# CHAPTER 7: LEGISLATIVE RECOMMENDATIONS

## 1. TAKE FURTHER STEPS TO FACILITATE LOCAL EXCHANGE COMPETITION IN TEXAS

The *2001 Scope of Competition Report* summarizes the path taken to open century-old monopolies as well as the use of new tools for facilitating competition that the Texas Legislature provided last session. As detailed above, the response has been good in some markets and disappointing in others. The conclusion today is that competition looks viable in the business and urban markets, but may not be as viable for certain rural and residential customers. The *Report* offers an economic diagnosis for why this pattern has developed, with the primary causes rooted in underlying market conditions and in the historical regulatory pricing system for local telephone service.

Texas has had a long-standing public policy to provide universal service and to maintain low rates for basic residential local service. However, continuing this policy means that some segments of the market may not receive rates that reflect the true cost of the service. In the short term, these segments - most notably residential and rural customers - may need protection from price increases if the market does not effectively moderate them. Indeed, further action may be necessary to ensure that competition comes to these markets at all. The Commission recognizes that short-term remedies are not long-term solutions in regulating a telecommunications industry that is rapidly evolving away from selling simple voice service.

There are a number of ways Texas can go from here. Approaches can be passive or active. The Commission suggests that the Legislature consider at least the following options for addressing the lack of competition in Texas local residential and rural markets:

### Option A: Passive Erosion (no change to current pricing structures).

This is the de facto policy now in effect. If the market is left to behave freely under current policies, residential customers will continue to have low rates for basic service, but incumbent carriers likely will raise rates further on nonbasic services with little competition under the pricing flexibility granted in SB 560. The economic term for the process of aligning rates to reflect actual costs is called rebalancing. A benefit of allowing these rates to rise is that higher rates for the total set of residential services (even with basic service rates held artificially low) would provide CLECs incentives to offer competitive bundled service packages and to bring new technologies to more areas of Texas. As a result, CLECs may be able to erode the market share of incumbents over the long term.

However, a likely consequence of this approach is that CLECs will serve profitable high-end residential customers and the remaining customers, especially low-end residential and rural customers, may experience price increases for commonly used services for which there are no affordable substitutes at this time. So, while the bundled price of residential telephone services will move closer to its true cost, the burden of rebalancing prices would continue to be borne by the vertical services user, while basic local services remain subsidized below true cost. From the public's point-of-view, this arrangement may be preferable to having that burden be borne by all residential dial-tone customers.

### *Option B: Place a temporary, two-year price cap on popular nonbasic residential services that do not currently have competition, and evaluate whether further steps are necessary at the close of the cap to ensure competition in these markets.*

This option borrows from both laissez-faire and regulatory economics. Placing caps on residential call forwarding, caller ID, and call return, - the prices of which have increased substantially since SB 560 became effective - would moderate the burden borne by residential customers during the transition to competition for local exchange markets.

Most residential and rural customers receive basic local services at rates well below their true cost (with the remainder of the cost subsidized by Texas and federal universal service payments and over-priced vertical or nonbasic services). The best hope many of these customers have for competition is from alternate technologies – such as wireless, satellite, or cable – that are not yet cost-competitive with landline basic local service. Landline local exchange competitors may never be competitive with incumbent-provided basic local service at current, subsidized rates. Therefore, the primary benefit of price caps on nonbasic services would be to temporarily protect residential customers from further price increases for services that have already seen large price increases. Such a strategy would allow the opportunity to see if the bundled local service package is priced high enough to allow more competitors to serve more residential and rural customers.

A disadvantage of this approach is that competitive providers need sufficient profit to fight for and win market share from incumbent carriers. Caps on vertical services will also affect competitors' profits slowing innovation in telephony services. At the present time, the Commission has observed that incumbent carriers are often charging prices for nonbasic services that are 5 to 10 times higher than their costs and, in an extreme case, 100 times higher than their costs. Capping prices at these levels would not limit opportunities for competitors to enter the market profitably.

### *Option C: Authorize and direct the Commission to hold a proceeding to rebalance costs into a structure that gives competitive providers the incentive to compete in residential and rural markets.*

Most residential customers get a majority of their basic local services below cost. Rebalancing of rates would establish residential and rural rates that more closely, reflect the true costs of service. CLECs would have greater incentives to enter new markets in Texas with a wider range of sophisticated services for customers outside the large metro

areas. Higher, rebalanced local rates would give local service providers much more economic headroom to deploy advanced telecommunications technologies and services for rural and residential customers.

This approach, however, has several drawbacks. After years of subsidized low-rates, many customers would face increases in basic service rates as a result of rate rebalancing. Determining the proper, cost-based price for basic service in a given area would be difficult. Raising the rates for basic local services to meet costs might not permit competition anyway, as lower income and sparsely populated areas of Texas may never be profitable enough to attract competitors in traditional local service for reasons other than retail pricing.

### *Option D: Combine Options B and C*

Combine Options B and C for a comprehensive solution that includes the short-term protection of price caps and the long-term incentives of rebalancing prices to more fully reflect costs. The advantage of this approach is that any negatives associated with the moratorium on certain residential service prices under Option B can be evaluated and adjusted in the course of rate rebalancing. Furthermore, such a proceeding and its implementation are likely to take most of the two years of the Option B moratorium. The cap on prices may mollify negative public reactions that otherwise could result from higher prices, while allowing residential and rural customers to reap the benefits of a wider range of telephone services in the future.

While one of these approaches may be desirable, the Commission believes that long-term re-regulation of residential and rural markets should not be necessary. While monopoly power is still a factor in residential and rural markets at this time, new technologies appear to have the potential to stimulate vigorous competition in a number of parts of Texas in the years to come. Until then, the Legislature's price cap on traditional phone services serves as an appropriate customer protection.

## 2. FACILITATE ACCESS TO FLAT-RATE LOCAL DIAL-TONE SERVICE FOR TEXANS IN UNCERTIFICATED SERVICE AREAS

Currently, numerous potential customers for local exchange telephone service do not have access to reliable, flat-rate dial-tone and other features of local exchange service because they are located in uncertificated service areas in Texas. Uncertificated service areas are areas where no telecommunications provider is obligated to provide telephone service. While all electric utility customers in Texas are served by at least one electric utility company, customers located in areas totaling approximately 10,000 square miles in Texas have no telecommunications provider obligated to provide access to dial-tone. This situation was created when the original service areas were established and no incumbent local service provider wanted to serve these rural and sparely populated areas. Following a twenty-five year period of growth, these previously uninhabited rural areas are becoming more populous.

The Commission regularly receives requests from residents in uncertificated areas to obtain dial-tone. Commission staff members have encountered instances of telecommunications providers refusing to connect potential customers to the network, even if the customer builds a line up to the provider's demarcation point. In addition to lacking access to reliable dial-tone service and emergency 9-1-1 service, these potential customers lack access to Internet service providers and advanced services. Because telecommunications providers are not currently required to serve uncertificated areas, Texas citizens are denied access to reliable, flat-rate dial-tone service, emergency 9-1-1 service, and the Internet. The only communications options that Texas citizens are afforded in uncertificated service areas are BETRS (radio), cellular, and satellite communications services. Even these options can be severely limited due to geographic dead spots in the coverage.

The Commission recommends that the Legislature consider the following two options for bringing reliable dial-tone to Texans located in uncertificated areas.

(1) Authorize the Commission to assign each uncertificated area in Texas to a telecommunications provider with the understanding that funding from the Texas Universal Service Fund (TUSF) would be available for the recovery of certain costs associated with the provision of dial-tone in uncertificated areas. The Commission notes that the optimal means for providing dial-tone to a particular area may depend upon a variety of geographic, economic, technological, and other area-specific factors. Accordingly, assignment of this service extension would be made on a technology-neutral basis. Similarly, TUSF funding for the recovery of certain costs associated with providing dial-tone to the customer also would be considered regardless of the technology used to provide this service.

(2) Give the Commission the responsibility to evaluate requests for dial-tone from persons located in uncertificated areas and to authorize the Commission to require a telecommunications provider to provide dial-tone to a prospective customer, on a case-by-case basis. Again, the optimal means for providing dial-tone to a particular customer may depend upon a variety of factors best determined within the scope of each request. Consequently, the assignment and funding of this service extension would be made on a technology-neutral basis.

The Commission remains committed to a system of telecommunications in Texas that does not exclude citizens on the basis of location. If it is the intent of the Legislature to provide all Texans with access to reliable local exchange telephone service, including dial-tone, the Commission encourages adoption of one of these two options.

### 3. Clarify and Ensure Commission Authority to Protect Proprietary Information

As deregulation is implemented, telecommunications providers and potential new entrants have more concerns about competitively sensitive information. Recent judicial

decisions and legislative revisions have left governmental bodies without the independent legal grounds necessary to seek protection of commercially sensitive information received from third parties. This inability to assure providers that such information will be protected from disclosure has hampered the Commission's ability to complete legislatively mandated reporting duties, such as the regular scope of competition reports and this year's reports on advanced services and switched access.

In the utility industry in Texas, the Legislature has carefully scripted the move from monopolies in the provision of telecommunications and electric services to competitive markets. It has also given the PUC duties, such as providing a scope of competition report, that require that the PUC be given access to commercially sensitive information in order that it might provide well-educated guidance on the movement of the market to competition. In the newly competitive market, the PUC has become the hunting ground for competitors to find commercially sensitive information about their competition. Without the ability to gather and protect commercially sensitive information, the PUC becomes a thorn in the side of competition.

As noted several times in Chapters 3 and 4 of this *Scope Report*, the Commission was either unable to gather the data it needed to prepare the *Scope Report*, or unable to gather it in the most useful format. Many entities expressed concern that the Commission could not protect the information once it became an agency document due to the recent change in Tex. Gov't Code § 552.110, and the Attorney General's letter ruling in OR2000-344 (February 2, 2000).[109]

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[109] Prior to the 76th Legislative session, Section 552.110 of the Texas Government Code allowed governmental bodies to protect commercial information obtained from third parties if the information was privileged or confidential by statute or judicial decision. In deciding whether such third-party information was excepted from disclosure under § 552.110, the Attorney General applied the two-prong test set out in *National Parks Conservation Ass'n v. Morton*, 498 F.2d 765 (D.C. Circuit 1974). DM-ORD 639 (1996). *National Parks* allowed governmental bodies to protect third-party commercial or financial information if disclosure would be likely to impair the government's ability to obtain necessary information in the future, or would cause substantial harm to the competitive position of the person from whom the information was obtained.

In a later D.C. Circuit case, *Critical Mass Energy Project v. Nuclear Regulatory Commission*, 975 F.2d 871 (D.C. Circuit 1992) *cert. denied*, 507 U.S. 984 (1993), the court found that the *National Parks* two-prong test should apply only to commercial or financial information that third parties are required to file with governmental bodies. The court further found that information submitted voluntarily should only be excepted from disclosure if the information is of a kind that the provider would not customarily make available to the public, under 5 U.S.C. § 552(b)(4). *Critical Mass II*, 880.

In 1999, the Austin Court of Appeals effectively overruled the application of the *National Parks* test in DM-639 (1996) when it found that *National Parks* is not a judicial decision within the meaning of the [former] § 552.110, Gov't Code. *Birnbaum v. Alliance of Am. Insurers*, 994 S.W.2d (Tex App.--Austin 1999, pet. denied). Thus, under the current Texas Public Information Act, § 552.110, financial and commercial information would not excepted from disclosure by applying the *National Parks* test alone.

By SB 1851 in the 76th Regular Legislative Session, the Legislature revised § 552.110 to cure in part the void left by the *Birnbaum* decision. The revised § 552.110 does not address the governmental body's inability to obtain information from third parties that those parties deem commercially sensitive. The Commission has run head long into the void left by this combination of judicial decisions and legislative action.

To mitigate this problem, the commission seeks revision of § 552.110 of the Texas Government Code to provide governmental bodies with an independent ground for asserting the exception for commercially sensitive information. In particular, § 552.110 should be revised to allow a governmental body to protect third-party information from disclosure *if* disclosure is likely to impair the governmental body's ability to obtain necessary information in the future *and* if the information is not customarily released to the public by the person from whom it was obtained.

An exemption for governmental bodies to protect commercial material is justified in that it protects the rights of those who are required to provide commercially sensitive information to a governmental body and it encourages cooperation from those entities that are not required to provide the information. By revising § 552.110 as suggested, governmental bodies will have a basis to assert an exception for not disclosing information that it has received from third parties, whether voluntarily or not. The burden will first be on the governmental body to prove that it needs the information and that the third party does not customarily make the information available to the public.

The aggregated data that the Commission used as the basis for Chapter 3 was a blunt but sufficient instrument for the purposes of this current *Report*. These purposes were primarily to identify broad competitive trends in basic local services in the infancy of competition, where competitive providers focused on serving business customers in four metro areas in Texas. However, as the market in local basic service evolves in the next five years the Commission will need more refined data to better understand the dynamics of competition in Texas. Having access to a more complete set of data in future scope of competition reports will help the Commission better understand the Texas market. As a result, the Commission will be able to identify and implement better practices and provide more specific recommendations to the Legislature concerning the dynamics of competition in local service.

The Commission can identify a number of examples of where the data collection instrument would be insufficient for analysis in future Scope Reports. Staff needs the ability to change the data groupings to reflect the findings of its research. For example, regional analysis of competitive providers can yield an important insight into the extent of competition. For data confidentiality reasons in this report, the Commission allowed data to be aggregated for urban regions of a certain population size, which allowed the following cities into the same category: Austin, Dallas, El Paso, Houston, and San Antonio. Unfortunately, staff subsequently determined from other sources that competitive providers did not enter El Paso as aggressively as they did the other four cities, but staff could not regroup the data to put the four cities in a new category and assign El Paso into a more appropriate group.

Further, the Commission needs the ability to analyze individual counties and the competitive providers operating therein. For instance, when staff discovered that a number of coops in west Texas filed to become competitive providers, it consulted survey data, which showed that competitive retailers had gained a larger market share in the Texas Panhandle than in other rural areas of Texas. Staff suspected that some of these coops were winning market share in the Texas Panhandle, but, without direct access to the data, Staff could not determine which coops were winning market share. With that

knowledge, staff could have, on a confidential basis, interviewed these providers to better understand how the Commission could promote competition in rural areas of Texas.

The Commission also could not calculate the common market share index known as the HHI on the basis of data collected through the Commission's data request. Large IXCs were not willing to let the ILECs report to the Commission information on originating minutes of use, which was needed to calculate an HHI for intrastate long distance. Commission staff finally obtained the information from the biggest ILECs (but not the others), but only after much persistence, involving coordination with both those ILECs and the big IXCs.

Information needed by the Commission to conduct industry analyses and to provide a full picture of the utility markets in Texas can only be obtained from utility companies, some of which are no longer regulated entities. The Commission has no authority to require certain entities, like municipal power companies, to provide data to the commission, but the Commission nonetheless needs the data in order to fulfill its statutory duties. Accordingly, § 552.110 should be revised as noted above to give the PUC and other governmental bodies an independent ground upon which to base a request for an exception to disclosure for information that has been provided a governmental body, whether voluntarily or involuntarily.

## 4. Clarify that Telecommunications Providers have Burden of Proof in Slamming and Cramming Complaints

In contested cases concerning slamming complaints, the Commission has encountered disputes as to whether and how a utility must demonstrate that it has complied with PURA and Commission rules for authorizing a change in a customer's preferred carrier.

The Commission recommends that PURA be clarified to require that a telecommunications utility initiating a switch in the customer's preferred carrier be required to demonstrate that it complied with the provisions in PURA and commission rules in order to refute any allegation of slamming (unauthorized switch) or of cramming (unauthorized charges).

Such clarification regarding slamming could be made in PURA by adding language such as the following to PURA § 55.309.

- Upon a showing that a telecommunications utility has failed to respond or provide proof of verification in accordance with the requirements in this Subchapter and commission rules, the burden of proof shall be on the telecommunications utility initiating a switch in a customer's preferred telecommunications utility to provide clear and convincing evidence that the switch was authorized in accordance with such requirements.

Adding he following language to PURA § 17.159 could achieve a similar result with respect to cramming.

- Upon a showing that a telecommunications utility has failed to respond or provide proof of verification in accordance with the requirements in this

Subchapter and commission rules, the burden of proof shall be on the telecommunications utility imposing the charges for a product or service to provide clear and convincing evidence that the charges were authorized in accordance with such requirements.

## 5. GRANT 9-1-1 COMMISSION SUFFICIENT AUTHORITY TO ACCOMPLISH ITS MISSION

The inability of the Commission on State Emergency Communications (CSEC or the 9-1-1 Commission) to manage and control deadlines for the installation and testing of equipment between the local telephone companies and wireless carriers has delayed the availability of advanced emergency capabilities offered by enhanced 9-1-1 (E911) systems.

The 76th Texas Legislature passed H.B. 1983, which gave the CSEC the responsibility for implementing wireless Phase I 9-1-1 services for at least 75% of the population served by the State program. This implementation was to be completed on or before August 31, 2000. CSEC did not meet this deadline.

Specifically, CSEC encountered problems getting certain ILECs, CLECs, and wireless companies to place and fulfill trunk orders and to begin and complete the testing and implementation process necessary to complete Phase I service. CSEC does not have the necessary jurisdiction over the telecommunications carriers to require compliance with the Phase I requirements. CSEC must rely on the Commission and the FCC for enforcement purposes.

Although the Commission worked closely with CSEC to help with deployment of Phase I in Texas, the implementation is still not complete. Specifically, the Commission worked with regulated carriers to ensure that trunks ordered by wireless carriers were installed and tested to meet the deadline set by HB 1983. As a result, wireless Phase I 9-1-1 service was deployed in Texas covering 80.6% of the population served by the state program, as of December 14, 2000.

Under Phase I, 9-1-1 systems must deliver the phone number of the handset from which an emergency call originates and the location of the base station carrying the call to the 9-1-1 operator. Under Phase II, 9-1-1 systems must locate handsets within a radius of 125 meters with a success rate of 67 percent. The requirements for Phase II do not take effect until October 1, 2001.

In order to assist CSEC in completing its Phase I and Phase II wireless implementation projects, the Commission recommends that the Legislature grant CSEC limited jurisdiction over ILECs, CLECs, and wireless telecommunications providers. This limited jurisdiction would include enforcement powers to assess administrative penalties in order ensure full compliance in the Phase I and Phase II 9-1-1 wireless implementation projects and other 911-related projects and activities in the future.

# Other Commission Recommendations

In other legislatively mandated reports, the Commission has discussed and made the following recommendations:

## *Advanced Services Report Recommendations*

### 1. Recommended Objectives for Public Policy

**Establish a goal that all Texans have access to advanced services by a date certain to meet policy goals set in state and federal legislation**

**Encourage deployment of advanced services to rural Texans in a technology neutral manner for cost-effectiveness**

**Avoid Excessive and Intrusive Regulation**

**Encourage Local Solutions**

**Avoid "One Size Fits All" Solutions**

### 2. Specific Policy Alternatives to Encourage Deployment

**Expand Data Collection Activities**

**Implement Demand Aggregation**

**Implement Anchor Tenancy**

**Encourage Community Networks**

**Provide Community Internet Access And Training To "At Risk" Populations**

**Use Economic Development Funds for Rural Telecommunications Infrastructure Investment**

**Provide Tax Incentives for Deployment**

**Deploy Fiber Optic Cables in the State's Rights of Way**

**Allow Private Access in Limited Situations to the TEX-AN 2000 Infrastructure**

**Provide Narrow Exception for Rural Municipal Governments to Provide Advanced Services**

**Enhance Statewide Telecommunications Strategic Planning**

## *SWITCHED ACCESS REPORT RECOMMENDATIONS*

**Provide the statutory ability for the Commission to restructure access charges and reduce access charge revenues for Chapter 58 and 59 ILECs**

**Authorize the Commission to hold a combined proceeding, rather than separate ones for each company, to restructure and reduce access charges for small incumbent local companies and cooperatives**

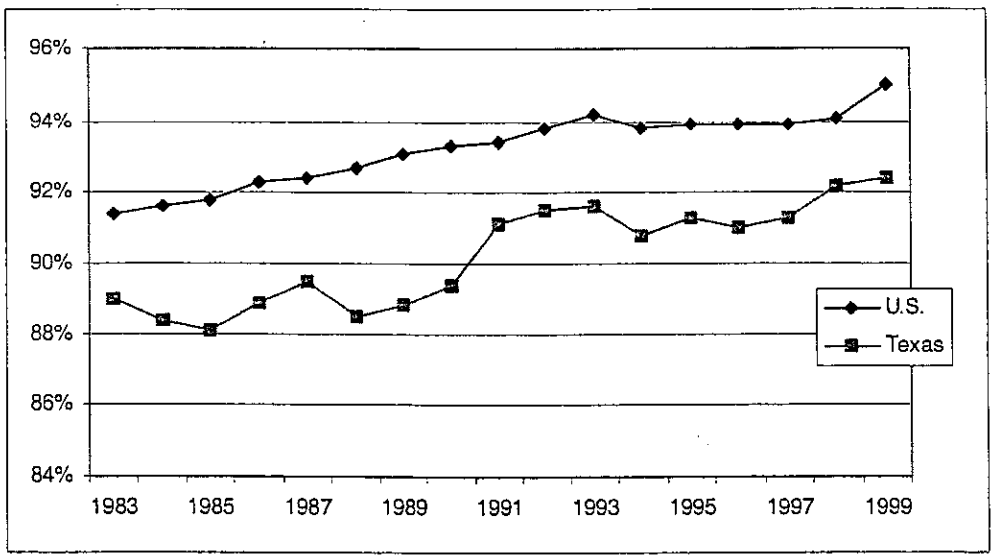
**Extend the expiration date of PURA Section 52.112 in order to ensure corresponding customer protections resulting from switched access charge reductions**

# APPENDIX A: UNIVERSAL SERVICE

One of the primary historical goals of telecommunications regulation has been to ensure universal service, *i.e.*, that all customers have access to affordable telecommunications service. Section 254 of the federal Telecommunications Act of 1996 (FTA) contains provisions designed to ensure universal service within the environment of competitive local telephone service. The FCC names universal service as one of the three pillars of the FTA trilogy for competition.

A measure of the success of universal service support programs is the overall subscribership to telephone service. The FCC, with the assistance of the U.S. Census Bureau, monitors the percentage of households with telephone service, as reflected on the chart below. While Texas remains below the national average, our state continues to show improvement in subscribership.

**Figure 15 – Percentage of Households With a Telephone**




## Universal Service Programs In Texas

The 70th Texas Legislature established a Universal Service Funding (USF) mechanism for Texas through amendments to PURA in 1987. Statutory changes were

made to the Texas USF programs in subsequent years. The current Texas USF program is described in Chapter 56 of PURA, and consists of the following major components:

- Support for targeted lifeline services (such as Tel-Assistance),
- Support for a telecommunications relay service for the hearing- or speech-impaired (Relay Texas),
- Support for the specialized telecommunications assistance program,
- Support for the provision of high-capacity (T-1) services to certain entities (*e.g.*, educational institutions, libraries, and others), and
- Support for the provision of basic telecommunications service in high cost rural areas.

**Table A-1: Texas' Universal Service Fund Program Disbursements**

| USF Program Disbursements | FY 1999 (Actual) | FY 2000 (Actual) | FY 2001 (Estimated) |
|---|---|---|---|
| High Cost Fund – Non-Rural Telcos | 0 | 383,546,184 | 442,467,500 |
| High Cost Fund – Small Rural Telcos | 38,084,091 | 94,087,265 | 99,257,517 |
| Small Telco Recovery - PURA §56.025 | 2,965,448 | 4,448,171 | 4,448,172 |
| Lifeline and Tel-Assistance Programs | 2,487,056 | 11,653,838 | 12,136,601 |
| Reduced Rate T-1s for Certain Entities | 0 | 739,599 | 838,100 |
| Relay Texas Program | 6,816,004 | 10,007,130 | 10,609,650 |
| Specialized Telecom Assistance Program | 322,420 | 578,402 | 716,171 |

### *High-Cost Support*

In January 2000, the Texas PUC formally implemented revisions to the Texas High Cost Universal Service Plan (THCUSP) portion of the Texas Universal Service Fund. The THCUSP provides support to eligible telecommunications providers that serve the high cost rural areas of the state. Two separate mechanisms are used: one for non-rural carriers, and another for small and rural ILECs.

The program for non-rural carriers provides that the THCUSP will support basic local telecommunications service provided by an eligible carrier in a high cost rural area that is carried over all flat-rate residential lines and the first five flat rate single-line business lines at a business customer's location. Under the rule, support is competitively neutral; therefore, support for a customer location is portable across providers. Generally, the amount of support available to each eligible carrier is based on a comparison of the forward-looking economic cost (calculated using a cost proxy model) to specific revenue benchmarks. To avoid a windfall as a result of implementation of the THCUSP, the PUC's rules require equivalent rate reductions.

The PUC recognized that state and federal statutes place small and rural carriers on a different competitive footing than other carriers, and therefore established a separate

mechanism to enable the small and rural carriers to prepare for the advent of competition in local telephony and the transition to the THCUSP. Specifically, the PUC's rules establish guidelines for determining per-line support amounts for each study area, ensuring the provision of basic local telecommunications service at reasonable rates in a competitively neutral manner in those areas of the state. Monthly per-line support for each eligible small/rural carrier consists of the sum of (1) the amount necessary to replace support previously provided by the intraLATA toll pool and (2) the loss of revenue realized by the carrier upon implementing Commission-ordered switched access and intraLATA toll rate reductions.

In addition to the THCUSP, several small ILECs are eligible for support under PURA § 56.025. This portion of the USF was designed to ensure recovery of revenues that resulted from regulatory actions prior to 1998, and also to compensate carriers for other revenue shortfalls resulting from regulatory actions.

### *Tel-Assistance and Lifeline Service*

Tel-Assistance Service is a telecommunications service assistance program that provides low-income residential customers with a reduction in the price of their basic local exchange service. Eligible customers receive a 65% reduction in their applicable basic monthly local exchange service rate. The Texas Legislature created this program in 1987, and it is codified in PURA §§56.071-56.079. As of October 2000 there were 42,612 households receiving Tel-Assistance support. The amount of revenue support received from the Texas USF by companies providing Tel-Assistance discounts was $2,925,587 for the fiscal year ending in August 2000.

All ILECs in Texas and any CLEC receiving TUSF now offer Lifeline Service. Lifeline Service allows eligible residential customers to receive a total discount on their monthly local exchange service rate of $11.35. The discount is funded through Federal USF and Texas USF support. More than 209,230 households in Texas receive monthly Lifeline Service discounts. The Texas USF revenue support for Lifeline Service was $8,728,251 for the fiscal year ending in August 2000.

In addition to monthly support, Link-Up Service, an adjunct federal program to Lifeline Service, provides a partial waiver of non-recurring residential installation charges for local service up to $30.00. Link-Up Service support is included in the figure for Lifeline Service support shown above.

As a result of interstate and intrastate merger agreements, SWBT and Verizon will be initiating supplemental Lifeline Service support programs in 2001 for a 36-month duration. SWBT's Lifeline USA and Verizon's Alternative Lifeline Service will provide eligible residential customers with a complete waiver of local service installation fees. Both programs incorporate public outreach, including commercial advertisements, in an effort to increase eligible participants' opportunities to connect new telephone service.

### *Relay Texas Program*

In 1989, the Legislature authorized a telecommunications relay service (TRS) in Texas and directed the Commission to supervise its provision.[110] The name "Relay Texas" was coined for the Texas TRS. Relay Texas is available 24 hours a day, 365 days a year, with no restrictions on the length or number of calls placed. In September 1990, the first month of operation, Relay Texas processed nearly 50,000 relay calls; by September 2000, the number of calls had increased to an average of over 415,000 per month. Relay Texas has led the nation in improving the quality of TRS, with such enhancements as voice-carry-over, speech-to-speech, Texas Video Interpreting Service, a customer database, Spanish interpreting, and other new features. Pursuant to PURA, TRS is provided by a designated carrier and funded by a surcharge on all telecommunication providers through the USF. Using a request-for-proposal process, the Commission selects a vendor based on such key criteria as price, service quality, and availability over a five-year term. The Commission awarded five-year contracts to Sprint Communications Company, L.P. (Sprint) for Texas in 1990 and in 1995. Sprint has again been selected as the preferred vendor, and the new contract is under negotiation. The new contract will expire in 2005.

A model for competition in the provision of TRS is difficult to discern, but interest in creating a competitive market in this area has increased. AT&T, Sprint, and Hamilton provide the vast majority of TRS at both the state and national level, although there are several other smaller telephone companies providing TRS in a few states. Based on experience thus far, it is unclear whether the TRS market in any one state can support multiple TRS providers. California experimented with TRS multi-vendoring by releasing a Request for Proposals with the understanding that whichever proposer had the lowest bid would be allowed use of the existing 800 relay numbers. Other qualified TRS providers were welcome to provide TRS in California, provided that they too billed at the same low bid price. MCI was awarded the California 800 TRS numbers. AT&T refused to offer TRS, arguing that the price per minute was too low. Sprint countered with a proposal for California to combine all the prices and use the average bid price. California agreed and Sprint participated. Last month, MCI advised authorities that it could no longer provide service at the current price, and offered a non-negotiable price per minute. California rejected MCI's offer. Sprint also proposed a new, higher price per minute, which is still under consideration.

In the past, the five-year contract term used by the Commission limited the ability of Texas TRS to keep up with technological advances because the incumbent vendor had no incentive to offer a competitive price. In 1999, the Texas Legislature passed a bill amending the Relay bill by allowing the Commission to seek other vendors for special features of the relay service if the incumbent provider is unable to provide the feature at the best value for the state. This amendment has helped to ensure that special services can be sought at a competitive price from another TRS provider if the incumbent TRS provider is not able to offer a reasonable price.

[110] Now codified in PURA §§ 56.101-112.

### *Specialized Telecommunications Assistance Program (STAP)*

A new program initiated by the Texas Legislature in 1997 was created to provide financial assistance to persons with disabilities to purchase special telecommunications equipment. The new program, called the Specialized Telecommunications Assistance Program (STAP), is coordinated by two agencies: the Texas Commission for the Deaf and Hard-of-Hearing (TCDHH) and the PUC. The PUC is responsible for registering and reimbursing vendors from the TUSF. TCDHH is responsible for the bulk of operations, from developing applications, to approving equipment, to issuing vouchers. Texas uses a voucher system under which qualified persons pay a $35 application fee and receive a voucher to purchase the telecommunications equipment. Unlike in many other states, the equipment becomes the property – and responsibility – of the purchaser. Approved products, such as TTYs, amplified phones, speech aids, and video software, assist persons with a wide variety of disabilities in using the telephone, some for the very first time. More than 5,700 telecommunications vouchers have been issued to persons with disabilities since the inception of the STAP in 1998.

## Federal Universal Service Programs

One of the primary purposes of universal service support is to allow ILECs and other eligible telecommunications carriers to provide certain basic services to customers in high-cost areas without having to charge these customers unaffordable rates. Historically, in the interest of meeting the goal of universal service, ILEC services have been supported or subsidized to enable high-cost consumers to be served at rates that are reasonably comparable to those in lower cost areas. This universal service support has been both explicit and implicit.

*Explicit Support.* Several federal programs have provided explicit universal service support in the form of direct monetary payments to carriers. This support has been provided for both intrastate and interstate services. For example, the FCC's high-cost support mechanism provides support for the costs of the intrastate portion of the local loop that significantly exceed the national average. By providing this federal support for intrastate costs, the FCC assists the states in ensuring that rates for intrastate rates remain affordable and reasonably comparable.

*Implicit Support.* In addition to receiving explicit universal service support, ILECs also received implicit universal service support from a variety of sources. Some rate structures have permitted ILECs to charge rates for certain services that significantly exceeded the costs of providing those services, thereby enabling those ILECs to charge below-cost rates for other services. For example, the practice of averaging rates over large geographic areas, for both intrastate and interstate services, results in subscribers in low-cost areas subsidizing the rates of subscribers in higher cost areas.

This "patchwork quilt" of implicit support helped keep rates largely affordable in a monopoly environment, where ILECs could be guaranteed an opportunity to earn returns from certain services and customers that are sufficient to support the high cost of providing other services to other customers. The new competitive environment envisioned by the FTA, however, threatens to undermine this implicit support structure.

The FTA removed barriers to entry in the local market, generating competitive pressures that may make it difficult for ILECs to maintain charges above economic cost.

Recognizing the disruptive effects that competition would have on universal-service support mechanisms developed in a monopoly environment, Congress instructed the FCC, after consultation with the Federal-State Joint Board on Universal Service (Joint Board), to establish specific, predictable, and sufficient mechanisms to preserve and advance universal service. Congress concluded that the support provided by these mechanisms "should be explicit and sufficient to achieve the purposes" of section 254, which include the purpose that all Americans should have access to telecommunications services at affordable and reasonably comparable rates. In response to this directive, the FCC has taken several actions to put universal-service support mechanisms in place that will be sustainable in an increasingly competitive marketplace.

In 1999, the FCC approved the Joint Board's recommendation for significant changes to the methodology used to compute high-cost support for *non-rural* carriers. The FCC adopted a mechanism that uses a forward-looking economic cost model to determine the support needed by carriers in high-cost states. The Joint Board and FCC are currently evaluating the needs of rural carriers, and reviewing the recent report of the Rural Task Force, with decisions to come in early- to mid-2001.

In addition to federal high cost support programs, the FCC has established a program for eligible schools and libraries to receive support for telecommunications services. The entities may obtain discounts on services, including Internet access and internal connections at discounts ranging from 20 to 90 percent. Another portion of the federal USF program provides support for rural health care providers to purchase telecommunications services at the same rates that health care providers in urban areas pay for those services.

Disbursements from the federal USF programs are shown in the following table.

**Table A-2: Federal Universal Service Fund Program Disbursements to Texas Entities**

| Federal USF Program Disbursements | 1998 | 1999 |
|---|---|---|
| Total High Cost Support | $122,103,519 | $119,556,528 |
| Low Income Programs (Combined) | $19,868,956 | $22,640,550 |
| Schools & Libraries Funding | $129,802,466 (1/1/98-6/30/99) | $135,913,941 (7/1/99-6/30/00) |
| Rural Health Care Funding Commitments | $15,749 (1/1/98-6/30/99) | $35,068 (7/1/99-6/30/99) |

Source: Universal Service Monitoring Report, CC Docket No. 98-202, Federal-State Joint Board on Universal Service, September 2000.

# APPENDIX B: ACCESS CHARGES

In passing the Telecommunications Act of 1996 (FTA), Congress sought to establish "a pro-competitive, deregulatory national policy framework" for the United States telecommunications industry. In the FTA, Congress also directed that universal service support "should be explicit and sufficient to achieve the purposes" of section 254, which includes the purpose that all Americans should have access to telecommunications services at affordable and reasonably comparable rates. According to the FCC, implementation of the FTA required a trilogy of separate but related proceedings addressing regulatory reform in three important subjects: interconnection, universal service, and access charges. This appendix gives a brief overview of recent federal and state activity related to access charges. For additional information, the reader should refer to the *Report to the 77th Texas Legislature on Intrastate Switched Access Rates*, PUC Project No. 21168.

For much of this century, most telephone subscribers obtained both local and long-distance services from the same company, the pre-divestiture Bell System, owned and operated by AT&T. In the 1970s, MCI and other long distance carriers began to provide switched long-distance service in competition with AT&T. AT&T, however, still maintained monopolies in the local markets served by its local subsidiaries, the Bell Operating Companies (BOCs). The BOCs owned and operated the telephone wires that connected the customers in their local markets. Other independent (non-BOC) LECs held similar monopoly franchises in their local service areas. MCI and the other IXCs were dependent on the BOCs and the independent LECs to complete long-distance calls to the end user.

In 1983, following the decision to break up AT&T, the FCC adopted uniform rules governing the fees -- the access charges -- that long distance carriers should pay the local exchange carriers for originating and terminating interstate calls placed by or to end users on the local networks.

With the passage of the FTA, the FCC determined that it was necessary to make substantial revisions to access charges. In an attempt to more closely align the rate structure with the manner in which costs are incurred, the FCC initially shifted cost recovery from the carrier common line (CCL) access charge to the presubscribed interstate carrier charge (PICC), a flat per-line charge imposed by the local carrier on an end user's IXC. That plan was relatively short-lived, as customers were subjected to higher bills, and long distance charges were not reduced as much as expected.

According to the FCC, "[u]ndoing the Gordian knot of determining the appropriate level of interstate access charges and converting implicit subsidies in interstate access charges into explicit, portable, and sufficient universal service support cannot be accomplished with one stroke of the sword." After years of disputes and concerns over the structure and levels of access charges, the FCC adopted further

modifications in May 2000, designed to balance various and sometimes conflicting interests – including promotion of competition, deregulation, maintaining affordability for all, and avoiding rate shock to consumers. The FCC adopted an integrated interstate access reform and universal service proposal for price-cap LECs put forth by the members of the Coalition for Affordable Local and Long Distance Service (CALLS). The CALLS proposal was designed to remove implicit subsidies from the interstate access charge system and replace them with a new interstate access universal service support mechanism that supplies portable support to competitors.

The FCC's *CALLS Order* combined two phone bill charges - the existing presubscribed interstate carrier charge and the subscriber line charge - into one line item. The FCC indicated that consumers would see savings through this plan, since long distance carriers committed to passing through access reductions to customers. As part of the plan, AT&T and Sprint agreed to eliminate from their basic rate plans the monthly minimum usage charges customers were paying whether or not they made any calls. The *CALLS Order* removed $650 million from access charges and replaced that revenue amount with a special "USF" assessment on all carriers' interstate revenues. The revenue from this assessment is available to any carrier serving customers in high-cost areas.

Texas' switched access rates were adjusted prior to 1999 in company-specific rate cases,[111] and in an industry-wide access reform rulemaking that eliminated the interexchange carrier access charge, shifting that revenue requirement to the CCL and other charges for individual local telephone companies.[112] Because the intrastate usage-based switched access rates were very high to begin with and no additional flat rate charge was employed, the significant reductions from these cases still leave intrastate switched access rates very high when compared to interstate rates.

Switched access rates have been significantly impacted in Texas during the last two years as a result of activities related to the Texas Universal Service Fund (TUSF) and PURA requirements. During the last half of 1999 and into the third quarter of 2000, the Commission made significant changes to the TUSF. In conjunction with PURA Section 58.301, the Commission implemented changes that substantially reduced the rates for switched access of a majority of the ILECS in Texas.[113] The PURA required Southwestern Bell Telephone Company to reduce its combined originating and terminating switched access charges by one cent per minute in September of 1999 and by an additional two cents per minute in July of 2000. This combination reduced the cost of switched access in SWBT territory by approximately twenty-five percent.

Additional access reform for Texas' intrastate switched access rates is described in greater detail in *the Report to the 77th Texas Legislature on Intrastate Switched Access Rates.*

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[111] Cases concluded in 1986 and 1990 for Southwestern Bell, and less frequently for other ILECs.

[112] Rulemaking Project No. 7205.

[113] As an example, SWBT's composite switched access rate went from approximately 12.2 cents to 6 cents per minute, for a reduction of over 50%. Appendix B provides a summary and comparison of the composite switched access rates for all of the states.

# APPENDIX C: 9-1-1

The inability of wireless customers to benefit from the advanced emergency capabilities of enhanced 9-1-1 (E911) systems available to most wireline customers has been the predominant topic in the 9-1-1 industry in recent years. Most wireline phones are connected to E911 service that automatically reports the caller's location when 9-1-1 is dialed. On the other hand, when a 9-1-1 call is placed using a wireless handset, the dispatcher at the 9-1-1 Public Safety Answering Point (PSAP) does not know where the caller is. In 1996 the Federal Communications Commission (FCC) mandated the implementation and deployment of wireless enhanced 9-1-1 features and functions in two phases, to enable wireless callers to have the same benefits as wireline callers. Under Phase I, 9-1-1 systems must deliver the phone number of the handset from which an emergency call originates and the location of the base station carrying the call to the 9-1-1 operator. Under Phase II, 9-1-1 systems must locate handsets within a radius of 125 meters with a success rate of 67 percent. The requirements for Phase II do not take effect until Oct. 1, 2001.

The 76th Texas Legislature passed H.B. 1983, which gave the Commission on State Emergency Communications (CSEC) the responsibility for implementing wireless Phase I 9-1-1 services for at least 75% of the population served by the State program. This implementation was to be completed on or before August 31, 2000. The Commission worked closely with CSEC to help with deployment of Phase I in Texas. Specifically, the Commission worked with regulated carriers to ensure that trunks ordered by wireless carriers were installed and tested to meet the deadline set by H. B 1983. As a result, wireless Phase I 9-1-1 service was deployed in Texas covering 73.8% of the population served by the state program.

With the entrance of new competitors into the telecommunications market and the implementation of wireless Phase I service, the Commission has been faced with finding regulatory solutions to many other 9-1-1 issues. For example, the entrance of an alternative statewide 9-1-1-database provider has raised many issues, such as proprietary customer information being disclosed and 9-1-1 entities being able to buy network and database services from different vendors at reasonable prices. The Commission conducted a rulemaking and held many proceedings to ensure that the citizens of Texas will be protected through a 9-1-1 network that works efficiently and effectively in a competitive telecommunications market. As a result the Commission adopted P.U.C. SUBST. R. § 26.433, relating to the Roles and Responsibilities of 9-1-1 Service Providers. This rule establishes specific reporting and notification requirements and mandates certain standards for network interoperability, service quality, and database integrity. These requirements are in addition to the minimum interconnection parameters for E911 contained in P.U.C. SUBST. R. § 26.272.

As a result of proceedings and rulemakings over the last year, Texas citizens should benefit from improvements in 9-1-1 service while using cellular phones. Still, much more work needs to be done to ensure the reliability of the state's emergency 9-1-1 system in a competitive telecommunications environment. The Commission is currently conducting proceedings to approve E911 tariffs filed by Southwestern Bell Telephone Company (SWBT) and Verizon Communications (formerly known as GTE Southwest, Inc.). The Commission is currently conducting proceedings to approve E911 tariffs filed by SWBT and Verizon Communications.

# APPENDIX D: PAY TELEPHONES

To promote further competition in the payphone industry, the FCC in 1996 deregulated coin rates for all local calls made from payphones. That same year the PUC began to register and certify payphone service providers, as required by the revisions to PURA in 1995. Pay Telephone Rules were reviewed and readopted pursuant to the Government Code Procedures Act. Revision of P.U.C. SUBST. R. § 23.54 incorporated the Commission's authority, granted under Senate Bill 86, to revoke a provider's certificate for violation of Commission's rules and carry out the sunset review process.[114]

Data show that local telephone companies have been reducing their involvement in the payphone business. The number of payphones that ILECs provided declined from 90,200 in 1998 to 86,400 in 1999, while the number of lines provided to competitive payphone providers fell from 56,300 in 1998 to 46,500 in 1999.

**Table 28 – Pay Telephones in Texas**

| | 1998 | 1999 |
|---|---|---|
| **Number of payphones provided by incumbent local telephone companies:** | 90,193 | 86,404 |
| **Number of loops provided by local telephone companies to competitive payphone providers:** | 56,316 | 46,492 |
| **Total number of payphones:** | 146,509 | 132,896 |
| **Payphones provided by competitive payphone providers, as percent of total payphones:** | 38.4% | 35.0% |

Source: Public Utility Commission of Texas Data Request

[114] To implement these provisions of SB 86, the Commission adopted P.U.C. SUBST. R. 26.102 *Registration of Pay Telephone Service Providers;* P.U.C. SUBST. R 26.341 *General Information Relating to Pay Telephone Service (PTS);* P.U.C. SUBST. R 26.342 *Pay Telephone Service Tariff Provisions;* P.U.C. SUBST. R 26.343 *Pay Telephone Service of Certificated Telephone Utilities holding Certificates of Convenience and Necessity;* § 26.344 *Pay Telephone Service Requirements;* § 26.345 *Posting Requirements for Pay Telephone Service Providers;* § 26.346 *Rates and Charges for Payphone Service;* and P.U.C. SUBST. R 26.347 *Relating to Fraud Protection for Pay Telephone Service.*

# APPENDIX E: NUMBERING ISSUES

## AREA CODE ACTIVITY

During this reporting period (January 1999 – December 2000), the Commission has seen several changes in area code activity. The primary reason for the recent changes has been a drastic increase in technology that utilizes numbers. Pagers, faxes, personal and multiple telephone lines have all contributed to a sharp growth in the number of central office 3-digit prefixes (NXX codes) needed by carriers. As Table 29 illustrates, the boom in area code growth in Texas has occurred mostly over the previous five years.

The Commission has reacted to the exhaustion of area codes by splitting area codes or overlaying one area code with another. Splitting an area code simply requires breaking up a full area code into two or three smaller codes, with one area keeping the original code and new area code(s) being assigned to the other area(s). An overlay entails the assignment of a new area code over the same geographical area as the current code. The outcome of an overlay is ten-digit dialing, that is, customers must dial the area code and the seven-digit number for all local calls. Toll, or long distance, calls are then made by dialing a "1" before the area code and phone number.

**Table 29 – Texas Area Code Chronology**

| | |
|---|---|
| **1947** | **4 area codes**<br>214 – Northeast Texas<br>512 – Central and South Texas<br>713 – Southeast Texas<br>915 – West Texas |
| **1953** | **5 area codes**<br>817 – a geographic split of the Fort Worth region from 214 |
| **1962** | **6 area codes**<br>806 – a geographic split of the Amarillo/Lubbock region from 915 |
| **1983** | **7 area codes**<br>409 – a geographic split from 713 |
| **1990** | **8 area codes**<br>903 – a geographic split of the Longview region from 214 |
| **1992** | **9 area codes**<br>210 – a geographic split of San Antonio from 512 |
| **1996** | **11 area codes**<br>972 – a geographic split of the 214 area code serving the Dallas region<br>281 – a geographic split of the 713 area code serving the Houston region |
| **1997** | **15 area codes**<br>254 and 940 – a three-way geographic split of 817<br>830 and 956 – a three-way split of 210 with San Antonio retaining that area code |
| **1998** | **15 area codes**<br>The geographic boundary between 214 and 972 in Dallas is erased, creating the first overlay in Texas. Ten-digit dialing is required for local calls. |
| **1999** | **18 area codes**<br>The geographic boundary between 713 and 281 in Houston is erased, creating an overlay and requiring ten-digit dialing for local calls.<br>831 – an overlay added as the third Houston area code<br>361 – a geographic split of 512 creates a new area code for the Corpus Christi region<br>469 – an overlay added as the third Dallas area code |
| **2000** | **21 area codes**<br>979 and 936 - a three-way split of 409 with Beaumont retaining that area code<br>682 – an overlay added to 817 for Fort Worth and part of Northeast Texas |

Source: Public Utility Commission of Texas

The following is a summary of the major actions taken by this Commission with respect to the area codes in Texas.

- **214, 469, and 972**: On December 5, 1998, mandatory ten-digit dialing for both the 214 and 972 area codes began. These area codes began as a concentrated overlay and, in December, the split between the two codes was eliminated, creating a single area served by the 214 and 972 area codes. Due to high demand for numbers in the Dallas metropolitan area, on July 1, 1999, a third area code, 469, was introduced to cover the same area as 214 and 972.
- **281, 713, and 832:** Area code relief in the Houston metropolitan area was along the same lines as that in the Dallas area described above. On January 16, 1999, the split between 281 and 713 was eliminated, and a new area code, 832, was introduced to cover the same area as 713 and 281.
- **409, 936, and 979**: To delay the need for an overlay and ten-digit dialing, on October 13, 1999, the Commission approved a three-way geographic split

of the 409 area code. Beaumont, Galveston, Port Arthur and Texas City retained the 409 area code. Conroe, Huntsville, Lufkin, and Nacogdoches took the new 936 area code, and 979 was assigned to Bay City, Brenham, Bryan, College Station and Lake Jackson. As of August 5, 2000, new area code usage became mandatory.

- **361 and 512:** Due to the amazing rate of growth in this area code, on October 16, 1999, the Corpus Christi area was split from the 512 area code and was assigned the new area code of 361. Thereafter, even though the 512 area code encompassed mostly the Austin metro area, it again quickly approached a jeopardy situation and was slated for exhaust in the third quarter of 2003. To extend the life of the 512 area code, on March 29, 2000, the Commission issued an order implementing thousand block number pooling in the 512 area code. Simultaneously, to comply with an FCC order, the Commission issued an order adopting a relief plan consisting of a concentrated overlay along the Interstate-35 corridor. This overlay will encompass mostly Austin, Georgetown and San Marcos. Although the overlay is tentatively scheduled for August 4, 2001, the Commission's order requires Commission Staff to evaluate the impact of number pooling and report to the Commission by June 1, 2000, for the express purpose of determining whether the overlay needs to actually be implemented in August 2001 or whether it can be further delayed. As discussed below, the impacts of number pooling have been extremely positive, and the life of the 512 area code has been extended significantly.

- **682 and 817:** As of December 1999, the Commission approved an overlay for the 817 area code, which covers the Fort Worth area. Beginning on October 7, 2000 cities such as Arlington, Euless, Fort Worth, and Glendale were required to use ten-digit dialing for local calls. The new area code, 682, overlays the entire geographical area covered by the 817 area code.

- **903**: Although 903 has not been declared in jeopardy, it is projected to exhaust sometime in the fourth quarter of 2002. Consequently, the Commission and the industry have begun exploring options for this far-northeast Texas area code.

- **210, 915:** These area codes in San Antonio and West Texas are both codes that the Commission is beginning to monitor closely as they approach their projected exhaust dates.

In addition to specific customer education for each change in area codes, the Commission maintains an area code website that tracks activity statewide. The website also includes a listing of NXXs (also known as prefixes) by city.

## *N11 Codes*

Another development in the world of numbering has been the increased use of FCC administered N11 codes. The federal government recognizes only 211, 311, 511,

and 711 as nationally assigned NXXs. However, other codes have traditional uses, as shown below.

| N11 CODE | DESCRIPTION |
|---|---|
| 211 | Community Information and Referral Services (US) |
| 311 | Non-Emergency Police and Other Governmental Services (US) |
| 411 | *Local Directory Assistance* |
| 511 | Traffic and Transportation Information (US); Reserved (Canada) |
| 611 | Repair Service |
| 711 | Telecommunications Relay Service (TRS) |
| 811 | Telephone Companies' Business Offices |
| 911 | Emergency |

The FCC does not direct state commissions to administer the N11 codes. Further, there really are no concrete industry guidelines for the assignment of N1 codes; interested parties generally just contact the North American Numbering Plan Administrator (NANPA). However, because the codes affect locally run services, they are important to the citizens of Texas. Examples of local areas utilizing available codes are the recent actions of Dallas and Austin to begin using the 311 code for city-administered maintenance, repair, and other non-emergency services.

Recognizing the importance of N11 codes, on October 20, 2000, the Texas Commission proposed to amend its P.U.C. SUBST. R. §26.127, relating to *Abbreviated Dialing Codes*, to designate the 211 code for community services information and 511 for traffic and transportation information. The 211 dialing code was requested by the Texas Health and Human Services Commission to implement the establishment of a statewide clearinghouse number for community services and will provide free information and referrals to community resources. Assignment of 211 for this purpose is expected to alleviate some of the congestion on the 911 network and to aid the state network of health and human services in coordination. The FCC assigned 211 for community information and referral services on July 21, 2000, at which time it also assigned 511 for traffic and transportation information. [115]

The Commission has encouraged the utilization of the 711 code for Telecommunications Relay Service ahead of the federal implementation mandated date of October 2001. As of October 2000, the 711 code was available in most parts of Texas that were not served by SWBT, which will deploy the code by the end of February 2001. Formal proceedings by the Commission were not necessary because it negotiated with the Texas Telephone Association to take the initiative to start 711 throughout the state without any substantive rule forcing action. The Commission will contract out an outreach project to educate companies and agencies providing PBX systems that need to be modified and to work with payphone service companies and wireless providers that have not complied by the time SWBT deployment is completed.

[115] Third Report and Order and Order on Reconsideration (FCC 00-256/FCC 00-257) (Order). The Texas Commission will hold a public hearing to discuss the implications of these new dialing codes at the Commission on January 9, 2001.

# APPENDIX F: LIST OF ILECS

The ILECs listed below provide local service to Texas customers. They are arranged according to their most recently available annual revenues. The number of access lines shown provides an approximation of their number of customers.

The dollar figure in the Capitalization column indicates the value of debt and equity of the parent company in its most recent financial statement, which in most cases was year-end 1998 or year-end 1999.[116]

**Table 30 – List of ILECs**

| Company | Revenues | Access Lines | Net Plant in Service | Capitalization |
|---|---|---|---|---|
| Southwestern Bell Telephone Co. | $5,079,511,443 | 10,236,332 | $6,496,934,712 | $9,198,836,125 |
| GTE Southwest, Inc. | $980,008,987 | 2,514,573 | $1,624,058,351 | $2,165,900,000 |
| Central Telephone Co. of Texas | $96,484,266 | 227,387 | $166,511,082 | $192,556,201 |
| United Telephone Co. of Texas | $78,916,012 | 163,151 | $144,023,526 | $193,031,633 |
| Lufkin-Conroe Tel. Exchange | $71,093,614 | 113,276 | $99,568,803 | $106,653,910 |
| Sugar Land Telephone Company | $40,420,339 | 76,769 | $57,428,905 | $90,115,545 |
| Guadalupe Valley Tel. Coop. | $21,872,553 | 34,971 | $39,422,787 | $102,987,609 |
| Fort Bend Telephone Company | $20,575,392 | 40,688 | $38,223,975 | $59,783,359 |
| Century Tel. of San Marcos, Inc. | $19,577,593 | 31,926 | $25,810,866 | $85,580,114 |
| Eastex Telephone Cooperative | $16,287,490 | 30,476 | $42,672,265 | $97,093,597 |
| Kerrville Telephone Co., Inc. | $13,707,960 | 24,659 | $29,254,044 | $40,797,580 |
| Texas ALLTEL | $13,009,134 | 30,235 | $32,345,855 | $45,323,548 |
| Valley Telephone Co-op, Inc. | $8,384,626 | 6,232 | $25,283,590 | $77,886,375 |
| Hill Country Telephone Co-op | $7,828,484 | 15,104 | $16,426,501 | $34,753,396 |
| Etex Telephone Cooperative, Inc. | $6,669,268 | 14,749 | $12,066,840 | $34,542,253 |
| Big Bend Telephone Co. of Texas | $6,592,454 | 5,398 | $25,734,805 | $47,383,287 |
| Peoples Telephone Co-op, Inc. | $6,350,346 | 12,374 | $15,683,357 | $28,721,876 |
| Central Texas Telephone Co-op | $5,568,572 | 7,618 | $26,964,326 | $75,378,587 |
| Century Tel. of Lake Dallas, Inc. | $5,542,819 | 11,516 | $10,135,917 | $18,558,725 |
| Brazoria Telephone Company | $5,203,736 | 6,524 | $14,602,604 | $32,890,474 |
| Livingston Telephone Company | $4,195,975 | 6,990 | $4,078,293 | $12,786,115 |
| Colorado Valley Telephone Coop. | $3,977,949 | 6,587 | $14,883,963 | $32,527,147 |

[116] The Commission's Financial Review Division made a determination which subsidiary of a company was the parent based on financial statements and experience in the industry. Staff did not contact or ask the firm directly for this information, so the Commission does not claim that the identification of the parent companies is exact. Nor did staff make an attempt to determine the market capitalization of the publicly traded companies in this survey. Thus, the figures presented in this analysis should be considered illustrative rather than definitive.

| | | | | |
|---|---|---|---|---|
| Poka-Lambro Rural Tel. Co-op. | $3,907,811 | 3,878 | $6,689,575 | $32,246,319 |
| Cap Rock Telephone Co-op, Inc. | $3,835,959 | 4,590 | $6,624,160 | $20,785,911 |
| Taylor Telephone Co-op, Inc. | $3,555,123 | 7,187 | $9,757,521 | $30,949,500 |
| Southwest Texas Tel. Company | $3,537,118 | 3,958 | $7,309,853 | $25,107,551 |
| E.N.M.R. Telephone Cooperative | $3,441,276 | 885 | $9,302,624 | $101,466,708 |
| Muenster Tel. Corp. of Texas | $3,375,380 | 3,830 | $6,275,401 | $14,535,065 |
| South Plains Telephone Co-op | $3,146,126 | 5,286 | $4,799,476 | $18,532,762 |
| West Plains Telecomm., Inc. | $3,120,854 | 5,863 | $2,908,492 | $12,660,255 |
| Comanche County Tel. Company | $2,741,087 | 5,535 | $2,782,007 | $9,350,823 |
| ALENCO | $2,643,881 | 1,746 | $6,823,043 | $17,050,716 |
| Brazos Telecommunications, Inc. | $2,563,526 | 4,325 | $3,134,549 | $11,555,872 |
| Century Tel. of Port Aransas, Inc. | $2,127,442 | 4,702 | $2,667,810 | $7,537,027 |
| West Texas Rural Tel. Co-op | $1,974,938 | 2,053 | $2,974,169 | $13,899,695 |
| Ganado Telephone Company, Inc. | $1,902,766 | 3,031 | $8,091,324 | $22,868,140 |
| Mid-Plains Rural Tel. Co-op. | $1,797,570 | 3,302 | $3,902,947 | $14,251,291 |
| Five Area Telephone Cooperative | $1,636,036 | 1,489 | $2,688,978 | $12,664,974 |
| Industry Telephone Company | $1,619,059 | 2,189 | $3,415,283 | $10,165,848 |
| Riviera Telephone Company, Inc. | $1,613,231 | 1,249 | $1,921,188 | $5,475,255 |
| Coleman County Telephone Coop. | $1,454,484 | 2,234 | $8,079,541 | $15,942,305 |
| Santa Rosa Telephone Co-op | $1,449,705 | 2,375 | $2,146,599 | $17,682,533 |
| Lipan Telephone Company | $1,383,311 | 1,375 | $1,217,254 | $4,431,805 |
| Wes-Tex Telephone Co-op, Inc. | $1,342,962 | 3,381 | $2,143,802 | * |
| Brazos Telephone Co-op, Inc. | $1,308,047 | 1,260 | $1,583,810 | $10,640,994 |
| XIT Rural Telephone Cooperative | $1,301,439 | 1,337 | $5,345,458 | $12,499,795 |
| Community Telephone Co., Inc. | $1,213,433 | 1,862 | $2,339,221 | $13,860,278 |
| Electra Telephone Company | $1,082,853 | 1,973 | $2,870,023 | $4,463,229 |
| Lake Livingston Telephone Co. | $984,276 | 1,169 | $1,656,098 | $3,140,606 |
| Dell Telephone Cooperative, Inc. | $966,400 | 713 | $6,900,967 | $28,780,276 |
| La Ward Telephone Exchange | $964,875 | 1,197 | $2,309,353 | $6,283,906 |
| Cameron Telephone Company | $841,577 | 1,261 | $1,850,340 | $31,166,060 |
| Tatum Telephone Exchange | $841,484 | 1,098 | $1,632,706 | $4,865,994 |
| Cumby Telephone Co-op, Inc. | $746,900 | 888 | $994,352 | $7,029,402 |
| Blossom Telephone Company | $664,813 | 1,421 | $1,007,000 | $1,853,278 |
| North Texas Telephone Company | $444,268 | 821 | $837,084 | $1,822,901 |
| Southwest Arkansas Tel. Co-op. | $291,023 | 547 | $555,352 | $22,083,995 |
| Border to Border Communications | $277,480 | 83 | $998,983 | $1,945,953 |
| **TOTALS** | | | | |
| **ALL ILECs** | **$6,577,877,525** | **13,707,628** | **$9,098,651,710** | **$13,343,684,478** |
| Cooperatives | $109,095,087 | $169,516 | $267,892,960 | $709,634,273 |
| Investor-Owned Utilities | $6,468,782,438 | $13,538,112 | $8,830,758,750 | (Private) $377,340,356 (Public) $11,997,438,918 |

Source: PUC 1999 Earnings Monitoring Reports.[117]

[117] Some of the companies listed above are owned by a common parent company. Notes on company relationships:

Lufkin-Conroe Telephone Exchange, Inc., an ILEC that elected regulation pursuant to PURA, Chapter 59 on 8/18/97, was purchased by Texas Utilities (TU) in November 1997. In May 1999, TU

changed its name to TXU Communications Telephone Company (TXU). On 5/12/2000, TXU and Fort Bend Telephone Company merged. The merged companies, TXU and Fort Bend Telephone Company, are owned by TXU Corporation (50%) and a group of private investors (50%).

GTE Southwest, Inc. and Contel of Texas, Inc., two sister ILECs that elected regulation pursuant to PURA, Chapter 58 on 9/20/95, merged with Bell Atlantic this year to form a new company, Verizon. On September 1, 2000, Verizon sold approximately 200 Texas telephone exchanges to a newly-formed company, Valor, Inc. Valor elected to be regulated pursuant to PURA, Chapter 59, but agreed to honor the Chapter 58 commitments made by GTE and Contel pursuant to PURA, Chapter 58.

Alltel Corporation owns two ILECs in Texas, including Alltel Texas, Inc. and Sugar Land Telephone Company, an ILEC that elected to be regulated pursuant to PURA, Chapter 59, on 10/20/95.

Sprint Corporation owns two ILECs in Texas formerly known as Central Telephone Company of Texas, Inc. (Centel) and United Telephone Company of Texas, Inc. The Sprint companies elected to be regulated pursuant to PURA, Chapter 59 in 1997.

# APPENDIX G: LIST OF CLECS

Below is a list of entities that have been awarded a COA or an SPCOA certificate as of December 31, 2000. Certificate approval indicates only that the company has Commission permission to provide telecommunications services (*i.e.*, some may not yet be offering services and some may no longer be in business). Because the telecommunications market is increasingly dynamic, this appendix reflects only a static view of potential competitors. The Commission web site periodically posts an updated version of this list at http://www.puc.state.tx.us.

### *How to use this list:*

Companies named include those that were recently certified. Since the data period of the request concerned only the calendar years 1998 and 1999, many of these companies did not provide information because they were either not yet certified or were not yet in operation. Companies are alphabetized by most recent names, with previous or secondary names listed afterward.

**Information listed in the "Filed Data Request" column indicates the following:**

- **Y:** Yes, the company responded to the report request for this report
- **N:** Certificate is in force, but the company did not reply to the data request
- **New:** Company was certificated in 2000 and therefore is too new to have replied to the data set

**Information listed in the "ICA" column indicates the following:**

- **Y:** Yes, the company has an approved interconnection agreement
- **N:** No, the company does not have an interconnection agreement

**Table 31 – List of CLECs**

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| @link Networks, Inc., d/b/a Dakota Services Limited | SPCOA | 01/13/1999 | Y | Y |
| 1-800-4-A-PHONE, d/b/a AccuTel of Texas, Inc. | SPCOA | 02/06/1997 | Y | Y |
| 1-800-RECONEX, Inc., d/b/a Sterling International Funding, Inc. | SPCOA | 10/14/1996 | N | Y |
| 1stel, Inc. | SPCOA | 09/09/1999 | N | Y |
| 2-Infinity.com, Inc., d/b/a Phone City, Afaneh, Inc. | SPCOA | 01/13/1999 | N | y |
| 2nd Century Communications, Inc. | SPCOA | 08/05/1999 | Y | Y |
| A-CBT System, Inc., d/b/a Budget Communications | SPCOA | 09/23/1999 | N | Y |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Access 21 Corporation, d/b/a New Edge Networks | SPCOA | 09/23/1999 | Y | Y |
| Actel Integrated Communications, Inc. | SPCOA | 09/09/1999 | Y | Y |
| Action Telcom Company | SPCOA | 12/22/1995 | N | N |
| Adelphia Business Solutions of Texas, L.P., d/b/a Hyperion Communications of Texas, L.P. | SPCOA | 12/14/1998 | Y | Y |
| Advanced Communicating Techniques, d/b/a Tipton Construction Company of Texas, Inc. | SPCOA | 06/27/1997 | Y | Y |
| Advanced TelCom Group, Inc., d/b/a Shared Communications Service, Inc. | SPCOA | 06/03/1999 | Y | N |
| Affinity Network, Inc. | SPCOA | 08/05/1999 | N | Y |
| Allegiance Telecom of Texas, Inc., d/b/a Allegiance Finance Company, Inc. | SPCOA | 05/20/1999 | Y | Y |
| Alliance Network, Inc. | SPCOA | 08/26/1999 | N | Y |
| ALLTEL Communications, Inc., d/b/a Sugar Land Telephone Company | COA | 05/20/1999 | Y | Y |
| Alternative Telephone Connections, Inc. | SPCOA | 04/21/1998 | Y | Y |
| AMA Telecom, Inc. | SPCOA | 04/27/2000 | New | Y |
| Amarillo Cell Telco | SPCOA | 08/07/1996 | N | Y |
| American Lightwave | SPCOA | 07/18/2000 | New | Y |
| American Metrocomm/Texas, Inc. | SPCOA | 10/22/1997 | N | Y |
| American PhoneCom, Inc., d/b/a North American Telco, Inc. | SPCOA | 10/14/1998 | N | Y |
| Americas Conex, L.L.C. | SPCOA | 10/28/1996 | N | N |
| America's Tele-Network Corp. | SPCOA | 04/24/1996 | N | N |
| Americas, Inc. | SPCOA | 11/18/1999 | N | N |
| Ameritech Communications International, Inc. | SPCOA | 03/26/1997 | N | Y |
| Annox, Inc. | SPCOA | 05/31/2000 | New | Y |
| ARC Texas, Inc., d/b/a Allied Riser of Texas, Inc. | SPCOA | 04/16/1999 | Y | Y |
| Arrival Communications, Inc. | SPCOA | 03/01/2000 | New | Y |
| AT&T Communications of Texas, L.P., d/b/a AT&T Communications of the Southwest, Inc. | COA | 04/24/1996 | Y | Y |
| ATS, d/b/a ATS Telecommunications Systems, Inc., NHS Communications Group, Inc., NHS Network Services | SPCOA | 05/21/1997 | Y | Y |
| AustiCo Telecommunications, Inc., d/b/a Masters Financial Services | SPCOA | 01/15/1998 | N | Y |
| Austin Bestline Company | SPCOA | 07/10/1996 | Y | Y |
| Austin Teleco USA, Inc., d/b/a Telco USA, Inc. | SPCOA | 03/26/1997 | N | Y |
| aXessa, d/b/a Columbia Telecommunications, Inc. | SPCOA | 07/15/1999 | N | N |
| Backbone Communications, Inc. | SPCOA | 03/23/2000 | Y | N |
| Basicphone, Inc. | SPCOA | 08/06/1997 | Y | Y |
| BellSouth BSE, Inc. | SPCOA | 05/06/1998 | N | Y |
| beMANY!, d/b/a eVulkan, Inc., be MA | SPCOA | 09/26/2000 | New | N |
| Birch Telecom of Texas Ltd., L.L.P. | SPCOA | 12/15/1998 | Y | Y |
| BlueStar Networks, Inc. | SPCOA | 08/26/1999 | Y | Y |
| Brazos Global Communications | SPCOA | 06/20/2000 | New | N |
| BroadBand Office Communications, Inc. | SPCOA | 01/13/2000 | New | Y |
| BroadStream Corporation, d/b/a CommcoTec Corporation | SPCOA | 07/15/1999 | Y | Y |
| Broadview Networks, Inc. | SPCOA | 05/09/2000 | New | N |
| Broadwing Local Services, Inc. | SPCOA | 09/13/2000 | New | N |
| Business Telecom, Inc., d/b/a BTI | SPCOA | 06/27/1997 | Y | Y |
| Buy-Tel Communications, Inc. | SPCOA | 02/05/1998 | Y | Y |
| C2C Fiber, Inc. | SPCOA | 08/12/1998 | N | Y |
| C3 Communications, Inc. | SPCOA | 05/20/1999 | N | Y |
| Cable & Wireless, Inc. | SPCOA | 01/25/1996 | N | N |
| Cable Plus Company, L.P. | SPCOA | 02/25/1998 | N | Y |
| Call For Less Long Distance, Inc. | SPCOA | 11/14/1996 | N | Y |
| Callnet Communications, Inc. | SPCOA | 03/01/2000 | New | Y |
| Capital 4 Outsourcing, Inc. | SPCOA | 01/13/2000 | New | N |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Capital Telecommunications, Inc. | SPCOA | 04/24/1996 | N | Y |
| CapRock Telecommunications Corp., d/b/a CapRock Communications, IWL Communications, Inc. IWL Connect, IWL Holding Corporation | SPCOA | 02/08/1999 | Y | Y |
| Carrera Communications, L.P., d/b/a InfoCom Services, Inc. | SPCOA | 11/20/1998 | Y | Y |
| Cbeyond Communications of Texas, L.P. | SPCOA | 08/22/2000 | New | Y |
| Cellufone of Texas, Inc. | SPCOA | 04/21/1998 | N | Y |
| Central Texas Communications, Inc. | SPCOA | 04/30/1999 | Y | Y |
| Choctaw Communications, L.L.C., d/b/a Smoke Signals Communications | SPCOA | 10/14/1996 | Y | Y |
| CI Squared, Inc. | SPCOA | 11/18/1999 | N | N |
| Ciera Network Systems, Inc. | SPCOA | 05/31/2000 | New | Y |
| ClearSource, Inc., d/b/a Home Data, Inc. | SPCOA | 10/22/1998 | Y | Y |
| ClearWorks.net, Inc., d/b/a ClearWorks Technologies, Inc. | SPCOA | 08/26/1999 | Y | Y |
| CNG Communications, Inc. | SPCOA | 09/23/1999 | N | N |
| CO Space Services Texas, L.P. | SPCOA | 03/23/2000 | New | Y |
| Comm South Companies, Inc., d/b/a Texas Comm South, Inc. | SPCOA | 01/25/1996 | N | Y |
| CommServ, d/b/a Scholl Interest, Inc. | SPCOA | 09/23/1999 | Y | Y |
| Communications Pearl, LLC | SPCOA | 07/22/1998 | N | Y |
| Compass Telecommunications, Inc. | SPCOA | 09/13/2000 | New | Y |
| Computer Business Sciences, Inc. | SPCOA | 06/17/1999 | N | Y |
| ComTel Services, d/b/a Ruth Riza, ComTel Services, Excalibur Telephone, Inc., | SPCOA | 04/14/1997 | N | Y |
| *Concert Communications Sales, LLC* | COA | *12/01/1999* | N | N |
| Connect!, d/b/a CCCTX, Inc. Connect!, Connect Communications Corporation, Connect Holdings Corporation | SPCOA | 05/20/1999 | Y | Y |
| ConnectSouth, d/b/a iConnect Corp. | SPCOA | 01/13/2000 | Y | Y |
| Convergent Communications Services, Inc. | SPCOA | 12/01/1999 | Y | N |
| CoreComm, d/b/a USN Southwest, Inc., USN Communications Southwest, Inc. CoreComm Texas, Inc. | SPCOA | 05/09/1996 | N | Y |
| CoServ Broadband Services, d/b/a Telephone Plus, MultiTechnology Services, Inc. MultiTechnology Service, L.P. | SPCOA | 02/25/1998 | Y | Y |
| CoServ, L.L.C. | SPCOA | 07/08/1998 | Y | Y |
| CoServe, LLC | COA | 09/10/1997 | Y | Y |
| Covad Communications Company | SPCOA | 08/12/1998 | Y | Y |
| CS Wireless Systems, Inc., d/b/a The Beam | SPCOA | 11/20/1997 | N | Y |
| CTJ Investments, Inc., d/b/a Texas Cellular Communications | SPCOA | 06/27/1997 | N | Y |
| Cumby Telephone Cooperative, Inc. | COA | 06/11/1998 | Y | Y |
| Cypress Telecommunications Corporation | SPCOA | 09/23/1998 | N | Y |
| Data Delivery Network, d/b/a Digital Broadcast Network Corporation | SPCOA | 09/09/1998 | N | N |
| Data Recall, L.L.C. | SPCOA | 11/19/1998 | N | N |
| DATACOM | SPCOA | 01/13/2000 | New | N |
| *Deloach's Home Entertainment Centers Inc., d/b/a Rent City* | SPCOA | 04/21/1998 | N | Y |
| Delta Phones, Inc. | SPCOA | 03/01/2000 | New | Y |
| Dial Nationwide, Inc. | SPCOA | 01/13/2000 | New | N |
| Dial Tone USA, Inc., d/b/a Dial Tone USA, Dial Services of Texas | SPCOA | 06/27/1997 | N | Y |
| Dialtone Depot, Inc. | SPCOA | 05/31/2000 | New | Y |
| Diamond Communications International, Inc. | SPCOA | 08/06/1997 | N | Y |
| Diamond Telco-Your Home Telephone Store, d/b/a Diamond Cellular, Inc. | SPCOA | 04/23/1997 | Y | Y |
| Diamondback International, Inc. | SPCOA | 08/14/2000 | New | N |
| Digital Network Services, Inc. | SPCOA | 07/22/1998 | N | N |
| Digital Services Corporation | SPCOA | 03/26/1997 | N | N |
| Digital Teleport, Inc. | SPCOA | 11/19/1998 | N | Y |
| Direct Communications, Inc., d/b/a Online Communications | SPCOA | 06/04/1997 | Y | N |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Discount Calling, Inc. | SPCOA | 07/09/1998 | N | Y |
| DMJ Communications, Inc. | SPCOA | 10/14/1996 | N | Y |
| DPI-Teleconnect, L.L.C. | SPCOA | 11/19/1998 | N | Y |
| DSLnet Communications, LLC | SPCOA | 07/01/1999 | N | Y |
| DVC Telecom, d/b/a D.V.C. Enterprises, Inc. | SPCOA | 09/23/1999 | Y | Y |
| Dynamic Cable Construction Company, Inc. | SPCOA | 03/23/2000 | Y | N |
| Dynamic Telcom Engineering I, LLC | SPCOA | 12/11/2000 | New | N |
| e.spire, d/b/a ACSI Local Switched Services, Inc. E.spire Communications, Inc | SPCOA | 06/04/1997 | N | Y |
| Eagle Communications Group, Inc. | SPCOA | 09/23/1999 | N | N |
| Eagle Communications, d/b/a Eagle Communications, Inc. | SPCOA | 04/01/1998 | Y | N |
| Easy Cellular, Inc. | SPCOA | 10/28/1996 | N | Y |
| Eclipse Communications Corp. (Western CLEC Corp.) | SPCOA | 04/01/1998 | Y | N |
| Edge Connections, Inc. | SPCOA | 08/18/2000 | New | N |
| El Paso Global Networks Company, d/b/a El Paso Energy Communications Company | SPCOA | 07/05/2000 | New | N |
| eLEC Communications d/b/a Essex Communications, Inc. | SPCOA | 11/09/2000 | New | Y |
| Electric Lightwave, Inc. | SPCOA | 09/09/1999 | N | N |
| Enron Broadband Services, Inc. | SPCOA | 08/14/2000 | New | N |
| ePhone Co. | SPCOA | 10/06/1999 | N | N |
| Ernest Communications, Inc. | SPCOA | 10/8/1998 & 5-20-99 | Y | Y |
| essential.com, inc. | SPCOA | 01/27/2000 | New | Y |
| ET Telephone, Inc. | SPCOA | 01/13/2000 | New | Y |
| ETEX Telecom | SPCOA | 09/13/2000 | New | N |
| ETS Telephone Company, Inc., d/b/a Kingsgate Telephone d/b/a Summerwood | COA | 12/08/1995 | N | Y |
| EverConnect, Inc., d/b/a One Source Telecommunications, Inc. | SPCOA | 06/11/1998 | N | Y |
| Excel Telecommunications, Inc. | SPCOA | 02/08/1999 | N | Y |
| EXP Communications, Inc. | SPCOA | 07/25/2000 | New | N |
| Express TeleCommunications | SPCOA | 02/08/1999 | N | Y |
| E-Z Fon Services, Inc., d/b/a Faithnet Telecommunications, Inc. | SPCOA | 11/20/1997 | N | Y |
| EZ Talk Telecommunications, d/b/a EZ Talk, L.L.C. | SPCOA | 09/23/1996 | N | Y |
| Facilities Communications International, Ltd. | SPCOA | 06/27/1997 | N | Y |
| FairPoint Communications Solutions Corp., d/b/a FairPoint Communications Corp. | SPCOA | 02/10/2000 | New | Y |
| FamilyTel of Texas, LLC | SPCOA | 08/28/2000 | New | Y |
| FEC Communications, L.L.P. | SPCOA | 01/13/2000 | New | Y |
| Fiber America, Inc. | SPCOA | 05/18/2000 | New | N |
| First Telecommunications Network | SPCOA | 05/06/1997 | N | Y |
| FirstLink Telecommunications, Inc. | SPCOA | 09/24/1998 | N | N |
| FirstWorld Communications, Inc. | SPCOA | 08/05/1999 | N | Y |
| Florida Telephone Services, LLC | SPCOA | 10/03/2000 | New | N |
| Focal Communications Corporation of Texas | SPCOA | 02/19/1999 | Y | Y |
| Fort Bend Communications, d/b/a Fort Bend Long Distance Company | SPCOA | 06/11/1998 | Y | Y |
| Frontier Local Services, Inc. (Global Crossing Local Services, Inc.) | SPCOA | 12/12/1997 | Y | Y |
| Frontier Telemanagement, Inc. (Global Crossing Telemanagement, Inc.) | SPCOA | 12/12/1997 | Y | Y |
| Future Communications | SPCOA | 04/01/1998 | N | N |
| GCEC Technologies | COA | 05/31/2000 | New | Y |
| GCI GlobalCom, Inc., d/b/a GlobalCom, Inc. | SPCOA | 12/14/1998 | N | Y |
| Genesis Communications International, Inc. | SPCOA | 05/31/2000 | New | N |
| GlobalTech 2000, Inc. | SPCOA | 11/04/1999 | Y | N |
| Go-Comm, Inc., d/b/a Go-Tel, Inc. | SPCOA | 11/05/1997 | N | y |
| Golden Harbor of Texas, Inc., d/b/a Lone Star Net, Inc. | SPCOA | 08/07/1996 | Y | Y |
| Grande Communications, d/b/a Grande Communications, Inc. | SPCOA | 03/23/2000 | Y | Y |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Grande Communications Networks, Inc. | | | | |
| Grande River Communications, Inc. | SPCOA | 11/18/1999 | N | Y |
| Great West Services, Ltd. | SPCOA | 12/18/1997 | N | Y |
| Griffin Communication & Security Systems, Inc. | SPCOA | 04/02/1997 | N | N |
| GST Texas Lightwave, Inc. (GST Telecom of Texas) | SPCOA | 08/07/1996 | Y | Y |
| GTC Telecom | SPCOA | 08/25/2000 | New | N |
| G-TEL Enterprises, Inc. | SPCOA | 01/13/2000 | New | N |
| GTS | SPCOA | 10/21/1999 | N | N |
| Guadalupe Valley Communications Systems, L.P., d/b/a Guadalupe Valley Communications Systems, Inc. | SPCOA | 01/13/1999 | Y | N |
| Hamilton Telecommunications, d/b/a Hamilton Telephone Company | SPCOA | 03/01/2000 | New | N |
| HBC TexasTel, Inc. | SPCOA | 06/14/2000 | New | Y |
| Heritage Technologies, Ltd. | COA | 12/19/2000 | New | N |
| Hinotel | SPCOA | 05/18/2000 | New | Y |
| HJN Telecom, Inc. | SPCOA | 11/18/1999 | N | Y |
| Hollywood Communications, Ltd. | SPCOA | 05/06/1997 | N | Y |
| Hotelecom Communications Corporation | SPCOA | 05/21/1997 | N | N |
| ICG ChoiceCom, L.P., d/b/a CSW/ICG ChoiceCom, L.P., ICG Telecom Group, Inc. | SPCOA | 05/21/1997 | Y | Y |
| ILD, d/b/a Intellicell Operator Services, Inc. | SPCOA | 03/26/1999 | N | N |
| In Touch Communications | SPCOA | 04/27/2000 | New | Y |
| InfoHighway, d/b/a A.R.C. Networks, Inc., InfoHighway Communications Corporation, Info-Highway International, Inc., GTCR Fund VII, L.P., & GTCR Co-Invest, L.P. | SPCOA | 10/21/1999 | N | Y |
| Infolink Communications, Ltd. | SPCOA | 09/10/1997 | N | N |
| INLEC Communications TX, LLC | SPCOA | 11/27/2000 | New | N |
| Integral Telecommunication Networks, L.L.C. | SPCOA | 11/19/1998 | N | N |
| Intellistar Communications, Inc., d/b/a Intellistar Communications | SPCOA | 06/04/1997 | N | N |
| Intermedia Communications, Inc. | SPCOA | 03/05/1997 | Y | Y |
| International Exchange Communications, Inc. d/b/a Pacific Gateway Exchange, Inc. & IE Com. | SPCOA | 08/26/1998 | N | N |
| International Talk.Com, Inc. | SPCOA | 01/13/2000 | New | N |
| International Telcom, Ltd. | SPCOA | 11/27/2000 | New | N |
| Inter-Tel NetSolutions, Inc. | SPCOA | 12/02/1996 | N | N |
| Intetech, L.C. | SPCOA | 05/06/1998 | N | N |
| IntraLinc | SPCOA | 11/04/1999 | Y | Y |
| Ionex Communications South, Inc. d/b/a Valu-Line of Longview, Inc. | SPCOA | 12/21/1995 | Y | Y |
| IP Communications Corp. | SPCOA | 04/09/1999 | Y | Y |
| IQC, LLC | SPCOA | 10/30/2000 | New | N |
| ITC^DeltaCom, d/b/a ITC DeltaCom Communications, Inc. or ITC^DeltaCom, Inc. or Interstate FiberNet, Inc. (IFC) | SPCOA | 09/24/1998 | Y | Y |
| IVIT Communications Group, Inc. | SPCOA | 08/05/1999 | Y | Y |
| Jato Operating Corp., d/b/a Jato Communications Corp. | SPCOA | 09/24/1998 | N | Y |
| K2C TelCom, Inc., d/b/a KCC TelCom, Inc. Kerrville Communications Corporation | COA | 07/10/2000 | New | N |
| Kero Communications, Inc., d/b/a KeRo Communications | SPCOA | 05/06/1997 | N | N |
| KMC Network Services, Inc. d/b/a KMC Telecom V, Inc. | SPCOA | 11/06/2000 | New | Y |
| KMC Telecom, d/b/a KMC Telecom II, Inc. | SPCOA | 8/12/1998 & 5-20-99 | N | Y |
| KMC Telecom, d/b/a KMC Telecom III, Inc. | SPCOA | 05/20/1999 | N | Y |
| KMC Telecom, d/b/a KMC Telecom IV, Inc. | SPCOA | 05/09/2000 | New | Y |
| KMC Telecom, d/b/a KMC Telecom, Inc. | SPCOA | 8/21/1996 & 5-20-99 | Y | Y |
| Koyote Telephone, Inc. | SPCOA | 10/21/1999 | Y | Y |
| LayerOne, Inc. | SPCOA | 12/11/2000 | New | N |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| LCI International Telecom Corporation | SPCOA | 05/18/2000 | New | N |
| LCT Long Distance, Inc. | SPCOA | 09/24/1998 | N | N |
| LEC Unwired, LLC | SPCOA | 02/19/1999 | Y | Y |
| Level 3 Communications, L.L.C. | SPCOA | 04/01/1998 | Y | Y |
| LineDrive Communications of North Dallas, d/b/a LineDrive Communications of Addison, Addison CLEC Networks, Inc., Northern Telecom Limited, Nortel Networks | SPCOA | 08/05/1999 | Y | N |
| Local Fone Service, Inc. | SPCOA | 10/14/1996 | N | Y |
| Local Gateway Exchange, Inc. | SPCOA | 08/05/1999 | Y | Y |
| Local Telecom Service, L.L.C. | SPCOA | 12/18/1997 | N | Y |
| Local Telephone Service Company, Inc. | SPCOA | 12/02/1996 | N | Y |
| Logix Communications Corporation, d/b/a American Telco, Inc. (SPCOA No. 60004) Dobson Wireless, Inc. | SPCOA | 02/25/1998 | Y | Y |
| Lone Star Communications, d/b/a Credit Loans, Inc. | SPCOA | 08/07/1996 | Y | Y |
| Lone Star Telephone, Inc | SPCOA | 10/28/1996 | N | Y |
| Looking Glass Networks, Inc. - Jodi Caro - Contact Person | SPCOA | 07/05/2000 | New | Y |
| *LSSi Corp., d/b/a Listing Services Solutions, Incorporated* | SPCOA | 10/21/1999 | N | N |
| Madison River Communications, LLC | SPCOA | 06/27/2000 | New | Y |
| Matrix Telecom, Inc. | SPCOA | 06/04/1997 | N | N |
| Maverix.Net, Inc. | SPCOA | 04/12/2000 | New | Y |
| Maxcess, Inc. | SPCOA | 03/23/2000 | New | N |
| Max-Tel Communications, Inc. | SPCOA | 02/25/1998 | N | Y |
| MCImetro Access Transmission Services, Inc., d/b/a MCIMetro | COA | 10/01/1997 | Y | Y |
| Media Communication Consultants, L.L.C. | SPCOA | 02/19/1999 | N | Y |
| Megsinet-CLEC, Inc. | SPCOA | 01/13/1999 | N | N |
| Metro Access Networks, Inc. | SPCOA | 11/13/1996 | N | Y |
| Metro Connection, Inc. | SPCOA | 10/28/1996 | N | Y |
| Metro-Link Telcom, Inc. | SPCOA | 02/23/1996 | N | Y |
| Metromedia Fiber Network Services, Inc., *d/b/a Communication Systems Development, Inc.* | SPCOA | 01/14/1999 | Y | Y |
| Metrophone, Inc. | SPCOA | 06/27/1997 | N | Y |
| MetTel, d/b/a Metropolitan Telecommunications of Texas d/b/a MetTel | SPCOA | 03/01/2000 | New | Y |
| MFS of Dallas, Inc. | SPCOA | 11/21/1995 | N | Y |
| MFS of Houston, Inc. | SPCOA | 11/21/1995 | N | Y |
| MIDCOM Communications, Inc. | SPCOA | 12/19/1996 | N | N |
| Millennium Communications | SPCOA | 09/23/1999 | N | N |
| Millennium Telcom, L.L.C. | COA | 08/12/1998 | Y | Y |
| Momentum Telecom, Inc. | SPCOA | 02/25/1998 | N | N |
| Mpower Communications Corp., d/b/a MGC Communications, Inc. | SPCOA | 01/13/2000 | New | Y |
| MSN Communications, Inc., d/b/a Telscape International, Inc. | SPCOA | 05/06/1998 | N | N |
| M-Tel Resources, Inc. | SPCOA | 03/05/1997 | N | Y |
| MVX.COM Communications, Inc. | SPCOA | 11/04/1999 | N | Y |
| MXD, d/b/a Matrix Datacom, Inc. | SPCOA | 10/09/2000 | New | N |
| Nations Bell, Inc. | SPCOA | 03/06/1996 | N | N |
| Nationwide Communication | SPCOA | 10/22/1997 | N | Y |
| Navigator Telecommunications, LLC | SPCOA | 05/31/2000 | New | Y |
| NeoPrism Networks, L.P. | SPCOA | 09/21/2000 | New | N |
| Net2000 Communications Service, Inc. | SPCOA | 07/05/2000 | New | Y |
| NET-tel Corporation | SPCOA | 07/15/1999 | N | Y |
| Network Access Solutions Corporation | SPCOA | 07/31/2000 | New | N |
| Network Operator Services, Inc. | SPCOA | 04/10/1996 | N | Y |
| New Connects, Inc. | SPCOA | 05/31/2000 | New | Y |
| New Millennium Comm. Corp. | SPCOA | 06/11/1998 | N | N |
| *Nexstar Communications, Inc.* | SPCOA | 07/15/1999 | N | Y |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Nextlink Texas, d/b/a Nextlink Texas, Inc. | SPCOA | 05/06/1998 | Y | Y |
| nii communications, Ltd., d/b/a network intelligence, inc. | SPCOA | 04/09/1999 | Y | Y |
| Nortex Telcom, L.L.C. | COA | 02/25/1998 | Y | Y |
| North Americom Corporation, d/b/a North American Telecommunications Corporation | SPCOA | 05/09/2000 | New | N |
| Northpoint Communications, Inc. | SPCOA | 04/01/1998 | Y | Y |
| NOS Communications, Inc. | SPCOA | 04/24/1996 | N | Y |
| NOW Communications, Inc. | SPCOA | 04/21/1998 | N | Y |
| NSPOF Communications, Inc., d/b/a GlobalNET Corporation | SPCOA | 05/31/2000 | New | N |
| Ntegrity Telecontent Services, Inc. | SPCOA | 12/19/2000 | New | N |
| NTS Communications, Inc. | SPCOA | 02/08/1999 | Y | Y |
| O1 Communications of Texas, LLC | SPCOA | 01/13/2000 | Y | N |
| Omni Prism Communications, Inc. | SPCOA | 03/26/1997 | N | Y |
| OmniCall, Inc., d/b/a OmniCall International | SPCOA | 09/24/1998 | N | N |
| Omniplex Communications Group, L.L.C., d/b/a USA Exchange, L.L.C. | SPCOA | 05/07/1997 | Y | Y |
| OnFiber Carrier Services, Inc. | SPCOA | 05/31/2000 | New | N |
| OnSite Access Local, LLC. | SPCOA | 05/18/2000 | New | N |
| Optel (Texas) Telecom, Inc. | SPCOA | 09/24/1996 | Y | Y |
| Optical Access Networks, Inc. | SPCOA | 10/02/2000 | New | N |
| ORBIT Consultants, Inc. | SPCOA | 05/20/1999 | N | N |
| Pac-West Telecomm, Inc. | SPCOA | 11/18/1999 | Y | N |
| PaeTec Communications, Inc. | SPCOA | 08/05/1999 | Y | N |
| Page-Master, Etc. | SPCOA | 10/22/1997 | N | N |
| Panhandle Telecommunications Systems, Inc. | COA | 05/06/1998 | N | Y |
| Pathnet, Inc. | SPCOA | 10/21/1999 | N | Y |
| Pathway Com-Tel, Inc., d/b/a Fiber Wave Telecom, Inc. | SPCOA | 08/21/1997 | Y | Y |
| Pathwayz Communications, Inc. | SPCOA | 04/12/2000 | Y | Y |
| Penthouse Suites, Inc. | SPCOA | 12/02/1996 | N | Y |
| People Link, d/b/a TCI Telephony Services | SPCOA | 02/05/1998 | N | N |
| Peoples Telecommunications, Inc. (PTI), d/b/a PTI | COA | 10/08/1998 | N | Y |
| Personal Touch d/b/a Cumby Cellular Communications, Inc. | SPCOA | 12/18/2000 | New | N |
| Petroleum Communications, Inc., d/b/a S&P Cellular Holding, Inc., Gulf Coast MDS Service, SeaCell Offshore Cellular Service, PetroCom, PCI, PetroCom Offshore Cellular Services & PetroCom Satellite Services | SPCOA | 02/25/1998 | N | N |
| Phone America, d/b/a Express Telecom, Inc. Paging Express, Inc. | SPCOA | 04/28/1999 | N | Y |
| Phone Call Express, d/b/a Local Phone Service, Inc. | SPCOA | 10/08/1998 | N | N |
| Phone City Communications, d/b/a The Frederick Company, Inc., d/b/a Phone City Communications | SPCOA | 10/23/2000 | New | N |
| Phone Reconnect of America, L.L.C. | SPCOA | 07/15/1999 | N | Y |
| Phone Remedies, L.L.C. | SPCOA | 12/19/2000 | New | Y |
| Phones For All, d/b/a Preferred Carrier Services, Inc. | SPCOA | 09/24/1998 | Y | Y |
| PhoneSense, d/b/a JCA, Inc. & Cooper and Associates | SPCOA | 10/08/1998 | Y | Y |
| Phonit, Inc. | SPCOA | 05/21/1997 | N | Y |
| Phonoscope, Ltd. | SPCOA | 05/31/2000 | New | N |
| Plexnet Communications Services, Inc. | SPCOA | 06/04/1997 | N | N |
| Plex-Net, Ltd. | SPCOA | 03/01/2000 | New | Y |
| Plum Creek Telephone Company, Inc. | COA | 10/14/1996 | N | N |
| PM Telecommunications, LLC | SPCOA | 12/01/1999 | N | N |
| PNG Telecommunications, Inc. | SPCOA | 08/07/2000 | New | N |
| PointeCom Inc., d/b/a Telscape International, Inc. | COA | 04/12/2000 | New | Y |
| Poka Lambro Telephone Company, Inc. | COA | 11/14/1996 | Y | Y |
| Posner Telecommunications Inc., d/b/a PageTexas | SPCOA | 12/02/1996 | N | Y |
| Premiere Network Services, Inc. | SPCOA | 04/02/1997 | Y | Y |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Prism Operations, LLC, d/b/a Transwire Operations, LLC Prism Communication Services, Inc. | SPCOA | 02/08/1999 | Y | Y |
| Progressive Concepts, Inc. | SPCOA | 03/07/1996 | Y | Y |
| PurePacket Communications, Inc., d/b/a PurePacket Communications of the South, Inc., d/b/a PurePacket Communications, Inc. | SPCOA | 07/31/2000 | New | N |
| PWTel | SPCOA | 07/20/2000 | New | N |
| Qtel, Inc., d/b/a FXI, Inc. | SPCOA | 12/19/1996 | N | Y |
| Quality Telephone | SPCOA | 07/31/2000 | New | Y |
| Quick-Tel Communications, Inc. | SPCOA | 05/06/1998 | N | Y |
| Quintelco, Inc., d/b/a Quintel Communications, Inc. | SPCOA | 12/05/1997 | N | Y |
| Qwest Communications Corporation | SPCOA | 05/31/2000 | New | Y |
| R Tex Communications Group, Inc. | SPCOA | 08/21/2000 | New | N |
| Reach Direct, Inc. | SPCOA | 01/15/1998 | N | N |
| Real/Time Communications | SPCOA | 02/25/1998 | Y | N |
| ReFlex Communications, Inc. | SPCOA | 10/09/2000 | New | N |
| Reliant Energy Communications, Inc. | SPCOA | 09/23/1999 | Y | Y |
| Resource Innovations Group, Inc., d/b/a DFW-Direct | SPCOA | 06/27/1997 | N | Y |
| Rhythms Links, Inc., d/b/a ACI Corporation; Accelerated Connections, Inc. | SPCOA | 10/08/1998 | Y | Y |
| Rosebud Telephone, d/b/a Rosebud Cotton Company | SPCOA | 03/12/1999 | N | Y |
| Rush Communications d/b/a Nortex Utilities, Inc. | SPCOA | 10/30/2000 | New | N |
| Sage Telecom, d/b/a Sage Telecom, Inc. U.S. Telephone Holding, Inc | SPCOA | 03/12/1998 | Y | Y |
| Sager Telecom, Inc. | SPCOA | 10/21/1999 | N | Y |
| SandStream Communication and Entertainment | SPCOA | 02/19/1999 | N | Y |
| Santa Rosa Telephone Cooperative, Inc. | SPCOA | 08/14/1998 | Y | Y |
| SBC Advanced Solutions, Inc. | COA | 12/01/1999 | Y | Y |
| SCC Communications Corp. | SPCOA | 01/13/2000 | Y | N |
| ServiSense.Com, Inc. | SPCOA | 08/21/2000 | New | Y |
| Sigma Networks Telecommunications, Inc. | SPCOA | 08/22/2000 | New | Y |
| Small Town Advanced Communications, LLC | SPCOA | 09/18/2000 | New | N |
| SmartCom Telephone, L.L.C. | SPCOA | 02/19/1999 | N | N |
| Snappy Phone of Texas, Inc. | SPCOA | 02/19/1999 | Y | Y |
| SOL Communications, d/b/a STPCS Joint Ventue, LLC | COA | 07/01/1999 | N | Y |
| Source Communications LLC | SPCOA | 10/21/1999 | N | N |
| SouthNet Telecomm Services, Inc. | SPCOA | 10/08/1998 | N | N |
| Southside Communications, L.L.C. | SPCOA | 06/24/1998 | Y | Y |
| SouthWest Teleconnect, d/b/a Reitz Rentals, Inc. | SPCOA | 03/26/1999 | Y | y |
| Southwestern Bell Telephone Company | COA | 08/09/1996 | Y | Y |
| Sphera Optical Networks, N.A., Inc. | SPCOA | 11/13/2000 | New | N |
| Sprint Communications Company L.P. | COA | 10/14/1996 | N | Y |
| Stargate Communications, Ltd. | SPCOA | 09/10/1997 | N | Y |
| Starway Communications, Incorporated | SPCOA | 10/06/1999 | N | Y |
| State Discount Telephone, L.L.C. | SPCOA | 12/05/1997 | N | Y |
| State Pre-Pay TeleCom, Inc., d/b/a Sentinel Enterprises, Inc., d/b/a State Pre-Pay TeleCom, Inc. | SPCOA | 07/21/2000 | New | N |
| State Telephone - Texas | SPCOA | 07/15/1999 | N | Y |
| Stratos Telecom, Inc., d/b/a SOSCo's, Shell Offshore, Inc. (SOI), Shell Exploration and Production Company (SEPCO), Shell Oil Company (SOC) & Shell Petroleum, Inc. (SPI) | SPCOA | 08/12/1998 | Y | Y |
| Supra Telecomm. & Information Systems, Inc. | SPCOA | 05/21/1998 | N | Y |
| Sure Connect, Inc., d/b/a Paramount Communications, Inc. | SPCOA | 05/18/2000 | New | N |
| Suretel, Inc. | SPCOA | 06/11/1998 | N | Y |
| Talk Solutions | SPCOA | 09/09/1999 | N | N |
| Talk.com Holding Corp., d/b/a Tel-Save, Inc. The Phone Company | SPCOA | 06/27/1998 | N | Y |

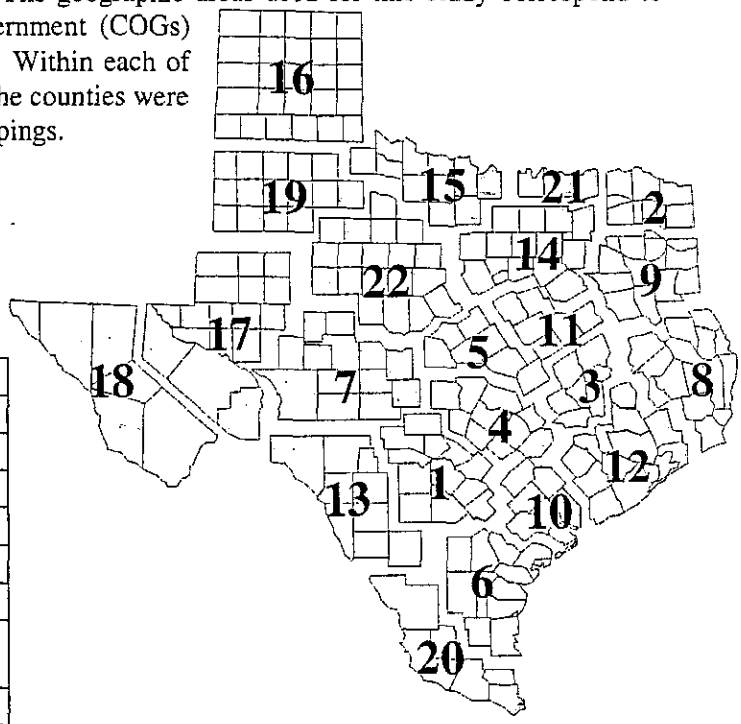
| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| Tattletel, Inc. | SPCOA | 09/18/2000 | New | N |
| Taylor Communications Group, Inc. | SPCOA | 10/14/1996 | Y | Y |
| TCG Dallas, d/b/a Teleport Communications Group, Inc. | COA | 09/24/1998 | Y | Y |
| Tech Telephone Company, Ltd. | SPCOA | 10/09/1998 | Y | Y |
| *Telecom Licensing, Inc.* | *SPCOA* | 08/12/1998 | N | N |
| TeleNetwork, Inc. | SPCOA | 04/23/1997 | Y | Y |
| Tele-One Communications, Inc. | SPCOA | 08/06/1997 | Y | Y |
| TelePacific Communications, d/b/a U.S. TelePacific Corporation, d/b/a TelePacific Communications | SPCOA | 02/10/2000 | New | N |
| Teleport Communications Houston, Inc., d/b/a Teleport Communications Group, Inc. | COA | 09/24/1998 | N | Y |
| Telera Communications, Inc. | SPCOA | 12/04/2000 | New | N |
| Telergy Network Services, Inc. | SPCOA | 07/24/2000 | New | N |
| Teligent Services, Inc., d/b/a Teligent, Inc. Microwave Services, Inc. | SPCOA | 02/05/1998 | Y | Y |
| Tel-Link, L.L.C. | SPCOA | 05/11/1998 | N | Y |
| Telseon Carrier Services, Inc. | SPCOA | 09/11/2000 | New | N |
| Telstar Telecom Company, L.L.C. | SPCOA | 11/19/1998 | N | N |
| Tel-Star Utility Corp. | SPCOA | 10/06/1999 | N | Y |
| Teltrust Communications Service, Inc. | SPCOA | 09/10/1997 | N | N |
| Tempest Communications Company, LLC | SPCOA | 05/09/2000 | New | Y |
| TenantConnect LLC | SPCOA | 07/25/2000 | New | N |
| Texas Global, Inc., d/b/a Global TeleLink Services, Inc. | SPCOA | 08/22/2000 | New | N |
| Texas Hometel, Inc. | SPCOA | 11/20/1997 | Y | Y |
| Texas In-Touch Communications, Inc. | SPCOA | 01/13/2000 | New | Y |
| Texas Networking, Inc. | SPCOA | 04/01/1998 | Y | Y |
| Texas UM, Inc. | SPCOA | 05/18/2000 | New | Y |
| The Phone Pros | SPCOA | 10/21/1999 | N | Y |
| The Telephone Reconnection | SPCOA | 11/20/1997 | Y | Y |
| Time Warner Connect | SPCOA | 02/05/1997 | Y | Y |
| Time Warner Connect - San Antonio | SPCOA | 02/05/1997 | N | Y |
| *Time Warner Telecom of Texas, L.P.*, d/b/a Time Warner Communications of Houston, L.P., and Time Warner Telecom of Texas, L.P. (TWTC) | *SPCOA* | *07/16/1997* | Y | Y |
| Tin Can Communications Company, L.L.C. | SPCOA | 07/17/1997 | N | Y |
| TotalTel, Inc. | SPCOA | 02/19/1999 | N | N |
| Trans National Telecommunications, Inc. | SPCOA | 07/09/1998 | N | Y |
| TransAmerican Telephone, Inc. | SPCOA | 05/06/1998 | N | Y |
| Transtar Communications, L.C. | SPCOA | 03/05/1997 | N | Y |
| Trinity Telephone, d/b/a ADN Enterprises, Inc. and North Texas Telecommunications | SPCOA | 05/06/1998 | N | Y |
| Trinity Valley Services, Inc. | SPCOA | 03/26/1999 | Y | Y |
| TVS Communications, Inc. | SPCOA | 09/05/2000 | New | N |
| Twister Communications Network, Inc. | SPCOA | 08/26/1999 | N | N |
| TXNet Communications | SPCOA | 05/21/1998 | N | N |
| TXOL Internet | SPCOA | 05/09/2000 | New | Y |
| U.S. Communications, Inc. | SPCOA | 05/22/1996 | N | N |
| U.S. Dial Tone, L.P., d/b/a Texas Dial Tone, Inc., U.S. Dial Tone, Inc. | SPCOA | 06/05/1997 | Y | Y |
| U.S. Metroline Services, Inc. | SPCOA | 05/01/2000 | New | Y |
| U.S. OnLine, d/b/a U.S. OnLine Communications, Inc. U.S. OnLine Communications, L.L.C., USOL, Inc. | SPCOA | 02/10/2000 | New | N |
| U.S. Telco, Inc. | SPCOA | 05/08/1996 | N | Y |
| U.S. West Interprise America, Inc. | SPCOA | 07/16/1997 | Y | Y |
| UAI, Inc. | SPCOA | 11/04/1999 | N | N |
| UniDial Communications, Inc. | SPCOA | 05/09/2000 | New | N |

| Utility Name | Type of Certification | Date Issued | Replied to Data Request | ICA |
|---|---|---|---|---|
| United Communications Systems | SPCOA | 03/26/1999 | N | Y |
| United Tel-A-Call | SPCOA | 10/06/1999 | N | N |
| Uni-Tel | SPCOA | 11/20/1998 | N | N |
| URJET Backbone Network, Inc. | SPCOA | 01/27/2000 | New | N |
| US LEC Communications, Inc. | SPCOA | 01/27/2000 | New | N |
| US Long Distance, d/b/a USLD Communications, Inc. | SPCOA | 05/18/2000 | New | Y |
| USA Digital Communications, Inc. | SPCOA | 05/09/2000 | New | N |
| USA Quick Phone, Inc. | SPCOA | 02/10/2000 | New | Y |
| USCom Telephone, Inc. | SPCOA | 04/30/1999 | Y | Y |
| Utel, d/b/a United Telephone Company | SPCOA | 08/13/1998 | Y | Y |
| UTEX Communications Corp. | SPCOA | 06/14/2000 | New | Y |
| Valence Comm. Services, Ltd. | SPCOA | 04/09/1999 | Y | Y |
| Valley Telecom Group, Inc. d/b/a Valley Telephone Cooperative, Inc. | SPCOA | 11/06/2000 | New | N |
| Valor Telecommunications CLEC of Texas, LP | SPCOA | 10/02/2000 | New | Y |
| Valu-Net, Inc. | SPCOA | 12/12/1996 | N | Y |
| VarTec Telecom, Inc. | SPCOA | 06/17/1999 | N | Y |
| Vectris Telecom, Inc. | SPCOA | 01/27/2000 | New | Y |
| Verizon Advanced Data, Inc., d/b/a Bell Atlantic Network Data, Inc. | COA | 08/21/2000 | New | Y |
| Verizon Select Services, Inc., d/b/a GTECC, GTE Communications Corporation, GTE Card Services, Inc. | COA | 10/30/1997 | Y | Y |
| Verizon Southwest, d/b/a GTE Southwest, Incorporated | COA | 05/18/2000 | New | Y |
| Vitts Networks, Inc. | SPCOA | 10/03/2000 | New | N |
| Voice2, Inc. | SPCOA | 06/03/1999 | N | N |
| W.T. Services, Inc. | COA | 02/21/1997 | Y | Y |
| Waller Creek Communications, Inc. | SPCOA | 06/27/1997 | Y | Y |
| Waymark Communications, d/b/a Waymark Internet Services, Inc., d/b/a Waymark Communications | SPCOA | 07/10/2000 | New | N |
| Web Fire Communications, Inc. | SPCOA | 09/09/1999 | Y | Y |
| Westel, Inc. | SPCOA | 12/08/1995 | Y | Y |
| Western Integrated Networks of Texas Operating, L.P. | SPCOA | 02/10/2000 | Y | Y |
| WESTEX Telecom | SPCOA | 10/06/1999 | N | Y |
| Wholesale Network, Inc. | SPCOA | 03/26/1997 | N | Y |
| WideOpenWest Texas, LLC | SPCOA | 04/27/2000 | New | N |
| Williams Local Network, Inc. | SPCOA | 04/27/2000 | New | N |
| WinStar Wireless, Inc., d/b/a WinStar Wireless of Texas, Inc. | SPCOA | 05/22/1996 | Y | Y |
| WorkNet Communications, Inc. | SPCOA | 01/13/2000 | New | Y |
| World Access Communications Corporation | SPCOA | 09/24/1998 | N | N |
| WorldCom Technologies, Inc., d/b/a WorldCom, Inc., WorldCom Technologies, Inc., MFS Intelnet of Texas, Inc., MFS Network Technologies, Inc., and MFS Communications Company | SPCOA | 09/15/1997 | Y | Y |
| XIT Telecommunications & Technology, Inc. | COA | 04/23/1997 | Y | Y |
| Yipes Transmission, Inc. | SPCOA | 07/18/2000 | New | N |
| Z-Tel Communications, Inc. | SPCOA | 08/12/1998 | N | Y |

# APPENDIX H:
# PUC DATA COLLECTION – REGIONAL GROUPINGS AND DATA REQUESTED

Parties in these proceedings explored methods by which to gather and aggregate useful information without compromising confidentiality of competitively sensitive data. As a result, the data are first aggregated by county, and then the largest counties in the state are grouped according to size. Because the Rural category of counties (populations below 100,000) still varied so widely in both population and access to services, data for them were separated by geographic area and by size grouping. The geographic areas used for this study correspond to boundaries of the 24 Councils of Government (COGs) areas in Texas, with two exceptions.[118] Within each of the 22 resulting geographic areas, then, the counties were separated into three population size groupings.

## Regional Groupings




| | |
|---|---|
| 1 | Alamo Area C. O. G. |
| 2 | Ark-Tex C. O. G. |
| 3 | Brazos Valley C. O. G. |
| 4 | Capital Area P. C. |
| 5 | Central Texas C. O. G. |
| 6 | Coastal Bend C. O. G. |
| 7 | Concho Valley C. O. G. |
| 8 | Deep East Texas C. O. G. (Incl. S. E. Texas R. P. C.) |
| 9 | East Texas C. O. G. |
| 10 | Golden Crescent R. P. C. |
| 11 | Heart of Texas C. O. G. |
| 12 | Houston-Galveston A. C. |
| 13 | Middle Rio Grande D. C. |
| 14 | North Central Texas C. O. G. |
| 15 | North Texas R. P. C. |
| 16 | Panhandle R. P. C. |

| | |
|---|---|
| 17 | Permian Basin R. P. C. |
| 18 | Rio Grande C. O. G. |
| 19 | South Plains A. G. |
| 20 | South Texas D. C. (includes Lwr Rio Grande Val. D. C.) |
| 21 | Texoma C. O. G. |
| 22 | West Central Texas C. O. G. |

[118] To further protect confidentiality, counties in the Deep East Texas Council of Governments are combined with the South East Texas Regional Planning Commission, and counties in the South Texas Development Council are combined with the Lower Rio Grande Valley Development Council.

## Data Collection: A Regional Approach

In a recent FCC report on the deployment of advanced services, the FCC found a strong correlation between deployment of advanced services and population density and income of an area.[119] This finding is consistent with the historical spread of telephone service in Texas and other places in the country. The large cities were the first to get telephone service. While the private sector readily provided telephone service to densely populated and wealthy areas in Texas, residents in the poorer and more rural areas of Texas formed utility cooperatives to provide telephony to areas that private-sector companies found insufficiently profitable.

In order to capture the unfolding of competition in Texas, the Commission developed a data collection instrument that collected data on a regional basis that reflects the diversity of the Texas population. Commission staff designed the categories of data requested to show the level and growth of competition across different areas of Texas and to provide information as to the distinction among facility-based providers and resellers. The questions asked in the data request are shown below in this appendix.

When responding to the data collection instrument, CLECs and ILECs aggregated the data first by county, and then the largest counties in the state are grouped according to size, as charted earlier in Chapter 3 of this *Report*.[120] Because the Rural category of counties still varied so widely in both population and access to services, data for them was separated by geographic area and by size grouping. The geographic areas used for this study correspond to boundaries of the 24 Councils of Government (COGs) areas in Texas, with two exceptions.[121] Within each of the 22 resulting geographic areas, then, the rural counties were separated into three population size groupings.[122] In this manner, the CLECs and ILECs reported their data used this report in 69 geographic and size groupings. Below follows a cross-reference between the county name and the geographic/size reporting area to which the county has been assigned.

---

[119] *Deployment of Advanced Telecommunication Capability: Second Report*, [CC Docket No. 98-146] Federal Communications Commission, at 40-42 (August 2000).

[120] Counties with over 600,000 people form Group 1 – Large Metro. Counties with over 100,000 people that are in the same metro are as the counties in Group 1 form Group 2 – Suburban. Counties with at least 100,000 people that are not already in Groups 1 and 2 form Group 3 – Medium and Small Metro. Counties with fewer than 100,000 people form Group 4 – Rural.

[121] To further protect confidentiality, counties in the Deep East Texas Council of Governments are combined with the South East Texas Regional Planning Commission, and counties in the South Texas Development Council are combined with the Lower Rio Grande Valley Development Council.

[122] By size: counties below 5,000 population, those between 5,000 and 20,000, and those between 20,000 and 100,000.

**Table 32 – Population Categories for Scope of Competition Report Data Collection**

| | |
|---|---|
| Group 1 (Large Metro): | Counties with over 600,000 people |
| Group 2 (Suburbs): | Counties with over 100,000 that are in the same metro area as the counties in Group 1 |
| Group 3 (Medium & Small Metro): | Counties with at least 98,000 people that are not in Groups 1 & 2 |
| Group 4 (Rural): | Counties with fewer than 98,000 people |

# County Population Aggregation Groupings

## Large Metro (Group 1) Counties

| | | | |
|---|---|---|---|
| Harris | 3,158,095 | Tarrant | 1,327,332 |
| Dallas | 2,023,140 | El Paso | 701,576 |
| Bexar | 1,359,993 | Travis | 693,606 |

## Suburban (Group 2) Counties: Larger Counties near Metro Areas

| | | | |
|---|---|---|---|
| Collin | 401,352 | Galveston | 242,979 |
| Denton | 365,058 | Brazoria | 225,406 |
| Fort Bend | 321,149 | Williamson | 210,477 |
| Montgomery | 258,127 | | |

## Small and Medium Metro (Group 3) Counties: Other Larger Counties

| | | | |
|---|---|---|---|
| Hidalgo | 510,922 | Ector | 124,727 |
| Cameron | 320,801 | Taylor | 121,456 |
| Nueces | 317,474 | Midland | 118,662 |
| Jefferson | 241,940 | Johnson | 114,052 |
| Lubbock | 230,672 | Gregg | 113,147 |
| Bell | 222,302 | Potter | 109,243 |
| McLennan | 202,983 | Tom Green | 102,648 |
| Webb | 183,219 | Grayson | 101,541 |
| Smith | 166,723 | Ellis | 100,627 |
| Brazos | 133,008 | Randall | 98,922 |
| Wichita | 128,827 | | |

## *Rural Counties -*

### Alamo Area Council of Governments

| Over 20,000 | |
|---|---|
| Kendall | 20,394 |
| Wilson | 30,194 |
| Atascosa | 35,268 |
| Medina | 36,827 |
| Kerr | 42,623 |
| Comal | 70,682 |
| Guadalupe | 77,963 |

| 5,001 – 20,000 | |
|---|---|
| Karnes | 12,501 |
| Bandera | 15,005 |
| Frio | 15,875 |
| Gillespie | 19,909 |
| | |
| | |
| | |

| 5,000 or Less | |
|---|---|
| (None) | |
| | |
| | |
| | |
| | |
| | |
| | |

### Ark-Tex Council of Governments

| Over 20,000 | |
|---|---|
| Titus | 25,245 |
| Cass | 30,518 |
| Hopkins | 30,535 |
| Lamar | 45,772 |
| Bowie | 83,672 |

| 5,001 – 20,000 | |
|---|---|
| Franklin | 9,589 |
| Morris | 13,302 |
| Red River | 13,794 |
| | |
| | |

| 5,000 or Less | |
|---|---|
| Delta | 4,941 |
| | |
| | |
| | |
| | |

### Brazos Valley Council of Governments

| Over 20,000 | |
|---|---|
| Grimes | 22,846 |
| Washington | 29,033 |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Madison | 11,932 |
| Leon | 14,450 |
| Burleson | 15,368 |
| Robertson | 15,534 |

| 5,000 or Less | |
|---|---|
| (None) | |
| | |
| | |
| | |

### Capital Area Planning Council

| Over 20,000 | |
|---|---|
| Fayette | 21,101 |
| Burnet | 30,755 |
| Caldwell | 31,625 |
| Bastrop | 49,031 |
| Hays | 86,284 |

| 5,001 – 20,000 | |
|---|---|
| Blanco | 8,213 |
| Llano | 13,104 |
| Lee | 14,792 |
| | |
| | |

| 5,000 or Less | |
|---|---|
| (None) | |
| | |
| | |
| | |
| | |

### Central Texas Council of Governments

| Over 20,000 | |
|---|---|
| Milam | 24,266 |
| Coryell | 77,438 |
| | |

| 5,001 – 20,000 | |
|---|---|
| San Saba | 6,424 |
| Hamilton | 7,608 |
| Lampasas | 17,491 |

| 5,000 or Less | |
|---|---|
| Mills | 4,771 |
| | |
| | |

## Coastal Bend Council of Governments

| Over 20,000 | |
|---|---|
| Aransas | 22,579 |
| Bee | 28,054 |
| Kleberg | 30,216 |
| Jim Wells | 39,842 |
| San Patricio | 69,626 |

| 5,001 – 20,000 | |
|---|---|
| Brooks | 8,458 |
| Live Oak | 10,157 |
| Duval | 13,607 |
| | |
| | |

| 5,000 or Less | |
|---|---|
| Kenedy | 427 |
| McMullen | 783 |
| | |
| | |
| | |

## Concho Valley Council of Governments

| Over 20,000 | |
|---|---|
| (None) | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Refugio | 7,882 |
| McCulloch | 8,778 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

| 5,000 or Less | |
|---|---|
| Sterling | 1,385 |
| Irion | 1,696 |
| Menard | 2,333 |
| Schleicher | 3,047 |
| Concho | 3,104 |
| Coke | 3,426 |
| Mason | 3,650 |
| Kimble | 4,199 |
| Reagan | 4,228 |
| Sutton | 4,437 |
| Crockett | 4,518 |

## Deep East Texas Council of Governments (Includes South East Texas Regional Planning Commission)

| Over 20,000 | |
|---|---|
| Tyler | 20,107 |
| San Jacinto | 20,860 |
| Houston | 21,884 |
| Shelby | 22,652 |
| Jasper | 33,203 |
| Polk | 47,452 |
| Nacogdoches | 56,716 |
| Angelina | 76,799 |
| Hardin | 48,403 |
| Orange | 84,648 |

| 5,001 – 20,000 | |
|---|---|
| San Augustine | 8,184 |
| Sabine | 10,565 |
| Trinity | 12,410 |
| Newton | 14,418 |
| | |
| | |
| | |
| | |
| | |
| | |

| 5,000 or Less | |
|---|---|
| (None) | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

## East Texas Council of Governments

| Over 20,000 | |
|---|---|
| Panola | 23,005 |
| Wood | 34,170 |
| Upshur | 35,416 |
| Cherokee | 42,778 |
| Van Zandt | 42,998 |
| Rusk | 45,636 |
| Anderson | 52,540 |
| Harrison | 59,687 |
| Henderson | 67,347 |

| 5,001 – 20,000 | |
|---|---|
| Rains | 8,213 |
| Marion | 10,672 |
| Camp | 10,978 |

| 5,000 or Less | |
|---|---|
| (None) | |

## Golden Crescent Regional Planning Commission

| Over 20,000 | |
|---|---|
| Calhoun | 20,806 |
| Victoria | 82,024 |

| 5,001 – 20,000 | |
|---|---|
| Goliad | 6,776 |
| Jackson | 13,656 |
| Gonzales | 17,569 |
| Lavaca | 18,676 |
| Dewitt | 19,674 |

| 5,000 or Less | |
|---|---|
| (None) | |

## Heart of Texas Council of Governments

| Over 20,000 | |
|---|---|
| Limestone | 21,059 |
| Hill | 30,033 |

| 5,001 – 20,000 | |
|---|---|
| Bosque | 16,674 |
| Freestone | 17,540 |
| Falls | 17,747 |

| 5,000 or Less | |
|---|---|
| (None) | |

## Houston-Galveston Area Council

| Over 20,000 | |
|---|---|
| Austin | 22,903 |
| Chambers | 23,545 |
| Waller | 26,792 |
| Matagorda | 37,910 |
| Wharton | 40,146 |
| Walker | 54,528 |
| Liberty | 63,948 |

| 5,001 – 20,000 | |
|---|---|
| Colorado | 18,880 |

| 5,000 or Less | |
|---|---|
| (None) | |

## Middle Rio Grande Development Council

| Over 20,000 | |
|---|---|
| Uvalde | 25,619 |
| Val Verde | 43,115 |
| Maverick | 47,877 |

| 5,001 – 20,000 | |
|---|---|
| LaSalle | 5,935 |
| Dimmitt | 10,486 |
| Zavala | 11,955 |

| 5,000 or Less | |
|---|---|
| Real | 2,686 |
| Kinney | 3,481 |
| Edwards | 3,738 |

## North Central Texas Council of Governments

| Over 20,000 | |
|---|---|
| Palo Pinto | 25,494 |
| Erath | 31,275 |
| Rockwall | 35,923 |
| Hood | 36,205 |
| Navarro | 41,366 |
| Wise | 42,387 |
| Kaufman | 63,857 |
| Hunt | 69,309 |
| Parker | 78,811 |

| 5,001 – 20,000 | |
|---|---|
| Sovervell | 6,235 |
| Jack | 7,314 |

| 5,000 or Less | |
|---|---|
| (None) | |

## North Texas Regional Planning Commission

| Over 20,000 | |
|---|---|
| (None) | |

| 5,001 – 20,000 | |
|---|---|
| Archer | 8,276 |
| Clay | 10,407 |
| Wilbarger | 14,138 |
| Young | 17,575 |
| Montague | 18,290 |

| 5,000 or Less | |
|---|---|
| Foard | 1,726 |
| Cottle | 1,957 |
| Baylor | 4,165 |
| Hardeman | 4,701 |

## Panhandle Regional Planning Commission

| Over 20,000 | |
|---|---|
| Gray | 23,719 |
| Hutchinson | 23,973 |

| 5,001 – 20,000 | |
|---|---|
| Hartley | 5,121 |
| Wheeler | 5,309 |
| Hansford | 5,396 |
| Dallam | 6,361 |
| Carson | 6,698 |
| Childress | 7,630 |
| Castro | 8,307 |
| Swisher | 8,347 |
| Ochiltree | 8,902 |
| Parmer | 10,475 |
| Deaf Smith | 19,448 |
| Moore | 19,510 |

| 5,000 or Less | |
|---|---|
| Roberts | 988 |
| Briscoe | 1,982 |
| Armstrong | 2,172 |
| Oldham | 2,219 |
| Sherman | 2,905 |
| Lipscomb | 3,027 |
| Collingsworth | 3,330 |
| Hemphill | 3,618 |
| Hall | 3,705 |
| Donley | 3,810 |

## Permian Basin Regional Planning Commission

| Over 20,000 | |
|---|---|
| Howard | 32,562 |

| 5,001 – 20,000 | |
|---|---|
| Martin | 5,078 |
| Winkler | 8,037 |
| Ward | 11,891 |
| Andrews | 14,072 |
| Dawson | 14,793 |
| Reeves | 14,856 |
| Gaines | 14,985 |
| Pecos | 16,196 |

| 5,000 or Less | |
|---|---|
| Loving | 106 |
| Borden | 748 |
| Terrell | 1,189 |
| Glasscock | 1,454 |
| Upton | 3,815 |
| Crane | 4,557 |

## Rio Grande Council of Governments

| Over 20,000 | |
|---|---|
| (None) | |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Presidio | 8,577 |
| Brewster | 9,039 |
| | |

| 5,000 or Less | |
|---|---|
| Jeff Davis | 2,234 |
| Culberson | 3,136 |
| Hudspeth | 3,328 |

## South Plains Association of Governments

| Over 20,000 | |
|---|---|
| Hockley | 23,933 |
| Hale | 36,603 |
| | |
| | |
| | |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Lynn | 6,591 |
| Bailey | 6,831 |
| Crosby | 7,375 |
| Yoakum | 8,169 |
| Floyd | 8,213 |
| Terry | 13,003 |
| Lamb | 14,849 |

| 5,000 or Less | |
|---|---|
| King | 348 |
| Motley | 1,280 |
| Dickens | 2,254 |
| Cochran | 3,978 |
| Garza | 4,632 |
| | |
| | |

## South Texas Development Council (includes Lower Rio Grande Valley Development Council

| Over 20,000 | |
|---|---|
| Starr | 55,560 |
| | |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Zapata | 11,266 |
| Willacy | 19,662 |
| | |
| | |

| 5,000 or Less | |
|---|---|
| Jim Hogg | 4,925 |
| | |
| | |
| | |

## Texoma Council of Governments

| Over 20,000 | |
|---|---|
| Fannin | 27,655 |
| Cooke | 32,989 |

| 5,001 – 20,000 | |
|---|---|
| (None) | |
| | |

| 5,000 or Less | |
|---|---|
| (None) | |
| | |

## West Central Texas Council of Governments

| Over 20,000 | |
|---|---|
| Brown | 36,903 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

| 5,001 – 20,000 | |
|---|---|
| Haskell | 6,107 |
| Mitchell | 8,768 |
| Coleman | 9,590 |
| Stephens | 9,902 |
| Runnels | 11,457 |
| Callahan | 12,816 |
| Comanche | 13,595 |
| Nolan | 16,486 |
| Eastland | 17,857 |
| Scurry | 18,185 |
| Jones | 18,803 |

| 5,000 or Less | |
|---|---|
| Kent | 863 |
| Throckmorton | 1,704 |
| Stonewall | 1,807 |
| Shackelford | 3,335 |
| Knox | 4,309 |
| Fisher | 4,352 |
| | |
| | |
| | |
| | |
| | |

# Data Request 2000

The Data Request used to gather information from telecommunications providers requested the information outlined below, broken out into the above geographic and size regions when indicated:

### *General Information:*

Name of the Certificated Telecommunication Utility (CTU) (not the d/b/a name)

Whether company is an ILEC or a CLEC

Type of certificate your company holds: (CCN, SPCOA, or COA)

Contact Person: (Street Address, City, Zip Code, Phone Number, Fax Number, Email Address)

### *Statewide Information (For 1998 & 1999):*

Basic Local Exchange Service Revenue

Percentage of [a] that is Residential Service

Services typically included with the company's basic local service rate.

### *Long Distance (For 1997, 1998, & 1999):*

- Intrastate originating switched access minutes of use purchased (Statewide):
- AT&T, MCIW, SPRINT
- All Others

- Long Distance Revenues (Statewide)
- IntraLATA MTS 1+
- IntraLATA MTS not 1+
- InterLATA Intrastate
- Intrastate WATS (Inward - e.g., 800 services)
- Intrastate WATS (Outbound)

### *Statewide Infrastructure & Universal Service (all CTUs) (For Year End 1998 & 1999):*

A. Universal Service
- # of households participating in Tel-Assistance
- # of households participating in Link-Up America
- # of households participating in other lifeline programs

B. BETRS technology
- # of customers served by BETRS technology
- Names of exchanges that used the BETRS technology in 1999.

C. # of local switches deployed by exchange size (Statewide):
(classified by # of working access lines in basic local exchange calling scope)

- Number of lines for the following exchange size categories:
  <3,000 lines, 3,000 - 31,000, 31,001 - 100,000, 100K - 300K, Over 300K

D. Switch distribution (Statewide):

- # of switches providing only local service
- # of switches providing combined Toll & Local, Toll Only, or Tandem EAS/ Toll

### *Retail, for each of the following categories: Category 1 Residential Lines, Category 2 Non-Residential Lines, Category 3 Point-to-Point (all CTUs):*

**(By Regional Group & Population Category)**

- # of access lines entirely provided using your own network facilities
- # of access lines entirely provided by purchasing retail services at wholesale discount
- # of access lines provided by purchasing UNEs
- Annual revenues from respective category (Category 1, 2, 3)

### *Interconnection Trunks (CLECs Only) and Payphones (all CTUs) (For 1998 & 1999):*

**(By Regional Group & Population Category)**

**CLECs Only:**
- Total # of voice-grade equivalent interconnection circuits you have with ILECs
- □ Total # of voice-grade equivalent interconnection circuits you have with Non-ILECs

All CTUs:
- # of payphones provided by your CTU
- #of payphone lines provided by your CTU to payphone providers

### *Wholesale Services – UNE Loops:*

**(By Regional Group & Population Category & in # of Units and Revenue for 1998 & 1999)**

- Lines provided under a UNE loop arrangement where your company DID NOT provide switching for the line.
- Lines provided under a UNE loop arrangement where your company DID provide switching for the line.

### *Wholesale Services- Resale & Other Information:*

**(By Regional Group & Population Category & in # of Units and Revenues for 1998 & 1999)**

- Lines Provided Under Total Service Resale Agreements.
- Interconnection Trunks

### *Wholesale Services – Dark Fibers, Collocation and Other Information:*

(By Population Category & in # of Units & Revenues for 1998 & 1999)

- Dark Fiber UNE Arrangements
- Collocation
- # of IXC Customers Purchasing FGD Access

### *Infrastructure by Region (For 1998 & 1999:*

- Regional Group
- Population Category
- Net Investment in Plant Facilities (Year-End)
- Annual Construction Expenditures
- Percentage of Annual Construction Expenditure for that is for the provision of local exchange service.

### *Advanced Services Report:*

- Regional Group
- Population Category
- Total # of access lines
- # of ISDN-BRI access lines
- # of T-1 access lines
- # of xDSL access lines
- # of other access lines >200Kbps (downlink)
- # of all access lines >200Kbps (downlink) provided within a radius of 18Kf from the CO
- % of COs that are SS7 Capable
- % of CO w/ digital switch
- # of fiber loops end to end
- # of copper loops end to end (<12Kf, 12Kf-18Kf, >18Kf)
- Avg. length of a copper loop end to end (in ft.)
- # of DLC loops
- Avg. DLC loop length (in ft.)
- # of WLL loops
- Max. downlink data rate for WLL loops
- % of COs providing xDSL services?
- % of COs for which a xDSL study was done?
- Estimated date in which xDSL services will be offered (MM/YY)
- % of COs for which no estimated date for xDSL services is available?
- List all the COs (by CLLI) without an ISP retail customer served by the reporting carrier

### *General Access Revenue, MOU Data and Access Line Count (1995 to 1999 and 01/00 to 04/00):*

- Total Revenues: Switched and Special
- Total Minutes of Use (Switched)
- Total number of access lines (residential and non-residential) providing service to end use customers. Exclude private lines and provide total termination counts for PBX and Plexar (resale vs. wholesale).
- Total number of Special Access/Private lines/ Dedicated circuits (T1 capacity or greater and/or voice grade lines) provided to end use customers. (resale vs. wholesale).
- Total Number of Unbundled Loops

# APPENDIX I: SOCIOECONOMIC PROFILE OF TEXAS

The following subsections profile the population, population density, and *per capita* income of Texas by county or region for this report, which is consistent with the breakdown of the data by region used in the data collection instrument.

## Population

The population of Texas as of January 1, 1999, was 19.9 million. (See Table 33) Though Texas is a large state geographically, much of its population is clustered in urban areas. The Large Metro areas had a population of 9.4 million, or nearly half of the population of Texas. Together, the Suburban and Large Metro areas represent nearly 60% of the Texas population. The Small and Medium Metro areas of Texas represent about one fifth of the Texas population, as do the Rural areas of Texas.

**Table 33 – Texas Population by Group**

| Group | Description | 1990 | 1999 | Percent of Total in 1999 | Growth Rate 1990-1999 |
|---|---|---|---|---|---|
| 1 | Large Metro | 8,194,425 | 9,439,438 | 47.4% | 15.2% |
| 2 | Suburban | 1,493,837 | 2,161,912 | 10.8% | 44.7% |
| 3 | Medium and Small Metro | 3,319,290 | 3,851,471 | 19.3% | 16.0% |
| 4 | Rural | 3,978,783 | 4,472,756 | 22.4% | 12.4% |
| Total | State of Texas | 16,986,335 | 19,925,577 | 100.0% | 17.3% |

Source: Texas State Data Center

The population of Texas has been growing rapidly in the past decade, especially in the Suburban areas. The population of Texas grew from 17.0 million in 1990 to 19.9 million in 1999, an increase of 17.3 percent overall, but the Suburban areas grew 44.7%. Growth in each of the other three categories was shared rather evenly, at levels near the statewide average.

However, within the Rural category, the growth rates varied widely, as can be observed in the table below. Of the 4.5 million people living in Rural areas of Texas in 1999, 72.4 percent lived in counties with a population of 20,000 or more residents. Those counties saw population growth of 15.3 percent. Only 138,000 people, or less than one percent of the population of Texas, lived in counties that had 5,000 people or fewer, and those counties saw an actual decrease in population of 0.6%.

**Table 34 – Population in Rural Areas of Texas by Size of County**

| Population in 1999 | 1990 | 1999 | Percent of Rural in 1999 | Growth Rate 1990-1999 |
|---|---|---|---|---|
| 20,001 - 100,000 | 2,807,429 | 3,236,801 | 72.4% | 15.3% |
| 5,001 - 20,000 | 1,032,327 | 1,097,771 | 24.5% | 6.3% |
| 0 to 5,000 | 139,027 | 138,184 | 3.1% | -0.6% |
| Rural Total | 3,978,783 | 4,472,756 | 100.0% | 12.4% |

Source: Texas State Data Center

## Population Density

Figure 16 shows population density by county for Texas in 1999. Not surprisingly, population density is high along the I35 corridor from San Antonio to the Oklahoma border, in the Houston/Galveston area, and in El Paso. Population densities are much higher on average in rural areas of East Texas than in rural areas of West Texas, with many counties in West Texas having fewer than five people per square mile.

## Income

Figure 17 shows the *per capita* income by county for Texas in 1998. The wealthiest areas in Texas (incomes greater than $25,000) are metropolitan areas of Dallas / Fort Worth, Houston, and Austin. Other areas of the state showing high *per capita* incomes are areas associated with the oil industry: the northern Panhandle and Midland County in West Texas, and Smith County (Tyler metro area) in East Texas. Income in the oil-producing areas is more volatile than in the Large Metropolitan areas of Texas. The poorest areas in the state (incomes less than $13,500) are adjacent to or near the Rio Grande Valley and in West Texas.

**Figure 16 – Population Density of Texas by County in 1999**

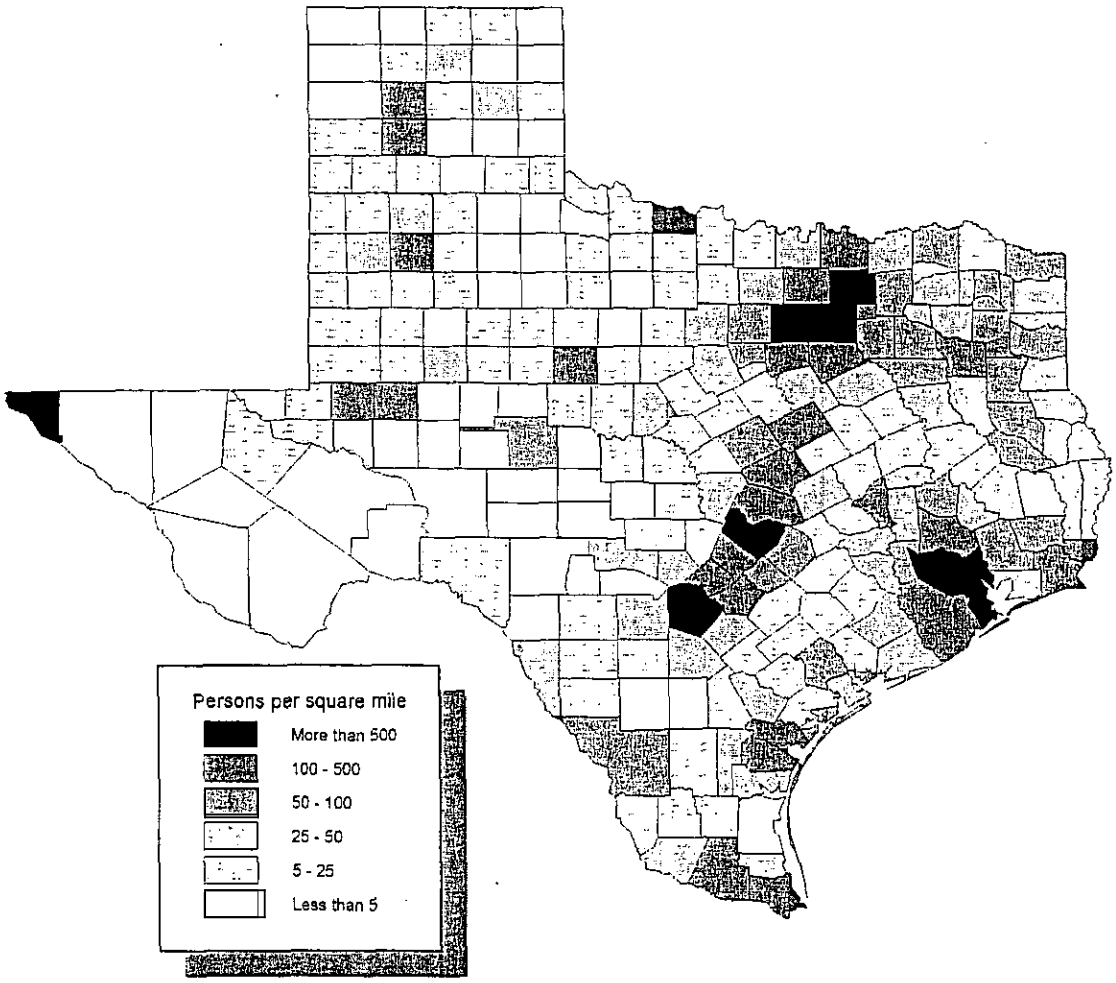
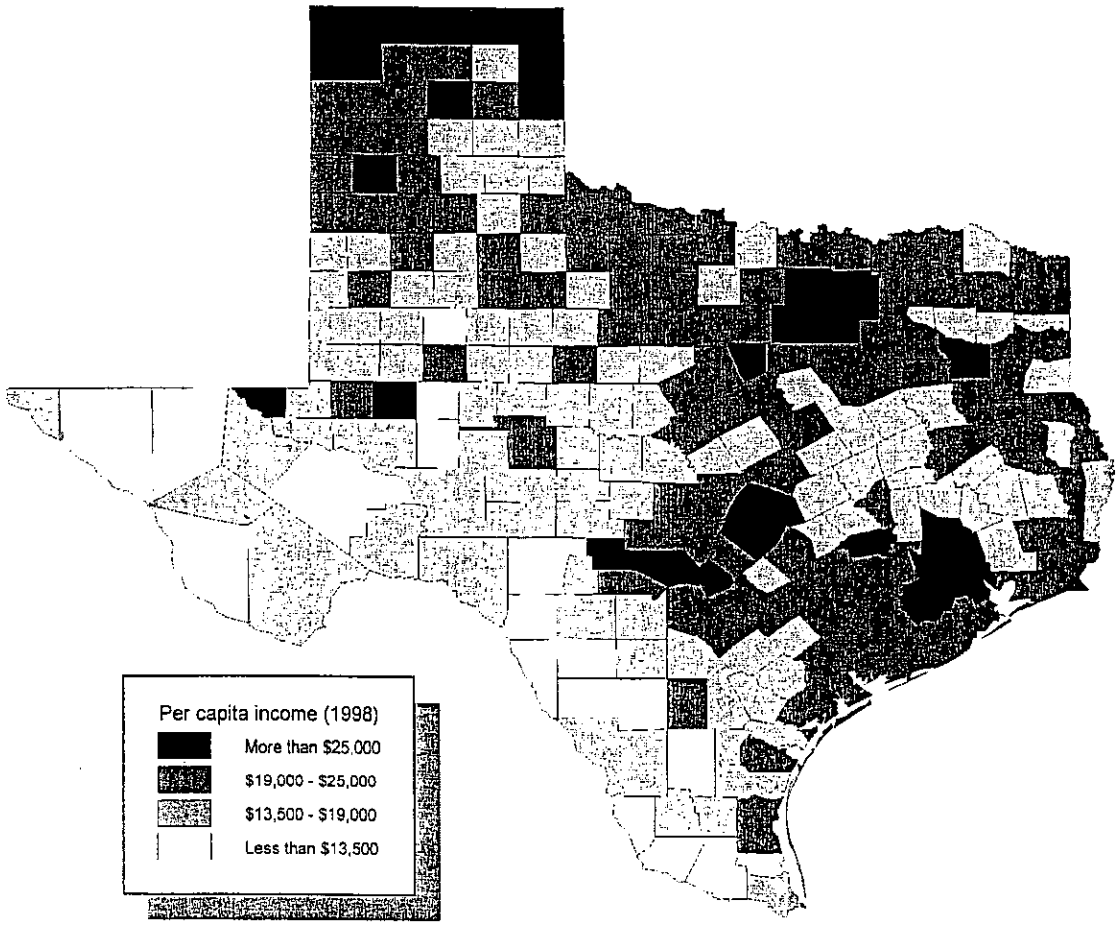


**Figure 17 – Per Capita Income of Texas by County in 1998**



# APPENDIX J: ILEC AND CLEC COMPARATIVE DATA

The following four tables contain summary comparisons of ILEC and CLEC access lines and revenues for year-end 1998 and 1999, as reported by the carriers in their responses to the PUC's data request. For the purpose of these tables, residential and business data are combined.

**Table 35 – Comparison of 1998 ILEC and CLEC Access Lines**

| Regional Group | Population Category | 1998 Residential & Business Lines | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| Large Metro (Group 1) | Over 600,000 | 5,780,957 | 97.0 | 179,921 | 3.0 | 5,960,878 |
| Suburban (Group 2) | Near Metro | 844,456 | 96.9 | 27,136 | 3.1 | 871,592 |
| Small and Medium Metro (Group3) | Large - Other | 1,782,022 | 98.6 | 25,491 | 1.4 | 1,807,513 |
| Alamo Area Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Alamo Area Council of Governments | 5,001-20,000 | 66,579 | 99.9 | 34 | 0.1 | 66,613 |
| Alamo Area Council of Governments | 20,001-100,000 | 204,545 | 99.9 | 215 | 0.1 | 204,760 |
| Ark-Tex Council of Governments | 1-5,000 | 531 | 100.0 | 0 | 0.0 | 531 |
| Ark-Tex Council of Governments | 5,001-20,000 | 36,728 | 100.0 | 2 | 0.0 | 36,730 |
| Ark-Tex Council of Governments | 20,001-100,000 | 116,084 | 99.9 | 59 | 0.1 | 116,143 |
| Brazos Valley Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Brazos Valley Council of Governments | 5,001-20,000 | 31,354 | 99.7 | 101 | 0.3 | 31,455 |
| Brazos Valley Council of Governments | 20,001-100,000 | 30,481 | 99.6 | 123 | 0.4 | 30,604 |
| Capital Area Planning Council | 1-5,000 | 0 | | 0 | | 0 |
| Capital Area Planning Council | 5,001-20,000 | 21,783 | 99.8 | 35 | 0.2 | 21,818 |
| Capital Area Planning Council | 20,001-100,000 | 122,114 | 99.9 | 64 | 0.1 | 122,178 |
| Central Texas Council of Governments | 1-5,000 | 22,232 | 100.0 | 2 | 0.0 | 22,234 |
| Central Texas Council of Governments | 5,001-20,000 | 50,107 | 100.0 | 16 | 0.0 | 50,123 |
| Central Texas Council of Governments | 20,001-100,000 | 75,729 | 99.9 | 54 | 0.1 | 75,783 |
| Coastal Bend Council of Governments | 1-5,000 | 612 | 100.0 | 0 | 0.0 | 612 |
| Coastal Bend Council of Governments | 5,001-20,000 | 17,624 | 99.6 | 63 | 0.4 | 17,687 |
| Coastal Bend Council of Governments | 20,001-100,000 | 126,419 | 99.8 | 244 | 0.2 | 126,663 |
| Concho Valley Council of Governments | 1-5,000 | 21,300 | 99.7 | 61 | 0.3 | 21,361 |
| Concho Valley Council of Governments | 5,001-20,000 | 3,907 | 99.9 | 5 | 0.1 | 3,912 |
| Concho Valley Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 5,001-20,000 | 22,072 | 99.2 | 188 | 0.8 | 22,260 |
| Deep East Texas Council of Governments | 20,001-100,000 | 362,679 | 99.7 | 1,063 | 0.3 | 363,742 |
| East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| East Texas Council of Governments | 5,001-20,000 | 79,543 | 100.0 | 4 | 0.0 | 79,547 |
| East Texas Council of Governments | 20,001-100,000 | 170,923 | 99.9 | 148 | 0.1 | 171,071 |
| Golden Crescent Regional Planning Com. | 1-5,000 | 0 | | 0 | | 0 |
| Golden Crescent Regional Planning Com. | 5,001-20,000 | 36,775 | 99.8 | 66 | 0.2 | 36,841 |
| Golden Crescent Regional Planning Com. | 20,001-100,000 | 57,635 | 99.8 | 88 | 0.2 | 57,723 |

| Regional Group | Population Category | 1998 Residential & Business Lines | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| Heart of Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Heart of Texas Council of Governments | 5,001-20,000 | 57,714 | 99.9 | 46 | 0.1 | 57,760 |
| Heart of Texas Council of Governments | 20,001-100,000 | 35,690 | 99.8 | 54 | 0.2 | 35,744 |
| Houston-Galveston Area Council | 1-5,000 | 0 | | 0 | | 0 |
| Houston-Galveston Area Council | 5,001-20,000 | 10,747 | 99.4 | 70 | 0.6 | 10,817 |
| Houston-Galveston Area Council | 20,001-100,000 | 305,197 | 98.2 | 5,726 | 1.8 | 310,923 |
| Middle Rio Grande Development Council | 1-5,000 | 7,260 | 99.8 | 16 | 0.2 | 7,276 |
| Middle Rio Grande Development Council | 5,001-20,000 | 10,566 | 99.8 | 23 | 0.2 | 10,589 |
| Middle Rio Grande Development Council | 20,001-100,000 | 47,360 | 99.9 | 57 | 0.1 | 47,417 |
| North Central Texas Council of Gov'ts | 1-5,000 | 0 | | 0 | | 0 |
| North Central Texas Council of Gov'ts | 5,001-20,000 | 30,759 | 99.9 | 20 | 0.1 | 30,779 |
| North Central Texas Council of Gov'ts | 20,001-100,000 | 1,044,665 | 99.9 | 873 | 0.1 | 1,045,538 |
| North Texas Regional Planning Com. | 1-5,000 | 10,397 | 99.4 | 59 | 0.6 | 10,456 |
| North Texas Regional Planning Com. | 5,001-20,000 | 49,364 | 99.0 | 522 | 1.0 | 49,886 |
| North Texas Regional Planning Com. | 20,001-100,000 | 0 | | 0 | | 0 |
| Panhandle Regional Planning Commission | 1-5,000 | 17,395 | 91.1 | 1,706 | 8.9 | 19,101 |
| Panhandle Regional Planning Commission | 5,001-20,000 | 59,910 | 97.4 | 1,602 | 2.6 | 61,512 |
| Panhandle Regional Planning Commission | 20,001-100,000 | 36,776 | 98.4 | 596 | 1.6 | 37,372 |
| Permian Basin Regional Planning Com. | 1-5,000 | 7,664 | 99.8 | 15 | 0.2 | 7,679 |
| Permian Basin Regional Planning Com. | 5,001-20,000 | 45,037 | 98.8 | 551 | 1.2 | 45,588 |
| Permian Basin Regional Planning Com. | 20,001-100,000 | 15,079 | 98.6 | 216 | 1.4 | 15,295 |
| Rio Grande Council of Governments | 1-5,000 | 6,665 | 100.0 | 0 | 0.0 | 6,665 |
| Rio Grande Council of Governments | 5,001-20,000 | 286 | 98.3 | 5 | 1.7 | 291 |
| Rio Grande Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| South Plains Association of Governments | 1-5,000 | 3,827 | 99.8 | 7 | 0.2 | 3,834 |
| South Plains Association of Governments | 5,001-20,000 | 30,595 | 99.7 | 101 | 0.3 | 30,696 |
| South Plains Association of Governments | 20,001-100,000 | 31,169 | 99.0 | 327 | 1.0 | 31,496 |
| South Texas Development Council | 1-5,000 | 2,520 | 99.5 | 12 | 0.5 | 2,532 |
| South Texas Development Council | 5,001-20,000 | 10,150 | 99.9 | 12 | 0.1 | 10,162 |
| South Texas Development Council | 20,001-100,000 | 16,461 | 99.7 | 44 | 0.3 | 16,505 |
| Texoma Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 5,001-20,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 20,001-100,000 | 33,544 | 99.9 | 30 | 0.1 | 33,574 |
| West Central Texas Council of Gov'ts | 1-5,000 | 22,465 | 99.9 | 13 | 0.1 | 22,478 |
| West Central Texas Council of Gov'ts | 5,001-20,000 | 80,299 | 99.7 | 246 | 0.3 | 80,545 |
| West Central Texas Council of Gov'ts | 20,001-100,000 | 20,361 | 99.8 | 34 | 0.2 | 20,395 |
| | | 12,135,113 | 98.0 | 248,166 | 2.0 | 12,383,279 |

## Table 36 – Comparison of 1999 ILEC and CLEC Access Lines

| Regional Group | Population Category | 1999 Residential & Business Lines | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| Large Metro (Group 1) | Over 600,000 | 5,908,139 | 91.8 | 530,393 | 8.2 | 6,438,532 |
| Suburban (Group 2) | Near Metro | 895,389 | 88.6 | 115,644 | 11.4 | 1,011,033 |
| Small and Medium Metro (Group3) | Other Large | 1,846,335 | 94.7 | 102,685 | 5.3 | 1,949,020 |
| Alamo Area Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Alamo Area Council of Governments | 5,001-20,000 | 69,611 | 99.2 | 536 | 0.8 | 70,147 |
| Alamo Area Council of Governments | 20,001-100,000 | 215,998 | 99.3 | 1,472 | 0.7 | 217,470 |
| Ark-Tex Council of Governments | 1-5,000 | 550 | 77.9 | 156 | 22.1 | 706 |
| Ark-Tex Council of Governments | 5,001-20,000 | 36,535 | 99.0 | 387 | 1.0 | 36,922 |
| Ark-Tex Council of Governments | 20,001-100,000 | 121,241 | 99.1 | 1,117 | 0.9 | 122,358 |
| Brazos Valley Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Brazos Valley Council of Governments | 5,001-20,000 | 32,617 | 98.2 | 598 | 1.8 | 33,215 |
| Brazos Valley Council of Governments | 20,001-100,000 | 32,002 | 97.3 | 874 | 2.7 | 32,876 |
| Capital Area Planning Council | 1-5,000 | 0 | | 0 | | 0 |
| Capital Area Planning Council | 5,001-20,000 | 22,995 | 97.6 | 556 | 2.4 | 23,551 |
| Capital Area Planning Council | 20,001-100,000 | 129,578 | 99.2 | 984 | 0.8 | 130,562 |
| Central Texas Council of Governments | 1-5,000 | 23,477 | 99.8 | 58 | 0.2 | 23,535 |
| Central Texas Council of Governments | 5,001-20,000 | 51,408 | 99.3 | 353 | 0.7 | 51,761 |
| Central Texas Council of Governments | 20,001-100,000 | 79,762 | 99.2 | 631 | 0.8 | 80,393 |
| Coastal Bend Council of Governments | 1-5,000 | 632 | 55.4 | 509 | 44.6 | 1,141 |
| Coastal Bend Council of Governments | 5,001-20,000 | 17,879 | 99.0 | 185 | 1.0 | 18,064 |
| Coastal Bend Council of Governments | 20,001-100,000 | 140,152 | 99.1 | 1,281 | 0.9 | 141,433 |
| Concho Valley Council of Governments | 1-5,000 | 21,278 | 98.6 | 301 | 1.4 | 21,579 |
| Concho Valley Council of Governments | 5,001-20,000 | 3,984 | 99.3 | 27 | 0.7 | 4,011 |
| Concho Valley Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 5,001-20,000 | 22,775 | 96.3 | 879 | 3.7 | 23,654 |
| Deep East Texas Council of Governments | 20,001-100,000 | 378,217 | 98.7 | 5,156 | 1.3 | 383,373 |
| East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| East Texas Council of Governments | 5,001-20,000 | 82,525 | 99.3 | 556 | 0.7 | 83,081 |
| East Texas Council of Governments | 20,001-100,000 | 180,258 | 99.1 | 1,647 | 0.9 | 181,905 |
| Golden Crescent Regional Planning Com. | 1-5,000 | 0 | | 0 | | 0 |
| Golden Crescent Regional Planning Com. | 5,001-20,000 | 38,310 | 99.1 | 365 | 0.9 | 38,675 |
| Golden Crescent Regional Planning Com. | 20,001-100,000 | 59,392 | 98.8 | 733 | 1.2 | 60,125 |
| Heart of Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Heart of Texas Council of Governments | 5,001-20,000 | 59,312 | 99.4 | 340 | 0.6 | 59,652 |
| Heart of Texas Council of Governments | 20,001-100,000 | 37,961 | 98.4 | 634 | 1.6 | 38,595 |
| Houston-Galveston Area Council | 1-5,000 | 0 | | 0 | | 0 |
| Houston-Galveston Area Council | 5,001-20,000 | 11,166 | 95.5 | 522 | 4.5 | 11,688 |
| Houston-Galveston Area Council | 20,001-100,000 | 316,596 | 97.4 | 8,335 | 2.6 | 324,931 |
| Middle Rio Grande Development Council | 1-5,000 | 7,710 | 98.4 | 124 | 1.6 | 7,834 |
| Middle Rio Grande Development Council | 5,001-20,000 | 10,916 | 97.5 | 280 | 2.5 | 11,196 |
| Middle Rio Grande Development Council | 20,001-100,000 | 48,858 | 99.0 | 495 | 1.0 | 49,353 |
| North Central Texas Council of Gov'ts | 1-5,000 | 0 | | 0 | | 0 |
| North Central Texas Council of Gov'ts | 5,001-20,000 | 32,756 | 98.0 | 683 | 2.0 | 33,439 |
| North Central Texas Council of Gov'ts | 20,001-100,000 | 1,084,092 | 99.3 | 8,014 | 0.7 | 1,092,106 |
| North Texas Regional Planning Com. | 1-5,000 | 10,500 | 93.8 | 698 | 6.2 | 11,198 |
| North Texas Regional Planning Com. | 5,001-20,000 | 51,030 | 97.8 | 1,167 | 2.2 | 52,197 |

| Regional Group | Population Category | 1999 Residential & Business Lines | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| North Texas Regional Planning Com. | 20,001-100,000 | 0 | | 0 | | 0 |
| Panhandle Regional Planning Commission | 1-5,000 | 17,464 | 71.5 | 6,953 | 28.5 | 24,417 |
| Panhandle Regional Planning Commission | 5,001-20,000 | 59,657 | 93.9 | 3,865 | 6.1 | 63,522 |
| Panhandle Regional Planning Commission | 20,001-100,000 | 39,321 | 96.3 | 1,494 | 3.7 | 40,815 |
| Permian Basin Regional Planning Com. | 1-5,000 | 7,759 | 93.6 | 534 | 6.4 | 8,293 |
| Permian Basin Regional Planning Com. | 5,001-20,000 | 45,454 | 97.4 | 1,234 | 2.6 | 46,688 |
| Permian Basin Regional Planning Com. | 20,001-100,000 | 15,243 | 94.8 | 828 | 5.2 | 16,071 |
| Rio Grande Council of Governments | 1-5,000 | 7,016 | 98.4 | 117 | 1.6 | 7,133 |
| Rio Grande Council of Governments | 5,001-20,000 | 285 | 75.8 | 91 | 24.2 | 376 |
| Rio Grande Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| South Plains Association of Governments | 1-5,000 | 3,874 | 97.1 | 117 | 2.9 | 3,991 |
| South Plains Association of Governments | 5,001-20,000 | 30,969 | 98.6 | 449 | 1.4 | 31,418 |
| South Plains Association of Governments | 20,001-100,000 | 31,774 | 96.2 | 1,256 | 3.8 | 33,030 |
| South Texas Development Council | 1-5,000 | 2,528 | 90.2 | 276 | 9.8 | 2,804 |
| South Texas Development Council | 5,001-20,000 | 10,226 | 95.5 | 487 | 4.5 | 10,713 |
| South Texas Development Council | 20,001-100,000 | 16,887 | 97.6 | 409 | 2.4 | 17,296 |
| Texoma Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 5,001-20,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 20,001-100,000 | 35,594 | 99.1 | 315 | 0.9 | 35,909 |
| West Central Texas Council of Gov'ts | 1-5,000 | 22,889 | 98.0 | 471 | 2.0 | 23,360 |
| West Central Texas Council of Gov'ts | 5,001-20,000 | 81,972 | 98.4 | 1,304 | 1.6 | 83,276 |
| West Central Texas Council of Gov'ts | 20,001-100,000 | 21,155 | 96.9 | 684 | 3.1 | 21,839 |
| | | 12,532,003 | 93.9 | 810,259 | 6.1 | 13,342,262 |

Source: Public Utility Commission

## Table 37 – Comparison of 1998 ILEC and CLEC Revenues

| Regional Group | Population Category | 1998 Residential & Business Revenue | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| Large Metro (Group 1) | Over 600,000 | 1,140,090,685 | 95.3 | 56,098,286 | 4.7 | 1,196,188,971 |
| Suburban (Group 2) | Near Metro | 140,049,684 | 91.1 | 13,636,940 | 8.9 | 153,686,624 |
| Small and Medium Metro (Group3) | Other Large | 312,839,808 | 96.7 | 10,539,058 | 3.3 | 323,378,865 |
| Alamo Area Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Alamo Area Council of Governments | 5,001-20,000 | 10,150,390 | 99.8 | 24,834 | 0.2 | 10,175,224 |
| Alamo Area Council of Governments | 20,001-100,000 | 36,694,154 | 99.8 | 68,016 | 0.2 | 36,762,170 |
| Ark-Tex Council of Governments | 1-5,000 | 139,141 | 99.8 | 266 | 0.2 | 139,407 |
| Ark-Tex Council of Governments | 5,001-20,000 | 5,342,550 | 100.0 | 0 | 0.0 | 5,342,550 |
| Ark-Tex Council of Governments | 20,001-100,000 | 16,043,924 | 99.9 | 16,077 | 0.1 | 16,060,001 |
| Brazos Valley Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Brazos Valley Council of Governments | 5,001-20,000 | 4,084,422 | 99.3 | 29,729 | 0.7 | 4,114,151 |
| Brazos Valley Council of Governments | 20,001-100,000 | 3,273,953 | 98.6 | 46,811 | 1.4 | 3,320,764 |
| Capital Area Planning Council | 1-5,000 | 0 | | 0 | | 0 |
| Capital Area Planning Council | 5,001-20,000 | 2,461,242 | 100.0 | 777 | 0.0 | 2,462,019 |
| Capital Area Planning Council | 20,001-100,000 | 16,537,940 | 99.9 | 20,738 | 0.1 | 16,558,678 |
| Central Texas Council of Governments | 1-5,000 | 175,074 | 99.8 | 313 | 0.2 | 175,387 |
| Central Texas Council of Governments | 5,001-20,000 | 3,688,940 | 99.9 | 3,311 | 0.1 | 3,692,251 |
| Central Texas Council of Governments | 20,001-100,000 | 3,345,020 | 99.6 | 13,571 | 0.4 | 3,358,591 |
| Coastal Bend Council of Governments | 1-5,000 | 72,799 | 100.0 | 0 | 0.0 | 72,799 |
| Coastal Bend Council of Governments | 5,001-20,000 | 2,413,105 | 99.4 | 14,416 | 0.6 | 2,427,521 |
| Coastal Bend Council of Governments | 20,001-100,000 | 20,453,845 | 99.8 | 39,376 | 0.2 | 20,493,221 |
| Concho Valley Council of Governments | 1-5,000 | 2,347,822 | 99.5 | 11,963 | 0.5 | 2,359,785 |
| Concho Valley Council of Governments | 5,001-20,000 | 492,341 | 99.9 | 432 | 0.1 | 492,773 |
| Concho Valley Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 5,001-20,000 | 2,360,648 | 95.4 | 115,098 | 4.6 | 2,475,746 |
| Deep East Texas Council of Governments | 20,001-100,000 | 59,525,362 | 98.6 | 816,367 | 1.4 | 60,341,729 |
| East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| East Texas Council of Governments | 5,001-20,000 | 7,339,735 | 100.0 | 1,835 | 0.0 | 7,341,570 |
| East Texas Council of Governments | 20,001-100,000 | 17,586,922 | 99.7 | 49,858 | 0.3 | 17,636,780 |
| Golden Crescent Regional Planning Com. | 1-5,000 | 0 | | 0 | | 0 |
| Golden Crescent Regional Planning Com. | 5,001-20,000 | 5,982,958 | 99.6 | 24,485 | 0.4 | 6,007,443 |
| Golden Crescent Regional Planning Com. | 20,001-100,000 | 10,022,442 | 99.6 | 39,569 | 0.4 | 10,062,011 |
| Heart of Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Heart of Texas Council of Governments | 5,001-20,000 | 8,727,865 | 99.8 | 17,654 | 0.2 | 8,745,519 |
| Heart of Texas Council of Governments | 20,001-100,000 | 4,280,287 | 92.2 | 362,684 | 7.8 | 4,642,971 |
| Houston-Galveston Area Council | 1-5,000 | 0 | | 0 | | 0 |
| Houston-Galveston Area Council | 5,001-20,000 | 1,745,908 | 98.8 | 20,551 | 1.2 | 1,766,459 |
| Houston-Galveston Area Council | 20,001-100,000 | 53,536,054 | 77.4 | 15,646,508 | 22.6 | 69,182,562 |
| Middle Rio Grande Development Council | 1-5,000 | 927,210 | 99.4 | 5,262 | 0.6 | 932,471 |
| Middle Rio Grande Development Council | 5,001-20,000 | 1,823,386 | 99.6 | 7,744 | 0.4 | 1,831,130 |
| Middle Rio Grande Development Council | 20,001-100,000 | 7,484,710 | 99.8 | 12,889 | 0.2 | 7,497,599 |
| North Central Texas Council of Gov'ts | 1-5,000 | 0 | | 0 | | 0 |
| North Central Texas Council of Gov'ts | 5,001-20,000 | 467,797 | 99.0 | 4,651 | 1.0 | 472,448 |
| North Central Texas Council of Gov'ts | 20,001-100,000 | 185,095,079 | 99.7 | 537,406 | 0.3 | 185,632,485 |
| North Texas Regional Planning Com. | 1-5,000 | 1,104,402 | 98.9 | 12,002 | 1.1 | 1,116,404 |

| Regional Group | Population Category | 1998 Residential & Business Revenue | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| North Texas Regional Planning Com. | 5,001-20,000 | 7,396,129 | 95.5 | 345,013 | 4.5 | 7,741,142 |
| North Texas Regional Planning Com. | 20,001-100,000 | 0 | | 0 | | 0 |
| Panhandle Regional Planning Commission | 1-5,000 | 2,433,234 | 99.2 | 19,593 | 0.8 | 2,452,827 |
| Panhandle Regional Planning Commission | 5,001-20,000 | 8,822,532 | 98.1 | 174,631 | 1.9 | 8,997,163 |
| Panhandle Regional Planning Commission | 20,001-100,000 | 6,203,179 | 98.5 | 95,632 | 1.5 | 6,298,811 |
| Permian Basin Regional Planning Com. | 1-5,000 | 1,194,487 | 99.6 | 4,266 | 0.4 | 1,198,754 |
| Permian Basin Regional Planning Com. | 5,001-20,000 | 7,009,440 | 98.3 | 123,384 | 1.7 | 7,132,824 |
| Permian Basin Regional Planning Com. | 20,001-100,000 | 2,756,921 | 98.7 | 37,256 | 1.3 | 2,794,177 |
| Rio Grande Council of Governments | 1-5,000 | 726,415 | 100.0 | 302 | 0.0 | 726,717 |
| Rio Grande Council of Governments | 5,001-20,000 | 47,354 | 97.3 | 1,334 | 2.7 | 48,688 |
| Rio Grande Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| South Plains Association of Governments | 1-5,000 | 527,681 | 99.9 | 762 | 0.1 | 528,443 |
| South Plains Association of Governments | 5,001-20,000 | 4,642,442 | 97.0 | 142,889 | 3.0 | 4,785,331 |
| South Plains Association of Governments | 20,001-100,000 | 4,476,652 | 97.8 | 101,288 | 2.2 | 4,577,940 |
| South Texas Development Council | 1-5,000 | 447,893 | 99.9 | 576 | 0.1 | 448,469 |
| South Texas Development Council | 5,001-20,000 | 1,396,606 | 99.8 | 2,633 | 0.2 | 1,399,239 |
| South Texas Development Council | 20,001-100,000 | 2,049,154 | 99.8 | 3,544 | 0.2 | 2,052,698 |
| Texoma Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 5,001-20,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 20,001-100,000 | 4,867,019 | 99.8 | 9,900 | 0.2 | 4,876,919 |
| West Central Texas Council of Gov'ts | 1-5,000 | 3,595,314 | 99.9 | 2,297 | 0.1 | 3,597,611 |
| West Central Texas Council of Gov'ts | 5,001-20,000 | 10,963,546 | 99.5 | 51,243 | 0.5 | 11,014,789 |
| West Central Texas Council of Gov'ts | 20,001-100,000 | 2,508,395 | 99.7 | 8,221 | 0.3 | 2,516,616 |
| | | 2,160,771,998 | 95.6 | 99,364,239 | 4.4 | 2,260,136,236 |

## Table 38 – Comparison of 1999 ILEC and CLEC Revenues

| Regional Group | Population Category | 1999 Residential & Business Revenue | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| Large Metro (Group 1) | Over 600,000 | 1,187,016,172 | 88.3 | 156,742,378 | 11.7 | 1,343,758,549 |
| Suburban (Group 2) | Near Metros | 149,507,742 | 84.6 | 27,280,185 | 15.4 | 176,787,927 |
| Small and Medium Metro (Group3) | Other Large | 336,148,683 | 95.0 | 17,779,206 | 5.0 | 353,927,888 |
| Alamo Area Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Alamo Area Council of Governments | 5,001-20,000 | 11,004,238 | 99.7 | 32,274 | 0.3 | 11,036,512 |
| Alamo Area Council of Governments | 20,001-100,000 | 39,856,364 | 99.4 | 243,497 | 0.6 | 40,099,861 |
| Ark-Tex Council of Governments | 1-5,000 | 147,933 | 85.9 | 24,382 | 14.1 | 172,315 |
| Ark-Tex Council of Governments | 5,001-20,000 | 5,529,296 | 99.9 | 6,907 | 0.1 | 5,536,203 |
| Ark-Tex Council of Governments | 20,001-100,000 | 16,798,931 | 99.6 | 72,839 | 0.4 | 16,871,770 |
| Brazos Valley Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Brazos Valley Council of Governments | 5,001-20,000 | 4,481,279 | 98.8 | 54,569 | 1.2 | 4,535,848 |
| Brazos Valley Council of Governments | 20,001-100,000 | 3,498,711 | 96.8 | 114,756 | 3.2 | 3,613,467 |
| Capital Area Planning Council | 1-5,000 | 0 | | 0 | | 0 |
| Capital Area Planning Council | 5,001-20,000 | 2,702,055 | 99.9 | 2,639 | 0.1 | 2,704,694 |
| Capital Area Planning Council | 20,001-100,000 | 18,906,240 | 99.8 | 39,228 | 0.2 | 18,945,468 |
| Central Texas Council of Governments | 1-5,000 | 188,130 | 96.4 | 6,953 | 3.6 | 195,083 |
| Central Texas Council of Governments | 5,001-20,000 | 3,886,306 | 99.9 | 5,626 | 0.1 | 3,891,932 |
| Central Texas Council of Governments | 20,001-100,000 | 3,646,921 | 99.1 | 32,229 | 0.9 | 3,679,150 |
| Coastal Bend Council of Governments | 1-5,000 | 76,409 | 65.4 | 40,445 | 34.6 | 116,854 |
| Coastal Bend Council of Governments | 5,001-20,000 | 2,494,211 | 98.7 | 32,354 | 1.3 | 2,526,565 |
| Coastal Bend Council of Governments | 20,001-100,000 | 24,169,125 | 99.3 | 173,473 | 0.7 | 24,342,598 |
| Concho Valley Council of Governments | 1-5,000 | 2,438,134 | 98.5 | 37,837 | 1.5 | 2,475,971 |
| Concho Valley Council of Governments | 5,001-20,000 | 509,695 | 99.9 | 520 | 0.1 | 510,215 |
| Concho Valley Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Deep East Texas Council of Governments | 5,001-20,000 | 2,623,498 | 93.7 | 175,910 | 6.3 | 2,799,408 |
| Deep East Texas Council of Governments | 20,001-100,000 | 64,637,771 | 98.0 | 1,347,748 | 2.0 | 65,985,519 |
| East Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| East Texas Council of Governments | 5,001-20,000 | 7,637,866 | 99.7 | 25,227 | 0.3 | 7,663,093 |
| East Texas Council of Governments | 20,001-100,000 | 18,896,151 | 97.8 | 420,928 | 2.2 | 19,317,080 |
| Golden Crescent Regional Planning Com. | 1-5,000 | 0 | | 0 | | 0 |
| Golden Crescent Regional Planning Com. | 5,001-20,000 | 6,501,545 | 99.3 | 47,881 | 0.7 | 6,549,426 |
| Golden Crescent Regional Planning Com. | 20,001-100,000 | 10,679,028 | 99.5 | 49,139 | 0.5 | 10,728,167 |
| Heart of Texas Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Heart of Texas Council of Governments | 5,001-20,000 | 9,332,248 | 99.7 | 30,057 | 0.3 | 9,362,305 |
| Heart of Texas Council of Governments | 20,001-100,000 | 4,907,943 | 91.0 | 487,740 | 9.0 | 5,395,683 |
| Houston-Galveston Area Council | 1-5,000 | 0 | | 0 | | 0 |
| Houston-Galveston Area Council | 5,001-20,000 | 1,890,412 | 99.1 | 17,125 | 0.9 | 1,907,536 |
| Houston-Galveston Area Council | 20,001-100,000 | 58,366,721 | 76.7 | 17,773,325 | 23.3 | 76,140,046 |
| Middle Rio Grande Development Council | 1-5,000 | 1,005,136 | 98.4 | 16,386 | 1.6 | 1,021,522 |
| Middle Rio Grande Development Council | 5,001-20,000 | 1,941,259 | 98.7 | 24,976 | 1.3 | 1,966,235 |
| Middle Rio Grande Development Council | 20,001-100,000 | 7,859,484 | 98.7 | 107,017 | 1.3 | 7,966,502 |
| North Central Texas Council of Gov'ts | 1-5,000 | 0 | | 0 | | 0 |
| North Central Texas Council of Gov'ts | 5,001-20,000 | 576,771 | 97.0 | 17,677 | 3.0 | 594,448 |
| North Central Texas Council of Gov'ts | 20,001-100,000 | 199,114,966 | 99.5 | 966,023 | 0.5 | 200,080,990 |
| North Texas Regional Planning Com. | 1-5,000 | 1,153,738 | 96.1 | 47,422 | 3.9 | 1,201,160 |
| North Texas Regional Planning Com. | 5,001-20,000 | 8,014,638 | 92.0 | 692,698 | 8.0 | 8,707,336 |

| Regional Group | Population Category | 1999 Residential & Business Revenue | | | | |
|---|---|---|---|---|---|---|
| | | ILEC | % | CLEC | % | Total |
| North Texas Regional Planning Com. | 20,001-100,000 | 0 | | 0 | | 0 |
| Panhandle Regional Planning Commission | 1-5,000 | 2,490,847 | 94.9 | 132,773 | 5.1 | 2,623,620 |
| Panhandle Regional Planning Commission | 5,001-20,000 | 9,190,907 | 94.6 | 523,133 | 5.4 | 9,714,040 |
| Panhandle Regional Planning Commission | 20,001-100,000 | 7,077,551 | 94.9 | 380,662 | 5.1 | 7,458,212 |
| Permian Basin Regional Planning Com. | 1-5,000 | 1,298,189 | 99.0 | 12,763 | 1.0 | 1,310,952 |
| Permian Basin Regional Planning Com. | 5,001-20,000 | 7,354,664 | 97.9 | 158,446 | 2.1 | 7,513,110 |
| Permian Basin Regional Planning Com. | 20,001-100,000 | 2,905,050 | 94.8 | 160,565 | 5.2 | 3,065,615 |
| Rio Grande Council of Governments | 1-5,000 | 786,877 | 99.1 | 7,214 | 0.9 | 794,092 |
| Rio Grande Council of Governments | 5,001-20,000 | 48,825 | 88.5 | 6,320 | 11.5 | 55,145 |
| Rio Grande Council of Governments | 20,001-100,000 | 0 | | 0 | | 0 |
| South Plains Association of Governments | 1-5,000 | 560,331 | 98.7 | 7,416 | 1.3 | 567,747 |
| South Plains Association of Governments | 5,001-20,000 | 4,951,372 | 94.4 | 292,095 | 5.6 | 5,243,467 |
| South Plains Association of Governments | 20,001-100,000 | 4,774,550 | 93.7 | 320,341 | 6.3 | 5,094,891 |
| South Texas Development Council | 1-5,000 | 466,467 | 98.3 | 8,167 | 1.7 | 474,634 |
| South Texas Development Council | 5,001-20,000 | 1,488,720 | 99.0 | 15,510 | 1.0 | 1,504,230 |
| South Texas Development Council | 20,001-100,000 | 2,104,456 | 95.4 | 100,478 | 4.6 | 2,204,934 |
| Texoma Council of Governments | 1-5,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 5,001-20,000 | 0 | | 0 | | 0 |
| Texoma Council of Governments | 20,001-100,000 | 5,359,373 | 99.4 | 31,050 | 0.6 | 5,390,423 |
| West Central Texas Council of Gov'ts | 1-5,000 | 3,824,581 | 99.6 | 17,248 | 0.4 | 3,841,829 |
| West Central Texas Council of Gov'ts | 5,001-20,000 | 11,812,837 | 98.6 | 170,419 | 1.4 | 11,983,256 |
| West Central Texas Council of Gov'ts | 20,001-100,000 | 2,646,302 | 99.5 | 12,491 | 0.5 | 2,658,793 |
| | | 2,287,287,649 | 91.0 | 227,326,666 | 9.0 | 2,514,614,315 |

Source: Public Utility Commission

# APPENDIX K: THE SWBT MEGA-ARBITRATION

## ORIGINAL SOUTHWESTERN BELL TELEPHONE (SWBT) ARBITRATIONS: PUC DOCKET NOS. 16189, 16196, 16226, 16285 AND 16290.[123]

In 1996, pursuant to the FTA, five would-be competitors filed for arbitration of interconnection issues with SWBT. To facilitate administration, the Commission consolidated the petitions of these companies into one proceeding, informally termed the "SWBT mega-arbitration." In two different phases of hearings held in 1996 and 1997, the Commission heard testimony on issues that included performance standards, terms and conditions of reselling services and purchasing unbundled network elements (UNEs), services and elements that are subject to wholesale, reciprocal compensation, discounts for resold services, and prices for UNEs. The Commission issued its final awards in the mega-arbitration on September 30 and December 19, 1997; it also issued later clarifications of the awards. Some of the major issues decided in the SWBT mega-arbitration are as follows:

**The use of Total Element Long Run Incremental Cost (TELRIC) is the appropriate methodology for pricing UNEs.**

In its August 1996 local-competition rules, the Federal Communications Commission (FCC) decreed that state commissions should set UNE prices equal to the sum of the UNE's TELRIC and a "reasonable" share of forward-looking common costs. Accordingly, the PUC adopted this methodology. In July 1997, however, the 8th Circuit Court of Appeals, in *Iowa Utilities Board,*[124] ruled that states are able to choose their own pricing methodology, rather than be required to use the TELRIC methodology mandated by the FCC. Nevertheless, this ruling had no effect on the PUC's pricing methodology, because the PUC had developed an independent justification of the TELRIC methodology. The Commission determined that when retail-related costs such as advertising and billing were not considered, the total forward-looking economic costs

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[123] *Petition of MFS Communications Company, Inc., for Arbitration of Pricing of Unbundled Loops*, Docket No. 16189 (Feb. 27, 1998); *Petition of Teleport Communications Group, Inc. for Arbitration to Establish an Interconnection Agreement*, Docket No. 16196, (Feb. 27, 1998); *Petition of AT&T Communications of the Southwest, Inc. for Compulsory Arbitration to Establish an Interconnection Agreement Between AT&T and Southwestern Bell Telephone Company*, Docket No. 16226, (Feb. 27, 1998); *Petition of MCI Telecommunication Corporation and Its Affiliate MCI Metro Access Transmission Services, Inc. for Arbitration and Request for Mediation Under the Federal Telecommunications Act of 1996*, Docket No. 16285, (Feb. 27, 1998); *Petition of American Communications Services, Inc. and Its Local Exchange Operating Subsidiaries for Arbitration with SWBT Pursuant to the Telecommunications Act of 1996*, Docket No. 16290 (Feb. 27, 1998).

[124] *Iowa Utilities Board v. FCC*, 109 F.3d 418 (8th Cir. 1996). (In 1999 the U.S. Supreme Court upheld this ruling in *AT&T Corp. v. Iowa Utilities Board*, 525 U.S. 366, 371-372, 119 S. Ct. 721, 726-27 (1999)).

recovered by a company with prices equal to TELRIC plus an allocation of economic common costs would be equal to the total forward-looking economic costs recovered by a company with prices equal to the total service long run incremental cost (TSLRIC) plus an allocation of economic common costs. Because the Commission has a cost rule that provides guidelines for calculating TSLRIC and forward-looking common costs, and this standard is referred to multiple times in PURA, the Commission determined that it would be appropriate to mandate the use of TELRIC in calculating prices for UNEs. The Commission used this reasoning to set permanent TELRIC-based prices in the second Phase of the SWBT mega-arbitration.

**The loop UNE should be further unbundled into distribution and feeder portions.**

Believing that it would be economically prudent and competitively beneficial to allow subloop unbundling, the Commission exercised the option given by the FCC to further unbundle the loop element into feeder and distribution portions. Specifically, the Commission required SWBT to offer as unbundled elements (1) in the distribution segment, the loop segment extending between a remote-terminal site and the end-user's premises; (2) in the feeder segment, only the dark fiber and the 4-wire copper cable conditioned for DS-1 service; and (3) the digital loop carrier (a device for multiplexing, or combining, communication channels).

**SWBT should perform the work necessary to connect combinations of UNEs ordered by competitive carriers, and should be compensated for this work.**

The Commission held SWBT to its voluntary commitment to combine UNEs in lieu of providing competitors direct access to its network, and set rates that allowed SWBT to recover the forward-looking economic cost of performing the work for the CLECs.

**SWBT must offer all retail services for resale at a 21.6% avoided cost discount.**

The Commission determined that if SWBT were to provide service on a wholesale basis only, it would avoid an average of 21.6% of its current costs. In addition, the Commission determined that this discount should apply to all retail telecommunications service offerings, except promotional offerings of 90 days or less.

**Each local service provider, including SWBT, should absorb its own costs of providing interim number portability (INP).**

The Commission determined that few customers would be willing to change local-service providers without INP. The Commission also recognized that all facilities-based local service providers would have to incur (or already had incurred) costs related to implementing INP.

Later, the FCC decreed that all ILECs serving in the nation's 100 largest metropolitan statistical areas must implement permanent local number portability (LNP). Such implementation occurred in five phases, ending December 31, 1998. ILECs serving smaller communities are required to provide LNP if they receive a bona fide request. ILECs are allowed to recover their LNP implementation costs by assessing a monthly flat

fee on all of their access lines, for a period not to exceed five years. SWBT's monthly fee is $.33 per line.

**SWBT must provide real-time electronic interfaces for operation support system (OSS) functions.**

The Commission determined that to level the competitive playing field, competitors need access to the same types of electronic billing, ordering, and provisioning systems that SWBT uses for itself in interactions with its own customers on a real-time basis at parity with SWBT's access. Making such systems available to competitors was extraordinarily controversial because it required modifications to SWBT's systems to handle orders from outside parties using different computer applications. SWBT worked with the petitioners to develop new systems and modify existing ones to give CLECs billing, ordering, and provisioning parity with SWBT. Rates, terms, conditions, and implementation schedules were set for certain functions, weighing forward-looking economic concerns with the difficulties of designing the necessary systems.

To win approval of its 271 application, SWBT had to demonstrate to the Commission and the FCC that its fully electronic OSS could properly handle commercial volumes of service orders of various types from different providers. Even now, SWBT's OSS continues to be monitored and modified, in response to input from the Commission staff and competitors. Penalties are imposed on SWBT if it fails to meet OSS-related performance measures; it also is required to upgrade its OSS software as new technological enhancements are developed and industry standards change.

CLECs requesting an electronic interface with SWBT are subject to a monthly charge, but SWBT agreed to waive this charge for three years as a condition of its 1999 merger with Ameritech. CLECs still pay a fee for each service order placed using SWBT's OSS.

**The company using the switch port is entitled to all toll revenue associated with that switch port.**

The Commission determined that when a competitive provider purchases a switch port from SWBT, the competitor is entitled to all access revenues associated with the UNEs purchased, along with toll revenues.

**CLECs who opt into another CLEC's agreement with SWBT can, on a limited basis, "pick and choose" provisions to opt into.**

Most favored nation (MFN) provisions allow a CLEC to choose to place parts of an agreement another CLEC may have made with SWBT into its own agreement with SWBT. Although the FCC interpreted such provisions as allowing a CLEC to select small bits and pieces from other contracts, the U.S. EIGHTH Circuit Court of Appeals rejected this interpretation in 1997. In the Commission's mega-arbitration negotiations, however, SWBT offered to allow a CLEC to opt into another CLEC's contract with SWBT so long as it opted into large sections of the contract, rather than only individual rates, terms, or conditions. The Commission incorporated this provision into its order, and in 1998 applied this principle in the SWBT vs. Waller Creek arbitration. In 1999 the

U.S. Supreme Court partially reversed the Eighth Circuit's 1997 order, ruling that an ILEC can only require a CLEC to accept those terms in an existing agreement that are "legitimately related" to the desired provision. In August of 2000, the U.S. Fifth Circuit Court of Appeals upheld the Commission's "pick and choose" policy, ruling that the SWBT vs. Waller Creek arbitration award was consistent with the interpretation enunciated by the U.S. Supreme Court.[125]

[125] *Southwestern Bell Telephone Company v. Waller Creek Communications, Inc.; Public Utility Commission of Texas,* No. 99-50752, 2000 U.S. App. (5th Cir., August 21, 2000); *AT&T Corp. v. Iowa Utilities Board*, 525 U.S. 366, 371-372, 119 S. Ct. 721, 726-27 (1999).

# APPENDIX L: PROCEEDINGS TO IMPLEMENT 1999 TEXAS LEGISLATION

Commission Proceedings to implement telecommunications legislation passed by the Texas Legislature in 1999 include the proceedings listed below.

## Texas Universal Service Fund

### *Project No. 21162: Project to Establish Procedures for Providing USF Support for Schools Pursuant to PURA §56.028*

**Adopted 9/23/99.** The purpose of this project was to establish an interim procedure for small and rural incumbent local exchange companies (SRILECs) to receive Texas Universal Service Funds (TUSF) pursuant to PURA § 56.028, relating to universal service fund reimbursements for certain IntraLATA service.[126] The SRILECs were able to receive funds through a permanent mechanism implemented upon adoption of P.U.C. SUBST. R. § 26.410 in Project No. 21163.

### *Project No. 21163: Rulemaking to Amend the Texas Universal Service Fund Rules to Comply with SB 560 pursuant to PURA, §§ 56.021, 56.023, 56.024, 56.026, 56.028, and 56.072*

**Adopted 4/27/00.** The purpose of this project was to amend the Texas Universal Service Fund (TUSF) rules to comply with SB 560. The Commission adopted amendments to P.U.C. SUBST. R. §§ 26.401, 26.403, 26.404, 26.413, 26.414, 26.415, 26.417, and 26.418, and added new § 26.410 relating to the TUSF. These revisions affect all telecommunications carriers that receive TUSF support. The revisions include adding the method used to determine support allocation when unbundled network elements (UNEs) are used to provision service, clarify discounts that are applied to certain services, and establish the circumstances in which an eligible telecommunications provider (ETP) designation can be relinquished.

## Affiliate Issues

### *Project No. 21164: Rulemaking to Address Affiliate Issues for Telecommunications Service Providers Pursuant to PURA §§54.102, 60.164, and 60.165*

**Adopted 8/24/00.** This project addressed the structural and transactional requirements for a holder of a CCN and its affiliated telecommunications service providers applying for or

[126] Request for information and comments (9/8/99) and Order Establishing Interim Procedures for the Disbursement of Texas Universal Service Funds Pursuant to PURA §56.028 (10/4/99).

holding a COA or SPCOA. Staff published initial questions and received comments on January 18, 2000. A public workshop was held January 23, 2000 on staff's proposed strawman rule. Parties filed post-workshop comments on March 3, 2000. After evaluating the parties' comments, staff decided to merge this project with Project No. 21165 and consider all affiliate matters concurrently. Staff issued revised questions on June 9, 2000.

## Conformance Rule Review

### *Project No. 21160: Rulemaking to Address PURA Chapter 59 Withdrawal of Election and Switched Access Rates; PURA, Sections 59.021, 59.024, and 59.025; [Merged with] Project No. 21169: Review of Substantive Rules to Conform to SB 560*

**Approved 9/7/00 (§26.5) and 11/1/00 (§26.274).** The purpose of Project No. 21169 was to make minor conforming changes to P.U.C. Substantive Rules that, although affected by the changes to PURA created with SB 560, were not sufficiently affected as to require the initiation of separate rulemaking projects. Project No. 21160 was merged with Project No. 21169.

Publication of the first of two sets of proposed rule changes was delayed to coordinate with the publication of several rules relating to Chapter 58, Incentive Regulation. The first set, containing additions and modifications to P.U.C. SUBST. R. § 26.5, Definitions, was adopted in September 2000. The second set, containing minor conforming changes to P.U.C. SUBST. R. §26.274, Imputation, was adopted in November, 2000.

## Workforce Diversity

### *Project No. 21170: Compliance Proceeding for Utilities' 5-Year Plans to Enhance Workforce Diversity; PURA, § 52.256*

**Filings received 1/1/00.** This project established a mechanism for telecommunications utilities to file workforce diversity plans as established in SB 560.

### *Project No. 22166: Rulemaking to Establish Procedures for Telecommunication Utilities' Annual Report of Workforce Diversity*

**Adopted 6/29/00.** The purpose of this project was to establish procedures for telecommunications utilities to comply with the new reporting requirement regarding workforce diversity.

## Dark Fiber

### *Project No. 21171: Rulemaking to Address Municipalities or Certain Municipal Electric Systems Leasing Excess Capacity of Fiber Optic Cable Facilities; PURA § 54.2025*

**Closed July 17, 2000.** This project addressed PURA § 54.2025, which provides that a municipality, or certain municipal electric systems may lease excess capacity of fiber optic cable facilities (dark fiber), so long as it is done on a nondiscriminatory, nonpreferential basis. A rule was not necessary at the time. Disputes are handled on a case-by-case basis.

# CLEC Access Charges

### *Project No. 21174: Rulemaking to Address COA/SPCOA Switched Access Rates; PURA § 52.155*

**Adopted 6/29/00.** The purpose of this project was to address COA/SPCOA switched access rates. The project established procedures for the Commission's review of switched access rates in excess of the rates charged by the territory's CCN holder.

# Telecom Bill Simplification

### *Project No. 22130: Rulemaking to Implement PURA § 55.012, Relating to Telecommunications Bill Format*

**Adopted 7/26/00.** This project, which was split off from Project No. 21423, Telephone Customer Protection Standards, revised P.U.C. SUBST. R.. § 26.25, Issuance and Format of Bills, to implement PURA § 55.012. The new PURA provision calls for LECs to issue simplified, easy-to-understand bills for local exchange telephone service.

New P.U.C. SUBST. R. § 26.25, which replaces the previous version of P.U.C. SUBST. R.. § 26.25, requires certificated telecommunications utilities (telecommunication utilities holding a CCN, COA, or SPCOA) to comply with minimum bill information and format guidelines, and to clarify information disseminated to residential customers in order to reduce complaints of slamming and cramming. New P.U.C. SUBST. R.. § 26.25 implements these requirements pursuant to the mandates set forth in the PURA, most particularly in § 55.012, Telecommunications Billing, but also in PURA § 17.003(c) and § 17.004(a)(8), and in the FCC's Truth-in-Billing rules (47 C.F.R. § 64.2000 and § 64.2001 (1999)). PURA § 55.012, *Telecommunications Billing*, called on LECs to issue simplified, easily understood bills for local service. PURA § 55.012(c) stated that to the extent allowed by law, such bills are to include aggregate charges for each of the following: (1) basic local service, (2) optional services, and (3) taxes.

The new rule was intended to decrease confusion associated with the proliferation of charges on residential customers' telephone bills for separate services and products and of related surcharges, fees, and taxes. However, the Commission may revisit billing issues that continue to be an area of concern.

Matters of significant importance included the following:

- Whether the rule should apply in its entirety to all CTUs, or just all LECs (which by PURA definition include holders of a CCN or a COA, but not holders of an SPCOA). The adopted rule applies to all certificated telecommunications utilities.
- Exactly what information should be required to appear on the first page of a residential customer's bill. This was the biggest area of interest; the adopted rule is considerably less prescriptive in this regard than was the version published for comment. The adopted rule requires only that the first page include the grand total due for all services billed, the payment due date, and a notification of any change in service provider. Also, CLECS took the position that differentiation in a competitive market is one standard for choosing formatting for bills.

- What the required compliance date should be for implementing the mandated changes. The adopted rule requires compliance within six months of the effective date, meaning February 15, 2001.
- Whether certificated telecommunications utilities could issue bills solely over the Internet. The adopted rule requires that a residential customer receive his/her bill via the United States mail, "unless the customer agrees with the utility to receive a bill through different means, such as electronically via the Internet." As explained in the rule preamble, this language allows the holder of an SPCOA, but not a holder of a CCN or a COA, from promoting itself as a company that bills over the Internet only.
- Whether surcharges imposed on a percentage-of-revenue basis could be included only in the basic local subtotal, or would have to be prorated between basic local service and optional services. The adopted rule permits the certificated telecommunications utility either to include the portion of such surcharges related to local service in the basic local subtotal or to allocate that portion between basic local service and optional local services on a proportionate basis.
- Whether to require the itemization (in dollars and cents) of surcharges included in the subtotals for basic local service and optional services. The adopted rule allows the certificated telecommunications utility discretion on this matter; however, if the specific amount of each assessment is not shown on the bill, the utility must clearly indicate on the bill a toll-free method, including a toll-free number, by which the customer may obtain information regarding the amount and method of calculation of each surcharge.
- Whether to require a specific statement on the bill of the amount the customer must pay to avoid having his/her basic local service disconnected. The adopted rule does not require such a statement; instead, it requires the certificated telecommunications utility to clearly and conspicuously identify on the bill those charges for which non-payment will not result in disconnection of basic local service, or to clearly and conspicuously identify on the bill those charges for which non-payment will result in disconnection of basic local service. As noted in the preamble, a specific statement of the amount the customer must pay to avoid disconnection will suffice for this purpose; it is also required by P.U.C. SUBST. R. 26.28 to be included in any disconnection notice sent to a residential customer.

## IXC Flow Through of Reduced Access Charges

***Project No. 21172: Declaratory Order to address interexchange carriers' access charge reduction pass-through filings.***

**Adopted 9/7/99.** In this proceeding, the Commission established Sworn Affidavits of Completion as the mechanism for interexchange carriers to fulfill the requirements of PURA §52.112, which relates to rate reduction pass-through requirements. The specific minute of use data submitted and sworn to in the affidavits is considered highly confidential information by IXCs. A Declaratory Order was issued in September 1999 covering USF Docket Nos. 18515 and 18516, and PURA § 58.301, which relates to switched access rate reduction.

### *Project No. 21173: Compliance project to address interexchange carriers access charge reduction pass-through filings.*

**Adopted 6/29/00.** In this proceeding initial access pass-through filings were submitted by AT&T, Worldcom, and Sprint (March 1, 2000) covering access reductions for the period beginning September 1, 1999. Supplemental filings of additional information were submitted in April of 2000. A review of information submitted by AT&T, Worldcom, and Sprint indicates reductions to Basic Rate Schedules as high as $0.05 per minute were made for in-state long distance calls. Additionally, the affidavits indicated that residential subscribers received their proportionate share of switched access reductions in compliance with the requirements of PURA.

## SWB Access Charge Reductions

### *Project No. 21184: Southwestern Bell Telephone Company notice of intent to file amended tariff sheets to implement reductions in its switched access service tariff in compliance with SB 560.*

**Adopted 9/1/99.** PURA § 58.301(1) states that, effective September 1, 1999, an electing company with greater than five million access lines in the state shall reduce its switched access rates on a combined originating and terminating basis by one cent a minute. In this proceeding SWBT proposed implementing the one-cent reduction required by Section 58.301(1) by eliminating the one-cent Originating Residual Interconnection Charge remaining after the Second Interim Order in Docket No. 18515. The commission approved the application after consideration of the comments from all of the parties involved in the proceeding.

### *Project No. 22302: Application of Southwestern Bell Telephone company for approval of switched access service rate reduction pursuant to PURA §58.301(2)*

**Adopted 7/6/00.** PURA § 58.301(2) states that, by no later than July 1, 2000 an electing company with greater than five million access lines in the state shall reduce its switched access rates on a combined originating and terminating basis by two cents a minute. In this proceeding, SWBT proposed implementing the one-cent reduction required by § 58.301(2) by reducing the Terminating Carrier Common Line Charge by two cents. The commission approved the application after an analysis of prior access reductions and no protest from the parties involved in the proceeding.

### *Project No. 21158: Compliance Project to Implement Switched Access Rates Reductions; PURA § 58.301*

**Initiated 7/27/99.** This project was established for the reductions described in the above projects. This project was not used. The 1 cent reduction was implemented under Project No. 21184, and the 2 cent reduction was implemented in Project No. 22302.

## Chapters 52, 58 & 59: Pricing Flexibility

At the September 7, 2000 open meeting, the commission adopted seven new rules that implement provisions of SB 560. Additionally, the commission repealed two existing rules made obsolete by adoption of the new rules.

There are two significant areas of importance in these rules. First, P.U.C. SUBST. R. §§ 26.225, 26.226, 26.227, and 26.229 were proposed with an anticompetitive standard in the form of a rebuttable presumption that placed the burden of proof upon an electing company to

show that the price of a service or package of services is not anticompetitive.[127] The commission concluded that an anticompetitive standard is more appropriately developed on a case-by-case basis because a single rebuttable presumption may not adequately address the range of anticompetitive behaviors over which the commission has jurisdiction pursuant to PURA. The commission, therefore, deleted the rebuttable presumption from the adopted versions of the rules. However, the commission required incumbent LECs to furnish information, in their informational filing packages, about the relevant TELRIC-based wholesale prices and the retail prices for the service or package being offered. An interested party may rely on this information to initiate a complaint regarding anticompetitive pricing by an incumbent LEC.

Second, P.U.C. SUBST. R. §§ 26.226, 26.227, 26.228 and 26.229 were adopted by the commission with provisions that establish standards regarding the packaging and joint marketing of regulated services with unregulated products or services and/or with the products or services of an electing company's affiliate. Upon adoption, the provisions were expanded to obtain greater assurance regarding potential anticompetitive practices related to packaging and joint marketing.

### *Project No. 21155: Requirements Applicable to Pricing Flexibility for Chapter 58 Electing Companies*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.226, *Requirements Applicable to Pricing Flexibility for Chapter 58 Electing Companies*, set forth the substantive requirements related to pricing flexibility. The rule affects Chapter 58 electing companies. Through the adoption of the rule, the commission made its rules consistent with PURA and clarified standards required of Chapter 58 electing companies for exercising pricing flexibility.

**Repealed 9/7/00.** P.U.C. SUBST. R. § 26.212, *Procedures Applicable to Chapter 58 Electing Incumbent Local Exchange Companies* and P.U.C. SUBSTANTIVE R. § 26.213, *Telecommunications Pricing,* were repealed. These rules were no longer necessary because of changes mandated by SB 560 and P.U.C. SUBST. R. §§ 26.224, 26.225, 26.226, and 26.227.

### *Project No. 21156: Requirements Applicable to Basic Network Services for Chapter 58 Electing Companies*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.224, *Requirements Applicable to Basic Network Services for Chapter 58 Electing Companies*, set forth the procedural and substantive requirements for changing the rates of basic network services. The rule affects Chapter 58 electing companies. Through the adoption of P.U.C. SUBST. R. § 26.224, the commission made its rules consistent with PURA regarding the realignment from three types of services to two (basic and non-basic), and clarified the standards and procedures required of Chapter 58 electing companies for offering basic network services to customers.

### *Project No. 21157; Requirements Applicable to Nonbasic Services for Chapter 58 Electing Companies,*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.225, *Requirements Applicable to Nonbasic Services for Chapter 58 Electing Companies*, established the substantive requirements relating to nonbasic services, including new services. The rule affects Chapter 58 electing companies. Through the adoption of the rule, the commission made its rules consistent with PURA and

[127] Specifically, the rebuttable presumption stated that the price of a service or package of services is anticompetitive if it is lower than the sum of the total element long run incremental cost (TELRIC)-based wholesale prices of components needed to provide the service or package.

clarified the standards required of Chapter 58 electing companies for offering nonbasic services to customers.

### *Project No. 21159: Long Run Incremental Cost (LRIC) Methodology for Services provided by Certain Incumbent Local Exchange Carriers (ILECs)*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.214, *Long Run Incremental Cost (LRIC) Methodology for Services provided by Certain Incumbent Local Exchange Carriers (ILECs)*, set forth the substantive and procedural requirements for LRIC studies filed by Chapter 52 companies and Chapter 59 electing companies. Through adoption of the rule, the commission made its rules consistent with PURA and clarified the standards required of Chapter 52 companies and Chapter 59 electing companies for submitting LRIC studies to the commission.

### *Project No. 21159: Requirements Applicable to Chapter 52 Companies*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.228, *Requirements Applicable to Chapter 52 Companies*, set forth the substantive and procedural requirements regarding new services, pricing and packaging flexibility, customer promotional offerings, and customer specific contracts. The rule affects companies regulated under PURA, Chapter 52. Through adoption of the rule, the commission made its rules consistent with PURA and clarified the standards and procedures applicable to companies regulated under PURA, Chapter 52.

### *Project No. 21159: Requirements Applicable to Chapter 59 Electing Companies*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.229, *Requirements Applicable to Chapter 59 Electing Companies*, set forth the substantive and procedural requirements regarding new services, pricing and packaging flexibility, customer promotional offerings, and customer specific contracts. The rule affects companies that elect to be regulated under PURA, Chapter 59. Through adoption of the rule, the commission made its rules consistent with PURA and clarified the standards and procedures applicable to companies that elect to be regulated under PURA, Chapter 59 for exercising flexibility and offering new services.

### *Project No. 21161: Procedures Applicable to Nonbasic Services and Pricing Flexibility for Basic and Nonbasic Services for Chapter 58 Electing Companies*

**Adopted 9/7/00.** New P.U.C. SUBST. R. § 26.227, *Procedures Applicable to Nonbasic Services and Pricing Flexibility for Basic and Nonbasic Services for Chapter 58 Electing Companies*, set forth the procedural requirements for nonbasic services and pricing flexibility. The rule affects Chapter 58 electing companies. Through adoption of the rule, the commission implemented a procedure necessary to allow for an efficient and timely review of service offerings and established a complaint process contemplated by SB 560 in connection with information notice filings.

## Municipal Franchise

### *Project No. 20935: Rulemakings to Implement the Provisions of HB 1777 or Section 283 of the Local Government Code*

#### P.U.C. SUBST. R. § 26.461, Relating to Access Line Categories

**Adopted 10/21/99.** New P.U.C. SUBST. R. § 26.461 applies to certificated telecommunication providers (CTPs) (defined as persons with a certificate of convenience and necessity, certificate of operation authority, or service provider certificate of operating authority

to offer local exchange telephone service) and to municipalities in the State of Texas. HB 1777 required the Commission to establish no more than three categories of access lines. This section establishes three competitively neutral, non-discriminatory categories of access lines for statewide use in establishing a uniform method for compensating municipalities for the use of a public right-of-way by CTPs. CTPs urged the Commission to establish not more than one category for administrative simplicity. Municipalities, on the other hand, unanimously requested the Commission to establish three categories. The Commission adopted three categories as it would offer Texas cities maximum flexibility to design municipal rates for their citizens. The three categories would also allow cities to establish lower rates for residential users compared to business customers.

### P.U.C. SUBST. R. § 26.463, Relating to Calculation and Reporting of a Municipality's Base amount

**Adopted 10/21/99.** New P.U.C. SUBST. R. § 26.463 establishes a uniform method for determining a municipality's base amount and for calculating the value of in-kind services provided to a municipality under an effective franchise agreement or ordinance by CTPs, and sets forth relevant reporting requirements. It applies to all municipalities in the State of Texas.

The cities and the CTPs were divided in their opinion over whether the accounting methodology used to calculate the 1998 base amount should be based on a calendar year or fiscal year. There were also significant disagreements on whether to use cash or revenue based accounting methods to calculate the 1998 base amount. Several cities also argued that the escalation provisions under HB 1777 were perpetual and that the base amount would have to be adjusted every year by the amount of escalation provisions in terminated contracts. The commission adopted rules to require cities to use calendar year 1998 as the base year for calculating the 1998 base amount. However, the commission rules gave the cities the flexibility to use revenues "due" for year 1998 to calculate the base amount for that year.

The Commission disagreed with the cities that the escalation provisions were perpetual. The adopted rules allowed escalation only until March, 2000 – the date by which rates had to be established by the Commission. The Commission concluded that escalation provisions in terminated contracts do not carry over beyond March, 2000. Further, the Commission noted that there is no mention in the statute about revising the base amount by escalation every year.

### P.U.C. SUBST. R. § 26.465, Relating to Methodology for Counting Access Lines and Reporting Requirements for Certificated Telecommunication Providers

**Adopted 1/7/00.** New P.U.C. SUBST. R. § 26.465 establishes a uniform method for counting access lines within a municipality by category as provided by §26.461 (relating to Access Line Categories), sets forth relevant reporting requirements, and sets forth certain reseller obligations under the Local Government Code, Chapter 283. The provisions apply to CTPs in the State of Texas.

CTPs and Cities had several disagreements over the line counting methodology. The commission adopted rules to require CTPs to count one access line for every end user in a manner consistent with the definition of access lines in HB 1777.

### P.U.C. SUBST. R. § 26.467, relating to Rates, Allocation, Compensation, Adjustments and Reporting

**Adopted 5/1/00.** New P.U.C. SUBST. R. § 26.467 establishes the following:

(1) rates for categories of access lines;

(2) default allocation for municipalities;

(3) adjustments to the base amount and allocation;

(4) municipal compensation; and

(5) associated reporting requirements.

The provisions of this section apply to CTPs and to municipalities in the State of Texas. Cities objected to the Commission proposal that the default allocation should be on a ratio of 1:1:1. The Commission revised its original proposal and adopted an allocation ratio that was an average of the ratios submitted by the CTPs.

## Customer Protection - SB 86

### *Project No. 20787: Payphone Compliance*

**Adopted 3/1/00.** This project included the review of old P.U.C. SUBST. R. § 23.54, relating to *Pay Telephone Service* as required by the Appropriations Act of 1997, HB 1, Article IX, Section 167. As a result of this review, the Commission repealed P.U.C. SUBST. R. § 23.54, relating to *Pay Telephone Servic,e* and added new § 26.102, relating to *Registration of Pay Telephone Service Providers,* as well as new §§ 26.341 through 26.347.

### *Project No. 21006: Protection Against Unauthorized Billing Charges ("Cramming")*

**Adopted 10/21/99.** P.U.C. SUBST. R. § 26.32, *Protection Against Unauthorized Billing Charges* ("Cramming"), was adopted to implement the provisions concerning unauthorized charges on telephone bills as set forth in SB 86, now incorporated in PURA §§ 17.151-17.158. The rule applies to all "billing agents" and "service providers." The rule includes requirements for billing authorized charges, verification requirements, responsibilities of billing telecommunications utilities and service providers for unauthorized charges, customer notice requirements, and compliance and enforcement provisions. The rule ensures protection against cramming without impeding prompt delivery of products and services, minimizes cost and administrative requirements, and ensures consistency with FCC anti-cramming guidelines.

### *Project No. 21030: Limitations on Local Telephone Service Disconnections*

**Adopted 12/1/99.** Amendments to P.U.C. SUBST. R. § 26.21, relating to *General Provisions of Customer Service and Protection Rules*; § 26.23, relating to *Refusal of Service*; § 26.24, relating to *Credit Requirements and Deposits*; § 26.27, relating to *Bill Payment and Adjustments*; § 26.28, relating to *Suspension or Disconnection of Service*; and §26.29, relating to *Prepaid Local Telephone Service (PLTS),* were adopted to implement SB 86, now incorporated in PURA § 55.012. These amendments (1) prohibit discontinuance of residential basic local service for nonpayment of long distance charges; (2) require that residential service payment first be applied to basic local service; (3) require a local service provider to offer and implement toll blocking to limit long distance charges after nonpayment for long distance service, and allow disconnection of local service for fraudulent activity; and (4) establish a maximum price that a local exchange company may charge a long distance service provider for toll blocking. The amendments apply to all local telephone service providers.

### *Project No. 22706: Discrimination, PURA Section 17.004(a)(4)*

**Adopted 11/16/00.** This project resulted in changes to the Commission's rule language relating to geography and income. Policies contained in P.U.C. SUBST. R. § 26.4 were amended

to be in compliance with PURA. Specific mechanisms to implement and enforce the prohibitions on discrimination in P.U.C. SUBST. R. § 26.4 were included in Project No. 21423. The rules apply to all telecommunications providers.

### *Project No. 21419: Customer's Right to Choice (Slamming)*

**Adopted 6/14/00.** An amendment to P.U.C. SUBST. R. § 26.130, Selection of Telecommunications Utilities, was adopted to implement SB86, now incorporated in PURA § 17.004(a)(5) and §§ 55.301-55.308. The amendment (1) eliminates the distinction between carrier-initiated and customer-initiated changes, (2) eliminates the information package mailing (negative option) as a verification method, (3) absolves the customer of any liability for charges incurred during the first 30 days after an unauthorized telecommunications utility change, (4) prohibits deceptive or fraudulent practices, (5) requires consistency with applicable federal laws and rules, and (6) addresses the related issue of preferred telecommunications utility freezes. The rule applies to all telecommunications utilities.

### *Project No. 21420: Administrative Penalties*

**Adopted 2/10/00.** An amendment to P.U.C. PROC. R. § 22.246, Administrative Penalties, was adopted to implement SB86, now incorporated in PURA § 15.024. The amendment eliminates the 30 day "cure period" for violations of PURA Chapters 17, 55, and 64, clarifies that a violator may not opt to pay a penalty without taking appropriate corrective action, and incorporates the term "continuing violation."

### *Project No. 21421: Customer Proprietary Network Information, PURA § 17.004*

**Merged into project 21423.** The project team met and reviewed the new statutory language concerning the privacy of customer consumption and credit information. The team concluded that no changes were needed to P.U.C. SUBST. R. § 26.122. Additional language to address these specific protections was addressed in Project No. 21423. There are ongoing federal proceedings as well on this subject.

### *Project No. 21422: Automatic Dial Announcing Devices*

**Adopted 1/27/00.** An amendment to P.U.C. SUBST. R. § 26.125 was adopted to implement PURA § 55.126. The amendment shortens from 30 seconds to five seconds the amount of time an automatic dialing device must disconnect from a called person. The rule applies to all operators of automatic dial announcing devices.

### *Project No. 21423: Telephone Customer Service Rules: PURA §§ 17.003(c), 17.004, and 17.052(3)*

**Adopted 11/16/00.** The purpose of this project was to recast existing customer protection rules for the new, competitive environment. Key issues were (1) applicability of rules to dominant certificated telecommunications utilities (DCTUs) and nondominant certificated telecommunications utilities (NCTUs), (2) failure of NCTUs to release lines, (3) discrimination protections, (4) prohibition of fraudulent, unfair, misleading, deceptive, and anti-competitive practices and (5) information disclosures.

Consumer groups and most DCTUs proposed that the customer service and protection rules apply equally to all certificated telecommunications utilities. In support of their position, these commenters made the following points: PURA requires uniform standards for all certificated telecommunications utilities; perspective for the rules should be the customer, not the classification of the provider; uniform rules will encourage more participation by giving some

assurance to reluctant consumers that the market will operate fairly; and since NCTUs indicated that they cannot survive unless they provide better service than DCTUs, then adhering to the DCTU standards should not be a problem.

NCTUs favored bifurcated rules with less restrictive requirements for NCTUs. In support of their position, NCTUs made the following points: PURA encourages competition, distinguishes between DCTUs and NCTUs in many areas, and does not require uniform rules for all certificated telecommunications utilities; the commission should apply regulatory mandates only when the market fails; uniform regulation is appropriate only when competitors are equally situated; and equal application of rules would create substantial burdens and costs for NCTUs and inhibit competition.

The adopted rules provide strong protections for all customers, while allowing some flexibility to NCTUs to encourage increased competition. Ultimately, a highly competitive local telecommunications market will benefit all customers.

### *Project No. 21424: Prepaid Calling Card Disclosures*

**Adopted 7/12/00.** P.U.C. SUBST. R. § 26.34, *Telephone Prepaid Calling Services*, was adopted to implement PURA § 55.253. The rule applies to all prepaid calling services companies. The rule prescribes standards regarding the information a prepaid calling card company shall disclose to customers concerning rates and terms of service.

### *Project No. 21456: Certification, Registration and Reporting*

**Adopted 6/29/00.** Amendments to P.U.C. SUBST. R. §26.107, *Registration of Nondominant Telecommunications Carriers*, § 26.109, *Standards for Granting of COAs*, and § 26.111, *Standards for Granting SPCOAs*, and new § 26.114, *Suspension or Revocation of COAs and SPCOA*, were adopted to implement PURA §§ 17.051-17.053. The amendments and new rule establish registration requirements for all nondominant carriers, require registration as a condition for doing business in Texas, establish customer service and protection standards, and address suspension or revocation of COAs and SPCOAs. The purpose of this project was to amend certification, registration, and reporting requirements for SPCOA/COA applicants to reflect legislative authority to revoke or suspend the certification of telecommunications utilities.

## Pending Projects

### *Project No. 21329: Low Income/Automatic Enrollment, PURA § 17.004(f)*

Scheduled adoption on 1/11/2001. This project will establish terms and conditions necessary for automatic enrollment of eligible telephone customers into Lifeline service and will result in an amendment to P.U.C. SUBST. R. § 26.412, *Lifeline Service and Link Up Service Programs*. The commission staff is continuing to work with the Texas Department of Human Services on an implementation plan for automatic enrollment of Lifeline services.