

BILL ANALYSIS

Senate Research Center
82R4737 RWG-D

S.B. 773
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this legislation is to extend for 12 years the state telecommunications discount for digital services for voice, video, and data to libraries, schools, colleges, hospitals, and telemedicine centers in Texas. The discount allows these entities to purchase high-speed broadband services from incumbent local exchange carriers at 105 percent to 110 percent of long run incremental costs (LRIC). Currently, Chapter 57 (Distance Learning and other Advanced Services), Chapter 58 (Incentive Regulations), and Chapter 59 (Infrastructure Plan), Utilities Code, require that the incumbent local exchange carriers not charge eligible entities more than 105 percent to 110 percent of LRIC. The eligible entities are schools, libraries, institutions of higher education, and hospitals and the discount is due to expire on January 1, 2012. The discount program specifies that telecommunications providers can recoup their full cost but limits the percentage of additional returns on certain network or broadband services for public educational institutions.

This legislation would extend the discount to January 1, 2024, which coincides with the next time the Texas Public Utility Commission (PUC) will be under Sunset review. Without the state telecommunications discount, these anchor institutions may have to cut programs, eliminate positions, and pass on the cost to the public, cities, or counties to cover the costs of broadband services. The discount program remains an essential component of the state's information and telecommunications infrastructure. Without legislative action by the 82nd Legislature, the discounts will end and many eligible institutions would be unable to meet their current level of service. Extending the state telecommunications discount legislation will ensure that a telecommunications infrastructure that connects public entities such as schools, libraries, nonprofit telemedicine centers, and public hospitals will continue at a reasonable rate.

As proposed, S.B. 773 amends current law relating to telecommunications service discounts for educational institutions, libraries, hospitals, and telemedicine centers.

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 58.258(a), Utilities Code, as follows:

- (a) Prohibits an electing company's rates for private network services from being increased before January 1, 2024, rather than January 1, 2012, notwithstanding the pricing flexibility authorized by this subtitle. Authorizes an electing company to increase a rate in accordance with the provisions of a customer specific contract.

SECTION 2. Amends Section 58.268, Utilities Code, as follows:

Sec. 58.268. CONTINUATION OF OBLIGATION. Requires an electing company to continue to comply with this subchapter until January 1, 2024, rather than January 1, 2012, notwithstanding any other provision of this title, regardless of the date the company

elected under this chapter, or any action taken in relation to that company under Chapter 65 (Deregulation of Certain Incumbent Local Exchange Company Markets).

SECTION 3. Amends Section 59.077(a), Utilities Code, to make a conforming change.

SECTION 4. Amends Section 59.083, Utilities Code, as follows:

Sec. 59.083. CONTINUATION OF OBLIGATION. Makes a conforming change.

SECTION 5. Effective date: September 1, 2011.