

MINUTES
HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY
HOUSE PARKS AND TOURISM SUBCOMMITTEE
MEETING JOINTLY

September 4, 2014

The House and Senate Interim Committees on Judiciary and the House Parks and Tourism Subcommittee met jointly at 1:00 p.m., September 4, 2014, at Carroll Electric, 5056 Highway 412-B, in Huntsville, Arkansas.

Committee members present: Senators Bryan King, Eddie Joe Williams, and Jon Woods; Representatives Kelley Linck, Chair, House Parks and Tourism Subcommittee; Bob Ballinger, Charlene Fite, David Hillman, Stephen Meeks, Micah Neal, and Mary Lou Slinkard.

Other members in attendance: Senator Michael Lamoureux; Representatives Nate Bell, David Branscum, Jim Dotson, and Debra Hobbs.

Senator King called the meeting to order.

Welcoming Remarks

The Honorable Kevin Hatfield, Mayor of Huntsville and the Honorable Faron Ledbetter, Madison County Clerk, welcomed members and guests and gave a brief overview of Huntsville's government, highway improvements, and the downtown revitalization projects.

Discussion on the Impact of new Environmental Protection Agency (EPA) Regulations (Handout 1)

Mr. Kirkley Thomas, Arkansas Electric Cooperatives (AECC), presented a report on the EPA's CO2 Rule. A summary of the report is listed below:

EPA Rule

- 1,600 Pages
- Goal: Cut CO2 Emissions by 30% by 2030
- States Have Until 2016 to Comply
- States Are Directed to Formulate Own Plans
- EPA Will Formulate Plans for States Out of Compliance

Conclusions & Recommendations

AECC recommends that Arkansas comment to EPA that:

- The 910 lbs CO2/MWh target set for Arkansas is excessive - and inequitable. A higher target is justified and needed to avoid unnecessary adverse impacts to Arkansas.
- The proposed "glide path" requires almost all reductions be made by 2020, too quickly, and needs to be phased in.
- States and RTO's need more time to develop the mechanisms and agreements required to move away from least cost dispatching to environmental dispatching.
- Reliability of natural gas supply must be considered as well as the time necessary to permit and construct additional pipeline capacity. FERC must be involved to determine overall reliability impacts to the electric and natural gas systems.

When asked about the penalty for non-compliance, Ms. Teresa Marks, Director, Arkansas Department of Environmental Quality, stated the federal government gave states the option to implement their own plan and if they choose not to, the federal government could take away state permits and issue federal permits. After the EPA finalizes its proposed rule change in 2015, states will have one year to design their implementation plans.

Mr. Thomas also spoke briefly on the historic Dyess Colony and the home of Johnny Cash. He invited legislators to visit the home, which is listed as an Arkansas Heritage Site under the direction of Arkansas State University.

Opportunities for Enhancement of Rural Infrastructure

Mr. Keith Gibson, President, Pinnacle Communications, said rural telephone companies are very often the largest taxpayers in the community; funding schools, and many times are the largest employers. Rural telephone companies are vital to the economic growth of rural companies. Millions of dollars have been spent to build state of the art fiber home networks in rural areas in order to service cities, schools, businesses, etc. Mr. Gibson said the Federal Communications Commission (FCC) is not a friend to rural America and there are things state legislators can do to help with policy changes and to stop the FCC from enacting policies that could harm or destroy rural telephone companies and rural companies. He said there is a great infrastructure in place and it would be inefficient to build an additional network with taxpayer funds that would compete with the one already built by Universal Service funds. Mr. Gibson asked that the legislature enhance the rural infrastructure by supporting the companies that continue to lead the way in economic development in rural Arkansas.

Mr. William Vogt, General Field Representative, USDA Rural Utilities Services, gave an overview of the programs offered by USDA. The programs include:

- Distance Learning and Telemedicine (DLT) Program provides educational and healthcare opportunities in rural communities through grants that finance advanced communications technologies. DLT began in 1993 and has funded more than 1400 projects totaling \$512 million. Awards can range from \$50,000 to \$500,000.
- Community Oriented Connectivity Broadband Grant Program provides grants to eligible applicants to establish service at the broadband grant speed in rural areas where none exist. The grants provide broadband service that fosters economic growth and delivers enhanced educational , healthcare and public safety benefits.
- The Rural Broadband Loan Program funds the cost of construction, improvements, and acquisition of facilities and equipment to provide broadband service to eligible rural areas on a technology-neutral basis. The funds are administered by the USDA Rural Broadband Loan Program.
- The Telecommunications Infrastructure Loan Program provides loans for the deployment of rural telecommunications infrastructure. The program makes long-term loans to qualified organizations for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telecommunications service in rural areas.

Mr. Tom Fite, Citizen, said he was in the telecommunications business for thirty years, but is now retired. He spoke on the need for broadband in schools and said the schools with a majority of students eligible for the National School Lunch Program could receive up to a 90% discount from the federal E-rate program. He noted the majority of schools he worked with over the years were able to get as much broadband as they needed.

With no further business, the meeting adjourned at 3:05 p.m.