

AMENDED IN SENATE AUGUST 8, 2000

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, 275, 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~~ *creates* the *High-Cost Fund-A Administration Committee* and the *High-Cost Fund-B Administrative Committee* to advise the ~~commission~~ *Public Utilities 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 *California High-Cost Fund-A Administrative Committee Fund or the High-Cost Fund-B Administrative Committee Fund, or both*, up to a specified annual limit, as ~~prescribed~~ *determined by the commission*. The bill would ~~establish the Rural Telecommunications Infrastructure Task Force, to recommend to require~~ the commission ~~the~~ to award of grants, ~~as specified. 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:

(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 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:

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

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

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

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

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

11 (5) The Payphone Service Providers Committee
12 Fund.

13 (6) The California Teleconnect Fund Administrative
14 Committee Fund.

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

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

21 (d) Notwithstanding Section 7550.5 of the
22 Government Code, on or before July 1, 2000, the Public
23 Utilities Commission, in consultation with the
24 Department of Finance, shall report to the Governor and
25 the Legislature regarding a transition plan for programs
26 associated with funds to be established within the State
27 Treasury, as specified in subdivision (a). The transition
28 plan report shall include information regarding the
29 annual revenue to be deposited in, and the annual
30 estimated expenditure for, each fund specified in
31 subdivision (a). Advisory committees created by Sections
32 275, 276, 277, 278, 279, and 280 shall provide information
33 and input to the commission in development of the
34 specified transition plan.

35 (e) This section shall become operative on January 1,
36 2006.

37 SEC. 3. *Section 275 of the Public Utilities Code is*
38 *amended to read:*

39 275. (a) There is hereby created the California
40 High-Cost Fund-A Administrative Committee, which is

1 an advisory board to advise the commission regarding the
2 development, implementation, and administration of a
3 program to provide for transfer payments to small
4 independent telephone corporations providing local
5 exchange services in high-cost rural and small
6 metropolitan areas in the state to create fair and equitable
7 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*
10 *276.5*, and to carry out the ~~program~~ *programs* pursuant to
11 the commission's direction, control, and approval.

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

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

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

39 (e) *This section shall remain in effect only until*
40 *January 1, 2006, and as of that date is repealed, unless a*

1 *later enacted statute, that is enacted before January 1,*
2 *2006, deletes or extends that date.*

3 *SEC. 4. Section 275 is added to the Public Utilities*
4 *Code, to read:*

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

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

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

36 *(d) This section shall become operative on January 1,*
37 *2006.*

38 *SEC. 5. Section 276 of the Public Utilities Code is*
39 *amended to read:*

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

13 (b) All revenues collected by telephone corporations
14 in 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 High-Cost Fund-B 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 High-Cost Fund-B Administrative Committee Fund.

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

33 (d) Telephone corporations receiving transfer
34 payments for providing local exchange services in high
35 cost areas in the state under the program established to
36 create fair and equitable local rate structures as provided
37 for in Section 739.3 shall continue to be fully reimbursed
38 for the costs they are entitled to recover pursuant to
39 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.—~~

SEC. 6. 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.—~~

SEC. 7. Section 276.5 is added to the Public Utilities Code, to read:

~~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 High-Cost Fund-B Administrative Committee.~~

~~(2) The Rural Development Council.~~

~~(3) The telecommunications industry.~~

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

~~(d)~~

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

(b) 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 can provide basic telecommunications service 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

1 96-10-066, and that currently lacks basic
2 telecommunications services, as described in Decision
3 96-10-066 of the commission. A community-based group
4 representing a qualifying community may alternatively
5 apply for and receive a grant to subsidize the cost of the
6 telecommunications service itself, if the group
7 determines that this would be more cost-effective than
8 subsidizing the building of an original
9 telecommunications infrastructure. On or before June 30,
10 2001, the task force, in conjunction with the 30, 2001, the
11 commission, shall establish eligibility criteria for
12 community-based groups to qualify to apply for
13 telecommunications infrastructure grants. Qualifying
14 communities shall have a median income no greater than
15 the top income level used in the Universal Lifeline
16 Telephone Service index.

17 ~~(e)~~

18 (c) Grant proposals shall be submitted to the task force
19 in accordance with procedures prescribed by the task
20 force and evaluated and awarded by the task force using
21 *commission and evaluated and awarded by the*
22 *commission using* technology criteria developed by the
23 government-industry working group established by
24 subdivision ~~(n)~~—(h). Grant proposals shall contain all of
25 the following:

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

29 (A) Topographical maps indicating the location of all
30 existing residences.

31 (B) Schematic maps of the proposed network
32 facilities.

33 (C) Recommendations and justifications for the
34 preferred technologies.

35 (D) Network compatibility statements from one or
36 more interconnecting carriers.

37 (E) Cost projections for the infrastructure facilities.

38 (F) Cost projections for the interconnection and
39 recurring service provisions.

1 (G) Projected budget for engineering feasibility
2 studies.

3 (2) Recommendations and letters of support from all
4 of the following:

5 (A) The county board of supervisors.

6 (B) Other affected local governments.

7 (C) Affected school districts.

8 (D) Affected emergency service providers.

9 (E) Affected law enforcement agencies.

10 (3) Letters of commitment from 75 percent of the
11 unserved population.

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

13 (5) A management plan that assures the proper
14 utilization of grant funds.

15 (6) Evidence that competing providers and
16 competing technologies have been considered and
17 evaluated.

18 ~~(f) Grant applicants that are rejected by the task force~~

19 *(d) Grant applicants that are rejected by the*
20 *commission* shall be reimbursed for the cost of their
21 preliminary engineering feasibility studies from the grant
22 program.

23 ~~(g)~~

24 *(e)* The procedures developed for awarding grants
25 shall ensure that the grants awarded do not exceed annual
26 moneys available to support the program, that not more
27 than one grant is awarded to a qualifying community, and
28 that no one applicant receive more than 25 percent of the
29 designated program funds in a single fiscal year.

30 ~~(h) The commission shall approve and award grants,~~
31 ~~by resolution, giving consideration to the~~
32 ~~recommendations of the task force. In evaluating grant~~

33 *(f)* In evaluating grant applications, the commission
34 shall consider the cost effectiveness of the application, the
35 number of people served, the level of local support, *the*
36 *ability of the community served to pay for the services*
37 *delivered*, and the effect on public health and safety.

38 ~~(i) The California High Cost Fund B Administrative~~
39 ~~Committee shall authorize advancement of grant awards~~

1 directly to the grant recipient upon the adoption of a
2 resolution of the 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 High-Cost Fund B Administrative Committee
10 Fund, not to exceed ten million dollars (\$10,000,000) per
11 year, may fund the telecommunications infrastructure
12 grant program established by this section.

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

24 (m)–

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

31 (n)–

32 (h) 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 ~~(e)~~

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

8 ~~(f)~~

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

13 ~~SEC. 6.—~~

14 SEC. 8. No reimbursement is required by this act
15 pursuant to Section 6 of Article XIII B of the California
16 Constitution because the only costs that may be incurred
17 by a local agency or school district will be incurred
18 because this act creates a new crime or infraction,
19 eliminates a crime or infraction, or changes the penalty
20 for a crime or infraction, within the meaning of Section
21 17556 of the Government Code, or changes the definition
22 of a crime within the meaning of Section 6 of Article
23 XIII B of the California Constitution.

