

BILL ANALYSIS

Senate Research Center
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H.B. 2295
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2295 is a proposed change to Section 56.021 (Universal Service Fund Established), Utilities Code, intended to clean up relating to the administration of the Texas Universal Service Fund (TUSF).

Current law sets out nine programs that are to be supported by TUSF. The first is to assist telecommunications providers in providing basic local telecommunications service at reasonable rates in high cost rural areas. This is accomplished through two very distinct and different plans created by rule—the Texas High Cost Universal Service Fund (THCUSP) and the Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRLECUSP).

While THCUSP and SRLECUSP are as distinct from one another as the other programs supported under TUSF, they are not currently separated in the statute enacting the fund. Current law acknowledges the different plans by referring to both THCUSP and SRLECUSP in Section 56.031 (Adjustments), Utilities Code, enacted in 2005.

This bill serves to statutorily separate THCUSP and SRLECUSP. Due to the distinctions between plans and those who receive support under the different plans, this is a separation that should be made by statute rather than rule. It also serves to align current statute. While Section 56.301 addresses adjustments to distributions under the two different plans, they should first be separated within the code. This bill changes statute to help align it with the way TUSF is currently being administered, both in rule and law.

H.B. 2295 amends current law relating to the administration of the universal service fund.

[**Note:** While the statutory reference in this bill is to the Texas Department of Human Services (DHS), the following amendments affect the Department of Aging and Disability Services, as the successor agency to DHS.]

[**Note:** While the statutory reference in this bill is the Texas Commission for the Deaf and Hard of Hearing (TCDHH), the following amendments affect the Department of Assistive and Rehabilitative Services, as the successor agency to TCDHH.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 56.021, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 56.021, Utilities Code, as follows:

Sec. 56.021. UNIVERSAL SERVICE FUND ESTABLISHED. Requires the Public Utility Commission of Texas (PUC) to adopt and enforce rules requiring local exchange companies to establish a universal service fund to:

- (1) assist telecommunications providers in providing basic local telecommunications service at reasonable rates in high cost rural areas under two

plans; the Texas High Cost Universal Service Plan (16 T.A.C. Section 26.403), and the Small and Rural Incumbent Local Exchange Company Universal Service Plan (16 T.A.C. Section 26.404);

(2) reimburse the telecommunications carrier that provides the statewide telecommunications relay access service under Subchapter D (Statewide Telecommunications Replay Access Service);

(3) finance the specialized telecommunications assistance program established under Subchapter E (Specialized Telecommunications Assistance Program);

(4) reimburse the Texas Department of Human Services, the Texas Commission for the Deaf and Hard of Hearing, and PUC for costs incurred in implementing this chapter and Chapter 57 (Distance Learning and Other Advanced Services);

(5) reimburse a telecommunications carrier providing lifeline service as provided by 47 C.F.R. Part 54, Subpart E, as amended;

(6) finance the implementation and administration of an integrated eligibility process created under Section 17.007 (Eligibility Process for Customer Service Discounts) for customer service discounts relating to telecommunications services, including outreach expenses the commission determines are reasonable and necessary;

(7) reimburse a designated provider under Subchapter F (Service to Uncertificated Area);

(8) reimburse a successor utility under Subchapter G (Funding for Certain Telecommunications Utilities); and

(9) finance the program established under Subchapter H (Audio Newspaper Program).

SECTION 2. Effective date: upon passage or September 1, 2011.