

CHAPTER 26. SUBSTANTIVE RULES APPLICABLE TO TELECOMMUNICATIONS SERVICE PROVIDERS.

Subchapter J. COSTS, RATES AND TARIFFS.

§26.225. Requirements Applicable to Nonbasic Services For Chapter 58 Electing Companies.

- (a) **Application.** This section applies to any electing company as the term is defined in the Public Utility Regulatory Act (PURA) §58.002. Other sections applicable to an electing company include, but are not limited to, §26.224 of this title (relating to Requirements Applicable to Basic Network Services for Chapter 58 Electing Companies), §26.226 of this title (relating to Requirements Applicable to Pricing Flexibility for Chapter 58 Electing Companies), and §26.227 of this title (relating to Procedures Applicable to Nonbasic Services and Pricing Flexibility for Basic and Nonbasic Services for Chapter 58 Electing Companies.). PURA §55.003 and §55.004 do not apply to the retail services offered by an electing company, or to the retail nonbasic services offered by a transitioning company, as defined by PURA §65.002.
- (b) **Purpose.** The purpose of this section is to establish requirements for nonbasic services.
- (c) **Nonbasic services.**
- (1) Consistent with PURA §58.151 and §58.024, these services are nonbasic services:
 - (A) flat rate business local exchange telephone service, including primary directory listings and the receipt of a directory, and any applicable mileage or zone;
 - (B) business tone dialing service;
 - (C) service connection for all business services;
 - (D) direct inward dialing (DID) for basic business services;
 - (E) public pay telephone services, 0+ and 0- operator services and directory assistance services;
 - (F) call forwarding, call return, caller identification, call waiting and other custom calling services and call control options, except that residential call waiting is a basic network service until July 1, 2006;
 - (G) speed dialing and three-way calling;
 - (H) central office based PBX-type services;
 - (I) billing and collection services, including installment billing and late payment plans for electing company customers;
 - (J) integrated services digital network (ISDN) services;
 - (K) new services;
 - (L) 1-plus intraLATA message toll service (MTS);
 - (M) services described in the WATS tariff of an electing company as the tariff existed on January 1, 1995;
 - (N) 800 service and foreign exchange service;
 - (O) private line services and special access services;
 - (P) paging services and mobile services (IMTS);
 - (Q) 911 service provided to a local authority, if the service is available from a provider other than the electing company;
 - (R) all other services subject to the commission's jurisdiction that are not specifically classified as basic network services in PURA §58.051;
 - (S) any basic network service reclassified by the commission as a nonbasic service pursuant to PURA §58.024.
 - (2) Consistent with PURA §58.155, neither interconnection to competitive providers nor interconnection for commercial mobile service providers is addressed in this section.
- (d) **Substantive requirements.** An electing company that seeks to introduce or modify rates, terms or conditions of a nonbasic service tariff shall follow the substantive requirements in this section and the procedural requirements in §26.227 of this title. Additionally, an electing company that seeks to flexibly price a nonbasic service shall follow the requirements in §26.226 of this title.

CHAPTER 26. SUBSTANTIVE RULES APPLICABLE TO TELECOMMUNICATIONS SERVICE PROVIDERS.

Subchapter J. COSTS, RATES AND TARIFFS.

- (1) **Pricing standards.** The price of a nonbasic service may not be preferential, prejudicial, discriminatory, predatory, or anticompetitive.
 - (A) **Price ceilings.** This subparagraph specifies the price ceilings for certain nonbasic services. Except as specified in this subparagraph, nonbasic services have no price ceiling.
 - (i) Until September 1, 2005, a nonbasic service listed in subsection (c)(1)(A)-(D) of this section shall be priced at or below the price in effect on September 1, 1999.
 - (ii) Until September 1, 2005, a Basic Rate Interface (BRI) ISDN service, which comprises up to two 64 Kbps B-channels and one 16 Kbps D-channel, shall be priced at or below the price in effect on September 1, 1999.
 - (iii) An electing company shall provide to a residential customer the first three local directory assistance inquiries in a monthly billing cycle at a maximum price of zero dollars (\$.00) until July 1, 2006.
 - (iv) Consistent with PURA §58.302, switched access services shall be priced at or below the lesser of the rates in effect on September 1, 1999, or the applicable rates described in PURA §58.301 as those rates were further reduced when the Texas universal service fund was implemented on July 1, 2000.
 - (B) **Price floors.** A price that is set at or above the long run incremental cost of providing a service is presumed not to be a predatory price. The long run incremental cost of a nonbasic service must be established before the price floor of a nonbasic service can be determined, pursuant to PURA §58.152. Establishment of a long run incremental cost requires commission approval of a cost study prepared by an electing company pursuant to the standards in §26.214 of this title (relating to Long Run Incremental Cost (LRIC) Methodology for Services Provided by Certain Incumbent Local Exchange Companies (ILECS)) or §26.215 of this title (relating to Long Run Incremental Cost Methodology for Dominant Certificated Telecommunications Utility (DCTU) Services), as applicable. Any application to establish or modify a long run incremental cost shall be filed by an electing company with the commission's Filing Clerk on or before the date a related informational notice is filed. Such an application shall be filed separately from the related informational notice. The minimum price of a nonbasic service shall be the lesser of:
 - (i) the price for the service in effect on September 1, 1999, except that this clause shall not be considered for services that had either a rate of zero or no existing rate on September 1, 1999; or
 - (ii) the long run incremental cost of the service in accordance with the imputation rules and requirements prescribed by or under PURA, Chapter 60, Subchapter D.
 - (2) **Separately tariffed services.** Any nonbasic service offered by an electing company to customers as a component of a package or other pricing flexibility offering shall also be offered by the electing company as a separately tariffed service.
- (e) **New service.**
- (1) A new service, as the term is defined in §26.5 of this title (relating to Definitions), is a nonbasic service under subsection (c)(1)(K) of this section.

CHAPTER 26. SUBSTANTIVE RULES APPLICABLE TO TELECOMMUNICATIONS SERVICE PROVIDERS.

Subchapter J. COSTS, RATES AND TARIFFS.

- (2) To introduce a new service tariff, an electing company shall follow the requirements in this section and the procedures in §26.227 of this title. If a new service is offered by an electing company as a component of a package, the new service shall also be offered as a separately tariffed service and the separately tariffed service shall be subject to the pricing standards in subsection (d) of this section.
- (3) A package of services that includes one or more new services and one or more existing services shall not be considered a new service. To introduce such a package, an electing company shall follow the requirements in this section, the requirements in §26.226 of this title and the procedures in §26.227 of this title.