

## **BILL ANALYSIS**

Senate Research Center

S.B. 1665  
By: Shapiro  
Economic Development  
4-17-97  
Committee Report (Amended)

### **DIGEST**

Recently, legislation which passed after expanded local calling was created basically eliminated general rate cases for a specific period of time. Furthermore, the Public Utility Regulatory Act allows multiple expanded local calling routes for a charge not to exceed \$3.50 on residential lines and \$7.00 on business lines. As a result of Public Utility Commission rules and the lack of a general rate case, the temporary surcharges have escalated beyond legislative intent in both duration and cost. This bill reduces the cost of expanded local calling by eliminating two-way service for new petitioners and by requiring that beneficiaries of new services pay the full cost of service. This bill also shifts the service charge on current expanded local calling users away from non-beneficiaries and on to customers who receive the benefits of expanded local calling.

### **PURPOSE**

As proposed, S.B. 1665 reduces the cost of expanded local calling by eliminating two-way service for new petitioners and by requiring that beneficiaries of new services pay the full cost of service. This bill also shifts the service charge on current expanded local calling users away from non-beneficiaries and on to customers who receive the benefits of expanded local calling.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 3.304(a), Title IIIG, Article 1446c-0, V.T.C.S. (Public Utility Regulatory Act of 1995), to authorize the Public Utility Commission (PUC) to permit only one-way toll-free calling areas under this section for petitions filed on or after April 15, 1997. Requires an incumbent local exchange company to recover certain costs with a monthly surcharge for toll-free calling service for all of the incumbent local exchange company's local exchange service customers. Requires monthly fees allowed in Subsection (a)(4)(A)(i) to be charged to certain customers. Provides that the surcharge to each customer permitted under either Subsection (a)(4)(A)(ii) or (a)(4)(C) is not limited or reduced by any monthly fee assessed the customer under Subsection (a)(4)(A)(i). Requires an incumbent local exchange company to recover certain costs with a monthly fee assessed to residential and business local exchange customers. Sets forth the limitations of the fee. Sets forth the surcharge rate for surcharges allowed by Subsection (a)(4)(A)(ii). Authorizes a local exchange company to include all fees and surcharges allowed by Subsections (a)(4)(A)-(C) in the company's regular charge for local exchange service in the exchanges to which the monthly fee and/or surcharge applies, and changes to the company's tariffs shall be approved on a revenue neutral basis by the PUC upon application by a company under this subsection. Provides that a proceeding under this section is not a ratemaking proceeding before the PUC or in a court. Provides that in order to promote the wide dispersion of pay telephones, such telephones shall be exempt from the provisions of this section.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.

## **SUMMARY OF COMMITTEE CHANGES**

### Amendment 1.

Amend SECTION 1, Page 4, Line 30, by striking through "(a)(2)(C)(i) or (a)(2)(C)(ii)" and replacing it with "(a)(4)(C)(i) or (a)(4)(C)(ii)."

### Amendment 2.

Amend SECTION 1, Page 6, Lines 17 thru 21, to provide that Subsection (c) should read as follows: "In order to promote the wide dispersion of pay telephones, such telephones shall be exempt from the provisions of this section."