

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
88th General Assembly
Regular Session, 2011

A Bill

HOUSE BILL 1525

By: Representative Pierce

For An Act To Be Entitled

AN ACT TO AMEND THE TELECOMMUNICATIONS REGULATORY
REFORM ACT OF 1997; AND FOR OTHER PURPOSES.

Subtitle

TO PRESERVE THE ARKANSAS HIGH COST FUND
AND PROMOTE THE EXPANSION OF BROADBAND
SERVICES IN RURAL AND HIGH-COST AREAS OF
ARKANSAS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-17-402 is amended to read as follows:
23-17-402. Legislative findings.

It is the intent of the General Assembly in enacting this subchapter
to:

(1) Provide for a system of regulation of telecommunications
services, consistent with the federal act, that assists in implementing the
national policy of opening the telecommunications market to competition on
fair and equal terms, modifies outdated regulation, eliminates unnecessary
regulation, and preserves and advances universal service;

(2) Recognize that a telecommunications provider that serves
high-cost rural areas or exchanges faces unique circumstances that require
special consideration and funding to assist in preserving and promoting
universal service; ~~and~~

(3) Recognize that the widespread and timely deployment of
broadband infrastructure is vital to the economic, educational, health, and
social interests of Arkansas and its citizens;

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(4) Recognize that the Arkansas High Cost Fund has enabled eligible telecommunications carriers to accelerate and promote the incremental extension and expansion of broadband services and other advanced services in rural or high-cost areas of the state beyond what would normally occur, and broadband services are now available in dozens of new communities to thousands of Arkansans who otherwise would not have access to broadband services and its benefits; and

~~(3)~~(5)(A) Recognize differences between the small and large incumbent local exchange carriers, that there are customer-owned telephone cooperatives and small locally owned investor companies, and that it is appropriate to provide incentives and regulatory flexibility to allow incumbent local exchange carriers that serve the rural areas to provide existing services and to introduce new technology and new services in a prompt, efficient, and economical manner.

(B) The General Assembly finds that the ~~commission~~ Arkansas Public Service Commission, when promulgating rules and regulations, should take into consideration the differences in operating conditions in the large and small incumbent local exchange carriers and the burdens placed on small carriers because of regulation.

SECTION 2. Arkansas Code § 23-17-404(e)(4)(C)(ii)(c), concerning the preservation and promotion of universal service, is amended to read as follows:

(c)(1) For ETCs with AHCF support based on loops, the AHCF administrator shall determine each ETC's local loop support by multiplying the number of loops of the ETC as of December 31 of the preceding year that are eligible for federal universal service support by the ETC's loop support element, if applicable, and the AHCF administrator shall determine the ETC's local switching support by multiplying the number of loops of the ETC as of December 31 of the preceding year that are eligible for federal universal service support by the ETC's local switching support element. The AHCF administrator shall determine the uncapped AHCF support for each ETC by adding the sum of the ETC's total loop support, if any, and the ETC's total local switching support, if any.

(2) For ETCs with AHCF support based on customers, the AHCF administrator shall determine the ETC's

customer support element by multiplying the number of customers of the ETC as 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 AHCF administrator shall determine the ETC's local switching support by multiplying the number of customers of the ETC as of December 31 of the preceding year who are eligible for federal universal service support by the ETC's local switching support element. The AHCF administrator shall determine the uncapped AHCF support for the ETC by adding the sum of the ETC's total loop support, if any, and the ETC's total local switching support, if any.

(3)(A) If state or federal regulatory or legislative actions eliminate the publicly available elements used to calculate loop support under subdivision (e)(4)(C)(ii)(c)(1) of this section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of this section for an ETC with a total customer access base or total customer base of fewer than fifteen thousand (15,000) lines or customers, the ACHF administrator shall promptly notify the commission.

(B) Once notified, the commission shall open a rule-making docket to replace the eliminated elements used to calculate loop support under subdivision (e)(4)(C)(ii)(c)(1) of this section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of this section.

(C) Until alternate elements are adopted by the commission, the AHCF administrator shall use the previous determinations as used during the year immediately preceding the year the elements were eliminated to calculate loop support under subdivision (e)(4)(C)(ii)(c)(1) of this section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of this section.

(D) Upon commission adoption of the replacement elements, the commission shall order the AHCF administrator to incorporate those replacement elements into the previously existing method used by the AHCF administrator to calculate loop support under subdivision (e)(4)(C)(ii)(c)(1) of this section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of this section. The calculations shall be:

(i) Based on the fully allocated cost of the affected ETCs; and

(ii) Effective

as of the next annual determination process date, as established by the commission.

SECTION 3. The introductory language of Arkansas Code § 23-17-404(e)(4)(C)(iii)(a), concerning the preservation and promotion of universal service, is amended to read as follows:

(iii)(a) For ETCs with five hundred thousand (500,000) lines or more on or after December 31, 2010, support ~~will~~ shall be determined using the following procedure:

SECTION 4. Arkansas Code § 23-17-404(e)(4)(E)(ii), concerning the preservation and promotion of universal service, is amended to read as follows:

(ii)(a) The funds available for distribution to ETCs from the AHCF shall not exceed and are capped at twenty-two million dollars (\$22,000,000) per year, the total capped fund. Cost of administrating the AHCF shall first be deducted from the total capped fund prior to allocation of funding to the ETCs. Transition funds used from the surplus during the five-year transition period are supplemental and are not subject to any cap. The annual period to be used by the AHCF administrator to adjust support levels and upon which to apply any cap shall be on the calendar year. In addition to the total fund cap, the funds available from the AHCF shall also be capped based upon size groups using access lines for loop-based ETCs and customers for customer-based ETCs. Size grouping is used to ensure funds are targeted to areas most needing high-cost assistance. For the purpose of calculating the size grouping caps, total customer access base shall be used for loop-based ETCs and total customers for customer-based ETCs.

(b) For all ETCs with a total customer access base or total customer base of five hundred thousand (500,000) or more access lines or customers on or after December 31, 2010, the size group cap shall be thirteen and one-half percent (13.5%) of the total capped fund.

(c) For all ETCs with a total customer access base or total customer base of one hundred fifty thousand (150,000) or more access lines or customers and fewer than five hundred thousand (500,000) access lines or customers on December 31, 2010, the size group cap shall be

thirteen and one-half percent (13.5%) of the total capped fund.

(d) For all ETCs with a total customer access base or total customer base of fifteen thousand (15,000) or more access lines or customers and fewer than one hundred fifty thousand (150,000) access lines or customers on December 31, 2010, the size group cap shall be two percent (2%) of the total capped fund.

(e) For all ETCs with a total customer access base or total customer base of fewer than fifteen thousand (15,000) access lines or customers, the size group cap shall be seventy-one percent (71%) of the total capped fund.