



## M E M O R A N D U M

**TO:** All Telecommunications Carriers August 1, 2007

**RE:** Transition from the Arkansas Universal Service Fund to the High Cost Fund

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The Arkansas Universal Service Fund (USF) is being replaced by the Arkansas High Cost Fund (HCF) according to the provisions of Arkansas Act 385 of 2007 and the Arkansas Public Service Commission Docket No. 07-062-R Order No.6, dated July 20, 2007. While administrative functions of the Arkansas Universal Service Fund must be finalized by 12/31/07, the transition to the HCF will take place for the revenue month beginning August 1, 2007, reported in September.

Rolka Loube Saltzer Associates has been selected by the Arkansas Public Service Commission to administer the HCF.

The most significant difference between the two funds is the support to eligible carriers, which may require a change to the assessment rate before year end. The HCF Carrier Revenue Report and monthly distribution of account statements will be very similar to the USF and may seem to only reflect a change to the fund name. Our goal is to make the transition as seamless as possible for all contributing and supported carriers.

The Arkansas USF worksheets and instructions have been replaced by a HCF Carrier Revenue Report worksheet and filing instructions. A new section appears on our website's Arkansas Fund Administration page to provide you with the latest information and materials.

Carriers reporting revenues on a monthly basis should begin to use the HCF worksheet to report August revenues. Carriers reporting on a quarterly filing schedule should begin to use the HCF worksheet for the third quarter of 2007. Carriers assigned to the annual filing schedule should not begin to use the HCF report worksheet until after the conclusion of 2007, when a 2007 true-up worksheet will be made available.

Completion of the HCF forms either on the website [www.r-l-s-a.com/arkansas](http://www.r-l-s-a.com/arkansas) or by using Microsoft Excel will provide additional assistance and automated functionality.

Outstanding USF reports and account balances will become HCF issues and are subject to the same penalty provisions as were enacted for the purposes of the Arkansas USF.

Each Arkansas ETC that wants to receive support from the ARHCF must request support by completing an application, available on the R-L-S-A website.