

AMENDED IN SENATE JUNE 30, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2758

Introduced by Assembly Member Berg

February 20, 2004

An act to amend ~~Section~~ *Sections 275, 276, and 276.5* of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 2758, as amended, 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~~ 2009. *The bill would make technical and conforming changes. The bill would provide that these provisions will not be operative unless SB 1276 of the 2003–04 Regular Session is enacted, amends specified provisions, and becomes effective on or before January 1, 2005.*

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

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

1 SECTION 1. *Section 275 of the Public Utilities Code, as*
2 *added by Section 4 of Chapter 903 of the Statutes of 2001, is*
3 *amended to read:*

4 275. (a) There is hereby created the California High-Cost
5 Fund-A Administrative Committee, which is an advisory board to
6 advise the commission regarding the development,
7 implementation, and administration of a program to provide for
8 transfer payments to small independent telephone corporations
9 providing local exchange services in high-cost rural and small
10 metropolitan areas in the state to create fair and equitable local rate
11 structures, as provided for in Section 739.3, *the development of a*
12 *grant program for the construction of telecommunications*
13 *infrastructure as set forth in Section 276.5, and to carry out the*
14 *program pursuant to the commission’s direction, control, and*
15 *approval.*

16 (b) All revenues collected by telephone corporations in rates
17 authorized by the commission to fund the program specified in
18 subdivision (a) shall be submitted to the commission pursuant to
19 a schedule established by the commission. The commission shall
20 transfer the moneys received to the Controller for deposit in the
21 California High-Cost Fund-A Administrative Committee Fund.
22 All interest earned by moneys in the fund shall be deposited in the
23 fund. Any unexpended revenues collected prior to the operative
24 date of this section shall be submitted to the commission, and the
25 commission shall transfer those moneys to the Controller for
26 deposit in the California High-Cost Fund-A Administrative
27 Committee Fund.

28 (c) Moneys appropriated from the California High-Cost
29 Fund-A Administrative Committee Fund to the commission shall
30 be utilized exclusively by the commission for the program
31 specified in subdivision (a), including all costs of the board and the
32 commission associated with the administration and oversight of
33 the program and the fund.

34 (d) This section shall become operative on January 1, 2006.

35 SEC. 2. *Section 276 of the Public Utilities Code, as added by*
36 *Section 6 of Chapter 903 of the Statutes of 2001, is amended to*
37 *read:*



1 276. (a) There is hereby created the California High-Cost
2 Fund-B Administrative Committee, which is an advisory board to
3 advise the commission regarding the development,
4 implementation, and administration of a program to provide for
5 transfer payments to telephone corporations providing local
6 exchange services in high-cost areas in the state to create fair and
7 equitable local rate structures, as provided for in Section 739.3, *the*
8 *development of a grant program for the construction of*
9 *telecommunications infrastructure as set forth in Section 276.5,*
10 and to carry out the program pursuant to the commission's
11 direction, control, and approval.

12 (b) All revenues collected by telephone corporations in rates
13 authorized by the commission to fund the program specified in
14 subdivision (a) shall be submitted to the commission pursuant to
15 a schedule established by the commission. The commission shall
16 transfer the moneys received to the Controller for deposit in the
17 California High-Cost Fund-B Administrative Committee Fund.
18 All interest earned by moneys in the fund shall be deposited in the
19 fund. Any unexpended revenues collected prior to the operative
20 date of this section shall be submitted to the commission, and the
21 commission shall transfer those moneys to the Controller for
22 deposit in the California High-Cost Fund-B Administrative
23 Committee Fund.

24 (c) Moneys appropriated from the California High-Cost
25 Fund-B Administrative Committee Fund to the commission shall
26 be utilized exclusively by the commission for the program
27 specified in subdivision (a), including all costs of the board and the
28 commission associated with the administration and oversight of
29 the program and the fund.

30 (d) This section shall become operative on January 1, 2006.

31 *SEC. 3.* Section 276.5 of the Public Utilities Code is amended
32 to read:

33 276.5. (a) The commission shall establish a grant program to
34 aid in the establishment of telecommunications service in areas not
35 currently served by existing local exchange carriers. The program
36 shall be funded out of either the California High-Cost
37 Administrative Committee Fund-A or the California High-Cost
38 Administrative Committee Fund-B, or both, as determined by the
39 commission, and the funding level may not exceed ten million
40 dollars (\$10,000,000) per year.



1 (b) On or after July 1, 2002, any community-based group
2 representing a qualifying community may apply for and receive
3 grants to build an original telecommunications infrastructure that
4 can provide basic telecommunications service that will serve an
5 area that meets the grant program's population criteria with
6 consideration given to communities with schools, hospitals, and
7 health clinics, as set forth in Decision 96-10-066, and that
8 currently lacks basic telecommunications services, as described in
9 Decision 96-10-066 of the commission. A community-based
10 group representing a qualifying community may alternatively
11 apply for and receive a grant to subsidize the cost of the
12 telecommunications service itself, if the group determines that this
13 would be more cost-effective than subsidizing the building of an
14 original telecommunications infrastructure. On or before June 30,
15 2002, the commission, shall establish eligibility criteria for
16 community-based groups to qualify to apply for
17 telecommunications infrastructure grants. The criteria shall
18 include a requirement that a local agency, as defined by Section
19 50001 of the Government Code, or a town, as defined by Section
20 21 of the Government Code, shall act as the community-based
21 group's fiscal agent for the receipt and distribution of funds.
22 Qualifying communities shall have a median household income no
23 greater than the income level used in the Universal Lifeline
24 Telephone Service index for a family of four. The commission
25 shall require that the telecommunications carrier that provides the
26 service has the obligation to serve the community.

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

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

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

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

39 (B) Schematic maps of the proposed network facilities.



- 1 (C) Recommendations and justifications for the preferred
- 2 technologies.
- 3 (D) Network compatibility statements from one or more
- 4 interconnecting carriers.
- 5 (E) Cost projections for the infrastructure facilities.
- 6 (F) Cost projections for the interconnection and recurring
- 7 service provisions.
- 8 (G) Projected budget for engineering feasibility studies.
- 9 (3) Recommendations and letters of support from all of the
- 10 following:
 - 11 (A) The county board of supervisors.
 - 12 (B) Other affected local governments.
 - 13 (C) Affected school districts.
 - 14 (D) Affected emergency service providers.
 - 15 (E) Affected law enforcement agencies.
- 16 (4) Letters of commitment from 75 percent of the unserved
- 17 population.
- 18 (5) A project schedule, including timeline and budget.
- 19 (6) A management plan that assures the proper utilization of
- 20 grant funds.
- 21 (7) Evidence that competing providers and competing
- 22 technologies have been considered and evaluated.
- 23 (d) Grant applicants that are rejected by the commission may
- 24 be reimbursed for the cost of their preliminary engineering
- 25 feasibility studies, including, but not limited to, any approved cost
- 26 of a local telecommunications carrier that contributes to the
- 27 studies, from the grant program.
- 28 (e) The procedures developed for awarding grants shall ensure
- 29 that the grants awarded do not exceed annual moneys available to
- 30 support the program, that not more than one grant is awarded to a
- 31 qualifying community, and that no one applicant receive more than
- 32 25 percent of the designated program funds in a single fiscal year.
- 33 (f) In evaluating grant applications, the commission shall
- 34 consider the cost effectiveness of the application, the number of
- 35 people served, the level of local support, the ability of the
- 36 community served to pay for the services delivered, and the effect
- 37 on public health and safety.
- 38 (g) The commission shall establish a government-industry
- 39 working group to develop the technical criteria to be used in



1 evaluating grant awards. The working group shall be composed of,
2 but not limited to, the following:
3 (1) Representatives of the commission.
4 (2) Representatives of the incumbent local exchange carrier
5 industry.
6 (3) Representatives of the competitive local exchange carrier
7 industry.
8 (4) Representatives of the wireless carrier industry.
9 (h) Grant applicants shall seek to secure federal sources of
10 funding in conjunction with local subsidies for the construction of
11 telecommunications infrastructure.
12 (i) This section shall remain in effect only until January 1, ~~2008~~
13 2009, and as of that date is repealed, unless a later enacted statute
14 enacted before January 1, ~~2008~~ 2009, deletes or extends that date.
15 *SEC. 4. This act shall not become operative unless Senate Bill*
16 *1276 of the 2003–04 Regular Session is enacted, amends Section*
17 *739.3 of the Public Utilities Code, and becomes effective on or*
18 *before January 1, 2005.*

