



# Senate Committee on Business and Commerce Telecommunications Interim Charge

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August 14, 2012



# Deregulation Tests

- Senate Bill 5 (2005 2<sup>nd</sup> Called Session)
  - Markets with population in excess of 100,000 were deregulated
  - Commission required to approve deregulation of markets with population between 30,000 and 100,000 where there were at least three competitors unaffiliated with the incumbent with at least:
    - One non-facilities based (CLEC)
    - One wireless
    - One facilities based competitor (i.e. cable)
  - Commission adopted rules to provide standard for deregulation of markets with population under 30,000
    - test similar to 30,000-100,000, but added satellite as a permissible substitute for CLEC or wireless competitor
- Senate Bill 980 (2011)
  - No change to markets over 100,000 in population (already deregulated)
  - For all markets under 100,000 in population, companies can request deregulation if there are two competitors that are unaffiliated with the incumbent and providing voice service through any technology including:
    - Internet protocol
    - Satellite; or
    - wireless



# Status of Markets

Company	Total Exchanges in Texas	Exchanges Deregulated Before SB 980	Exchanges Deregulated After SB 980	Current Total of Deregulated Exchanges	Exchanges Where Petitions for Deregulation are Pending	Total Deregulated Exchanges After PUC Approval of Pending Cases
AT&T Texas	300	55	91	146	63	209
Verizon Southwest	240	11	57	68	29	97
Century Link	43	4	0	4	0	4
<b>TOTAL</b>	<b>583</b>	<b>70</b>	<b>148</b>	<b>218</b>	<b>92</b>	<b>310</b>



# Provider of Last Resort Obligation

- Senate Bill 5 (2005, 2<sup>nd</sup> Called Session)
  - Incumbent retained POLR obligation in a market after deregulation of the market
- Senate Bill 980 (2011 Session)
  - Incumbent does not have POLR obligation in a market after deregulation of the market



# HB 2128/SB 773 Discounts

- HB 2128 (1995) provided that companies opting into incentive regulation were required to offer broadband digital services to certain public entities (primarily schools and libraries) at a price of 105% of the company's long-run incremental cost.
- SB 773 (2011) extended the requirement to offer these services through January 1, 2016 and increased the price to 110% of long-run incremental cost.
  - Commission is not required to approve these contracts