

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 2680  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, certain small local exchange companies are allowed limited regulatory flexibility by law. These companies may make minor changes to rates (up to 10 percent) and offer certain services to customers by making an administrative filing with the Public Utility Commission of Texas not later than 91 days prior to the change or offering.

Current law allows for an administrative procedure by which small local exchange companies can change local rates by up to 10 percent. Policy issues have been raised regarding some of the rates charged by small companies. While certain companies would like to respond to these concerns by making some changes to their rates, the 10 percent limitation forces them to either engage in a very involved and costly process to effect a rate change or spread out a change over so many years that the response is ineffective.

The telecommunications industry is a quickly evolving and highly competitive marketplace. As new services are developed and offered, small companies need the regulatory flexibility to be able to offer these new services, package services, and offer promotional prices quickly. Additionally, in a competitive market place in which similar services are offered by, sometimes unregulated, competitors, these small companies need to be able to quickly respond to the market in order to survive.

This bill allows small companies to address policy concerns and respond quickly to the needs of a competitive marketplace efficiently and effectively.

When rate elements may range from \$1 to \$10 or \$15, in order to effectuate a change that can have any effect on revenues, a 10 percent change is not always effective. This allows small companies rate flexibility that can allow up to a 50 percentage change on certain rate elements in order to respond to policy and market concerns without a time consuming and costly process.

When a company needs to offer a new service, a promotional price, bundled services or make changes in response to competition, these actions need to take place quickly. This legislation allows small companies to avoid competitive disadvantage and make these necessary changes and offerings with a 10 day window rather than the 91 day window under current law.

H.B. 2680 amends current law relating to the procedure for certain small local exchange companies to propose to offer certain services or to make a minor change in a rate or tariff.

### **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 53.301, Utilities Code, as follows:

Sec. 53.301. DEFINITION. (a) Redefines "minor change."

(b) Provides that with regard to a change to a basic local access line rate, a "minor change" does not include a change that, together with any other change to the basic local access line rate that took effect during the 12 months preceding the effective date of the proposed change, results in an increase of more than 50 percent, rather than an increase of more than 10 percent.

SECTION 2. Amends Section 53.304, Utilities Code, as follows:

Sec. 53.304. PROCEDURE TO OFFER CERTAIN SERVICES OR MAKE MINOR CHANGES. (a) Authorizes an incumbent local exchange company to offer an extended local calling service, a packaged service, or a new or promotional service on an optional basis or make a minor change in its rates or tariffs if the company files with the Public Utility Commission of Texas (PUC) and the Office of Public Utility Counsel (OPUC) notice, as prescribed by Subsection (b), not later than the 10th day before the effective date of the proposed change, rather than authorizing the company filing with PUC and OPUC a statement of intent, as prescribed by Subsection (d), not later than the 91st day before the effective date of the proposed change.

(b) Requires that the notice, rather than the statement of intent, include certain information.

SECTION 3. Amends Section 53.305(b), Utilities Code, to require that notice be provided not later than the 10th day, rather than 61st day, before the effective date of the proposed change.

SECTION 4. Provides that this Act applies only to a proposal to offer a service or to change a rate or tariff notice of which is filed on or after the effective date of this Act. Provides that a proposal to offer a service or to change a rate or tariff for which a statement of intent is filed before the effective date of this Act is governed by the law in effect on the date the statement is filed, and that law is continued in effect for that purpose.

SECTION 5. Effective date: September 1, 2011.