**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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| Order Instituting Rulemaking Into Implementation of Assembly Bill 140, Establishing the Rural Telecommunications Infrastructure Grant Program. | Rulemaking _____ |

# ORDER INSTITUTING RULEMAKING

## Summary

By this order, we institute a rulemaking into the implementation of California Assembly Bill (AB) 140, which created the Rural Telecommunications Infrastructure Grant Program to bring telecommunications service to citizens residing in rural areas of the state that currently lack such service. AB 140 enables unserved communities to apply for grants of up to $2.5 million for the construction of telecommunications infrastructure. Grant applicants must meet specific qualifying criteria and conduct a subsequent feasibility study. AB 140 requires the Commission to work with utility representatives to develop technical criteria. Ultimately, the Commission will determine which applications will receive grants.

The primary goal of this rulemaking is to develop grant program implementation guidelines, an application process including applicant qualifications and requirements and a Government-Industry Working Group/Board. We seek comment on the proposed grant program application packet attached to this Rulemaking. We also seek comment on various proposed

implementation and qualifying criteria program elements contained within the body of this Order Instituting Rulemaking (OIR).

## Background

California has long embraced universal service telecommunications policies. Such policies include programs subsidizing basic monthly service discounts to low-income residents, subsidies for companies serving rural areas to keep rates affordable, as well as subsidies for companies providing service to high cost urban areas of the state. Even with such programs in place, there remain communities located so far from existing telecommunication facilities that the cost of paying for construction of telecommunications infrastructure in those areas is prohibitive for the residents.

In 2000, Assembly Member Strom-Martin introduced AB 1825 to provide a grant program for the construction of telecommunications infrastructure in unserved areas of the state. The committee approved the bill by a 7-1 vote and the full Senate approved by a 30-4 vote. The Governor vetoed the bill amid concerns that funds currently subsidizing small and mid-sized local exchange carriers could be compromised by a diversion of funds to another program.

In 2001, the bill was reintroduced as AB 140 and the Governor's concerns about the funding impact on the small carriers were allayed. The bill was passed and approved by the Governor on October 14, 2001. The bill became law on January 1, 2002.

In March and April 2002, the Commission's Telecommunications Division held Public Input Meetings in five locations throughout the state. The locations were chosen based on the identification of unserved communities in those areas. The meetings were held in Coachella, Independence, Lakeport, Eureka and Susanville. While attendance at the meetings was low, the input staff received

was very helpful in determining how this program may best be implemented with the needs of the unserved communities in mind. The comments received at the public meetings are the foundation for the proposed grant program elements described here as well as the grant application contained in Attachment A of this document.

## Discussion

One thing became very clear as a result of the Public Input Meetings conducted by Commission staff; there is no single definition of "Community" that adequately represents all unserved communities. Adopting rules or definitions regarding what constitutes a community could arbitrarily exclude many deserving communities, contrary to the program goal of bringing service to as many unserved communities as possible. To that end, the Commission proposes that grant applications be reviewed and evaluated based on criteria such as number of residents in the community, income level, number of school-aged children, seniors, etc. We propose leaving it to the applicants to describe their particular community, rather than adopting a rigid definition.

In order to ensure that annual grant funding is not used merely to reimburse unsuccessful grant applicants for feasibility studies, the Commission proposes two things:

1. A two-phase application process. The first part will be a qualifying phase in which the applicant-communities will provide information on number of residents, median income and proof of community support, etc. Applicants may only proceed to Phase II of the grant application process after the Commission has approved Phase I of their application. This ensures that only communities meeting the initial income and community support criteria will be eligible for feasibility study reimbursement.

2. Only feasibility studies prepared for projects in unfiled territory will be eligible for reimbursement. Feasibility studies in filed

> territory are covered by the carriers' existing tariffs and the carriers have an ongoing obligation to provide such information to their customers.

Section 276.5(b) of AB 140 specifies that consideration be given to communities with schools, hospitals and health clinics that currently lack basic telecommunications services. With that in mind, the Commission proposes that all currently unserved public schools, public hospitals and public health clinics automatically qualify to apply for a grant, regardless of the demographics of the community they serve.

The Commission requests that parties make nominations for positions on the government-industry working group whose purpose is to develop the technical criteria to be used by the Commission in evaluating grant awards.

It is not envisioned that Phase I eligibility determinations will be subject to California Environmental Quality Act review and consideration. However, grant applicants should be aware that subsequent applications, such as Phase II of the application process relating to the feasibility study and cost estimates for infrastructure construction, may trigger environmental review by this Commission as part of the approval process.

Finally, the Commission proposes that an extensive series of statewide Public Information Meetings be held after the final decision in this proceeding is released. The purpose of the meetings will be to explain the application process to prospective grant applicants. The schedule will be included in the final decision.

## Issues Requiring Comment

While the elements of the proposed program are contained in the attached application, there are other aspects of implementation that have not been addressed there. We ask that parties comment on the following:

1. Given the $2.5 million annual cap on individual grant awards, how should the Commission deal with applications from communities whose estimated infrastructure construction costs exceed the $2.5 million cap?

2. Should there be an annual funding allocation between large and small projects, i.e., 50% to projects under $1million and 50% to projects over $1 million? If a funding allocation is adopted, should any unused funds be made available for projects of any size?

3. Should there be fixed application filing deadlines each year or should applications be considered on a first-come, first-served basis until each year's grant funds are exhausted? Would considering applications on a first-come, first-served basis provide an unfair advantage to applicants whose projects are less complex and therefore take less time to prepare?

4. How should the Commission provide for unserved communities in unfiled territory if no carrier is willing to serve?

5. Should unserved communities with infrastructure construction costs exceeding the $2.5 million annual cap be allowed to apply in successive years? To address this problem and ensure that infrastructure is completed, should the Commission earmark a portion of the annual funding for multiple-year grants?

6. How should the Commission resolve a situation where an unserved community falls within the filed territory of more than one telecommunications carrier?

## Preliminary Scoping Memo and Schedule

The primary goal of this rulemaking is to establish a Rural Telecommunications Infrastructure Grant Program, including the application process with qualifying criteria, and creating a Government/Industry Working Group to develop technical criteria. In an effort to speed implementation of the grant program, the attached application packet contains proposed technical criteria that the government-industry working group may use as a starting point.

In accordance with Rules 6.3 and 6(c)(2), we adopt the following preliminary schedule for notice and comment in this rulemaking. We do not expect to hold formal hearings. All dates are in 2003.

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| February 27, 2003 | Commission issues OIR |
| 14 days after OIR is mailed* | Notice re: service list due to Process Office (for Party status as "Appearance") or to Process Office (for Non-party status as "State Service" or "Information Only") |
| 21 days after OIR mailed* | ALJ ruling establishes initial, official service list |
| 40 days after OIR is mailed* | Parties file comments |
| 55 days after OIR is mailed* | Parties file reply comments |
| Within 60 days after reply comments are filed | Draft decision mailed for comment |
| Summer 2003 | Parties file comments on draft decision |
| Summer 2003 | Commission issues final decision |

* These dates may be changed by the assigned administrative law judge (ALJ) or Assigned Commissioner.

In order to maximize the time for preparing and filing initial and reply comments, yet permit a timely decision, we may reduce the comment period on the draft decision, as Rule 77.7(f)(9) permits.

## Category of Proceeding

Rule 6(c)(2) of our Rules of Practice and Procedure[1] provides that an OIR "shall preliminarily determine the category" of the proceeding. This rulemaking is preliminarily determined to be quasi-legislative, as that term is defined in Rule 5(d).

We intend to receive all input on these subjects by the use of filed and served comments. We do not intend to hold hearings. Any party that believes a hearing is required to receive testimony regarding adjudicative facts must make an explicit request to that effect in their opening comments, and must (1) identify what it believes to be the material disputed facts, (2) explain why a hearing must be held, and (3) describe the general nature of the evidence that a party proposes to introduce at a hearing. Any right a party may otherwise have to such a hearing will be waived if it does not follow these procedures.

## Initial Service of This OIR

We plan to disseminate this OIR to provide broad public notice. We have identified the following potentially interested persons and entities: jurisdictional telecommunications utilities; other state agencies such as the California Highway Patrol, the Office of Emergency Services, the California Department of Transportation, the California Department of Parks and Recreation, the State Lands Commission, the Department of Fish and Game, the California Department of Health Services, the Native American Heritage Commission, the California Department of Education, and the California Division of Forestry.

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[1] Unless otherwise indicated, all subsequent citations to Rules refer to the Rules of Practice and Procedure, which are codified at Chapter 1, Division 1 of Title 20 of the California Code of Regulations.

There are organizations whose primary purpose is to represent the interests of rural communities such as the Regional Council of Rural Counties and the Rural Community Assistance Corporation and they shall be included in the distribution as well.

In addition, we will provide copies of the OIR to all those persons and entities on the following service lists: R.98-09-005 (the ULTS/GO 153 OIR); R.95-04-043/I.95-04-044 (the Local Competition proceeding); R.95-01-020/I.95-01-021 (the Universal Service/AB 3643 proceeding).

We will direct the Commission's Executive Director to cause this OIR to be served on the foregoing individuals and entities. Those who receive this OIR may know of others who may be interested in this proceeding and we ask that they inform such persons or entities. We invite broad participation and those who seek party status or wish to monitor this proceeding may do so by taking the steps described in the section of this order immediately below.

## Office Service Lists; Parties

The assigned ALJ will establish by ruling the initial service list for this proceeding on or before twenty-one (21) days after this order is mailed. We recognize that not everyone who receives a copy of this OIR will be interested in participating in this proceeding, or perhaps even monitoring it, and we wish to take steps to limit the burden imposed by service on an unnecessarily long service list.

We shall assign party and non-party status in accordance with our usual conventions which recognize three categories of interested persons: Appearance (full party status, with all attendant rights and obligations, including service on

all other parties and the state service category[2]); State Service (non-party state employees who serve as recipients of service for their state agencies or for state officials); and Information Only (non-parties who do not receive full service but do receive all Commission-generated documents, such as rulings, proposed decisions and final decisions).

So that the ALJ may oversee establishment of the initial service list on a timely basis, anyone who seeks "Appearance" status in order to participate in this proceeding shall provide the Commission's Process Office with the following information by FAX (415 / 703-2823) or e-mail (ALJ_Process@cpuc.ca.gov) no later than the close of business fourteen (14) days after this order is mailed:

- Name & organization represented, if any
- Address
- Telephone number
- Fax number
- E-mail address, if available

In order to be placed on the initial service list, interested persons who do not intend to participate in this proceeding should contact the Commission's Process Office by FAX (415 / 703-2823) or e-mail (ALJ_Process@cpuc.ca.gov), no later than the close of business fourteen (14) days after this order is mailed and provide the same information.

The initial service list will be posted on the Commission's website at www.cpuc.ca.gov and will be updated periodically. Parties should check the website before making subsequent filings.

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[2] See Rule 2.3 regarding service, generally, including use of a Notice of Availability in lieu of service of documents exceeding 75 pages.

### Electronic Service

Any Appearance that provides an e-mail address shall serve and receive all pleadings by e-mail in Microsoft Word format. There is no need to serve hard copies of pleadings on any party listed in the Appearance and State Service categories of the service list if that party has provided an e-mail address. However, if a party in the Appearance or State Service categories has not provided an e-mail address, then that party must be served with a hard copy.[3]

### Written Comments

Parties shall file all comments in accordance with the schedule set forth in the preceding Preliminary Scoping Memo and Schedule section of this order.

### Objections to Category, Schedule

Objections to the preliminary categorization of this rulemaking or to the preliminary schedule shall be included in opening comments.

### Public Advisor

Any person or entity interested in participating in this rulemaking as a party and who is unfamiliar with the Commission's procedures should contact the Commission Public Advisor's Office in Los Angeles at (213) 576-7056, or in San Francisco at (415) 703-2074 or (415) 703-2032 (TDD), or at (800) 299-6846 (TTY).

### Ex Parte Communications

This proceeding is subject to Rule 7, which specifies standards for engaging in ex parte communications and the reporting of such communications.

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[3] This order does not affect the Commission's Rules regarding the filing of documents at the Commission. All documents filed at the Commission must be tendered in paper form as described in Article 2 of the Commission's Rules.

Pursuant to Rules 7(a)(4) and 7(d), ex parte communications will be allowed in this proceeding without any restrictions or reporting requirements until the assigned Commissioner makes an appealable determination of category as provided for in Rules 6(c)(2) and 6.4. Following the Commissioner's determination, the applicable ex parte communication and reporting requirements shall depend on such determination unless and until the Commission modifies the determination pursuant to Rule 6.4 or 6.5.

## O R D E R

Therefore, **IT IS ORDERED** that:

1. A rulemaking is instituted on the Commission's own motion to implement Assembly Bill (AB) 140's Rural Telecommunications Infrastructure Grant program.

2. The Executive Director shall cause this Order Instituting Rulemaking (OIR) to be served on:

   a. The jurisdictional telecommunications utilities;

   b. The service lists for the following proceedings: Rulemaking (R.) 98-09-005 (the ULTS / GO 153 OIR); R.95-04-043 / Investigation (I.) 95-04-044 (the Local Competition proceeding); R.95-01-020 / I.95-01-021 (the Universal Service / AB 3643 proceeding).

   c. Other affected state agencies such as the California Highway Patrol, the Office of Emergency Services, the California Department of Transportation, the California Department of Parks and Recreation, the State Lands Commission, the Department of Fish and Game, the California Department of Health Services, the Native American Heritage Commission, the California Department of Education, and the California Division of Forestry.

   d. Organizations whose primary purpose is to represent the interests of rural communities, such as the Regional Council of Rural Counties and the Rural Community Assistance Corporation.

e. The list of attendees from the Public Input Meetings held in March and April 2002.

3. The assigned administrative law judge (ALJ) shall establish the initial service list for this proceeding by ruling on or before twenty-one (21) days after this order is mailed. By close of business fourteen (14) days after this order is mailed, any person or entity that seeks:

a. "Appearance" status in order to participate as a party in this proceeding shall contact the Commission's Process Office by FAX (415/703-2823) or e-mail (ALJ_Process@cpuc.ca.gov) and submit the information required for the service list (name & organization represented, if any; address; telephone number; fax number; e-mail address, if available).

b. Non-party status in the "State service" or "Information only" category, as applicable, shall contact the Commission's Process Office by FAX (415/703-2823) or e-mail (ALJ_Process@cpuc.ca.gov) and submit the same information.

4. In addition to addressing the issues identified in the body of this rulemaking, the parties may comment on the proposed grant application in Attachment A to this rulemaking.

5. The category of this rulemaking is preliminarily determined to be "quasi-legislative" as that term is defined in Rule 5(d) of the Commission's Rules of Practice and Procedure.

6. The preliminary schedule for this rulemaking is set forth herein. The assigned ALJ or the Assigned Commissioner may change the dates. All comments shall be filed with the Commission's Docket Office in paper form as described in Article 2 of the Commission's Rules of Practice and Procedure.

7. Any party listed in the "Appearances" category on the service list that provides an e-mail address shall serve and receive all pleadings by e-mail in Microsoft Word format. There is no need to serve hard copies of the pleadings on any party listed in the Appearances and State Service categories on the service

list if that party has provided an e-mail address. If a party in the Appearance or State Service categories has not provided an e-mail address, then that party must be served with a hard copy.

8. Any party who objects to the preliminary categorization of this rulemaking or the preliminary schedule shall file an objection in its opening comments.

This order is effective today.

Dated _____, at San Francisco, California.

# ATTACHMENT A

# THE RURAL TELECOMMUNICATIONS INFRASTRUCTURE GRANT PROGRAM

## ***Application Information, Instructions and Checklist***

The Rural Telecommunications Infrastructure Grant Program application process is divided into two phases. Phase I is the qualifying phase. Applicants must provide information about their community and its residents, supply letters of support from the community residents, local government and other affected governmental agencies and identify the local agency/department who has agreed to act as fiscal agent for the grant program funds. Applicants will receive a letter from the Director of the Telecommunications Division notifying them if the application has passed the qualifying phase. All applications must be approved by the Director of the Telecommunications Division at the qualifying phase before moving on to Phase 2, the feasibility study and cost estimate phase. Incomplete applications will be returned to the applicant with a letter of explanation.

AB 140, the enabling legislation, specifies that only one grant per community may be awarded and no grant may exceed $2.5 million. To assure approval, applicants should structure their applications so as not to exceed the $2.5 million cap per year.

All unserved public schools, hospitals or health clinics may apply individually. Only Phase 1 items 1.a.i., and items 3., and 4 in their entirety are applicable to applicant schools, hospitals or health clinics. All Phase 2 items are required of all applicants.

All completed applications should be sent to:
California Public Utilities Commission
Attention: Rural Telecommunications Infrastructure Grants Program
Public Programs Branch, 3rd Flr.
505 Van Ness Avenue
San Francisco, CA 94102

Filing Deadlines

Year 2003/04

Day 0 CPUC Decision
Day 1-Day 45 Window to Submit Phase 1 Applications to CPUC
Day 46-Day 60 CPUC Staff reviews Phase 1 Applications for compliance with requirements and notifies Applicants regarding compliance or non-compliance
Day 61-Day 140 Window to Submit Phase 2 Applications to CPUC
Day 141-Day 187 CPUC Staff reviews Phase 2 Applications and notifies Applicants regarding awards of Grants

Year 2004-5

July 1-August 31, 2004 Window to Submit Phase 1 Applications to CPUC
September 1-September 30,2004 CPUC Staff reviews Phase 1 Applications for compliance with requirements and notifies Applicants regarding compliance or non-compliance
October 1-December 31,2004 Window to Submit Phase 2 Applications to CPUC
January 1-March 31, 2005 CPUC Staff reviews Phase 2 Applications and notifies Applicants regarding awards of Grants

Year 2005-6

Applicantions will be reviewed as described below with Grant awards by December 31, 2005 unless sunset deadline for Grants program extended by Legislature April 1-April 30, 2005 Window to Submit Phase 1 Applications to CPUC May 1-May 31,2005 CPUC Staff reviews Phase 1 Applications for compliance with requirements and notifies Applicants regarding compliance or non-compliance June 1-August 31,2005 Window to Submit Phase 2 Applications to CPUC September 1-December 31, 2005 CPUC Staff reviews Phase 2 Applications and notifies Applicants regarding awards of Grants

The following page contains a checklist to ensure your application is complete. Full details of the requirements are contained in the Application section, which immediately follows the Checklist.

# CHECKLIST FOR PHASE 1, QUALIFYING PHASE

1. Community Information
    a. Description of your community and residents. The description should include but not be limited to;
        i. Contact person or representative for the community/applicant
        ii. Maps of the community identifying location of residents' individual plots of land and closest telecommunications facility
2. Financial information
    a. Individual residents' income verification
    b. Demonstration that the community median income meets the income limitation - for fiscal year 2002/2003 the community median household income can be no greater than $27,400 (this figure is adjusted annually)

3. Fiscal agent information
    a. Letter from a local government or agency stating its willingness to act as fiscal agent and its agreement to perform the duties as outlined in this document
    b. Explanation of Fiscal Agent administrative fees, if any.
4. Letters of support from:
    a. Board of Supervisors
    b. Affected emergency service providers
    c. Affected law enforcement agencies
    d. Other affected local agencies
    e. Letters from 75% of the residents within the identified community stating that they support the application and once service is established, they agree to subscribe to and pay for telephone service for at least three years while they continue to reside in the community.

## ***Application Phase 1 - Qualifying***

***A. Community Information***

Please provide:

1. The name of your community and a brief description of the general location and proximity of the residents to one another within the community.
    a. The name, address and contact information for each resident (owner and occupier of the property, if different), including phone number and email, if appropriate. You must include information on the total community; including names and address for residents who do not support the grant application.
    b. Designate a contact person or representative for your community; it should be someone familiar with the grant application. If the contact person is a consultant or someone other than a resident of the community, please provide all necessary contact information for that person.
    c. Identify all property owners who are not full time residents of their property in the community. Also identify all residents who occupy, but are not the owners of the property. The property owner must support the application even if someone other than the owner is occupying the property.

2. An assessor's list of all land owners in your community and adjacent landowners as well as an assessor's map identifying all community residents' individual plots of land and the closest telecommunications facilities that will be used to provide phone service. These may be obtained from your county assessor's office. Please identify the owners or residents on each plot of land in the community. Identify any public school, Post Office, government operated medical facility or fire station in your community.

3. A topographical map of your community. These may be obtained from:

    U.S. Geological Survey
    345 Middlefield Road
    Mailstop 532
    Menlo Park, CA 94025
    650-329-4390

4. The number of:
    a. Children (K-8),
    b. Senior citizens (60 years and over),
    c. Person with disabilities, permanently residing in your community.

5. Is your community located in the franchised territory of a wireline telephone company?
    a If "Yes", please provide the name of the telephone company.
    b. If "No", please provide the name of the closest telephone company(s).

6. Does a wireless company offer service in your area?

***B. <u>Qualifying financial information</u>***

The median income of a qualifying community may not exceed the current Universal Lifeline Telephone Service (ULTS) program income limitation for a household of four. For the 2002/03 fiscal year that figure is **$27,400**. The figure is adjusted annually. For the Rural Telecommunications Infrastructure Grant Program, it means that half of the community residents' household income must be less than $27,400 per year. Applications must contain signed letters from each household, stating the total annual household income. Income from all adult household residents from all sources must be included in the income figures.

The CPUC may independently verify household income. Acceptable sources of verification include:

Proof of participation in a government assistance program like food stamps.
Federally funded school lunch program.
Federal tax returns.

***C. <u>Fiscal Agent Information</u>***

A local agency, as defined under Section 50001 of the Government Code, or a town, as defined by Section 21 of the Government Code, shall act as the Fiscal Agent for the project funding requested in this application.

Each application must contain a letter from a local government agency or department stating its willingness to act as a Fiscal Agent for the community. . The letter must include:

The name and contact information of the responsible party within the agency, including the person responsible for the administrative tasks, if different.
If applicable, a statement of the requested Fiscal Agent administrative fees and payment schedule. As justification for the fees required, the statement must include the positions within the organization, salary(s), tasks and time commitment of all individuals fulfilling any part of the Fiscal Agent responsibilities. Records should be reviewed by an independent Certified Public Accountant upon the completion of the infrastructure work and an Attestation

Report submitted to the Telecommunications Division of the CPUC as evidence that the work was completed and paid for as represented.

The letter must also state its understanding of the duties of the Fiscal Agent role. The duties Fiscal Agent duties are as follows:
Receive and review all requests for payment from the contractor or utility,
Verify that the project is progressing according to the approved work plan milestones and payment schedule,
Once verified, a request for payment should be sent to the grant program Board via the Commission's Telecommunications Division,
Receive payments from the Board
Disburse payments to the contractor or utility

***D. Letters of support***

Please include letters of support for the application from the following:

1. County Board of Supervisors
2. Affected emergency service providers
3. Affected law enforcement agencies
4. Letters from 75% of the un-served residents within your community. Each letter must state that the resident/land owner will agree to subscribe to and pay for telephone service for at least three years while continuing to reside in the community.

***For CPUC use only***

Reviewed By: _____ Date: _____

Date Application Received:

Project Recommended for Feasibility Phase: Yes/No

Comments:

# CHECKLIST FOR PHASE 2, FEASIBLITY STUDY/CONSTRUCTION COSTS

1. Justification for the chosen technology.
2. Schematic maps indicating the proposed network facilities
3. Network compatibility statements from one or more interconnecting carriers
4. Work progress milestones and payment schedule
5. Construction cost estimates

## *Application Phase 2 - Construction Costs*

### *A. Applicant information*

Please provide

1. The name of your community and a brief description of its general location.
2. The name of the designated contact person for your community and contact information for that person. If the contact person is a consultant or someone other than a resident of the community, please provide all necessary contact information for that person.
3. A copy of Phase I approval letter issued by the Commission.

### *B. Statement of need*

Please provide a statement of need or description of the unique impact the lack of phone service has on your community, e.g., high fire danger area, near highway with high accident rate, distance to nearest working phone and estimated emergency response time, etc.

### *C. Type of technology chosen*

Please provide

1. Justification of the chosen technology.
2. Evidence that competing technologies were considered.
3. Evidence that competing service providers were considered and evaluated.
4. What are the types of services that will be offered as a result of your proposal? Some examples of services are: Dial Tone only (Plain Old Telephone Service or POTS), High Speed Broadband, Video services, High Speed Data services, etc.
5. If your proposal will result in services that are in addition to Plain Old Telephone Service (POTS),
   a. What is the additional cost associated with each service.
   b. Justify the necessity of the additional services.

### *D. Project location*

Projects may be located within, completely outside of, or partially within and partially outside of the service territory of the local service provider in the area. The obligation of the local service provider and reimbursement of feasibility study costs will depend on the location of the project.

1. **For projects located within a local service provider's territory, the company is:**
   a. Obligated to respond in a timely manner (30 days) to applicants' request for service.
   b. Provide feasibility studies and cost estimates for all projects in their service territories at no cost to the applicant or the program.
   c. Apply the rates contained in tariffs on file at the CPUC.

   Provide the name of the local service provider and proceed to Section "E".

2. **For portions of projects that are outside of the local service provider's franchise:**
   a. There is no applicable tariff on file with the CPUC for construction costs.
   b. A local service provider or telecommunications consultant/contractor may be contracted to perform the feasibility study and the construction.
   c. All construction will meet the local service provider's minimum technical requirements.
   d. The project must have a properly negotiated interconnection agreement with a local service provider.
   e. The project must have an appropriate long-term maintenance agreement with either a private contractor or the provider of local service.

3. **For projects located partially within and partially outside of a local service provider's territory:**
   Local service providers are not obligated to prepare free feasibility studies for any portion of a project located outside their franchised service territory. However, the local service provider **is** obligated to prepare, at no cost, a feasibility study to the boundary of its franchise.

   The following information is required:
   f. Name of the closest local service provider.
   g. Cost of preparing the feasibility study.
   h. Copy of the interconnection agreement.
   i. Copy of a network compatibility statement from one or more interconnecting LECs.
   j. Long-term maintenance agreement.
   k. Cost of implementing the long-term maintenance agreement.
   l. Who will own the facilities?
   m. Who will maintain the facilities?

n. Provide detailed maintenance manual. This manual will list all tasks associated with the project and any methods and procedures developed for the same.
o. Qualifications of contractors, if other than the local service provider, who will construct the project.
p. Qualifications of individuals or contractors, if other than the local service provider, who will maintain and operate the facilities.
q. Organization chart showing the reporting relationship of individuals associated with the project.

## *E. Project feasibility study*

The feasibility study will include the following:

a. Engineering feasibility study. Project to be designed for 150% of the current demand for services.
b. Schematic maps of the proposed network facilities. The maps should indicate routing and include information on any crossing sites requiring discretionary permits or environmental review pursuant to CEQA (include the type of permit, issuing agency and the Lead Agency if environmental review is required.
c. Identification of any other special permits and cross reference with governmental agencies from which permits will be required for the project
d. Estimated construction costs. All construction to be per technical requirements of the closest local service provider.
e. Does your proposal involve line extensions? If so,
    a. Will the line extensions fall within a local service provider's franchised territory? If yes, proceed to item "6".
    b. Will the line extension be partially within and partially outside the local service provider's franchised territory?
f. Does your proposal involve construction of new facilities?
g. If this is a multi-year project? Can the project be broken-up into smaller individual projects? If so, explain.

## *F. Project timeline*

Please provide a project schedule including timeline, milestones, budget and requested payment schedule. All payments will be made after completion of milestones and upon request for payment from the Fiscal Agent. Include milestones for:

1. Project deliverables.
2. Payment schedules during the
    a. Construction phase
    b. Project implementation phase
    c. Upon completion of the infrastructure work, records should be reviewed by an independent Certified Public Accountant and an Attestation Report submitted to the Telecommunications Division of the CPUC as evidence that the work was complete and paid for as represented.

3. Has your proposal been submitted to any other agency or group for funding? If yes, what was the outcome?

***<u>For CPUC use only</u>***

Reviewed By: _____ Date: _____

Date Application Received:

Project Recommended for Feasibility Phase: Yes/No

Comments:

**(END OF ATTACHMENT A)**