

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Market Structure Branch**

**RESOLUTION T-16846
June 9, 2004**

R E S O L U T I O N

Resolution T-16846. Rural Telecommunications Infrastructure Grant Program.

Resolution Authorizing The Disbursement Of Funds For Grants From California High Cost Fund A.

Summary

This resolution grants the disbursement of funds from the California High Cost Fund A for funding the following Rural Telecommunications Infrastructure Grant Programs:

- a) Wireline Telecommunications Service to the Yurok Tribe in Humboldt County in the amount of \$2,500,000.
- b) Combination of Wireless Transport Link and Wireline Distribution Infrastructure to the community of Iowa Hill in Placer County in the amount of \$1,834,900.
- c) Wireless Network Infrastructure throughout Trinity County in the amount of \$2,500,000.

Background

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 of \$10 million per year, for construction of telecommunications infrastructure to low-

income, rural communities currently without 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 and establish a government-industry working group to develop technical criteria for use in evaluating grant applications.

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 decision adopting the grant program was voted out on September 18, 2003 (Decision 03-09-071). The application process including eligibility criteria was presented as an attachment to the decision.

Application Process

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 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. For fiscal year 2003-4, Phase 1 Applications were due on March 16, 2004, and Phase 2 Applications were due by May 14, 2004.

Statewide Public Information Meetings

During the first two weeks of February 2004, Telecommunications Division (TD) staff held public meetings throughout the state to inform community groups of the application process and to answer questions of potential applicants. Some forty people attended meetings held in Coachella, Independence, Lakeport, Eureka, and Susanville.

Emails and phone calls inquiring about the program were also received as a result of the 1,900 meeting notices sent to local government entities and community-based groups.

The Government Industry Working Group

The enabling legislation required the CPUC to establish a Government-Industry Working Group (GIG) to develop the technical criteria for use in evaluating grant applications. In Decision 03-09-071, the Commission approved working group representatives from SBC California, Verizon, CPUC staff, and the following individuals: Former Assembly Member Virginia Strom-Martin, Steve Bowen of the Bowen Law Group, and Regina Costa from TURN. The Decision also approved membership of one representative each from the CLEC industry and wireless sector and directed Telecommunications Division staff to fill those vacancies with qualified representatives. Jeff Compton of Telscape Communications and Chris Johnson of T-Mobile were subsequently chosen to fill those respective slots.

The GIG held its first meeting on February 23, 2004 to discuss technical criteria for evaluating grant applications. Several additional meetings were held via teleconferencing in April and May 2004 to finalize the technical criteria for evaluating grant applications. Criteria include determining consistency with the enabling legislation, technical feasibility, a determination that the chosen technology is a cost effective telecommunications application, that the program exhibits a sound work plan, and the project will provide real public benefit to the served community.

Discussion of Applications

By the March 16, 2004 deadline the CPUC received a total of three applications for the Phase 1 Application process. The applicants are: The Yurok Tribe in Humboldt

County; the community of Iowa Hill in Placer County; and the County of Trinity in Trinity County.

On March 30, 2004, the GIG reviewed the three applications and found them compliant with all necessary requirements of the Phase 1 process. The applicants were notified they were officially qualified and now eligible to submit a Phase 2 Application, the feasibility study detailing the engineering and construction costs aspects of their projects.

All three applicants submitted Phase 2 Applications by the May 14, 2004 deadline. A brief description of the proposals follows:

Yurok Tribe in Humboldt County

The Yurok Indian Reservation is located in Humboldt County in Northern California, approximately sixty miles from the Oregon border. The reservation is sited along 52 miles of the Wild and Scenic Klamath River. It is mountainous, heavily forested, with limited roadway access, and has been called one of the most remote areas in California. Only approximately seven miles of the total 52 miles of reservation have telephone services on any kind. A significant portion of the reservation is also without any electrical service. The lack of phone service and electricity has perpetuated poverty and prevented the sustainable development of the reservation. The tribe was recently awarded a Rural Utilities Service grant from the U.S. Department of Agriculture to develop an electrical transmission system with PG&E.

The tribe's proposal is to build some twenty miles of telecommunication main line extension, installing main fiber optic and multi-pair lines concurrently with the electrification project. Installing both systems at the same time allows for cost saving by utilizing joint trenching. Telephone branch lines and individual service drops to approximately 100 homes will be installed. Two schools, including a Head Start school, a BLM field office, a fire station, two churches and three community water stations also will be served with telephone service for the first time in history. Cost of the proposal, including infrastructure development, program management costs, end of project

(close-out) costs, Phase 2 Feasibility Study costs, and environmental review total \$2,500,000.

Iowa Hill in Placer County

The community of Iowa Hill is located in rural Placer County; the area is east of Colfax and north of Foresthill. It is a low-income community of about fifty families struggling without phone service and holds the distinction of having the only U.S. Post Office in the state of California without telephone service. In addition to the fifty residences, there is a volunteer fire department, the Iowa Hill School, and a small general store. The general store has recently discontinued accepting food stamps, since the Government Food Stamp program is now administered by Citibank on an electronic level and requires a telephone connection. This change has been detrimental to the folks in Iowa Hill who rely on food stamp assistance.

Iowa Hill's proposal is to build a combination Wireless Transport Link and Wireline Distribution Infrastructure project. The wireless transport system consisting of two towers and associated equipment will connect from the town of Colfax to Iowa Hill. Since Iowa Hill does not have commercial power service, the proposed power source includes a solar array and battery chain equipped with a supplemental LP or diesel generator. From the Iowa Hill tower site, the distribution facilities will include buried copper cable to all known potential subscribers of the Iowa Hill Community. It is estimated 22 miles of telecommunication outside plant will be placed, including main distribution routes and individual subscriber drops. The overall cost of the project is \$1,834,900, including construction cost estimates, associated engineering, design, and fiscal agent expenses.

Trinity County Wireless Network Infrastructure

Trinity County is one of California's and the nation's most rural counties, defined as a Frontier County with less than four people per square mile. Steep forested mountains and canyons characterize it, with six major rivers coursing through steep canyons. It is separated from the state of Oregon by Siskiyou County on the north and

separated from the Pacific Ocean by Humboldt County on the west. Although the entire county will benefit from the proposed project, communities that will benefit the most will be Hayfork, located in central Trinity County, the communities of Southern Trinity (Ruth, Mad River, Zenia and Kettenpom), and the communities downriver along the Trinity River (Big Bar, Burnt Ranch and Salyer).

Because of the unique geography of Trinity County, 25% of the residents are without basic phone infrastructure and service. Due to the prohibitive cost estimates of providing wireline services, wireless phone service is the only viable way to serve these residents, as well as visitors and emergency service providers.

Trinity County is requesting \$2,500,000 to construct ten cell sites that will provide coverage for most of the communities and roads throughout the County. The County proposes to partner with the local cellular provider, Cal-One Cellular L.P. to construct the project. Cal-One will finalize the cell tower network, and get all required permits. The County will bid, build and own the facilities, leasing the tower sites to Cal-One and up to two other cellular providers.

Funding Recommendations

On May 18, 2004, the GIG conducted a thorough, unbiased review of the three Phase 2 Applications. The GIG evaluated the applications, measuring them against developed technical criteria, determining them consistent with requirements of the legislation, technically feasible, a cost effective chosen technology, exhibiting a sound work plan, and achieving real public benefit. The GIG recommends full funding of the three applications and seeks further information from the applicants to clarify project specifics as discussed in Attachment A.

Notice/Protests

The Telecommunications Division concludes that the applications filed by the Yurok Tribe, the community of Iowa Hill, and the County of Trinity meet the requirements set

forth in California Assembly Bill 140 (Ch. 903, Stats. 2001) and Commission Decision 03-09-071 and recommends that the Commission approve the grant applications. Commission approval is based on the specifics found in the Phase 2 Applications, and does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

This is an uncontested matter in which the resolution grants all three applications as submitted. No applications for grant funding are being denied. Accordingly, pursuant to P.U.Code Section 311 (g) (2), the otherwise applicable 30-day period for public review and comment is being shortened to serve the public interest.

Findings

1. The Yurok Tribe in Humboldt County timely submitted a Rural Telecommunications Grant Application for wireline telecommunication service in the amount of \$2,500,000.
2. Trinity County timely submitted a Rural Telecommunications Grant Application for wireless telecommunication network infrastructure in the amount of \$2,500,000.
3. The community of Iowa Hill timely submitted a Rural Telecommunications Grant Application for a combination of wireless transport link and wireline distribution infrastructure in the amount of \$1,834,900.
4. The Government-Industry Working Group has conducted a thorough, unbiased review of the above applications, measuring them against established technical criteria, recommends full funding of the applications, and seeks further information from the applicants to clarify project specifics as discussed in Attachment A.
5. The source of the funds for these grants is the California High Cost Fund A.
6. The Telecommunications Division concludes that the above-mentioned applications meet the requirements established by California Assembly Bill 140 and Commission Decision 03-09-071.

THEREFORE, IT IS ORDERED that:

1. Funds shall be granted from the California High Cost Fund A for funding the following Rural Telecommunications Infrastructure Grant Program as discussed in Attachment A.
 - a) Wireline Telecommunications Service to the Yurok Tribe in Humboldt County in the amount of \$2,500,000.
 - b) Combination of Wireless Transport Link and Wireline Distribution Infrastructure to the community of Iowa Hill in Placer County in the amount of \$1,834,900.
 - c) Wireless Network Infrastructure throughout Trinity County in the amount of \$2,500,000.
2. The Commission's Information and Management Services Division is authorized to enter into agreements with the fiscal agents for the amounts described in Attachment A.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on June 9, 2004 adopted this Resolution. The following Commissioners approved it:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

ATTACHMENT A

1. The Yurok Tribe will act as the Fiscal Agent for the installation of Wireline Telecommunications Service to the Yurok Tribe in Humboldt County. The Rural Telecommunications Grant for the program shall be in the amount of \$2,500,000. The Grant is approved subject to the following information being provided to the Government-Industry Working Group:
 - a) Final engineering plans;
 - b) Determination of exact number of households to receive service connections;
 - c) Clarification of status of PG&E electrification project and funding;
 - d) Clarification of status of Verizon fiber optic system to Yurok point of connection.
2. Placer County, California, will act as the Fiscal Agent for the installation of Wireless Transport Link and Wireline Distribution Infrastructure to the community of Iowa Hill in Placer County. The Rural Telecommunications Grant for the program shall be in the amount of \$1,834,900. The Grant is approved subject to the following information being provided to the Government-Industry Working Group:
 - a) Final engineering plans;
 - b) Confirmation that the applicant has explored grant funding with the Energy Commission for the solar installation portion of the project.
3. Trinity County will act as the Fiscal Agent for the installation of Wireless Network Infrastructure throughout Trinity County. The Rural Telecommunications Grant for the program shall be in the amount of \$2,500,000. The Grant is approved subject to the following information being provided to the Government-Industry Working Group:
 - a) A preliminary radio frequency design which shows the cell signal reach of the intended areas / targets of service from the proposed cell tower locations;
 - b) Final engineering plans;
 - c) Clarification from the County Board of Supervisors of the general location and number of county residents willing to purchase wireless service when available;
 - d) A Memorandum of Understanding between Trinity County and Cal-One defining the types and costs of service contracts available to residents and public agencies. This document should show per minute rates vs. unlimited local calling and how cell phones and other devices will be priced.