

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight and Programs Branch**

**RESOLUTION T- 17382
March 21, 2013**

R E S O L U T I O N

**Resolution T-17382. Rural Telecommunications
Infrastructure Grant Program funding of the Channel
Islands Telephone Company Grant Project.**

Summary

This resolution authorizes a grant from the Rural Telecommunications Infrastructure Grant Program, in the amount of \$2,693,000, for construction of the Channel Islands Telephone Company Grant Project by the Channel Islands Telephone Company. This resolution also authorizes the Executive Director of the California Public Utilities Commission to enter into a contract with the County of Ventura to act as a fiscal agent for the Channel Islands Telephone Company project. The project amount of \$2,693,000 includes \$18,000 to the County of Ventura for Fiscal Agent Services and \$35,000 for California Environmental Quality Act Contract 08PW5758.

Background

Legislation and Rulemaking

Public Utilities (PU) Code Section 276.5 sets forth the provisions for the Rural Telecommunications Infrastructure Grant Program (RTIGP). At the time of the Channel Islands Telephone Company (CITC) grant request, individual RTIGP grants were limited to \$2.5 million from the California High Cost Fund (CHCF) -A Administrative Committee Fund for construction of telecommunications infrastructure to low-income, rural communities currently without telephone service. Subsequent legislation has increased the RTIGP to five million dollars per project. ¹ The RTIGP was established by

¹ Stats. 2008, Ch. 358. SB 1149-Wiggins

Assembly Bill 140² in 2001, and was most recently amended to extend the program to January 1, 2013, by Senate Bill 1149.³

Under RTIGP legislation, the California Public Utilities Commission (Commission) was required to develop an application process and eligibility criteria for the grant program and establish a government-industry working group to review the technical criteria of the grant application. On February 26, 2003, the Commission issued an Order Instituting Rulemaking (R.) 03-02-034⁴ to develop the application eligibility criteria. After considering comments, the Commission issued an Interim Decision (D.) 03-09-071⁵ adopting an application process and eligibility criteria for the grant program on September 18, 2003. On March 17, 2005, the Commission issued D.05-03-005⁶ which adopted the interim grant program administration rules of D.03-09-071 as final rules.

Application Process

The RTIGP application process is divided into two phases: Phase 1 is the qualifying phase, in which applicants must provide information required by statute. This includes information about the community to be served, its residents, financial information, letters of support from the local government and other affected governmental agencies, letters of support from 75% of the identified residential community, and identification of the fiscal agent. Upon successful completion of Phase 1, an applicant may submit a Phase 2 Application, detailing the feasibility study and the construction cost study. The application process also allows an applicant who has been approved for Phase 1, but is denied Phase 2 approval, to recover the cost of the Phase 2 application process from the grant funds.

Discussion

CITC Project Description

There are eight Channel Islands located off the coast of Ventura County, which include San Miguel, Santa Rosa, Santa Barbara, Anacapa, Santa Cruz, San Nicholas, San Clemente and Santa Catalina Island. The CITC project proposes to provide telephone service to four of the eight Channel Islands, which are the northern Channel Islands of San Miguel, Santa Barbara, Santa Cruz, and Santa Rosa.

² Stats. 2001, Ch.903, AB 140- Strom-Martin Rural Telecommunications Infrastructure Grant

³ Stats. 2008, Ch. 358. SB 1149-Wiggins

⁴ Order Instituting Rulemaking Into Implementation of AB 140, establishing the Rural Telecommunications Infrastructure Grant Program, Feb. 27, 2003.

⁵ Interim Opinion On Implementation Of The Rural Infrastructure Grant Program, Sept. 18, 2003.

⁶ Opinion Closing Proceeding, March 17, 2005.

Of the remaining islands, San Nicholas and San Clemente Islands are controlled by the United States Navy, and Santa Catalina is served by Pacific Bell Telephone Company. Anacapa Island is not included in this project. The northern islands became part of the National Park Service (NPS) in 1980. They are often referred to as the “Galapagos of North America” as the Islands are virtually untouched. The following is a brief description of the four islands to be served by this project.

Santa Barbara Island

Santa Barbara Island is one square mile in size, or 640 acres. It is the smallest of the eight Channel Islands, yet hosts many visitors who come to see the island’s plant and wildlife.

San Miguel Island

San Miguel Island is 9,325 acres. The NPS maintains a ranger station and a research station on the island. The Navy has a dirt runway for airplanes. The island normally has less than 200 public visitors during a given year. It is normally staffed by a ranger that enforces park laws, while also providing interpretive services for public visitors. Park employees and researchers are flown to the island by Channel Islands Aviation, the official concessionaire to the Channel Islands. Public visitors must reach the island by boat. Eight foot seas are not uncommon between Santa Rosa and San Miguel Islands. Rough seas often result in cancellations of excursions. No more than 30 visitors are permitted on the island at any given time and sometimes less than ten campers might make the voyage.

Santa Rosa Island

Santa Rosa Island is 53,195 acres. There are a variety of recreational activities on the island including kayaking, camping and hiking. A private boat charter company offers a number of trips to the island year round. Channel Islands Aviation provides air travel service to and from Santa Rosa Island for Park Service employees, Nature Conservancy personnel and the general public.

Santa Cruz Island

Santa Cruz Island is 61,765 acres. Three-fourths of Santa Cruz has been owned by The Nature Conservancy since 1987. The remainder of the island is part of the Channel Islands National Park.

CITC has asserted that the proposed project is needed because park visitors and National Oceanic and Atmospheric Administration (NOAA) staff currently have limited ability to communicate between locations within the Channel Islands National Park and with personnel and other contact points on the mainland. In addition, the project will provide communication in the case of an emergency or accident to allow for swifter emergency response for the estimated 61,000 annual visitors to the islands.

The proposed project would provide payphones and wireless service at campground sites and certain public areas on four islands, specifically on areas of the islands within an approximate 0.5-mile radius of the following fifteen proposed facility locations. Location number three below will also receive landline service. Some of these locations will serve multiple sites as indicated below in parenthesis:

1. Santa Barbara Island Ranger Station
2. San Miguel Island Ranger Station
3. San Miguel Island Marine Mammal Research Facility
4. Santa Cruz Island Scorpion Housing Area
5. Santa Cruz Island Scorpion Ranch
6. Santa Cruz Island Prisoners Harbor Day Use Area
7. Santa Cruz Island Smugglers Adobe
8. Santa Cruz Island Smugglers Kiosk (served from facility #7)
9. Santa Rosa Island Maintenance Office
10. Santa Rosa Island Johnson's Lee
11. Santa Rosa Island Housing
12. Santa Rosa Island Power Station
13. Santa Rosa Island Main Ranch (served from facility #12)
14. Santa Rosa Island Campground (served from facility #12)
15. Santa Rosa Island Ranch Residence (served from facility #12)

The above fifteen locations were studied in the Mitigated Negative Declaration prepared pursuant to the California Environmental Quality Act ⁷ which is discussed more fully below.

Currently, the islands have a very high frequency radio system that allows communication among radio-equipped ranger stations on the islands, as well as from hand-held radios. Satellite internet service is also available at some ranger stations that allow secure access to government internet provider addresses on the mainland. NPS personnel also possess cellular telephones; however, cellular service is unreliable because the islands are at the outer limit of the cellular service area. The location of the islands makes cellular telephone service unreliable on some parts of the islands and

⁷ CEQA Guidelines are codified at Title 14 California Code of Regulations section 15000 et seq.

completely absent on others. Recreational visitors to the islands have no land-line telephone access and little to no cellular telephone reception.

This proposed project will provide payphones and fixed wireless antennas using Global System for Mobile Communications (GSM) cellular service. While initially providing GSM service, the equipment is also Code Division Multiple Access (CDMA) -capable, and CITC reports that they are in the process of negotiating roaming agreements with carriers that are interested in providing coverage to their customers using CDMA.

To provide service to the fifteen proposed locations, CITC intends to install eleven wireless base stations on the Islands. Some of these base stations will serve multiple locations as discussed previously. Power will be obtained from solar panels and lead-acid batteries rated up to 300 amp hours will provide power storage. CITC asserts the batteries will provides sufficient backup capacity to ensure an uptime of 99.9999% throughout the year.

CITC provided maps showing the coverage area of the proposed wireless system on the Islands. The smallest circle of one-half mile radius will result in a cell phone display showing five bars of coverage. The largest circle shows an eight-mile radius, where calls in this band are expected to show one bar of coverage. Topography can affect all of the coverage areas discussed above. However, CITC will be using Personal Communications Services (PCS) spectrum where the strongest signal is achieved by line-of-sight of the transmitter. CITC claims that these frequencies are more forgiving by stating that PCS signals "can "see" around impediments in the environment like hills, trees, tall buildings", with signals able to bounce off intervening objects.

Telephone traffic between the islands and the mainland will be transmitted using satellite communications capacity (i.e. very small aperture terminal (VSAT) two-way dish antennas) between the CITC's earth stations located on the islands and the CITC's earth station located on the mainland to CITC's central office in San Diego. From that point, traffic will be carried to and from the Public Switched Network via AT&T's and Inteliquent's respective tandem switches using fiber optics. In addition, the Company will interconnect with any interexchange, competitive local exchange, or incumbent local exchange carrier that requests interconnection.

Internet communications will be transmitted between the islands and the mainland via VSAT satellite communications technology and then transmitted via leased fiber optic capacity to the Company's internet routers/switches in Los Angeles. The Company will deliver traffic to the internet through a dual homing arrangement with XO and Level 3.

For the proposed payphones, CITC states that incoming calls, toll free and 911 calls will be free. Outbound local calls will be billed at a rate of 20 cents per call, while the price of toll calls will be dependent on the long distance carrier selected by the caller.

Payphone will accept payment by credit card, calling card, collect and third-party charges.

The proposed project's total construction budget is \$2.693 million, as itemized in this table:

Item	Units	Equipment	Engineering	Installation	Total
Wireless base stations	11	\$936,562	\$93,000	\$220,000	\$1,249,562
Hub/Switch	1	\$812,575	\$60,000	\$40,000	\$912,575
Electrical Backup System		\$45,372			\$45,372
Fixed telephone lines	25	\$4,987	\$1,000	\$9,000	\$14,987
Pay telephones	8	\$19,984	\$2,000	\$30,000	\$51,984
SONET satellite Transport		\$39,987	\$5,000	\$5,000	\$49,987
Equipment Shelters		\$75,127		\$50,000	\$125,127
Internet Service Provider Data Hub		\$35,323		\$5,000	\$40,323
Solar Power		\$149,324		\$45,000	\$194,324
Computers		\$8,648			\$8,648
Total		\$2,127,889	\$161,000	\$404,000	\$2,692,889

Section 276.5 of the P.U. Code, Part (b)(1) states that "...with consideration given (1) to areas that lack access to an emergency telephone system described in the Warren-911-Emergency Assistance Act..." This project will provide an important link between the Channel Islands and emergency response personnel on the mainland.

Review of Phase 1 and 2 Applications

On December 19, 2006, the Channel Islands Telephone Company (CITC), a certificated telephone corporation in California, requested to provide telephone service to the Channel Islands and submitted an RTIGP Phase 1 application for the CITC Grant Project. Specifically, CITC requested to provide telephone service and high speed internet to four of the Channel Islands - San Miguel, Santa Rosa, Santa Barbara, and Santa Cruz Island. After review of the Phase 1 application, the Commission's

Communications Division (CD) determined that the application complied with all necessary requirements with the exception of a written verification from County of Ventura of their agreement to act as fiscal agent for the project and the required letters from residents to show their willingness to subscribe for service. CITC was notified of the conditional approval by the CD Director on February 26, 2007, and of their eligibility to submit a Phase 2 application.

CITC submitted the Phase 2 application on April 17, 2007. CD reviewed the application and notified CITC by letter, on June 18, 2007, that the application was rejected due to missing household income data.

CITC then responded by submitting information that was missing from the application, supporting the application with the following:

1. On June 29, 2007, CITC provided letters of support for this project.
2. On October 29, 2007, CITC provided CD with a copy of a letter issued by the County of Ventura dated October 26, 2007, stating that it is willing to serve as the Fiscal Agent for the CITC project, subject to approval of the County of Ventura Board of Supervisors.

At the time of the filing of the Phase 2 application, CITC reported there were two residents on the island, excluding NPS employees. In addition to providing letters of support from the two residents, CITC submitted three additional letters of support from visitors willing to utilize the services while on the island.

On July 13, 2007, Channel Islands Aviation, the official concessionaire to the Channel Islands National Park wrote a letter to the Commission in support of the CITC project. On July 20, 2007, Terra Marine Research & Education, Inc., the official boat concessionaire to the Channel Islands National Park, and operator of Island Packers, wrote a letter to the Commission in support of the CITC project.

The supplemental application information settled the remaining open issues with the Phase 1 and Phase 2 applications. Since the initial application submittal by CITC, the application has been revised to exclude the installation of any telecommunications facilities on Anacapa Island.

The initial review of the consumer benefit for the CITC project, in 2008, included consideration that several consumers would benefit from the project including Vail and Vickers Company (an island resident), John Gherini (an island resident), and the National Oceanic and Atmospheric Administration's National Marine Mammal Lab. In addition, the project would benefit the many visitors to the islands.

It should be noted that the two island residents no longer live on the islands. Vail and Vickers Company, who once owned Santa Rosa Island, moved out in 2011. John Gherini and family members, who once owned over 6,000 acres of Santa Cruz Island, no longer reside on the Island.

The Government Industry Working Group Evaluation

The current Government Industry Working Group (GIWG)⁸ is comprised of six members and includes a former state legislator, a consumer advocate, an attorney specializing in telecommunications issues and representatives of three telecommunications companies operating in California. Copies of the Phase 2 application for the CITC project were mailed to the GIWG on April 4, 2008, requesting response by April 11, 2008. After satisfactorily discussing the initial concerns about the project, GIWG approved the project application.

Fiscal Agent Review and Payment Process

Section 276.5 of the California Public Utilities Code states, "The criteria (for the RTIGP) shall include a requirement that a local agency, as defined by Section 50001 of the Government Code, or a town as defined by Section 21 of the Government Code, shall act as the community based group's fiscal agent for the receipt and distribution of funds." D.03-09-071 further specifies grant program administration rules.⁹ The Fiscal Agent is required in D.03-09-071 to provide an accounting of expenditures and account balances until no funds remain in the account. Upon completion of the infrastructure work, records may be reviewed by an independent Certified Public Accountant, and an Attestation Report may be required to be submitted to the Commission to ensure that the work is completed and paid for as represented.

The Phase 2 Application for the CITC project designated the County of Ventura as the Fiscal Agent. The County is a local agency as defined by Section 50001 of the Government Code. The County sent CD a letter dated October 26, 2007, stating their willingness to act as the Fiscal Agent for the administration of the CITC project. The contract between County of Ventura and the Commission was approved by the County of Ventura Board of Supervisors so that the County of Ventura could fulfill its role as fiscal agent. Accordingly, the Executive Director of the Commission is authorized to

⁸ Established by D.03-09-071, Ordering Paragraph 4.

⁹ D.03-09-071 at 15: "Each applicant shall have an approved fiscal agent. We will order that all funds disbursed from the grant program be kept and maintained in a separate bank account with the approved fiscal agent as the sole trustee of such funds."

enter into an agreement with the County of Ventura as the Fiscal Agent to receive the grant funds for the CITC project and remit them to CITC as directed by the Commission, contingent on Department of General Services approval of the contract. The County of Ventura will receive \$1,500 per month performing as Fiscal Agent for the CITC project; no more than \$18,000 will be paid to the County of Ventura.

The RTIGP would not involve a lump-sum grant to CITC. CITC would be required to submit invoices to the Fiscal Agent on a monthly basis for work done during that period. The Fiscal Agent would then forward the invoices to the Commission. The CD would then review each invoice for accuracy and reasonableness, against the project budget for each location. The CD would then approve all or some of the invoice with the standard ten percent retention held until the project is complete. CD would then deliver the invoice to the Commission's Fiscal Services Office where the invoice would be scheduled for payment by the State Controller's Office. The State Controller's Office would then send payment to the Fiscal Agent who would then, in turn, remit the funds to CITC. At the end of the project, a final retention invoice would be submitted by the applicant listing retention held from all of the invoices submitted and would be paid by the above process.

Certificate of Public Convenience and Necessity (CPCN)

CITC has a CPCN which is limited-facility-based and has Application (A.) 10-02-009 pending before the Commission to expand its existing CPCN to include full facilities-based authority to construct telecommunications facilities to serve certain previously unserved Channel Islands. CITC must receive their full facilities-based authority from the Commission for this project to move forward. On December 20, 2012, the Commission received confirmation from the Secretary of State's office that CITC's business license status is active. Since the CITC project requires facilities deployment, project and funds approval are contingent on the Commission's approval of CITC's full-facilities CPCN.

California Environmental Quality Act Resolution T-17151

Resolution T-17151, relating to the CITC project, was adopted by the Commission on August 21, 2008. The resolution appropriated the sum of \$325,000, to identify, analyze, and mitigate the potential environmental impacts of the construction and operation of the project in accordance with the requirements of the California Environmental Quality Act (CEQA). On October 10, 2008, the Energy Division awarded Contract 08PW5758 to an environmental consultant to perform the environmental review required for the proposed project. Although CEQA analyses of the project is nearly complete, the original contract amount of \$325,000 has fallen slightly short of the funding that will actually be needed to finalize the review. The RTIGP has determined that an additional allotment of \$35,000 should be authorized for expenditure under Contract 08PW5758 to

complete the required CEQA review. There is hereby appropriated the amount of \$35,000, out of the RTIGP to finalize the CEQA review currently underway for Contract 08PW5758.

California Environmental Quality Act Review

The issuances of grants pursuant to the RTIGP are discretionary actions subject to the requirements of the CEQA. CEQA reviews for RTIGP grants are conducted consistent with the two-phase application process for RTIGP funding established in D.03-09-071. Approval of a Phase 1 Application means that the Commission determines whether a proposed project is eligible to receive funds under the RTIGP. If a Phase 1 of the application is approved, the application is moved onto Phase 2. In Phase 2, the Commission determines how much grant money should be approved for the proposed project and performs a CEQA review, unless the project is exempt under the CEQA guidelines.¹⁰

In this instance, the Commission is the lead agency under CEQA with respect to the environmental review of the CITC Grant Project and preparation of both the Draft and Final Mitigated Negative Declaration (MND). A “Draft Initial Study/Environmental Assessment (IS/EA) and Notice of Intent to Adopt a Mitigated Negative Declaration” was prepared for the proposed project in accordance with CEQA. The Commission prepared the Draft IS/EA and MND to provide the public and responsible and trustee agencies with information about the potential environmental effects of the proposed project. A draft Environmental Assessment was also prepared under the National Environmental Policy Act (NEPA), concurrently with this Draft IS/EA and MND. The NPS is the federal lead agency for this project under NEPA. In addition to environmental review under NEPA and CEQA, other federal, state, regional, and local permits and approvals are expected to be required including the United States military. The Draft Mitigated Negative Declaration may be viewed at:

<http://www.cpuc.ca.gov/Environment/info/mha/channelislands/channelislands.htm>

All environmental issues identified in Appendix G of the State CEQA Guidelines are discussed in the Draft IS/EA and MND. In addition to applicant proposed measures, environmental protection measures to protect sensitive environmental resources have been incorporated into the project. Because these measures would be incorporated into project design, construction and operation, impacts to sensitive environmental resources will be avoided or minimized to less than significant levels. Federal and state resource agencies may add further mitigation measures to the project, reducing the environmental impacts even further, as a result of their separate permit application and

¹⁰ CEQA Guidelines are codified at Title 14 California Code of Regulations section 15000 et seq.

consultation process. The Commission has reviewed the Draft MND “Notice of Intent to Adopt a MND/Notice of Availability, issued on November 14, 2012, for the Channel Islands Telecommunications Project, and finds that the Draft MND, as modified, represents our independent judgment regarding the environmental impact of the proposed project. The findings of the draft IS/EA and MND are that the proposed project, as mitigated, would not have any significant effects on the environment. Therefore, we will adopt the Draft MND, including the Mitigation Monitoring and Reporting Program, with modifications as the Final MND for the proposed project pursuant to and in compliance with CEQA. The Final MND may be viewed at:

<http://www.cpuc.ca.gov/Environment/info/mha/channelislands/channelislands.htm>

Comments were received during the public review period (November 12, 2012, through December 14, 2012) for the Draft Initial Study/Environmental Assessment and Mitigated Negative Declaration. The Northern Chumash Tribal Council, the Santa Ynez Chumash Tribal Elders Council, the Barbareno/Ventureno Band of Mission Indians, and yak tityu tityu - Northern Chumash Tribe, all asserted their opposition to this project. The Tribes asserted that meaningful consultation with the Tribes has not occurred. The Tribes also assert that certain mitigation measures are in violation of the Migratory Bird Treaty Act of 1918 and in violation of the Chumash Cultural Resource Management and United Nations Declaration of the Rights of Indigenous Peoples. The Tribes also asserted that the Sacred Chumash Islands need to be preserved in their pristine nature and with internet access the hunting of ancestral Chumash pots might gain a larger market.

Line Extension Tariffs

The Commission previously concluded that existing line extension tariffs should not apply to the RTIGP projects. In D.03-09-071 (page 13) the Commission stated: “The line extension tariffs were not designed to address a state-administered program such as this one, where funds, collected through a surcharge on telecommunications customers, are provided to pay for infrastructure costs. We find that existing line extension tariffs should not apply to this program. Instead, telephone companies shall file advice letters setting forth line extension rates, charges and other terms and conditions applicable to each rural infrastructure grant project. Such charges shall be reasonable and cost-based. Such terms shall be consistent with this decision. These tariffs shall supplement, not replace, existing line extension tariffs. Where we find that a grant application should be approved, we will permit telephone companies to recover from the fund infrastructure costs contained in the Commission-approved tariff.” As CITC does not plan to serve residents on an individual basis, we do not anticipate that line extension tariffs will be required.

Safety Considerations

This project is expected to promote public safety. At present, four of the Channel Islands impacted by this project lack communications services, and accordingly, access to 9-1-1- emergency service. In 2011, there were 61,000 visitors to the Channel Islands National Park. Access to 9-1-1 service for Channel Islands visitors is expected to provide a safer visitor experience.

Comments

The Commission's CD e-mailed a notice letter on November 20, 2012, informing Todd Lesser of CITC; Christy Madden, Deputy Executive Officer, County of Ventura, Fiscal Agent; the Government Industry Working Group, and the CHCF-A Administrative Committee of the availability of the draft resolution for public comments at the Commission's website: <http://www.cpuc.ca.gov>. In addition, all were informed of the availability of the conformed resolution, once adopted by the Commission, at the same website.

On November 28, 2012, the Channel Islands Telephone Company (CITC), a certificated telecommunications company in California, U-7068-C, filed comments on the draft resolution. CITC asserted in its comments and ensuing discussions with CD that funding for the project should be adjusted to account for increased costs since their Phase 2 filing in April of 2007.

On December 7, 2012, CITC provided documentation to forecast that proposed project costs are now approximately \$2.693 million, as shown in the discussion and table on pages five and six.

CD has reviewed the revised project forecast and finds it reasonable. CD notes that the amount includes \$18,000 for County of Ventura's fees to act as Fiscal Agent and \$35,000 to increase the Commission CEQA Contract 08PW5758. No party submitted a protest to this Resolution, although we have received many letters expressing either support or opposition to the project.

During January 2013, the Commission received nine letters of support from State Legislators.

On February 22, 2013, the Superintendent of the Channel Islands National Park for the NPS stated their neutrality toward this project, but indicated that, "We are unaware that

there is a public demand for cellular service on the islands. It is our opinion that the project will have limited utility to the visiting public”.

On February 28, 2013, CD met with Mr. Freddie Romero, a representative for the Santa Ynez Chumash Tribal Elders Council of the Santa Ynez Band of Chumash Indians. The Santa Ynez Band of Chumash Indians are the only federally-recognized Chumash Tribe in the nation. Mr. Romero asserted the Tribal Elders opposition because the CITC project would add to the destruction of the spirit of the islands, its environment and result in the future development of these islands that would destroy them for the generations of indigenous people to come.

On March 8, 2013, CITC submitted additional comments regarding the proposed CITC project including discussion of system coverage, the unknown history of attempts to access 9-1-1 from the islands, NOAA’s need for telephone and internet service, spectrum interference with military installations, revenue generating roaming agreements, and CITC compliance concerns regarding State and Federal issues. CITC also provided comments from families who had suffered the loss of a family member due to an accident while visiting the Islands. These families support the CITC project.

Conclusion

This Resolution would approve a Rural Telecommunications Infrastructure Grant Program grant, at an amount to not exceed \$2,693,000 to construct the CITC project, which includes \$18,000 for County of Ventura for fiscal agent services and increases the CEQA Contract 08PW5758 by \$35,000 in order to complete the environmental review. Should the Commission not approve this Resolution, applicant may seek recovery of Phase 2 application costs.

In summary, the CITC project approval is contingent on CITC receiving:

1. Department of General Services contract approval.
2. Commission approval of a full-facilities CPCN.
3. Approval of all required permits, including those from the United States military.
4. Meeting with the Commission’s Communications Division to ensure that all requirements have been satisfied before beginning construction activities.

Findings and Conclusions

1. The Rural Telecommunications Infrastructure Grant Program (RTIGP) was established by Assembly Bill 140 in 2001 and was most recently amended to extend the program to January 1, 2013, by Senate Bill 1149 in 2008.
2. The RTIGP provisions are set forth in Section 276.5 of the Public Utilities Code.
3. In Decision (D.) 05-03-005, the California Public Utilities Commission (Commission) adopted the interim RTIGP administration rules from D.03-09-071 as final rules.
4. The Channel Islands Telephone Company (CITC), a certificated telephone corporation in California, requested to provide telephone service for the Channel Islands and submitted an RTIGP Phase 1 application for the CITC project.
5. CITC submitted a RTIGP Phase 2 application for the CITC project.
6. CITC is requesting RTIGP funding in an amount to not exceed \$2,693,000 for construction of the CITC project which includes \$18,000 for County of Ventura for Fiscal Agent Services and \$35,000 for California Environmental Quality Act Contract 08PW5758.
7. The source of the funds for the CITC project is the California High Cost Fund (CHCF)-A.
8. The Commission's Communications Division (CD) approved the Phase 1 application on February 26, 2007, and approved the Phase 2 Application on June 29, 2007.
9. The Government Industry Working Group ordered by D.03-09-071 has approved the Phase 2 application of the CITC project.
10. The fiscal agent contract with the County of Ventura for the CITC project was approved by the Board of Supervisors of the County of Ventura.
11. The County of Ventura will receive \$1,500 per month for each month work is performed on the CITC project as Fiscal Agent; no more than \$18,000 will be paid to the County of Ventura.
12. Project approval remains contingent on the fiscal agent contract being approved by the Department of General Services. The Commission's Executive Director is authorized to enter into an agreement with the County of Ventura as the Fiscal Agent to receive the grant funds for the CITC project and remit them to CITC as directed by the Commission.
13. CITC project approval remains contingent on CITC receiving a full-facilities-based certificate of public convenience and necessity, as submitted in Application 10-02-009.

14. This resolution authorizes an increase of \$35,000 for Contract 08PW5758 for the California Environmental Quality Act review of the CITC project.
15. The Draft Final Mitigated Negative Declaration (MND), as modified, reflects the Commission's independent judgment that the proposed project, as mitigated, would not have any significant effects on the environment.
16. The Commission has reviewed and considered the Draft MND, as modified, prior to adopting it as a final MND.
17. Final MND should be adopted by the Commission as adequate for our decision-making purposes pursuant to California Environmental Quality Act.
18. In addition to environmental review under the National Environmental Policy Act (NEPA and CEQA), other federal, state, regional, and local permits and approvals are required. Certain United States military approvals may also be required.
19. The Commission's CD e-mailed a notice letter on November 20, 2012, informing CITC; Deputy Executive Officer, County of Ventura, Fiscal Agent; the Government Industry Working Group, and the CHCF-A Administrative Committee of the availability of the draft resolution for public comments at the Commission's website: <http://www.cpuc.ca.gov>. In addition, all were informed of the availability of the conformed resolution, once adopted by the Commission, at the same website.
20. On November 28, 2012, the CITC filed comments on the draft resolution asserting that funding for the project should be increased since the estimate provided for the Phase 2 filing was submitted in April of 2007, and included an updated cost forecast. CD concurred and recommends increasing proposed costs to \$2,693,000, of which \$18,000 is for the County of Ventura's fees to act as Fiscal Agent and \$35,000 is to increase the amount of the Commission's California Environmental Quality Act Contract, 08PW5758.
21. No party submitted a protest to this Resolution; however, a representative for the Santa Ynez Chumash Tribal Elders Council of the Santa Ynez Band of Chumash Indians asserted their opposition to this project.
22. This Resolution would approve an RTIGP Grant, not to exceed \$2.693 million. Should the Commission not approve this Resolution, applicant may seek recovery of Phase 2 application costs.

THEREFORE, IT IS ORDERED THAT:

1. The California Public Utilities Commission authorizes funds to be granted to Channel Islands Telephone Company, in an amount to not exceed \$2,693,000, from the California High Cost Fund-A for the construction of the Channel Islands Telephone Company Grant Project and for the County of Ventura to serve as the fiscal agent for this project.
2. The Executive Director of the California Public Utilities Commission is authorized to enter into an agreement with the County of Ventura to serve as the Fiscal Agent for the administration and disbursement of California High Cost Fund-A funds to the Channel Islands Telephone Company for the Channel Islands Telephone Company Grant Project.
3. The Final Mitigated Negative Declaration for the Channel Islands Telephone Company Grant Project is adequate for the California Public Utilities Commission's decision-making purposes and is hereby adopted pursuant to the California Environmental Quality Act Guidelines and the Public Resources Code.
4. The Channel Islands Telephone Company shall not begin construction activities or purchase equipment for the Grant Project until it has obtained 1) Department of General Services approval; 2) A full facilities-based Certificate of Public Convenience and Necessity; 3) all required Federal permits and approvals including the United States military; and 4) consent to begin construction after meeting with the California Public Utilities Commission's Communications Division to ensure that all requirements have been satisfied.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 21, 2013. The following Commissioners approved it:

PAUL CLANON
Executive Director