

AMENDED IN SENATE JUNE 26, 2000

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 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: *grants*.

(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 *the* Rural Telecommunications Infrastructure Task Force, to recommend to the commission the award of grants. *This bill would require the administrative committee to provide administrative support for the task force and the grant program.* 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.

(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.

(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 276 and 276.5.

(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. 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.

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

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

5 (5) The Payphone Service Providers Committee
6 Fund.

7 (6) The California Teleconnect Fund Administrative
8 Committee Fund.

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

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

15 (d) Notwithstanding Section 7550.5 of the
16 Government Code, on or before July 1, 2000, the Public
17 Utilities Commission, in consultation with the
18 Department of Finance, shall report to the Governor and
19 the Legislature regarding a transition plan for programs
20 associated with funds to be established within the State
21 Treasury, as specified in subdivision (a). The transition
22 plan report shall include information regarding the
23 annual revenue to be deposited in, and the annual
24 estimated expenditure for, each fund specified in
25 subdivision (a). Advisory committees created by Sections
26 275, 276, 277, 278, 279, and 280 shall provide information
27 and input to the commission in development of the
28 specified transition plan.

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

31 SEC. 3. Section 276 of the Public Utilities Code is
32 amended to read:

33 276. (a) There is hereby created the California
34 High-Cost Fund-B Administrative Committee, which is
35 an advisory board to advise the commission regarding the
36 development, implementation, and administration of a
37 program to provide for transfer payments to telephone
38 corporations providing local exchange services in
39 high-cost areas in the state to create fair and equitable
40 local rate structures, as provided for in Section 739.3, and

1 the development of a grant program for the construction
2 of telecommunications infrastructure as set forth in
3 Section 276.5, and to carry out the programs pursuant to
4 the commission's direction, control, and approval.

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

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

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

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

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

38 276. (a) There is hereby created the California
39 High-Cost Fund-B Administrative Committee, which is
40 an advisory board to advise the commission regarding the

1 development, implementation, and administration of a
2 program to provide for transfer payments to telephone
3 corporations providing local exchange services in
4 high-cost areas in the state to create fair and equitable
5 local rate structures, as provided for in Section 739.3, and
6 to carry out the program pursuant to the commission's
7 direction, control, and approval.

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

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

28 (d) This section shall become operative on January 1,
29 2006.

30 SEC. 5. Section 276.5 is added to the Public Utilities
31 Code, to read:

32 276.5. (a) The Rural Telecommunications
33 Infrastructure Task Force is hereby established as a
34 working group to develop programs and resources that
35 facilitate community efforts to deploy
36 telecommunications infrastructure in areas not currently
37 served by existing local exchange carriers.

38 (b) The executive director of the commission shall
39 appoint the members of the Rural Telecommunications

1 Infrastructure Task Force. The task force shall be
2 composed of one member from each of the following:

3 (1) The California High-Cost Fund-B Administrative
4 Committee.

5 (2) The Rural Development Council.

6 (3) The telecommunications industry.

7 (c) The task force shall administer a needs-based grant
8 program funded by a portion of the California High-Cost
9 Fund-B Administrative Committee Fund as set forth in
10 subdivision (k). The California High-Cost Fund-B
11 Administrative Committee shall provide administrative
12 support for the task force and the grant program.

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

37 (e) Grant proposals shall be submitted to the task force
38 in accordance with procedures prescribed by the task
39 force and evaluated and awarded by the task force using
40 technology criteria developed by the

1 government-industry working group established by
2 subdivision (n). Grant proposals shall contain all of the
3 following:

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

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

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

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

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

15 (E) Cost projections for the infrastructure facilities.

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

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

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

22 (A) The county board of supervisors.

23 (B) Other affected local governments.

24 (C) Affected school districts.

25 (D) Affected emergency service providers.

26 (E) Affected law enforcement agencies.

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

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

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

32 (6) *Evidence that competing providers and*
33 *competing technologies have been considered and*
34 *evaluated.*

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

38 (g) The procedures developed for awarding grants
39 shall ensure that the grants awarded do not exceed annual
40 moneys available to support the program, ~~that not more~~

1 ~~than five grants are awarded per year,~~ that not more than
2 one grant is awarded to a qualifying community, and that
3 no one applicant receive more than 25 percent of the
4 designated program funds in a single fiscal year.

5 (h) The commission shall approve and award grants,
6 by resolution, ~~based upon~~ *giving consideration to* the
7 recommendations of the task force. *In evaluating grant*
8 *applications, the commission shall consider the*
9 *cost-effectiveness of the application, the number of*
10 *people served, the level of local support, and the effect on*
11 *public health and safety.*

12 (i) The California High-Cost Fund-B Administrative
13 Committee shall authorize advancement of grant awards
14 directly to the grant recipient upon the adoption of a
15 resolution of the 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 High-Cost Fund-B 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 this section.

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

37 (m) The commission shall establish a procedure that
38 allows any telecommunications provider subject to
39 commission jurisdiction that is capable of providing
40 telephone service to the grant funded service area an

1 opportunity to provide the interconnection to the public
2 switched network.

3 (n) The commission shall establish a
4 government-industry working group to develop the
5 technical criteria to be used in evaluating grant awards.
6 The working group shall be composed of, but not limited
7 to, the following:

8 (1) Representatives of the commission.

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

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

13 (4) Representatives of the wireless carrier industry.

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

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

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

