

PROJECT NO. 42600

RULEMAKING PROCEEDING TO	§	PUBLIC UTILITY COMMISSION
AMEND 16 TEX. ADMIN. CODE	§	
§§ 26.403, 26.404, AND 26.405 TO	§	OF TEXAS
ADDRESS CERTAIN PROVISIONS	§	
OF THE TUSF INCLUDING	§	
ELIGIBILITY OF CERTAIN LINES	§	
AND NUMBER OF BUSINESS LINES	§	
RECEIVING SUPPORT	§	

**ORDER ADOPTING AMENDMENTS TO §§26.403, 26.404, AND 26.405
AS APPROVED AT THE AUGUST 18, 2016 OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts amendments to §26.403, relating to the Texas High Cost Universal Service Plan (THCUSP); §26.404, relating to the Small and Rural Incumbent Local Exchange Company (ILEC) Universal Service Plan; and §26.405, relating to Financial Need for Continued Support with changes to the proposed text as published in the April 8, 2016 issue of the *Texas Register* (41 TexReg 2555). The proposed amendments will clarify the identification of eligible residential and business lines and will clarify the criteria that define a service location or address. These amendments are adopted under Project Number 42600.

The commission received comments on the proposed amendments from CGKC&H No. 2 Rural, LP, Mid-Tex Cellular, and Texas RSA 15B2, LP (collectively, WCW); DialTone Services, L.P. (DTS); AMA TechTel Communications (AMA TechTel); Texas Windstream, Inc., Windstream Communications Kerrville, LP, and Windstream Sugar Land, Inc., each d/b/a Windstream Communications (collectively, Windstream); and the CenturyLink incumbent local exchange companies (collectively, CenturyLink).

Comments regarding §§26.403(c)(1), 26.404(c)(1), and 26.405(c)(1), relating to the definition of a business line

AMA TechTel commented that the published rule addresses concerns that have previously been expressed by AMA Techtel while also addressing the definition of business and residential lines and without adding unnecessary or unclear terms.

CenturyLink commented that the definition of business line used throughout the published rules does not address a situation in which an incumbent local exchange company (ILEC) provides service pursuant to a customer specific agreement or otherwise under terms not pursuant to a filed tariff because the definition of a business line only refers to tariffed business service. CenturyLink commented that the published rule should be modified to address ILECs that may provide service that is eligible for support under a tariff, a price list, or a customer specific contract. Windstream filed comments indicating it concurs with CenturyLink's comments.

Commission Response

The commission agrees with the comments filed by CenturyLink and Windstream. Specifically, the commission agrees that the definition of business line as published does not account for a situation in which an ILEC serves an eligible line pursuant to a customer specific contract or otherwise under terms not pursuant to a tariff. As a result, the published rule does not clearly indicate whether such a line should be classified as a business or residential line. The commission notes that, under the rule as published, competitive local exchange companies that do not serve eligible lines pursuant to a tariff will look to the

customer application, subscriber agreement, or contract entered into by the customer to determine whether a line is a business line or a residential line. For such a line, the relevant factor is the person or entity executing the customer application, subscriber agreement, or contract, regardless of where the line is used and of who uses the line. The commission finds that it is appropriate for an ILEC to also look to the customer application, subscriber agreement, or contract entered into by the customer in such a situation. As a result, the definition of business line used throughout the amended rules is modified so that it includes the following two sentences: “For a line served by an ILEC, a business line is a line served pursuant to the ILEC’s business service tariff or a package that includes such a tariffed service. For a line served by an ILEC pursuant to a customer specific contract or that is otherwise not served pursuant to a tariff, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device. For a line that is served by an ETP other than an ILEC, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device.”

Comments regarding §§26.403(c)(6), 26.404(c)(6), and 26.405(c)(6), relating to the definition of a service address

WCW stated that it does not oppose provisions allowing other providers to use GPS coordinates as a service address for customers where a physical street address or 911 address is not available, but WCW requested that the commission allow a provider of mobile services the option of using a customer's billing address to determine a customer's service address for purposes of the TUSF. WCW stated that the Federal Communications Commission (FCC) has determined for the purposes of the federal Universal Service Fund that a customer's billing address is a reasonable surrogate for the customer's location and that the use of customer billing addresses is administratively convenient for certain competitive providers. WCW stated that billing addresses are an administratively efficient mechanism, are simple to audit, and are more likely than not to result in an under-reporting of eligible lines because business customers are more likely to have a corporate office with a billing address in an urban area with lower or zero per-line support amounts.

DTS commented that many of the changes in the rules as published are consistent with the manner in which the TUSF is currently administered. However, DTS commented that the published definition of service address, which appears in each of the published rules, is problematic and should be modified. DTS opposes adoption of the sentences stating: "GPS [Global Positioning System] coordinates shall not be used as a part of or in lieu of a unique physical street address, physical 911 address, or customer billing address. For the purposes of this definition, a physical 911 address is an address transmitted to the emergency service providers by an Eligible Telecommunications Provider (ETP) with respect to a line that is not stated in GPS coordinates."

Instead, DTS supports the use of GPS coordinates in the identification of a service address for the purpose of determining the level of support for which a line may be eligible.

DTS explained that many areas in which it serves are rural and frequently do not have a physical address. DTS stated that, presumably, this rule is designed to address instances where businesses, such as oil fields or rural ranches, or individual residential customers living in remote locations can be provided service with the assistance of support from the TUSF based on sound state policy. DTS further stated that an oil field will not have a traditional postal address and may not have a traditional 911 address, and that emergency service providers may prefer to receive GPS addressing information when 911 is called. DTS commented that a billing address, which is often a post office box, may be counties or cities away and not indicative of where service is actually provided. DTS commented that requiring the use of billing addresses, without permitting the use of GPS coordinates, would frustrate the purpose of the TUSF, which is to support service in high cost rural areas where service is actually provided, as opposed to where bills for such service are mailed. DTS also commented that the use of billing addresses instead of GPS coordinates could lead to unintended consequences, like carriers obtaining billing addresses tied to postal boxes in areas with support rates that differ from the rates lines would be eligible for based on the associated GPS coordinates.

DTS explained that, as part of its business model, it always confirms a physical structure exists at a location before entering into a customer contract. If there is no physical street address, DTS will enter GPS coordinates into its system in addition to the “monument” location, which is a location designated by cross streets, rivers, or some other physical structure. DTS also noted that these

practices were approved by the commission as part of its approval of the unanimous stipulation in *Petition of Commission Staff for Determination of Non-Eligibility for Certain Universal Service Fund Disbursements to DialToneServices, L.P. Pursuant to P.U.C. Subst. R. 26.403 and Refund of Disbursements*, Docket No. 41840 (Jun. 6, 2014). DTS stated that using GPS coordinates as a location is a sensible alternative when no physical street address exists and that these concerns exist with respect to residential customers in uncertificated areas as well as business customers.

DTS stated that allowing the use of GPS would still address two particular concerns raised during this project: improving the application of the cap on eligible residential and business lines and ensuring efficient administration of the TUSF. DTS suggested that other provisions in proposed §26.404(d) clearly address the limits on the number of eligible lines regardless of whether GPS is used and further suggested that GPS is an accurate and verifiable technology. DTS stated that several policy reasons support the use of GPS coordinates as the address associated with eligible lines: that GPS coordinates is well-known and reliable, that it is used by other state and federal agencies for determining exact locations, and that it provides precise location information.

As a result, DTS proposes that the following hierarchy be adopted for determining a customer's service address for support purposes. If a physical postal street address exists, use that address. If there is no physical postal street address, use a unique location identification that is associated with the line in the carrier's database for 911 purposes. Finally, if neither of these two is available, identify the location based on GPS coordinates. DTS proposed the following definition of "service address" in its comments:

A business or residential customer's service address will be determined in the following order of hierarchy:

- (a) a unique physical postal street addressing including any suite or unit number where a line is served;
- (b) where there is no available unique postal street address, a unique location identification for 911 purposes in the carrier's database associated with a line, and
- (c) if neither a postal address nor unique 911 identifying location exists in the carrier database, the location shall be identified based on GPS coordinates.

Commission Response

The commission agrees with WCW's comments regarding permitting providers of mobile services to use a customer's billing address as a service address. In particular, the commission finds that it is reasonable and efficient to harmonize reporting requirements for carriers that report billing addresses to the FCC. In the adopted version of the amended rules, the commission inserts the following sentence in the definition of service address: "For eligible lines served using commercial mobile radio service, a service address for such a line may be the customer's billing address for the purposes of this definition." The commission further modifies the definition of service address as discussed in more detail below.

The commission agrees with the concerns expressed by DTS but declines to adopt the rule language proposed by DTS. The commission agrees with DTS that the rule as published, by requiring the use of a customer's billing address, may lead to a situation in which the service address used for support purposes will not correspond to the exchange where the service is most frequently used. If a customer does not take service at a location that can be expressed in terms of a physical street address or physical 911 address, that customer's billing address may be in a different exchange from the area in which the service is used. The exchange that is associated with an eligible line will impact the level of support that an ETP receives because different exchanges have different monthly per-line support amounts. Although such a

situation is often unavoidable in the case of wireless service because a single device can be taken to and used in different exchanges, the commission finds the modifications discussed below will likely permit the use of service addresses that may better represent the exchange that should be associated with an eligible line.

The commission also addresses two other concerns identified by DTS in its comments: improving the application of the limit on eligible business lines at a business customer's service address and ensuring efficient administration of the TUSF.

As to the first additional concern identified by DTS, the commission finds that it is appropriate for the definition of service address to be modified in order to address the existing limits on eligible business lines per individual business customer at a business customer's service address. With respect to the limit on eligible business lines per individual business customer at a business customer's service address, the commission notes that, for the Small and Rural ILEC Universal Service Plan, there is presently a limit of five eligible business lines per individual business customer at a business customer's service address. Further, for the Texas High-Cost Universal Service Plan, the commission has adopted different limits on eligible business lines per individual business customer at a business customer's service address depending on the ILEC in a given exchange. *Petition for Review of Monthly Per Line Support Amounts From the Texas High Cost Universal Service Plan Pursuant to PURA § 56.031 and P.U.C. SUBST. R. 26.403*, Docket No 34723, Order at 9, Ordering Paragraph 3 (Apr. 25, 2008) (adopting the limits on eligible lines set out in the

settlement agreement filed by the parties); Docket No. 34723, Motion for Approval of the Unanimous Settlement Agreement, Attachment A at 10-12 (Apr. 8, 2008).

However, the application of these limits on eligible business lines depends on the definition of a service address. As a hypothetical example, if an entire for-profit ranch is a service address, then an ETP could obtain support for only five eligible business lines per individual business customer within the entire ranch. If, instead, each permanent structure within the ranch—or each pair of GPS coordinates corresponding to such a structure—is a service address, then an ETP could obtain support per individual business customer for five eligible business lines provided to each structure within the ranch. A ranch with five structures would contain five or 25 eligible business lines depending on how a service address is defined.

By modifying the definition of service address in this project, the commission clarifies how the limit on eligible business lines at a business customer's service address should be applied. The rules as adopted state that, in areas not defined by a physical street address or physical 911 address, an area of land under common operation as defined by a state permit, lease name, or field of operation is a single service address. Multiple buildings, including temporary structures, within a single area of land under common operation may not be reported by an ETP as separate service addresses, even if those buildings are defined by different GPS coordinates. By adopting this definition, the commission clarifies that, under the above hypothetical, only the first five business lines would be eligible for support.

Based on the above discussion, the commission amends the definition of “Service Address” in each of the amended rules to read as follows:

For the purposes of this section, a business or residential customer’s service address is defined using the following criteria:

- (A) A service address is the unique physical street address, including any suite or unit number, where a line is provided to a customer, except as provided in clauses (i)-(ii) and subparagraph (B) of this paragraph.
 - (i) If no unique physical street address is available, a physical 911 address shall be used.
 - (ii) If no unique physical street address and no physical 911 address are available, the business or residential customer’s service address shall be an area of land under common operation or use as defined by a deed, state permit, lease name, or licensed or registered field of operation, which shall be described by an ETP using GPS coordinates. Multiple buildings within a single area of land under common operation or use shall not qualify as separate service addresses, even if the GPS coordinates for each building are different.
- (B) For eligible lines served using commercial mobile radio service, a service address for such a line may be the customer’s billing address for the purposes of this definition.

The commission finds that this definition as adopted will address the concerns expressed by DTS regarding the rule as published. The commission finds that it is reasonable to allow the use of GPS coordinates while also allowing ETPs providing mobile service to use a customer’s billing address, which is discussed above. The commission finds that these modifications will allow ETPs to report service addresses associated with eligible lines that more likely correspond to where the customer uses the service.

As to the second additional concern identified by DTS, the commission also finds that the adopted language is consistent with the efficient administration of the TUSF. The commission finds that the adopted language defines a service address in a manner that can be efficiently administered and audited.

Finally, in order to enhance clarity in the organization of the adopted rules, the commission has moved the definition of a physical 911 address that was included in the published definition of service address into a separate paragraph within the adopted rules.

Comments regarding §26.404

AMA TechTel commented that the commission's proposed revision to §26.404(h)(4) contains a grammatical error which should be corrected.

Commission Response

The commission agrees and, in order to clarify the commission's intent, has revised §26.404(h)(4) to state: "An ETP shall report any other information that is required by the commission or the TUSF administrator, including any information necessary to assess contributions and disbursements from the TUSF."

All comments, including any not specifically referenced herein, were fully considered by the commission. In addition, the commission adopts non-substantive corrections in order to enhance the consistency and clarity of the adopted amendments. These changes include the re-ordering of §§26.403 and 26.404 so that the "Application" subsection appears as subsection (b) of each section, the "Definitions" subsection appears as subsection (c) of each section, and the definition of a physical 911 address appears as a separate definition in the "Definitions" subsections.

These amendments are adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (West 2016) (PURA), which provides the Public Utility Commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, PURA §56.021 which requires the commission to adopt and enforce rules to establish the Texas Universal Service Fund to assist telecommunications providers in providing basic local telecommunications service at reasonable rates in high cost rural areas.

Cross Reference to Statutes: PURA §14.002 and §56.021.

§26.403. Texas High Cost Universal Service Plan (THCUSP).

- (a) **Purpose.** This section establishes guidelines for financial assistance to eligible telecommunications providers (ETPs) that serve the high cost rural areas of the state, other than study areas of small and rural incumbent local exchange companies (ILECs), so that basic local telecommunications service may be provided at reasonable rates in a competitively neutral manner.
- (b) **Application.** This section applies to telecommunications providers that have been designated ETPs by the commission pursuant to §26.417 of this title (relating to Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF)).
- (c) **Definitions.** The following words and terms when used in this section shall have the following meaning unless the context clearly indicates otherwise:
- (1) **Business line** -- The telecommunications facilities providing the communications channel that serves a single-line business customer's service address. For the purpose of this definition, a single-line business line is one to which multi-line hunting, trunking, or other special capabilities do not apply. For a line served by an ILEC, a business line is a line served pursuant to the ILEC's business service tariff or a package that includes such a tariffed service. For a line served by an ILEC pursuant to a customer specific contract or that is otherwise not served pursuant to a tariff, to qualify as a business line, the service must be provided

pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device. For a line that is served by an ETP other than an ILEC, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device.

- (2) **Eligible line** -- A residential line or a single-line business line over which an ETP provides the service supported by the THCUSP through its own facilities, purchase of unbundled network elements (UNEs), or a combination of its own facilities and purchase of UNEs. An eligible line may be a business line or a residential line but shall not be both.
- (3) **Eligible telecommunications provider (ETP)** -- A telecommunications provider designated by the commission pursuant to §26.417 of this title.
- (4) **Physical 911 address** -- For the purposes of this section, a physical 911 address is an address transmitted to the applicable emergency service providers by an ETP with respect to a line that is not stated in GPS coordinates.
- (5) **Residential line** -- The telecommunications facilities providing the communications channel that serves a residential customer's service address. For the purpose of this definition, a residential line is one to which multi-line hunting, trunking, or other special capabilities do not apply. A line that qualifies as a business line shall not qualify as a residential line.

- (6) **Service Address** -- For the purposes of this section, a business or residential customer's service address is defined using the following criteria:
- (A) A service address is the unique physical street address, including any suite or unit number, where a line is provided to a customer, except as provided in clauses (i)-(ii) of this subparagraph and subparagraph (B) of this paragraph.
- (i) If no unique physical street address is available, a physical 911 address shall be used.
- (ii) If no unique physical street address and no physical 911 address are available, the business or residential customer's service address shall be an area of land under common operation or use as defined by a deed, state permit, lease name, or licensed or registered field of operation, which shall be described by an ETP using GPS coordinates. Multiple buildings within a single area of land under common operation or use shall not qualify as separate service addresses, even if the GPS coordinates for each building are different.
- (B) For eligible lines served using commercial mobile radio service, a service address for such a line may be the customer's billing address for the purposes of this definition.
- (d) **Service to be supported by the THCUSP.** The THCUSP shall support basic local telecommunications services provided by an ETP in high cost rural areas of the state. Local

measured residential service, if chosen by the customer and offered by the ETP, shall also be supported.

(1) **Initial determination of the definition of basic local telecommunications**

service. Basic local telecommunications service shall consist of the following:

- (A) flat rate, single party residential and business local exchange telephone service, including primary directory listings;
- (B) tone dialing service;
- (C) access to operator services;
- (D) access to directory assistance services;
- (E) access to 911 service where provided by a local authority;
- (F) telecommunications relay service;
- (G) the ability to report service problems seven days a week;
- (H) availability of an annual local directory;
- (I) access to toll services; and
- (J) lifeline service.

(2) **Subsequent determinations.**

- (A) Initiation of subsequent determinations.
 - (i) The definition of the services to be supported by the THCUSP shall be reviewed by the commission every three years from September 1, 1999.
 - (ii) The commission may initiate a review of the definition of the services to be supported on its own motion at any time.

- (B) **Criteria to be considered in subsequent determinations.** In evaluating whether services should be added to or deleted from the list of supported services, the commission may consider the following criteria:
- (i) the service is essential for participation in society;
 - (ii) a substantial majority, 75% of residential customers, subscribe to the service;
 - (iii) the benefits of adding the service outweigh the costs; and
 - (iv) the availability of the service, or subscription levels, would not increase without universal service support.
- (e) **Criteria for determining amount of support under THCUSP.** The commission shall determine the amount of per-line support to be made available to ETPs in each eligible wire center. The amount of support available to each ETP shall be calculated using the base support amount as of the effective date of this section and applying the annual reductions as described in this subsection. As used in this subsection, “basic local telecommunications service” refers to services available to residential customers only, and “exchange” or “wire center” refer to regulated exchanges or wire centers only.
- (1) **Determining base support amount available to ILEC ETPs.** The initial annual base support amount for an ILEC ETP shall be the annualized monthly THCUSP support amount for the month preceding the effective date of this section, less the 2011 amount of support disbursed to the ILEC ETP from the federal universal service fund for High Cost Loop, High Cost Model, Safety Net Additive, and Safety Valve components of the frozen high-cost support as determined by the Universal

Service Administration Company pursuant to 47 C.F.R. §54.312(a). The initial per-line monthly support amount for a wire center shall be the per-line support amount for the wire center for the month preceding the effective date of this section, less each wire center's pro rata share of one-twelfth of the 2011 amount of support disbursed to the ILEC ETP from the federal universal service fund for High Cost Loop, High Cost Model, Safety Net Additive, and Safety Valve components of the frozen high-cost support determined by the Universal Service Administration Company pursuant to 47 C.F.R §54.312(a). The initial annual base support amount shall be reduced annually as described in paragraph (3) of this subsection.

- (2) **Determination of the reasonable rate.** The reasonable rate for basic local telecommunications service shall be determined by the commission in a contested case proceeding. To the extent that an ILEC ETP's existing rate for basic local telecommunications service in any wire center is less than the reasonable rate, the ILEC ETP may, over time, increase its rates for basic local telecommunications service to an amount not to exceed the reasonable rate. The increase to the existing rate shall not in any one year exceed an amount to be determined by the commission in the contested case proceeding. An ILEC ETP may, in its sole discretion, accelerate its THCUSP reduction in any year by as much as 10% and offset such reduction with a corresponding local rate increase in order to produce rounded rates. In no event shall any such acceleration obligate the ETP to reduce its THCUSP support in excess of the total reduction obligation initially calculated under paragraph (3) of this subsection.

- (3) **Annual reductions to THCUSP base support and per-line support recalculation.** As part of the contested proceeding referenced in paragraph (2) of this subsection, each ILEC ETP shall, using line counts as of the end of the month preceding the effective date of this rule, calculate the amount of additional revenue that would result if the ILEC ETP were to charge the reasonable rate for basic local telecommunications service to all residential customers for those services where the price, or imputed price, are below the reasonable rate. Lines in exchanges for which an application for deregulation is pending as of June 1, 2012 shall not be included in this calculation. If the application for deregulation for any such exchanges subsequently is denied by the commission, the ILEC ETP shall, within 20 days of the final order denying such application, submit revised calculations including the lines in those exchanges for which the application for deregulation was denied. Without regard to whether an ILEC ETP increases its rates for basic local telecommunications service to the reasonable rate, the ILEC ETP's annual base support shall be reduced on January 1 of each year for four consecutive years, with the first reduction occurring on January 1, 2013. The ETP's annual base support amount shall be reduced by 25% of the additional revenue calculated pursuant to this paragraph in each year of the transition period. This reduction shall be accomplished by reducing support for each wire center served by the ETP proportionally.
- (4) **Portability.** The support amounts established pursuant to this section are applicable to all ETPs and are portable with the customer.

- (5) **Limitation on availability of THCUSP support.**
- (A) THCUSP support shall not be provided in a wire center in a deregulated market that has a population of at least 30,000.
- (B) An ILEC may receive support from the THCUSP for a wire center in a deregulated market that has a population of less than 30,000 only if the ILEC demonstrates to the commission that the ILEC needs the support to provide basic local telecommunications service at reasonable rates in the affected market. An ILEC may use evidence from outside the wire center at issue to make the demonstration. An ILEC may make the demonstration for a wire center before or after submitting a petition to deregulate the market in which the wire center is located.
- (6) **Total Support Reduction Plan.** Within 10 days of the effective date of this section, an ILEC may elect to participate in a Total Support Reduction Plan (TSRP) as prescribed in this subsection, by filing a notification of such participation with the commission. The TSRP would serve as an alternative to the reduction plan prescribed in paragraph (3) of this subsection. The TSRP will be implemented as follows:
- (A) For an ILEC making this election, the ILEC shall reduce its THCUSP funding in accordance with paragraph (3) of this subsection with the exception that THCUSP reductions due to exchange deregulation may be credited against the electing ILEC's annual reduction obligation in the calendar year immediately following such deregulation.

(B) In no event shall an electing ILEC seek or receive THCUSP funding after January 1, 2017 even if it would otherwise be entitled to such funding as of this date.

(f) **Support Reduction.** Subject to the provisions of §26.405(f)(3) of this title (relating to Financial Need for Continued Support), the commission shall adjust the support to be made available from the THCUSP according to the following criteria.

(1) For each ILEC that is not electing under subsection (e)(6) of this section and that served greater than 31,000 access lines in this state on September 1, 2013, or a company or cooperative that is a successor to such an ILEC, the monthly per-line support that the ILEC is eligible to receive for each exchange on December 31, 2016 from the THCUSP is reduced:

(A) on January 1, 2017, to 75 percent of the level of support the ILEC is eligible to receive on December 31, 2016;

(B) on January 1, 2018, to 50 percent of the level of support the ILEC is eligible to receive on December 31, 2016; and

(C) on January 1, 2019, to 25 percent of the level of support the ILEC is eligible to receive on December 31, 2016.

(2) An ILEC subject to this subsection may file a petition to show financial need for continued support, pursuant to §26.405(f)(1) of this title, on or before January 1, 2019.

- (g) **Reporting requirements.** An ETP that receives support pursuant to this section shall report the following information:
- (1) **Monthly reporting requirement.** An ETP shall report the following to the TUSF administrator on a monthly basis:
 - (A) the total number of eligible lines for which the ETP seeks TUSF support;
and
 - (B) a calculation of the base support computed in accordance with the requirements of subsection (d) of this section.
 - (2) **Quarterly filing requirements.** An ETP shall file quarterly reports with the commission showing actual THCUSP receipts by study area.
 - (A) Reports shall be filed electronically in the project number assigned by the commission's central records office no later than 3:00 p.m. on the 30th calendar day after the end of the calendar quarter reporting period.
 - (B) Each ETP's reports shall be filed on an individual company basis; reports that aggregate the disbursements received by two or more ETPs will not be accepted as complying with the requirements of this paragraph.
 - (C) All reports filed pursuant to paragraph (3) of this subsection shall be publicly available.
 - (3) **Annual reporting requirements.** An ETP shall report annually to the TUSF administrator that it is qualified to participate in the THCUSP.
 - (4) **Other reporting requirements.** An ETP shall report any other information that is required by the commission or the TUSF administrator, including any information necessary to assess contributions and disbursements from the TUSF.

§26.404. Small and Rural Incumbent Local Exchange Company (ILEC) Universal Service Plan.

- (a) **Purpose.** This section establishes guidelines for financial assistance to eligible telecommunications providers (ETPs) that provide service in the study areas of small and rural ILECs in the state so that basic local telecommunications service or its equivalent may be provided at reasonable rates in a competitively neutral manner.
- (b) **Application.**
- (1) **Small or rural ILECs.** This section applies to small ILECs, as defined in subsection (c) of this section, and to rural ILECs, as defined in §26.5 of this title (relating to Definitions), that have been designated ETPs.
 - (2) **Other ETPs providing service in small or rural ILEC study areas.** This section applies to telecommunications providers other than small or rural ILECs that provide service in small or rural ILEC study areas that have been designated ETPs.
- (c) **Definitions.** The following words and terms when used in this section shall have the following meaning unless the context clearly indicates otherwise:
- (1) **Business line** -- The telecommunications facilities providing the communications channel that serves a single-line business customer's service address. For the purpose of this definition, a single-line business line is one to which multi-line hunting, trunking, or other special capabilities do not apply. For a line served by an ILEC, a business line is a line served pursuant to the ILEC's business service tariff or a package that includes such a tariffed service. For a line served by an ILEC pursuant to a customer specific contract or that is otherwise not served

pursuant to a tariff, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device. For a line that is served by an ETP other than an ILEC, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device.

- (2) **Eligible line** -- A residential line or a single-line business line over which an ETP provides the service supported by the Small and Rural ILEC Universal Service Plan (SRILEC USP) through its own facilities, purchase of unbundled network elements (UNEs), or a combination of its own facilities and purchase of UNEs. An eligible line may be a business line or a residential line but shall not be both.
- (3) **Eligible telecommunications provider (ETP)** -- A telecommunications provider designated by the commission pursuant to §26.417 of this title (relating to Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF)).
- (4) **Physical 911 address** -- For the purposes of this section, a physical 911 address is an address transmitted to the applicable emergency service providers by an ETP with respect to a line that is not stated in GPS coordinates.
- (5) **Residential line** -- The telecommunications facilities providing the communications channel that serves a residential customer's service address. For

the purpose of this definition, a residential line is one to which multi-line hunting, trunking, or other special capabilities do not apply. A line that qualifies as a business line shall not qualify as a residential line.

(6) **Service Address** -- For the purposes of this section, a business or residential customer's service address is defined using the following criteria:

(A) A service address is the unique physical street address, including any suite or unit number, where a line is provided to a customer, except as provided in clauses (i)-(ii) and subparagraph (B) of this paragraph.

(i) If no unique physical street address is available, a physical 911 address shall be used.

(ii) If no unique physical street address and no physical 911 address are available, the business or residential customer's service address shall be an area of land under common operation or use as defined by a deed, state permit, lease name, or licensed or registered field of operation, which shall be described by an ETP using GPS coordinates. Multiple buildings within a single area of land under common operation or use shall not qualify as separate service addresses, even if the GPS coordinates for each building are different.

(B) For eligible lines served using commercial mobile radio service, a service address for such a line may be the customer's billing address for the purposes of this definition.

- (7) **Small incumbent local exchange company** -- An incumbent local exchange (ILEC) that qualifies as a "small local exchange company" as defined in the Public Utility Regulatory Act (PURA), §53.304(a)(1).
- (d) **Service to be supported by the Small and Rural ILEC Universal Service Plan.** The Small and Rural ILEC Universal Service Plan shall support the provision by ETPs of basic local telecommunications service as defined in §26.403(d) of this title (relating to Texas High Cost Universal Service Plan (THCUSP)) and is limited to those services carried on all residential lines and the first five single-line business lines at a business customer's service address for which a flat rate plan is an available option.
- (e) **Criteria for determining amount of support under Small and Rural ILEC Universal Service Plan.** The commission shall determine the amount of per-line support to be made available to ETPs in each eligible study area. The amount of support available to each ETP shall be calculated using the small and rural ILEC ETP base support amount and applying the annual reductions as described in this subsection.
- (1) **Determining base support amount available to ETPs.** The initial per-line monthly base support amount for a small or rural ILEC ETP shall be the per-line monthly support amount for each small or rural ILEC ETP study area as specified in Docket Number 18516, annualized by using the small or rural ILEC ETP access line count as of January 1, 2012. The initial per-line monthly base support amount shall be reduced as described in paragraph (3) of this subsection.

- (2) **Determination of the reasonable rate.**
- (A) The reasonable rate for basic local telecommunications service shall be determined by the commission in a contested case proceeding. An increase to an existing rate shall not in any one year exceed an amount to be determined by the commission in the contested case proceeding.
- (B) The length of the transition period applicable to the reduction in support calculated under paragraph (3) of this subsection shall be determined in the contested case proceeding.
- (3) **Annual reductions to the Small and Rural ILEC Universal Service Plan per-line support.** As part of the contested case proceeding referenced in paragraph (2) of this subsection, for each small or rural ILEC ETP, the commission shall calculate the amount of additional revenue, using the basic telecommunications service rate (the tariffed local service rate plus any additional charges for tone dialing services, mandatory expanded local calling service and mandatory extended area service) and the access line count as of September 1, 2013, would result if the small and rural ILEC ETP were to charge the reasonable rate for basic local telecommunications service to all residential customers. Without regard to whether a small or rural ILEC ETP increases its rates for basic local telecommunications service to the reasonable rate, the small or rural ILEC ETP's annual base support amount for each study area shall be reduced on January 1 of each year for four consecutive years, with the first reduction occurring on January 1, 2014. The small or rural ILEC ETP's annual base support amount shall be reduced by 25% of the additional revenue calculated pursuant to this paragraph in each year of the

transition period, unless specified otherwise pursuant to paragraph (2)(B) of this subsection. This reduction shall be accomplished by reducing support for each study area proportionally. An ILEC ETP may, in its sole discretion, accelerate its SRILEC USP reduction in any year by as much as 10% and offset such reductions with a corresponding local rate increase in order to produce rounded rates.

- (f) **Small and Rural ILEC Universal Service Plan support payments to ETPs.** The TUSF administrator shall disburse monthly support payments to ETPs qualified to receive support pursuant to this section.
- (1) **Payments to small or rural ILEC ETPs.** The payment to each small or rural ILEC ETP shall be computed by multiplying the per-line amount established in subsection (e) of this section by the number of eligible lines served by the small or rural ILEC ETP for the month.
- (2) **Payments to ETPs other than small or rural ILECs.** The payment to each ETP other than a small or rural ILEC shall be computed by multiplying the per-line amount established in subsection (e) of this section for a given small or rural ILEC study area by the number of eligible lines served by the ETP in such study area for the month.
- (g) **Support Reduction.** Subject to the provisions of §26.405(f)(3) of this title (relating to Financial Need for Continued Support), the commission shall adjust the support to be made available from the SRILEC USP according to the following criteria.

- (1) For each ILEC ETP that is electing under PURA, Chapter 58 or 59 or a cooperative that served greater than 31,000 access lines in this state on September 1, 2013, or a company or cooperative that is a successor to such an ILEC, the monthly per-line support that the ILEC ETP is eligible to receive for each exchange on December 31, 2017 from the SRILEC USP is reduced:
 - (A) on January 1, 2018, to 75 percent of the level of support the ILEC ETP is eligible to receive on December 31, 2017;
 - (B) on January 1, 2019, to 50 percent of the level of support the ILEC ETP is eligible to receive on December 31, 2017; and
 - (C) on January 1, 2020, to 25 percent of the level of support the ILEC ETP is eligible to receive on December 31, 2017.
 - (2) An ILEC ETP subject to this subsection may file a petition to show financial need for continued support, pursuant to §26.405(f)(1) of this title, on or before January 1, 2020.
- (h) **Reporting requirements.** An ETP eligible to receive support under this section shall report information as required by the commission and the TUSF administrator.
- (1) **Monthly reporting requirement.** An ETP shall report the following to the TUSF administrator on a monthly basis:
 - (A) the total number of eligible lines for which the ETP seeks SRILEC USP support; and
 - (B) a calculation of the base support computed in accordance with the requirements of subsection (e) of this section.

- (2) **Quarterly filing requirements.** An ETP shall file quarterly reports with the commission showing actual SRILEC USP receipts by study area.
- (A) Reports shall be filed electronically in the project number assigned by the commission's central records office no later than 3:00 p.m. on the 30th calendar day after the end of the calendar quarter reporting period.
- (B) Each ETP's reports shall be filed on an individual company basis; reports that aggregate the disbursements received by two or more ETPs will not be accepted as complying with the requirements of this paragraph.
- (C) All reports filed pursuant to paragraph (3) of this subsection shall be publicly available.
- (3) **Annual reporting requirements.** An ETP shall report annually to the TUSF administrator that it is qualified to participate in the Small and Rural ILEC Universal Service Plan.
- (4) **Other reporting requirements.** An ETP shall report any other information that is required by the commission or the TUSF administrator, including any information necessary to assess contributions and disbursements from the TUSF.

§26.405. Financial Need for Continued Support.

- (a) **Purpose.** This section establishes criteria to demonstrate financial need for continued support for the provision of basic local telecommunications service under the Texas High Cost Universal Service Plan (THCUSP) and the Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRILEC USP). This section also establishes the process by which the commission will evaluate petitions to show financial need and will set new monthly per-line support amounts.
- (b) **Application.** This section applies to an incumbent local exchange company (ILEC) that is subject to §26.403(f) of this title (relating to the Texas High Cost Universal Service Plan (THCUSP)) or §26.404(g) of this title (relating to the Small and Rural Incumbent Local Exchange Company (ILEC) Universal Service Plan).
- (c) **Definitions.** The following words and terms when used in this section shall have the following meaning unless the context clearly indicates otherwise:
- (1) **Business line** -- The telecommunications facilities providing the communications channel that serves a single-line business customer's service address. For the purpose of this definition, a single-line business line is one to which multi-line hunting, trunking, or other special capabilities do not apply. For a line served by an ILEC, a business line is a line served pursuant to the ILEC's business service tariff or a package that includes such a tariffed service. For a line served by an ILEC pursuant to a customer specific contract or that is otherwise not served

pursuant to a tariff, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device. For a line that is served by an ETP other than an ILEC, to qualify as a business line, the service must be provided pursuant to a customer application, subscriber agreement, or contract entered into by a public or private organization of any character, or a representative or agent of such entity, irrespective of the person or entity in actual possession of the telephone device.

- (2) **Eligible line** -- A residential line or a single-line business line over which an ETP provides the service supported by the THCUSP or SRILEC USP through its own facilities, purchase of unbundled network elements (UNEs), or a combination of its own facilities and purchase of UNEs. An eligible line may be a business line or a residential line but shall not be both.
- (3) **Eligible telecommunications provider (ETP)** -- A telecommunications provider designated by the commission pursuant to §26.417 of this title (relating to Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF)).
- (4) **Physical 911 address** -- For the purposes of this section, a physical 911 address is an address transmitted to the applicable emergency service providers by an ETP with respect to a line that is not stated in GPS coordinates.
- (5) **Residential line** -- The telecommunications facilities providing the communications channel that serves a residential customer's service address. For

the purpose of this definition, a residential line is one to which multi-line hunting, trunking, or other special capabilities do not apply. A line that qualifies as a business line shall not qualify as a residential line.

(6) **Service Address** -- For the purposes of this section, a business or residential customer's service address is defined using the following criteria:

(A) A service address is the unique physical street address, including any suite or unit number, where a line is provided to a customer, except as provided in clauses (i)-(ii) and subparagraph (B) of this paragraph.

(i) If no unique physical street address is available, a physical 911 address shall be used.

(ii) If no unique physical street address and no physical 911 address are available, the business or residential customer's service address shall be an area of land under common operation or use as defined by a deed, state permit, lease name, or licensed or registered field of operation, which shall be described by an ETP using GPS coordinates. Multiple buildings within a single area of land under common operation or use shall not qualify as separate service addresses, even if the GPS coordinates for each building are different.

(B) For eligible lines served using commercial mobile radio service, a service address for such a line may be the customer's billing address for the purposes of this definition.

(d) **Determination of financial need.**

- (1) **Criteria to determine financial need.** For each exchange that is served by an ILEC ETP filing a petition pursuant to subsection (f)(1) of this section, the commission shall determine whether an ILEC ETP has a financial need for continued support. An ILEC ETP has a financial need for continued support within an exchange if the exchange does not contain an unsubsidized wireline voice provider competitor as set forth in paragraph (2) of this subsection.
- (2) **Establishing the existence of an unsubsidized wireline voice provider competitor.** For the purposes of this section, an exchange contains an unsubsidized wireline voice provider competitor if the percentage of square miles served by an unsubsidized wireline voice provider competitor exceeds 75% of the square miles within the exchange. The commission shall determine whether an exchange contains an unsubsidized wireline voice provider competitor using the following criteria.
 - (A) For the purposes of this section, an entity is an unsubsidized wireline voice provider competitor within an exchange if it:
 - (i) does not receive THCUSP support, SRILEC USP support, Federal Communications Commission (FCC) Connect America Fund (CAF) support, or FCC Legacy High Cost support for service provided within that exchange; and
 - (ii) offers basic local service or broadband service of 3 megabits per second down and 768 kilobits per second up using wireline-based

technology using either its own facilities or a combination of its own facilities and purchased unbundled network elements (UNEs).

- (B) Using Version 7 of the National Broadband Map, the commission shall determine the census blocks served by an unsubsidized wireline voice provider competitor within a specific exchange and the total number of square miles represented by those census blocks using the following criteria.
- (i) The number of square miles served by an unsubsidized wireline voice provider competitor within an exchange shall be equal to the total square mileage covered by census blocks in the exchange in which an unsubsidized wireline voice provider competitor offers service to any customer or customers.
 - (ii) The commission shall determine the percentage of square miles served by an unsubsidized wireline voice provider competitor within an exchange by dividing the number of square miles served by an unsubsidized wireline voice provider competitor within the exchange by the number of square miles within the exchange.
- (C) The data provided by the National Broadband Map creates a rebuttable presumption regarding the presence of an unsubsidized wireline voice provider competitor within a specific census block. However, nothing in this rule is intended to preclude a party from providing evidence as to the accuracy of individual census block data within the National Broadband

Map with regard to whether an unsubsidized wireline voice provider competitor offers service within a particular census block.

- (e) **Criteria for determining amount of continued support.** In a proceeding conducted pursuant to subsection (f) of this section, the commission shall set new monthly per-line support amounts for each exchange served by a petitioning ILEC ETP. The new monthly per-line support amounts shall be effective beginning with the first disbursement following a commission order entered pursuant to subsection (f)(2) of this section, except that they shall not be effective earlier than January 1, 2017 for an exchange with service supported by the THCUSP or earlier than January 1, 2018 for an exchange with service supported by the SRILEC USP.
- (1) **Exchanges in which the ILEC ETP does not have a financial need for continued support.** For each exchange that is served by an ILEC ETP that has filed a petition pursuant to subsection (f)(1) of this section and for which the commission has not determined that the ILEC ETP has a financial need for continued support, the commission shall reduce the monthly per-line support amount to zero. For each exchange that is served by an ILEC ETP that has filed a petition pursuant to subsection (f)(1) of this section and which is not included in the petition, the commission shall reduce the monthly per-line support amount to zero.
- (2) **Exchanges in which the ILEC ETP has a financial need for continued support.** For each exchange that is served by an ILEC ETP that has filed a petition pursuant to subsection (f)(1) of this section and for which the commission has determined

the ILEC ETP has a financial need for continued support, the commission shall set a monthly per-line support amount according to the following criteria.

- (A) The initial monthly per-line support amounts for each exchange shall be equal to:
- (i) the amount that the ILEC ETP was eligible to receive on December 31, 2016 for an ILEC ETP that receives support from the THCUSP;
 - (ii) the amount that the ILEC ETP was eligible to receive on December 31, 2017 for an ILEC ETP that receives support from the SRILEC USP and that has not filed a request pursuant to subsection (g) of this section; or
 - (iii) the new monthly per-line support amounts calculated pursuant to subsection (g) of this section for an ILEC ETP that has filed a request pursuant to subsection (g) of this section.
- (B) Initial monthly per-line support amounts for each exchange shall be reduced by the extent to which the disbursements received by an ILEC ETP from the THCUSP or SRILEC USP in the twelve month period ending with the most recently completed calendar quarter prior to the filing of a petition pursuant to subsection (f)(1) of this section are greater than 80% of the total amount of expenses reflected in the summary of expenses filed pursuant to subsection (f)(1)(C) of this section. In establishing any reductions to the initial monthly per-line support amounts, the commission may consider any appropriate factor, including the residential line density per square mile of any affected exchanges.

- (C) For each exchange with service supported by the THCUSP, monthly per-line support shall not exceed:
- (i) the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2016, if the petition was filed before January 1, 2016;
 - (ii) 75 percent of the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2016, if the petition was filed on or after January 1, 2016, and before January 1, 2017;
 - (iii) 50 percent of the monthly per-line support the ILEC ETP was eligible to receive on December 31, 2016, if the petition was filed on or after January 1, 2017, and before January 1, 2018; or
 - (iv) 25 percent of the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2016, if the petition was filed on or after January 1, 2018, and before January 1, 2019.
- (D) For each exchange with service supported by the SRILEC USP, monthly per-line support shall not exceed:
- (i) the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2017, if the petition was filed before January 1, 2017;
 - (ii) 75 percent of the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2017, if the petition was filed on or after January 1, 2017, and before January 1, 2018;

- (iii) 50 percent of the monthly per-line support the ILEC ETP was eligible to receive on December 31, 2017, if the petition was filed on or after January 1, 2018, and before January 1, 2019; or
 - (iv) 25 percent of the monthly per-line support that the ILEC ETP was eligible to receive on December 31, 2017, if the petition was filed on or after January 1, 2019, and before January 1, 2020.
 - (E) An ILEC ETP may only be awarded continued support for the provision of service in exchanges with service that is eligible for support from the THCUSP or SRILEC USP at the time of filing of a petition pursuant to subsection (f)(1) of this section.
 - (F) **Portability of support.** The support amounts established pursuant to this section are applicable to all ETPs and are portable with the customer.
- (f) **Proceeding to Determine Financial Need and Amount of Support.**
 - (1) **Petition to determine financial need.** An ILEC ETP that is subject to §26.403(f) or §26.404(g) of this title may petition the commission to initiate a contested case proceeding to demonstrate that it has a financial need for continued support for the provision of basic local telecommunications service.
 - (A) An ILEC ETP may only file one petition pursuant to this subsection. A petition filed pursuant to this subsection shall include the information necessary to reach the determinations specified in this subsection.
 - (B) An ILEC ETP filing a petition pursuant to this subsection shall provide notice as required by the presiding officer pursuant to §22.55 of this title

(relating to Notice in Other Proceedings). At a minimum, notice shall be published in the *Texas Register*.

- (C) A petition filed pursuant to this subsection shall include a summary of the following total Texas regulated expenses and property categories, including supporting workpapers, attributable to the ILEC ETP's exchanges with service supported by the THCUSP or SRILEC USP during the twelve month period ending with the most recently completed calendar quarter prior to the filing of the petition:
- (i) Plant-specific operations expense;
 - (ii) Plant non-specific operations expense;
 - (iii) Customer operations expense;
 - (iv) Corporate operations expense;
 - (v) Depreciation and amortization expenses;
 - (vi) Other operating expenses;
 - (vii) Total telecom plant in service;
 - (viii) Total property held for future use; and
 - (ix) Total telecom plant under construction.
- (D) A summary filed pursuant to this subsection shall be filed publicly. Workpapers filed pursuant to this subsection may be filed publicly or under seal.
- (E) Upon receipt of a petition pursuant to this section, the commission shall initiate a contested case proceeding to determine whether the ILEC ETP has a financial need for continued support under this section for the exchanges

identified in the petition. In the same proceeding, the commission shall set a new monthly per-line support amount for all exchanges served by the ILEC ETP.

- (2) The commission shall issue a final order in the proceeding not later than the 330th day after the date the petition is filed with the commission. Until the commission issues a final order on the proceeding, the ILEC ETP shall continue to receive the total amount of support it was eligible to receive on the date the ILEC ETP filed a petition under this subsection.
 - (3) An ILEC ETP shall not be subject to §26.403(f) or §26.404(g) of this title after the commission issues a final order on the petition.
 - (4) The ILEC ETP filing a petition pursuant to this subsection shall bear the burden of proof with respect to all issues that are in the scope of the proceeding.
- (g) **De-averaging of the support received by ILEC ETPs from the SRILEC USP.** On or before January 1, 2017, an ILEC ETP filing a petition pursuant to subsection (f)(1) of this section and that receives support from the SRILEC USP may include in its petition a request that the commission determine for each exchange served by the ILEC ETP new monthly per-line support amounts that the ILEC ETP will be eligible to receive on December 31, 2017. The new monthly per-line support amounts will be calculated using the following methodology.
- (1) The commission shall use per-line proxy support levels based on the following ranges of average residential line density per square mile within an individual exchange. These proxies are used specifically for the purpose of de-averaging and

do not indicate a preference that support at these levels be provided from the SRILEC USP.

Residential Line Density Per Square Mile	Proxy Per-Line Support Amount
0 to 2.49	\$120.53
2.49 to 4.99	\$69.82
5 to 9.99	\$46.46
10 to 14.99	\$31.45
15 to 19.99	\$18.81
20 to 24.99	\$14.78
25 to 29.99	\$10.51
30 to 49.99	\$4.33
50 or greater	\$1.83

- (2) Using the per-line proxy support amount levels set forth in this subsection, the commission shall create a benchmark support amount for each exchange of a requesting ILEC ETP. The benchmark support amount for each individual supported exchange of a company or cooperative is calculated by multiplying the number of total eligible lines as of December 31, 2016 served by the ILEC ETP within each exchange by the corresponding proxy support amount for that individual exchange based on the average residential line density per square mile of the exchange as of December 31, 2016.
- (3) To the extent that the total sum of the benchmark support amounts for all of the supported exchanges of a company or cooperative is greater than or less than the targeted total support amount a company or cooperative would be eligible to receive on December 31, 2017 as a result of the final order in Docket No. 41097, the benchmark per-line support amount for each exchange shall be proportionally reduced or increased by the same percentage amount so that the total support amount a company or cooperative is eligible to receive on December 31, 2017, as

a result of the final order in Docket No. 41097, is unaffected by the de-averaging process.

- (4) The per-line support amount that a company or cooperative is eligible to receive in a specific exchange on December 31, 2017, for purposes of a petition filed pursuant to subsection (f)(1) of this section, is the per-line support amount for each exchange determined through the de-averaging process set forth in this subsection.
- (h) **Reporting requirements.** An ILEC ETP that receives support pursuant to this section shall remain subject to the reporting requirements of §26.403(g) or §26.404(h) of this title.
- (i) **Additional Financial Assistance.** Nothing in this section shall be interpreted to prohibit an ILEC or cooperative that is not an electing company under Chapter 58, 59, or 65 of PURA to apply for Additional Financial Assistance pursuant to §26.408 of this title (relating to Additional Financial Assistance (AFA)).
- (j) **Service to be supported.** The services to be supported pursuant to the section are subject to the same definitions and limitations as those set out in §26.403(d) and §26.404(d) of this title, in addition to any limitation ordered by the commission in a contested case proceeding.

Signed at Austin, Texas the _____ day of August 2016.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER