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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Communications Division
Carrier Oversight & Programs**

**RESOLUTION T-17205
June 18, 2009**

R E S O L U T I O N

Resolution T-17205. Rural Telecommunications Infrastructure Grant Program.

Authorizes Disbursement of California High Cost Fund-A funds for California Environmental Quality Act review of the Godfrey Ranch Line Extension Grant Project located in the service area of the Siskiyou Telephone Company.

Summary

As part of the Rural Telecommunications Infrastructure Grant Program (RTIGP), this resolution authorizes the Executive Director of the California Public Utilities Commission (CPUC) to enter into a contract for a California Environmental Quality Act (CEQA) review of the Godfrey Ranch Line Extension Grant Project (Godfrey Ranch Project) located in the service area of The Siskiyou Telephone Company (Siskiyou Telephone). The CEQA review contract has an estimated cost of \$344,000. Pending the results of the CEQA review, a subsequent resolution may consider (1) any mitigation required by the CEQA review, (2) authorizing the proposed grant of \$1,823,000 for construction of the Godfrey Ranch Project, (3) authorizing the Executive Director to enter into a contract with the Town of Fort Jones, California for Fiscal Agent services associated with the Godfrey Ranch Project and (4) authorizing revisions to the existing line extension tariffs to address the Godfrey Ranch Project.

Background

Legislation and Rulemaking

The RTIGP was established by Assembly Bill 140¹ in 2001, and was subsequently extended until January 1, 2013². The RTIGP provisions are set forth in Section 276.5 of the Public Utilities Code³. RTIGP projects are funded by the California High Cost Fund-A (CHCF-A). The RTIGP provides grants of up to \$5 million per project, with total grant funding of \$10 million per year, for 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 R.03-02-034⁴ to develop application eligibility criteria. After consideration of 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 subsequently issued D.05-03-005⁶ which adopted the interim grant program administration rules from D.03-09-071 as final rules 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 in 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 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. In the event an applicant has been approved for Phase 1, but is denied Phase 2 approval, the applicant may recover the cost of the Phase 1 Application from grant funds.

Siskiyou Telephone submitted a Phase 1 Application, and was notified of the Phase 1 approval and its eligibility to submit a Phase 2 Application, the feasibility study detailing the engineering and cost aspects of the Godfrey Ranch Project.

¹ Stats. 2001, Ch.903, Sec. 1-5. AB 140- Strom-Martin Rural Telecommunications Infrastructure Grant

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

³ "The Commission shall establish a grant program to aid in the establishment of telecommunication service in areas not currently served by existing local exchange carriers. The program is to be funded out of California High Cost Fund-A, and the funding level may not exceed \$10,000,000 per year."

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.

Siskiyou Telephone submitted a Phase 2 Application on December 31, 2008. Copies of the Phase 2 Application were provided to the Government Industry Working Group for review, and a Proponent's Environmental Assessment (PEA) was submitted by Siskiyou Telephone to the Communications Division (CD) in order to facilitate California Environmental Quality Act (CEQA) review.

The Government Industry Working Group

The current Government Industry Working Group (GIWG) 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 Godfrey Ranch Project were mailed out to the GIWG on March 20, 2009 requesting response by April 2, 2009. At a CIWG meeting on April 2, 2009, the CIWG committee members agreed that there were no issues or concerns regarding the technology chosen by Siskiyou Telephone for the Godfrey Ranch Project.

Godfrey Ranch Line Extension Grant Project

This grant application proposes to provide line extensions to Godfrey Ranch, an unserved area located within Siskiyou Telephone's Sawyers Bar Exchange. The Godfrey Ranch Project will provide telephone service to six private residences, five miles east of Forks of Salmon. The distance between residences is less than a quarter mile. The entire Sawyer's Bar Exchange is located in extremely rugged and mountainous terrain served by narrow paved and gravel roads. The construction of the Godfrey Ranch Project will consist of three parts: 1. Project Material Purchase, 2. Telephone Line Construction, 3. Trench Paving and Road Surface Chip Seal, and is estimated to take eight weeks, weather permitting.

Due to the constraints imposed by the terrain, cellular and satellite technology based solutions are not feasible and are cost prohibitive. Siskiyou Telephone proposes to utilize conventional landline telecommunications construction consisting of copper and fiber facilities, and will utilize Rural Utilities Service (RUS) standards and specifications to be compatible with Siskiyou Telephone's existing telecommunications network.

The facilities to be constructed will provide Plain Old Telephone Service and Digital Subscriber Line service. The Godfrey Ranch Project is projected to take eight weeks to complete once the grant funds have been provided to the Fiscal Agent. Total projected costs for construction, including labor, materials, federal and state taxes will be approximately \$1,823,000.

Fiscal Agent

Under Section 276.5 of the State Of California Public Utilities Code, "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."

The Phase 2 Application for the Godfrey Ranch Project designates the Town of Fort Jones, California, as the Fiscal Agent. The Town of Fort Jones is a local agency as defined by Section 50001 of the Government Code, which states: "Local agency as used in this division means county, city, or city and county, unless the context otherwise requires."

The CD received a letter from the Town of Fort Jones, dated August 10, 2007, stating the willingness of the Town of Fort Jones, California to act as the Fiscal Agent for the administration of the Godfrey Ranch Project.

Notice/Comments

Notice of the draft resolution was sent May 15, 2009, informing Siskiyou Telephone; Community Representative Godfrey Ranch; City Clerk Town of Fort Jones, California; the Government-Industry Group and the CHCF-A Committee of the availability of the draft resolution for public comment at the Commission's website @ <http://www.cpuc.ca.gov>.

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 (CPUC) is the lead agency for CEQA review of the Godfrey Ranch 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.

This Resolution, although approving a funding request made in a Phase 2 Application, only approves funds for preconstruction costs necessary to conduct environmental review. It does not authorize an activity that has the potential to have a significant impact on the environment. Thus, this Resolution is not a “project” under CEQA.

This resolution approves funds for CEQA review of the Godfrey Ranch Project to be performed by a CPUC authorized contractor for an amount not to exceed \$344,000. 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 \$1,823,000, for construction of the Godfrey Ranch Project.

The Commission finds that approval be based on the specifics found in this Resolution and the Resolution does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

Tariff

In addressing Independent Local Exchange Carriers (ILEC’s) cost recovery, the Commission found that existing line extension tariffs should not apply to the RTIGP. 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 ILEC’s shall file advice letters setting forth line extension rates, charges and other terms and conditions applicable to each RTIGP. 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 ILEC’s to recover from the fund infrastructure costs contained in the Commissioner-approved tariff”.

Pending the results of the CEQA review of the Godfrey Ranch Project, Siskiyou Telephone will file a compliance advice letter delineating the Godfrey Ranch Project service area in a subsequent resolution.

Findings

1. The Siskiyou Telephone Company, in concert with the Godfrey Ranch customers requesting telephone service, did submit a Rural Telecommunications Infrastructure

Grant Program Phase 1 and Phase 2 Application for the Godfrey Ranch Line Extension Grant Project in the amount of \$1,823,000. The Phase 1 Application was approved on October 17, 2007.

2. The Town of Fort Jones, California, will be the Fiscal Agent for the Godfrey Ranch Line Extension Grant Project.
3. The California Public Utilities Commission (Commission) is the lead agency for California Environmental Quality Act (CEQA) review of the Godfrey Ranch Line Extension Grant Project.
4. The Siskiyou Telephone Company has submitted a Proponent's Environmental Assessment for CEQA review of the Godfrey Ranch Line Extension Grant Project.
5. The Executive Director should be authorized to enter into an agreement for CEQA review of the Godfrey Ranch Line Extension Grant Project for an amount not to exceed \$344,000.
6. The source of the funds for this grant is the California High Cost Fund-A (CHCF-A).
7. The Commission finds that approval be based on the specifics found this Resolution and the Resolution does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

THEREFORE, IT IS ORDERED THAT:

1. Funds shall be granted in an amount not to exceed \$344,000 from the California High Cost Fund-A for funding a California Environmental Quality Act review of the Godfrey Ranch Line Extension Grant Project located in the Sawyer's Bar Exchange of The Siskiyou Telephone Company.
2. The Executive Director shall be authorized to enter into an agreement for California Environmental Quality Act review of the Godfrey Ranch Line Extension Grant Project for an amount not to exceed \$344,000.

Resolution T-
CD/KS1

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 18, 2009. The following Commissioners approved it:

PAUL CLANON
Executive Director