

LIST OF ISSUES

CHCSM Supported Services and Areas

1. What access lines should be supported, if any? If access lines are to be supported, is it appropriate to support all residential and all business lines? Alternatively, is it appropriate, all things considered, to support only the first residence and/or business lines?
2. Is the current definition of eligible services appropriate? In either case, please provide rationale and alternative definitions, as needed.
3. If the Commission determines that only first access lines are to be supported, then describe, in detail and with proper documentation, the implementation process for this alteration.
4. With reference to the new regulatory formats which derive from Commission Docket No. 04A-411T: Is it advisable or otherwise appropriate for services subject to “Market Regulation”, as defined above, to receive CHCSM support?
5. Is it reasonable and fair to support all or only some access lines that are designated as “high-cost”? More precisely, is it proper to impose a needs test of households in the high-cost area?
6. What is the proper definition of an access line that is “high-cost”? Is it either necessary or advisable to modify the current definition of “high-cost”?
7. What other necessary or otherwise appropriate changes need to be considered in the level and manner of funding of service in high-cost areas?

Providers

1. Is it appropriate for the Commission to increase its level of scrutiny of CHCSM disbursements, via audit and other means? The purpose of such oversight would be to verify that CHCSM support is applied properly to the recipients’ networks in the form of investment, maintenance, and other necessary activities. What are the appropriate criteria for demonstrating proper utilization of CHCSM support?
2. Is it appropriate for a provider of regulated telecommunication services who is not a Provider of Last Resort (POLR) to receive support from the CHCSM?
3. Is it either advisable or necessary for the CHCSM process to be modified, in any fashion whatsoever, in its application to small rural telephone providers?
4. Is it appropriate for CHCSM recipients to adjust rates as a means of preventing undue enrichment of providers? That is, should provider/recipients be required to reduce rates in order to offset CHCSM payments and remain revenue neutral?

Models

1. For non-rural providers of regulated telecommunications services, is it appropriate to set CHCSM support levels using an embedded cost model or a proxy cost model?
2. For non-rural telecommunications service providers, should CHCSM models be synchronized with retail and wholesale costing and pricing models? For example, in the event that CHCSM funding levels are based on a proxy cost model, and if either an embedded cost model, a Total Element Long Run Incremental Cost model, or Total Service Long Run Incremental Cost model is used to set retail and/or wholesale services, should these other models be synchronized with the CHCSM proxy cost model? Is it appropriate to have only one cost model that performs all functions, *i.e.*, wholesale, retail, and CHCSM support computations?
3. For rural providers of regulated telecommunications services, is it appropriate to set CHCSM support levels using an embedded cost model or a proxy cost model?
4. Is it appropriate for the price of wholesale services, for example, unbundled network elements, to be

considered as part of any CHCSM model?

5. Should CHCSM support for wireless providers be based on the support level of the incumbent wire line provider or should it be based on the wireless provider's cost of service?
6. If the receipt of funds for wireless providers is based on a wireless providers' cost of service, what is the appropriate cost model for wireless: embedded, incremental or proxy model?

Funding

1. Should the funding level for CHCSM be harmonized with other funding sources such as line extensions and land development agreements?
2. What are the inter-regional and intergenerational wealth and income distribution implications of current and proposed funding and disbursement mechanisms? Should the Commission be concerned with these implications?
3. Should revenues for and costs of other services, such as digital subscriber line (DSL), be included in the revenue benchmark calculations? More generally, should loop allocation be an explicit component of CHCSM calculations?
4. Should receipt of CHCSM funding be contingent upon providing service consistent with Commission quality of service standards?

Process

1. How can the regulatory process for CHCSM be reformed? Can it be streamlined?
2. What is the appropriate method of collecting CHCSM fees? Is the current method working properly? If any, what changes are necessary?