The Public Utility Commission of Texas (commission) adopts new §26.225 relating to Requirements Applicable to Nonbasic Services for Chapter 58 Electing Companies with changes to the proposed text published in the May 19, 2000 *Texas Register* (25 TexReg 4437). New §26.225 will clarify the substantive requirements relating to nonbasic services offered by Chapter 58 electing local exchange telephone companies. New §26.225, which results from the enactment of Senate Bill 560 during the 76th Legislative Session, is adopted under Project Number 21157.

New §26.225 implements provisions of Senate Bill 560 (SB 560), 76th Legislature, Regular Session, related to nonbasic services offered by Chapter 58 electing companies. First, §26.225 acknowledges the change in categorization of services in PURA, Chapter 58 from either competitive services or discretionary services to nonbasic services. Second, §26.225 establishes pricing standards for nonbasic services in a manner consistent with SB 560. Third, §26.225 provides Chapter 58 electing companies with guidelines for the introduction of new services in a manner consistent with SB 560. Through the adoption of new §26.225, the commission makes its rules consistent with PURA and clarifies the standards required of Chapter 58 electing companies for offering nonbasic services to customers.

Comments on §26.225

On June 19, 2000, the commission received written comments on Project Number 21157 from AT&T Communications of Texas, L.P. (AT&T), the CLEC Coalition, GTE Southwest Incorporated (GTE) and Southwestern Bell Telephone Company (SWBT). A public hearing was held at commission offices on June 27, 2000 at 9:30 a.m. whereupon representatives from AT&T, the CLEC Coalition and SWBT attended the hearing and commented on the proposed rule. On July 3, 2000, the commission received written reply comments from AT&T, the CLEC Coalition, Sprint/Centel and Sprint/United (collectively Sprint), and SWBT on this project. On July 5, 2000, the commission received comments from GTE. All timely filed comments, including any not specifically referenced herein, were fully considered by the commission.

Comments on §26.225(d)(1)(A)(iii)

Clause (iii) establishes the price ceiling in effect until certain switched access rate reductions are implemented pursuant to PURA §58.301(2) for certain vertical services offered by an electing company that serves more than five million access lines. GTE commented that §26.225(d)(1)(A)(iii) should be clarified to read "residential nonbasic services listed in subsection (c)(1)(F) of this section shall be priced *by such electing company* at or below the prices in effect on September 1, 1999."

The commission agrees with GTE that clause (iii) could be misinterpreted to affect the prices of all electing companies when, in fact, only the prices of an electing company with more than five million access lines should be affected. However, the commission notes that clause (iii) is now obsolete

because all of the reductions to switched access rates described in PURA §58.301(2) have been implemented. Because the price ceiling established under clause (iii) expired on July 1, 2000, clause (iii) serves no purpose and, therefore, the commission deletes clause (iii).

Comments on §26.225(d)(1)(A)(iv)

Clause (iv) provides, consistent with PURA §58.151(13), that an electing company will provide to a residential customer, at no charge, the first three directory assistance inquiries. GTE commented that §26.225(d)(1)(A)(iv) should be restricted to the first three *local* directory assistance inquiries in a monthly billing cycle.

The commission agrees with GTE's clarification. Due to the recent proliferation of national directory assistance, it is appropriate to specify that the first three local directory assistance inquiries are provided at no charge. Accordingly, the commission incorporates GTE's language in the final rule.

Comments on §26.225(d)(1)(A)(v)

Clause (v) describes the rate cap placed upon switched access rates by PURA §58.302. SWBT commented that §26.225(d)(1)(A)(v) should be reworded to reflect the past tense with respect to pricing of switched access services upon implementation of the Texas Universal Service Fund (TUSF) because the TUSF proceeding was completed on March 1, 2000.

The commission agrees with SWBT because final access charge reductions approved on March 1, 2000 were implemented on July 1, 2000. The commission modifies clause (v) accordingly to reflect the past tense.

Comments on §26.225(d)(1)(B)

Subparagraph (B) establishes a long run incremental cost standard for setting a price floor for nonbasic services. Sprint suggested adding language to §26.225(d)(1)(B) regarding price floors because PURA allows Chapter 59 electing companies to elect PURA Chapter 58 at any time and, therefore, the proposed rule should include smaller ILECs that may want to elect into Chapter 58 at some future point in time. Sprint suggested modifying paragraph (B) as follows: "Establishment of a LRIC floor requires commission approval of a cost study prepared by an electing company pursuant to the standards in Section 26.215 of this title or, for electing companies with annual revenues from regulated telecommunications operations in Texas of less than $100 million for five consecutive years, pursuant to Section 26.214."

The commission acknowledges that subparagraph (B) should refer to §26.214 and not just §26.215. Section 26.215 applies to dominant certificated telecommunications utilities (DCTUs) with annual revenues from regulated telecommunications operations in Texas of $100 million or more for five consecutive years. Section 26.214 applies to incumbent local exchange companies (ILECs) with annual

revenues from regulated telecommunications operations in Texas of less than $100 million for five consecutive years. Because any local exchange company may elect to be regulated under PURA Chapter 58, it is appropriate to refer to §26.214, as well as §26.215, in §26.225. Thus, the commission modifies subparagraph (B) accordingly.

Comments on §26.225(d)(1)(B)(i)

Section 26.225(d)(1)(B)(i) establishes a tariff rate test for price floors associated with nonbasic services and provides an exception for services that had either a rate of zero or no existing rate on September 1, 1999. In other words, if a service had a price of zero or no established price on September 1, 1999, the rule proposes that the price floor not be zero. Instead, a cost study would have to be submitted by an ILEC and approved by the commission to establish the long run incremental cost of the service, if an ILEC proposes to establish a price for a service not previously priced.

GTE and SWBT argued that this section should be struck or deleted because it imposes a restriction that is not in PURA §58.152(a)(2). GTE argued that there are limited instances when the commission mandated a price for services to be zero and in those instances, such tariffs have been approved by the commission, such tariffs reflect the price for the service, and PURA requires a price floor of zero. SWBT likewise objected, arguing that the language imposes a burden, restriction, and/or condition that is not found in PURA on an electing company's ability to price its nonbasic services that had a zero or no price on September 1, 1999.

In reply, the CLEC Coalition supported §26.225(d)(1)(B)(i), contending that the Legislature did not intend to give SWBT and GTE the unfettered ability to price new nonbasic services below cost through use of a loophole. The CLEC Coalition countered that the Legislature addressed the necessity of pricing services above long run incremental costs (LRIC) in many new or amended sections of PURA, and that they also recognized that there were some existing tariffed services that were priced below costs. In order to prevent price increases in these existing services, the Legislature "grandfathered" the services by exempting them from the general price-above-cost rule.

The CLEC Coalition stated that it is not aware of any service that has been offered at retail on a *stand alone basis* at no charge, but instead, the charges for certain services have been bundled with other services, or offered at no charge as part of a package. The CLEC Coalition argued that once the ILEC chooses to unbundle a service and start charging for it, the overriding emphasis in PURA is that ILEC services must at least recover their costs. The CLEC Coalition reasoned that PURA §58.153 states that an electing company may introduce a new service "subject to the pricing conditions prescribed by Section 58.152(a)." If the "price for the service in effect on September 1, 1999," allowed as an alternative pricing criteria in PURA §58.152(a) were *always* zero (since there was no service, therefore no price), then the new service would *always* meet the criteria set forth in PURA §58.152(a) and there would have been no need to mention PURA §58.152(a) in PURA §58.153.

The commission agrees with the CLEC Coalition that PURA must be read as a whole. The requirement to price services above the LRIC is well established in PURA Chapter 58 and the commission is unaware of any service with a LRIC of zero. Without clause (i), an electing company would be able to price a service below its LRIC, albeit above zero, potentially harming competitors who would have otherwise been able to enter the market. Thus, the commission finds there is sufficient justification for maintaining clause (i) as published. Accordingly, the commission declines to modify §26.225(d)(1)(B)(i).

Comments on §26.225(d)(1)(C)

Subsection (d)(1)(C) contains a proposal for an anticompetitive standard, i.e., a rebuttable presumption that the price of a service or package of services is anticompetitive if it is lower than the sum of the total element long run incremental cost (TELRIC)-based wholesale prices of components needed to provide the service or package. The commission requested comments regarding whether it is appropriate to include such an anti-competitive standard in this rule or, alternatively, whether such a standard should be developed through the facts determined in individual cases.

SWBT opposed the adoption of subsection (d)(1)(C) largely because subsection (d)(1)(C) is without statutory authority, and it is inconsistent with the requirements of PURA, relevant antitrust law and sound public policy. SWBT provided a total of eleven reasons why subsection (d)(1)(C) should not be adopted, including: (1) subsection (d)(1)(C) is not based on the PURA; (2) subsection (d)(1)(C)

conflicts with PURA §58.152(a); (3) subsection (d)(1)(C) is inconsistent with PURA §51.004(b) and proposed §26.226(d)(2); (4) LRIC is the appropriate standard for considering whether an electing company's retail prices are anticompetitive or predatory, not TELRIC; (5) the proposed rule is inconsistent with PURA §58.063(b); (6) the proposed rule would lead to absurd results; (7) the rule has no evidentiary basis; (8) the proposed rule is wrong under antitrust laws; (9) the rule cannot be valid on the argument that it is the converse of PURA §51.004(b); (10) the rule is confusing; and (11) the proposed rule is not in the public interest because it will chill procompetitive pricing. At the public hearing, SWBT reiterated its concerns. In reply comments, SWBT recommended that if an anti-competitive standard is developed, it be developed through the facts determined in individual contested cases. SWBT raised concerns about subsection (d)(1)(C) related to jurisdiction, the concept of price squeeze and the practical impediments of implementation.

GTE also argued that the anticompetitive standard should be struck in its entirety. GTE posited that anticompetitive concerns should be addressed on an individual case-by-case basis. First, GTE argued that TELRIC is an average cost and an inference that a price is anticompetitive is more reliably drawn if it falls below marginal costs, not average costs. Second, GTE contended that not all components of a service may be essential to the provision of like services by competitors. Accordingly, it would be anticompetitive or could potentially retard the offering of new and more complicated nonbasic services if the ILEC has to bear the burden for shared and common costs included in the TELRICs of any non-essential components, even when alternatives to these components would be available to competitors.

GTE cited a California rulemaking that rejected the calculation to establish price floors that summed all the TELRICs of a service and instead used a "contribution method" whereby only those costs competitors are required to pay (i.e., those associated with the "Monopoly Building Blocks" of loop, switching, and white page listings) are imputed in the establishment of price floors. GTE commented that the phrase "need to provide the service or package of services" may be interpreted to include all components of a service or just the essential components not available elsewhere. GTE commented that the commission should not limit its discretion in testing price floors by codifying an ambiguous criteria that is admittedly rebuttable. Instead, GTE urged the commission to strike the rebuttable presumption from the rule in its entirety and to establish the mechanics of testing for anticompetitive pricing as individual cases arise. GTE stressed the fact that when determining a price floor, it must not only be determined what network elements are necessary for the competitor to provide the service, but what elements must be provided by the ILEC. GTE offered alternative language in the event the commission chose to retain the rebuttable provision. GTE suggested that the phrase "needed to provide service or packages" be replaced with "unavailable from alternative sources and necessary and essential for the provision of the nonbasic service or package of services."

AT&T and the CLEC Coalition supported the anticompetitive standard**.** AT&T endorsed the use of a rebuttable presumption as an initial measure rather than requiring the development of an evidentiary record in a contested case. AT&T noted that there is no clear standard by which an ILEC will be found to have rebutted that presumption. AT&T argued that the standard should be extremely rigorous, but was unable to articulate a specific standard. AT&T anticipated that the Chapter 58 electing ILECs

will argue that the availability of the retail offering for resale will rebut the presumption, but took the position that resale should not be permitted as a basis for rebutting the presumption. AT&T stated that it would be anti-competitive to regulate an ILEC's competitor to a resale option as their only means of competing against ILEC pricing that undercuts wholesale costs.

In reply comments, AT&T noted that in spite of SWBT's 11 reasons for not adopting subsection (d)(1)(C), AT&T urged the commission to adopt subsection (d)(1)(C) for the single reason that PURA "explicitly supports it." AT&T opined that the commission is on very good grounds to adopt a rule that creates a rebuttable presumption regarding when the price of a service is anticompetitive. At worst, according to AT&T, the commission has not chosen its words carefully enough, insofar as the price of a "service" (or package of services) is at issue, and the proposed rule applies a cost method specific to elements (i.e., TELRIC), but the concept is the same. AT&T urges that any price that does not meet the imputation standard in PURA §60.064 is anticompetitive. Regardless of whether the price SWBT would charge would be "predatory," it is clearly anticompetitive and prohibited by PURA if it does not satisfy PURA's imputation requirements, according to AT&T.

The CLEC Coalition stated that it is necessary and appropriate for the commission to impose standards that address the most obvious forms of anti-competitive pricing, and that the most essential is the requirement that the ILECs not price retail services below the wholesale prices that CLECs must pay, a situation commonly referred to as price squeeze. Further, an ILEC's wholesale prices need not exceed its retail prices for a price squeeze to exist; a price squeeze may exist if there is only a small margin

between retail and wholesale prices. The CLEC Coalition supported the rebuttable presumption because it places the ILEC on notice that if a complaint is filed, the ILECs will have to demonstrate that a retail price that is less than the price of wholesale components does not violate PURA.

The CLEC Coalition commented that if ILECs are following the FCC pricing mandates, retail prices necessarily will be above the wholesale or unbundled network element (UNE) prices CLECs pay to acquire the elements necessary to provide the same retail service and that it is these wholesale prices that the ILEC should be charging itself. The CLEC Coalition contended that it would be rare for an ILEC to be charging less for a retail service than it imputes for wholesale components, and if such a situation did legitimately occur, it is the ILEC that possesses all of the cost information necessary to refute the presumption established by the rule. The CLEC Coalition also supported the TELRIC standard. The CLEC Coalition noted that SB 560 uses LRIC, but LRIC is defined by the commission through rule, so the disparity could be resolved by simple modification of the commission rule to add the same percentage markup for the ILECs costs as adopted in SWBT and GTE arbitrations. If costs are not being recovered in retail prices, the CLEC Coalition argued, then it is probable the ILEC is violating PURA §51.004. The CLEC Coalition supported adoption of the rule because leaving development of any implementing standards to individual contested cases would be costly, time-consuming, and unnecessary; individual adjudication should be used only in very fact-specific inquires. The CLEC Coalition argued that the anti-competitive effect is so clear and so likely to occur, a contested case should not be required to set this standard; instead, it should be explicit in the rule.

In its reply comments, GTE refuted the CLEC Coalition's concerns that insufficient margins between the ILEC's retail prices and the wholesale prices constitute a form of price squeeze. GTE asserted that the cost of essential and necessary services should be the test for determining anti-competitive behavior, not potential competitor's margins. GTE commented that ILECs should not be penalized by incorporating such considerations in its assumed price floor. GTE and SWBT contended that the availability of service resale rebuts any presumption of anti-competitive pricing and the resale option provides an effective alternative in those cases where the retail price is below the sum of the component wholesale UNE prices. GTE commented any price floor that is more stringent than the LRIC is not in compliance with the statute and codifying this requirement in a rule would reinstate additional ILEC burdens contrary to Legislative intent and virtually assure that every product roll-out will result in a contested proceeding.

The commission agrees with GTE and SWBT that an anticompetitive standard is more appropriately developed on a case-by-case basis. The commission finds that circumstances surrounding allegations of anticompetitive behavior may vary significantly from case to case and, therefore, a single rebuttable presumption may not adequately address the range of anticompetitive behaviors over which the commission has jurisdiction pursuant to PURA §51.004 and other sections of PURA.

Notwithstanding the fact that the rebuttable presumption is removed from this rule, the commission remains committed to ensuring that discounts or other forms of pricing flexibility are not "preferential, prejudicial, discriminatory, predatory or anticompetitive," as required by PURA §51.004. The

extensive debate in the comments regarding the appropriateness of an anticompetitive standard in the rule, the use of TELRIC in such a standard and whether such TELRIC and LRIC actually differ clearly indicates that the process of making a determination of anticompetitiveness is highly fact-intensive and should be developed in contested cases before it is codified in a rule. Because the rebuttable presumption is being removed from the rule, the commission will not further address the comments made by the parties. The commission notes that the filing requirements in §26.227 of this title (relating to Procedures Applicable to Nonbasic Services and Pricing Flexibility for Basic and Nonbasic Services for Chapter 58 Electing Companies) for informational filings require electing companies to furnish information about the list of relevant TELRIC based wholesale and retail prices for the service or package of services being offered. An interested party may rely on this information to initiate a complaint to investigate potential anticompetitive behavior on the part of the electing company. Thus, the commission deletes §26.225(d)(1)(C).

Comments on §26.225(d)(2)

Subsection (d)(2) requires an electing company to offer individually any nonbasic service that is also offered as a component of a package or other pricing flexibility offering. SWBT objected to subsection (d)(2) stating that there is no statutory authority for adopting this requirement. SWBT argued that the Legislature actually intended that there not be a separate tariffing requirement for nonbasic services because there is an express provision requiring a separate tariff filing for basic network services, but not such a requirement for nonbasic services. SWBT used the statutory construction argument that

whenever the Legislature includes a provision in one section of a statute, but excludes it in another, the provision should not be implied in the section where it was excluded. GTE replied that it concurs with SWBT.

In reply comments, AT&T noted that the commission has ample authority to require things that the Legislature does not, so long as the commission's requirements fall within its general authority. AT&T noted that the Legislature did not *prohibit* the commission from requiring a Chapter 58 company to also separately tariff its nonbasic services on a standalone basis. AT&T replied that the commission can still act to prevent anticompetitive or discriminatory behavior, and requiring nonbasic services to be separately tariffed will help ensure non-discriminatory access to those services by competitors.

The commission finds that it has authority to require ILECs to separately tariff nonbasic services that are sold as part of a package. Moreover, the commission anticipates that both competitors and retail customers will benefit from the requirement to have nonbasic services separately tariffed. Competitors will benefit because the availability of separately tariffed services will enable a high degree of flexibility in packaging of services. Customers, likewise, will benefit from the availability of new and innovative packages of services offered by resellers who combine separately tariffed services. Conversely, customers and competitors will be harmed by the unavailability of separately tariffed services. For these reasons, the commission declines to modify §26.225(d)(2).

In addition to modifications described thus far, the commission makes other minor modifications for the purpose of clarifying its intent.

This new §26.225 is adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (Vernon 1998, Supplement 2000) (PURA), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically; PURA §51.004 which provides guidelines for discounts and other forms of pricing flexibility; §58.002 which defines the term electing company; §58.024 which describes how a service may be reclassified; §58.151 which delineates nonbasic services for Chapter 58 companies; §58.152(a) which describes the price floor for nonbasic services; §58.153 which contains specific notice requirements and other requirements pertaining to services offered by Chapter 58 companies; §58.155, which states that interconnection is not addressed in PURA, Chapter 58, Subchapter B or Subchapter E; and, §58.302 which establishes a rate cap for switched access services.

Cross Reference to Statutes: Public Utility Regulatory Act §§14.002, 51.004, 58.002, 58.024, 58.151, 58.152, 58.153, 58.155, and 58.302.

§26.225. Requirements Applicable to Nonbasic Services For Chapter 58 Electing Companies.

(a) **Application.** This section applies to any electing company as the term is defined in the Public Utility Regulatory Act (PURA) §58.002. Other sections applicable to an electing company include, but are not limited to, §26.224 of this title (relating to Requirements Applicable to Basic Network Services for Chapter 58 Electing Companies), §26.226 of this title (relating to Requirements Applicable to Pricing Flexibility for Chapter 58 Electing Companies), and §26.227 of this title (relating to Procedures Applicable to Nonbasic Services and Pricing Flexibility for Basic and Nonbasic Services for Chapter 58 Electing Companies.)

(b) **Purpose.** The purpose of this section is to establish requirements for nonbasic services.

(c) **Nonbasic services**.

(1) Consistent with PURA §58.151 and §58.024, these services are nonbasic services:

(A) flat rate business local exchange telephone service, including primary directory listings and the receipt of a directory, and any applicable mileage or zone;

(B) business tone dialing service;

(C) service connection for all business services;

(D) direct inward dialing (DID) for basic business services;

(E) public pay telephone services, 0+ and 0- operator services and directory assistance services;

(F) call forwarding, call return, caller identification, call waiting and other custom calling services and call control options, except that residential call waiting is a basic network service;

(G) speed dialing and three-way calling;

(H) central office based PBX-type services;

(I) billing and collection services, including installment billing and late payment plans for electing company customers;

(J) integrated services digital network (ISDN) services;

(K) new services;

(L) 1-plus intraLATA message toll service (MTS);

(M) services described in the WATS tariff of an electing company as the tariff existed on January 1, 1995;

(N) 800 service and foreign exchange service;

(O) private line services and special access services;

(P) paging services and mobile services (IMTS);

(Q) 911 service provided to a local authority, if the service is available from a provider other than the electing company;

(R) all other services subject to the commission's jurisdiction that are not specifically classified as basic network services in PURA §58.051;

(S) any basic network service reclassified by the commission as a nonbasic service pursuant to PURA §58.024.

(2) Consistent with PURA §58.155, neither interconnection to competitive providers nor interconnection for commercial mobile service providers is addressed in this section.

(d) **Substantive requirements**. An electing company that seeks to introduce or modify rates, terms or conditions of a nonbasic service tariff shall follow the substantive requirements in this section and the procedural requirements in §26.227 of this title. Additionally, an electing company that seeks to flexibly price a nonbasic service shall follow the requirements in §26.226 of this title.

(1) **Pricing standards**. The price of a nonbasic service may not be preferential, prejudicial, discriminatory, predatory, or anticompetitive.

(A) Price ceilings. This subparagraph specifies the price ceilings for certain nonbasic services. Except as specified in this subparagraph, nonbasic services have no price ceiling.

(i) Until September 1, 2005, a nonbasic service listed in subsection (c)(1)(A)-(D) of this section shall be priced at or below the price in effect on September 1, 1999.

(ii) Until September 1, 2005, a Basic Rate Interface (BRI) ISDN service, which comprises up to two 64 Kbps B-channels and one 16 Kbps D-

channel, shall be priced at or below the price in effect on September 1, 1999.

(iii) An electing company shall provide to a residential customer the first three local directory assistance inquiries in a monthly billing cycle at a maximum price of zero dollars ($.00).

(iv) Consistent with PURA §58.302, switched access services shall be priced at or below the lesser of the rates in effect on September 1, 1999, or the applicable rates described in PURA §58.301 as those rates were further reduced when the Texas universal service fund was implemented on July 1, 2000.

(B) Price floors. A price that is set at or above the long run incremental cost of providing a service is presumed not to be a predatory price. The long run incremental cost of a nonbasic service must be established before the price floor of a nonbasic service can be determined, pursuant to PURA §58.152. Establishment of a long run incremental cost requires commission approval of a cost study prepared by an electing company pursuant to the standards in §26.214 of this title (relating to Long Run Incremental Cost (LRIC) Methodology for Services Provided by Certain Incumbent Local Exchange Companies (ILECS)) or §26.215 of this title (relating to Long Run Incremental Cost Methodology for Dominant Certificated Telecommunications Utility (DCTU) Services), as applicable. Any application to establish or modify a long

run incremental cost shall be filed by an electing company with the commission's Filing Clerk on or before the date a related informational notice is filed. Such an application shall be filed separately from the related informational notice. The minimum price of a nonbasic service shall be the lesser of:

(i) the price for the service in effect on September 1, 1999, except that this clause shall not be considered for services that had either a rate of zero or no existing rate on September 1, 1999; or

(ii) the long run incremental cost of the service in accordance with the imputation rules and requirements prescribed by or under PURA, Chapter 60, Subchapter D.

(2) **Separately tariffed services.** Any nonbasic service offered by an electing company to customers as a component of a package or other pricing flexibility offering shall also be offered by the electing company as a separately tariffed service.

(e) **New service.**

(1) A new service, as the term is defined in §26.5 of this title (relating to Definitions), is a nonbasic service under subsection (c)(1)(K) of this section.

(2) To introduce a new service tariff, an electing company shall follow the requirements in this section and the procedures in §26.227 of this title. If a new service is offered by an electing company as a component of a package, the new service shall also be offered as

a separately tariffed service and the separately tariffed service shall be subject to the pricing standards in subsection (d) of this section.

(3) A package of services that includes one or more new services and one or more existing services shall not be considered a new service. To introduce such a package, an electing company shall follow the requirements in this section, the requirements in §26.226 of this title and the procedures in §26.227 of this title.

This agency hereby certifies that the rule, as adopted, has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that §26.225 relating to Requirements Applicable to Nonbasic Services for Chapter 58 Electing Companies is hereby adopted with changes to the text as proposed.

ISSUED IN AUSTIN, TEXAS ON THE 29th DAY OF SEPTEMBER 2000.

PUBLIC UTILITY COMMISSION OF TEXAS

_____

Chairman Pat Wood, III

_____

Commissioner Judy Walsh

_____

Commissioner Brett A. Perlman