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TEXAS UNIVERSAL SERVICE FUND REPORT

Public Utility Commission of Texas
August 31, 2022

Executive Summary

In 2017, the Legislature created a new rate of return methodology to determine the amount of support available to small telecommunications providers from the Texas Universal Service Fund (TUSF). This new methodology is found in Public Utility Regulatory Act (PURA)¹ § 56.032. The support amounts calculated under it are set to expire on September 1, 2023.

The Public Utility Commission of Texas (Commission) was directed to:

- 1. Review and evaluate whether the rate of return methodology under PURA § 56.032, and any rules adopted to implement that section, accomplish the purposes of the TUSF and allow small telecommunications providers the opportunity to earn a reasonable return; and*
- 2. Review and evaluate whether changes in law to amend or replace the rate of return mechanism are necessary to achieve such purposes.²*

Upon review and evaluation, the Commission concludes that:

The rate of return methodology under PURA § 56.032 accomplishes the purposes of the TUSF and allows small telecommunications providers the opportunity to earn a reasonable return. However, changes may be necessary to achieve these purposes more efficiently.

As part of the review, the Commission was directed to submit a report to the Legislature by September 1, 2022, addressing four specific issues and any other relevant information the Commission deemed necessary for inclusion.³ This report addresses the Commission's evaluation of PURA § 56.032 and the following issues:⁴

1. The continued appropriateness of using the FCC prescribed rate of return for the mechanism established under PURA § 56.032(d) if the FCC still prescribes a rate of return that may be used for that mechanism;

The Commission concludes that it is appropriate to continue to use the Federal Communications Commission's (FCC's) prescribed rate of return.

¹ Tex. Util. Code §§ 11.001–66.016.

² Act of May 16, 2017, 85th Leg., R.S., ch. 1116 (S.B. 586), §2(b), 2017 Tex. Gen. Laws at 4303.

³ *Id.*, § 2(d), 2017 Tex. Gen. Laws at 4303.

⁴ Act of May 16, 2017, 85th Leg., R.S., ch. 1116 (S.B. 586), §§ 1-3, 2017 Tex. Gen. Laws 4301.

2. The efficiency and frequency of adjustment proceedings conducted under PURA § 56.032(h) and § 56.032(i);

The adjustment proceedings conducted under PURA § 56.032(h) and (i) to ensure small providers are afforded the opportunity to earn a reasonable rate of return provide an efficient process to adjust support amounts and are conducted on a proper frequency.

3. The frequency and efficiency of determinations made on reasonable and necessary expenses under PURA § 56.032(d)(4);

The process for determinations under PURA § 56.032(d)(4) is efficient as it affords small providers the opportunity to earn a reasonable rate of return but is too frequent for Commission Staff to adequately determine the reasonableness and necessity of expenses incurred by small providers.

4. The effect of changes in technology on regulated revenue and support needs or determinations made under PURA § 56.032; and

Changes in technology have had an indirect effect on regulated revenue and support needs or determinations made under PURA § 56.032.

5. Any other relevant information the Commission determines is necessary for inclusion in the report and is in the public interest.

Other than administrative efficiency issues related to applying the different rate of return methodologies to small providers, there is no other relevant information the Commission determines to be necessary or in the public interest for inclusion in this report.

Background—History of the TUSF

The Texas Universal Service Fund (TUSF) was established in 1987.⁵ The purpose of the TUSF is to implement a competitively neutral mechanism to enable all residents of the State to obtain basic local telecommunications services needed to communicate with other residents, businesses, and governmental entities.⁶ The TUSF is funded by a statewide uniform charge, or “assessment,” payable by each telecommunications provider that has access to the customer base.⁷ In most cases, the providers choose to recover their assessment via a fee to end users

⁵ See Act of May 23, 1987, 70th Leg., R.S., ch. 371 (SB 444), § 8, 70th Legislature, 1987 Tex. Gen. Laws 1809, 1813; repealed by Act of March 29, 1995, 74th Leg., R.S., ch. 9 (SB 319), § 2, 1995 Texas Gen. Laws 31, 87.

⁶ See 2013 *Commission Report to the 83rd Texas Legislature - Review and Evaluation of the Texas Universal Service Fund Pursuant to Senate Bill 980*, 82nd Legislature, Regular Session at 2 (“The TUSF accomplishes this purpose by assisting telecommunications providers in providing [basic local telecommunications service] at reasonable rates to customers in high-cost rural areas and to qualifying low-income and disabled customers. The TUSF also funds another program identified by the Legislature in PURA § 56.028, which supports certain telecommunications services for schools and libraries.”); *Id.*

⁷ See Tex. Util. Code § 56.022.

as part of the package of surcharges assessed on their bills.⁸ Telecommunications providers then receive distribution of the funds based on a rate of return prescribed by the Commission.⁹

Texas Universal Service is composed of 11 programs separated into three major categories: high-cost assistance programs, low-income or disability assistance programs, and schools and libraries assistance programs. Of the 11 programs, expenses for the High-Cost Support program and Small and Rural Incumbent Local Exchange Carrier program (Small and Rural Plan) comprise the greatest proportion, ranging between 60 to 90 percent of total expenditures from the fund. This report focuses solely on the rate of return mechanism for providers under the Small and Rural Plan.

In 1997, the Federal Communications Commission (FCC) established the federal Universal Service Fund (USF)¹⁰ following the directives of the 1996 Telecommunications Act (FTA).¹¹ Under the FTA, state regulations regarding universal service must not be inconsistent with FCC rules “to preserve and advance universal service”.¹²

In 2011, the FCC comprehensively reformed the USF and Intercarrier Compensation (ICC)¹³ through the issuance of the USF/ICC Transformation Order (Transformation Order).¹⁴ The same year, the Texas Legislature passed Senate Bill (SB) 2603, 82nd Regular Session, which codified a new rate of return methodology under PURA § 56.032. SB 2603, in accordance with the Transformation Order, required the Commission to consider the adequacy of basic rates to support universal services and authorized the Commission to revise monthly support amounts from the Small and Rural Plan.¹⁵

TUSF Support for Small Telecommunications Providers under PURA § 56.032

PURA § 56.032 – Rate of Return Adjustments

In 2017, the Legislature again changed the rate of return method that determines the amount of support to providers from the Small and Rural Plan.¹⁶ This new method, found in PURA § 56.032, is the current methodology and the subject of this report and is set to expire on

⁸ See 2013 *Commission Report to the 83rd Texas Legislature - Review and Evaluation of the Texas Universal Service Fund Pursuant to Senate Bill 980*, 82nd Legislature, Regular Session at 2.

⁹ See PURA § 56.023(a)(1); see also 16 TAC §§ 26.406 and 26.407.

¹⁰ See generally FCC 97-157.

¹¹ See generally 47 U.S.C. 254.

¹² 47 U.S.C. 254(f).

¹³ *Intercarrier Compensation*, FEDERAL COMMUNICATIONS COMMISSION, <https://www.fcc.gov/general/intercarrier-compensation-0> (last accessed August 26, 2022). (“Intercarrier compensation (ICC) is the system of regulated payments in which carriers compensate each other for the origination, transport and termination of telecommunications traffic.”).

¹⁴ See FCC 11-161.

¹⁵ 16 Tex. Admin. Code § 26.407.

¹⁶ 16 Tex. Admin. Code § 26.407.

September 1, 2023. The Legislature directed the Commission to review this mechanism and related rules prior to expiration.

Under the current methodology, a qualifying *small provider*¹⁷ may request that the Commission determine support in fixed monthly amounts based on an annualized support amount. The annualized support amount must be sufficient, when combined with regulated revenues, to allow the small provider to earn a return on invested capital that is reasonable.¹⁸ As required in the legislation, the Commission adopted new 16 Texas Administrative Code (TAC) § 26.407 in October 2018 to implement a mechanism to determine the annualized support amount. The mechanism was required to have the following elements:

- Require an annual filing to establish a continued level of support for the provider or eligibility for support adjustments and to determine whether support levels allow the opportunity to earn a reasonable return;
- Provide requirements for the annual filing, which may include annual earnings reports and any underlying data that the Commission determines to be reasonably necessary for the purposes of Subdivision (1);
- Provide requirements and procedures for adjustment proceedings to ensure small providers are afforded the opportunity to earn a reasonable return; and
- Provide a procedure for the Commission to assess, as necessary, whether the reported return of a small provider is based on expenses that are not reasonable and necessary.

To assist the Commission in its review and preparation of this report, the Commission requested public comment.¹⁹ Notice of the request was provided in the Texas Register.²⁰ The Commission received comments from Dialtone Services, L.P., AMA Techtel Communications, the Texas Cable Association, the Office of Public Utility Counsel, the Texas Telephone Association, Texas Statewide Telephone Cooperative, Inc., and CTIA-The Wireless Association.

Issue 1 – FCC Rate of Return

The continued appropriateness of using the FCC’s prescribed rate of return for the mechanism established under PURA § 56.032(d), if the FCC still prescribes a rate of return that may be used for that mechanism.

The Commission concludes that it is appropriate to continue to use the Federal Communications Commission’s (FCC’s) prescribed rate of return.

¹⁷ PURA § 56.032(a)(2) (*Small provider* defined as “an incumbent local exchange company or cooperative that, on September 1, 2013, together with all local exchange companies affiliated with the company or cooperative on that date, served 31,000 or fewer access lines in Texas; or a successor company.”).

¹⁸ PURA § 56.032(c).

¹⁹ *Review of Texas Universal Service Fund*, Project No. 53140.

²⁰ 47 *Texas Register* 1649 (Mar. 25, 2022).

The FCC's rate of return is used to determine whether a small provider's return is reasonable,²¹ and to separate a small provider into one of three categories under the Commission's rule as described below. As of August 2022, the FCC prescribed rate of return was set at 9.75%.

Category 1	A rate of return of more than three percentage points below the FCC rate of return. ²²
Category 2	A rate of return within two percentage points above or three percentage points below the FCC rate of return. ²³
Category 3	A rate of return of more than two percentage points above the FCC rate of return. ²⁴

Review of the 2020 reports filed in September 2021 by the 43 small providers receiving proceeds from the Small and Rural Plan resulted in Commission staff recommending:

- 32 small providers for placement in Category 1 (under-earning providers);
- 8 small providers for placement in Category 2 (providers receiving a reasonable rate of return); and
- 3 small providers for placement in Category 3 (over-earning providers).

Discussion

Removing the requirement to use the FCC rate of return would not provide any benefit to the adjustment mechanism. If the FCC rate of return is not used, a new rate of return methodology would have to be devised by the Commission. This would require the Commission to research and investigate alternative rate of return methodologies, adopt a new methodology, and subsequently implement that new methodology for all affected companies. Such an effort would take a substantial amount of time and resources for uncertain benefit. Moreover, in the interim period prior to implementation of the new methodology, the FCC rate of return would have to be utilized.

²¹ PURA § 56.032(f); 16 TAC § 26.407(f)(3).

²² A small provider whose return is more than three percentage points below the FCC's rate of return is classified as category 1 and may file an application to adjust its support or rates to a level that would bring the small provider's return into the reasonable range. *See* PURA § 56.032(h); 16 TAC § 26.407(f)(3), (g)(1).

²³ A small provider is classified as category 2 and the return is deemed reasonable if the return is within two percentage points above or three percentage points below the FCC's rate of return. A small provider placed into category 2 is not eligible to seek an adjustment to its support from the Small and Rural Plan and the Commission cannot institute a proceeding against it. *See* PURA § 56.032(f); 16 TAC § 26.407(f)(3), (g)(2).

²⁴ A small provider whose return is more than two percentage points above the FCC's rate of return is classified as category 3. Although they are not presumed to have an unreasonable return, the Commission may initiate a proceeding to review the small provider's support level and regulated revenues and adjust the provider's level of support or rates, if appropriate. *See* PURA § 56.032(i); *see also* 16 TAC § 26.407(h)(2)(C).

Issue 2 – Adjustment Proceedings

The efficiency and frequency of adjustment proceedings conducted under PURA § 56.032(h) and § 56.032(i).

The adjustment proceedings conducted under PURA § 56.032(h) and (i), to ensure small providers are afforded the opportunity to earn a reasonable rate of return, provide an efficient process to adjust support amounts and are conducted on a proper frequency.

The rate of return mechanism created by PURA § 56.032 requires two types of rate adjustment proceedings: one for small providers whose rate of return is below a low threshold and one for providers whose rate of return is above a high threshold. Under the first type, termed category 1, a small provider may seek an adjustment to its support from the Small and Rural Plan or an increase in its regulated rates. For category 3 providers, which have a rate of return above the high threshold, the Commission may review and, if necessary, reduce the provider's rate of return. In addition, under the Commission's rule, some providers may challenge a Commission staff adjusted rate of return and the underlying adjustments.

A small provider classified as a category 1 may apply to increase support such that the small provider would earn a reasonable rate of return. The increase is capped at 140% of the provider's earnings over the 12-month period prior to the application.²⁵ A rate increase must not adversely affect universal service.²⁶ Except for good cause, a small provider that files an application for adjustment may not file a subsequent application before the third anniversary of the original application.²⁷

If a small provider is classified as a category 3, the Commission may initiate a proceeding to review and potentially adjust the support and revenues of the provider.²⁸ The rate of return for such a provider is not unreasonable simply because it exceeds the high threshold.

As discussed under Issue 3 below, prior to an adjustment proceeding, Commission staff review a small provider's annual report and may recommend adjustments to the rate of return based on the financial and other information in that report.²⁹ After that review, Commission staff separated small providers into rate of return categories.³⁰ If Commission staff make any adjustments to that information, it will calculate an adjusted rate of return,³¹ which may place the provider in a different rate of return category. In certain instances, a provider may contest the adjusted rate.

²⁵ PURA § 56.032(h); 16 TAC § 26.407(h)(4).

²⁶ PURA § 56.032(h).

²⁷ PURA § 56.032(h).

²⁸ PURA § 56.032(i).

²⁹ 16 TAC § 26.407(f)(2)(A).

³⁰ See 16 TAC § 26.407(f)(3)(A)–(C).

³¹ 16 TAC § 26.407(f)(2)(B).

If a provider files an application for an adjustment proceeding, it must give notice to its customers.³² The Commission must grant or deny an application for an adjustment (including a challenge to a Commission staff adjusted rate of return) within 120 days of the date the application is deemed sufficient.³³ After the Commission issues an order in an adjustment

Original rate of return classification	Commission staff adjusted rate of return classification	May request for an adjustment to rate of return	May contest Commission staff adjusted rate of return
Category 1	Category 2 or 3	Yes	Yes
Category 2	Category 3	No	Yes
Category 3	n/a	No	No

proceeding, a subsequent adjustment proceeding may not be initiated before the third anniversary of the date on which the provider's most recent application is initiated, unless good cause is proven.³⁴

Discussion

According to data gathered by the Commission for the 2020-2021 period, 43 small providers participated in the Small and Rural Plan. Of that number, ten small providers are eligible for adjustment proceedings in 2022.

The adjustment proceedings conducted under the Commission's rule are administratively efficient for the Commission. The reviews are a straightforward matter of verifying the provider's reported or adjusted rate of return (associated placement into category) and assessing the application using basic accounting principles. Similarly, the three-year waiting period between adjustment proceedings permits sufficient time for Commission Staff to evaluate whether an adjustment proceeding is necessary. The three-year waiting period also assists the Commission in using its limited resources more efficiently than would be the case with a shorter waiting period.

Issue 3 – Determinations of Expenses

The frequency and efficiency of determinations made on reasonable and necessary expenses under PURA § 56.032(d)(4).

The process for determinations under PURA § 56.032(d)(4) is efficient as it affords small providers the opportunity to earn a reasonable rate of return but is too frequent for Commission Staff to adequately determine the reasonableness and necessity of expenses incurred by small providers.

³² 16 TAC § 26.407(h)(3).

³³ 16 TAC § 26.407(h)(5).

³⁴ 16 TAC § 26.407(h)(6).

A small provider is required to submit an annual report to the Commission that includes certain financial information as well as the small provider's full and complete cost allocation manual.³⁵ Commission staff review the annual report and recommends adjustments to a provider's rate of return if expenses are not reasonable or necessary, if there are inappropriate affiliate transactions or cost allocation, or for other reasons specified in the rule.³⁶ If Commission staff make any adjustments, it must recalculate the provider's reported rate of return and provide an adjusted rate of return as discussed above.³⁷

The annual report is due to the Commission by September 15 of each year for the previous calendar year.³⁸ Commission staff must complete the review of an annual report within 90 days of the date the annual report was filed.³⁹ During the 90-day period, Commission staff may send Requests for Information (RFIs) to small providers with a ten-day deadline to respond. If the provider does not timely submit requested information, it is deemed to be a category 3 provider.⁴⁰

At the conclusion of its review, Commission staff must make a final recommendation on the small provider's rate of return and placement into a rate of return category.⁴¹ Commission staff will classify a small provider into one of three rate of return categories discussed in Issue 1. A provider's annual report and any information the Commission requires from a small provider is confidential and not subject to disclosure under chapter 552 of the Texas Government Code.⁴² Third party access to such confidential information is subject to a protective order.

Discussion

The annual report and corresponding assessment of reasonable and necessary expenses require substantial engagement from Commission staff to obtain needed information. Specifically, the assessment of reasonable and necessary expenses entails the issuance of RFIs to small providers to determine whether a given provider should receive proceeds from the TUSF, and if so, how much. While adjustment proceedings are not administratively burdensome as discussed in the response to Issue 2, the reasonable and necessary expense assessment is considerably more onerous for Commission staff and more closely resembles a contested case than a rate disclosure of information.

Commission staff file approximately 20 to 35 RFIs per small provider within the 90-day period which historically can take weeks to prepare and to analyze responses. For 2020-2021, 43 small providers receive TUSF proceeds under the Small and Rural Plan, meaning that 43 separate reviews for reasonable and necessary expenses are required. The significant amount of discovery needed to make the recommendation is burdensome on Commission staff,

³⁵ 16 TAC § 24.407(e).

³⁶ 16 TAC § 26.407(f)(2).

³⁷ 16 TAC § 26.407(f)(2)(B).

³⁸ 16 TAC § 24.407(e)(1).

³⁹ 16 TAC § 26.407(f)(1)(B).

⁴⁰ 16 TAC § 26.407(f)(1)(A).

⁴¹ 16 TAC § 26.407(f)(4).

⁴² PURA § 56.032(k).

particularly given the 90-day review period. Additionally, most providers file their annual reports on or just before the annual September 15 deadline, resulting in a substantial number of reports that must be reviewed concurrently.

For comparison, electric utilities submit an annual earnings report with no specific action needed from Commission staff. Rather, Commission staff simply monitor the earnings levels of utilities with the option to engage in a more detailed analysis and potentially recommend a company file an application for a new rate proceeding.⁴³

A three-year, staggered report period would be more *administratively* efficient. As a point of comparison, the largest electric companies that the Commission regulates must apply for a rate review every **four** years. The smallest electric companies must provide some form of a rate filing every **eight** years.⁴⁴

While the small provider annual report reviews are not rate cases, they serve as a proxy for a rate case. Thus, reviews staggered in three-year intervals would be appropriate. Furthermore, reducing the number of reviews required each year would allow the Commission to review providers more thoroughly within the 90-day deadline.

Procedurally, PURA § 56.032(d)(4) requires the Commission to “assess, as necessary” whether a small provider’s rate of return is based on reasonable and necessary expenses. This assessment results in Commission staff recommending a small provider be categorized as a Category 1, 2, or 3 provider as discussed in Issue 1. Although it is permitted to do so, to date, the Commission has not initiated a contested case proceeding for a Category 3 provider for the reasons explained below.

Books and Records Access and Prudence Review

Commission staff do not have access to the full books and records of small providers. Only the **intrastate** portion of a provider’s financial information is provided to the Commission. The **interstate** financial information is unavailable, making it impossible to perform a comprehensive review of the provider’s books and records. Similarly, Commission staff cannot perform a prudence review of a provider’s intrastate capital additions, which is a study of the underlying costs of capital improvements implemented by the small provider during the reporting period, without corresponding interstate information. It is difficult for Commission staff to determine whether the allocated portion of certain costs is reasonable and necessary

⁴³ See generally *Year-end 2020 Electric Utility Earnings Reports in Accordance with 16 TAC § 25.73*, Project No. 51718, Memorandum (Nov. 10, 2021) (Electric Earnings Reports); and *Year-end 2020 Telephone Utility Earnings Reports in Accordance with 16 TAC § 26.73*, Project No. 51719 (Telecommunications Earnings Reports).

⁴⁴ See generally *Rulemaking proceeding to amend 16 TAC 25.247 to establish a filing schedule for non-investor-owned transmission service providers operating within ERCOT*, Project 48377, Order Adopting Amendment to §25.247 (November 9, 2018).

without seeing the total costs and mechanics of the allocation.⁴⁵ For the same reason, the Commission staff do not perform prudence reviews of capital costs of small providers.

Cost-effectiveness of Small ILEC Base Rate Proceedings

In most cases, conducting a full base rate review of a small provider would not be cost effective because the cost of the rate case would likely exceed any rate reduction. Moreover, given limited resources, it is not feasible for Commission staff to conduct full rate reviews of small providers. The time and cost of these proceedings would not only burden the resources of the companies and the Commission, there would be a net loss for customers.⁴⁶

Commission Resources

Commission staff, particularly in the Rate Regulation and Legal Divisions, dedicate a significant portion of their time to electric utility base-rate proceedings and other contested cases. The limitations of interstate cost review and confidentiality, coupled with the likelihood that ratepayers' costs for a full base-rate proceeding could outweigh any cost savings, call into question the value of the considerable time resources that Commission staff must dedicate to the annual reviews.

Issue 4 – Changes in Technology

The effect of changes in technology on regulated revenue and support needs or determinations made under PURA § 56.032

Changes in technology have had an indirect effect on regulated revenue and support needs or determinations made under PURA § 56.032.

⁴⁵ See e.g., *Review of Telecommunications Providers Receiving Texas Universal Service Fund Support Under the Texas High Cost Universal Service Plan and Small and Rural Incumbent Local Exchange Company Universal Service Plan*, Project No. 51433, Eastex Telephone Cooperative, Inc.'s Response to Commission Staff's First Set of Requests for Information at 8-10 (Dec. 3, 2020). The responses to Commission staff's RFIs indicate that the company-specific cost allocation manuals and Part 36 cost separations study are the definitive authorities on compliance with applicable accounting and regulatory rules. See Project 51433, Item #26 at 8-10. Cost allocation procedures, which are documented in cost allocation manuals, are required by FCC rules and have been in place since at least the 1980s. Companies devote great time and expense to developing specific cost allocation procedures and associated cost allocation manuals to ensure compliance. Cost allocation manuals are subject to audit by the Universal Service Administrative Company and National Exchange Carrier Association and are reviewed annually by the Commission.

⁴⁶ Additionally, written testimony issued by Commission staff in support of settlements typically states "[Commission staff] believe[s] that implementation of the various terms in the Stipulation will result in a fair and reasonable outcome for [the utility] and other stakeholders. The Stipulation provides certainty on the resolution of a variety of issues, and it ensures an outcome that, in the aggregate, is at least equal to—and, in some instances, possibly better than—the outcome that would result from continued litigation of this proceeding."

Discussion

The transition from traditional landline telephone to internet and mobile wireless data has indirectly impacted the rate of return methodology. This impact is due to continuing investments in infrastructure and equipment that is not needed to provide “basic local telecommunications service”, but which small providers have invested in to provide internet and mobile wireless service. The scope of Commission Staff’s review of a small provider’s annual report does not allow for a determination of the prudence, reasonableness, or necessity of disclosed investments. Therefore, Commission Staff cannot draw any conclusions on whether expenses on such investments were reasonable and necessary, which, in turn, subverts a meaningful review on the reasonableness of the rate of return on those investments.

Issue 5 – Other Relevant Information

Any other relevant information the Commission determines is necessary for inclusion and is in the public interest.

Other than administrative efficiency issues related to applying the different rate of return methodologies to small providers, there is no other relevant information the Commission determines to be necessary or in the public interest for inclusion in this report.

APPENDIX

Funding Prior to Adoption of PURA § 56.032

1987: TUSF established.

1997: FUSF established.

1997-1998: The Commission establishes the Small and Rural Plan as part of the TUSF. Support amounts are based on wire line count based on the study area of each small and rural ILEC.

2005: The Commission is authorized to revise the monthly per-line support amounts for the High Cost and Small and Rural Plan.

2011: The FCC reforms FUSF and the Commission adds two alternative methodologies for ILEC providers participating in the High Cost and Small and Rural Plan:

- The 2010 methodology: TUSF support adjusted to fixed monthly amounts based on total support received by the provider in 2010.
- The CPI methodology: TUSF support changed to a fixed monthly amount based on total support received by the provider in the prior year adjusted by the percentage change in the CPI for the most recent 12-month period.

2011: The Commission adopts amendments to its rule for the Small and Rural Plan to determine whether an ILEC was charging a reasonable rate for basic local telecommunications service.

2013: PURA § 56.032 is amended by the Legislature allowing the Commission to adjust monthly support amounts by any method, including support reductions from rate rebalancing efforts by the Commission in 2011.

2017: PURA § 56.032 is amended again to adjust monthly support amounts based on the FCC prescribed rate of return used for the FUSF.