

AMENDED IN ASSEMBLY MAY 17, 2000

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

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 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 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, 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 *with 3 members appointed by the executive director of the Public Utilities Commission* 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 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 *also*, 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)–~~

(2) 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:*

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3 ~~Government Code is repealed.~~

4 SEC. 2. ~~Article 3 (commencing with Section~~  
5 ~~15399.48) is added to Part 6.7 of Division 3 of Title 2 of the~~  
6 ~~Government Code, to read:~~

7

8 ~~Article 3. Rural Telecommunications Infrastructure~~  
9 ~~Task Force~~

10

11 ~~15399.48. (a) The Rural Telecommunications~~  
12 ~~Infrastructure Task Force is hereby created in the~~  
13 ~~California Teleconnect Fund Administrative Committee~~  
14 ~~to be composed of members appointed by the California~~  
15 ~~Teleconnect Fund Administrative Committee.~~

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

20 ~~(c) The task force shall administer a needs-based grant~~  
21 ~~program funded by a portion of the California~~  
22 ~~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 community-based groups to qualify to apply for telecommunications infrastructure grants. Qualifying communities shall have a median income no greater than the top income level used in the Universal Lifeline Telephone Service index.~~

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

~~(1) Preliminary engineering feasibility studies conducted in cooperation with the local exchange carrier 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.~~

1 ~~(F) Cost projections for the interconnection and~~  
2 ~~recurring service provisions.~~

3 ~~(G) Projected budget for engineering feasibility~~  
4 ~~studies.~~

5 ~~(2) Recommendations and letters of support from all~~  
6 ~~of the following:~~

7 ~~(A) The county board of supervisors.~~

8 ~~(B) Other affected local governments.~~

9 ~~(C) Affected school districts.~~

10 ~~(D) Affected emergency service providers.~~

11 ~~(E) Affected law enforcement agencies.~~

12 ~~(3) Letters of commitment from 75 percent of the~~  
13 ~~unserved population.~~

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

15 ~~(f) Grant applicants that are rejected by the task force~~  
16 ~~shall be reimbursed for the cost of their preliminary~~  
17 ~~engineering feasibility studies from the grant program.~~

18 ~~(g) The procedures developed for awarding grants~~  
19 ~~shall ensure that the grants awarded do not exceed annual~~  
20 ~~moneys available to support the program, that not more~~  
21 ~~than five grants are awarded per year, that not more than~~  
22 ~~one grant is awarded to a qualifying community, and that~~  
23 ~~no one applicant receive more than 25 percent of~~  
24 ~~amounts transferred to the task force in a single fiscal~~  
25 ~~year.~~

26 ~~(h) The Public Utilities Commission shall approve and~~  
27 ~~award grants, by resolution, based upon the~~  
28 ~~recommendations of the task force.~~

29 ~~(i) The California Teleconnect Fund Administrative~~  
30 ~~Committee shall advance grant awards directly to the~~  
31 ~~local exchange carrier upon the adoption of a resolution~~  
32 ~~of the Public Utilities Commission.~~

33 ~~(j) This chapter shall remain in effect only until~~  
34 ~~January 1, 2006, and as of that date is repealed, unless a~~  
35 ~~later enacted statute that is enacted before January 1,~~  
36 ~~2006, deletes or extends that date.~~

37 ~~SEC. 3.~~ Section 270 of the Public Utilities Code is  
38 amended to read:

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

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

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

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

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

(5) The Payphone Service Providers Committee 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, except as provided for in Sections 280 and 280.5.

(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 remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

~~SEC. 4.~~

SEC. 2. Section 270 is added to the Public Utilities Code, to read:

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

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

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

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

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

(5) The Payphone Service Providers Committee 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.~~

SEC. 3. Section 280 of the Public Utilities Code is amended to read:

1 280. (a) There is hereby created the California  
2 Teleconnect Fund Administrative Committee, which is  
3 an advisory board to advise the commission regarding the  
4 development, implementation, and administration of  
5 programs to advance universal service. Consistent with  
6 Chapter 278 of the Statutes of 1994, the programs provide  
7 discounted rates to qualifying schools, libraries, hospitals,  
8 health clinics, and community organizations, and funds  
9 for the development of a grant program for the  
10 construction of telecommunications infrastructure as set  
11 forth in Section ~~15399.48 of the Government Code~~ 280.5.  
12 The California Teleconnect Fund Administrative  
13 Committee shall carry out these programs pursuant to  
14 the commission's direction, control, and approval.

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

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

36 (d) This section shall remain in effect only until  
37 January 1, 2006, and as of that date is repealed, unless a  
38 later enacted statute, that is enacted before January 1,  
39 2006, deletes or extends that date.

40 ~~SEC. 6.~~



1 SEC. 4. Section 280 is added to the Public Utilities  
2 Code, to read:

3 280. (a) There is hereby created the California  
4 Teleconnect Fund Administrative Committee, which is  
5 an advisory board to advise the commission regarding the  
6 development, implementation, and administration of a  
7 program to advance universal service by providing  
8 discounted rates to qualifying schools, libraries, hospitals,  
9 health clinics, and community organizations, consistent  
10 with Chapter 278 of the Statutes of 1994, and to carry out  
11 the program pursuant to the commission's direction,  
12 control, and approval.

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

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

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

35 ~~SEC. 7.~~

36 SEC. 5. Section 280.5 is added to the Public Utilities  
37 Code, to read:

38 280.5. (a) *The Rural Telecommunications*  
39 *Infrastructure Task Force is hereby established as a*  
40 *working group to develop programs and resources that*

1 facilitate community efforts to deploy  
2 telecommunications infrastructure in areas not currently  
3 served by existing local exchange carriers.

4 (b) The executive director of the commission shall  
5 appoint the members of the Rural Telecommunications  
6 Infrastructure Task Force. The task force shall be  
7 composed of one member from each of the following:

8 (1) The California Teleconnect Fund Administrative  
9 Committee.

10 (2) The Rural Development Council.

11 (3) The telecommunications industry.

12 (c) The task force shall administer a needs-based grant  
13 program funded by a portion of the California  
14 Teleconnect Fund administrative committee fund as set  
15 forth in subdivision (k). The California Teleconnect  
16 Fund Administrative Committee shall provide  
17 administrative support for the task force and the grant  
18 program.

19 (d) On or after July 1, 2001, any community-based  
20 group representing a qualifying community may apply  
21 for and receive grants to build an original  
22 telecommunications infrastructure that will serve an area  
23 that meets the grant program's population criteria with  
24 consideration given to communities with schools,  
25 hospitals, and health clinics, as set forth in Decision  
26 96-10-066, and that currently lacks basic  
27 telecommunications services, as described in Decision  
28 96-10-066 of the commission. On or before June 30, 2001,  
29 the task force, in conjunction with the commission, shall  
30 establish eligibility criteria for community-based groups  
31 to qualify to apply for telecommunications infrastructure  
32 grants. Qualifying communities shall have a median  
33 income no greater than the top income level used in the  
34 Universal Lifeline Telephone Service index.

35 (e) Grant proposals shall be submitted to the task force  
36 in accordance with procedures prescribed by the task  
37 force and evaluated and awarded by the task force using  
38 technology criteria developed by the  
39 government-industry working group established by

1 subdivision (n). Grant proposals shall contain all of the  
2 following:

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

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

8 (B) Schematic maps of the proposed network  
9 facilities.

10 (C) Recommendations and justifications for the  
11 preferred technologies.

12 (D) Network compatibility statements from one or  
13 more interconnecting carriers.

14 (E) Cost projections for the infrastructure facilities.

15 (F) Cost projections for the interconnection and  
16 recurring service provisions.

17 (G) Projected budget for engineering feasibility  
18 studies.

19 (2) Recommendations and letters of support from all  
20 of the following:

21 (A) The county board of supervisors.

22 (B) Other affected local governments.

23 (C) Affected school districts.

24 (D) Affected emergency service providers.

25 (E) Affected law enforcement agencies.

26 (3) Letters of commitment from 75 percent of the  
27 unserved population.

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

29 (5) A management plan that assures the proper  
30 utilization of grant funds.

31 (6) Organizational documents, including  
32 incorporation documents, evidencing the formation of a  
33 locally controlled entity able to own property, contract  
34 for services, and conduct other functions necessary to  
35 insure the delivery of telecommunications services to the  
36 affected community.

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

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

9 (h) *The commission shall approve and award grants,*  
10 *by resolution, based upon the recommendations of the*  
11 *task force.*

12 (i) *The California Teleconnect Fund Administrative*  
13 *Committee shall advance grant awards directly to the*  
14 *grant recipient upon the adoption of a resolution of the*  
15 *commission.*

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

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

27 ~~(b)~~

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

39 ~~(e)~~

1 (m) 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)~~

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

13 (1) Representatives of the commission.

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

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

18 (4) Representatives of the wireless carrier industry.

19 ~~(e)~~

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

24 ~~SEC. 8.~~

25 SEC. 6. No reimbursement is required by this act  
26 pursuant to Section 6 of Article XIII B of the California  
27 Constitution because the only costs that may be incurred  
28 by a local agency or school district will be incurred  
29 because this act creates a new crime or infraction,  
30 eliminates a crime or infraction, or changes the penalty  
31 for a crime or infraction, within the meaning of Section  
32 17556 of the Government Code, or changes the definition  
33 of a crime within the meaning of Section 6 of Article  
34 XIII B of the California Constitution.