

## **BILL ANALYSIS**

Senate Research Center  
82R23594 JXC-D

C.S.S.B. 1849  
By: Hegar  
Business & Commerce  
4/19/2011  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The current universal service fund contains the Texas High Cost Fund and the Texas High Cost Assistance Fund. They are designed to assure basic telephone service to the state's less populated and traditionally underserved areas. The funds have been used to upgrade telephone and data service technologies as they become available. The Texas High Cost Fund and the Texas High Cost Assistance Fund may be used by participating companies only in rural and traditionally underserved areas.

When the last major telecommunications reform bill was passed at the end of the session in 2005, it contained a provision that reduced service provider access to the Texas High Cost Assistance Fund from companies with less than 5,000,000 subscriber lines to those companies under 31,000 subscriber lines, and to cooperatives. The bill addressed new requests for funding. Certain companies above the 31,000 threshold were led to believe that they would be "grandfathered" into the Texas High Cost Assistance Fund. The bill language, however, did not specifically address that issue.

The Public Utility Commission of Texas indicated that certain utility companies that have services areas with more than above 31,000 lines will no longer be able to receive Texas High Cost Assistance Funds. Without such funding, utility companies may not be able to invest in rural areas or expand or upgrade service technology. The elimination of Texas High Cost Assistance Funds could result in a 25 to 41 percent increase in consumer bills for affected communities.

C.S.S.B. 1849 amends current law relating to furthering stability and affordable service in the communications industry through the universal service fund.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 56.025, Utilities Code, by adding Subsection (g), as follows:

(g) Provides that notwithstanding Subsection (a) (relating to the universal service fund), a local exchange company that has been receiving support under a Public Utility Commission of Texas (PUC) order issued on this section before January 1, 2005, is entitled to continue to receive that support. Prohibits PUC from requiring the company to reimburse PUC for support that the company received under this section on or after January 1, 2005, and before that date this subsection takes effect.

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