Stricken language would be deleted from and underlined language would be added to present law. Act 290 of the Regular Session

1	State of Arkansas	As Engrossed: H2/24/11		
2	88th General Assembly	A Bill		
3	Regular Session, 2011		HOUSE BILL 1525	
4				
5	By: Representative Pierce			
6				
7	For An Act To Be Entitled			
8	AN ACT TO AMEND THE TELECOMMUNICATIONS REGULATORY			
9	REFORM ACT OF	F 1997; AND FOR OTHER PURPOSES.	1	
10				
11				
12		Subtitle		
13	TO PRES	ERVE THE ARKANSAS HIGH COST FU	ND	
14	AND PRO	MOTE THE EXPANSION OF BROADBANI	D	
15	SERVICE	S IN RURAL AND HIGH-COST AREAS	OF	
16	ARKANSA	S.		
17				
18				
19	BE IT ENACTED BY THE GENE	ERAL ASSEMBLY OF THE STATE OF A	ARKANSAS:	
20				
21		as Code § 23-17-402 is amended	to read as follows:	
22	_	ative findings.		
23		f the General Assembly in enact	ing this subchapter	
24	to:		. 1	
25 26		for a system of regulation of		
20 27		n the federal act, that assists ng the telecommunications marke	-	
2 <i>1</i> 28		difies outdated regulation, eli	-	
20 29	-	s and advances universal services.	•	
30		ze that a telecommunications pr		
31		-		
32	high-cost rural areas or exchanges faces unique circumstances that require special consideration and funding to assist in preserving and promoting			
33	universal service; and			
34	·	(3) Recognize that the widespread and timely deployment of		
35	broadband infrastructure is vital to the economic, educational, health, and			
36	social interests of Arkansas and its citizens;			

1	(4) Recognize that the Arkansas High Cost Fund has enabled		
2	eligible telecommunications carriers to accelerate and promote the		
3	incremental extension and expansion of broadband services and other advance		
4	services in rural or high-cost areas of the state beyond what would normall		
5	occur, and broadband services are now available in dozens of new communitie		
6	to thousands of Arkansans who otherwise would not have access to broadband		
7	services and its benefits; and		
8	(3)(5)(A) Recognize differences between the small and large		
9	incumbent local exchange carriers, that there are customer-owned telephone		
10	cooperatives and small locally owned investor companies, and that it is		
11	appropriate to provide incentives and regulatory flexibility to allow		
12	incumbent local exchange carriers that serve the rural areas to provide		
13	existing services and to introduce new technology and new services in a		
14	prompt, efficient, and economical manner.		
15	(B) The General Assembly finds that the commission		
16	Arkansas Public Service Commission, when promulgating rules and regulations,		
17	should take into consideration the differences in operating conditions in th		
18	large and small incumbent local exchange carriers and the burdens placed on		
19	small carriers because of regulation.		
20			
21	SECTION 2. Arkansas Code $\S 23-17-404(e)(4)(C)(ii)(c)$, concerning the		
22	preservation and promotion of universal service, is amended to read as		
23	follows:		
24	(c)(1) For ETCs with AHCF support based on		
25	loops, the AHCF administrator shall determine each ETC's local loop support		
26	by multiplying the number of loops of the ETC as of December 31 of the		
27	preceding year that are eligible for federal universal service support by th		
28	ETC's loop support element, if applicable, and the AHCF administrator shall		
29	determine the ETC's local switching support by multiplying the number of		
30	loops of the ETC as of December 31 of the preceding year that are eligible		
31	for federal universal service support by the ETC's local switching support		
32	element. The AHCF administrator shall determine the uncapped AHCF support fo		
33	each ETC by adding the sum of the ETC's total loop support, if any, and the		
34	ETC's total local switching support, if any.		
35	(2) For ETCs with AHCF		
36	support based on customers, the AHCF administrator shall determine the ETC's		

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1 customer support element by multiplying the number of customers of the ETC as 2 of December 31 of the preceding year who are eligible for federal universal service support by the ETC's customer support element, if applicable, and the 3 4 AHCF administrator shall determine the ETC's local switching support by 5 multiplying the number of customers of the ETC as of December 31 of the 6 preceding year who are eligible for federal universal service support by the 7 ETC's local switching support element. The AHCF administrator shall determine 8 the uncapped AHCF support for the ETC by adding the sum of the ETC's total 9 loop support, if any, and the ETC's total local switching support, if any. 10 (3)(A) If state or federal 11 regulatory or legislative actions eliminate the publicly available elements 12 used to calculate loop support under subdivision (e)(4)(C)(ii)(a)(1) of this 13 section or local switching support under subdivision (e)(4)(C)(ii)(b)(1) of this section for an ETC with a total customer access base or total customer 14 15 base of fewer than fifteen thousand (15,000) lines or customers, the ACHF 16 administrator shall promptly notify the commission. 17 (B) Once notified, the commission shall open a rule-making docket to replace the eliminated elements 18 19 used to calculate loop support under subdivision (e)(4)(C)(ii)(a)(1) of this 20 section or local switching support under subdivision (e)(4)(C)(ii)(b)(1) of 21 this section. 22 (C) Until alternate 23 elements are adopted by the commission, the AHCF administrator shall use the previous determinations as used during the year immediately preceding the 24 25 year the elements were eliminated to calculate loop support under subdivision 26 (e)(4)(C)(ii)(a)(1) of this section or local switching support under 27 subdivision (e)(4)(C)(ii)(b)(1) of this section. 28 (D) Upon commission 29 adoption of the replacement elements, the commission shall order the AHCF 30 administrator to incorporate those replacement elements into the previously existing method used by the AHCF administrator to calculate loop support 31 32 under subdivision (e)(4)(C)(ii)(a)(1) of this section or local switching 33 support under subdivision (e)(4)(C)(ii)(b)(1) of this section. The 34 calculations shall be: 35 (i) Based on the 36 fully allocated cost of the affected ETCs; and

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                                                                 (ii) Effective
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     as of the next annual determination process date, as established by the
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     commission.
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           SECTION 3. The introductory language of Arkansas Code § 23-17-
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     404(e)(4)(C)(iii)(a), concerning the preservation and promotion of universal
 7
     service, is amended to read as follows:
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                             (iii)(a) For ETCs with five hundred thousand
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     (500,000) lines or more on or after December 31, 2010, support will shall be
     determined using the following procedure:
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           SECTION 4. Arkansas Code § 23-17-404(e)(4)(E)(ii), concerning the
13
     preservation and promotion of universal service, is amended to read as
14
     follows:
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                             (ii)(a) The funds available for distribution to ETCs
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     from the AHCF shall not exceed and are capped at twenty-two million dollars
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     ($22,000,000) per year, the total capped fund. Cost of administrating the
18
     AHCF shall first be deducted from the total capped fund prior to allocation
19
     of funding to the ETCs. Transition funds used from the surplus during the
20
     five-year transition period are supplemental and are not subject to any cap.
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     The annual period to be used by the AHCF administrator to adjust support
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     levels and upon which to apply any cap shall be on the calendar year. In
23
     addition to the total fund cap, the funds available from the AHCF shall also
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     be capped based upon size groups using access lines for loop-based ETCs and
25
     customers for customer-based ETCs. Size grouping is used to ensure funds are
26
     targeted to areas most needing high-cost assistance. For the purpose of
27
     calculating the size grouping caps, total customer access base shall be used
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     for loop-based ETCs and total customers for customer-based ETCs.
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                                   (b) For all ETCs with a total customer access
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     base or total customer base of five hundred thousand (500,000) or more access
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     lines or customers on or after December 31, 2010, the size group cap shall be
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     thirteen and one-half percent (13.5%) of the total capped fund.
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                                   (c) For all ETCs with a total customer access
     base or total customer base of one hundred fifty thousand (150,000) or more
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     access lines or customers and fewer than five hundred thousand (500,000)
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     access lines or customers on December 31, 2010, the size group cap shall be
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1	thirteen and one-half percent (13.5%) of the total capped fund.		
2	(d) For all ETCs with a total customer access		
3	base or total customer base of fifteen thousand (15,000) or more access lines		
4	or customers and fewer than one hundred fifty thousand (150,000) access lines		
5	or customers on December 31, 2010, the size group cap shall be two percent		
6	(2%) of the total capped fund.		
7	(e) For all ETCs with a total customer access		
8	base or total customer base of fewer than fifteen thousand (15,000) access		
9	lines or customers, the size group cap shall be seventy-one percent (71%) of		
10	the total capped fund.		
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12	/s/Pierce		
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15	APPROVED: 03/15/2011		
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