

AMENDED IN SENATE JUNE 21, 2000
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

An act to amend, repeal, and add Sections 270 and ~~280 of, and to add and repeal Section 280.5~~ 276 of, and to add and repeal Section 276.5 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 provides for the High-Cost Fund-B Administrative Committee to advise the commission regarding programs to provide for transfer payments to telephone corporations providing services in high cost areas and to carry out the programs under the commission's authority.

This bill would, under the Public Utilities Act, until January 1, 2006, also establish a grant program for the construction of telecommunications infrastructure, as prescribed.

The bill would provide that the corporations receiving transfer payments shall continue to be fully reimbursed for the costs they are entitled to recover.

Under the bill, the funding for the grant program would be available, upon appropriation from the existing High-Cost Fund-B Administrative Committee Fund, up to a specified annual limit, as prescribed. The bill would establish Rural Telecommunications Infrastructure Task Force, to recommend to the commission the award of grants. The bill would require the commission to establish 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.

~~(1) 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, under the Public Utilities Act, until January 1, 2006, establish the Rural Telecommunications Infrastructure Task Force. 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.~~

~~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.~~

(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. Section 270 of the Public Utilities Code
- 2 is amended to read:
- 3 270. (a) The following funds are hereby created in
- 4 the State Treasury:
- 5 (1) The California High-Cost Fund-A Administrative
- 6 Committee Fund.
- 7 (2) The California High-Cost Fund-B Administrative
- 8 Committee Fund.
- 9 (3) The Universal Lifeline Telephone Service Trust
- 10 Administrative Committee Fund.
- 11 (4) The Deaf and Disabled Telecommunications
- 12 Program Administrative Committee Fund.
- 13 (5) The Payphone Service Providers Committee
- 14 Fund.
- 15 (6) The California Teleconnect Fund Administrative
- 16 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~~ 276 and 276.5.

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. 2. 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. 3. 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 280.5. 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. 3. Section 276 of the Public Utilities Code is*
27 *amended to read:*

28 276. (a) There is hereby created the California
29 High-Cost Fund-B Administrative Committee, which is
30 an advisory board to advise the commission regarding the
31 development, implementation, and administration of a
32 program to provide for transfer payments to telephone
33 corporations providing local exchange services in
34 high-cost areas in the state to create fair and equitable
35 local rate structures, as provided for in Section 739.3, and
36 *the development of a grant program for the construction*
37 *of telecommunications infrastructure as set forth in*
38 *Section 276.5, and to carry out the ~~program~~ programs*
39 *pursuant to the commission's direction, control, and*
40 *approval.*

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

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

(d) *Telephone corporations receiving transfer payments for providing local exchange services in high cost areas in the state under the program established to create fair and equitable local rate structures as provided for in Section 739.3 shall continue to be fully reimbursed for the costs they are entitled to recover pursuant to commission Decision 96-10-066.*

(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. Section 280 is added to the Public Utilities Code, 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 a program to advance universal service by providing discounted rates to qualifying schools, libraries, hospitals, health clinics, and community organizations, consistent~~

~~with Chapter 278 of the Statutes of 1994, and to carry out the program pursuant to the commission's direction, control, and approval.~~

~~(b) All revenues collected by telephone corporations from rates authorized by the commission to fund the program specified in subdivision (a) shall be submitted to the commission pursuant to a schedule established by the commission. The commission shall transfer the moneys received to the Controller for deposit in the California Teleconnect Fund Administrative Committee Fund. All interest earned by moneys in the fund shall be deposited in the fund. Any unexpended revenues collected prior to the operative date of this section shall be submitted to the commission, and the commission shall transfer those moneys to the Controller for deposit in the California Teleconnect Fund Administrative Committee Fund.~~

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

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

SEC. 4. Section 276 is added to the Public Utilities Code, to read:

276. (a) There is hereby created the California High-Cost Fund-B Administrative Committee, which is an advisory board to advise the commission regarding the development, implementation, and administration of a program to provide for transfer payments to telephone corporations providing local exchange services in high-cost areas in the state to create fair and equitable local rate structures, as provided for in Section 739.3, and to carry out the program pursuant to the commission's direction, control, and approval.

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

the commission pursuant to a schedule established by the commission. The commission shall transfer the moneys received to the Controller for deposit in the California High-Cost Fund-B Administrative Committee Fund. All interest earned by moneys in the fund shall be deposited in the fund. Any unexpended revenues collected prior to the operative date of this section shall be submitted to the commission, and the commission shall transfer those moneys to the Controller for deposit in the California High-Cost Fund-B Administrative Committee Fund.

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

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

SEC. 5. Section ~~280.5~~ 276.5 is added to the Public Utilities Code, to read:

~~280.5.—~~

276.5. (a) The Rural Telecommunications Infrastructure Task Force is hereby established as a working group to develop programs and resources that facilitate community efforts to deploy telecommunications infrastructure in areas not currently served by existing local exchange carriers.

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

(1) The California ~~Teleconnect—Fund~~ High-Cost Fund-B Administrative Committee.

(2) The Rural Development Council.

(3) The telecommunications industry.

(c) The task force shall administer a needs-based grant program funded by a portion of the California ~~Teleconnect—Fund—administrative—committee—fund~~ High-Cost Fund-B Administrative Committee Fund as

1 set forth in subdivision (k). The California Teleconnect
2 Fund High-Cost Fund-B Administrative Committee shall
3 provide administrative support for the task force and the
4 grant program.

5 (d) On or after July 1, 2001, any community-based
6 group representing a qualifying community may apply
7 for and receive grants to build an original
8 telecommunications infrastructure that will serve an area
9 that meets the grant program's population criteria with
10 consideration given to communities with schools,
11 hospitals, and health clinics, as set forth in Decision
12 96-10-066, and that currently lacks basic
13 telecommunications services, as described in Decision
14 96-10-066 of the commission. On or before June 30, 2001,
15 the task force, in conjunction with the commission, shall
16 establish eligibility criteria for community-based groups
17 to qualify to apply for telecommunications infrastructure
18 grants. Qualifying communities shall have a median
19 income no greater than the top income level used in the
20 Universal Lifeline Telephone Service index.

21 (e) Grant proposals shall be submitted to the task force
22 in accordance with procedures prescribed by the task
23 force and evaluated and awarded by the task force using
24 technology criteria developed by the
25 government-industry working group established by
26 subdivision (n). Grant proposals shall contain all of the
27 following:

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

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

33 (B) Schematic maps of the proposed network
34 facilities.

35 (C) Recommendations and justifications for the
36 preferred technologies.

37 (D) Network compatibility statements from one or
38 more interconnecting carriers.

39 (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 (5) A management plan that assures the proper
16 utilization of grant funds.

17 ~~(6) Organizational documents, including~~
18 ~~incorporation documents, evidencing the formation of a~~
19 ~~locally controlled entity able to own property, contract~~
20 ~~for services, and conduct other functions necessary to~~
21 ~~insure the delivery of telecommunications services to the~~
22 ~~affected community.~~

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

26 (g) The procedures developed for awarding grants
27 shall ensure that the grants awarded do not exceed annual
28 moneys available to support the program, that not more
29 than five grants are awarded per year, that not more than
30 one grant is awarded to a qualifying community, and that
31 no one applicant receive more than 25 percent of
32 ~~amounts transferred to the task force~~ *the designated*
33 *program funds* in a single fiscal year.

34 (h) The commission shall approve and award grants,
35 by resolution, based upon the recommendations of the
36 task force.

37 (i) The California Teleconnect ~~Fund~~ *High-Cost*
38 *Fund-B* Administrative Committee shall ~~advance~~
39 *authorize advancement of* grant awards directly to the

1 grant recipient upon the adoption of a resolution of the
2 commission.

3 (j) This chapter shall remain in effect only until
4 January 1, 2006, and as of that date is repealed, unless a
5 later enacted statute that is enacted before January 1,
6 2006, deletes or extends that date.

7 (k) The Rural Telecommunications Infrastructure
8 Task Force, upon appropriation of funds from the
9 California ~~Teleconnect—Fund~~ *High-Cost Fund-B*
10 Administrative Committee Fund, not to exceed ten
11 million dollars (\$10,000,000) per year, may fund the
12 telecommunications infrastructure grant program
13 established by ~~Section 15399.48 of the Government Code~~
14 *this section*.

15 (l) Moneys appropriated from the California
16 ~~Teleconnect—Fund~~ *High-Cost Fund-B* Administrative
17 Committee Fund for use by the telecommunications
18 infrastructure grant program shall be capped at 0.06
19 percent against the billing base, and may not be added to
20 the current surcharge, but shall be appropriated from
21 existing moneys within the fund. The California
22 ~~Teleconnect—Fund~~ *High-Cost Fund-B* Administrative
23 Committee may use that portion of moneys appropriated
24 pursuant to subdivision (a) the committee determines to
25 be necessary for the administration of the fund.

26 (m) The commission shall establish a procedure that
27 allows any telecommunications provider subject to
28 commission jurisdiction that is capable of providing
29 telephone service to the grant funded service area an
30 opportunity to provide the interconnection to the public
31 switched network.

32 (n) The commission shall establish a
33 government-industry working group to develop the
34 technical criteria to be used in evaluating grant awards.
35 The working group shall be composed of, but not limited
36 to, the following:

37 (1) Representatives of the commission.

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

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

3 (4) Representatives of the wireless carrier industry.

4 (o) *Grant applicants shall seek to secure federal*
5 *sources of funding in conjunction with local subsidies for*
6 *the construction of telecommunications infrastructure.*

7 (p) This section shall remain in effect only until
8 January 1, 2006, and as of that date is repealed, unless a
9 later enacted statute enacted before January 1, 2006,
10 deletes or extends that date.

11 SEC. 6. No reimbursement is required by this act
12 pursuant to Section 6 of Article XIII B of the California
13 Constitution because the only costs that may be incurred
14 by a local agency or school district will be incurred
15 because this act creates a new crime or infraction,
16 eliminates a crime or infraction, or changes the penalty
17 for a crime or infraction, within the meaning of Section
18 17556 of the Government Code, or changes the definition
19 of a crime within the meaning of Section 6 of Article
20 XIII B of the California Constitution.

