

**Report To
Texas Legislature**

***Pursuant to SB 408, §13
Evaluation of
Telecommunications
Carriers' Reports to the
Public Utility Commission of
Texas***

***Public Utility Commission of Texas
September 30, 2006***

Paul Hudson
Chairman

Julie Caruthers Parsley
Commissioner

Barry T. Smitherman
Commissioner

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Executive Director



Public Utility Commission of Texas

September 30, 2006

Honorable Members of the Eightieth Texas Legislature:

We are pleased to submit our 2006 Report Pursuant to SB 408, §13, Evaluation of Telecommunications Carriers' Reports to the Public Utility Commission of Texas.

The 79th Legislature required the Public Utility Commission of Texas (PUC) to perform a comprehensive review of reporting requirements, whether required by statute or PUC rules, relating to telecommunications providers.

The PUC's evaluation could result in a reduction of up to 54% of the Commission's telecommunications reporting requirements. The Commission is recommending the immediate elimination of 40.5% of its reporting requirements, and is recommending the review and possible elimination of an additional 13.5% of telecommunications reporting requirements.

In addition, the Commission is recommending that the Legislature consider reevaluating two statutes; PURA § 52.057, which requires the Commission to "approve" customer-specific contracts and PURA § 52.256, which requires the submission by all state utilities of five-year plans related to the use of historically underutilized businesses (HUBs) and workforce diversity.

Finally, the Commission proposes further on-line reporting for the benefit of telecommunications providers and the ease of administrative review by the Commission and Legislature.

We look forward to working with you on this and other policy objectives. If you need additional information please call on us.

Sincerely,

Julie Parsley
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ACKNOWLEDGEMENTS:

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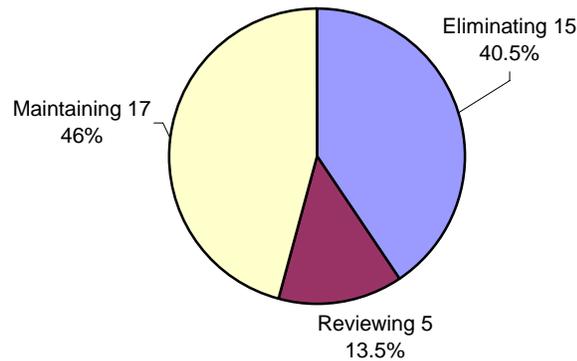
Executive Summary

The 79th Legislature required the Public Utility Commission of Texas (the Commission or the PUC) to perform a comprehensive review of reporting requirements, whether required by statute or Commission rules, relating to telecommunications providers.

Currently, telecommunications carriers are required by statute and/or Commission rules to submit 35 reports each year. Telecommunications carriers are also requested to provide two additional reports pursuant to the Commission’s authority to request data to fulfill its statutory obligations. Therefore, the Commission requires a total of 37 telecommunications reports annually.

In this report, the Commission proposes the elimination of 15 reports and the review of five additional reports to determine if their elimination is necessary.

PUC Telecommunications Reports



In addition, the Commission is recommending the Legislature consider reevaluating two statutes: PURA § 52.057, which requires the Commission to “approve” customer-specific contracts and PURA § 52.256, which requires the submission by all telecommunications utilities of five-year plans related to the use of historically underutilized businesses (HUBs) and workforce diversity.

Finally, the Commission proposes further on-line reporting for the benefit of telecommunications providers and the ease of administrative review by the Commission and Legislature.

Chapter I. Background

In 1975, the Public Utility Commission of Texas (the Commission) was created to regulate electric, telephone, and water utilities in Texas.¹

One of the key functions of the Commission was to set the rates of incumbent local exchange carriers (ILECs) using rate-of-return regulation through traditional rate cases. During the 1995 and 1999 sessions, the Texas Legislature enacted major changes to the regulatory structure governing incumbent carriers in the Public Utility Regulatory Act² (PURA), by establishing a system of incentive regulation for ILECs and providing for retail competition among providers of local telephone service. The requirements of the new competitive telecommunications environment altered the Commission’s role in regulating providers and overseeing markets. The changing landscape of competitive telecommunications requires an evaluation of the necessity for certain reports and an examination of the burden these reporting requirements place upon the industry.

Senate Bill 408 (SB 408), Section 13, enacted in the 79th Legislative session, requires the Commission to perform a comprehensive review of telecommunications providers’ reporting requirements established by statute or Commission rules.³ SB 408 required that the Commission solicit input and assistance from affected persons, and that the Commission consider how the information collected is used, whether the information is duplicative of information in another report, and whether the reporting requirements may be changed to make the reporting process more efficient. The Commission was directed to report the results of its review and evaluation including:

- (1) specific recommendations on which reports the Commission determines are necessary and which are not necessary;

¹ Jurisdiction over water utilities was transferred to the Texas Water Commission in 1985.

² Public Utility Regulatory Act, TEX. UTIL. CODE ANN §§11.001 - 66.017 (Vernon 1998 & Supp. 2005)(PURA).

³ SB 408, Section 13, was not codified in PURA.

- (2) for a report the Commission determines is necessary, whether the requirements relating to the report can be changed to make the reporting process more efficient; and
- (3) the actions the Commission has taken, or will take, to amend Commission rules to reflect the results of the review.

SB 408 further provided that if the Commission determined that legislation is necessary or appropriate to eliminate or change reporting requirements prescribed by statute, the Commission was to include those recommendations in its biennial report to the Legislature required by of PURA § 52.006.

Chapter II. Analysis of Commission Reports**A. Introduction**

Telecommunications providers in Texas are required to file reports that fall into the following seven categories:

- Service Quality and Customer Protection Reports
- Financial Reports
- EEO/HUB/Workforce Diversity Reports
- Service Provider Information Reports
- Universal Service Fund (USF) Reports
- Municipal Right of Way Fee Reports
- Other Reports

Appendix A of this report is a summary chart of the Commission's telecommunications reporting requirements and the Commission's recommendations related to each of these reports. Appendix B of this report is a glossary of terms.

On April 4, 2006, the Commission posted a notice requesting comments upon the Commission's existing telecommunications reports. Appendix C is a copy of the Commission's notice. On May 16, 2006, the Commission held a workshop for interested commenters.

Appendix D is a list of the commenters that filed comments for this report and gives a breakdown of the regulatory classification of each commenter. The Commission has considered the commenters' input in reaching its conclusions.

This chapter provides brief summaries of each report, including historical information, an overview of the comments received regarding specific reports, and the Commission's analysis of the purpose and use of the report along with the Commission's recommendation regarding the disposition of the report.

B. Service Quality and Customer Protection Reports

There are currently four reports required in this category. PURA §§ 55.001-55.003 establishes the general standard for telecommunications service quality and grants the PUC broad authority to adopt the standards a public utility must follow in furnishing a service. PURA § 14.003 gives the PUC authority to require reports from public utilities.

i. Service Quality Report

P.U.C. SUBST. R. 26.81 requires dominant certificated telecommunications utilities (DCTUs) to file service quality performance reports and P.U.C. SUBST. R. 26.54(c) provides the specific requirements for these reports. These reports allow the Commission to monitor compliance with service quality requirements imposed pursuant to rules promulgated under PURA §§ 55.001 – 55.003. These reports are filed each quarter and provide monthly service quality performance data on a company-wide basis. Exchange specific data is also included if the performance standard is missed for three consecutive months. Staff reviews and analyzes the information in these reports to determine whether companies are meeting applicable service quality standards. If a company is not in compliance with the service quality standards, the Commission also uses the information in the report as a basis for determining appropriate corrective action, including pursuing formal enforcement and recommending administrative penalties.

The PUC's Strategic Plan includes an outcome measure (OC 02-02.04) that reports the statewide percentage of ILEC access lines that meet or exceed the PUC's service quality standards. The purpose of the measure is to evaluate whether telecommunications service quality in Texas is increasing or decreasing. The data collected in these reports is used to calculate the results reported under this performance measure.

Commenters had no objections to the Service Quality Report. The Commission has determined that these reports are not duplicative. The

Commission believes that these reports are critical for exchanges that are regulated and for companies that receive universal service fund support and are essential to the fulfillment of the Commission’s statutory obligations under PURA § 52.002. Therefore, the Commission concludes that these reports should be maintained.

ii. Open Wire Replacement Report

Rural areas of the state had experienced significant telecommunications service outages and poor quality of service over decades because of the placement of “open wire”, un-insulated wire, on telephone poles. As a result, pursuant to its authority under PURA §§ 55.001 – 55.003, the Commission promulgated regulations requiring DCTUs to file reports on the replacement of this type of wire. P.U.C. SUBST. R. 26.54(b)(2) established quarterly reporting requirements until each company replaced the open wire with insulated transmission media or unless the provider received a Commission exemption from this requirement. P.U.C. SUBST. R. 26.54(b)(2) required all open wire to be replaced by December 31, 1998.

Because the utilities have already complied with the requirement to eliminate open wire in providing telecommunications services these reports are no longer provided by the utilities. All commenters therefore recommended that this requirement be removed from the Commission’s rules.

The Commission agrees that this report, required by rule, is obsolete and will initiate a rulemaking proceeding in which it will propose to amend P.U.C. SUBST. R. 26.54(b)(2) to eliminate this requirement.

iii. Service Interruption Report

DCTUs are required to file reports with the Commission after any significant service outage (one that lasts for more than four hours or affects 50% or more of the exchange’s customers). These reports monitor the companies’ service quality pursuant to PURA §§ 55.001 – 55.003. P.U.C. SUBST. R. 26.51(e) establishes guidelines and requirements for reporting such service interruptions on an as needed basis. The

Commission uses these reports to analyze the companies' operations and to determine if restoration of service occurs in a timely manner. This information allows the Commission to provide responses to affected customers and provides a critical overview of circumstances leading to telecommunications outages.

Commenters had no objections to the Service Interruption Report requirement. The Commission has determined that this report, required by rule, is not duplicative. The Commission recommends it continue to be required of all DCTUs.

iv. Emergency Operations Plan

Every DCTU is required to file an Emergency Operations Plan with the Commission. These plans, required pursuant to regulations promulgated under PURA §§ 55.001 – 55.003, ensure adequate telecommunications provider planning for weather-related or security-related emergencies. P.U.C. SUBST. R. 26.51(g) specifies the necessary information to be included in the plan and requires companies to update their plans within thirty days of any change. The Emergency Operations Plan is frequently used by the Commission's Emergency Operations teams during extraordinary weather conditions and in providing Homeland Security Operations support.

Commenters had no objections to the Emergency Operations Plan Report or the updates. The Commission has determined that this report is not duplicative. The Commission recommends that this report not be eliminated.

C. Financial Reports

There are currently eight reports required in this category. These reports are all required pursuant to the commission's authority under PURA § 14.003 and, in most cases, §§ 53.001 – 53.003, unless otherwise noted. The Commission uses these reports to determine the financial status of the dominant regulated companies, to make determinations regarding those companies still regulated under rate-of-return standards and to provide guidance for the Commission regarding various policy decisions related to

the development of the competitive markets and the status of the state's telecommunications infrastructure.

i. Annual Earnings Report

All DCTUs file an Annual Earning Report that contains their most recent calendar year revenue, expense and invested capital data. For those companies subject to rate-of-return regulation, the Commission evaluates the report data to determine whether the company's earned rate-of-return, based upon the companies' current actual earnings and the current market conditions is reasonable. These reports are filed pursuant to P.U.C. SUBST. R. 26.73(b) using a Commission prescribed format. Based on its analyses, the Commission may require that a company file an application for a rate review and a possible adjustment of its rates. Historically, the Annual Earnings Report was a principal tool for monitoring the financial condition of the utilities and assessing whether they were earning a return that was unreasonably higher than their Commission-approved rate-of-return.

Commenters noted that the Commission has not required a rate case based on these reports in a number of years and that these reports require substantial hours of preparation. Commenters recommended it be eliminated entirely or that the information be obtained from other available reports (such as the FCC's ARMIS Report discussed below) and noted duplications in the report's contents.

The Commission recognizes the effort required by entities producing the Annual Earnings Report and acknowledges that the traditional use of this report, for rate case proceedings, has substantially declined. However, the Commission notes that the majority of DCTUs are still subject to rate-of-return regulation, and that the Commission's mission of fostering a competitive telecommunications market still requires an overview of the DCTUs' financial operations. Although the Commission's extensive analysis of these reports for ratemaking and over-earnings purposes has diminished, this data is still valuable for the Commission's monitoring of competitive markets and, whenever it is required, examining carrier specific information for

determinations in on-going proceedings. The Commission believes its ability to perform certain functions would be impeded if it were forced to act pursuant its general authority under PURA § 14.003 to require reports as needed rather than being able to conduct an expeditious review of materials already in its possession.

Therefore, the Commission recommends that the Annual Earnings Report should be maintained. However, the Commission notes that a rulemaking proceeding shall be undertaken to propose the elimination of other reports required by P.U.C. SUBST. R. 26.73, and at that time, the Commission may examine the uses of, and the continued need for, the Annual Earnings Report.

ii. Federal Communications Commission (FCC) Annual Reports

All DCTUs are required by the FCC to file an annual report containing income and expense information, balance sheet information, and various financial measures. Pursuant to P.U.C. SUBST. R. 26.73(a)(1), the DCTUs must file a duplicate of this report, at the same time, with the Commission. The Commission uses the FCC Annual Report to obtain additional information regarding company finances and operations. These reports provide a set of standardized reference points and a means of verification for any information that a company may file in a rate proceeding before the Commission. In addition, the Commission relies on this information when it conducts periodic analyses of companies' earnings levels and financial conditions.

Commenters did not object to the submission of this report, which is prepared for the FCC, though it was suggested that some, if not all, of the information may be available on-line to the Commission.

The Commission concludes that this report duplicates data available from another source that is available in an on-line format. Moreover, the information contained in the report is not used by the Commission on a consistent basis. For these reasons, the Commission has concluded that requiring this report is no longer necessary. Therefore, the Commission will initiate a rulemaking proceeding in which it will propose to eliminate the FCC Annual Report.

iii. Annual Report to Shareholders

P.U.C. SUBST. R. 26.73(a)(2) also requires all DCTUs, and any utility holding company subject to annual Security Exchange Commission (SEC) reporting, to file with the Commission a copy of their annual Report to Shareholders. These reports are used to obtain information about the companies' operating and financial conditions in relationship to their "parent" companies. For example, decisions and events affecting the credit rating of a parent company may also affect the credit rating of its subsidiary, which in turn may impact the subsidiary's cost of capital and, ultimately, ratepayers' costs. Annual Reports to Shareholders also contain information related to management decisions and overall corporate strategies affecting the subsidiary utility. This information contributes to the Commission's comprehensive reviews of a company's financial condition and has, historically, been helpful in the analysis performed during rate case proceedings.

Commenters noted that this report was duplicative of other reports available at companies' websites. In addition, the companies noted that their filing, and the Commission's collection, of this report constituted an expensive activity in physical and computer storage.

The Commission finds that the material in this report is duplicative of other available materials and concludes that the report is unnecessary. Therefore, the Commission will propose to eliminate the Report to Shareholders in its rulemaking proceeding for P.U.C. SUBST. R. 26.73.

iv. SEC Reports

P.U.C. SUBST. R. 26.73(c) requires DCTUs to file their quarterly SEC reports with the Commission. These SEC reports provide, detailed, audited financial information stated on the basis of Generally Accepted Accounting Principles (GAAP), including; the companies' Statements of Income, Statements of Financial Condition (Balance Sheets), Statements of Cash Flows, and management discussions and analyses of the companies'

financial and operating performance and condition. The Commission uses this information as a set of standardized and audited reference points in its reviews of companies' financial and operating data and, historically, it has been a means of verifying information filed in rate case proceedings.

Commenters noted duplications between information in the SEC Reports and that provided in the ARMIS Report and CAM Reports discussed below. Commenters suggested that much, if not all, of the information in this report may be obtained at the FCC, SEC, and company websites.

The Commission concludes that the information in this report is duplicative and available from online sources. Therefore, the Commission will propose eliminating the SEC Report in its rulemaking proceeding for P.U.C. SUBST. R. 26.73

v. Automated Reporting Management Information System (ARMIS) Report

The Automated Reporting Management Information System (ARMIS) Report is an annual FCC requirement for all DCTUs. Pursuant to P.U.C. SUBST. R. 26.73(a), the DCTUs must file a copy of this report with the Commission when it is filed at the FCC. These reports contain telecommunications companies' financial, service quality and infrastructure information. This information is used to compare Texas specific data to that of other states as part of the Commission's infrastructure analysis. This information is used to assist the Commission in establishing infrastructure related policy guidelines.

As previously noted, commenters believe much, if not all, of the information provided by the ARMIS Report is duplicative of other reports filed at the Commission and is also available from other sources, such as the FCC and SEC.

The Commission agrees and concludes that this report is duplicative and available from on-line sources. Therefore, the Commission will propose eliminating the ARMIS Report in its rulemaking proceeding for P.U.C. SUBST. R. 26.73

vi. Reports on Certain Payments and Expenditures

DCTUs also file annual reports on certain payments and expenditures pursuant to PURA § 52.254 and the requirements of P.U.C. SUBST. R. 26.77. These reports are used to obtain data about certain expenditures related to gifts and entertainment, advertising, public relations, legislative advocacy, charitable and political contributions, and dues to trade associations. Certain expenditures of these types are not recoverable in authorized rates. The reports provide a frame of reference for comparing the amount of such expenditures that companies may request in rates versus the total, higher amount that the companies actually spend but which may not be otherwise identifiable in a cost-of-service determination.

Commenters noted that the statutory authority for this report, PURA §52.254, was repealed by the Legislature in 2005 in SB 408 and recommended that this report be eliminated.

The Commission concurs that the statutory authority requiring this report has been repealed and it will initiate a rulemaking proceeding to propose the elimination of the reporting requirement from P.U.C. SUBST. R. 26.77.

vii. Cost Allocation Manual (CAM) Report

The Cost Allocation Manual (CAM) Report is required annually, pursuant to P.U.C. SUBST. R. 26.98, of every DCTU that provides both regulated intrastate telecommunications services and non-regulated services or products. The CAM Report describes the methodology a company uses in allocating its costs between its regulated and non-regulated activities. The report identifies each non-regulated product or service provided by the DCTU and the accounts associated with them.

Commenters again noted duplication between information in the CAM and other submitted reports and the availability of much of this information at FCC, SEC and company websites.

The Commission agrees that this report is duplicative of other reports and that much of the information in this report is available from other sources. The Commission will propose to eliminate this report in a rulemaking proceeding for P.U.C. SUBST. R. 26.98.

viii. Quarterly Financial Summary

DCTUs are required to file quarterly financial summaries with the Commission. These reports provide comparative financial metrics, operating information, and financial ratios that allow the Commission to derive a quarterly “snapshot” of the DCTUs’ general financial positions. Specifically, the report includes data related to the companies’ refinancing activities, earnings per share, return on capital, cash flow, capital structure, and credit ratings. The Commission has used this report to proactively monitor the financial health of the DCTUs that own and control nearly the entire state telecommunications infrastructure.

Commenters noted that the information in these quarterly reports is duplicative of information in the Annual Earnings Report.

The Commission agrees with the commenters that this report should be eliminated. This report is not required pursuant to statute or rule, but has been submitted voluntarily by the companies at the request of Commission Staff as an augmentation for the Commission’s financial analyses. The Commission notes that PURA § 14.003 grants it the authority to require reports as needed. The Commission will eliminate the Quarterly Financial Summary while reserving its right to request such information on an as-needed basis.

D. EEO/HUB/Workforce Diversity Reports

There are currently three reports required in this category. The purpose of these reports is to provide information concerning telecommunications companies' compliance with federal and state statutory requirements regarding equal employment opportunities, the use of historically underutilized businesses and workforce diversity.

i. Equal Employment Opportunity (EEO) Reports

Pursuant to its general authority to require the submission of information by telecommunications providers, all telecommunications companies are required to file their Equal Employment Opportunity (EEO) Reports with the Commission as they are filed with other federal and state agencies. P.U.C. SUBST. R. 26.79 provides details on how the reports should be filed.

None of the commenters objected to the filing of this report and the Commission believes the report provides valuable information regarding the companies' employment practices. The Commission recommends that the requirement for this report be retained.

ii. Historically Underutilized Businesses (HUB) Reports

PURA §§ 12.251 – 12.255 and § 52.256 require all telecommunications companies to file an annual report on their use of Historically Underutilized Businesses (HUB). P.U.C. SUBST. R. 26.80 provides the requirements for the reports and the definition of a HUB is derived from Texas Government Code § 481.191. PURA § 52.256 required each company to file a comprehensive five-year plan, before January 1, 2000, that detailed the companies' HUB utilization at that time and its plans for contracting with small and historically underutilized business over the following five-years. The objective was to require companies to examine their performance and create, or enlarge, initiatives, programs and activities that might be pursued to increase HUB usage.

Commenters noted that information provided in the HUB Report duplicated some of the information found in the Workforce Diversity Report and that the five-year plan period, required by PURA § 52.256, has expired. The majority of commenters suggested the elimination of the HUB Report and the consolidation of the data in this report into the Workforce Diversity Report. Commenters representing small telecommunications carriers noted that many companies in remote areas have limited access to HUBs and suggested that, if the report were not discontinued, there be a waiver of this requirement provided for companies in such circumstances because the cost of the report is burdensome to small companies. In addition, commenters noted that they have had difficulty getting accurate information from businesses to complete the report, leading to concerns that data may not be accurate.

The Commission is persuaded that the HUB Report duplicates material in the Workforce Diversity Report and believes that the requirements of P.U.C. SUBST. R. 26.80 may be consolidated into those of P.U.C. SUBST. R. 26.85, related to Workforce Diversity, in a joint rulemaking proceeding. In such a proceeding the Commission may also re-examine the companies' concerns regarding inaccurate reporting.

However, the Commission does not have the authority to provide waivers to telecommunications providers of the statutory requirement to provide this information under the provisions of PURA § 52.256. The expiration of the five-year initial period allows an opportunity for the Legislature to re-evaluate this statute to determine whether its usefulness may be enhanced by limiting the scope or application of the reports. Therefore, the Commission will recommend that the Legislature review this requirement, and, if the Legislature determines that legislative action is unnecessary, the Commission will then initiate a rulemaking proceeding in which it will propose to eliminate the separate HUB Report, combining it with the Workforce Diversity Report and examine parties' other concern regarding materials in the report.

iii. Workforce Diversity Reports

In addition to the HUB Report, all telecommunications companies must file an annual Workforce Diversity Report. This report is also required by PURA § 52.256, and was part of the companies' five-year plans submitted in late 1999. The objective of the report is an annual update of the companies' progress in expanding workforce diversity. Filing requirements and report contents are codified in P.U.C. SUBST. R. 26.85. Again, the report encourages companies to enlarge initiatives, programs and activities that might be pursued to increase the diversity of their workforce.

Commenters noted that this report contains information duplicative of that in the HUB Report, including a section which lists HUB and small business procurement for various expenditures (e.g., construction, commodities, and professional services) as a percentage of total company procurement. Again, commenters representing small telecommunications carriers noted that many companies in remote areas have limited opportunities for workforce diversification. Finally, commenters noted that the five-year plan period, required by PURA § 52.256, has expired.

Again, the specifics of this report and the HUB Report are required by rule and the Commission may propose consolidating the requirements of P.U.C. SUBST. R. 26.80, related to the HUB Report, with those of P.U.C. SUBST. R. 26.85.

However, as noted previously in the discussion of the HUB Report, the expiration of the initial five-year plan period raises the issue of a Legislative re-evaluation of the scope of this report and the application of PURA § 52.256. The Commission will recommend legislative review of the statute to be followed by appropriate rulemaking activity to implement any legislative action. The Commission also notes that it has the statutory authority under PURA § 14.003 to request information from any company within its regulatory authority related to the use of historically underutilized business and the diversity of the workforce as it is needed.

E. Service Provider Information Report

There are a number of updates required of telecommunications providers after their initial registration or certification by the Commission, but only one report is required in this category, the biennial Scope of Competition Report.⁴

Scope of Competition

The Commission is required to submit a report to the legislature prior to January 15th of each odd-numbered year. This report contains an analysis of the scope of competition in regulated telecommunications markets as well as the effect of competition on customers in both competitive and non-competitive markets, with a specific focus on rural markets. The Commission's requirements for this report are prescribed in PURA § 52.006 and the Commission exercises its authority to obtain pertinent information to assemble this report from all telecommunications carriers within the state.

Commenters advised that some of the information provided pursuant to PURA § 52.006, for the Scope of Competition Report, duplicated information provided by telecommunications companies to the FCC in its semi-annual FCC Form 477 (47 C.F.R. §§ 1.7001, 20.15, and 43.11), also known as the "Broadband Report". The "Broadband Report" requires carriers to report data regarding the number of access lines for voice, mobile, and broadband by technology, as well as the geographical location of customers. This data is very similar to that requested of carriers for the Scope of Competition Report. In addition, commenters noted that switched access revenue data is currently submitted annually to the Commission in the Earnings Monitoring Report. Commenters representing small telecommunications companies suggested they be allowed to submit their Form 477 for inclusion in the Scope of Competition Report, stating that it will reduce time and expense for the companies. The commenters also noted that the broad language in PURA regarding the Scope of Competition Report gives the Commission the

⁴ Updates are provided for information related to the operating company in such instances as; Automatic Dialing Device (ADAD), Pay Telephone Service (PTS) Providers, and Non-Dominant Carrier, and Certificate of Operating Authority (COA) and Special Provider Certificate of Operating Authority (SPCOA).

latitude to make changes in the information it requests from companies without statutory revisions.

This report is required pursuant to PURA § 52.006 and requires telecommunications utilities to cooperate with the Commission as necessary to meet this statutory obligation. The Commission is mindful of the burden placed upon companies in providing the information required to be included in this report. However, the Commission is not yet convinced that the information in FCC Form 477 would be adequate for the Commission to provide a thorough Scope of Competition Report to the Legislature. The Commission is willing to explore the options further after the 2007 Legislative Session by holding a workshop at which commenters may examine the means to diminish the companies' burden while meeting the Commission's obligations.

F. Universal Service Fund (USF) Reports

There are currently nine reports required in this category. These reports serve three functions: provision of the required information to determine appropriate support amounts for the participating carriers; determination of the carriers' assessments for the fund; and provision of information to assist the Commission in its oversight of the fund.

i. Determination of Support Amounts

a. Texas High Cost Universal Service Plan Reports

Access line information and a calculation of baseline universal service fund support is required monthly from Eligible Telecommunications Providers (ETPs) that serve high cost rural areas of the state other than the study areas of small and rural incumbent local exchange companies. This monthly report is sent to the Texas Universal Service Fund (TUSF) Administrator (currently Solix). This report contains detailed information on the cost of, and monthly support for, primary residence lines and single

business lines within qualifying exchanges. The reports are necessary to determine the monthly support amounts that ETPs are eligible to receive from the fund. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.403(f).

Commenters had no objections to this report, which provides important data for the calculation of Texas High Cost Universal Service support. The Commission recommends this report be maintained.

b. Small and Rural ILEC Universal Service Reports

The total number of access lines eligible to receive universal service fund support is required monthly from ETPs that provide service in the study areas of small and rural incumbent local exchange companies. This report contains detailed information on the number of access lines receiving support within specific exchanges. This monthly report is sent to the TUSF Administrator. The reports are necessary to determine the monthly support amounts that ETPs are eligible to receive from the fund. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.404(g).

Commenters had no objections to this report, which provides the TUSF administrator with the necessary access line information to distribute appropriate support to small and rural telecommunications companies. However, commenters noted that the annual affidavit required by P.U.C. SUBST. R. §26.404(g)(2) was unnecessary and duplicative because monthly reports are being provided to the TUSF administrator. Commenters recommended the elimination of the annual affidavit or consolidation with the Annual Earnings Report so that the administrative costs of providing the affidavit would be lessened.

The Commission notes that the annual affidavit is required pursuant to PURA § 56.030, and is not substantially linked to other financial reports, such as the Annual Earnings Report. Therefore, the Commission does not believe that consolidation of the TUSF annual affidavit of compliance (PURA § 56.030) into the Annual Earnings Report is appropriate. The TUSF affidavit is required as an affirmation of compliance with state statutes and the provider certifies that it is in compliance with the TUSF requirements regarding receipt and use of its universal service support. The Commission notes that PURA § 56.030 was adopted in 2005 by the 75th Legislature in conjunction with PURA § 56.029, related to Universal Service Fund Study; Attestation Requirement. The Commission is currently conducting Project No. 32567, *Annual Compliance Affidavit Attesting to Proper Use of the Texas Universal Service Fund Pursuant to PURA Section 56.030*, to establish the necessary requirements for this affidavit process in conjunction with the legislative goal of a thorough review and evaluation of the TUSF's purposes as prescribed by PURA § 56.021. The Commission concludes that the affidavit is useful and necessary and that no action, other than that determined in the course of Project No. 32567, should be taken at this time with regard to the affidavit process.

c. USF Reimbursement for Certain IntraLATA Service Reports

IntraLATA interexchange High Capacity access line information and rate information that will provide the basis for the calculation of per line support and total support is required monthly from ETPs that are not electing companies under PURA Chapters 58 and 59 that have been approved to receive support under PURA § 56.028. This monthly report is sent to the TUSF Administrator. The reports are necessary to determine the monthly support amounts that ETPs are eligible to receive from the fund for this service. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.410(d).

Commenters had no objections to this report, which provides important data for the calculation of monthly USF support amounts. The Commission recommends this report be maintained.

d. Report from ETP Volunteering to Provide Basic Local Telecommunications Service in an Uncertificated Area

Reports on the total number of access lines served in designated uncertificated areas of the state and eligible to receive universal service fund support are required monthly from ETPs that provide service in uncertificated areas where the commission has established TUSF support amounts. The monthly report is sent to the TUSF Administrator. The reports are necessary to determine the monthly support amounts that ETPs are eligible to receive from the fund for the provision of service in their designated uncertificated areas. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.423(f).

Commenters had no objections to this report, which provides important data for the calculation of support for ETPs serving in uncertificated areas. The Commission recommends this report be maintained.

e. Lifeline Service Reports

Lifeline service reports are required on a monthly basis pursuant to P.U.C. SUBST. R. 26.412(h)(2)(B) to provide the TUSF administrator with the total number of qualified low-income customers receiving Lifeline service from the participating telecommunications carrier. The monthly reports, provided to the TUSF administrator, are necessary to determine the monthly support amounts that participating telecommunications carriers are eligible to receive from the fund for providing this service. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.412(h)(2).

Commenters had no objections to these reports, which provide the TUSF administrator with the necessary information to reimburse telecommunications companies providing Lifeline, low-income, support to qualifying customers. The Commission recommends these reports be maintained.

ii. Determination of the Assessments

Report of Taxable Telecommunications Receipts

Reports of taxable telecommunications receipts are required monthly from all telecommunication providers, including cellular telephone carriers, paging carriers, resellers of telecommunications services, etc. The reports are sent to the TUSF Administrator and are used to determine the gross TUSF assessment due from the carrier based on taxable telecommunications receipts collected during the preceding month. Smaller carriers, with limited activity, may be granted the opportunity to file quarterly reports. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.420(f)(5).

Commenters had no objections to this report, because it is necessary for the calculation of TUSF assessments. The Commission recommends this report be maintained.

iii. Commission Oversight

a. TUSF Administrator Summary Report

TUSF Administrator Reports are required monthly by the Commission. The reports provide a detailed accounting of the disbursements made by the fund, as well as other pertinent information relating to fund balances, monthly activity, year-to-date activity, etc. The information provided is carrier specific or provider specific for each

program funded through the TUSF. The reports are necessary for the Commission's oversight of the TUSF Administrator and a review of the various programs funded by the TUSF and the proper administration of the fund. The Commission's requirements, created pursuant to PURA § 56.023(d), are embodied in P.U.C. SUBST. R. 26.420(d).

Commenters had no objections to this report, and it is necessary for the Commission's oversight of the fund. The Commission recommends this report be maintained.

b. Lifeline and Link Up Service Reports

Lifeline and Linkup service provisioning reports are required annually detailing the number of customers enrolled through different processes and through different programs. The annual reports assist the Commission and interested parties with an overview of Lifeline enrollment and annual Link Up (installation) discounts for low-income subscribers. The Commission's requirements, created pursuant to PURA § 56.024, are embodied in P.U.C. SUBST. R. 26.412(h)(1).

Commenters recommended that this annual report, required by P.U.C. SUBST. R. 26.412(h)(1), be eliminated, noting that the Low-Income Discount Administrator (LIDA) is a better source of the information. Commenters noted that, because LIDA now deals directly with the customer qualification process for self-enrolling low-income customers, they cannot accurately determine which customers have qualified through self-enrollment. LIDA collects information on all customers qualifying through self-enrollment and traditional state and federal programs on a monthly basis for all participating telecommunications companies. Furthermore, commenters noted that the Link Up program, a discount for low-income customer installations, is entirely federally funded.

The Commission notes that Project No. 32162, *Rulemaking to Implement Changes in Lifeline Service Pursuant to S.B. 5 (PURA § 55.015 and 47 C.F.R. Subpart*

E), is eliminating the requirement for carriers to file an annual Lifeline and Link Up enrollment report. Project No. 32162 will be finalized in calendar year 2006. The Commission concludes that the matter of the annual Lifeline Enrollment Program Report has been evaluated in Project No. 32162 and is moot. Responsibility for these reports is within the scope of the contract between the Commission and the LIDA. However, should the need arise, the Commission has the authority to request information from the carriers to accomplish its responsibilities with regard to the low-income programs.

c. Relay Texas Advisory Committee (RTAC) Report

Relay Texas Advisory Committee activity and meeting reports, detailing the items, discussion and results of committee meetings, are required on a “demand” basis from the Relay Texas administrator. The reports are filed at the Commission and are provided to each commissioner. The reports are necessary to advise the Commission of the status of Relay Texas activities and to allow the commissioners the opportunity to place items on the Commission agenda as appropriate. The Commission’s requirements, created pursuant to PURA § 56.111, are embodied in P.U.C. SUBST. R. 26.414(e).

Commenters had no objections to these reports. The Commission concludes that the reports are not duplicative and serve a useful purpose, keeping the Commission informed of RTAC activities. The Commission recommends these reports be maintained.

G. Municipal Right-of-Way Fee Reports

Local Government Code Chapter 283 establishes a uniform method for compensating municipalities, through access line rates, for the use of a public right-of-way by certificated telecommunications providers (CTPs). There are currently two reports required in this category. These reports provide the information required to calculate access line rates and permit the on-going verification by Commission Staff and

municipalities of access line counts reported by CTPs and the associated municipal compensation.

i. Municipal Base Amount Reports

The amount of a municipality's right-of-way fee is determined using the municipality's base amount. Section 283.053(b) of the Local Government Code provides that the base amount is to reflect the total amount received by the municipality from CTPs in 1998 within the boundaries of the municipality. Municipalities reported base amounts in December 1999 which were used to establish the initial access line rates. Municipalities are also required to file base amount reports, upon Commission request, on compensation received annually as well as quarterly payments from each CTP. The Commission requirements are embodied in P.U.C. SUBST. R. 26.463(i).

Commenters had no objections to these reports. The Commission concludes these reports are not duplicative and serve a useful purpose, allowing the Commission to establish and maintain municipality base amounts for the establishment of access line rates and the municipalities' reimbursement for right-of-way usage. The Commission recommends these reports be maintained.

ii. Quarterly Access Line Reports

Section 283.055(j) of the Local Government Code requires each CTP to file a Quarterly Access Line Report on the number of access lines by category that the provider has within the municipality and provide the report to each affected municipality upon request. P.U.C. SUBST. R. 26.467(k)(3) implements this provision by requiring a CTP to file a Quarterly Access Line Report for the preceding calendar quarter no later than 45 days from the end of that calendar quarter. CTPs currently submit Quarterly Access Line Reports through the web-based Municipal Access Line Reporting System (MARS). Commission Staff and municipalities use these quarterly reports to verify the number of

access lines that serve premises within individual municipalities and the associated municipal compensation.

Commenters had no objections to these reports. The Commission concludes the reports are not duplicative and serve a useful purpose, the verification of access line counts to determine municipal compensation. The Commission recommends these reports be maintained.

However, commenters did note that in instances where carriers have no access lines within municipalities (companies reporting a zero line count) such reports are unnecessary and create a nuisance for companies that do not operate within municipal areas, or serve municipalities that have not requested compensation under the Commission's right-of-way compensation system. Commenters recommended eliminating reports in these instances and providing, in the alternative, an affidavit attesting that they do not serve any municipalities, or any municipalities that have requested compensation through the Commission's right-of-way compensation system, and that, at such time as a company begins providing municipal access lines, or an existing municipality requests compensation through the Commission, the company will begin reporting municipal access line counts. Commenters believed that this could be accomplished through a Commission rulemaking proceeding.

The Commission agrees that municipal access line reporting in instances where carriers report a zero line count is unnecessary, provided the Commission has received an initial advisement of that fact and that updates are made by the carriers at the appropriate time. The Commission concludes that this reporting requirement may be accomplished by making appropriate changes in the Commission's web-based Municipal Access Reporting System (MARS) and, if necessary, in a rulemaking proceeding to amend P.U.C. SUBST. R. 26.467.

H. Other Reports

Reports in this category do not clearly fit the preceding categories. Some of these reports are related to telecommunications infrastructure and some to specific requirements on utilities that provides services to state agencies. There are currently 10 reports required in this category.

i. Infrastructure Report

All DCTUs that have elected incentive regulation under PURA Chapters 58 or 59 must file an annual Infrastructure Report pursuant to P.U.C. SUBST. R. 26.87. These reports monitor compliance with the infrastructure commitments required under PURA § 58.021 and § 58.023, and Chapter 58, Subchapters F and G and Chapter 59 Subchapters C and D. The Commission's requirements, created pursuant to PURA § 14.003, are embodied in P.U.C. SUBST. R. 26.87. The report provides detail regarding end-to-end digital connectivity, digital switch deployment, inter-office broadband facilities, deployment of common channel signaling systems, fiber optic facilities to tandem central offices, and the specifics of the companies' infrastructure commitments. These reports provide the Commission with precise information regarding technology deployment throughout the company's exchange service areas and the extent and location of the company's infrastructure commitments to the required entities (educational facilities, libraries, non-profit medical facilities).

Commenters recommended that the Infrastructure Report be eliminated because it is a legacy of rate-of-return regulation and that the Commission has not used the report for some time.

The Commission agrees with commenters that this report is no longer necessary and will propose to eliminate this report in a rulemaking proceeding for amendments to P.U.C. SUBST. R. 26.87. The Commission notes that it has the

authority to request such information as needed for the public interest and that it will exercise that authority whenever it is appropriate.

ii. Affiliate Transactions Reports

DCTUs are required to file an annual Affiliate Transactions Reports pursuant to P.U.C. SUBST. R. 26.84. These reports monitor the activities between the DCTU and its affiliates and are used to ascertain whether anti-competitive activity has taken place. The Commission exercises its authority under PURA § 14.003 to require the reports.

Commenters noted that the Affiliate Transactions Report does not appear relevant in a non rate-of-return environment and that the detail required in the report requires a substantial time investment on the part of the companies (estimated as much as eighty hours). Commenters also noted that there was duplication between the information in this report and the ARMIS and CAM Reports and was therefore available at the websites discussed with regard to these other financial reports. Commenters suggested eliminating the Affiliate Transactions Report or consolidating this report into the Earnings Monitoring Report for the sake of simplification.

The Commission agrees that the Affiliate Transactions Report duplicates information in other financial reports and believes most, if not all, of the information required in this report may be obtained from on-line sources. As noted in the earlier recommendations regarding the Commission's financial reports, the Commission has proposed the elimination of a number of the financial reports in rulemaking proceedings for P.U.C. SUBST. R. 26.73, 26.77, and 26.98 due to duplication and the availability of online sources. The Commission will propose to eliminate this report in a rulemaking proceeding for P.U.C. SUBST. R. 26.84.

iii. State Agency Utility Account Information Reports

All certificated telecommunications companies must file State Agency Utility Account Information Reports semi-annually, pursuant to P.U.C. SUBST. R. 26.78, which was adopted pursuant to PURA § 14.003. These reports summarize telecommunications account information for state agencies, providing a description of each service, the quantity, rates and total charges.

Commenters initially requested the Commission consider the complete elimination of these reports, stating that the state agencies must already have the information, as a result of being billed for the services. The commenters noted that the preparation of this report is extremely burdensome and costly.

However, the State advised that the reports were established to assist state agencies and the Office of the Attorney General of the State of Texas, Consumer Protection and Public Health Division, Public Agency Representation Section (State), in complying with Texas Government Code Chapter 2112, which requires all state agencies to audit their telephone expenditures at least once in each four year period. The State noted that, although P.U.C. SUBST. R. 26.78 does require some revision and clarification to account for changes in law, regulation and the marketplace, the need for the reporting of the basic account information has not changed, and will not so long as the state audit requirement remains in the law. The State also noted that, contrary to the belief of the industry commenters, state agencies do not maintain this information, and there is no centralized reliable repository of this information available to either the agencies or the State.

The State offered to assist in revising this requirement to simplify its operation, but concluded that it is opposed to the complete elimination of the State Agency Account Information Report. Commenters yielded to the state's reasoning and agreed that they would work with the State and the Commission to reach an accommodation and continue the provision of the reports.

The Commission concludes that compliance with Texas Government Code Chapter 2112 is necessary and useful and that commenters are willing to modify and streamline the reporting requirements to lessen the burden upon the companies while continuing to supply the State with this information. The Commission will undertake a rulemaking proceeding to amend P.U.C. SUBST. R. 26.78 and address the reasonable concerns of the commenters and the State.

iv. Gross Receipts Assessment Report

Gross Receipts Assessment Reports are filed annually by all telecommunications utilities and submitted to the State Comptroller. The purpose of these reports is the determination by the Comptroller of appropriate gross receipts assessments for each utility. P.U.C. SUBST. R. 26.76, created pursuant to PURA § 16.001, establishes this requirement.

Commenters had no objections to this report. The Commission concludes the report is not duplicative and serves a useful purpose, providing the state Comptroller with necessary information to determine company assessments. The Commission recommends this report be maintained.

v. Demand for Distance Learning Services Report

All DCTUs file an annual report on the demand for distance learning services, pursuant to P.U.C. SUBST. R. 26.141. The companies' reports provide the type of institution receiving the discount, the types of services provided and the quantity of those services. The Commission's rule was established pursuant to its authority under PURA §§ 57.022 - 57.023. These statutes seek to encourage the development of distance learning activities by educational institutions and information sharing by libraries through the provision of reduced rates for telecommunications services directly related to such activities.

Commenters recommended the elimination of this annual report, stating that it no longer provides relevant information. The commenters noted that the development of the Internet has led many schools and libraries to link facilities through Internet applications instead of distance learning offerings and that PURA §§ 57.022 - 57.023 do not mandate an annual report.

The Commission agrees with the commenters' conclusion that the Demand for Distance Learning Report should be eliminated because the information obtained is no longer relevant to the Commission's mission. The distance learning discounts provided by P.U.C. SUBST. R. 26.141 are a useful statutory requirement that provides budgetary assistance to schools, libraries and non-profit medical facilities that use simple access line connections for internet access, information sharing and interactive communications services. However, the migration of many independent school districts, libraries and non-profit medical facilities to DS1 and DS 3 circuits, for higher bandwidth, makes annual tracking largely irrelevant. The Commission again notes that it has the authority to request this information as needed. The Commission concludes that a rulemaking proceeding to amend P.U.C. SUBST. R. 26.141 is necessary to eliminate the requirement for the annual Distance Learning Report and will initiate a rulemaking to do so.

vi. **Report of Deregulation by Cooperative**

The Report of Deregulation by Cooperative is filed as needed by any telephone cooperative pursuant to PURA §§ 53.351 – 53.359 and the requirements set forth in P.U.C. SUBST. R. 26.172. This report verifies the status of the cooperative's balloting of its members with regard to de-regulation of the cooperative or reversal of the cooperative's de-regulation.

Commenters had no objection to this report. The Commission concludes the report is not duplicative and serves a useful purpose, keeping the Commission

informed of deregulation, or its reversal, by cooperatives. The Commission recommends this report be maintained.

vii. Report on Customer Specific Contracts

The quarterly Report on Customer Specific Contracts is provided by ILECs. These reports provide information on customer specific contracts pursuant to the requirements set forth in P.U.C. SUBST. R. 26.211(d), established pursuant to PURA § 14.003 and § 52.057. These contracts relate to competitive services, usually between large telecommunications companies and large business customers, involving volume pricing. The quarterly reports provide the detail of customer-specific contracts, such as types of service and customers, locations and quantities for provided services, rates and terms, and supporting affidavits (these reports are generally provided under a Protective Agreement as confidential documents).

Commenters recommended that the Commission eliminate these quarterly reports, stating that they are no longer needed in a competitive environment, and, if they were regarded as necessary, should also apply to competitive local exchange carriers as well as the ILECs. In addition, commenters noted that customers object to providing the required affidavit, which states that they are aware of competitive offerings, and that the necessity of providing multiple affidavits is a burden for customers making multiple purchases.

Arguments for the elimination of the quarterly Report on Customer-Specific Contracts must be viewed in light of the fact that much of the information provided in the reports is now filed under Protective Agreement, as confidential, and is no longer available for the public to review. The original purpose of this requirement was to ease the obligation of companies to file each customer-specific contract as it occurred and to allow the monitoring of dominant ILECs' non-basic service contracts as a means of insuring a competitive market. The customer affidavit was required as a way to insure that end users were made aware of the fact that similar competitive services were

available. As noted by the commenters, the marketplace has changed substantially since the adoption of these requirements. Non-basic services purchased pursuant to contract are no longer subject to the scrutiny that was required at the time the market was first opened. However, the Commission has received periodic inquiries from customers, usually representatives of cities or school districts, regarding their inability to obtain historical data regarding terms, conditions or rates previously contracted to by these entities from their telecommunications companies.

The Commission believes the quarterly Report on Customer Specific Contracts should be eliminated in a rulemaking proceeding to amend P.U.C. SUBST. R. 26.211(d), and that a requirement that companies maintain the customers' contract records for established time periods replace the reporting requirement. This requirement should be adequate to allow customers access to their contract records as needed and to allow the Commission access to any customer-specific contract if there is a need for review. Because PURA § 52.057 requires the Commission to "approve" customer specific contracts, the elimination of the quarterly Report on Customer Specific Contracts would simply result in companies returning to the individual filing of their customer-specific contracts as occurred prior to the adoption of P.U.C. SUBST. R. 26.211(d). Therefore, the Commission will recommend that PURA § 52.057 be re-evaluated during the 80th Legislative Session to determine if the requirement of this statute is suitable in the current competitive market.

viii.**Switched Access Rates Report**

Biennially all DCTUs must file a Switched Access Rates Report to provide the necessary switched access rate information for the Commission's calculation of a statewide average for competitive carriers, as required by PURA § 52.155. P.U.C. SUBST. R. 26.223 establishes the requirements of this report. The development of the statewide average allows competitive carriers a safe-harbor rate in lieu of adjusting rates throughout their territories to those of numerous ILECs.

Commenters had no objections to this report, required by rule. The Commission concludes the report is not duplicative and serves a useful purpose, allowing the state to establish a safe-harbor rate and preventing excessive access rates. The Commission recommends this report be maintained.

ix. TIF Report

Every telecommunications company must file an annual Texas Telecommunications Infrastructure Fund (TIF) Report, as required by PURA § 57.048(h). This report provides a summary of the TIF fees collected by the state Comptroller utility assessments and then passed onto the utilities' customers. The information is used to verify appropriate billing to Texas ratepayers. The TIF Assessment Recovery Affidavit provides an actual report that summarizes the amount the carrier paid to the Comptroller for the 1.25 percent TIF assessment and the amount the carrier recovered from its customers in cumulative payments over the course of the same annual period.

Although one commenter recommended the consolidation of this report into the Annual Earnings Report for the sake of simplicity, none of the other commenters objected to the report.

The Commission does not see a substantial link between the requirement of PURA § 57.048 for the annual TIF affidavit and the Annual Earnings Report. PURA § 57.048, provides for the review and evaluation of the pass-through of the TIF assessment by carriers to their customers. The Commission believes that the necessity for the TIF Assessment Recovery Affidavit stands and that it should not be eliminated or consolidated into any other report at this time. Until such time that the Legislature concludes this review is no longer necessary, the Commission recommends the annual TIF Assessment Recovery Affidavit should continue to be maintained.

x. Construction Report

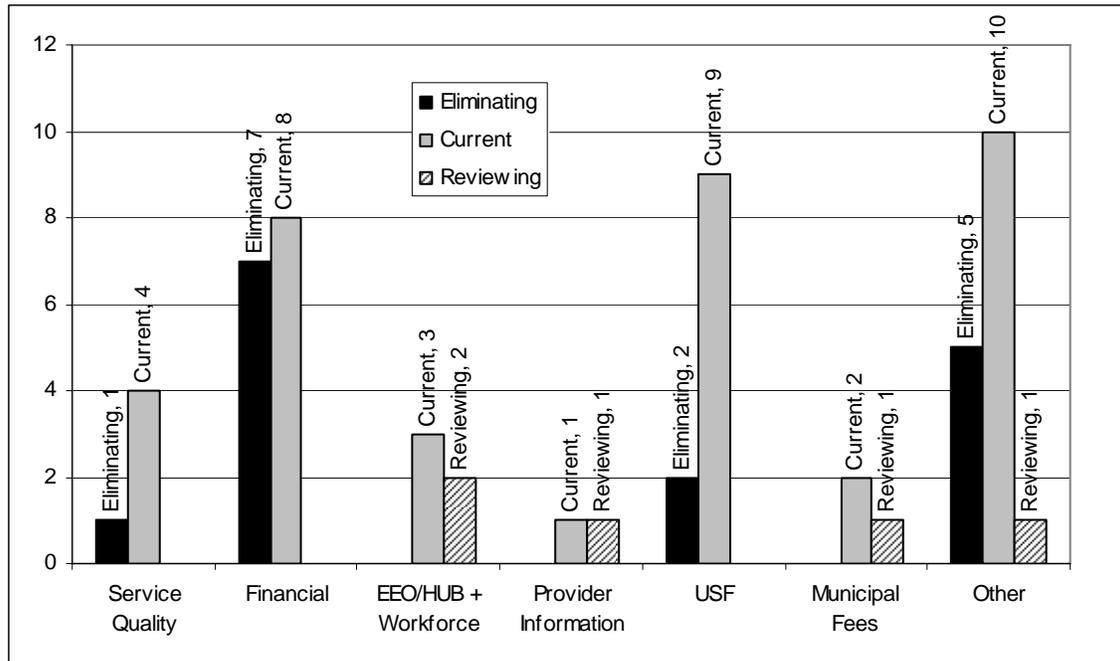
Prior to the commencement of construction in an amount exceeding \$250,000.00, all DCTUs must file a Construction Report, pursuant to P.U.C. SUBST. R. 26.82 and as noted in P.U.C. SUBST. R. 26.101. These reports are filed on an as-needed basis and allow the Commission to preview the companies' plans and pursue any need for additional facts or a public hearing. The construction reports include useful cost information on different types of telecommunications plant facilities. The information is used to assist staff analyses of cost studies filed by the companies as part of their Universal Service Fund (USF), long run incremental cost (LRIC) and Telecommunications LRIC (TELRIC) proceedings.

Commenters recommended the Commission eliminate this report because it is a legacy of rate-of-return regulation that has no place in today's competitive environment. In addition, commenters noted that the Commission has not used the Construction Report for any purpose recently.

The Commission agrees with the commenters. This report will be considered for elimination in a rulemaking concerning P.U.C. SUBST. R. 26.82 and 26.101. The Commission notes that it has the authority to request information from DCTUs regarding major construction projects on an as-needed basis.

Chapter III. Conclusions

As a result of its evaluation, the Commission will eliminate 15 and review an additional five reports for possible elimination, modification or consolidation. The following graph provides a summary of the Commission's determinations:



In conclusion, the Commission shall conduct 12 rulemaking proceedings for the following Substantive Rules in which it will propose the elimination of specific reports:

§26.54 *Service Objectives and Performance Benchmarks*

§26.73 *Financial and Operating Reports*

§26.77 *Payments, Compensation and Other Expenditures*

§26.82 *Construction Reports*

§26.84 *Annual Report of Affiliate Transactions of DCTUs*

§26.87 *Infrastructure Reports*

§26.98 *Cost Allocation Manual*

- §26.101 *Certification Criteria*
- §26.141 *Distance Learning, Information Sharing Programs, and Interactive Multimedia Communications*
- §26.404 *Small and Rural Incumbent Local Exchange Company Universal Service Plan*
- §26.412 *Lifeline Service and Link Up Service Programs*
- §26.467 *Rates, Allocation, Compensation, Adjustments, and Reporting*

The Commission will conduct four rulemaking proceedings for the following Substantive Rules to accomplish consolidation and, or, the re-evaluation of requirements:

- §26.78 *State Agency Utility Account Information*
- §26.80 *Annual Report on Historically Underutilized Businesses*
- §26.85 *Report on Workforce Diversity and Other Business Practices*
- §26.211 *Rate-Setting Flexibility for Services Subject to Significant Competitive Challenges*

The Commission will also conduct a workshop, following the 80th Legislative Session, to re-evaluate the current Scope of Competition reporting requirements with the intent of easing reporting burdens while insuring that the Commission has adequate information to fulfill its statutory obligations.

Finally, the Commission will include, in its biennial report to the Legislature, pursuant to PURA § 52.006, its recommendation for the re-evaluation of the following statutes related to reports that the Commission views as candidates for revision and/or elimination during the next session:

- PURA § 52.057 *Customer-Specific Contracts*

PURA § 52.256 *Plan and Report of Workforce Diversity and Other
Business Practices*

The Commission also notes that commenters suggested during the May 16th Workshop that the current availability of some reports, and updates for reports, on-line is undercut by the inability to file the reports on-line as well. The Commission recommends that the Legislature consider the establishment during the 80th Legislative session of an evaluation to determine the costs in staffing, software, hardware, and administrative time to accomplish on-line filing of some, if not all, of the required industry reports. Although the initial expense may require phasing in the necessary procedures, the savings of time and costs for the reporting entities and the greater accuracy, faster review and availability of data for analysis would be an enormous benefit to the Commission and the public interest.

The Commission believes that its recommendations will serve the public good by easing the obligations of the industry, thus furthering its competitive abilities, while preserving the level of information available to the Commission in reaching determinations that advance competition and serve consumers throughout the state.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Service Quality and Customer Protection Reports					
Service Quality Report	Dominant certificated telecommunications utilities (DCTUs)	Monitor compliance with service quality requirements. Filed Quarterly	26.81 & 26.54(c)	§14.003; §§55.001 – 55.003	Report maintained.
Open Wire Replacement Report	DCTUs	Monitor compliance with rule requirements Filed Quarterly, until wire replacement completed	26.54(b)(2)	§14.003; §§55.001 – 55.003	Report is obsolete and will be considered for elimination.
Report of Significant Service Interruptions	DCTUs	Monitor service quality Filed as needed, after 4 hr. plus service outage	26.51(e)	§14.003; §§55.001 – 55.003	Report maintained.
Emergency Operations Plan	DCTUs	Ensure adequate telecommunications provider planning Within 30 days of any change	26.51(g)	§14.003; §§55.001 – 55.003	Report maintained.
Financial Reports					
Annual Earnings Report	DCTUs	Determine whether rates should be adjusted Filed annually	26.73(b)	§14.003; §§53.001 – 53.003	Report will be examined for modifications in rulemaking proceeding for §26.73.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Financial Reports					
FCC Annual Reports	DCTUs	Obtain information about company finances and operations Filed annually	26.73(a)(1)	§14.003	Report will be considered for elimination.
Annual Report to Shareholders	DCTUs	Obtain information about company finances and operation Filed annually	26.73(a)(2)	§14.003	Report will be considered for elimination.
SEC Reports (11K, 10Q, 8K, etc...)	DCTUs	Information about finances and operations Filed Quarterly	26.73(c)	§14.003	Report will be considered for elimination.
ARMIS	DCTUs	Obtain information about company finances and operations As filed with FCC	26.73(a)	§14.003	Report will be considered for elimination.
Reports on Certain Payments and Expenditures	DCTUs	Obtain information about certain expenditures Filed annually	26.77	§14.003; §52.254 (repealed)	Report will be considered for elimination.
Cost Allocation Manual (CAM)	DCTUs providing regulated and non-regulated services	Obtain information about cost allocation methodology Filed annually	26.98(a)	§14.003	Report will be considered for elimination.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Financial Reports					
Quarterly Financial Summary	DCTUs	Obtain Additional Financial data Provided quarterly	n/a	§14.003	Report will be considered for elimination.
EEO/HUB/Workforce Diversity reports					
EEO Reports	All Electric & Telecommunications Utilities	Obtain information about utility's EEO practices As filed with other agencies	26.79	§14.003	Report maintained.
Report on Historically Underutilized Businesses (HUB)	All Electric & Telecommunications Utilities	Obtain information about utility's use of HUBs Filed annually	26.80	§§12.251-12.255, §52.256	Report to be reviewed. Request for Statutory Review
Report on Workforce Diversity	All Electric & Telecommunications Utilities	Obtain information about company's workforce diversity Filed annually	26.85	§52.256	Report to be reviewed. Request for Statutory Review
Service Provider Information Reports					
Scope of Competition	DCTUs & Competitive Local Exchange Carriers	Obtain information for PUC Legislative Report Filed biennially	n/a	§52.006	Report to be reviewed.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Universal Service Fund (USF) Reports					
Texas High Cost Universal Service Plan reporting requirements	Eligible Telecommunications Providers (ETPs)	Administer USF Provided monthly to Solix – the TUSF administrator	26.403(f)	§56.024	Report maintained.
Small and Rural ILEC Universal Service	ETPs	Administer USF Provided monthly to Solix	26.404(g)	§56.024	Report maintained.
USF Reimbursement for Certain IntraLATA Service reporting requirements	DCTUs awarded support under §26.410	Administer USF Provided monthly to Solix	26.410(d)	§56.024	Report maintained.
Report from ETP volunteering to provide basic local telecommunications service in an uncertificated area	ETPs eligible for support under §26.423	Determine amount of support Provided monthly to Solix	26.423(f)	§56.024	Report maintained.
Lifeline Service	ETPs	Determine amount of support Provided monthly to Solix	26.412(h)(2)(B)	§56.024	Report maintained.
Report of Taxable Telecommunications Receipts	All Telecommunications Providers	Determine USF assessment Provided monthly to Solix	26.420(f)(5)	§56.024	Report maintained.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Universal Service Fund (USF) Reports					
TUSF Administrator Summary Report	USF Administrator	Monitor USF Administration Provided monthly to PUC	26.420(d)	§56.023(d)	Report maintained.
Lifeline and Link Up Service Report	Eligible Telecommunications Carriers (ETCs) & ETPs	Monitor demand for low-income services Filed annually	26.412(h)(1)	§56.024	Report will be eliminated.
Relay Texas Advisory Committee (RTAC) Report	RTAC	Information about RTAC activities for Commissioners at PUC & HHSC/DARS Filed as needed after each RTAC meeting, but RTAC is on temporary hiatus	26.414(e)(4)	§56.111	Report maintained.
Municipal Right of Way Fee Reports					
Municipal Base Amount Report	All municipalities	Calculation of the base amount for access line right-of-way compensation Filed as needed	26.463(i)	Section 283.053(b) of the Local Government Code	Report maintained.
Quarterly Access Line Report	Certificated Telecommunications Providers (CTPs)	Calculate right-of-way compensation Filed quarterly	26.467(k)(3)	Section 283.053(j) of the Local Government Code	Report to be reviewed.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Other Reports					
Infrastructure Reports	DCTUs electing under PURA Chapters 58 or 59	Monitor compliance with infrastructure commitments Filed annually	26.87	§14.003; §58.021; §58.023 Chapter 58, Subchapter F & G, Chapter 59, Subchapters C & D	Report will be considered for elimination.
Affiliate Transactions	DCTUs	Monitor compliance with affiliate transaction requirements Filed annually	26.84	§14.003	Report will be considered for elimination.
State Agency Utility Account Information Reports	CTPs	Provide information about state agency accounts Filed semi-annually (April & October) with OAG	26.78(e)	§14.003	Report to be reviewed.
Gross Receipts Assessment Report	All Telecommunications Providers	Payment of gross receipts assessment Filed annually, submitted to Comptroller	26.76	§16.001	Report maintained.
Demand for Distance Learning Services Report	DCTUs	Monitor demand for distance learning services Filed annually	26.141(h)	§§57.022 - 57.023	Report will be considered for elimination.

Category and Title or Description of Report	Applicability	Purpose, Frequency &/or Filing Method	PUC Rule Reference	Statutory Authority (PURA)	Commission Determination
Other Reports					
Report of Deregulation by Cooperative	Telephone Cooperatives	Obtain information about deregulating telephone cooperatives Filed as needed	26.172(g)	§53.351	Report to be maintained
Report on Customer Specific Contracts	DCTUs providing competitively available services	Obtain information on customer specific contracts Filed quarterly	26.211(d)(2)	§14.003; §52.057	Report will be considered for elimination. Request for Statutory Review
Switched Access Rates Report	DCTUs	Obtain information to calculate statewide average for competitive carriers Filed biennially	26.223(f)(2)	§52.155	Report maintained.
Texas Telecommunications Infrastructure Fund (TIF) Report	All Telecommunication Providers	Summary of TIF fees collected and passed onto consumers Filed annually	n/a	§57.048(h)	Report maintained.
Construction	DCTUs	Advise PUC of construction projects exceeding \$250,000.00 Filed as needed	26.82 & 26.101	§14.003	Report will be considered for elimination.

APPENDIX B

GLOSSARY OF TERMS

The following words and terms, when used in this report shall have the following meanings:

- (1) **Affiliate** — means:
 - (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of a public utility;
 - (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of a public utility;
 - (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by a public utility;
 - (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
 - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of a public utility; or
 - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of a public utility;
 - (E) a person who is an officer or director of a public utility or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of a public utility; or
 - (F) a person determined to be an affiliate under Public Utility Regulatory Act § 11.006.
- (2) **Certificated service area** — The geographic area within which a company has been authorized to provide basic local telecommunications services pursuant to a certificate of convenience and necessity (CCN), a certificate of operating authority (COA), or a service provider certificate of operating authority (SPCOA) issued by the commission.
- (3) **Certificated telecommunications provider (CTP)** — A telecommunications utility that has been granted either a certificate of convenience and necessity (CCN), a certificate of operating authority (COA), or a service provider certificate of operating authority (SPCOA).
- (4) **Commission** — The Public Utility Commission of Texas.
- (5) **Competitive services** — Those services as defined in PURA § 58.151, and any other service the commission subsequently categorizes as a competitive service Any of the following services, when provided on an inter- or intrastate basis within an exchange area: central office based PBX-type services for systems of 75 stations or more; billing and collection services; high speed private line services of 1.544 megabits or greater; customized services; private line and virtual private line services; resold or shared local exchange telephone services if permitted by tariff; dark fiber services; non-voice data transmission service when offered as a separate service and not as a component of basic local telecommunications service; dedicated or virtually dedicated access services; services for which a local exchange company has been granted authority to engage in pricing flexibility pursuant to P.U.C. SUBST. R. 26.211 of this title (relating to Rate-Setting Flexibility for Services Subject to Significant Competitive Challenges); any service initially provided within an exchange after October 26, 1992, if first provided by an entity other than the incumbent local exchange company (companies) certificated to provide service within that exchange; and any other service the commission declares is not local exchange telephone service.
- (6) **Cooperative** — An incumbent local exchange company that is a cooperative corporation.

- (7) **Cooperative corporation** —
- (A) An electric cooperative corporation organized and operating under the Electric Cooperative Corporation Act, Texas Utilities Code Annotated, Chapter 161, or a predecessor statute to Chapter 161 and operating under that chapter; or
 - (B) A telephone cooperative corporation organized under the Telephone Cooperative Act, Texas Utilities Code, Chapter 162, or a predecessor statute to Chapter 162 and operating under that chapter.
- (8) **Distance learning** — Instruction, learning, and training that is transmitted from one site to one or more sites by telecommunications services that are used by an educational institution predominantly for such instruction, learning, or training--including: video, data, voice, and electronic information.
- (9) **Dominant carrier** — A provider of a communication service provided wholly or partly over a telephone system who the commission determines has sufficient market power in a telecommunications market to control prices for that service in that market in a manner adverse to the public interest. The term includes a provider who provided local exchange telephone service within certificated exchange areas on September 1, 1995, as to that service and as to any other service for which a competitive alternative is not available in a particular geographic market. In addition with respect to:
- (A) intraLATA long distance message telecommunications service originated by dialing the access code "1-plus," the term includes a provider of local exchange telephone service in a certificated exchange area for whom the use of that access code for the origination of "1-plus" intraLATA calls in the exchange area is exclusive; and
 - (B) interexchange services, the term does not include an interexchange carrier that is not a certificated local exchange company.
- (10) **Dominant certificated telecommunications utility (DCTU)** — A certificated telecommunications utility that is also a dominant carrier. Unless clearly indicated otherwise, the rules applicable to a DCTU apply specifically to only those services for which the DCTU is dominant.
- (11) **Dual-party relay service** — A service using oral and printed translations, by either a person or an automated device, between hearing- or speech-impaired individuals who use telecommunications devices for the deaf, computers, or similar automated devices, and others who do not have such equipment.
- (12) **Educational institution** — Accredited primary or secondary schools owned or operated by state and local government entities or by private entities; institutions of higher education as defined by the Education Code, § 61.003(13); the Texas Education Agency, its successors and assigns; regional education service centers established and operated pursuant to the Education Code, Chapter 8; and the Texas Higher Education Coordinating Board, its successors and assigns.
- (13) **Electing local exchange company (LEC)** — A certificated telecommunications utility electing to be regulated under the terms of the Public Utility Regulatory Act, Chapter 58.
- (14) **Eligible telecommunications carrier (ETC)** — The federal designation for a telecommunications carrier that has met the federal universal service fund (FUSF) support standards established in 47 United States Code § 214(e) and is eligible to receive support from the FUSF.
- (15) **Eligible telecommunications provider (ETP)** — The state designation for a telecommunications carrier that has met the Texas universal service fund (TUSF) support

standards established in 47 U.S.C. 214(e) and the state's standards embodied in P.U.C. Subst. R. 26.417 and is eligible to receive support from the TUSF.

- (19) **Exchange area** — The geographic territory delineated as an exchange area by official commission boundary maps. An exchange area usually embraces a city or town and its environs. There is usually a uniform set of charges for telecommunications service within the exchange area. An exchange area may be served by more than one central office and/or one certificated telephone utility. An exchange area may also be referred to as an exchange.
- (20) **High cost area** — A geographic area for which the costs established using a forward-looking economic cost methodology exceed the benchmark levels established by the commission.
- (21) **Incumbent local exchange company (ILEC)** — A local exchange company that had a certificate of convenience and necessity on September 1, 1995.
- (22) **Information sharing program** — Instruction, learning, and training that is transmitted from one site to one or more sites by telecommunications services that are used by a library predominantly for such instruction, learning, or training, including video, data, voice, and electronic information.
- (23) **Interactive multimedia communications** — Real-time, two-way, interactive voice, video, and data communications conducted over networks that link geographically dispersed locations. This definition includes interactive communications within or between buildings on the same campus or library site.
- (24) **Intrastate** — Refers to communications which both originate and terminate within Texas state boundaries.
- (25) **Lifeline Service** — A program certified by the Federal Communications Commission to provide for the reduction or waiver of the federal subscriber line charge for qualifying low-income residential consumers.
- (26) **Local access and transport area (LATA)** — A geographic area established for the provision and administration of communications service. It encompasses one or more designated exchanges, which are grouped to serve common social, economic and other purposes. For purposes of these rules, market areas, as used and defined in the Modified Final Judgment and the GTE Final Judgment, are encompassed in the term local access and transport area.
- (27) **Local exchange company (LEC)** — A telecommunications utility that has been granted either a certificate of convenience and necessity or a certificate of operating authority to provide local exchange telephone service, basic local telecommunications service, or switched access service within the state. A local exchange company is also referred to as a local exchange carrier.
- (28) **Long run incremental cost (LRIC)** — The change in total costs of the company of producing an increment of output in the long run when the company uses least cost technology. The LRIC should exclude any costs that, in the long run, are not brought into existence as a direct result of the increment of output.
- (29) **Municipality** — A city, incorporated village, or town, existing, created, or organized under the general, home rule, or special laws of the state.
- (30) **Nonbasic services** — Those services identified in PURA § 58.151, including any service reclassified by the commission pursuant to PURA § 58.024.

- (31) **Non-dominant certificated telecommunications utility (NCTU)** — A certificated telecommunications utility (CTU) that is not a dominant certificated telecommunications utility (DCTU) and has been granted a certificate of convenience and necessity (CCN) (after September 1, 1995, in an area already certificated to a DCTU), a certificate of operating authority (COA), or a service provider certificate of operating authority (SPCOA) to provide local exchange service.
- (32) **Nondominant carrier** —
- (A) An interexchange telecommunications carrier (including a reseller of interexchange telecommunications services).
 - (B) Any of the following that is not a dominant carrier:
 - (i) a specialized communications common carrier;
 - (ii) any other reseller of communications;
 - (iii) any other communications carrier that conveys, transmits, or receives communications in whole or in part over a telephone system; or
 - (iv) a provider of operator services that is not also a subscriber.
- (33) **Out-of-service trouble report** — An initial customer trouble report in which there is complete interruption of incoming or outgoing local exchange service. On multiple line services a failure of one central office line or a failure in common equipment affecting all lines is considered out of service. If an extension line failure does not result in the complete inability to receive or initiate calls, the report is not considered to be out of service.
- (34) **Partial deregulation** — The ability of a cooperative to offer new services on an optional basis and/or change its rates and tariffs under the provisions of the PURA §§ 53.351 - 53.359.
- (35) **Pricing flexibility** — Discounts and other forms of pricing flexibility may not be preferential, prejudicial, or discriminatory. Pricing flexibility includes:
- (A) customer specific contracts;
 - (B) volume, term, and discount pricing;
 - (C) zone density pricing;
 - (D) packaging of services; and
 - (E) other promotional pricing flexibility.
- (36) **Proceeding** — A hearing, investigation, inquiry, or other procedure for finding facts or making a decision. The term includes a denial of relief or dismissal of a complaint. It may be rulemaking or nonrulemaking; rate setting or non-rate setting.
- (37) **Public Utility Regulatory Act (PURA)** — The enabling statute for the Public Utility Commission of Texas, located in the Texas Utilities Code Annotated, §§11.001 - 66.017, (Vernon 1998 & Supp 2005).
- (38) **Qualifying low-income consumer** — A consumer that participates in one of the following programs: Medicaid, food stamps, Supplemental Security Income, federal public housing assistance, or Low-Income Home Energy Assistance Program.
- (39) **Regulatory authority** — In accordance with the context where it is found, either the commission or the governing body of a municipality.
- (40) **Relay Texas Advisory Committee (RTAC)** — The committee authorized by PURA § 56.110 and 1997 Texas General Laws Chapter 149.
- (41) **Relay Texas** — The name by which telecommunications dual-party relay service in Texas is known.

- (42) **Reversal of partial deregulation** — The ability of a minimum of 10% of the members of a partially deregulated cooperative to request, in writing, that a vote be conducted to determine whether members prefer to reverse partial deregulation. Ten percent shall be calculated based upon the total number of members of record as of the calendar month preceding receipt of the request from members for reversal of partial deregulation.
- (43) **Rule** — A statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedure or practice requirements of the commission. The term includes the amendment or repeal of a prior rule but does not include statements concerning only the internal management or organization of the commission and not affecting private rights or procedures.
- (44) **Rulemaking proceeding** — A proceeding conducted pursuant to the Administrative Procedure Act, Texas Government Code, Chapter 2001, Subchapter B, to adopt, amend, or repeal a commission rule.
- (45) **Rural incumbent local exchange company (ILEC)** — An ILEC that qualifies as a "rural telephone company" as defined in 47 U.S.C. 3(37) and/or 47 U.S.C. 251(f)(2).
- (46) **Service** — Has its broadest and most inclusive meaning. The term includes any act performed, anything supplied, and any facilities used or supplied by a public utility in the performance of the utility's duties under the Public Utility Regulatory Act to its patrons, employees, other public utilities, and the public. The term also includes the interchange or facilities between two or more public utilities. The term does not include the printing, distribution, or sale of advertising in a telephone directory.
- (47) **Service provider** — Any entity that offers a product or service to a customer and that directly or indirectly charges to or collects from a customer's bill an amount for the product or service on a customer's bill received from a billing telecommunications utility.
- (48) **Service provider certificate of operating authority (SPCOA) reseller** — A holder of a service provider certificate of operating authority that uses only resold telecommunications services provided by an incumbent local exchange company (ILEC) or by a certificate of operating authority (COA) holder or by a service provider certificate of operating authority (SPCOA) holder.
- (49) **Telecommunications relay service (TRS)** — A service using oral and print translations by either live or automated means between individuals who are hearing-impaired or speech-impaired who use specialized telecommunications devices and others who do not have such devices. Unless specified in the text, this term shall refer to intrastate telecommunications relay service only.
- (50) **Texas Universal Service Fund (TUSF)** — The fund authorized by PURA, § 56.021 and 1997 Texas General Laws Chapter 149.

Commission Workshop Notice**PROJECT NO. 32460****PUBLIC UTILITY COMMISSION OF TEXAS****PUBLIC NOTICE OF PROJECT TO EVALUATE TELECOMMUNICATIONS
CARRIERS' REPORTS PURSUANT TO SB 408, SECTION 13, 79TH
LEGISLATURE**

Pursuant to SB 408, Section 13, 79th Legislature, the Public Utility Commission of Texas (commission) has established a project to review and evaluate telecommunications carriers' reporting requirements with the purpose of creating a report for the Legislature, due on September 30, 2006. This project has been assigned Project No. 32460. The purpose of the commission's review is to evaluate the usefulness of the information collected from telecommunications carriers, determine whether reports contain duplicative information, and ascertain whether any requirements can be changed to make the reporting process more efficient. In addition, the commission will make recommendations regarding the necessity of the reports, determine whether requirements related to reports can be changed for greater efficiency, and provide a plan of action for commission rulemaking activity related to revisions affecting the reports. Furthermore, the commission will provide the Legislature with a recommendation and summary regarding any reporting requirements that will require statutory action.

The commission requests interested parties and affected persons, as that term is defined by Public Utility Regulatory Act §11.003, to file comments to the following questions:

1. If comments are filed on behalf of an entity subject to the PUC's regulatory jurisdiction, please indicate your company's regulatory status (i.e., PURA §52, §58, §59 or §65).

2. If applicable, please provide a table that lists all reports required by statute or commission rule that your company currently files with the commission. Include the following information:
 - a. name of report;
 - b. project number under which it is filed (if applicable);
 - c. filing occurrence (i.e., annual, quarterly, etc.) and due dates; and
 - d. statutory or rule obligation under which the report is filed.

3. Please provide a list of any reports, or portions of reports required by statute or commission rule that you believe to be duplicative of information included in a different report and include the following information:
 - a. specific description of the information that is duplicative and an explanation of why you believe it is; and
 - b. your recommendation for elimination, consolidation or streamlining that will correct the duplication of information.

4. Please provide a list of any reports required by statute or commission rule that you believe should be eliminated and include the following information:
 - a. An explanation of why the report should be eliminated; and
 - b. your recommendation regarding the appropriate action to eliminate the reporting requirement (i.e., a commission rulemaking, legislative action, or consolidation with another report, etc.

5. Please identify which reports that are currently required by statute or commission rule that are necessary to the industry's or the commission's activities and include the following information:
 - a. an explanation of why the report is necessary; and
 - b. your discussion of any negative ramifications that would occur if the report is eliminated or altered from its current format.

6. Should reporting requirements for a transitioning PURA §65 company be different than those for PURA §52, §58, and §59 companies? Please provide your reasoning and recommendations of which reports should apply to these categories.

Responses may be filed by submitting 16 copies to the commission's filing clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 within 20 calendar days of the publication of this notice. All responses should reference Project. No. 32460. The commission requests comments be

limited to 25 pages, exclusive of attachments. Reply comments may be filed within 25 calendar days of the notice of this publication. The commission requests that reply comments be limited to 10 pages, exclusive of attachments.

A workshop will be held on Tuesday, May 16, 2006, at 9:30 a.m. in the Commissioner's Hearing Room located on the seventh floor of the William B. Travis State Office Building, 1701 Congress Avenue, Austin, Texas 78701.

Questions concerning this notice should be referred to Janis Ervin, Senior Policy Specialist, Infrastructure Reliability Division, at (512) 936-7372. Hearing and speech-impaired individuals with text telephones may contact the commission at (512) 936-7136.

ISSUED IN AUSTIN, TEXAS ON THE 4th DAY OF APRIL 2006
BY THE PUBLIC UTILITY COMMISSION OF TEXAS
ADRIANA A. GONZALES

APPENDIX D
PARTICIPANTS AND REGULATORY STATUS

The following is a list of the commenters that attended the Commission’s May 16, 2006 Workshop regarding Project No. 32460 – *Review and Evaluation of Telecommunications Carriers’ Reporting Requirements Pursuant to SB 408 Section 13, 79th Legislative Session*:

Southwestern Bell Telephone Company dba AT&T Texas (AT&T Texas)
John Staurulakis Incorporated (JSI)
Texas Statewide Telecommunications Carriers Inc. (TSTCI)
Verizon Southwest (Verizon)
Sprint dba Embarq (Embarq)
State of Texas (the State)

On May 4, 2006, Comments were filed by AT&T Texas, JSI, TSTCI, and Verizon.

On May 9, 2006, Reply Comments were filed by the State.

The regulatory classification of the commenters is as follows:

Chapter 65 ILECS: AT&T Texas, Verizon and Embarq.

Chapter 59 ILECS and Chapter 52 ILECs: TSTCI

Chapter 52 ILECs: JSI