

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

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017  
4

*As Engrossed: H3/21/17*

# A Bill

HOUSE BILL 2099

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

## 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

## Subtitle

12 TO AMEND THE TELECOMMUNICATIONS  
13 REGULATORY REFORM ACT OF 2013; AND TO  
14 MODERNIZE THE ARKANSAS HIGH COST FUND.  
15  
16  
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, the internet service provider  
33 has to deliver the data transfer speeds for broadband as defined by the  
34 Federal Communications Commission.

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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