

BILL ANALYSIS

Senate Research Center

S.B. 1849
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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.

As proposed, S.B. 1849 amends current law relating to furthering stability and affordable service in the communications industry.

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 Subchapter B, Chapter 56, Utilities Code, by adding Subsection (g), as follows:

(g) Requires any local exchange company that received high cost assistance pursuant to a valid Public Utility Commission of Texas order dated prior to January 1, 2005, to be allowed to retain its high cost assistance as set forth in such order, notwithstanding Subsection (a) (relating to the universal service fund).

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