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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Market Structure Branch**

**RESOLUTION T-16926
May 26, 2005**

R E S O L U T I O N

Resolution T-16926. Rural Telecommunications Infrastructure Grant Program.

Resolution Authorizing the Great Valley Center to Act as Fiscal Agent for the Rural Telecommunications Grant Program.

Summary

This resolution authorizes the Great Valley Center (GVC) to act as a Fiscal Agent for the Rural Telecommunications Grant Program. The Great Valley Center is a private, nonprofit 501 (c) (3) organization whose mission is to support activities that promote the economic, social and environmental well-being of California's Great Central Valley.

Background

A. The community of Lost Hills

The community of Lost Hills is a very small, low-income rural community located in southern Fresno County, California. It consists of approximately 22 households with a total population of 92. Many of its residents are Spanish speaking and unable to communicate in English. There are an estimated nine citizens believed to be over 60, about ten disabled citizens, and several families with school age children. Although the area is within the service territory of SBC, there is no telephone service or telecommunications infrastructure serving the community at this time.

B. AB 140 Legislation and Rulemaking

California Assembly Bill (AB) 140 (Ch. 903, Stats. 2001) created the Rural Telecommunications Infrastructure Grant Program. The first of its kind in the nation, the program provides grants of up to \$2.5 million per project, with total grant funding

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of \$10 million per year, for construction of telecommunications infrastructure to low-income, rural communities currently without any telephone service. The legislation required the California Public Utilities Commission (CPUC or Commission) to develop eligibility criteria for community-based groups to apply for grants.

On February 27, 2003, the Commission issued an Order Instituting Rulemaking (Rulemaking 03-02-034) to develop eligibility criteria. Comments on the rulemaking were received on April 14, 2003, with reply comments received on April 29, 2003. A Commission interim decision adopting the grant program was voted out on September 18, 2003 (Decision 03-09-071). Decision 05-03-005 closing the proceeding and adopting the findings of D.03-09-071 was voted out on March 17, 2003. This decision states that "Each grant applicant shall have an approved Fiscal Agent." The fiscal agent provides an accounting of all expenditures and account balances for the project. It submits a report to the commission on a quarterly basis, and upon completion of the infrastructure work, its records are reviewed by an independent Certified Public Accountant and an Attestation Report submitted to the Commission to ensure that the work was completed and paid for as represented.

The earlier decision (D.03-09-071) also addresses the fiscal agent issue, stating in part:

[Public Utilities Code] Section 276.5 requires that a local agency or town, as defined by §§ 50001 and 21, respectively, of the Government Code act as the grant recipient's fiscal agent for the receipt and distribution of funds. We will require that each grant applicant have an approved fiscal agent.

Decision 03-09-071 further states that future changes to the application process can be made by staff via Commission Resolution.

Parties also expressed concern that this decision would adopt an application form that could subsequently be modified only by Commission order. In the interest of providing a publicly available form for potential grant program applicants, we will approve the application form attached as Attachment A to this decision. However, we will not require that future changes be made by decision. Instead, we can approve substantive changes to the form submitted to us by our staff in a resolution.

C. Application Process for Rural Telecommunications Infrastructure Grant Program

The application process is divided into two phases: Phase 1 is the qualifying phase, in which applicants must provide the boilerplate information required in the

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legislation (information about their community and 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 identity of the fiscal agent). Upon successful completion of Phase 1, applicants can submit Phase 2 applications containing a detailed feasibility study and construction cost study.

Discussion of Lost Hills Application

Telecom Consulting Services has filed a Phase 1 Application on behalf of the Lost Hills community and has requested that the GVC act as Fiscal Agent for the project. Telecom Consulting Services explored other fiscal agent options, including having the nearby City of Modesto or Fresno County act as Fiscal Agent, but those entities were unable to do so. The continuing budget crisis affecting local and county governments has led to large layoffs of government workers in the area around Lost Hills. The local or regional governments are therefore unable to act as Fiscal Agent for this project due to staffing shortages.

The Great Valley Center is agreeable to act as Fiscal Agent for this project, should the Lost Hills community receive funding for their Phase 2 Application. The GVC is a private, nonprofit 501 (c) (3) organization whose mission is to support activities that promote the economic, social and environmental well-being of California's Great Central Valley. The GVC has a successful track record as a proven policy and advocacy management group, specializing in acquisition of project funding through grants and other means. Initial support for the GVC was made possible through a cooperative effort by the David and Lucile Packard Foundation, The James Irvine Foundation and the William and Flora Hewlett Foundation.

The Telecommunications Division has reviewed GVC and determined that it would be a viable fiscal agent for the Lost Hills community. GVC acts in a similar capacity to a government entity, and has experience in project funding and management. Accordingly, we recommend that the Great Valley Center be authorized to serve as a fiscal agent if the Lost Hills application is subsequently approved for funding.

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Comments

In compliance with P.U. Code section 311 (g), a notice letter was e-mailed or mailed on April 26, 2005 to the interested parties, informing these parties that this resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolutions at the same website.

Comments filed on a timely basis will be addressed by the Telecommunications Division in this resolution.

Findings

1. Telecom Consulting Services has submitted a Phase 1 Application for the Rural Telecommunications Infrastructure Grant Program on behalf of Lost Hills and requested that the Great Valley Center act as Fiscal Agent.
2. The Great Valley Center (GVC) has agreed to act as Fiscal Agent, should the Lost Hills community receive funding for their Phase 2 Application. The Great Valley Center is a private, nonprofit 501 (c) (3) organization whose mission is to support activities that promote the economic, social and environmental well-being of California's Great Central Valley. Great Valley Center has a successful track record as a proven policy and advocacy management group, specializing in acquisition of project funding through grants and other means.
3. The Telecommunications Division concludes that the Great Valley Center would be a viable fiscal agent for the Lost Hills community, and that they should be authorized to serve as a fiscal agent if the Lost Hills application is approved.

THEREFORE, IT IS ORDERED that:

1. The Great Valley Center is authorized to act as Fiscal Agent for the Lost Hills community, should the Lost Hills community receive funding for their Phase 2 Application for the Rural Telecommunications Infrastructure Grant Program.

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This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on May 26, 2005 adopted this Resolution. The following Commissioners approved it:

STEVE LARSON
Executive Director