

AMENDED IN ASSEMBLY MAY 1, 2000  
AMENDED IN ASSEMBLY APRIL 24, 2000  
AMENDED IN ASSEMBLY APRIL 6, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1825**

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**Introduced by Assembly Member Strom-Martin**

February 3, 2000

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An act to repeal, add, and repeal Article 3 (commencing with Section 15399.48) of Part 6.7 of Division 3 of Title 2 of the Government Code, to amend, repeal, and add Sections 270 and 280 of, and to add and repeal Section 280.5 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1825, as amended, Strom-Martin. Rural telecommunications infrastructure.

(1) Existing law establishes the California Rural Policy Task Force within the Office of Planning and Research in the Governor's office. The task force is composed of state officers and oversees the mobilization and effective delivery of resources to rural California.

This bill would, until January 1, 2006, establish the Rural Telecommunications Infrastructure Task Force within the California Teleconnect Fund Administrative Committee. The Rural Telecommunications Infrastructure Task Force would develop resources and programs to facilitate community efforts to deploy telecommunications infrastructure in areas

not currently served. This task force would administer a grant program to provide community-based groups with resources to build telecommunications infrastructure, as prescribed. The California Teleconnect Fund Administrative Committee would provide administrative support, and the Public Utilities Commission would provide technical assistance, as prescribed.

(2) Existing law provides for the California Teleconnect Fund Administrative Committee Fund to provide discounted rates for qualifying schools, libraries, health clinics, and community organizations and paid for in the utility rates authorized by the commission. Existing law also provides for an advisory board that advises the commission regarding this program, and creates a fund for each advisory board in the State Treasury in which funds generated by each of these programs ~~is~~ *are* deposited. Existing law limits the expenditure of the moneys in this fund to the specified program and upon appropriation in the annual Budget Act.

This bill would, under the Public Utilities Act, until January 1, 2006, expand this program to include funding a grant program to build telecommunications infrastructure in rural areas, as prescribed. Upon appropriation, the funding would be derived from the fund up to a specified annual limit, as prescribed, and would be transferred to the Rural Telecommunications Infrastructure Task Force, as prescribed. The bill would require the commission to form a working group to develop technical criteria for evaluating the grants. Because, under the act, a violation of these provisions would be a crime, this bill would impose a state-mandated local program by creating new crimes.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. Article 3 (commencing with Section 15399.48) of Part 6.7 of Division 3 of Title 2 of the Government Code is repealed.

SEC. 2. Article 3 (commencing with Section 15399.48) is added to Part 6.7 of Division 3 of Title 2 of the Government Code, to read:

Article 3. Rural Telecommunications Infrastructure  
Task Force

15399.48. (a) The Rural Telecommunications Infrastructure Task Force is hereby created in the California Teleconnect Fund Administrative Committee to be composed of members appointed by the California Teleconnect Fund Administrative Committee.

(b) The purpose of the task force is to develop programs and resources that facilitate community efforts to deploy telecommunications infrastructure in areas not currently served by existing local exchange carriers.

(c) The task force shall administer a needs-based grant program funded by a portion of the California Teleconnect Fund as set forth in Sections 280 and 280.5 of the Public Utilities Code. The California Teleconnect Fund Administrative Committee shall provide administrative support for the task force and the grant program.

(d) On or after July 1, 2001, any community-based group representing a qualifying community may apply for and receive grants to build an original telecommunications infrastructure 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 Public Utilities Commission. The task force, in conjunction with the Public Utilities Commission, shall establish eligibility criteria for

1 community-based groups to qualify to apply for  
2 telecommunications infrastructure grants. Qualifying  
3 communities shall have a median income no greater than  
4 the top income level used in the Universal Lifeline  
5 Telephone Service index.

6 (e) Grant proposals shall be submitted to the task force  
7 in accordance with procedures prescribed by the task  
8 force and evaluated and awarded by the task force using  
9 technology criteria developed by the  
10 government-industry working group established by  
11 Section 280.5 of the Public Utilities Code. Grant proposals  
12 shall contain all of the following:

13 (1) Preliminary engineering feasibility studies  
14 conducted in cooperation with the local exchange carrier  
15 that include all of the following:

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

18 (B) Schematic maps of the proposed network  
19 facilities.

20 (C) Recommendations and justifications for the  
21 preferred technologies.

22 (D) Network compatibility statements from one or  
23 more interconnecting carriers.

24 (E) Cost projections for the infrastructure facilities.

25 (F) Cost projections for the interconnection and  
26 recurring service provisions.

27 (G) Projected budget for engineering feasibility  
28 studies.

29 (2) Recommendations and letters of support from all  
30 of the following:

31 (A) The county board of supervisors.

32 (B) Other affected local governments.

33 (C) Affected school districts.

34 (D) Affected emergency service providers.

35 (E) Affected law enforcement agencies.

36 (3) Letters of commitment from 75 percent of the  
37 unserved population.

38 (4) A project schedule, including timeline and budget.

1 (f) Grant applicants that are rejected by the task force  
2 shall be reimbursed for the cost of their preliminary  
3 engineering feasibility studies from the grant program.

4 (g) The procedures developed for awarding grants  
5 shall ensure that the grants awarded do not exceed annual  
6 moneys available to support the program, that not more  
7 than five grants are awarded per year, that not more than  
8 one grant is awarded to a qualifying community, and that  
9 no one applicant receive more than 25 percent of  
10 amounts transferred to the task force in a single fiscal  
11 year.

12 (h) The Public Utilities Commission shall approve and  
13 award grants, by resolution, based upon the  
14 recommendations of the task force.

15 (i) The California Teleconnect Fund Administrative  
16 Committee shall advance grant awards directly to the  
17 local exchange carrier upon the adoption of a resolution  
18 of the Public Utilities Commission.

19 (j) This chapter shall remain in effect only until  
20 January 1, 2006, and as of that date is repealed, unless a  
21 later enacted statute that is enacted before January 1,  
22 2006, deletes or extends that date.

23 SEC. 3. Section 270 of the Public Utilities Code is  
24 amended to read:

25 270. (a) The following funds are hereby created in  
26 the State Treasury:

27 (1) The California High-Cost Fund-A Administrative  
28 Committee Fund.

29 (2) The California High-Cost Fund-B Administrative  
30 Committee Fund.

31 (3) The Universal Lifeline Telephone Service Trust  
32 Administrative Committee Fund.

33 (4) The Deaf and Disabled Telecommunications  
34 Program Administrative Committee Fund.

35 (5) The Payphone Service Providers Committee  
36 Fund.

37 (6) The California Teleconnect Fund Administrative  
38 Committee Fund.

1 (b) Moneys in the funds may only be expended  
2 pursuant to this chapter and upon appropriation in the  
3 annual Budget Act.

4 (c) Moneys in each fund may not be appropriated, or  
5 in any other manner transferred or otherwise diverted,  
6 to any other fund or entity, except as provided for in  
7 Sections 280 and 280.5.

8 (d) Notwithstanding Section 7550.5 of the  
9 Government Code, on or before July 1, 2000, the Public  
10 Utilities Commission, in consultation with the  
11 Department of Finance, shall report to the Governor and  
12 the Legislature regarding a transition plan for programs  
13 associated with funds to be established within the State  
14 Treasury, as specified in subdivision (a). The transition  
15 plan report shall include information regarding the  
16 annual revenue to be deposited in, and the annual  
17 estimated expenditure for, each fund specified in  
18 subdivision (a). Advisory committees created by Sections  
19 275, 276, 277, 278, 279, and 280 shall provide information  
20 and input to the commission in development of the  
21 specified transition plan.

22 (e) This section shall remain in effect only until  
23 January 1, 2006, and as of that date is repealed, unless a  
24 later enacted statute, that is enacted before January 1,  
25 2006, deletes or extends that date.

26 SEC. 4. Section 270 is added to the Public Utilities  
27 Code, to read:

28 270. (a) The following funds are hereby created in  
29 the State Treasury:

30 (1) The California High-Cost Fund-A Administrative  
31 Committee Fund.

32 (2) The California High-Cost Fund-B Administrative  
33 Committee Fund.

34 (3) The Universal Lifeline Telephone Service Trust  
35 Administrative Committee Fund.

36 (4) The Deaf and Disabled Telecommunications  
37 Program Administrative Committee Fund.

38 (5) The Payphone Service Providers Committee  
39 Fund.



(6) The California Teleconnect Fund Administrative Committee Fund.

(b) Moneys in the funds may only be expended pursuant to this chapter and upon appropriation in the annual Budget Act.

(c) Moneys in each fund may not be appropriated, or in any other manner transferred or otherwise diverted, to any other fund or entity.

(d) Notwithstanding Section 7550.5 of the Government Code, on or before July 1, 2000, the Public Utilities Commission, in consultation with the Department of Finance, shall report to the Governor and the Legislature regarding a transition plan for programs associated with funds to be established within the State Treasury, as specified in subdivision (a). The transition plan report shall include information regarding the annual revenue to be deposited in, and the annual estimated expenditure for, each fund specified in subdivision (a). Advisory committees created by Sections 275, 276, 277, 278, 279, and 280 shall provide information and input to the commission in development of the specified transition plan.

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

SEC. 5. Section 280 of the Public Utilities Code is amended to read:

280. (a) There is hereby created the California Teleconnect Fund Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of programs to advance universal service. Consistent with Chapter 278 of the Statutes of 1994, the programs provide discounted rates to qualifying schools, libraries, hospitals, health clinics, and community organizations, and funds for the development of a grant program for the construction of telecommunications infrastructure as set forth in Section 15399.48 of the Government Code. The California Teleconnect Fund Administrative Committee shall carry out these programs pursuant to the commission's direction, control, and approval.

1 (b) All revenues collected by telephone corporations  
2 in rates authorized by the commission to fund the  
3 programs specified in subdivision (a) shall be submitted  
4 to the commission pursuant to a schedule established by  
5 the commission. The commission shall transfer the  
6 moneys received to the Controller for deposit in the  
7 California Teleconnect Fund Administrative Committee  
8 Fund. All interest earned by moneys in the fund shall be  
9 deposited in the fund. Any unexpended revenues  
10 collected prior to the operative date of this section shall  
11 be submitted to the commission, and the commission shall  
12 transfer those moneys to the Controller for deposit in the  
13 California Teleconnect Fund Administrative Committee  
14 Fund.

15 (c) Moneys appropriated from the California  
16 Teleconnect Fund Administrative Committee Fund to  
17 the commission shall be utilized exclusively by the  
18 commission for the programs specified in subdivision (a),  
19 including all costs of the board and the commission  
20 associated with the administration and oversight of the  
21 programs and the fund.

22 (d) This section shall remain in effect only until  
23 January 1, 2006, and as of that date is repealed, unless a  
24 later enacted statute, that is enacted before January 1,  
25 2006, deletes or extends that date.

26 SEC. 6. Section 280 is added to the Public Utilities  
27 Code, to read:

28 280. (a) There is hereby created the California  
29 Teleconnect Fund Administrative Committee, which is  
30 an advisory board to advise the commission regarding the  
31 development, implementation, and administration of a  
32 program to advance universal service by providing  
33 discounted rates to qualifying schools, libraries, hospitals,  
34 health clinics, and community organizations, consistent  
35 with Chapter 278 of the Statutes of 1994, and to carry out  
36 the program pursuant to the commission's direction,  
37 control, and approval.

38 (b) All revenues collected by telephone corporations  
39 from rates authorized by the commission to fund the  
40 program specified in subdivision (a) shall be submitted to



1 the commission pursuant to a schedule established by the  
2 commission. The commission shall transfer the moneys  
3 received to the Controller for deposit in the California  
4 Teleconnect Fund Administrative Committee Fund. All  
5 interest earned by moneys in the fund shall be deposited  
6 in the fund. Any unexpended revenues collected prior to  
7 the operative date of this section shall be submitted to the  
8 commission, and the commission shall transfer those  
9 moneys to the Controller for deposit in the California  
10 Teleconnect Fund Administrative Committee Fund.

11 (c) Moneys appropriated from the California  
12 Teleconnect Fund Administrative Committee Fund to  
13 the commission shall be utilized exclusively by the  
14 commission for the program specified in subdivision (a),  
15 including all costs of the board and the commission  
16 associated with the administration and oversight of the  
17 program and the fund.

18 (d) This section shall become operative on January 1,  
19 2006.

20 SEC. 7. Section 280.5 is added to the Public Utilities  
21 Code, to read:

22 280.5. (a) The Rural Telecommunications  
23 Infrastructure Task Force, upon appropriation of funds  
24 from the California Teleconnect Fund Administrative  
25 Committee Fund, not to exceed ten million dollars  
26 (\$10,000,000) per year, may fund the telecommunications  
27 infrastructure grant program established by Section  
28 15399.48 of the Government Code.

29 (b) Moneys appropriated from the California  
30 Teleconnect Fund Administrative Committee Fund for  
31 use by the telecommunications infrastructure grant  
32 program shall be capped at ~~0.0006 against the billing base~~  
33 *0.06 percent against the billing base, and may not be*  
34 *added to the current surcharge, but shall be appropriated*  
35 *from existing moneys within the fund.* The California  
36 Teleconnect Fund Administrative Committee may use  
37 that portion of moneys appropriated pursuant to  
38 subdivision (a) the committee determines to be  
39 necessary for the administration of the fund.

1 (c) The commission shall establish a procedure that  
2 allows any telecommunications provider subject to  
3 commission jurisdiction that is capable of providing  
4 telephone service to the grant funded service area an  
5 opportunity to provide the interconnection to the public  
6 switched network.

7 (d) The commission shall establish a  
8 government-industry working group to develop the  
9 technical criteria to be used in evaluating grant awards.  
10 The working group shall be composed of, but not limited  
11 to, the following:

12 (1) Representatives of the commission.

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

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

17 (4) Representatives of the wireless carrier industry.

18 (e) This section shall remain in effect only until  
19 January 1, 2006, and as of that date is repealed, unless a  
20 later enacted statute enacted before January 1, 2006,  
21 deletes or extends that date.

22 SEC. 8. No reimbursement is required by this act  
23 pursuant to Section 6 of Article XIII B of the California  
24 Constitution because the only costs that may be incurred  
25 by a local agency or school district will be incurred  
26 because this act creates a new crime or infraction,  
27 eliminates a crime or infraction, or changes the penalty  
28 for a crime or infraction, within the meaning of Section  
29 17556 of the Government Code, or changes the definition  
30 of a crime within the meaning of Section 6 of Article  
31 XIII B of the California Constitution.

