

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1525

5 By: Representative Pierce
6

For An Act To Be Entitled

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

12 TO PRESERVE THE ARKANSAS HIGH COST FUND
13 AND PROMOTE THE EXPANSION OF BROADBAND
14 SERVICES IN RURAL AND HIGH-COST AREAS OF
15 ARKANSAS.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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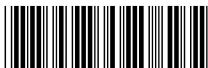
21 SECTION 1. Arkansas Code § 23-17-402 is amended to read as follows:
22 23-17-402. Legislative findings.

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

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28 fair and equal terms, modifies outdated regulation, eliminates unnecessary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

30 (2) Recognize that a telecommunications provider that serves
31 high-cost rural areas or exchanges faces unique circumstances that require
32 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 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
3 service support by the ETC's customer support element, if applicable, and the
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)(c)(1) of this
13 section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of
14 this section for an ETC with a total customer access base or total customer
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
18 commission shall open a rule-making docket to replace the eliminated elements
19 used to calculate loop support under subdivision (e)(4)(C)(ii)(c)(1) of this
20 section or local switching support under subdivision (e)(4)(C)(ii)(c)(2) of
21 this section.

22 (C) Until alternate
23 elements are adopted by the commission, the AHCF administrator shall use the
24 previous determinations as used during the year immediately preceding the
25 year the elements were eliminated to calculate loop support under subdivision
26 (e)(4)(C)(ii)(c)(1) of this section or local switching support under
27 subdivision (e)(4)(C)(ii)(c)(2) 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
31 existing method used by the AHCF administrator to calculate loop support
32 under subdivision (e)(4)(C)(ii)(c)(1) of this section or local switching
33 support under subdivision (e)(4)(C)(ii)(c)(2) of this section. The
34 calculations shall be:

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

1 (ii) Effective
2 as of the next annual determination process date, as established by the
3 commission.
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5 SECTION 3. The introductory language of Arkansas Code § 23-17-
6 404(e)(4)(C)(iii)(a), concerning the preservation and promotion of universal
7 service, is amended to read as follows:

8 (iii)(a) For ETCs with five hundred thousand
9 (500,000) lines or more on or after December 31, 2010, support ~~will~~ shall be
10 determined using the following procedure:
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12 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:

15 (ii)(a) The funds available for distribution to ETCs
16 from the AHCF shall not exceed and are capped at twenty-two million dollars
17 (\$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.
21 The annual period to be used by the AHCF administrator to adjust support
22 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
24 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
28 for loop-based ETCs and total customers for customer-based ETCs.

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

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

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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