CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL No. 2758

Introduced by Assembly Member Berg

February 20, 2004

An act to amend Section 276.5 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 2758, as introduced, Berg. Telecommunications: grants to areas not served by local exchange carriers.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. The commission is required until January 1, 2006, to establish a grant program to aid in the establishment of telecommunications service in areas not currently served by existing local exchange carriers.

This bill would extend the grant program until January 1, 2008.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 276.5 of the Public Utilities Code is amended to read:

276.5. (a) The commission shall establish a grant program to aid in the establishment of telecommunications service in areas not currently served by existing local exchange carriers. The program shall be funded out of either the California High-Cost Administrative Committee Fund-A or the California High-Cost Administrative Committee Fund-B, or both, as determined by the commission, and the funding level may not exceed ten million dollars ($10,000,000) per year.

(b) On or after July 1, 2002, any community-based group representing a qualifying community may apply for and receive grants to build an original telecommunications infrastructure that can provide basic telecommunications service that will serve an area that meets the grant program's population criteria with consideration given to communities with schools, hospitals, and health clinics, as set forth in Decision 96-10-066, and that currently lacks basic telecommunications services, as described in Decision 96-10-066 of the commission. A community-based group representing a qualifying community may alternatively apply for and receive a grant to subsidize the cost of the telecommunications service itself, if the group determines that this would be more cost-effective than subsidizing the building of an original telecommunications infrastructure. On or before June 30, 2002, the commission, shall establish eligibility criteria for community-based groups to qualify to apply for telecommunications infrastructure grants. The criteria shall include a requirement that a local agency, as defined by Section 50001 of the Government Code, or a town, as defined by Section 21 of the Government Code, shall act as the community-based group's fiscal agent for the receipt and distribution of funds. Qualifying communities shall have a median household income no greater than the income level used in the Universal Lifeline Telephone Service index for a family of four. The commission shall require that the telecommunications carrier that provides the service has the obligation to serve the community.

(c) Grant proposals shall be submitted in accordance with procedures prescribed by the commission and evaluated and awarded by the commission using technology criteria developed by the government-industry working group established by subdivision (h). Grant proposals shall contain all of the following:

(1) A letter from a local agency or town agreeing to act as a fiscal agent for the receipt and distribution of funds.

(2) Preliminary engineering feasibility studies conducted in cooperation with the local service providers that include all of the following:

(A) Topographical maps indicating the location of all existing residences.

(B) Schematic maps of the proposed network facilities.
(C) Recommendations and justifications for the preferred technologies.
(D) Network compatibility statements from one or more interconnecting carriers.
(E) Cost projections for the infrastructure facilities.
(F) Cost projections for the interconnection and recurring service provisions.
(G) Projected budget for engineering feasibility studies.
(3) Recommendations and letters of support from all of the following:
(A) The county board of supervisors.
(B) Other affected local governments.
(C) Affected school districts.
(D) Affected emergency service providers.
(E) Affected law enforcement agencies.
(4) Letters of commitment from 75 percent of the unserved population.
(5) A project schedule, including timeline and budget.
(6) A management plan that assures the proper utilization of grant funds.
(7) Evidence that competing providers and competing technologies have been considered and evaluated.
(d) Grant applicants that are rejected by the commission may be reimbursed for the cost of their preliminary engineering feasibility studies, including, but not limited to, any approved cost of a local telecommunications carrier that contributes to the studies, from the grant program.
(e) The procedures developed for awarding grants shall ensure that the grants awarded do not exceed annual moneys available to support the program, that not more than one grant is awarded to a qualifying community, and that no one applicant receive more than 25 percent of the designated program funds in a single fiscal year.
(f) In evaluating grant applications, the commission shall consider the cost effectiveness of the application, the number of people served, the level of local support, the ability of the community served to pay for the services delivered, and the effect on public health and safety.
(g) The commission shall establish a government-industry working group to develop the technical criteria to be used in

evaluating grant awards. The working group shall be composed of, but not limited to, the following:

(1) Representatives of the commission.

(2) Representatives of the incumbent local exchange carrier industry.

(3) Representatives of the competitive local exchange carrier industry.

(4) Representatives of the wireless carrier industry.

(h) Grant applicants shall seek to secure federal sources of funding in conjunction with local subsidies for the construction of telecommunications infrastructure.

(i) This section shall remain in effect only until January 1, ~~2006~~ *2008*, and as of that date is repealed, unless a later enacted statute enacted before January 1, ~~2006~~ *2008*, deletes or extends that date.

O