



## Filing Receipt

**Received - 2022-07-13 01:31:31 PM**  
**Control Number - 50796**  
**ItemNumber - 59**

# OPEN MEETING COVER SHEET

**MEETING DATE:** July 14, 2022

**DATE DELIVERED:** July 13, 2022

**AGENDA ITEM NO.:** 10

**CAPTION:** Project No. 50796 – REVIEW OF TUSF  
RATE

**ACTION REQUESTED:** Discussion and possible action with respect  
to increasing the TUSF rate from 3.3% to  
24%

**Distribution List:**

Commissioner Offices email group  
Division Directors email group  
Commission Advising email group

# *Public Utility Commission of Texas*

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## **Memorandum**

TO: Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

FROM: Jay Stone, Fund Management

DATE: July 13, 2022

RE: Item No. 10, July 14, 2022 Open Meeting, Project No. 50796 – *Review of TUSF Rate* – Revised Draft Order

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Attached for your consideration at the July 14, 2022, open meeting is a revised draft order increasing the Texas Universal Service Fund (TUSF) assessment rate from 3.3% to 24% effective August 1, 2022.

The proposed increase is due to the reduction of intrastate revenues associated with voice telephone service. While voice telephone service has become a smaller part of the customers package, a large part of the decrease is associated with mobile telephone providers who completed traffic studies on how much of their package is attributed to voice service and have adjusted their TUSF fee accordingly. To illustrate this point, in March 2018 the TUSF fee was calculated on approximately \$436 million of intrastate revenues, while in March 2022, the TUSF fee was calculated on approximately \$267 million. The revenue effects of these analysis of customer usage started to appear without notice in January 2019 and was fully visible by March of 2019 when the fund started losing between \$5 to \$7 million per month. Currently, the fund is losing \$10 to \$11million per month and the fund currently is in arrears \$192 million. Additionally, this fiscal year the commission is completing rate of return adjustments for some small and rural ILECs to increase their support payments, which could add an additional \$18 million in expenditures per year.

Staff's ongoing review and evaluation of the current TUSF funding position indicates that an increase in the assessment rate is appropriate to allow for funding of current expenditures, amounts in arrears, and a sufficient reserve.

**PUC PROJECT NO. 50796**

**REVIEW OF TUSF RATE**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

**ORDER CHANGING THE TUSF ASSESSMENT**

The Commission adopts an assessment rate of 24% for the Texas Universal Service Fund (TUSF) effective August 1, 2022.

The current funding requirement for the TUSF under 16 Texas Administrative Code § 26.420(e), requires an increase to the assessment rate. The Commission adopts an assessment rate of 24% to meet current funding requirements, to start paying amounts that have been short-paid due to inadequate balances in the fund, and to establish an appropriate reserve balance. The assessment rate shall be increased from 3.3% to 24% effective August 1, 2022.

Under 16 Texas Administrative Code § 26.420(f)(6), a telecommunications provider may recover its TUSF assessments by surcharging their retail customers who are subject to tax under chapter 151 of the Texas Tax Code. The amount of the surcharge is limited to 24% of customers' taxable intrastate telecommunications service receipts and must be calculated using the same methodology a telecommunications provider uses in determining its assessments. Telecommunications providers that surcharge customers must include the following notice language as a bill message or billing insert in the first customer bill containing the revised surcharge:

"The Texas Universal Service Fund assessment rate has been increased from 3.3% to 24% effective August 1, 2022."

A telecommunications provider subject to the filing requirements of 16 Texas Administrative Code § 26.89 or § 26.207 that surcharges its customers must file a copy of its notice, along with a revised compliance tariff, schedule, or price list in Project No 53808 – *Compliance Proceeding to Implement Order in Project No. 50796, Review of the TUSF Rate*, on or before July 18, 2022.

Those filings must be processed in accordance with the following schedule:

<b>Procedural Timeline</b>	
<b>Date</b>	<b>Action</b>
July 18, 2022	Parties file notices and tariff revisions
July 19, 2022	Intervention Deadline
July 22, 2022	Commission Staff Final Recommendation
July 26, 2022	Docket Management issues final approval of tariffs
August 1, 2022	Effective date of tariffs

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of July 2022**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**