

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T-17378
November 29, 2012**

R E S O L U T I O N

RESOLUTION T-17378. Resolution Authorizing Rural Telecommunications Infrastructure Grant Funds to The Siskiyou Telephone Company for Reimbursement of Costs Associated With the Application of The Godfrey Ranch Line Extension Project.

Pursuant to Public Utilities Code Section 276.5(d)

SUMMARY

This Resolution authorizes the payment of \$93,140.13 from the Rural Telecommunications Infrastructure Grant Program, in accordance with Public Utilities Code Section 276.5(d), for the reimbursement of the Godfrey Ranch Line Extension Project Phase 2 Application costs incurred by The Siskiyou Telephone Company.

BACKGROUND

Rural Telecommunications Infrastructure Grant Program

The Rural Telecommunications Infrastructure Grant Program (RTIGP) provides funding for the deployment of telecommunications services in rural area's currently not served by existing local exchange carriers. Under Public Utilities Code Section 276.5 (Section 276.5) qualifying communities may apply for grants to build telecommunications infrastructure that provides basic telecommunications service.

The legislation that set forth the program required the Commission to develop eligibility criteria for community-based groups to apply for grants and to establish a government-industry working group to review the technical criteria of the grant application. On Feb. 27, 2003, the Commission issued an Order Instituting Rulemaking R.03-02-034¹ to develop application eligibility criteria. After consideration of comments, the Commission issued an Interim Decision 03-09-071² adopting an application process and eligibility criteria for the grant program. On March 17, 2005, the Commission subsequently issued D.05-03-005³ which adopted the interim grant program administration rules from D.03-09-071 as final rules. The RTIGP was most recently amended by SB 1149⁴, which extended the sunset date until January 1, 2013.

Godfrey Ranch Line Extension Project

The Godfrey Ranch Project proposed to provide 7 line extensions to Godfrey Ranch, an unserved area located within The Siskiyou Telephone Company's (Siskiyou) Sawyers Bar Exchange Area. The total length of the proposed line extension was projected at 31,404 ft., trenched to a depth of 3 feet. The construction would have occurred in heavily forested and steep canyons within the Trinity Alps. The Godfrey Ranch Project was designed to provide line extensions to private residences. On July 31, 2008, CD approved the Phase 1 Application, and notified Siskiyou to submit the Phase 2 Application. In October 2008, Siskiyou submitted a Phase 2 Application. Although the project was noted to be costly with a total cost of \$1,444,100 and a approximated per household cost of \$208,000, the Communications Division (CD) determined that the Godfrey Ranch Project met the eligibility requirements of the RTIGP and recommended the Commission authorize funding in Resolution T-17316. However, a majority of the Commissioners voiced concerns about the cost of the project and the Resolution was defeated without prejudice by a Commission vote of 4-1 on November 10, 2011.

DISCUSSION

Section 276.5(d)

Provisions for the RTIGP application criteria were set forth in Section 276.5. The RTIGP application process is divided into two phases: Phase 1 is the qualifying phase, in which

¹ Order Instituting Rulemaking Into Implementation of AB 140, establishing the Rural Telecommunications Infrastructure Grant Program, Feb. 27, 2003.

² Interim Opinion On Implementation Of the Rural Infrastructure Grant Program, Sept. 18, 2003.

³ Opinion Closing Proceeding.

⁴ Stats. 2008, Ch.358, SB 1149-Wiggins.

applicants must provide information required by the legislation (information about the community to be served, its residents, financial information and letters of support from local government agencies and the community). Phase 2 details the engineering feasibility and construction costs studies. Under Section 276.5(d), applicants approved for Phase 2, but rejected by the Commission, may recover the costs of the Phase 2 Application:

Grant applications that are rejected by the Commission may be reimbursed for the costs of their preliminary engineering feasibility studies, including, but not limited to, any approved costs of a local telecommunications carrier that contributes to the studies, from the grant program.

In accordance with Section 276.5(d), Siskiyou submitted a letter to the Director of CD dated November 30, 2011, requesting reimbursement in the amount of \$93,140.13 to recover costs for the Phase 2 Application. These costs, as shown in the table below included the staking and mapping drawings of the proposed line extension, the Proponents Environmental Assessment, and the necessary permits from agencies with jurisdiction over the project as required for the Phase 2 Application.

Work Performed	Costs
Staking and mapping plans	\$8,935.66
Proponents Environmental Assessment costs	\$79,229.47
Permits	\$4,975.00
Total	\$93,140.13

Because of the scope of the Godfrey Ranch Project, Siskiyou was not able to do the staking and mapping drawings in house, and retained the services of an engineering consultant. This work was conducted intermittently around the weather from October 2008 to August 31, 2011. The Phase 2 approval was also conditioned upon a California Environmental Quality Act (CEQA) review. To facilitate the review, Siskiyou was required to submit a Proponents Environmental Assessment of the Godfrey Ranch Project to the Energy Division's CEQA team. This assessment was performed by an outside environmental consultant, around the weather conditions, from October 2008 to November 2009. Permits were issued by the U.S. Forest Service and the State Water Resources Control Board.

Siskiyou's letter seeking reimbursement was supported by invoices and spreadsheets itemizing the costs. CD staff conducted a thorough review of the costs, and found them to be reasonable. As such, CD recommends the Commission authorize reimbursement of the \$93,140.13 to Siskiyou.

COMMENTS

Public Utilities Code section 311(g)(1) requires that a draft resolution be served on all parties, and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution. A draft of today's resolution was distributed for comment to the utilities and other interested parties. The Commission received no comments.

CONCLUSION

CD staff finds that Siskiyou complied with all requirements of the RTIGP set forth under Section 276.5. CD staff also finds that the costs associated with the Phase 2 Application for the Godfrey Ranch Project, as submitted by Siskiyou are reasonable. Therefore CD staff recommends the Commission authorize reimbursement in the amount of \$93,140.13 to Siskiyou.

FINDINGS

1. The Rural Telecommunications Infrastructure Grant Program provides funding for the deployment of telecommunications services in rural areas currently not served by existing local exchange carriers. Under Public Utilities Code Section 276.5, qualifying communities may apply for grants to build telecommunications infrastructure that provides basic telecommunication services.
2. In the event an Applicant has been approved for the Phase 2 Application, but rejected by the Commission, the Applicant may recover the cost of the Phase 2 Application under Section 276.5(d).
3. Although the project was noted to be costly, with the a total cost of \$1,444,100 and a per household cost of approximately \$208,000, the Communications Division determined that the Godfrey Ranch Project met the requirements of the Rural

Telecommunications Infrastructure Grant Program, and recommended approval in Resolution T-17316.

4. Resolution T-17316 requesting Rural Telecommunications Infrastructure Grant funds for the Godfrey Ranch Project was defeated without prejudice by the Commission by a 4-1 vote on November 10, 2011.

5. In accordance with Public Utilities Code Section 276.5(d), the Siskiyou Telephone Company submitted a letter to the Director of the Communications Division dated November 30, 2011 requesting reimbursement in the amount of \$93,140.13 to recover costs associated with the Phase II Applications for the Godfrey Ranch Project.

6. The Communications Division conducted a thorough review of the costs, and found them to be reasonable.

THEREFORE, IT IS ORDERED that:

1. The Commission shall authorize \$93,140.13 from the Rural Telecommunications Infrastructure Grant Program to reimburse The Siskiyou Telephone Company for the Phase 2 Application costs associated with the preliminary engineering and feasibility studies of the Godfrey Ranch Line Extension Project, defeated without prejudice by the Commission on November 11, 2011, and pursuant to Public Utilities Code section 276.5.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 29, 2012, the following Commissioners voting favorable thereon:

PAUL CLANON
Executive Director