



Control Number: 50796



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TEXAS HOUSE of REPRESENTATIVES



DREW SPRINGER
DISTRICT 68



July 10, 2020

Chair DeAnn T. Walke
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78711

RE: Project 50796 and the review of the TUSF rate

Dear Chairwoman:

While I appreciate your continued leadership during this unprecedented time for Texas and its unique telecommunication needs, I am disappointed that you and the other commissioners voted NOT to increase the Texas Universal Service Fund (TUSF) assessment rate on June 12, 2020. The Commission had the opportunity to keep the fund solvent but chose not to do so during their open meeting.

Your vote was especially surprising given the staff of the Public Utility Commission of Texas (PUC) proposed increasing the TUSF assessment rate to 6.4% effective July 1, 2020, noting the "current funding requirement for the TUSF...requires an increase to the assessment rate." Moreover, there was little or no industry opposition to the raise. AT&T, a large carrier, noted objections to restructuring the TUSF but not on raising the actual fee, even stating that "adjusting the TUSF assessment has been a very effective approach to addressing periodic fluctuations in funding and support needs over the past 16 years."

Your failure to adopt the proposed order, effectively defunding TUSF programs, is a vote against Texas citizens. During the ongoing public health and economic crises, connectivity is essential to allow Texans reliable and affordable telemedicine, remote work, distance learning, e-commerce, and connections with friends and family. Connectivity is vital across the entire state, but perhaps especially so in rural areas where more than 25 percent of rural Texans don't have access to broadband Internet, compared to 2 percent of urban residents. A problem now exasperated by the nearly 700,000 rural students (more than any other state in the country) trying to learn online during the pandemic.

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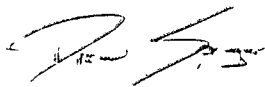
Rural telecommunication providers use the TUSF to keep rural Texans connected — providing customers with access to distance learning, remote working, online commerce, and telemedicine — particularly during the pandemic. Texas has 142 million acres (bigger than California) of rural land that encompasses approximately 12% of the Texas population, the largest rural community of any U.S. state. Many rural areas of Texas would be without service if for not of the support of the TUSF.

Traditionally rural economic activities—like energy production, agriculture, and tourism—make up a considerable portion of Texas's GDP. Every \$1 billion increase in rural manufacturing output produces a 16% increase in urban jobs, significant additional business-to-business transactions, and statewide consumer spending and investment. Defunding the TUSF is not merely a rural issue but a significant issue for all Texans in a struggling economy.

The TUSF assessment is at a historical low. As recent as 2006, the TUSF assessment rate was 5.65%. As technology changes the way people make phone calls, the TUSF suffers, as its revenues are based on old fashioned voice traffic, not on newer methods of making calls. With dwindling returns and inaction on your part, the TUSF will likely have insufficient funds by the end of the year. However, there is no need to depart from the revenue-based model for TUSF assessments that have been in place for over 25 years.

Therefore, I ask you to please take any necessary action to ensure the TUSF remains solvent and consider re-voting to increase the TUSF assessment rate to 6.4%. Doing so would allow the Texas Legislature time to make any necessary fundamental reforms to the program during the next legislative session.

Respectfully Submitted,



Rep. Drew Springer,
House Chairman of Agriculture

CC: Arthur C. D'Andrea, PUC Commissioner; Shelly Botkin, PUC Commissioner; Governor Gregg Abbott; and Mike Morath, Commissioner, Texas Education Agency (TEA)