

**PROJECT NO. 28998**

<b>PETITION OF CENTURYTEL OF SAN</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>MARCOS, INC., AND TEXAS</b>	<b>§</b>	
<b>TELEPHONE ASSOCIATION FOR</b>	<b>§</b>	<b>OF TEXAS</b>
<b>RULEMAKING TO PERMIT THE</b>	<b>§</b>	
<b>DISAGGREGATION OF STATE</b>	<b>§</b>	
<b>UNIVERSAL SERVICE FUNDING</b>	<b>§</b>	

**ORDER DENYING PETITION**

On May 20, 2003, CenturyTel of San Marcos, Inc. (CenturyTel) and Texas Telephone Association (TTA) (hereafter collectively “Petitioners”) requested that the Commission adopt a rule regarding disaggregation of Texas universal service funding (TUSF) in incumbent local exchange carrier (ILEC) service areas.

Petitioners’ request was docketed as a petition for rulemaking subject to the provisions of TEX. GOV’T. CODE §2001.021 and P.U.C. PROC. R. 22.281. Consistent with P.U.C. PROC. R. 22.281(a)(1), notice of the petition was published for comment in the *Texas Register* on December 19, 2003, with a comment deadline of January 9, 2004.

No comments were received regarding the petition. After considering the petition and applicable law, the Commission denies the petition for the following reasons: (1) the proposed rules do not contain notification and procedural provisions under which the TUSF administrator would process disaggregation elections; (2) the interaction between non-cost-based TUSF per-line support and calculating support amounts for disaggregation warrants further examination; and (3) unlike the federal rules, there is no UNE-sharing mechanism in small and rural ILEC areas; rather, competing ETPs receive equal TUSF support per line (P.U.C. SUBST. R. 26.404(f)(2)), and the relationship between the lack of a UNE-sharing mechanism and disaggregation warrants further investigation. Additionally, the petition does not address the full financial impact upon the TUSF, or whether revisions to other TUSF-related rules would be necessary and appropriate due to disaggregation. Therefore, the petition is denied.

However, the Commission will initiate a rulemaking to investigate TUSF disaggregation and these other issues. The rulemaking should include the solicitation of comments, and a public workshop to discuss a draft of the proposed rules will be held prior to their publication.

**SIGNED AT AUSTIN, TEXAS the \_\_\_\_\_ day of \_\_\_\_\_ 2004.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**JULIE PARSLEY, COMMISSIONER**

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**PAUL HUDSON, CHAIRMAN**