
1-11	Birdwell	X			
1-12	Campbell	X			
1-13	Creighton	X			
1-14	Johnson	X			
1-15	Kolkhorst	X			
1-16	Menéndez	X			
1-17	Middleton	X			
1-18	Nichols	X			
1-19	Zaffirini	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1710 By: King

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to the universal service fund.
1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-25 SECTION 1. Section 56.001, Utilities Code, is amended by
1-26 adding Subdivision (3) to read as follows:
1-27 (3) "High cost rural area" means:
1-28 (A) an area:
1-29 (i) receiving support under Section
1-30 56.021(1) on December 31, 2022; and
1-31 (ii) served by a telecommunications
1-32 provider that is subject to rate regulation under Chapter 53; and
1-33 (B) any other exchange:
1-34 (i) receiving support under the Texas High
1-35 Cost Universal Service Plan (16 T.A.C. Section 26.403) or the Small
1-36 and Rural Incumbent Local Exchange Company Universal Service Plan
1-37 (16 T.A.C. Section 26.404); and
1-38 (ii) not excluded by commission rule based
1-39 on the number of telecommunications providers serving the exchange,
1-40 the population density in the exchange, and the number of customers
1-41 served per route mile of plant in service used to provide basic
1-42 local telecommunications service.
1-43 SECTION 2. Section 56.023, Utilities Code, is amended by
1-44 amending Subsections (f), (g), (h), (i), and (k) and adding
1-45 Subsections (q), (t), and (u) to read as follows:
1-46 (f) Except as provided by Subsection (g), for an incumbent
1-47 local exchange company or cooperative that served greater than
1-48 31,000 access lines in this state on September 1, 2022 [~~2013~~], or a
1-49 company or cooperative that is a successor to such a company or
1-50 cooperative, the support that the company or cooperative is
1-51 eligible to receive on December 31, 2023 [~~2016~~], under a plan
1-52 established under Section 56.021(1)(A) is reduced:
1-53 (1) on January 1, 2024 [~~2017~~], to 75 percent of the
1-54 level of support the company or cooperative is eligible to receive
1-55 on December 31, 2023 [~~2016~~];
1-56 (2) on January 1, 2025 [~~2018~~], to 50 percent of the
1-57 level of support the company or cooperative is eligible to receive
1-58 on December 31, 2023 [~~2016~~]; ~~and~~
1-59 (3) on January 1, 2026 [~~2019~~], to 25 percent of the
1-60 level of support the company or cooperative is eligible to receive

on December 31, 2023; and

(4) on January 1, 2027, to zero percent of the level of support the company or cooperative is eligible to receive on December 31, 2023 [2016].

(g) After the commission has adopted rules under Subsection (j), an incumbent local exchange company or cooperative that is subject to Subsection (f) may petition the commission to initiate a contested case proceeding as necessary to determine the eligibility of the company or cooperative to receive support under a plan established under Section 56.021(1)(A). A company or cooperative may not file more than one petition under this subsection. On receipt of a petition under this subsection, the commission shall initiate a contested case proceeding to determine the eligibility of the company or cooperative to receive continued support under a plan established under Section 56.021(1)(A) for service in the exchanges that are the subject of the petition. To be eligible to receive support for service in an exchange under this subsection, the company or cooperative must demonstrate that it has a financial need for continued support. The commission must issue a final order on the proceeding not later than the 330th day after the date the petition is filed with the commission. Until the commission issues a final order on the proceeding, the company or cooperative is entitled to receive the total amount of support the company or cooperative was eligible to receive on the date the company or cooperative filed the petition. A company or cooperative that files a petition under this subsection is not subject to Subsection (f) after the commission issues a final order on the proceeding. If the commission determines that a company or cooperative has demonstrated financial need for continued support under this subsection, it shall set the amount of support in the same proceeding. The amount of support set by the commission for an exchange under this subsection may not exceed:

(1) 100 percent of the amount of support that the company or cooperative will be eligible to receive on December 31, 2023 [2016], if the petition is filed before January 1, 2024 [2016];

(2) 75 percent of the amount of support that the company or cooperative will be eligible to receive on December 31, 2023 [2016], if the petition is filed on or after January 1, 2024 [2016], and before January 1, 2025 [2017];

(3) 50 percent of the amount of support the company or cooperative is eligible to receive on December 31, 2023 [2016], if the petition is filed on or after January 1, 2025 [2017], and before January 1, 2026 [2018]; ~~or~~

(4) 25 percent of the amount of support that the company or cooperative is eligible to receive on December 31, 2023 [2016], if the petition is filed on or after January 1, 2026 [2018], and before January 1, 2027; or

(5) zero percent of the amount of support that the company or cooperative is eligible to receive on December 31, 2023, if the petition is filed on or after January 1, 2027, and before January 1, 2028 [2019].

(h) Except as provided by Subsection (i), for an incumbent local exchange company that is an electing company under Chapter 58 or 59 or a cooperative that served greater than 31,000 access lines in this state on September 1, 2022 [2013], or a company or cooperative that is a successor to such a company or cooperative, the support that the company or cooperative is eligible to receive on December 31, 2024 [2017], under a plan established under Section 56.021(1)(B) is reduced:

(1) on January 1, 2025 [2018], to 75 percent of the level of support the company or cooperative is eligible to receive on December 31, 2024 [2017];

(2) on January 1, 2026 [2019], to 50 percent of the level of support the company or cooperative is eligible to receive on December 31, 2024 [2017]; ~~and~~

(3) on January 1, 2027 [2020], to 25 percent of the level of support the company or cooperative is eligible to receive on December 31, 2024; and

(4) on January 1, 2028, to zero percent of the level of

support the company or cooperative is eligible to receive on December 31, 2024 ~~[2017]~~.

(i) After the commission has adopted rules under Subsection (j), an incumbent local exchange company or cooperative that is subject to Subsection (h) may petition the commission to initiate a contested case proceeding as necessary to determine the eligibility of the company or cooperative to receive support under a plan established under Section 56.021(1)(B). A company or cooperative may not file more than one petition under this subsection. On receipt of a petition under this subsection, the commission shall initiate a contested case proceeding to determine the eligibility of the company or cooperative to receive continued support under a plan established under Section 56.021(1)(B) for service in the exchanges that are the subject of the petition. To be eligible to receive support for service in an exchange under this subsection, the company or cooperative must demonstrate that it has a financial need for continued support. The commission must issue a final order on the proceeding no later than the 330th day after the date the petition is filed with the commission. Until the commission issues a final order on the proceeding, the company or cooperative shall continue to receive the total amount of support it was eligible to receive on the date the company or cooperative filed a petition under this subsection. A company or cooperative that files a petition under this subsection is not subject to Subsection (h) after the commission issues a final order on the proceeding. If the commission determines that a company or cooperative has demonstrated financial need for continued support under this subsection, it shall set the amount of support in the same proceeding. The amount of support set by the commission for an exchange under this subsection may not exceed:

(1) 100 percent of the amount of support that the company or cooperative will be eligible to receive on December 31, 2024 ~~[2017]~~, if the petition is filed before January 1, 2025 ~~[2017]~~;

(2) 75 percent of the amount of support that the company or cooperative will be eligible to receive on December 31, 2024 ~~[2017]~~, if the petition is filed on or after January 1, 2025 ~~[2017]~~, and before January 1, 2026 ~~[2018]~~;

(3) 50 percent of the amount of support that the company or cooperative is eligible to receive on December 31, 2024 ~~[2017]~~, if the petition is filed on or after January 1, 2026 ~~[2018]~~, and before January 1, 2027 ~~[2019]~~; ~~or~~

(4) 25 percent of the amount of support that the company or cooperative is eligible to receive on December 31, 2024 ~~[2017]~~, if the petition is filed on or after January 1, 2027 ~~[2019]~~, and before January 1, 2028; or

(5) zero percent of the amount of support that the company or cooperative is eligible to receive on December 31, 2024, if the petition is filed on or after January 1, 2028, and before January 1, 2029 ~~[2020]~~.

(k) Subsections (g) and (i) do not authorize the commission to initiate a contested case hearing concerning a local exchange company that has elected to participate in a total support reduction plan under 16 T.A.C. Section 26.403 that requires the company to forego funding under a plan established under Section 56.021(1) after January 1, 2024 ~~[2017]~~. This section does not affect any obligation of a local exchange company subject to such a total support reduction plan.

(g) Notwithstanding the period for continued support specified by Subsection (p), if the eligible telecommunications provider receiving continued support under that subsection is a cooperative or an affiliate of a cooperative, the telecommunications provider is entitled to continued support through December 31, 2023, at the same monthly per line support amount as the provider is receiving as of the date the support ceases for that exchange for the incumbent local exchange company or cooperative. Support authorized under this subsection ceases December 31, 2023.

(t) Not later than September 1 of every fourth year beginning September 1, 2023, the commission shall review and may

adjust the standards and criteria to demonstrate financial need for continued support under Subsection (f).

(u) Not later than September 1 of every fourth year beginning September 1, 2024, the commission shall review and may adjust the standards and criteria to demonstrate financial need for continued support under Subsection (h).

SECTION 3. Subchapter B, Chapter 56, Utilities Code, is amended by adding Sections 56.0231 and 56.0232 to read as follows:

Sec. 56.0231. SUPPORT EXPIRED. Support to an incumbent local exchange company or cooperative provided under Section 56.023 must be reduced on December 31, 2024, to zero percent of the amount of support that the company or cooperative is eligible to receive on that date if before December 31, 2022, support to the company or cooperative had been reduced to 25 percent of the support the company or cooperative was eligible to receive.

Sec. 56.0232. SUPPORT RELINQUISHED. (a) An eligible telecommunications provider may notify the commission that the provider relinquishes the support it is entitled to receive under this chapter. After notice by the provider, the commission shall require the entity administering the universal service fund to terminate support to the provider.

(b) If the commission does not notify the administrator under Subsection (a) of the provider's request before the 90th day after the date the commission receives the request, the provider is entitled to stop receiving the support on that date.

SECTION 4. Not later than December 31, 2023, the Public Utility Commission of Texas shall initiate the rulemaking to adopt rules required to implement the change in law made in Section 56.001, Utilities Code, as amended by this Act.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.

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