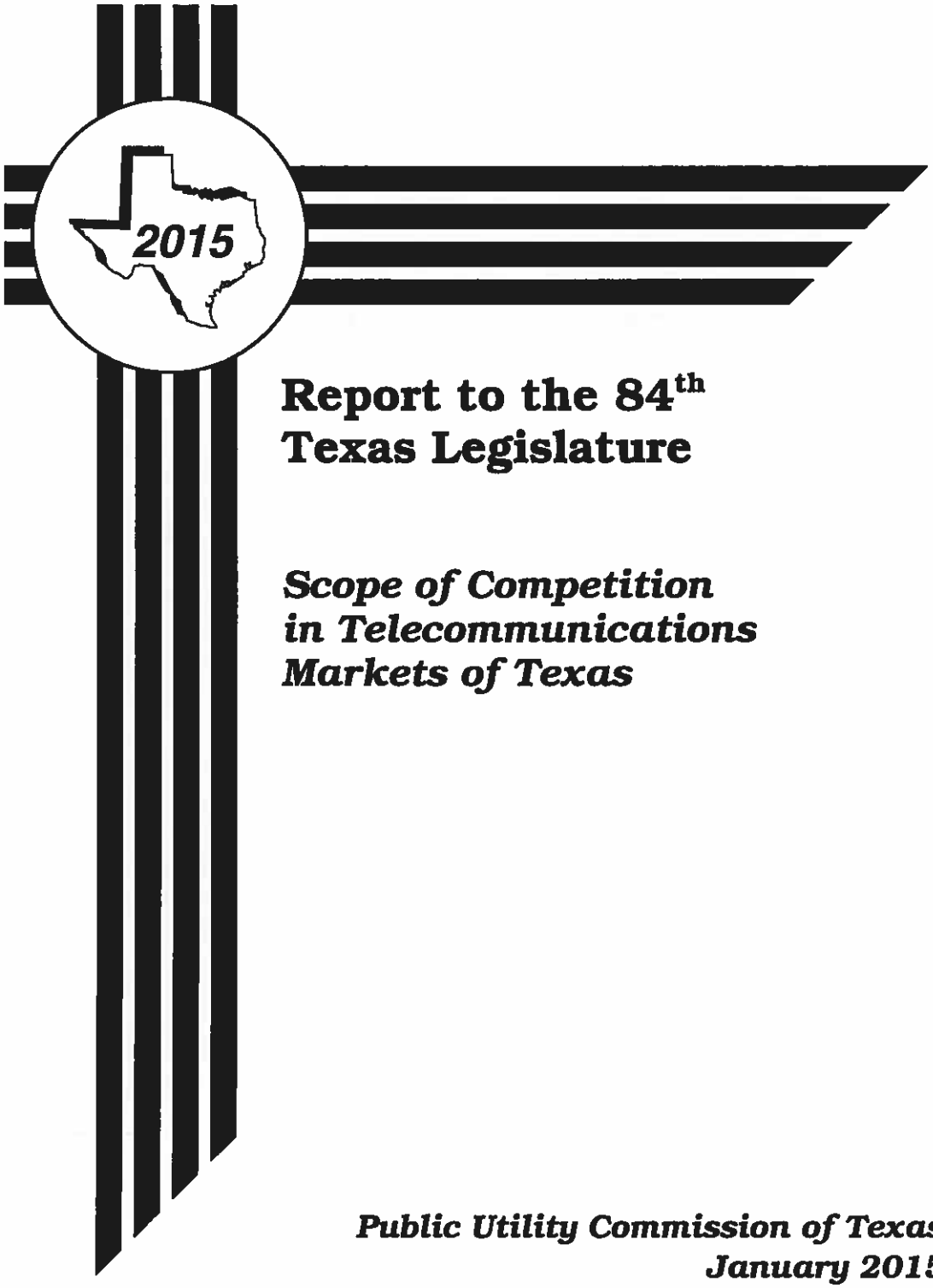

Report to the 84th Texas Legislature

Scope of Competition in Telecommunications Markets of Texas

Public Utility Commission of Texas
January 2015

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Public Utility Commission of Texas

January 15, 2015

Honorable Members of the 84th Texas Legislature:

We are pleased to submit our 2015 Report on the Scope of Competition in Telecommunications Markets as required by Section 52.006 of the Public Utility Regulatory Act. This report provides an update on the status of telephone competition in Texas. Competition in Texas' telecommunications industry has been driven by advances in mobile and broadband technologies, as well as the deployment of Voice over Internet Protocol (VoIP).

The report concludes with a discussion of recommendations that the Legislature may want to consider. We look forward to working with you on these and other policy objectives. If you need additional information about any issues addressed in the report, please do not hesitate to call on us.

Sincerely,

Donna L. Nelson
Chairman

Kenneth W. Anderson, Jr.
Commissioner

Brandy Marty Marquez
Commissioner

2015 Scope of Competition in Telecommunications Markets of Texas

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I. EXECUTIVE SUMMARY

This Report examines the status of competition in the telecommunications markets in Texas during the two-year period since the last Scope of Competition Report in Telecommunications Markets in Texas report was issued for the 83rd Legislature in 2013. This Report also examines continuing trends affecting competition in the telecommunications industry, effects of competition on rates, service availability, universal service, customer protection and complaint issues, competition in the broadband and cable/video markets, and Commission activities of notable interest over the last two years. The Report concludes with legislative recommendations.

Three trends continue to define the competitive telecommunications marketplace in Texas: (1) losses in the number of traditional analog POTS (Plain-Old Telephone Service) lines; (2) substitution of wireless service for wired service; and (3) adoption of high speed broadband services and other IP (Internet protocol)-enabled services like VoIP (Voice over Internet Protocol, which requires a broadband connection).

Along with the increasing adoption of high speed broadband service in Texas, the speed of broadband itself is increasing. Google announced in April of 2013 that it would begin construction of a Google Fiber product, a One Gigabit Internet access service in Austin, Texas.[1] AT&T followed with an announcement that it would deploy a One Gigabit fiber service in Austin;[2] and Grande Communications also followed with an announcement of a similar product shortly thereafter.[3] The local cable incumbent in Austin, Time Warner Cable, also announced an upgrade of its broadband offerings to include a 300 Mbps broadband Internet access service.[4] The FCC's current definition of broadband is 4 Mbps download speed/1 Mbps upload speed.[5]

In addition to these trends, the Commission has undertaken multiple projects to review and evaluate the various programs of the Texas Universal Service Fund (TUSF) and to improve transparency and accountability in the administration of the TUSF. As a

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[1] Pepitone, Julianne. "Google Fiber to launch in Austin, Texas." *CNN Money*, April 9, 2013. http://money.cnn.com/2013/04/09/technology/innovation/google-fiber-austin/index.html. July 23, 2014.

[2] "AT&T Announces Intent to Build 1 Gigabit Fiber Network in Austin," *AT&T News Release Archives*. April 09, 2013. http://www.att.com/gen/press-room?pid=24032&cdvn=news&newsarticleid=36275. Web. July 23, 2014.

[3] "Grande Communications First to Launch Austin's Most Affordable 1 Gigabit Internet Service," *Grande Communications News and Press Releases*, February 10, 2014. http://mygrande.com/news/372. Web. July 23, 2014.

[4] Theis, Michael. "Austin fiber wars continue as Time Warner boosts Internet speeds," *Austin Business Journal*, June 4, 2014. http://www.bizjournals.com/austin/blog/techflash/2014/06/austin-fiber-wars-continue-as-time-warner-boosts.html. Web. July 24, 2014.

[5] Remarks of FCC Chairman Tom Wheeler, *"The Facts and Future of Broadband Competition,"* 1776 Headquarters, Washington, D.C. September 4, 2014. Source: http://www.fcc.gov/document/fcc-chairman-more-competition-needed-high-speed-broadband-market.

necessary step to determining the appropriate amount that the four largest ILECs (incumbent local exchange carriers) in the state should be allowed to draw from the TUSF, the Commission has established a reasonable rate for basic local telephone service for these companies.[6] If a carrier had been charging less than this established reasonable rate, the amount of additional revenue that would result if each carrier were to charge the reasonable rate will be deducted from that carrier's universal service support over a four-year transition period beginning on January 1, 2013.

Finally, Texas has seen the continued deregulation of additional markets served by ILECs, including the total deregulation of the largest incumbent in Texas, AT&T. Because the Legislature has required that there be at least two other competitors in an incumbent's exchange before it can be deregulated, AT&T's complete deregulation is evidence of widespread competition in Texas. AT&T recently filed a request for a certificate of operating authority (COA) to replace its certificate of convenience and necessity (CCN). This will result in the Commission treating AT&T like other non-dominant competitors in the telecommunications market. With market forces now controlling AT&T's actions, as a deregulated company AT&T is no longer obligated to file tariffs with the Commission, it is not required to comply with the Commission's quality of service requirements, annual reporting requirements, or provider of last resort obligations, and it can no longer draw from the TUSF.

[6] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. §26.403*, Docket No. 40521, Final Order (September 28, 2012).

II. INTRODUCTION

A. Overview

This Report begins with a discussion on trends in voice communications among incumbent and competitive providers, including a discussion of competition in the voice and wireless markets, and the effects of competition on the rates and availability of voice services in Texas. This is followed by a review of consumer protection issues with an analysis of telecommunications complaints received by the Commission. Broadband and cable/video markets are analyzed next, although the Commission has only limited authority in this area. The next section of this Report covers significant telecommunications related Commission activities and legislative implementation projects since the 83rd Legislative session. Finally, the Commission offers recommendations for future Legislation that could further enhance competition in telecommunications in Texas.

B. Technology

New technologies in telecommunications often provide business opportunities for both existing and new competitors. The most prolific new land line based technology in the telecommunications marketplace is VoIP that permits Internet technology to be used for voice transmission. This enables much more efficient use of network capacity or bandwidth, as voice and data can share the same communication channel simultaneously. Cable and telephone companies offer VoIP service by using their own broadband data networks, while third-party service providers such as Vonage rely on their customers' existing broadband connections to provide VoIP service.

The FCC has imposed most of the traditional obligations of basic local telephone service (BLTS) upon providers of interconnected VoIP service. VoIP providers are required to provide E911 service, Local Number Portability, customer proprietary network information (CPNI) (FCC limits VoIP providers' use of CPNI data, and requires that they protect this information from disclosure), Telecommunications Relay Services (TRS), and to ensure that their services are usable by individuals with disabilities, if such access is readily available. The FCC also requires interconnected VoIP providers to comply with the Communications Assistance for Law Enforcement Act of 1994 (CALEA) and to contribute to the Federal Universal Service Fund (FUSF).

However, the increasing use of VoIP service has also raised some concerns. Because some VoIP providers offer their customers multiple phone numbers and phone numbers in any area code, the service has raised issues concerning the exhaustion of telephone numbers and the jurisdictional identification of traffic (interstate or intrastate) for compensation purposes. The FCC has yet to rule on whether VoIP service is properly classified as a telecommunications service or an information service.

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III. EFFECTS OF COMPETITION ON RATES, SERVICE AVAILABILITY, AND UNIVERSAL SERVICE

A. Competition for Voice Telecommunications in Texas

Telecommunications historically have been dominated by landline delivery of telephone calls and faxes. However, telecommunications today involves traditional landlines, coaxial cable, fiber optics, and wireless technologies, delivering calls, television programming, Internet content, and other data. While the competitive landscape in Texas over a decade ago was dominated by competition between ILECs and CLECs (competitive local exchange carriers) using traditional wireline infrastructure, technological innovation has broadened the scope of competition within the telecommunications industry.

Telecommunications competition is now between providers that use different modes of providing service (intermodal competition) rather than between providers that use the same wireline network. The primary providers of telecommunications services in the local exchange market are wireless providers, ILECs, and Non-ILECs (e.g., CLECs and traditional cable television companies). The category of Non-ILECs includes CLECs that provide traditional switched access service as well as CLECs that deploy different types of facilities such as cable and VoIP technology. ILECs and some CLECs have historically provided local services using traditional wireline switched access services. In the last few years, ILECs and Non-ILECs such as the cable companies have begun offering retail interconnected VoIP service, which enables voice communications over a broadband connection and allows users both to receive calls from, and place calls to, the public switched telephone network, like traditional phone service.

As subscribers have begun to use wireless service as a replacement for traditional wireline service, wireless providers have steadily increased their market share of local exchange access lines. The number of mobile wireless subscribers in Texas (24,895,000 as of June 2013)[7] significantly exceeds the number of access lines provided by Texas ILECs and CLECs (8,838,000 as of June 2013),[8] and wireless substitution continues to increase. However, many customers continue to subscribe to landline service, even though they also subscribe to a mobile wireless service.

For the purpose of this report, a distinction is made between mobile wireless subscribers who use their wireless service instead of traditional wireline service and those who use wireless in addition to wireline service. Only the portion of those mobile wireless "lines" used by customers as primary telephone lines in place of traditional

[7] *Local Telephone Competition Report (June 2014) Status as of June 30, 2013* at Table 18.
[8] *Id.* at Table 5.

wireline service (described in this report as "primary wireless lines") are considered in the analysis of local competition of telecommunications providers.[9]

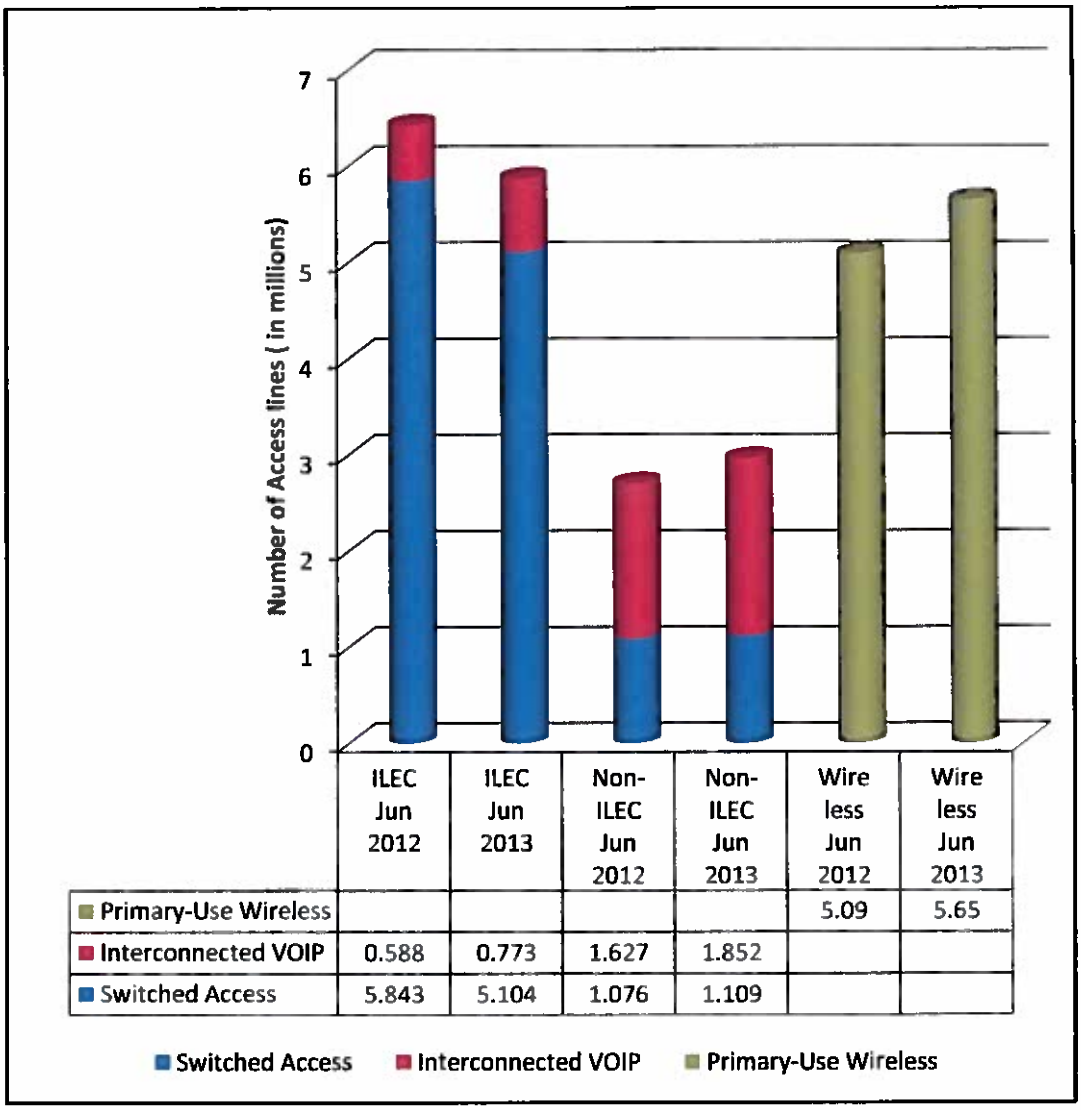
Using publicly available data collected from various sources, this section addresses the state of intermodal-competition in the local telephone market between ILECs, Non-ILECs, and wireless providers. It provides a general overview of the different telecommunication facilities used by ILECs, Non-ILECs, and wireless companies in the local and broadband markets. The research methodology used in analyzing data pertaining to the competitive landscape for the voice telecommunications and broadband markets (see Section V of this report) is described in Appendix A.

1. Market Share

Market share among telecommunications providers, as shown in Figure 1 - Lines in Texas by Company Type: ILEC, CLEC, and Primary Use Wireless Companies, has continued the trends begun earlier in the decade. ILEC total market share decreased from 2012 to 2013 (latest available data). Non-ILEC total market share, on the other hand, slightly increased from 2012 to 2013. The number of interconnected VoIP lines served by ILECs and Non-ILECs increased from 2012 to 2013. Primary wireless lines served by wireless companies increased from 2012 to 2013, as a result, today there are approximately 5.65 million primary-use wireless lines (as compared to 5.88 million ILEC access lines including interconnected VoIP service lines).

[9] Exact percentages are difficult to determine so the percentages used in this section are the low end of estimates for the numbers of Texas subscribers who exclusively use wireless service for local calls.

Figure 1 - Lines in Texas by Company Type: ILEC, CLEC, and Primary Use Wireless Companies[10]

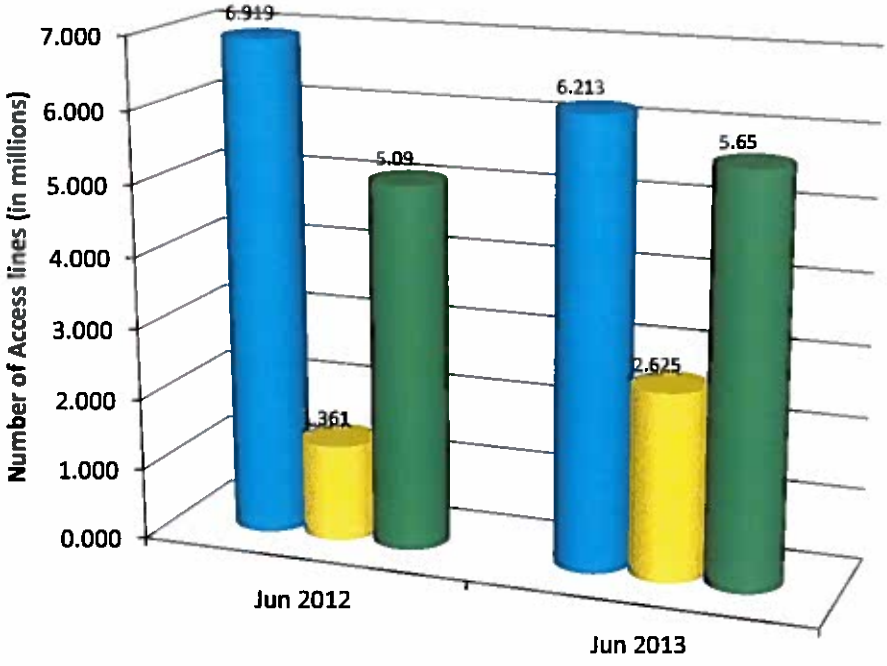


	ILEC Jun 2012	ILEC Jun 2013	Non-ILEC Jun 2012	Non-ILEC Jun 2013	Wireless Jun 2012	Wireless Jun 2013
Primary-Use Wireless					5.09	5.65
Interconnected VOIP	0.588	0.773	1.627	1.852		
Switched Access	5.843	5.104	1.076	1.109		

Switched access wireline facilities continue to be the predominant facilities deployed in the local market. Figure 2 shows that as of June 2013, there were approximately 6.2 million switched access lines and 2.6 million interconnected VoIP lines. Primary-use wireless lines continues to increase, there are approximately 5.65 million access primary-use wireless lines.

[10] *Local Telephone Competition Report* (Status of June 30, 2012) at Table 9 (June 2013), *Local Telephone Competition Report* (Status of June 30, 2013) at Table 9 (June 2014), *Wireless Substitution: Early Release of Estimates from the National Health Interview Survey (Released July 2014).*

Figure 2 - Local Telecommunications Market Share in Texas by Technology Type[11]



	Jun 2012	Jun 2013
Switched Access (ILEC/Non-ILEC)	6.919	6.213
Interconnected VOIP (ILEC/Non-ILEC)	1.361	2.625
Primary-Use Wireless	5.09	5.65

Switched Access (ILEC/Non-ILEC) Interconnected VOIP (ILEC/Non-ILEC)
Primary-Use Wireless

As shown in Figure 3 and Figure 4 the share of access lines provided by switched access facilities decreased from 48 percent in 2012 to 44 percent in 2013. The number of Interconnected VoIP access lines slightly increased from 16 percent in 2012 to 17 percent in 2013. Primary wireless lines served by wireless facilities slightly increased from 36 percent in 2012 to 39 percent in 2013.

[11] *Id.*

Figure 3 - Local Telecommunications Market Share in Texas by Technology Type: June 2012

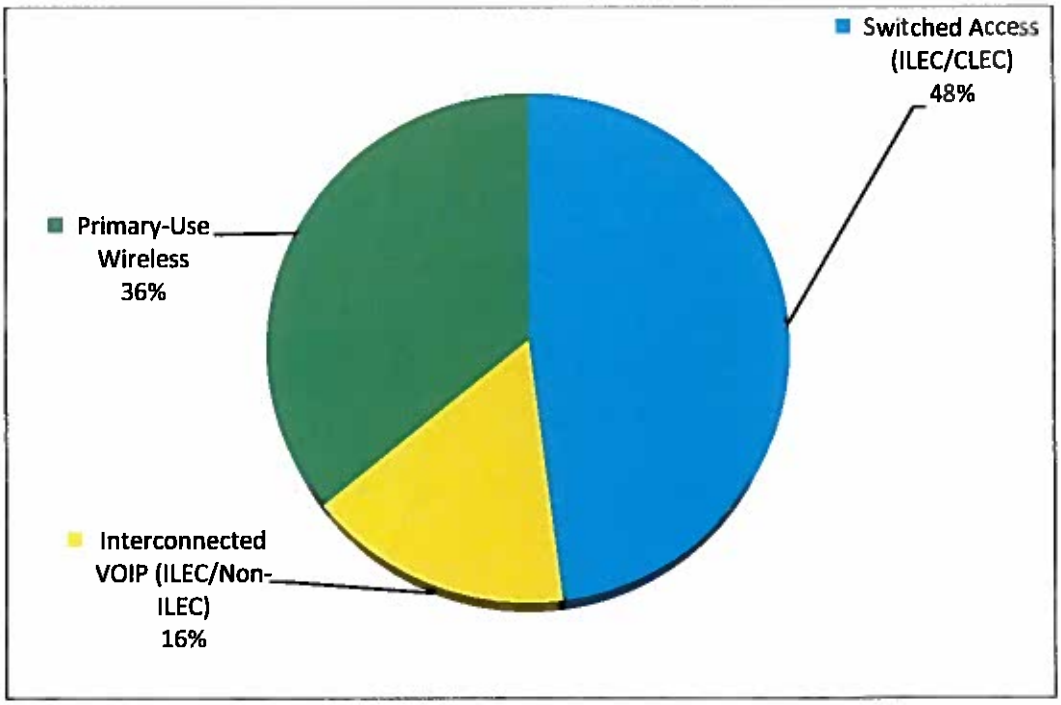
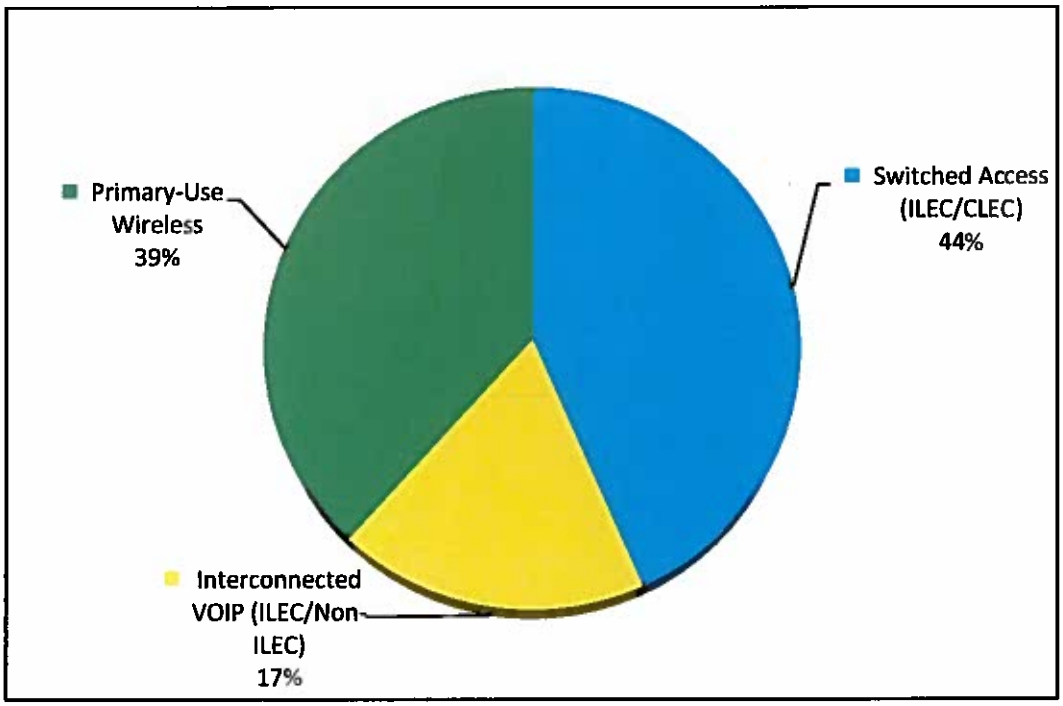


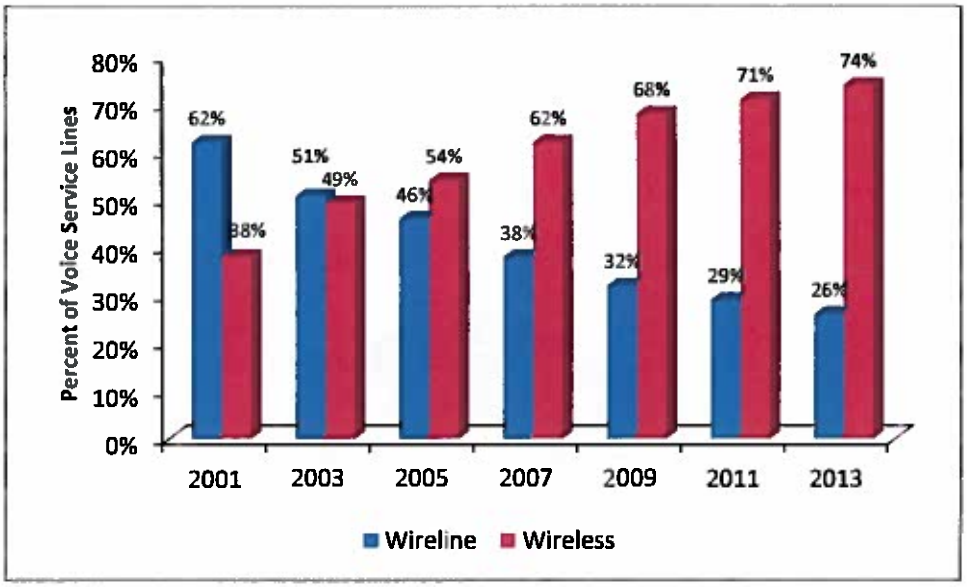
Figure 4 - Local Telecommunications Market Share in Texas by Technology Type: June 2013



2. Wireline and Wireless Market Share

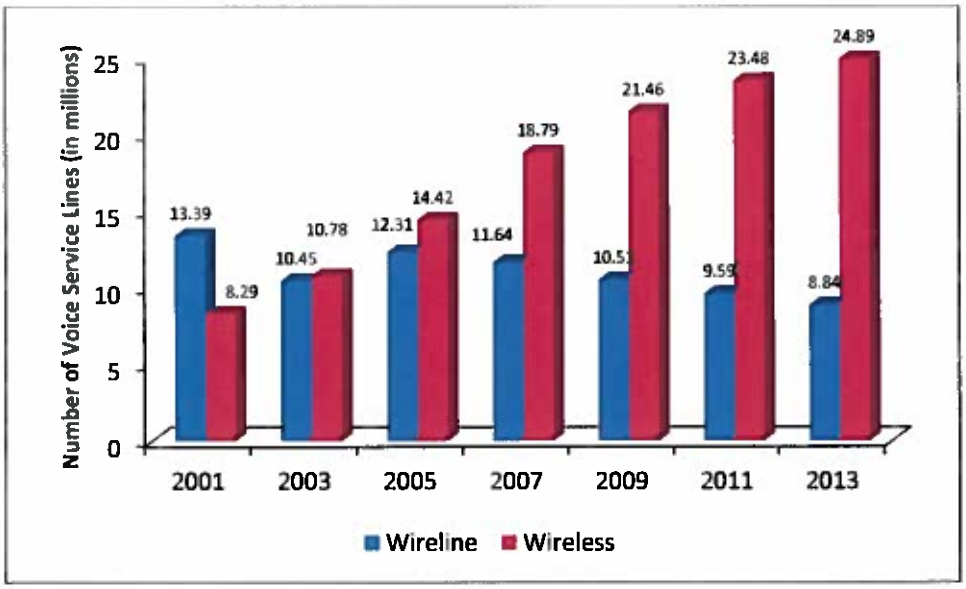
Figure 5 shows the change in the percentage of wireline and wireless voice service lines since 2001. Figure 6 shows the change in the number of wireline and wireless voice service lines over the same period. From 2001 to 2013, there has been significant growth in mobile wireless subscribership, while wireline subscribership has experienced an equally significant decline. Taking into consideration all wireless subscribers (not just those who use wireless as their primary voice service), the wireless market share has grown from 38 percent of all voice service lines in 2001 to 74 percent of all voice service lines in 2013. However, when the change is considered in terms of number of voice service lines as shown in Figure 6, the change is significant for wireless lines (an increase of approximately 17 million lines) but not as significant for wireline lines (a decrease of approximately 5 million lines). The number of wireline lines in Figure 5 and Figure 6 include interconnected VoIP and traditional switched access voice lines served by ILECs and CLECs in Texas.

Figure 5 - Percent of Wireline and Wireless Voice Telecommunications Lines in Texas[12]



[12] 2009 and 2011Reports on the Scope of Competition in Telecommunications Markets of Texas, *Local Telephone Competition Report* (Status of June 30, 2009) at Table 8 and 17 (September 2010), *Local Telephone Competition Report* (Status of June 30, 2011) at Tables 9 and 18 (June 2012), Local Telephone Competition (Status of June 30, 2013) at Tables 9 and 18 (June 2014).

Figure 6 - Number of Wireline and Wireless Voice Telecommunications Lines in Texas[13]



B. Effects of Competition and Regulation on Rates

The expansion of competition in the telecommunications market has only recently begun to show signs that it might affect rates. Telecommunication rates in Texas have largely been influenced to this point by regulation rather than competition. Over the last two years, rates for local telephone service, stand-alone vertical services, and packages and bundles have all risen to some degree.[14] The following sections provide detail regarding the levels of these increases, rationale for them, and information regarding some of the offsetting nature of package and bundle rates versus "a-la-carte" pricing.

Most of the competition in telephone services is in connection with wireless service and service packages from wireline companies (including cable companies) that provide customers enhanced services like caller ID, unlimited long distance, or with bundled services, such as Internet or video. It seems clear that competition is strong in

[13] *Id.*

[14] This results from companies offsetting the decrease in their THCUSP support; this has been the general trend for at least the last decade. There is no market monitor or consumer advocacy group monitoring such rates.

metropolitan areas[15] for premium packages that include telephone service. It is not as clear that competitive forces are influencing basic local telephone service (BLTS) rates.

For purposes of this report we categorize the ILECs into two groups: (1) fully regulated (Chapter 52), and (2) partially or fully deregulated (Chapters 58, 59, and 65). Rates for competing non-ILECs (e.g., CLECs, including cable companies and wireless companies) are not regulated by the Commission.

1. Fully regulated ILEC areas

In general the fully-regulated ILEC areas are the more rural parts of Texas. In the more rural areas of the state, BLTS rates are priced below the economic cost of providing the service and are supported through universal service fund mechanisms at both the State and Federal levels. In these areas, universal service subsidies and subsidies from Switched Access Charges have not been reviewed since 2000.[16]

In these largely rural areas, over the last two years, the ILECs' rates for basic local service, vertical services, and packages have generally increased through Commission approved filings. However, as the local rates are still being subsidized in these areas, the rates are still below cost. The Commission adopted a rule in Project No. 39938[17] regarding the TUSF high-cost plan for these areas which would offset reductions in TUSF support in these rural areas by increases in rates for BLTS over a transitional period. This rulemaking could further impact local rates in these areas, but it is still too early to project the changes at this time. Subsequently, the Commission established Docket No. 41097,[18] a proceeding to establish a reasonable rate for BLTS for small and rural ILECs. However, it should be noted that subsequent legislation[19] exempted a majority of the small and rural ILECs from the requirements established in Docket No. 41097.

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[15] According to the 2000 Census, 80% of Texans live in urban areas. Available online at: http://www.allcountries.org/uscensus/37_urban_and_rural_population_and_by.html

[16] *Compliance Proceeding for Implementation of the Small and Rural ILEC Service Plan*, Docket No. 18516, Final Order (January 14, 2000).

[17] *Rulemaking Proceeding to Amend Substantive Rules Relating to the Small and Rural Incumbent Local Exchange Company Universal Service Plan*, Project No. 39938. Final Order (November 21, 2012).

[18] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. 26.404*, Docket No. 41097.

[19] See *Order No.9 Granting Motion to Dismiss* (June 12, 2013), Docket No. 41097. See also SB 583, *Relating to eligibility for support from the universal service fund*, from the 83rd Legislative Session.

2. Partially or fully deregulated ILEC areas

a. *Chapter 58 and 59 Regulation*[20]

The election of PURA Chapter 58 and 59 regulations by a majority of the medium-sized ILECs (eight companies) continues to restrict increases in residential basic local service rates for the customers of those companies. Chapters 58 and 59 regulations "cap" BLTS rates for these companies. Chapters 58 and 59 regulations allow increases in the rates only in limited circumstances.

b. *Chapter 65 Regulation*

Chapter 65 allows a "transitioning" ILEC to modify the rates for BLTS with one or more features upward.[21] That has in fact been the case for the largest telephone company in Texas. More importantly, however, rate increases have been reviewed and approved over the past two years for the two largest telephone companies in the state as a result of reduction in the amount of TUSF support these ILECs received.

Chapter 65 also allows "transitioning" ILECs to increase the rates for BLTS, when combined with at least one other vertical service, in those exchanges that have been deregulated.

The last report to the legislature indicated that 195 markets of three ILECs had been deregulated since 2005. The deregulated exchanges are served by Southwestern Bell Telephone Company d/b/a AT&T Texas (AT&T Texas), GTE Southwest Incorporated d/b/a Verizon Southwest (Verizon), and Central Telephone Company of Texas, Inc. d/b/a CenturyLink, which are presently classified as "transitioning" companies whereby at least one, but not all of the company's markets have been deregulated.[22] Since the last report, AT&T Texas[23] and Verizon[24] have been granted

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[20] Chapter 58 provides for incentive regulation of those companies that elect to be subject to its provisions. Chapter 59 provides for an infrastructure commitment by those companies that do not elect to be subject to Chapter 58 regulation.

[21] A Chapter 65 transitioning ILEC is an ILEC with one or more, but not all, of its market areas deregulated.

[22] *Staff's Petition to Determine Whether Markets of Incumbent Local Exchange Carriers (ILECs) Should Remain Regulated*, Docket No. 31831 (December 28, 2005). On December 28, 2005, an Order was issued by the Commission classifying SBC, Verizon and Central Telephone as "transitioning" companies. Effective January 1, 2006 fifty-three markets (exchanges) were declared deregulated, thirty-nine SBC markets, eleven Verizon markets and three Sprint-Centel markets. *AT&T Texas' Petition to Determine Whether Markets of Incumbent Local Exchange Carriers (ILECs) with Populations Less than 30,000 Should Remain Regulated*, Docket No. 32977 (October 17, 2006). On October 17, 2006, an Order was issued by the Commission deregulating seventeen additional SBC and Centel markets.

[23] *Petition of AT&T Texas to Determine Whether Certain Markets with Population Less Than 100,000 Should Remain Regulated*, Docket No. 41731. On November 4, 2013, an Order was issued by the Commission deregulating 109 additional AT&T Texas markets. *Petition of AT&T Texas to Determine Whether Certain Markets with Population Less Than 100,000 Should Remain Regulated*, Docket No. 42451. On July 10 an Order was issued by the Commission deregulating 95 AT&T markets.

additional deregulated exchanges to bring the total to 413 (one market, Hutto, has since been re-regulated,[25] bringing the net total to 412 deregulated markets). Effective July 11, 2014, AT&T Texas has deregulated all of its exchanges.

As with past reporting, transitioning and partially regulated companies continue promoting and introducing new packages, bundles, and term agreements that offer discounts to residential and business customers.

The last two years saw an increase in BLTS rates for the two largest telephone companies in the state as the subsidy for BLTS also decreased through a reduction in TUSF support. Economically speaking, the gradual elimination of subsidies is necessary for true competition to exist in the partially regulated and deregulated markets affected by these changes.

In July 2012, a new proceeding was established to determine a reasonable rate for BLTS along with the corresponding reductions in support from the Texas High Cost Universal Service Plan (THCUSP) each ILEC would experience as a result of the newly determined reasonable rates for BLTS. This proceeding resulted in a revised reasonable rate for BLTS of $24.00 per month for AT&T Texas, Verizon, and CenturyLink f/k/a Embarq. For Windstream Communications Southwest, the new rate was determined to be $23.50 per month.[26]

Each of these ILECs is permitted the opportunity to request to raise its monthly residential BLTS rates by up to $2.00 per year for a four-year period up to the applicable reasonable rates. The rate increases will be done in conjunction with a reduction in the THCUSP over the same four-year period. Accordingly, over the last two years BLTS rates in regulated exchanges served by the two largest telephone companies in the state (AT&T Texas and Verizon) increased in an effort to offset the reduction in support received by these companies from the TUSF. CenturyLink f/k/a Embarq has increased its BLTS rates only once since the last report.

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[24] *Petition of Verizon Southwest to Determine Whether Certain Markets with Population Less Than 100,000 Should Remain Regulated,* Docket No. 41740. On November 4, 2013, an Order was issued by the Commission deregulating thirteen additional Verizon markets. *Petition of Verizon Southwest to Deregulate Certain Markets,* Docket No. 42745. On October 23, 2014, a Final Order was issued by the Commission deregulating an additional 15 Verizon markets.

[25] *Petition for Review of Monthly Per-Line Support Amounts from the Texas High-Cost Universal Service Plan Pursuant to PURA § 56.031and P.U.C. SUBST. R. 26.403,* Docket No. 34723, Final Order (April 25, 2008).

[26] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. 26.403,* Docket No. 40521, Order (September 28, 2012).

3. Local Telephone Service Rates

a. *Basic Rates*

Table 1 provides an illustration of BLTS rates applicable to residential service, single-line business service, and multiple-station business trunk service in deregulated and regulated markets in Texas served by ILECs regulated under various regulatory regimes.

As shown in Table 1, local telephone rates for business customers are higher than those charged to residential customers and rates in urban areas exceed the rates in rural areas in most cases. For example, the Dallas Metropolitan Exchange, a deregulated market served by AT&T Texas, offers residential local telecommunications service at a rate of $24.00 per month. This rate reflects the culmination of increases over the last two years as AT&T Texas seeks to offset the reduction of support from the TUSF. Generally speaking, the rates in deregulated exchanges, with the exception of certain grandfathered, lifeline, and tribal rates, are uniform throughout AT&T Texas' service territory that has been deemed competitive.

The rates for single-line business service in the rural exchanges appear to depend on whether the ILEC serving the exchange has the ability to exercise pricing flexibility. As shown in Table 1, the single-line business rates in the rural areas of Huxley and Port Aransas are less than the rates for the same service in the rural area Jarrell. The difference in rates may be attributed to the fact that Jarrell is served by an ILEC (Verizon) that has the flexibility to set prices for a non-basic service such as single-line business in these exchanges under PURA Chapter 58. On the other hand, Huxley and Port Aransas are served by Eastex Telephone Cooperative, a Chapter 52 ILEC and CenturyTel of Port Aransas d/b/a CenturyLink, a Chapter 59 ILEC, respectively, and these companies are constrained in their ability to engage in pricing flexibility for single-line business customers.

Recent FCC decisions on intercarrier compensation reform may also have an impact on residential and business local rates in Texas.[27] The FCC has required telecommunications carriers to reduce, over a period of six to nine years, the rates they charge to transport and terminate another carrier's telecommunications traffic. The FCC has permitted ILECs to recover at least part of the lost intercarrier compensation revenues caused by the reduction in intercarrier compensation rates through increases in end-user charges and new universal service support. Specifically, ILECs are permitted to charge a limited monthly charge called the Access Recovery Charge (ARC) on wireline telephone service, with a maximum annual increase of $.50 for consumers and small businesses, and $1.00 per line for multi-line businesses. This monthly charge may not be imposed on consumers whose total monthly rate for local telephone service is at least $30 and on

[27] *In the Matter of Connect America Fund, et al*, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (Released: November 18, 2011), paragraphs 35-37. Available online at: http://www.fcc.gov/document/fcc-releases-connect-america-fund-order-reforms-usfcc-broadband

multi-line business customers if the ARC and existing subscriber line charge (a federal fee) exceeds $12.20 per line.

Table 1 - Sample of Basic Local Telephone Service Rates in Texas[28]

Serving Company	*Major City/ Local Access Transport Area (LATA)*	*Exchange served*	*Basic Single Line Service Rates*		
			Residential	Business	Business Trunk
AT&T Texas – Chapter 65	Dallas/ Dallas LATA	Dallas Metropolitan Exchange - *deregulated*	$24.00	$82.25	$82.25
Verizon – Chapter 65	Irving/Dallas LATA	Irving Exchange - *deregulated*	$24.00	$46.10	$49.10
Verizon – Chapter 58	Jarrell/Austin LATA	Georgetown Exchange - *regulated*	$21.00	$34.75	$42.10
CenturyLink - Chapter 65	Humble/Houston LATA	Humble Exchange - *deregulated*	$20.00	$40.00	$56.00
CenturyLink - Chapter 58	Hutto/Austin LATA	Hutto Exchange - *regulated*	$20.00	$26.50	$33.00
Windstream Comm. SW - Chapter 58	Texarkana/Longview LATA	Texarkana Exchange	$14.40	$28.45	$40.10
Blossom Telephone Company – Chapter 52	Blossom/ Dallas LATA	Blossom Exchange	$14.00	$15.50	n/a
Eastex Telephone Coop – Chapter 52	Huxley/Houston LATA	Huxley Exchange	$13.50	$20.84	$28.37
CenturyLink - Chapter 59	Port Aransas/Corpus Christi LATA	Port Aransas Exchange	$6.45	$11.95	$18.55

b. *Vertical Services Rates*

Vertical services rates are not capped under Chapters 58, 59, and 65 of PURA. Thus, the rates of many of the most popular vertical features have generally continued to

[28] Texas P.U.C. tariff filings. The exchanges shown were chosen to best represent a broad cross-section of all customers in the State of Texas

increase. The most popular vertical services include Caller ID Name and Number, Automatic Call Blocking, Call Forwarding, Speed Calling, Call Return, and Three Way Calling. Because AT&T Texas and Verizon are Chapter 65 companies, they no longer are required to file tariff updates to implement price changes. As a deregulated company, AT&T Texas is not required to maintain tariffs on file at the Commission; therefore information on price changes is not readily available.

c. *Packages, Bundles, Term Commitments, and Promotions*

As in the past few years, the trend has been for ILECs, CLECs, cable providers, and VoIP providers to market service packages to residential and business customers that include basic local service, vertical features, and long-distance services bundled with video services and high speed internet access. The most prolific of bundles offered by telephone and cable companies is the "triple play" offering – a package comprising video service, high-speed Internet access, and voice telephone service. The triple play offerings are typically priced under $100 with a one to two-year term commitment.

Cable companies and VoIP providers continue to offer special promotions to lure customers away from the incumbent, while the incumbent continues to regularly offer special promotions to former residential and business customers to "win-back" their business. Both forms of promotions generally provide temporary economic incentives to induce customers to switch their local telephone service, video service, and/or high speed internet service. As reported two years ago, the term agreement continues to be a common offering for large and small companies and provides revenue security for competitive telecommunications carriers.

C. Effects of Competition and Regulation on Service Availability and Customer Choice

In areas that remain regulated, service availability, or the ability of Texas residents to obtain some form of telephone service (a/k/a "subscribership"), is not impacted by competition, but rather is governed by state laws and Subchapter C of the Commission's Chapter 26 regulations. However, the ability of Texas residents to choose from multiple providers of telephone service has been greatly enhanced with increasing competition.

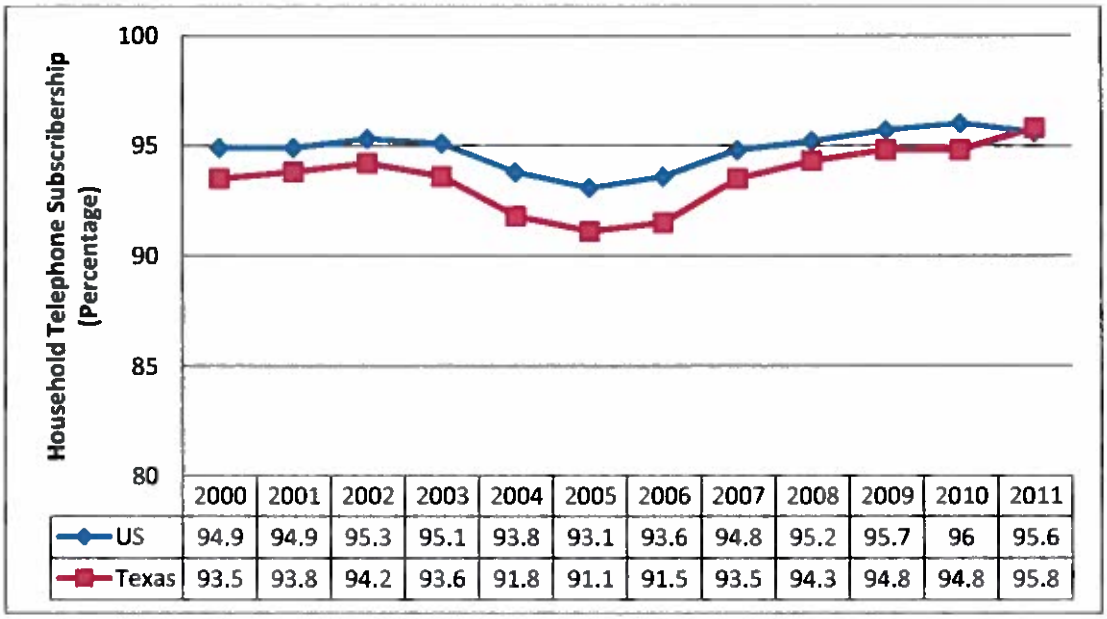
In areas that have been deregulated (in the territories of Chapter 65 regulated companies), subscribership is now driven by market forces. There is no longer a carrier with provider of last resort (POLR) obligations in those areas. Instead, those areas were deregulated based on the proven availability of at least two telephone providers in addition to the incumbent,[29] so that through the competitive market, customers have not only the ability to obtain some form of telephone service, but also have a choice of providers.

[29] The Commission is not aware of a case where any exchange that was deregulated because of the presence of at least two facilities-based competitors has experienced the loss of one of those competitors.

1. Subscribership

The percentage of households that have telephone service (telephone penetration) is one of the fundamental measures of the extent of universal service. The FCC reports this data based on surveys conducted by the Census Bureau. Although the level of subscribership in Texas has typically lagged slightly behind the national average over the past ten years, there has been an increase in telephone subscribership in Texas since 2005, as shown in Figure 7 below.

Figure 7 - Percentage of Telephone Subscribership[30]



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
US	94.9	94.9	95.3	95.1	93.8	93.1	93.6	94.8	95.2	95.7	96	95.6
Texas	93.5	93.8	94.2	93.6	91.8	91.1	91.5	93.5	94.3	94.8	94.8	95.8

Subscribership, as defined by the FCC, includes any house, apartment, or mobile home that has telephone service from which to make and receive calls. This metric does not distinguish between wireline and wireless service. This is the likely reason that telephone subscribership has seen an increase despite the loss of traditional landline subscribers over the same period. Additionally, it should be noted that the FCC no longer publishes *Telephone Subscribership in the United States*. Therefore, there is no reliable data for this metric beyond 2011.

a. *Subscribership Regulation*

Legal and regulatory provisions are in place in Texas to ensure that telecommunications service is made available to customers residing in still-regulated areas. PURA and Commission rules require a POLR in all regulated, certificated areas in

[30] FCC's *Telephone Subscribership in the United States* at Table 3 (July 2011).

Texas, thereby guaranteeing at least one provider of telecommunications service for all areas in Texas, due either to regulation or proven competition in deregulated areas.[31]

For those areas in Texas that are uncertificated and therefore do not have an ILEC serving as a POLR, there are processes in place that enable customers to request telecommunications service.[32] That process has been exercised four times to date. No additional applications to serve uncertificated areas have been received since the 2009 Scope of Competition Report. In addition, wireless and satellite providers provide coverage in many of the uncertificated areas.

An uncertificated area is an area of the state where no ILEC is required to provide service. PURA Chapter 56, Subchapter F authorizes the Commission to designate a telecommunications provider to provide BLTS in uncertificated areas if the provider is otherwise eligible to receive high cost support from the TUSF.

PURA § 56.210 and its implementation in P.U.C. SUBST. R. 26.423 establishes procedures for the Commission to designate an ETP to provide voice-grade services to permanent residential or business premises that are not included within the certificated area of a holder of a CCN, and for the reimbursement of costs from the TUSF if potential subscribers agree to pay a portion of the ETP's start-up costs.[33] Once an ETP volunteers or is designated to serve the area, construction costs and monthly assistance rates may be approved for the new service.

To date four such petitions have been filed by potential subscribers living in uncertificated areas of the state. The most recent case was in 2010.

b. *Programs Supporting Subscribership*

The THCUSP and the Small and Rural ILEC Universal Service Plan (SRILECUSP) provide financial support to eligible carriers in a competitive environment to ensure that customers in high cost areas in Texas and low-income customers throughout the State of Texas have access to BLTS at just, reasonable, and affordable rates.

c. *Lifeline Service*

Lifeline service provides qualifying low-income customers a discount for local telephone service. Qualifying Lifeline customers receive a discount of up to $12.75 per month from their Lifeline provider, which is reimbursed from a combination of the TUSF and the FUSF.

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[31] See PURA §§ 54.301-54.303. See also P.U.C. SUBST. R. 26.22(a)(1) and 26.54(c)(1).

[32] See PURA Chapter 56, Subchapter F. See also P.U.C. SUBST. R. 26.421 and 26.422.

[33] Other requirements include actions such as entering into an agreement for subscription to basic local service for a period of time and proof of ownership of the residential or business property in question.

In addition, eligible customers served by Lifeline providers operating in the service areas of AT&T Texas, Verizon Southwest, CenturyLink, and Windstream Communications Southwest, or their successors, will receive a discount equal to 25% of any increases to residential basic network service rates in regulated exchanges of the four companies mentioned above consistent with P.U.C. SUBST. R. 26.412 and the Order issued in the Commission's Docket No. 40521.[34] This additional discount will be reimbursed from the TUSF.

To receive support from the FUSF, a telecommunications carrier has to be designated by the Commission as an Eligible Telecommunications Carrier (ETC). To receive support from the TUSF, a telecommunications carrier has to be designated by the Commission as an ETP. Prior to the enactment of Senate Bill 5 in 2005, only ETPs and ETCs were required to provide Lifeline service.

As amended by Senate Bill 5, PURA § 55.015 now requires all certified telecommunication providers (CTPs) of local exchange telephone service to provide Lifeline service. All certificated providers, other than resellers, can apply to become an ETC or ETP and can thereby qualify for support from the FUSF and the TUSF.[35] A Total Service Resale (TSR) provider that is a certificated provider, which was not previously required to provide Lifeline service, but must now do so under PURA § 55.015, may also qualify to receive TUSF support for providing Lifeline service.[36]

Lifeline enrollment funded by state support has decreased since 2009 primarily due to participants selecting wireless Lifeline providers that are funded through the FUSF. Additionally, in 2012 the FCC approved the Lifeline and Link Up modernization order which specifically detailed that only one (1) Lifeline is allowed per residence. The Low Income Discount Administrator continues to receive a direct feed from the Health and Human Services Commission of clients in approved Lifeline programs along with processing self-enrollment applications. Table 2 shows the enrollment figures since 2010.

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[34] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. 26.403*, Docket No. 40521, Order (September 28, 2012).

[35] P.U.C. SUBST. R. 26.417. *Designation of Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF)* and P.U.C. SUBST. R. 26.418, *Designation of Common Carriers as Eligible Telecommunications Carriers to Receive Federal Universal Service Funds.*

[36] P.U.C. SUBST. R. 26.419, *Telecommunication Resale Provides Designation as Eligible Telecommunications Providers to Receive Texas Universal Service Funds (TUSF) for Lifeline Service.*

Table 2 - Lifeline Enrollments, 2010 - 2013[37]

2010 Lifeline	2011 Lifeline	Percent Increase/ Decrease 2010 - 2011	2012 Lifeline	Percent Increase/ Decrease 2011 - 2012	2013 Lifeline	Percent Increase/ Decrease 2012 - 2013
815,615	712,543	-12.6%	619,148	-13.5%	389,142	-37.1%

2. Choice of Providers

The increased footprint of wireless providers, cable companies, and VoIP providers has generally increased the availability of basic local telephone service (BLTS) over and above what has been traditionally provided by ILECs. Moreover, the availability of peripheral services, features, and functionality provided in conjunction with BLTS has also become more widespread. Rural areas, with higher infrastructure costs and smaller populations, have not attracted robust local exchange competition, but they have, in many instances, been afforded the options of cable, wireless, or satellite telecommunications service as alternatives to consider when making a choice for telecommunications service. The provision of VoIP service appears to be increasing for business customers that use a variety of data and high-speed transmission services.

As seen in Table 3,[38] there were 567 municipalities in Texas that had at least three providers of residential service. Similarly for business providers, there were 544 municipalities in Texas that had at least three providers of business service. Not every service provider provides both residential and business service. The data shown in Table 3 and Table 4 encompasses a total of 1,109 municipalities in Texas. For comparison, there are a total of 1,752 places[39] in Texas consisting of 1,214 incorporated places and 538 census designated places.[40] It should be noted that the data used from the Commission website to create the tables below does not include wireless providers.

[37] Solix – Low-Income Discount Administrator (LIDA).

[38] Sources – http://www.puc.texas.gov/consumer/phone/providers/Search_Phone.aspx

[39] The Bureau of the Census defines a place as a concentration of population; a place may or may not have legally prescribed limits, powers, or functions. This concentration of population must have a name, be locally recognized, and not be part of any other place.

[40] Source – http://www.census.gov/geo/www/guidestloc/st48_tx.html

Table 3 - Number of Landline Residential Service Providers in Texas Municipalities as of March 2014

Range of Residential Service Providers	Number of Municipalities
1-2	542
3-5	321
6-10	214
11-15	26
16-20	4
21-30	2

Table 4 - Number of Landline Business Service Providers in Texas Municipalities as of March 2014

Range of Business Service Providers	Number of Municipalities
1-2	375
3-5	302
6-10	207
11-15	97
16-20	56
21-25	31
26-30	15
31-40	12
41-50	3
51-60	1

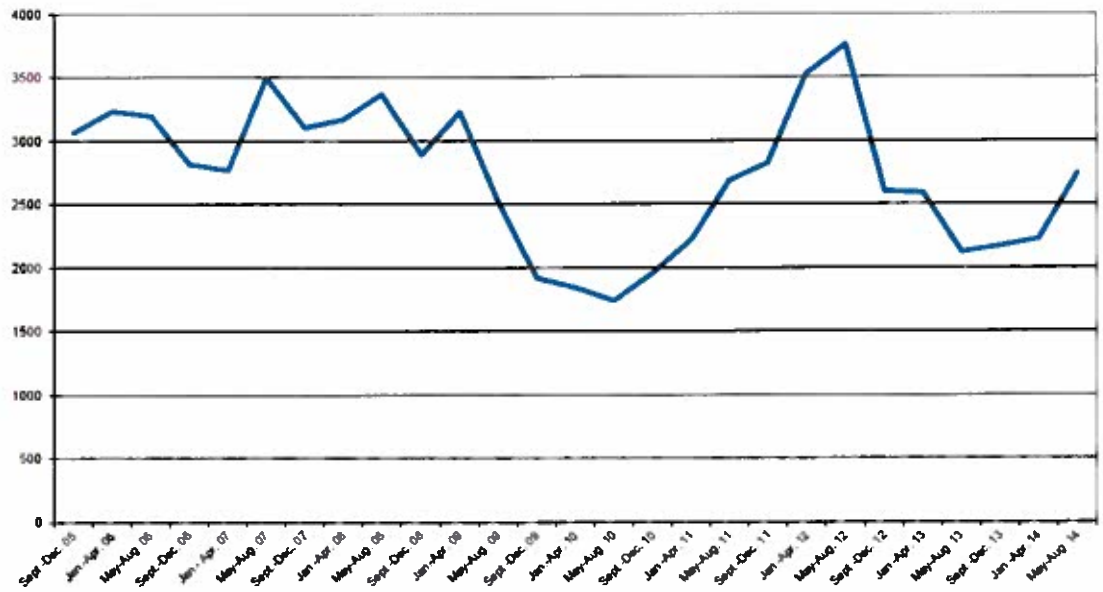
IV. CUSTOMER PROTECTION / COMPLAINT ISSUES

Commission rules permit consumers to complain to the Commission about their utility service, and the Commission is required to keep records of the complaints. This chapter discusses the number and types of complaints received.

A. Complaints Received

As shown in Figure 8 below, complaints showed a steady increase from May 2010 through August 2012. A decline in the number of complaints received began in September 2012 through June 2014. Complaints received are showing an increase starting in May 2014.

Figure 8 - Total Telephone Complaints Received September 2005 – August 2014

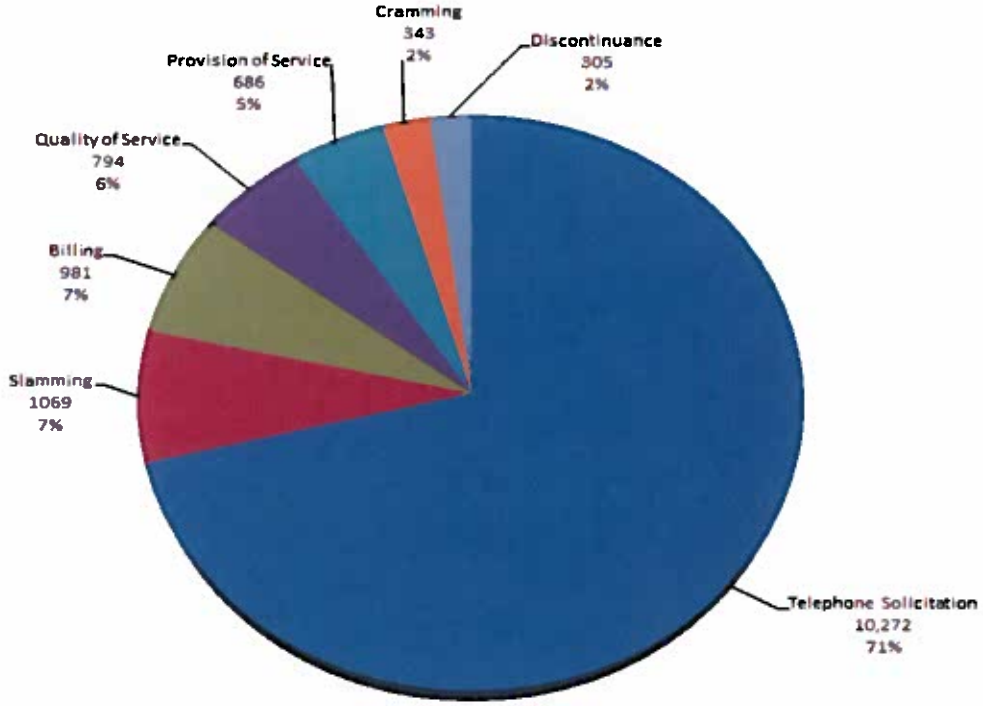


B. Type of Complaints

A total of 14,450 telecom complaints were received over the two-year period from September 1, 2012 through August 31, 2014. As shown in Figure 9 below, complaints related to the "Texas No Call List" continue to constitute the largest category

of telecommunications complaints at 71%. The decline in telephone complaints from September 2012 to August 2014 is likely due to customers switching from basic telephone service to mobile wireless, broadband services, and VoIP. With the number of wireless subscribers increasing there has been a decrease in land line subscribers. Because these advanced technologies are not under the jurisdiction of the Commission, customers wishing to file complaints regarding mobile wireless, broadband services, or VoIP, must be referred to the Federal Communications Commission (FCC) for assistance.

Figure 9 - Telecommunications Complaints Received September 2012 – August 2014



V. COMPETITION IN BROADBAND AND CABLE/VIDEO MARKETS

A. Broadband Market

In today's digital world, broadband represents an increasingly important measure of competition and services available in the telecommunications market. Broadband services provide a platform for communications firms to offer information content, such as entertainment and video and business services involving data transfer. Services such as video, voice, or Internet are no longer limited by the type of technology used for delivery. All of these services comprise bytes of information that can be transported over wire, cable, or through the air. Therefore as broadband services expand, they become increasingly important to the competitive environment of telecommunications service in Texas.

As an increasing number of Texans subscribe to online services, broadband becomes a larger player in the telecommunications market. The number of broadband subscribers in Texas has increased 156 percent from 2009 to 2013 demonstrating a high rate of adoption of broadband service as its price continues to drop to a level that more Texans can afford.[41]

As shown in Table 6 - Number of Broadband Providers in Texas, the number of broadband subscribers in Texas has grown from approximately 7.4 million in June 2008, to more than 23.6 million as of June 2013. Of this number, 3.1 million were DSL lines, 2.9 million were cable modem lines, half a million were fiber lines, and 16.7 million were mobile broadband lines. In June 2013, Texas ranked second in the nation with respect to number of high-speed lines (including mobile broadband connections).[42]

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[41] *Internet Access Services: Status as of June 30, 2013* at Table 15, (June 2014) (*Internet Access Services Report*). Source: http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-327829A1.pdf

[42] The FCC has previously described a broadband service as one which operates at least 200 kbps in one direction. *Internet Access Report* at page 1, however, the FCC currently defines broadband as 4 Mbps download speed/1 Mbps upload speed. *See* Remarks of FCC Chairman Tom Wheeler, "*The Facts and Future of Broadband Competition,*" 1776 Headquarters, Washington, D.C. September 4, 2014. Source: http://www.fcc.gov/document/fcc-chairman-more-competition-needed-high-speed-broadband-market.

Table 5 - Broadband Subscribers in Texas as Compared to Other States (000s)[43]

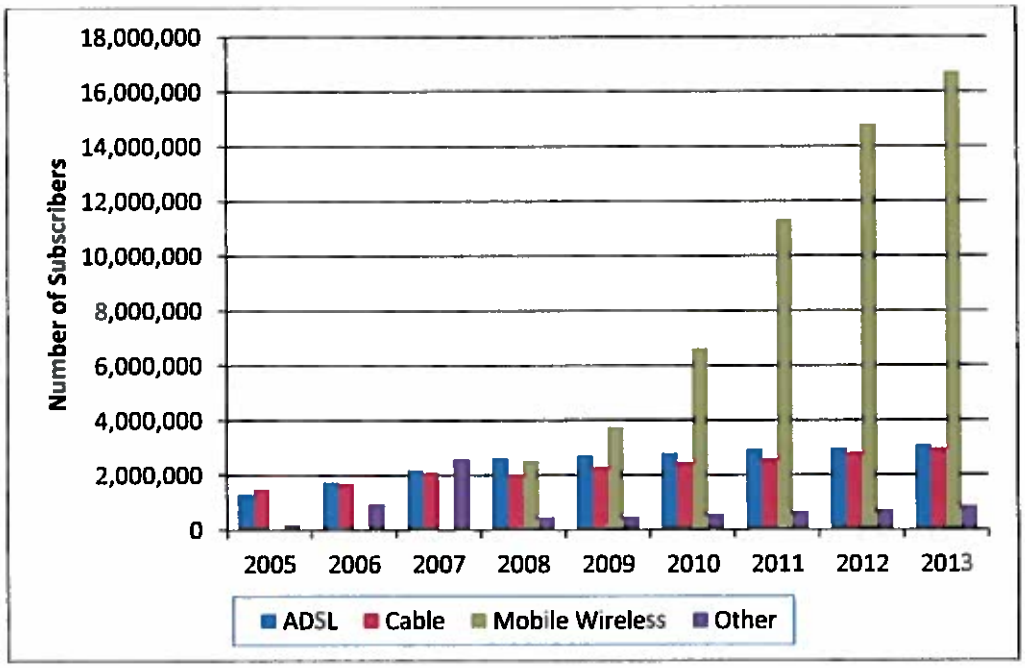
State	Jun. 2008	Jun. 2009	Jun. 2010	Jun. 2011	Jun. 2012	Jun. 2013	Percent Change 2009/2013
California	12,649	14,691	18,779	26,029	30,773	34,083	132%
Texas	7,484	9,214	12,420	17,487	21,288	23,612	156%
New York	7,405	7,986	9,988	13,664	16,182	18,294	129%
Florida	6,729	7,571	9,479	12,720	15,851	17,765	135%
Illinois	4,265	4,843	6,274	8,645	10,085	11,300	133%
New Jersey	3,517	3,983	4,921	6,529	7,623	8,695	118%
Pennsylvania	4,225	4,775	6,067	8,212	9,581	10,819	127%
National	102,043	116,374	149,531	206,124	243,397	275,608	137%

Broadband service is principally being offered by wireless companies, cable companies, and local exchange carriers. Local exchange companies typically use asymmetric DSL (ADSL) technology to provide service to its customers. ADSL allows customers to use their existing phone lines to transmit and receive data over the same copper facility. Similarly, cable modem service utilizes the same coaxial facility used to transmit video to also transmit broadband service. Other media for broadband service include symmetric DSL (SDSL), fixed wireless, satellite, FTTH, BPL and other wireline technology which include all copper-wire based technologies other than DSL technologies such as Ethernet over copper and T-1 lines.

Figure 10 depicts the level of subscribership to various technologies used in providing broadband service from 2005 to 2013. Although customers have several options available to them, mobile wireless service holds the largest share of the broadband subscribership. This trend began in 2007 when mobile wireless was classified as "other" technology. Since that time, mobile wireless broadband subscribership has rapidly grown from 2.5 million connections in 2008 to 16.7 million connections in 2013 which represents a 568 percent increase in five years. This increase in market share can be attributed to cheap pricing plans as well as the ever-increasing smartphone penetration rates and a host of new devices such as tablets, netbooks, and mobile internet devices (MIDs).

[43] *Id.*

Figure 10 - Broadband Subscribers in Texas[44]



In this year's report, the number of broadband providers in Texas includes fixed and mobile broadband providers and was calculated using publicly available FCC data. This increase can be attributed to the difference in data sources and the inclusion of mobile wireless providers in determining the number of broadband providers. As shown in Table 6 - Number of Broadband Providers in Texas, customers in an increasing number of counties have multiple choices of providers when subscribing to broadband service. Since 2009, the number of counties served by as few as two providers and as high as 24 providers have remained fairly constant. According to the latest data, there are now no counties in Texas where broadband service is unavailable. Note, however that not all customers in each county served by multiple providers may have access to all broadband providers.

[44] *Id.*

Table 6 - Number of Broadband Providers in Texas[45]

Number of Providers	Number of Counties June 2009	Number of Counties June 2010	Number of Counties June 2011	Number of Counties June 2012	Number of Counties June 2013
0	0	0	0	0	0
1	1	0	0	10	4
2-6	33	31	29	32	32
7-15	158	154	149	158	160
16-24	43	43	47	41	43
24+	19	26	29	13	15

B. Cable/Video Market

PURA Chapter 66, enacted in 2005, provides for a state-issued certificate of franchise authority (SICFA) to new entrants as well as incumbent cable providers wishing to compete in new markets or obtain certificates in existing serving areas after the expiration of their current franchises. However, pursuant to a judgment of United States District Court for the Western District of Texas invalidating most of PURA § 66.004, an incumbent cable service provider or video provider may elect to terminate its current municipal franchise prior to its expiration date and seek a SICFA by providing written notice to the Commission and affected municipality.[46] Appendix C lists the companies issued new SICFAs from January 1, 2013 to June 30, 2014.

Collectively, video and cable service providers spent over $1.5 billion in Texas in 2007 improving and expanding their cable and broadband infrastructure that carries cable and video service. By the end of 2007, the number of occupied homes having the potential of being served by a cable or video service operator was approximately 18 million and the total number of subscribers to cable/video service was approximately 4 million. Video and cable service providers continue to improve and expand their cable and broadband infrastructure that carries cable and video service.

As shown in Table 7, customers in an increasing number of counties have multiple choices of cable and video service providers. The number of cable and video service providers in Texas counties also continues to increase. In 2008, there were 185 counties with either one or no cable and video service provider; however, by 2014 that number has decreased to 67 counties. The number of counties with at least four providers has increased from 15 counties in 2008 to 54 counties in 2014. There are five counties in 2014 that are served by at least 12 cable and video service providers. It should be

[45] Source: http://transition.fcc.gov/web/iatd/comp.html - Census Tract Information Mapped for Internet Access Services faster than 200 kbps in at least one direction.

[46] *Texas Cable Association v. Hudson, No. A-05-CV-721-LY (W. D. Tex. May 31, 2012.*

noted, however, that these cable and video service providers do not necessarily offer service throughout the counties they are serving.

Table 7 - Number of Cable and Video Providers in Texas[47]

Number of Providers	Number of Counties in 2008	Number of Counties in 2010	Number of Counties in 2012	Number of Counties in 2014
0	63	54	24	16
1	122	84	48	51
2-3	52	84	114	110
4-6	15	26	51	54
7-11	2	6	15	19
12-16	0	0	2	5

C. Conclusion

In sum, the broadband market showed tremendous growth in Texas over the last two years with the most notable increase in market share seen in lines served by wireless providers. Competition in the cable and video market is increasing in many Texas counties as a result of numerous providers receiving franchises to operate under PURA Chapter 66.

[47] State-issued certificate of franchise authority filed with the Commission. Available online at: http://www.puc.texas.gov/industry/communications/business/sicfa/sicfa.aspx.

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VI. SIGNIFICANT COMMISSION ACTIVITIES: 2012-2014

A. Commission Action on Legislation

1. Deregulation of ILEC Markets

The Commission regulates the ILECs that serve in Texas under one of five different regulatory regimes. The 62 ILECs operating in Texas are listed in Appendix B.[48] Of those 62 companies, ten are regulated under Chapter 58[49] "incentive regulation" and three are regulated under Chapter 59[50] "incentive regulation." Five cooperatives are partially deregulated under Chapter 53.[51] Two Chapter 58 ILECs are also classified as "transitioning companies" as defined in Chapter 65 and one company is classified as a "deregulated company."[52] The remaining 44 ILECs are regulated under Chapter 52[53] and are subject to the rate of return regulation authority of the Commission.

PURA Chapter 65, enacted in 2005, provided for deregulation of certain ILEC markets. In 2011, SB 980 streamlined the criteria for deregulation of these markets so that markets with a population of less than 100,000 satisfy the test of deregulation if the ILEC can demonstrate that there are at least two unaffiliated competitors providing voice communications without regard to the delivery technology including through Internet Protocol, satellite, or wireless technology. A total of 427 markets have been deregulated

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[48] *Affidavits of Incumbent Local Exchange Carriers*, Project No. 31869, (October 2005) and *Staff's Petition to Determine Whether Markets of Incumbent Local Exchange Carriers (ILECs) Should Remain Regulated*, Docket No. 31831 (October 4, 2005). In these two proceedings, the Commission determined that 59 of these companies would be classified as a "regulated" company.

[49] Chapter 58 ILECs are companies that elect to be subject to incentive regulation and agree to make extensive infrastructure commitments under Chapter 58 of PURA. Chapter 58 companies cannot increase rates for basic network services (i.e. flat rate basic residential local service), but can increase rates for non-basic services (i.e. caller ID). Chapter 58 also provides the framework for a transition from the traditional rate-of-return on invested capital to a fully competitive telecommunications market place.

[50] Chapter 59 ILECs are companies that have elected to make an infrastructure commitment under the condition that the company would not be subjected to rate-of-return regulatory review. Chapter 59 companies cannot increase rates for the services it offers.

[51] Chapter 53 regulation is available only to certain cooperative corporations and allows the electing cooperative to become partially deregulated. Chapter 53 provides an electing cooperative the ability to raise its rate for any service as long as the cooperative follows certain requirements outlined in Chapter 53.

[52] Chapter 65 ILECs are companies whose markets or a portion of their markets are fully competitive. Unlike Chapter 58 companies, these companies are allowed to increase rates for basic network services through an informational notice filing.

[53] Chapter 52 ILECs are companies that have elected not to be regulated pursuant to PURA Chapters 58, 59, or 65. Chapter 52 companies may only increase rates if done so: 1) under another chapter of PURA such as Chapter 53; 2) through a rate case; or 3) as authorized by a change-of-law.

since 2005: 36 markets with a population greater than 100,000; and 391 markets with a population less than 100,000. Of the 427 markets, 357 markets were deregulated after the enactment of SB 980 (see Table 8).

AT&T has been the largest ILEC in Texas. AT&T was the first ILEC in Texas to have all of its markets deregulated by the Commission, in accordance with the provisions of PURA Chapter 65.[54] AT&T's exchanges were all deregulated because they each met the requirement that they have at least two competitors to AT&T's basic voice service. AT&T's petition to relinquish its CCN and receive a COA was recently approved by the Commission.[55] As a deregulated company, AT&T is no longer required to fulfill the obligations of provider of last resort (POLR), comply with retail quality of service standards, file an earnings report, or file tariffs. It is important to note that as a result of this deregulation, AT&T is no longer eligible for TUSF support. Competitive forces will now determine AT&T's actions in the marketplace.

[54] For a list of dockets in which AT&T's exchanges were deregulated, see Table 8 of this report.

[55] *Southwestern Bell Telephone Company d/b/a AT&T Texas' Petition to Issue a Certificate of Operating Authority and Rescind its Certificate of Convenience and Necessity*, Docket No. 42741, Final Order (October 23, 2014).

Table 8 - Number of Deregulated Markets in Texas by Provider

Number of Deregulated Markets in Texas by Provider				
Docket No.	**SBC (AT&T)**	**Verizon Southwest**	**Sprint-Centel (CenturyLink)**	**Docket Total**
31831[56]	40	11	3	**54**
32977[57]	15		2	**17**
34723[58]			-1	**-1**
39962[59,60]	41			**41**
40398[61]		57		**57**
40646[62]		27		**27**
41731[63]	109			**109**
41740[64]		13		**13**
42451[65]	95			**95**
42745[66]		15		**15**
Company Totals	**300**[67]	**123**	**4**	**427**

[56] *Staff's Petition to Determine Whether Markets of Incumbent Local Exchange Carriers (ILECs) Should Remain Regulated*, Docket No. 31831 (effective January 1, 2006). In this project AT&T, Verizon, and CenturyLink (Central Telephone of Texas) were classified as "transitioning" companies.

[57] *AT&T Texas' Petition to Determine Whether Markets of Incumbent Local Exchange Carriers (ILECs) with Populations Less than 30,000 Should Remain Regulated*, Docket No. 32977. Final Order (Oct. 17, 2006).

[58] *Petition for Review of Monthly Per-Line Support Amounts from the Texas High-Cost Universal Service Plan Pursuant to PURA § 56.031and P.U.C. SUBST. R. 26.403*, Docket No. 34723, Final Order (April 25, 2008). In Docket No. 34723, the Hutto Exchange served by CenturyLink (Central Telephone of Texas) was re-regulated under PURA Chapter 58 in April 2008 as part of a settlement by the parties).

[59] *Petition of AT&T Texas to Determine Whether Certain Markets with Population Less Than 100,000 Should Remain Regulated*, Docket No. 39962. Final Order (Feb. 24, 2012).

[60] Docket No. 39962 was the first docket processed under the provisions of SB 980 (2011).

[61] *Petition of Verizon Southwest to Deregulate Certain Markets*, Docket No. 40398. Final Order (Jul. 30, 2012).

[62] *Petition of Verizon Southwest to Deregulate Certain Markets*, Docket No. 40646. Final Order (Oct. 26, 2012).

[63] *AT&T Texas' Petition to Determine Whether Certain Markets with Populations Less Than 100,000 Should Remain Regulated*, Docket No. 41731. Final Order (Nov. 4, 2013).

[64] *Petition of Verizon Southwest to Determine Whether Certain Markets With Populations Less Than 100,000 Should Remain Regulated*, Docket No. 41740. Final Order (Nov. 4, 2013).

[65] *Petition of AT&T Texas to Determine Whether Certain Markets With Populations Less Than 100,000 Should Remain Regulated*, Docket No. 42451. Final Order (Jul. 11, 2014).

[66] *Petition of Verizon Southwest to Deregulate Certain Markets*, Docket No. 42745. Final Order (Oct. 23, 2014).

[67] As of Sept. 1, 2014, 100% of AT&T exchanges have been deregulated.

2. Clarification of Authority Over Deregulated and Transitioning Companies

SB 259 clarified the scope of the Commission's authority with respect to nondominant carriers, deregulated companies, and transitioning companies. It reduced Commission authority over such carriers and provided them additional flexibility with respect to pricing of residential services.

The bill determined which provisions of PURA would govern deregulated telecommunications carriers in Texas. SB 259 required the amendment of many of the Commission's Substantive Rules to reflect its deregulatory provisions. The amendments to the rules were completed in Project Nos. 41608[68] and 42477.[69]

3. Revisions to the Texas Universal Service Fund

The purpose of the TUSF is to implement a competitively neutral mechanism to enable telecommunications providers to provide BLTS at reasonable rates in high cost rural areas of the state. The TUSF accomplishes this purpose by providing financial support to eligible telecommunications providers to assist in the provision of BLTS at reasonable rates to customers in high cost rural areas and to qualifying low-income and disabled customers. Eleven programs are supported through the TUSF. These programs can generally be categorized as one of two types: assistance for high cost areas or assistance for low-income or disabled individuals. The eleven TUSF programs are:

[68] *Rulemaking to Amend Substantive Rules Relating to Telecommunications to Conform to PURA §56.023*, Project No. 41609, Order Adopting Amendment to §§26.403 and 26.404 and New §26.405 as Approved at the December 1, 2014 Open Meeting (Dec. 3, 2014).

[69] *Rulemaking to Amend P.U.C. Substantive Rule 26.111, and Chapter 26 as Needed, to Implement Sections of S.B. 259, 83rd Legislative Regular Session*, Project No. 42477, Order Adopting Amendment to §26.111 as Approved at the October 17, 2014 Open Meeting (Oct. 28, 2014).

Table 9 - Programs Supported by the Texas Universal Service Fund

Programs Supported by the Texas Universal Service Fund
Programs for high cost assistance:
Texas High Cost Universal Service Plan (THCUSP) (a/k/a Large Company Area High Cost Program)
Small and Rural ILEC Universal Service Plan (SRILEC USP) (a/k/a Small Company Area High Cost Program)
PURA § 56.025 Maintenance of Rates and Expansion of Fund for Certain Companies
Uncertificated Areas
Successor Utilities
Additional Financial Assistance (AFA)
IntraLATA (For Non-58/59 companies)
Programs for low-income or disability assistance
Lifeline
Relay Texas (Telecommunications Relay Service)
Specialized Telecommunications Assistance Program (STAP)
Audio Newspaper Program (ANP)

The two largest programs are the Large Company Area High Cost Program and the Small Company Area High Cost Program. The Large Company Area High Cost Program was established to provide support in markets served by the largest incumbent local exchange companies in Texas, including Verizon and AT&T. The Small Company Area High Cost Program provides support in the markets served by the remaining, much smaller, incumbent local exchange companies.

The TUSF is funded by a statewide uniform charge, or "assessment," payable by each telecommunication provider that has access to the customer base. The assessment is assessed as a percentage of each customer's bill for intrastate telecommunications service. In most cases, telecommunications providers choose to recover their assessment via a fee that is passed through to customers. Effective December 18, 2014, the Commission reduced the TUSF assessment rate from 3.7% to 3.3%.[70]

Total disbursements from the TUSF have steadily declined since 2006. In FY 2006, the TUSF disbursed a total of $572 million, and, in FY 2013, $338 million were disbursed, representing a decrease of $234 million. The Commission continues to implement further reductions to the TUSF, including the settlement agreements approved in Docket Nos. 40521[71] and 41097[72], which decreased the support available to certain

[70] *TUSF Administration*, Project No. 21208, Order Changing the TUSF Assessment (December 18, 2014).

[71] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. 26.403*, Docket No. 40521. Final Order (Sep. 28, 2012).

incumbent local exchange companies from the Large Company Area High Cost Program and the Small Company Area High Cost Program and permitted affected companies to offset support reductions using rate increases or by deregulating certain markets. In Docket No. 42541, the Commission ordered the deregulation of the last regulated markets served by AT&T, effective July 10, 2014, meaning that AT&T Texas will no longer receive support from Large Company Area High Cost Program. This represents a reduction of over $30 million per year relative to the support that AT&T was eligible to receive on a yearly basis in 2012. These developments will yield further savings leading up to the implementation of SB 583.

SB 583, enacted in 2013, modified the TUSF in the following ways: (1) preserved the 2012 support reductions of AT&T Texas and Verizon described above; (2) allowed small and rural ILECs that are not an "electing company" under PURA Chapters 58 or 59, to not only continue to receive their TUSF but also have their high cost support adjusted by annual changes to the Consumer Price Index (CPI) until September 1, 2017; (3) provided a new "financial needs" test for the mid-sized ILECs (explained below); and (4) allowed CLECs that were receiving high-cost support in an exchange (as of the date that the exchange was deregulated by the ILEC) to continue receiving TUSF support in that exchange for 24 more months.

Mid-sized ILECs[73] were required under SB 583 to show financial need for their continued TUSF support.[74] If they did not show such a need, their support would be reduced by 75% over a three-year period. For an ILEC that receives support from the Large Company Area High Cost Program, the 75% reduction will be phased down by 25% per year over three years beginning in 2017, until the company is at 25% of its 2016 level. For those ILECs that receive support from the Small Company Area High Cost Program, their high cost support will be phased down by 25% per year over three years beginning in 2018, until the company is at 25% of its 2017 level.

Project No. 41608 was established to create the rules necessary to determine how to implement the financial needs test. The proposed rules were adopted by the Commission at its December 1, 2014 Open Meeting.

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[72] *Commission Staff's Petition to Establish a Reasonable Rate for Basic Local Telecommunications Service Pursuant to P.U.C. SUBST. R. 26.404*, Docket No. 41097. Final Order (Aug. 30, 2013).

[73] Windstream Communications (et al.), CenturyLink (et al.), Consolidated Communications (et al.), and Guadalupe Valley Telephone Cooperative, Inc.

[74] The support involved was specifically the Large Company Area High Cost Program and the Small Company Area High Cost Program.

B. Other Commission Actions and Legislative Implementation

1. Specialized Telecommunications Assistance Program

SB 512 was an Act relating to the specialized telecommunications assistance program (STAP). PURA §56.151 requires the Commission and the Texas Commission for the Deaf and Hard of Hearing to establish a specialized telecommunications assistance program to provide financial assistance to individuals with disabilities that impair the individuals' ability to effectively access the telephone network, to assist the individuals with the purchase of basic specialized equipment or services to provide the individuals with telephone network access that is functionally equivalent to that enjoyed by individuals without disabilities.

The Commission amended its rules consistent with the requirement of SB 512, which moved the processing and payment of vouchers from the Commission to the Department of Assistive and Rehabilitative Services.

2. "Telephone solicitation" with Automated Dial Announcing Devices

Subchapter F, Chapter 55 of PURA lists the requirements related to automated dial announcing devices (ADADs). SB 1040 added a definition of "telephone solicitation" to be "an unsolicited call." The bill also expanded the list of exemptions from the regulations applicable to ADADs by adding a municipality to deliver public health, safety and welfare information to its citizens, and an organization with its members. The bill also limited the applicability of the ADAD provisions to apply only to such devices that are used to make a telephone call that "originates or terminates in this state." The Commission's rules were amended accordingly.

3. Recertification of CLECs

HB 1600, enacted in 2013, required among other things, that the Commission adopt a rule to provide for the renewal of certificates for holders of a Certificate of Operating Authority (COAs) and holders of a Service Provider Certificate of Operating Authority (SPCOAs). Under this legislation, if a COA or SPCOA holder did not timely renew its certification, the Commission would then remove that company from its active COA and SPCOA holders list.

The Commission completed this rulemaking on March 6, 2014. After multiple notices to all COA and SPCOA holders, of the initial 509 COA and SPCOA holders listed with the Commission, 276 renewed their certification. It is presumed that those entities that did not renew no longer exist as a going concern. If a COA or SPCOA holder did actually still exist but failed to timely renew, that company would be free to reapply for a certificate under the Commission's standard application process.

4. Implementation of New Area Codes

The 512 area code was forecasted to run out of phone numbers by the fourth quarter of 2013 according to the Number Resource Utilization Forecast (NRUF). The North American Number Planning Administrator (NANPA), the national administrator for area codes, filed a petition with the Commission recommending the implementation of an all-services overlay of a new area code, 737, for all new phone numbers in the current 512 area code territory. This required the phased-in implementation of ten-digit dialing for local calls in this territory. On June 28, 2012, the Commission adopted a 13-month implementation schedule leading to an all-services 737 overlay area code with mandatory 10-digit dialing for the 512 area code.[75]

The 346 area code was implemented in the Houston area on July 1, 2014. This is the fourth area code for Houston and involves an overlay of existing area codes 713, 281, and 832 in Harris, Fort Bend, Waller, Austin, Montgomery, San Jacinto, Liberty, Chambers, Galveston, and Brazoria counties. NANPA had assigned the 346 area code after projecting that the three existing area codes will run out of numbers by September 30, 2014.

[75] *Numbering Plan Area Code Relief Planning for 512 Area Code*, Project No. 36899, Implementation Order (June 28, 2012).

VII. LEGISLATIVE RECOMMENDATIONS

A. Clarification of Certain Notices from COAs/SPCOAs to PUC

Telecommunications utilities that hold a certificate of operating authority (COA) or a service provider certificate of operating authority (SPCOA) are required under PURA to provide certain types of notice to various parties before they cease operation in a given area. However, for deregulated utilities who hold a COA or SPCOA, some of these notice requirements are omitted under PURA §65.102(b).

The Commission believes it would be in the public interest to require deregulated utilities that hold a COA or SPCOA to provide a few of the omitted notice requirements. The omitted notice requirements include: providing notice to the Commission, each affected customer, and the Commission on State Emergency Communications of the utility's cessation of service; providing the Commission with the utility's contact information; and providing notice to the Commission of any bankruptcy proceedings of the utility. The Legislature could clarify that PURA sections §§52.1035, 54.253, and 54.305 apply to all telecommunications utilities that hold a COA or a SPCOA including deregulated COA or SPCOA holders.

B. Texas No Call List

Currently, §304.201 of the Texas Business and Commerce Code requires the Commission to provide a report to the lieutenant governor and speaker of the house of representatives on the Texas No-Call List on or before December 31 of each even-numbered year to report the following information for the two-year period ending on August 31 of that year: 1) a statement of the number of telephone numbers included on the Texas No-Call List, the number of lists distributed to telemarketers, and the amount collected from consumers for requests to place telephone numbers and renew entries on the list and from telemarketers for distribution of the list; 2) a list of complaints received by the Commission concerning activities regulated by Chapter 304 of the Texas Business and Commerce Code itemized by type; 3) a summary of any enforcement efforts made by the Commission; and 4) the Commission's recommendations for any changes in the enabling legislation. In the interests of promoting administrative efficiency and streamlining the process, the Commission recommends that the statutory language in §304.201 of the Texas Business and Commerce Code for a stand-alone report on the Texas No Call List be repealed and instead, the Commission be permitted to include all necessary information pertinent to the Texas No-Call List in the Report on the Scope of Competition in Telecommunications Markets of Texas which the Commission is required to submit to the Legislature, pursuant to PURA §52.006, before January 15 of each odd-numbered year.

C. Advisory Opinions

Many regulatory agencies in Texas have the authority to issue informal guidance to the persons that they regulate, particularly with respect to outlining whether a particular course of conduct would, in the agency's view, be consistent with the laws and regulations that the agency administers.[76] The issuance of an advisory opinion can provide valuable advice to a company before making investments or conducting operations the permissibility of which may be unclear under state law. The legislature may want to consider granting the Commission the authority to issue advisory opinions. In the telecommunications industry, providing clarification to a company concerning issues such as the purchase of assets or the acquisition of another company could allow it to avoid expensive regulatory proceedings, without impairing the Commission's authority. The following state agencies have statutory authority to issue advisory opinions:

Texas Ethics Commission; [77]
Texas Medical Board; [78]
State Board of Dental Examiners; [79]
Texas Board of Nursing; [80]
Texas Board of Professional Engineers; [81]
Texas Lottery Commission; and [82]
Texas State Securities Board. [83]

D. Annual Interest Rate Determination

Texas Utilities Code § 183.003 requires the Commission to meet each year on December 1st to set the annual interest rate for the next calendar year. Amending this statute to allow the agency to meet any date in the fourth quarter before December 1st to set this rate would offer important logistical flexibility to the Commission regarding the posting and scheduling of open meetings of the agency.

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[76] In addition, certain federal agencies such as the Federal Communications Commission, Internal Revenue Service, Securities and Exchange Commission, and Federal Election Commission have authority to issue advisory opinions.

[77] Government Code § 571.091.

[78] Occupations Code § 162.107.

[79] Occupations Code § 258.157.

[80] Occupations Code § 301.607.

[81] Occupations Code § 1001.601.

[82] Occupations Code § 2001.059.

[83] Tex. Rev. Civ. Stat. Ann. arts. 581-28-1 & 581-35; 7 Tex. Admin. Code § 101.2.

Appendix A. Research Methodology

This appendix discusses the methodology used by the Commission for compiling data for the 2015 Scope of Competition Report. Rather than collecting data from ILECs and CLECs operating in Texas, the Commission gathered data from reports published by the Federal Communications Commission in the *Local Telephone Competition* report and the *Internet Access Services* report. Data from the *Local Telephone Service Report* was used to develop the market share of the switched access lines and VoIP subscriptions of ILECs and Non-ILEC providers operating in the state of Texas for 2012 and 2013. Data from the *Internet Access Service*s report provided the Commission with the number of broadband subscribers nationwide and in various states, including Texas, and the number of broadband lines provided by various technologies (for example, ADSL versus cable modem). Data from this report has enabled the Commission to develop time-series charts on broadband use in Texas.

The Commission relied on the *Wireless Substitution: Early Release of Estimates from the National Health Interview Study Survey, July-December 2011, National Center for Health Statistics, June 2012*,[84] report to determine an approximate percentage of wireless-only households for 2012 and 2013. The Commission used the national percentage of wireless-only households as a proxy because specific information regarding percentage of wireless-only households in Texas has not been updated since 2007. The Commission finds the use of the national percentage of wireless-only households to be a reasonable proxy for percentage of wireless-only households in Texas because the nationwide percentage selected appears to underestimate the percentage of wireless-only households in Texas when considered in the context of published data on the percentage of adults in Texas that live in wireless-only households. The national percentage of wireless-only households in 2012 and 2013 was then factored into a calculation with the data from the FCC reports on ILEC/Non-ILEC switched access and interconnected VoIP lines to determine the proportion of mobile wireless service users who had moved from using traditional wireline access to using only wireless service.

[84] Available from: http:/www.cdc.gov/nchs/nhis.htm.

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Appendix B - Incumbent Local Exchange Carriers

ILECs	Chapter 65 Status	Incentive Regulation Election/PURA Chapter
Alenco Communications (d/b/a A.C.I.)	Regulated	Chapter 52
AT&T Texas (formerly Southwestern Bell)	Deregulated[85]	Chapter 65
Big Bend Telephone Company, Inc.	Regulated	Chapter 52
Blossom Telephone Company, Inc.	Regulated	Chapter 52
Border to Border	Regulated	Chapter 52
Brazoria Telephone Company	Regulated	Chapter 52
Brazos Telecommunications, Inc.	Regulated	Chapter 52
Brazos Telephone Cooperative, Inc.	Regulated	Chapter 52
Cameron Telephone Company	Regulated	Chapter 52
Cap Rock Telephone Cooperative, Inc.	Regulated	Chapter 52
Central Texas Telephone Cooperative, Inc.	Regulated	Chapter 53 (Partially Deregulated)
CenturyLink – Central Telephone Co. of Texas, Inc.	Transitioning	Chapter 65
CenturyLink – United Telephone Co.	Regulated	Chapter 58
CenturyTel of Lake Dallas, Inc.	Regulated	Chapter 59
CenturyTel of Northwest Louisiana, Inc.	Regulated	Chapter 52
CenturyTel of Port Aransas, Inc.	Regulated	Chapter 59
CenturyTel of San Marcos, Inc.	Regulated	Chapter 59
Coleman County Telephone Cooperative, Inc.	Regulated	Chapter 52
Colorado Valley Telephone Cooperative, Inc.	Regulated	Chapter 53 (Partially Deregulated)
Comanche County Telephone Company, Inc.	Regulated	Chapter 52
Community Telephone Company, Inc.	Regulated	Chapter 52
Consolidated Communications of Fort Bend County	Regulated	Chapter 58
Consolidated Communications of Texas, Company	Regulated	Chapter 58
Cumby Telephone Cooperative, Inc.	Regulated	Chapter 52
Dell Telephone Cooperative, Inc.	Regulated	Chapter 52
Eastex Telephone Cooperative, Inc.	Regulated	Chapter 52
Electra Telephone Company, Inc.	Regulated	Chapter 52
ENMR Telephone Cooperative, Inc.	Regulated	Chapter 52

[85] On August, 7, 2014, Southwestern Bell Telephone Company (d/b/a AT&T Texas) filed a petition, pursuant to Chapter 65 of PURA, requesting that the Commission issue it a COA and rescind its CCN. *Southwestern Bell Telephone Company d/b/a AT&T Texas' Petition to Issue a Certificate of Operating Authority and Rescind its Certificate of Convenience and Necessity*, Docket No. 42741. Order (Oct. 23, 2014).

Etex Telephone Cooperative, Inc.	Regulated	Chapter 52
Five Area Telephone Cooperative, Inc.	Regulated	Chapter 52
Ganado Telephone Company, Inc.	Regulated	Chapter 52
Guadalupe Valley Telephone Cooperative, Inc.	Regulated	Chapter 53 (Partially Deregulated)
Hill Country Telephone Cooperative, Inc.	Regulated	Chapter 52
Industry Telephone Company	Regulated	Chapter 52
La Ward Telephone Exchange, Inc.	Regulated	Chapter 52
Lake Livingston Telephone Company	Regulated	Chapter 52
Leaco Rural Telephone Cooperative, Inc.	Regulated	Chapter 52
Lipan Telephone Company	Regulated	Chapter 52
Livingston Telephone Company	Regulated	Chapter 52
Mid-Plains Rural Telephone Cooperative, Inc.	Regulated	Chapter 52
Nortex Communications	Regulated	Chapter 52
North Texas Telephone Company	Regulated	Chapter 52
Panhandle Telephone Cooperative, Inc.	Regulated	Chapter 52
Peoples Telephone Cooperative, Inc.	Regulated	Chapter 52
Poka-Lambro Telephone Cooperative, Inc.	Regulated	Chapter 53 (Partially Deregulated)
Riviera Telephone Company, Inc.	Regulated	Chapter 52
Santa Rosa Telephone Cooperative, Inc.	Regulated	Chapter 52
South Plains Telephone Cooperative, Inc.	Regulated	Chapter 52
Southwest Arkansas Telephone Cooperative, Inc.	Regulated	Chapter 52
Southwest Texas Telephone Company	Regulated	Chapter 52
Tatum Telephone Company	Regulated	Chapter 52
Taylor Telephone Cooperative, Inc.	Regulated	Chapter 52
Texas Windstream (d/b/a Texas Alltel, Inc.)	Regulated	Chapter 58
Valley Telephone Cooperative, Inc.	Regulated	Chapter 53 (Partially Deregulated)
Verizon Southwest	Transitioning	Chapter 65
West Plains Telecommunications	Regulated	Chapter 52
West Texas Rural Telephone Cooperative, Inc.	Regulated	Chapter 52
Wes-Tex Telephone Cooperative, Inc.	Regulated	Chapter 52
Windstream Communications Kerrville (d/b/a Kerrville Telephone Co.)	Regulated	Chapter 58
Windstream Communications Southwest (d/b/a Valor Telecommunications of Texas, L.P.)	Regulated	Chapter 58
Windstream Sugarland (d/b/a Sugar Land Telephone Company)	Regulated	Chapter 58
XIT Rural Telephone Cooperative, Inc.	Regulated	Chapter 52

Appendix C - State-Issued Certificates of Franchise Authority (SICFAs) Issued: January 1, 2013 to June 30, 2014

Company Name	Date Granted	Type
TEXHOMA WIRELESS LLC	3/31/2014	Video Service
CIAO TELECOM INC	2/19/2014	Video Service
ALPHEUS COMMUNICATIONS LLC	9/17/2013	Cable and Video Service
PTCI	8/13/2013	Cable and Video Service
COYOTE CABLE LLC	7/2/2013	Cable and Video Service
VYVE BROADBAND J LLC	6/25/2013	Cable and Video Service
VYVE BROADBAND A LLC	5/7/2013	Cable and Video Service
GOOGLE FIBER TEXAS LLC	4/24/2013	Video Service
ULTRA COMMUNICATIONS GROUP LLC	3/25/2013	Cable Service

Source: *State-Issued Certificate of Franchise Authority Directory*, available at http://www.P.U.C..state.tx.us/industry/communications/directories/Default.aspx