

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs Branch**

**RESOLUTION T-17360
April 19, 2012**

RESOLUTION

Resolution T-17360. Rural Telecommunications Infrastructure Grant Program.

Authorizes Disbursement of California High Cost Fund-A funds for California Environmental Quality Act review of the Pine Mountain Learning Center Line Extension Grant Project.

Summary

As part of the Rural Telecommunications Infrastructure Grant Program (RTIGP), this resolution authorizes the Executive Director of the California Public Utilities Commission (Commission) to enter into a contract, not to exceed \$400,000, for a California Environmental Quality Act (CEQA) review of the Pine Mountain Learning Center Line Extension Grant Project (Pine Mountain Project). AT&T California, Inc. (AT&T) has proposed the Pine Mountain Project to bring basic telephone service to the Pine Mountain Learning Center, Camp Condor, and the United States Forest Service Fire Station (Apache Saddle) located west of Pine Mountain Club. AT&T would construct the project.

Pending the results of the CEQA review, a subsequent Commission Resolution may approve construction of the project and any mitigation measures required by the CEQA review for the Pine Mountain Project.

Background

Legislation and Rulemaking

The RTIGP was established by Assembly Bill 140¹ in 2001, and was subsequently extended until January 1, 2013.² The RTIGP provisions are set forth in Public Utilities Code Section

¹ Stats. 2001, Ch.903, Sec. 1-5. AB 140- Strom-Martin

(PU Code) 276.5. RTIGP projects are funded by the California High Cost Fund (CHCF) –A. The RTIGP provides grants of up to \$5 million per project to aid in the construction of telecommunications infrastructure projects that serve low-income, rural communities currently without telephone service.

On February 27, 2003, the Commission issued an Order Instituting Rulemaking 03-02-034³ to develop application eligibility criteria. After consideration of comments, the Commission issued an Interim Decision (D.) 03-09-071⁴ adopting an application process and eligibility criteria for the RTIGP grant program on September 18, 2003. On March 17, 2005, the Commission subsequently issued D.05-03-005,⁵ which adopted the interim grant program administration rules from D.03-09-071 as final and closed the Rulemaking.

Application Process and Timeline

The application process is divided into two phases: Phase 1 is the qualifying phase, in which applicants must provide information required by the legislation (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 the identity 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.

Pine Mountain Project

In its Pine Mountain Project, AT&T proposes to provide a line extension to the Pine Mountain Learning Center, an unserved school currently located within Verizon California's (Verizon) Taft Exchange. Because the AT&T Lebec exchange telecommunications facilities are much closer in proximity to the school, Verizon has tentatively agreed to do an exchange boundary change so that AT&T can serve the Pine Mountain Project.

The Pine Mountain Learning Center is approximately two miles west of Pine Mountain Club and 25 miles northwest of the unincorporated town of Gorman. Approximately 85 children attend Pine Mountain Learning Center plus staff, including senior citizens. Pine Mountain Learning Center needs five telephone lines.

² Stats. 2008, Ch.358, SB 1149-Wiggins

³ Order Instituting Rulemaking Into Implementation of AB 140, establishing the Rural Telecommunications Infrastructure Grant Program, Feb. 27, 2003.

⁴Interim Opinion On Implementation Of The Rural Infrastructure Grant Program, Sept. 18, 2003.

⁵ Opinion Closing Proceeding, March 17, 2005.

Two additional facilities would be served by this project. Camp Condor, a summer camp on the grounds of the Pine Mountain Learning Center, needs two telephone lines. Apache Saddle Fire Station needs one telephone line.

The school currently uses cellular service and service is not reliable. Snow in winter and the possibility of fires during fire season are conditions that exacerbate the need for reliable communications.

On September 17, 2007, the Pine Mountain Learning Center submitted a Phase 1 Application. On March 5, 2009, the Communications Division approved its Phase 1 Application and advised the Learning Center to submit a Phase 2 Application, including the feasibility study detailing the engineering and cost aspects of the Pine Mountain Project.

AT&T submitted a Phase 2 Application on January 9, 2012. A Proponent's Environmental Assessment (PEA) was submitted by AT&T to the Communications Division on February 9, 2012, in order to facilitate a California Environmental Quality Act (CEQA) review. The total projected costs for construction, including labor, materials and permits, is estimated to be \$372,000. If approved by the Commission, the project should be completed within six-months of project approval, weather permitting.

Discussion

California Environmental Quality Act (CEQA)

Because the issuance of grants pursuant to the RTIGP are discretionary actions subject to the requirements of CEQA, the California Public Utilities Commission (Commission) is the lead agency for CEQA review of the Pine Mountain Project. CEQA review for RTIGP grants is 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 has determined that a proposed project would be eligible to receive funds under the RTIGP. Phase 1 determinations do not approve a "project" under CEQA and do not trigger environmental review.

Phase 2 Applications seek funds that are necessary for the construction of rural telecommunications infrastructure and are projects under CEQA. Approvals of Phase 2 Applications are subject to a case-by-case factual analysis of environmental impacts.

Although AT&T's Pine Mountain Project was submitted in a Phase 2 Application, this Resolution only approves funds for preconstruction costs necessary to conduct a CEQA

review. This Resolution does not authorize Phase 2 approval for construction of the Pine Mountain Project.

Specifically, this resolution approves funds for CEQA review of the Pine Mountain Project to be performed by a Commission authorized contractor for an amount not to exceed \$400,000. Actual costs for environmental review may be much less than the amount allotted depending on the type of environmental document that is required by CEQA. The Commission cannot know what type of document will be required until an Initial Study has been performed consistent with CEQA. Thus, the \$400,000 amount is being used because it is an estimate of the cost for completing an Environmental Impact Report, the most rigorous of CEQA documents. The funding source for this grant is the CHCF-A.

Upon completion of CEQA review, a subsequent resolution may be introduced seeking approval of a Phase 2 Application for funds, in the amount of \$372,000, for construction of the Pine Mountain Project.

Comments

PU Code § 311 (g)(1) provides that that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Notice of the draft resolution was sent March 20, 2012, informing Pine Mountain Learning Center, Camp Condor, the United States Forest Service Fire Station - Apache Saddle, the Government-Industry Group, Verizon, AT&T and the CHCF-A Administrative Committee of the availability of the draft resolution for public comment at the Commission's website at <http://www.cpuc.ca.gov>.

Findings and Conclusions

1. Chapter 903, Statutes of 2001 (AB 140, Strom-Martin) established Public Utilities Code Section 276.5, the Rural Telecommunications Infrastructure Grant Program (RTIGP) to aid in the construction of telecommunications infrastructure projects that serve low-income, rural communities without telephone service.
2. Order Instituting Rulemaking 03-02-034 was issued to develop application eligibility criteria for the RTIGP. Interim Decision (D.) 03-09-071 adopted an application process and eligibility criteria and D.05-03-005 adopted the interim grant program administration rules as final and closed the Rulemaking.
3. Chapter 358, Statutes of 2008 (SB 1149, Wiggins) extended the RTIGP until January 1, 2013.

4. The Pine Mountain Learning Center submitted an RTIGP Phase 1 Application on September 17, 2007, and was approved by the Communications Division on March 5, 2009.
5. On January 9, 2012, AT&T California, Inc., (AT&T) filed a Phase 2 Application for the Pine Mountain Learning Center Line Extension Grant Project (Pine Mountain Project) in the amount of \$372,000.
6. The Pine Mountain Project will provide telephone service to Pine Mountain Learning Center; an unserved school with 85 children plus senior citizen employees; Camp Condor, located on the Pine Mountain Learning Center property; and Apache Saddle, a United States Forest Service Fire Station located west of Pine Mountain Club.
7. The Pine Mountain Project is in Verizon California, Inc.'s (Verizon) Taft Exchange and Verizon has tentatively agreed to an exchange boundary change to transfer the project area into AT&T's Lebec Exchange.
8. The California Public Utilities Commission (Commission) is the lead agency for California Environmental Quality Act (CEQA) review of the Pine Mountain Project.
9. AT&T has submitted a Proponent's Environmental Assessment for CEQA review of the Pine Mountain Project.
10. The Executive Director should be authorized to enter into an agreement for CEQA review of the Pine Mountain Project for an amount not to exceed \$400,000.
11. The source of the funds for this grant is the California High Cost Fund-A.
12. This Resolution only approves funds for preconstruction costs necessary to conduct environmental review and does not authorize any activity that has the potential to have a significant impact on the environment. Thus, environmental review pursuant to CEQA is not required.

THEREFORE, IT IS ORDERED THAT:

1. Funds shall be granted in an amount not to exceed \$400,000 from the California High Cost Fund-A for funding a California Environmental Quality Act review of the Pine Mountain Learning Center Line Extension Grant Project located near Pine Mountain Club.

2. The Executive Director shall be authorized to enter into an agreement for California Environmental Quality Act review of the Pine Mountain Learning Center Line Extension Grant Project for an amount not to exceed \$400,000.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 19, 2012. The following Commissioners approved it:

PAUL CLANON
Executive Director