

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

1 State of Arkansas *As Engrossed: H3/21/17 H3/23/17*
2 91st General Assembly **A Bill**
3 Regular Session, 2017

HOUSE BILL 2099

4
5 By: Representatives S. Meeks, Sabin, *Gillam*
6

7 **For An Act To Be Entitled**

8 AN ACT TO AMEND THE TELECOMMUNICATIONS REGULATORY
9 REFORM ACT OF 2013; TO MODERNIZE THE ARKANSAS HIGH
10 COST FUND; AND FOR OTHER PURPOSES.

11
12
13 **Subtitle**

14 TO AMEND THE TELECOMMUNICATIONS
15 REGULATORY REFORM ACT OF 2013; AND TO
16 MODERNIZE THE ARKANSAS HIGH COST FUND.
17

18
19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
20

21 *SECTION 1. Arkansas Code Title 19, Chapter 5, Subchapter 12, is*
22 *amended to add an additional section to read as follows:*

23 *19-5-1258. Broadband Fund.*

24 *(a) There is created on the books of the Treasurer of State, the*
25 *Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous*
26 *fund to be known as the "Broadband Fund".*

27 *(b) The fund shall consist of moneys as may be provided for by law.*

28 *(c) The fund shall be used by the Arkansas Economic Development*
29 *Commission for the sole support of a grant program for internet service*
30 *providers and to provide support and assistance for development and growth of*
31 *broadband service in the State of Arkansas.*
32

33 *SECTION 2. Arkansas Code § 23-17-404(b)(2)(A)(ii), concerning the AHCF*
34 *administrator, is amended to read as follows:*

35 *(ii) If the AHCF administrator determines or*
36 *receives a petition from two-thirds (2/3) of the AHCF participants stating*



1 that the Arkansas intrastate retail telecommunications services revenues are
2 inadequate to fully fund the AHCF requirements, the AHCF administrator shall
3 notify the Arkansas Public Service Commission and the ~~commission~~ Arkansas
4 Public Service Commission shall open a docket that will develop and implement
5 a plan to fully fund the AHCF requirements.

6
7 SECTION 3. Arkansas Code § 23-17-404(c)(1)(B), concerning the AHCF
8 administrator position, is amended to read as follows:

9 (B) In evaluating responses to request for proposals for
10 the AHCF administrator's position, the ~~commission~~ Arkansas Public Service
11 Commission shall consider and give material weight to the applicant's:

12 (i) Familiarity with Arkansas ETCs, Arkansas access
13 rates, AICCLP history and procedures, and AHCF and AUSF history and
14 procedures; and

15 (ii) Personal availability to provide information
16 and assistance to the General Assembly, telecommunications providers, and
17 members of the public.

18
19 SECTION 4. Arkansas Code § 23-17-404(c)(2)(C) and (D), concerning a
20 request for reconsideration by the Arkansas Public Service Commission, are
21 amended to read as follows:

22 (C) The affected parties shall have thirty (30) days to
23 request reconsideration by the ~~commission~~ Arkansas Public Service Commission
24 of the AHCF administrator's determination, and the ~~commission~~ Arkansas Public
25 Service Commission after notice and hearing, if requested, shall issue its
26 opinion on the reconsideration within thirty (30) days after the request of
27 reconsideration unless continued by the ~~commission~~ Arkansas Public Service
28 Commission.

29 (D) Persons aggrieved by the ~~commission's~~ Arkansas Public
30 Service Commission's opinion shall have the right to appeal the opinion in
31 accordance with law.

32
33 SECTION 5. Arkansas Code § 23-17-404(c)(2), concerning the AHCF
34 administrator reporting requirements, is amended to add an additional
35 subdivision to read as follows:

36 (E) The AHCF administrator shall report at least annually

1 to the Joint Committee on Advanced Communications and Information Technology
2 regarding plan expenditures and rates.

3
4 SECTION 6. Arkansas Code § 23-17-404(d)(2), concerning the failure to
5 pay the AHCF charge, is amended to read as follows:

6 (2) Any telecommunications provider that without just cause
7 fails to pay the AHCF charge that is due and payable pursuant to this section
8 after notice and opportunity for hearing shall have its authority to do
9 business as a telecommunications provider in the State of Arkansas revoked by
10 the ~~commission~~ Arkansas Public Service Commission.

11
12 SECTION 7. Arkansas Code § 23-17-404(e), concerning the rules and
13 procedures necessary to implement the AHCF, is amended to read as follows:

14 (e) After reasonable notice and hearing, the ~~commission~~ Arkansas
15 Public Service Commission shall establish rules and procedures necessary to
16 implement the AHCF. The ~~commission~~ Arkansas Public Service Commission shall
17 implement the AHCF and make AHCF funds available to eligible
18 telecommunications carriers beginning the first calendar month after one
19 hundred fifty (150) days after March 19, 2007. In establishing and
20 implementing the AHCF, the ~~commission~~ Arkansas Public Service Commission
21 shall adhere to the following instructions and guidelines:

22 (1)(A) Moneys from the AHCF funding shall be provided directly
23 to eligible telecommunications carriers.

24 (B)(i) Except in an exchange in which the electing company
25 is authorized under § 23-17-407(d) to determine the rates for basic local
26 exchange service and switched-access services under § 23-17-408(c), for an
27 ETC to receive funds from the AHCF, the ETC shall agree to be subject to and
28 comply with all telecommunications provider rules adopted by the ~~commission~~
29 Arkansas Public Service Commission, unless the ~~commission~~ Arkansas Public
30 Service Commission finds the technology used by the ETC to provide
31 telecommunications service makes a rule inapplicable.

32 (ii) Except in any exchange in which the electing
33 company is authorized under § 23-17-407(d) to determine the rates for basic
34 local exchange service and switched-access services pursuant to § 23-17-
35 408(c), each ETC shall be subject to all TPRs concerning application for
36 service, refusing service, deposits, notices before disconnect, late payment

1 penalties, elderly and handicapped protection, medical need for utility
2 services, delayed payment agreements, and extended due dates.

3 (iii) If an ETC seeks to participate in the AHCF
4 program as a new funding recipient, the funding category applicable to the
5 ETC shall be determined by the total customer access base of the ETC on the
6 date of the application;

7 (2)(A) The ~~commission~~ Arkansas Public Service Commission shall
8 provide a report to the Legislative Council by October 31 of the year prior
9 to a regular session of the General Assembly detailing any recommended
10 changes to the universal service list of requirements that are to be
11 supported by the AHCF. This list may be approved by the General Assembly,
12 and if approved, the AHCF support to ETCs may be adjusted, due to the
13 approved changes, to reflect an increase or decrease in the size of the AHCF
14 by increasing or decreasing the overall financial cap on the AHCF to recover
15 the cost of additions or revisions to the universal service list concurrent
16 with any such revisions to the list of universal services identified in § 23-
17 17-403.

18 (B) In considering revisions to the universal service
19 list, the ~~commission~~ Arkansas Public Service Commission shall consider the
20 need for the addition or removal of a service to the list in order to
21 maintain end-user rates for universal services that are reasonably comparable
22 between urban and rural areas or to reflect changes in the type and quality
23 of telecommunications services considered essential by the public as
24 evidenced, for example, by those telecommunication services that are
25 purchased and used by a majority of single-line urban customers.

26 (C) A rate case proceeding or earning investigation or
27 analysis shall not be required or conducted in connection with the recovery
28 of the cost of additions or revisions or in connection with the
29 administration of the AHCF;

30 (3)(A)(i) The AICCLP members shall charge the rate under
31 subdivision (e)(3)(B) of this section to underlying carriers.

32 (ii) The ILECs shall charge a reciprocal rate to
33 other ILECs.

34 (iii) The ~~commission~~ Arkansas Public Service
35 Commission may review the accuracy of the reciprocal rates and the per-access
36 minute carrier common line rate charged under subdivision (e)(3)(B) of this

1 *section.*

2 *(iv) If the AICCLP fails to provide an ILEC's*
3 *carrier common line net revenue requirement, the ILEC may obtain concurrent*
4 *recovery of the revenue loss from basic local exchange rates, intrastate*
5 *access rate adjustments, or a combination thereof. Any recovery of revenue*
6 *loss under this subdivision (e)(3)(A)(iv) shall not be subject to the caps on*
7 *local rates under § 23-17-412.*

8 *(B)(i) Through June 30, 2013, except as provided in this*
9 *subdivision (e)(3)(B) and subdivisions (e)(4)(A) and (B) of this section, the*
10 *intrastate carrier common line charges billed to ILECs and underlying*
11 *carriers shall be determined at the rate of one and sixty-five hundredths*
12 *cents (1.65¢) per intrastate access minute, exclusive of the amounts*
13 *specified for funding the Extension of Telecommunications Facilities Fund and*
14 *the Arkansas Calling Plan Fund. However, ILECs that are not AICCLP members*
15 *may charge at a rate that is less than one and sixty-five hundredths cents*
16 *(1.65¢) and may recover the difference between the actual rate charged and*
17 *one and sixty-five hundredths cents (1.65¢) as allowed under § 23-17-*
18 *416(b)(3).*

19 *(ii) Beginning July 1, 2013, except as provided in*
20 *this subdivision (e)(3)(B) and subdivisions (e)(4)(A) and (B) of this*
21 *section, the intrastate carrier common line charges billed to ILECs and*
22 *underlying carriers shall be determined at the rate of one and sixty-five*
23 *hundredths cents (1.65¢) per originating intrastate access minute. However,*
24 *ILECs that are not AICCLP members may charge at a rate that is less than one*
25 *and sixty-five hundredths cents (1.65¢) per originating intrastate access*
26 *minute and may recover the difference between the actual rate charged and one*
27 *and sixty-five hundredths cents (1.65¢) as allowed under § 23-17-416(b)(3);*

28 *(4)(A)(i)(a) There is created an allocation of AHCF funds to be*
29 *known as the "Extension of Telecommunications Facilities Fund".*

30 *(b) A maximum of five hundred thousand dollars*
31 *(\$500,000) per year of AHCF funds shall be allocated to fund the Extension of*
32 *Telecommunications Facilities Fund to assist in the extension of*
33 *telecommunications facilities to citizens not served by the wire line*
34 *facilities of an eligible telecommunications carrier.*

35 *(ii)(a) There is created an AHCF allocation to be*
36 *known as the "Arkansas Calling Plan Fund".*

1 (b) The Arkansas Calling Plan Fund shall
2 receive a maximum of four million five hundred thousand dollars (\$4,500,000)
3 per year to assist in funding the provision of calling plans in telephone
4 exchanges in the state.

5 (iii)(a) There is created an AHCF allocation to be
6 known as the "Arkansas 911 Rural Enhancement Program Fund".

7 (b) The Arkansas 911 Rural Enhancement Program
8 Fund shall receive a maximum of three million dollars (\$3,000,000) per year
9 to:

10 (1) Advance the goals of universal
11 service and help ensure that rural areas within the State of Arkansas have
12 access to 911 services that are comparable to 911 services in urban areas
13 within the state; and

14 (2) Provide funding to:

15 (A) The statewide Smart911 system
16 established in Acts 2012, No. 213;

17 (B) The SmartPrepare System; and

18 (C) 911 administrative systems for
19 emergency management under the Arkansas Emergency Services Act of 1973, § 12-
20 75-101 et seq.

21 (B)(i)(a) The Extension of Telecommunications Facilities
22 Fund, the Arkansas Calling Plan Fund, and the Arkansas 911 Rural Enhancement
23 Program Fund shall be paid through the Arkansas High Cost Fund.

24 (b) Payments made under subdivision
25 (e)(4)(B)(i)(a) of this section may exceed and are in addition to the limit
26 provided by subdivision (e)(4)(E)(ii)(a) of this section.

27 (ii) The AICCLP board, with the assistance of the
28 AHCF administrator, shall allow recipients and payors to correct any errors
29 concerning the AICCLP settlement process for corrections that are for the
30 time period after December 31, 2003.

31 (C)(i) An ETC may receive support from the AHCF in
32 accordance with this subdivision (e)(4)(C) and subdivisions (e)(4)(D) and (E)
33 of this section.

34 (ii)(a) The formula is as follows for ETCs with
35 fewer than five hundred thousand (500,000) access lines or customers:

36 (1) The AHCF administrator shall

1 determine the support for ~~High Cost Loop Support~~ high-cost loop support by
2 using the most current annual filing of annual unseparated unlimited loop
3 revenue requirement cost per loop of the ETC's study area as developed each
4 year by NECA and filed with USAC. For an ETC not submitting such
5 information, the ETC shall submit equivalent information to the AHCF
6 administrator for the AHCF administrator to calculate as to cost per loop for
7 wireline or per customer for commercial mobile service providers. Unless the
8 ~~commission~~ Arkansas Public Service Commission determines otherwise, the raw
9 financial data submitted to the AHCF administrator to establish an alternate
10 cost per loop shall be treated as confidential;

11 (2) The AHCF administrator shall then
12 subtract the per-loop federal high-cost loop support as developed each year
13 by NECA and filed with USAC of the ETC's study area or alternatively the
14 total high-cost loop support per loop or per customer as calculated by the
15 AHCF administrator with data provided by the ETC;

16 (3) The AHCF administrator shall also
17 subtract the amount of three hundred forty-four dollars and forty cents
18 (\$344.40) per loop, due to the responsibility of each ETC to fund through
19 local rates and other revenue such as AICCLP revenue requirements and access
20 charges, to fund a significant portion of their cost per loop. Alternatively,
21 the AHCF administrator shall subtract three hundred forty-four dollars and
22 forty cents (\$344.40) per loop or customer from ETCs not reporting loops and
23 loop cost to NECA;

24 (4) The AHCF administrator shall
25 determine the high-cost support for each ETC by subtracting these reductions
26 as set forth in this formula from the annual unseparated unlimited loop
27 revenue requirement and apply it to the total number of loops in the ETC's
28 study area as of December 31 of the preceding year that are eligible for
29 support for federal universal service. As to ETCs not reporting loops within
30 its study area, the AHCF administrator shall apply the reductions to the
31 total number of loops or customers of the ETC eligible for support for
32 federal universal service as of December 31 of the preceding year; and

33 (5) The remaining balance, if positive
34 as to each ETC, shall be the ETC's loop support element to support an ETC's
35 ~~high-cost~~ high-cost loops. As to ETCs funded based upon customers, the
36 remaining balance, if positive, shall be called the "customer support

1 *element”.*

2 *(b)(1) The AHCF administrator shall determine*
3 *local switching support (LSS) of each ETC using the most current annual*
4 *financial data submitted to NECA and calculated by USAC and applying the*
5 *following procedure:*

6 *(A)(i) The AHCF administrator*
7 *shall use the most current trued up local switching support amount that has*
8 *been calculated by NECA and submitted to USAC annually for each ETC within*
9 *its size group.*

10 *(ii) An ETC that does not*
11 *submit the information required by subdivision (e)(4)(C)(ii)(b)(1)(A)(i) of*
12 *this section shall submit equivalent information to the AHCF administrator*
13 *for the AHCF administrator to calculate a local switching support amount.*

14 *(iii) For each ETC that does*
15 *not have an individually calculated local switching support amount, the AHCF*
16 *administrator shall calculate a local switching support amount by using an*
17 *average of all ETCs within its size group that have an established local*
18 *switching amount;*

19 *(B) The AHCF administrator shall*
20 *calculate the local switching support factor for each ETC’s study area by*
21 *taking the 1996 weighted dialed equipment minute factor as supplied in the*
22 *NECA submission of 1999 Network Data Management – Usage filed on March 1,*
23 *2001, with the FCC and subtracting the 1996 interstate dialed equipment*
24 *minute factor as supplied in the NECA submission of 1999 network usage data*
25 *filed on March 1, 2001, with the FCC. This result shall be called the “local*
26 *switching support factor”. For each ETC that does not have an individually*
27 *calculated weighted dialed equipment minute factor and an interstate dialed*
28 *equipment minute factor, the AHCF administrator shall calculate a weighted*
29 *dialed equipment minute factor and an interstate dialed equipment minute*
30 *factor by using an average of all ETCs within its size group that have an*
31 *established weighted dialed equipment minute factor and an interstate dialed*
32 *equipment minute factor;*

33 *(C) The AHCF administrator shall*
34 *then calculate the total LSS revenue requirement for each ETC by dividing the*
35 *local switching support amount calculated in subdivision*
36 *(e)(4)(C)(ii)(b)(1)(A) of this section by the local switching support factor*

1 as calculated in subdivision (e)(4)(C)(ii)(b)(1)(B) of this section;

2 (D) The AHCF administrator shall
3 then divide the total LSS revenue requirement for each ETC by the total
4 number of loops in the ETC's study area as of December 31 of the preceding
5 year that are eligible for support for federal universal service;

6 (E) The AHCF administrator shall
7 then calculate the local switching support (LSS) to be recovered by
8 multiplying the total LSS revenue requirement per loop as calculated in
9 subdivision (e)(4)(C)(ii)(b)(1)(D) of this section by fifteen percent (15%);
10 and

11 (F) The sum of subdivision
12 (e)(4)(C)(ii)(b)(1)(E) of this section as to each ETC, if positive, shall be
13 the ETC's local switching support element.

14 (2) If a request for support is made by
15 an ETC that does not have switching support calculated by NECA, the
16 ~~commission~~ Arkansas Public Service Commission shall develop a proxy method to
17 be used to calculate such an ETC's local switching support. The sum of the
18 calculation for each ETC from the proxy method, if positive, shall be the
19 ETC's local switching support element.

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

31 (2) For ETCs with AHCF support based on
32 customers, the AHCF administrator shall determine the ETC's customer support
33 element by multiplying the number of customers of the ETC as of December 31
34 of the preceding year who are eligible for federal universal service support
35 by the ETC's customer support element, if applicable, and the AHCF
36 administrator shall determine the ETC's local switching support by

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

7 (3)(A) If the AHCF administrator
8 determines that the changes in publicly available elements used to calculate
9 loop support under subdivision (e)(4)(C)(ii)(a)(1) of this section or local
10 switching support under subdivision (e)(4)(C)(ii)(b)(1) of this section cause
11 an under-recovery of more than ten percent (10%) of support by ETCs with a
12 total customer access base or total customer base of fewer than fifteen
13 thousand (15,000) lines or customers participating in the AHCF, then the AHCF
14 administrator shall promptly notify the ~~commission~~ Arkansas Public Service
15 Commission.

16 (B) Once notified, the ~~commission~~
17 Arkansas Public Service Commission shall open a rule-making docket to replace
18 the eliminated, frozen, or modified elements that are causing the under-
19 recovery used to calculate loop support under subdivision (e)(4)(C)(ii)(a)(1)
20 of this section or local switching support under subdivision
21 (e)(4)(C)(ii)(b)(1) of this section.

22 (C) Until alternate elements are
23 adopted by the ~~commission~~ Arkansas Public Service Commission, the AHCF
24 administrator shall use the previous determinations as used during the year
25 immediately preceding the year the elements were eliminated to calculate loop
26 support under subdivision (e)(4)(C)(ii)(a)(1) of this section or local
27 switching support under subdivision (e)(4)(C)(ii)(b)(1) of this section.

28 (D) Upon ~~commission~~ Arkansas
29 Public Service Commission adoption of the replacement elements, the
30 ~~commission~~ Arkansas Public Service Commission shall order the AHCF
31 administrator to incorporate those replacement elements into the previously
32 existing method used by the AHCF administrator to calculate loop support
33 under subdivision (e)(4)(C)(ii)(a)(1) of this section or local switching
34 support under subdivision (e)(4)(C)(ii)(b)(1) of this section. The
35 calculations shall be:

36 (i) Based on the fully

1 allocated cost of the affected ETCs; and

2 (ii) Effective as of the
3 next annual determination process date, as established by the ~~commission~~
4 Arkansas Public Service Commission.

5 (iii)(a) For ETCs with five hundred thousand
6 (500,000) lines or more on or after December 31, 2010, support shall be
7 determined using the following procedure:

8 (1) Using the FCC's synthesis model
9 available from USAC or an equivalent replacement model, the AHCF
10 administrator shall take the ETC's average monthly per-line cost for each
11 eligible wire center and subtract the FCC cost model benchmark. The result of
12 the line cost minus the benchmark is the available per-line high-cost support
13 available for that wire center;

14 (2) The AHCF administrator then shall
15 multiply the available high-cost support for each eligible wire center by the
16 number of lines reported to the AHCF administrator by the carrier as of
17 December 31 of the preceding year. Eligible wire centers shall be wire
18 centers with three thousand (3,000) access lines or less as of March 19,
19 2007; and

20 (3) The total of the calculations by the
21 AHCF administrator for all eligible wire centers shall be the high-cost
22 support available to the ETC, as limited by cap restrictions.

23 (b) The support provided by the AHCF shall be
24 calculated as an annual amount paid in equal monthly payments and
25 recalculated annually by the AHCF administrator in compliance with this
26 section and the ~~commission's~~ Arkansas Public Service Commission's rules and
27 procedures.

28 (iv) In the event that an element used to determine
29 AHCF support is materially changed or eliminated, the AHCF administrator
30 shall use an equivalent or similar element in calculating the AHCF support in
31 subdivisions (e)(4)(C)(ii) and (iii) of this section.

32 (D)(i) The AHCF administrator shall calculate each ETC's
33 support by first calculating each ETC's uncapped AHCF support.

34 (ii) If the total calculated support to all ETCs
35 within a size group is less than the capped amount of the size group's part
36 of the total AHCF, each ETC within the size group shall be entitled to its

1 total calculated AHCF support.

2 (E)(i)(a)(1)(A) The AHCF administrator shall apply the cap
3 on the total AHCF and upon the specific size groups established within the
4 AHCF annually.

5 (B) If total support due a size
6 group does not exceed that size group's AHCF cap, the AHCF administrator
7 shall pay that size group's full AHCF support amount.

8 (2) If total support, using the AHCF
9 formula for recipients of the specific size group exceeds the cap, the AHCF
10 administrator shall determine the amount that the total calculated AHCF
11 support exceeds that size group's cap.

12 (b)(1) To reduce each size group's authorized
13 support to conform to the size group's cap, the AHCF administrator shall
14 determine total calculated AHCF support to each ETC within the size group.

15 (2) The AHCF administrator shall then
16 use the total calculated support due all ETCs within the size group as the
17 denominator and the amount the size group's AHCF calculation exceeds the cap
18 as the numerator.

19 (3) The AHCF administrator shall then
20 subtract from each ETC's total calculated support a pro rata portion, using
21 the fraction established herein to reduce AHCF funding to the capped amount,
22 based upon each ETC's total calculated support, to reduce the size group's
23 support level to the capped AHCF amount.

24 (ii)(a) Except as provided in subdivision (e)(4)(B)
25 of this section, funds available for distribution to ETCs from the AHCF shall
26 not exceed and are capped at thirty-nine million eight hundred thousand
27 dollars (\$39,800,000) per year. Cost of administering the AHCF shall first
28 be deducted from the total capped fund before allocation of funding to the
29 ETCs. The annual period to be used by the AHCF administrator to adjust
30 support levels and upon which to apply any cap shall be on the calendar year.
31 In addition to the total fund cap, the funds available from the AHCF shall
32 also be capped based upon size groups using access lines for loop-based ETCs
33 and customers for customer-based ETCs. Size grouping is used to ensure funds
34 are targeted to areas most needing high-cost assistance. For the purpose of
35 calculating the size grouping caps, total customer access base shall be used
36 for loop-based ETCs and total customers for customer-based ETCs.

1 (b) For all ETCs with a total customer access
2 base or total customer base of five hundred thousand (500,000) or more access
3 lines or customers on or after December 31, 2010, the size group cap shall be
4 twelve and five-tenths percent (12.5%) of the total capped fund.

5 (c) For all ETCs with a total customer access
6 base or total customer base of one hundred fifty thousand (150,000) or more
7 access lines or customers and fewer than five hundred thousand (500,000)
8 access lines or customers on December 31, 2010, the size group cap shall be
9 twelve and five-tenths percent (12.5%) of the total capped fund.

10 (d) For all ETCs with a total customer access
11 base or total customer base of fifteen thousand (15,000) or more access lines
12 or customers and fewer than one hundred fifty thousand (150,000) access lines
13 or customers on December 31, 2010, the size group cap shall be two percent
14 (2%) of the total capped fund.

15 (e) For all ETCs with a total customer access
16 base or total customer base of fewer than fifteen thousand (15,000) access
17 lines or customers, the size group cap shall be seventy-three percent (73%)
18 of the total capped fund;

19 (5)(A)(i) The ~~commission~~ Arkansas Public Service Commission
20 shall establish by regulation a grant program to make grants available to
21 eligible telecommunications carriers for the extension of facilities to
22 citizens who are not served by wire line services of an eligible
23 telecommunications carrier. Grants may be requested by an eligible
24 telecommunications carrier or citizens who are not served, or both.

25 (ii) The ~~commission~~ Arkansas Public Service
26 Commission shall delegate to a trustee the administration, collection, and
27 distribution of the Extension of Telecommunications Facilities Fund in
28 accordance with the rules and procedures established by the ~~commission~~
29 Arkansas Public Service Commission. The trustee shall enforce and implement
30 all rules and directives governing the funding, collection, and eligibility
31 for the Extension of Telecommunications Facilities Fund.

32 (B)(i) In establishing regulations for the grant program,
33 the ~~commission~~ Arkansas Public Service Commission shall consider demonstrated
34 need, the length of time the citizens have not been served, the households
35 affected, the best use of the funds, and the overall need for extensions
36 throughout the state.

1 (ii) ~~The commission~~ Arkansas Public Service
2 Commission may require each potential customer to be served by the extension
3 of facilities to pay up to two hundred fifty dollars (\$250) of the cost of
4 extending facilities.

5 (C) The plan shall be funded by customer contributions and
6 by the Extension of Telecommunications Facilities Fund established by
7 subdivision (e)(4)(A)(i)(a) of this section;

8 (6)(A) Three million dollars (\$3,000,000) shall be transferred
9 annually from the AHCF to the Arkansas Department of Emergency Management on
10 a quarterly basis for the Arkansas 911 Rural Enhancement Program Fund to
11 fund:

12 (i) The statewide Smart911 ~~system~~ System in the
13 amount of six hundred thousand dollars (\$600,000) annually;

14 (ii) The SmartPrepare system in the amount of two
15 hundred twenty-five thousand dollars (\$225,000) annually;

16 (iii) The 911 administration system for emergency
17 management under the Arkansas Emergency Services Act of 1973, § 12-75-101 et
18 seq., in the amount of one hundred seventy-five thousand dollars (\$175,000)
19 annually; and

20 (iv) Arkansas counties for 911 public safety
21 answering points in the amount of two million dollars (\$2,000,000) annually.

22 (B)(i) Funding for counties under subdivision
23 (e)(6)(A)(iv) of this section shall be transferred based on county population
24 and distributed as follows:

25 (a) The twenty-five (25) least-populated
26 counties shall receive equal portions of fifty percent (50%) of the available
27 funds;

28 (b) The next twenty-five (25) least-populated
29 counties shall receive equal portions of thirty-five percent (35%) of the
30 available funds; and

31 (c) The remaining twenty-five (25) counties
32 shall receive equal portions of fifteen percent (15%) of the available funds.

33 (ii) County population shall be calculated based on
34 current data from the ~~Geography Division of the~~ United States Bureau of the
35 Census; ~~and~~

36 (7)(A)(i) ~~The commission~~ Arkansas Public Service Commission

1 shall provide quarterly reports to the Legislative Council. The reports
2 shall include without limitation the number of requests for grants, the
3 number of grants awarded, the amount awarded, and the number of additional
4 customers served.

5 (ii) ~~The commission~~ Arkansas Public Service
6 Commission shall notify members of the General Assembly of grants made in
7 their districts.

8 (B) To allow time for potential applicants to request
9 grants, no grants shall be awarded for three (3) months after the effective
10 date of the rules establishing the grant program; and

11 (8)(A) The Arkansas Economic Development Commission shall
12 establish by rule a grant program to make grants available to internet
13 service providers. Grants may be requested by internet service providers.

14 (B)(i) The Arkansas Economic Development Commission shall
15 promulgate rules to establish a reverse auction to determine if an internet
16 service provider is eligible for funds from the Broadband Fund.

17 (ii)(a) The reverse auction described in subdivision
18 (e)(8)(B)(i) of this section shall be conducted as technology neutral and the
19 reverse auction shall not establish any minimum matching amount from internet
20 service providers.

21 (b) If an internet service provider is
22 providing service to an underserved or unserved area, the internet service
23 provider may be eligible to participate in the reverse auction if:

24 (1) For unserved areas without any
25 broadband service, the internet service provider has to deliver data transfer
26 speeds equal to ten megabits per second (10 Mbps) download rate and one
27 megabit per second (1 Mbps) upload rate to comply with recommended federal
28 government standards; or

29 (2) For underserved areas, the internet
30 service provider has to deliver the data transfer speeds for broadband as
31 defined by the Federal Communications Commission.

32 (C) For underserved areas, before grants are awarded under
33 the reverse auction, current telecommunication carriers in that area shall
34 have a right of first refusal.

35 (D) The Arkansas Economic Development Commission shall
36 make reasonable attempts to inform internet service providers about the

1 availability of funds under the Broadband Fund.

2 (E) The Arkansas Economic Development Commission shall
3 report at least annually to the Joint Committee on Advanced Communications
4 and Information Technology regarding plan expenditures and rates.

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7 /s/S. Meeks
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