1 2	State of Arkansas 88th General Assembly	A Bill	
3	Regular Session, 2011		HOUSE BILL 1525
4			
5	By: Representative Pierce		
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7		For An Act To Be Entitled	
8	AN ACT TO	AMEND THE TELECOMMUNICATIONS REGULA	ATORY
9	REFORM ACT	r OF 1997; AND FOR OTHER PURPOSES.	
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12		Subtitle	
13		RESERVE THE ARKANSAS HIGH COST FUND	
14	AND	PROMOTE THE EXPANSION OF BROADBAND	
15	SERV	ICES IN RURAL AND HIGH-COST AREAS O	F
16	ARKA	NSAS.	
17			
18			
19	BE IT ENACTED BY THE (GENERAL ASSEMBLY OF THE STATE OF ARE	KANSAS:
20	GROWTON 1 4 1		
21		ansas Code § 23-17-402 is amended to	o read as follows:
22	<u> </u>	islative findings.	.1.
23		t of the General Assembly in enactin	ng this subchapter
24	to:	.1.6	1
25 26		ide for a system of regulation of te	
2 6 27	•	with the federal act, that assists in ening the telecommunications market	
2 <i>1</i> 28		modifies outdated regulation, elimi	•
20 29	•	rves and advances universal service;	•
30	•	gnize that a telecommunications prov	
31		or exchanges faces unique circumsta	
32	_	-	-
33	special consideration and funding to assist in preserving and promoting universal service; and		
34	•	- gnize that the widespread and timely	deployment of
35		ure is vital to the economic, educat	
36		rkansas 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	<u>Arkansas Public Service Commission</u> , 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.		
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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)(l) 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		

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 this section for an ETC with a total customer access base or total customer 14 base of fewer than fifteen thousand (15,000) lines or customers, the ACHF 15 administrator shall promptly notify the commission. 16 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)(c)(l) 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 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)(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 existing method used by the AHCF administrator to calculate loop support 31 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

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     thirteen and one-half percent (13.5%) of the total capped fund.
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                                   (d) For all ETCs with a total customer access
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    base or total customer base of fifteen thousand (15,000) or more access lines
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     or customers and fewer than one hundred fifty thousand (150,000) access lines
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     or customers on December 31, 2010, the size group cap shall be two percent
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     (2%) of the total capped fund.
 7
                                   (e) For all ETCs with a total customer access
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     base or total customer base of fewer than fifteen thousand (15,000) access
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     lines or customers, the size group cap shall be seventy-one percent (71%) of
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     the total capped fund.
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