

BILL ANALYSIS

Senate Research Center

H.B. 2388
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Engrossed

DIGEST AND PURPOSE

Some residents living in rural areas outside of the certificated areas assigned to telecommunications providers are not receiving basic dial-tone service. The universal service fund was created to help provide basic telephone service at affordable rates in high-cost, rural parts of the state but under current law, funds are only distributed to certificated areas. H.B. 2388 allows persons residing in permanent residential premises or owners of permanent residential or business premises in uncertificated areas to petition the Public Utility Commission of Texas for basic dial-tone telephone service and sets forth procedures for extending telecommunications services to areas not included in a certificated service area.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 2 (Section 56.021, Utilities Code) and SECTION 3 (Section 56.023, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

H.B. 2388 amends the Utilities Code to set forth procedures for extending telecommunications services to permanent residential or business premises (permanent premises) not included in a certificated service area. The bill authorizes the Public Utility Commission of Texas (PUC) to designate a telecommunications provider to provide voice-grade services to permanent premises that are not included within the certificated area of a holder of a certificate of convenience and necessity (CCN), but only if the provider is otherwise eligible under the PUC's criteria for receiving universal service funds (Sec. 56.202).

The bill provides that the eligibility criteria adopted by the PUC for funding the universal service fund and making distributions from the fund must require a telecommunications provider (provider) to offer service and render continuous and adequate service to any permanent premises in an uncertificated area. The bill requires the PUC to adopt and enforce rules to reimburse from the universal service fund a designated provider that provides telecommunications services to an uncertificated area (Sec. 56.021). The bill requires an eligible company providing services to permanent premises within an uncertificated area to receive universal service fund distributions to assist the provider in providing those services and requires the PUC to designate the provider as an eligible telecommunications carrier for those permanent premises. The bill requires the PUC to adopt rules to administer these provisions (Secs. 56.023 and 56.201).

The bill authorizes persons residing in permanent residential premises or owners of permanent premises that are not included within the certificated area of a holder of a CCN to petition the PUC to designate a telecommunications provider to provide to those premises voice-grade services supported by state and federal universal service support mechanisms. The bill sets forth provisions regarding the contents of the petition and the procedures for the PUC if it finds the petition compliant and grants the petition. The bill sets forth provisions regarding the acceptance and denial of a petition by the PUC, the designation of a provider by the PUC, and the recovery of actual costs by the designated provider (Secs. 56.203 56.209).

The bill sets forth provisions regarding the establishment of a reasonable aid to construction charge to be assessed to each petitioner and sets forth timelines for the extension of service to the petitioning premises. The bill provides that if the PUC approves a petition requesting service within an area, residents of permanent residential premises or owners of permanent premises in reasonable proximity to the premises that were the subject of an approved petition who did not sign the prior petition requesting service are not entitled to receive service until the fifth anniversary of the date the petition was filed unless the residents or owners file a new petition and agree to pay aid to construction charges on the same terms as applicable to the prior petitioners. The bill sets forth provisions regarding the reimbursement of the provider's costs and expenses and payments to the universal service fund by subsequent petitioners (Secs. 56.210 56.212).

The bill specifies that a provider who is designated to serve petitioning premises located within an uncertificated area is the preferred provider for any permanent premises in reasonable proximity to those petitioning premises for later petitions filed and that a preferred designated provider is entitled to an opportunity for a hearing on a petition that is filed. The bill also provides that the designation of a provider to serve permanent premises within an uncertificated area does not have the effect of amending the boundaries of the provider's certificate to provide local exchange service or imposing carrier of last resort responsibilities on the provider (Secs. 56.213 and 56.214).

Effective date: September 1, 2001.