

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

REGARDING PROPOSED CHANGES TO THE)
COMMISSION'S COST-ALLOCATION RULES) DOCKET NO. 92R-296T
FOR TELECOMMUNICATIONS SERVICE)
PROVIDERS AND TELEPHONE UTILITIES.)

NOTICE OF PROPOSED RULEMAKING AND
NOTICE OF RULEMAKING HEARING JULY 21, 1992

AMENDMENTS TO THE COMMISSION'S COST-ALLOCATION RULES FOR
TELECOMMUNICATIONS SERVICE PROVIDERS AND TELEPHONE UTILITIES
4 CCR 723-27

The Colorado Public Utilities Commission hereby gives notice of proposed rulemaking regarding its Cost-Allocation Rules for Telecommunications Service Providers and Telephone Utilities found at 4 CCR 723-27. The Commission is proposing amendments to the Rules 17, 18, 19, 20 and 22, all as more particularly described in Appendix A attached to this Notice of Proposed Rulemaking.

The basis and purpose for the proposed amendments is to lessen the administrative burden on Local Exchange Carriers which provide 50,000 or fewer access lines ("Small LECs"), by establishing procedures which generally allow a Small LEC to elect between making an annual filing at the Commission in order to determine Colorado High Cost Fund ("CHCF") support or accepting a phase-down of previously determined CHCF support and automatic adjustments to switched access rates. In addition, these amendments establish a simplified filing process for rates which could become effective on January 1, 1993. Finally, the most recent version of the relevant parts of Title 47 of the Code of Federal Regulations is incorporated into these rules by reference, namely, the October 1, 1991 version. The statutory authority for the proposed amendments is Section 40-2-108, C.R.S. (1991 Cum. Supp.).

The proposed amendments were recommended to the Commission as a result of a Stipulation filed in Docket No. 91A-594T, filed on May 27, 1992, which, among other things, requested the Commission open a rulemaking proceeding and propose the amendments found in Appendix A.

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ELECTIONS/LICENSING CR15-1075
SECRETARY OF STATE

The Commission will conduct a hearing on the proposed amendments on July 21, 1992, at 9:00 a.m., in the Commission Hearing Room A, Office Level 2 (OL-2), Logan Tower, 1580 Logan Street, Denver, Colorado. Interested parties should file entries of appearance and comments on the proposed amendments by July 13, 1992.

THEREFORE THE COMMISSION ORDERS THAT:

1. This notice of proposed rulemaking and Appendix A shall be filed with the Colorado Secretary of State for publication in The Colorado Register on or before June 10, 1992.

2. This matter shall be set for hearing before an Administrative Law Judge as follows:

Date: July 21, 1992
Time: 9:00 a.m.
Place: Commission Hearing Room A
Office Level 2 (OL-2)
Logan Tower
1580 Logan Street
Denver, Colorado 80203

3. Persons who desire to participate in this proceeding may file entries of appearance and comments by July 13, 1992.

ADOPTED IN OPEN MEETING ON May 27, 1992.

(S E A L)



ATTEST: A TRUE COPY

Bruce N. Smith
Bruce N. Smith
Executive Secretary
and Division Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ARNOLD H. COOK

GARY L. NAKARADO

CHRISTINE E. M. ALVAREZ

Commissioners

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**AMENDMENTS TO COST ALLOCATION RULES FOR
TELECOMMUNICATIONS SERVICE AND
TELEPHONE UTILITIES PROVIDERS**

PART 2

BASIS, PURPOSE, AND STATUTORY AUTHORITY

The basis and purpose for the amendments to the rules are to clarify and modify the existing rules to remove obsolete sections, and to permit additional optional methods for establishing the revenue support from the Colorado High Cost Fund and methods for adjusting access rate elements.

The amendments to the rules are clear and simple and can be understood by persons expected to comply with them. They do not conflict with any other provision of law and there are no duplicating or overlapping rules.

The statutory authority for Rules 15 through 20 is §§ 24-4-103, 40-2-108, 40-3-101, 40-3-110, 40-4-111, 40-15-101, 40-15-106, 40-15-107, 40-15-108, and 40-15-208 C.R.S.

**RULES PRESCRIBING THE
STANDARD PROCEDURES FOR SEPARATING
TELECOMMUNICATIONS PROPERTY COSTS, REVENUES,
EXPENSES TAXES AND RESERVES FOR ACCESS CHARGES
OF SMALL EXCHANGE TELECOMMUNICATION SERVICE PROVIDERS**

**AND THE
COLORADO HIGH COST FUND**

RULE 15: APPLICABILITY

Rules 16 through 18 are applicable to Small LECs who are not average schedule companies as defined in 47 CFR 69.605 to 69.610, (average schedule small LEC) except as otherwise specifically noted. Rule 19 and 20 are applicable to all small LECs.

RULE 16: GENERAL

- 16.1 The Colorado High Cost Fund (CHCF) shall be coordinated with the Federal Communications Commission (FCC) Universal Service Factor, (USF) found at 47 CFR 36.601 to 36.641 so as to guarantee the affordability of basic local telephone service.
- 16.2 The CHCF shall promote competition and guarantee the affordability of basic telephone service by providing assistance for three components of the cost of basic local service: 1) high loop costs, 2) high local switching costs, and 3) high exchange trunk costs.

RULE 17: CALCULATION OF AVERAGE LOOP, LOCAL SWITCHING, AND EXCHANGE TRUNK COSTS FOR FUND SUPPORT

- 17.1 The averages used in calculating CHCF support will be computed on the basis of the data reported per this Rule 17 for the preceding calendar year which may be updated at the option of the small LEC pursuant to 47 CFR 36.612(a).
- 17.2 Each local exchange provider shall calculate and report its average unseparated loop cost per study area per working loop as prescribed by 47 CFR 36.621, and 36.622.
- 17.3 The national average unseparated loop cost per working loop shall be as calculated by the National Exchange Carrier Association, as prescribed by 47 CFR 36.622(a)(1).
- 17.4 Each small LEC shall calculate and report its unseparated investment per study area for local switching equipment (Central Office Equipment, Category 3, 47 CFR 36.125), and its average number of working loops.
- 17.5 Each small LEC shall calculate and report its unseparated investment per study area for exchange trunk equipment [Cable and Wire Facilities, Category 2, Exchange Trunk, 47 CFR 36.155, and Category 4.12, Exchange Trunk Circuit Equipment 47 CFR 36.126(c)(2)].

- 17.6 The state average unseparated local switching equipment investment per working loop shall be calculated by dividing the sum of the local switching equipment investments in the state as reported pursuant to Rule 17.4 and for all LECs, except small LECs as determined by the Staff of the Commission, by the sum of the working loops in the state as reported in Rule 17.4 and for all LECs, except small LECs as determined by the Staff of the Commission. The state average unseparated exchange trunk equipment investment per working loop shall be calculated by dividing the sum of the exchange trunk equipment investments in the state as reported pursuant to Rule 17.5 and for all LECs, except small LECs as determined by the Staff of the Commission, by the sum of the working loops in the state as reported in Rule 17.4 and for all LECs, except small LECs as determined by the Staff of the Commission.
- 17.7 EACH SMALL LEC SHALL ANNUALLY REPORT TO THE ADMINISTRATOR OF THE FUND BY NOVEMBER 1ST OF EACH CALENDAR YEAR THE ESTIMATED NUMBER OF WORKING LOOPS FOR THE YEAR BEGINNING THE NEXT JANUARY 1ST.
- 17.8 FURTHER REPORTING REQUIREMENTS MAY BE DETERMINED BY THE COMMISSION.

RULE 18: COLORADO INTRASTATE ACCESS COSTS SHALL BE SEPARATED

- 18.1 Pursuant to §40-15-108(1) C.R.S., each small LEC which provides facilities or equipment for use by interstate users or providers of telecommunications services shall separate all investments and expenses associated therewith according to applicable federal separation procedures and agreements. Prior to separating intrastate costs, each provider shall segregate its intrastate investments and expenses in accordance with Sections 1 through 14 of these Rules.
- 18.2 Colorado Intrastate Access Costs shall be separated from other jurisdictional costs using the separation procedures of 47 CFR 36, with the following exceptions:

COMMON LINE ALLOCATION

18.2.1 ~~Except as~~ provided in Rules 18.2.1.1 and 18.2.1.2, the lesser of 26.5 percent or twice the subscriber line usage (SLU) (as measured by the ratio of intrastate interexchange holding time minutes of use to total holding time minutes of use applicable to traffic originating and terminating in the study area, as defined in 47 CFR 36, shall be allocated to Colorado switched access and this allocation factor shall be known as the "basic allocation factor". ~~The basic allocation factor, as modified shall be used for allocating Subcategory 1.3 of Exchange Line Cable and Wire Facilities, Category 4.13 of Exchange Line Circuit equipment Excluding Wideband, and Category 1 of Other Information Origination/Termination Equipment.~~

18.2.1.1 The basic allocation factor specified in Rule 18.2.1 shall be modified by multiplying it by a weighting factor which results in the "Colorado basic allocation factor".

18.2.1.1.1 For small LECs reporting an average unseparated loop cost per working loop less than or equal to 115 percent of the national average for this cost, the weighting factor shall be: one (1).

18.2.1.1.2 For small LECs reporting an average unseparated loop cost per working loop in excess of 115 percent of the national average for this cost, the weighting factor shall be: 115 percent of the national average unseparated loop cost per working loop divided by the small LEC's average unseparated loop cost per working loop.

18.2.1.2 ~~The Colorado basic allocation factor of Rule 18.2.1.1 will be phased in. The transition shall be accomplished in equal steps over the next three years. For the years 1991 through 1993 the Colorado intrastate switched allocation factor shall be as follows:~~

THE COLORADO BASIC ALLOCATION FACTOR SHALL BE USED FOR ALLOCATING SUBCATEGORY 1.3 OF EXCHANGE LINE CABLE AND WIRE FACILITIES, CATEGORY 4.13 OF EXCHANGE LINE CIRCUIT EQUIPMENT EXCLUDING WIDEBAND, AND CATEGORY 1 OF OTHER INFORMATION ORIGINATION /TERMINATION EQUIPMENT.

18.2.1.2.1 ~~1991 One half the difference between the Colorado basic allocation factor and the 1989 allocation factor used by the small LEC, added to the 1989 allocation factor used by the small LEC.~~

18.2.1.2.2 ~~1992 Three quarters of the difference between the Colorado basic allocation factor and the 1989 allocation factor used by the small LEC, added to the 1989 like allocation added to the 1989 like allocation factor used by the small LEC.~~

18.2.1.2.3 ~~1993 The Colorado basic allocation factor of Rule 18.2.1.1 shall be used.~~

LOCAL SWITCHING ALLOCATION

- 18.2.2 Except as provided in Rule 18.2.2.1, the allocation of Category 3 of Local Switching Equipment shall follow 47 CFR 36.125 using Colorado relative dial equipment minutes of use (DEM), (which are the minutes of holding time of the originating and terminating local switching equipment, as defined in 47 CFR 36) for InterLATA and IntraLATA switched access. The Colorado DEM factors shall be weighted by a factor of 1.5.
- 18.2.2.1 In no event shall the sum of all the interstate and the intrastate allocation factors be greater than 0.85. If the arithmetic sum exceeds 0.85, the Intrastate allocation factor(s) shall be reduced accordingly.
- ~~18.2.2.2 During the 1991-1992 phase-in period, the "B Component", (the sum of the interstate and the intrastate DEM factors, including the weighting factor if appropriate) shall not be greater than 0.85. If the arithmetic sum exceeds 0.85, the intrastate allocation factor(s) of the "B Component" shall be reduced accordingly prior to summing with the "A Component".~~
- ~~18.3 During the phase-in period extending till 1993, each small LEC shall annually file with the Commission according to statute and applicable Commission rules to be effective January 1 of each year, tariffs which reflect the changes in allocations caused by such phase in. At the option of the small LEC, and with the approval of the Commission, the phase-in of factors may be omitted and the 1993 final procedures used at an earlier date.~~

RULE 19: COLORADO HIGH COST FUND

The support from the CHCF will be determined in three parts.

19.1 SUPPORT FOR HIGH LOOP COSTS

19.1.1 ~~As modified by Rule 19.1.2, beginning January 1, 1991,~~ The CHCF revenue requirement for high loop costs of small LECs who are not average schedule small LECs shall be the following:

19.1.1.1 For small LECs reporting an average unseparated loop cost per working loop less than or equal to 115 percent of the national average for this cost, the CHCF revenue requirement for high loop costs shall be the sum of: a) zero (0); and b) the difference between 0.265 and twice the small LEC's intrastate interexchange SLU, (if greater than zero) times the LEC's average unseparated loop cost per working loop for this cost.

19.1.1.2 For small LECs reporting an average unseparated loop cost per working loop in excess of 115 percent of the national average for this cost but not greater than 150 percent of the national average for this cost, the CHCF revenue requirement for high loop costs will be the sum of: a) the difference between the small LEC's average unseparated loop cost per working loop and 115 percent of the national average for this cost, times 0.10; and b) the difference between 0.265 and twice the small LEC's intrastate interexchange SLU, (if greater than zero) times 115 percent of the national average for this cost.

19.1.1.3 For small LECs reporting an average unseparated loop cost per working loop greater than 150 percent of the national average for this cost, the CHCF revenue requirement for high loop costs will be the sum of: a) the difference between 150 percent of the national average unseparated loop cost per working loop and 115 percent of the national average for this cost, times 0.10; and b) the difference between 0.265 and twice the small LEC's intrastate interexchange SLU, (if greater than zero) times 115 percent of the national average for this cost.

~~19.1.2 The CHCF revenue requirement for high loop costs of Rule 19.1.1 will be phased in. The transition shall be accomplished in equal steps over the next three years. For the years 1991, 1992, and 1993 the CHCF revenue requirement for high loop costs shall be as follows:~~

~~19.1.2.1 1991 One half of the revenue requirement of Rule 19.1.1.~~

~~19.1.2.2 1992 Three quarters of the revenue requirement of Rule 19.1.1.~~

~~19.1.2.3 1993 The revenue requirement of Rule 19.1.1.~~

19.2 SUPPORT FOR HIGH LOCAL SWITCHING COSTS

19.2.1 Small LECs who are not average schedule small LECs and who have been certified as providing a level of local exchange service which encompasses a community of interest standard, shall be eligible for support for high local switching costs. ~~Beginning January 1, 1991,~~ The CHCF revenue requirement for high local switching cost support shall be determined as follows:

- 19.2.1.1 For small LECs reporting an average unseparated local switching equipment investment per working loop less than or equal to the Colorado average as determined by Rule 17.6, for this investment, the CHCF revenue requirement for local switching cost support shall be zero (0).
- 19.2.1.2 For small LECs reporting an average unseparated local switching equipment investment per working loop in excess of the Colorado average as determined in Rule 17.6, for this investment, the revenue requirement for high local switching cost support will be calculated by creating a new service category in the separations study and apportioning the costs of the provider to this service generally following Part 36, CFR. The service category for the CHCF high local switching cost support shall be assigned a portion of Category 3 of local switching equipment investment. The percentage of Category 3 allocated to the CHCF service category shall be known as the Colorado High Local Switching Allocation Factor and shall be calculated as one minus the sum of (a) the Interstate factor(s), (b) the Intrastate factor(s) of Rule 18.2.2, and (c) the 1993 local exchange factor. The 1993 local exchange FACTOR FOR EACH provider SMALL LEC shall be calculated as the Colorado state average unseparated local switching equipment Category 3 investment per working loop AS DETERMINED BY RULE 17.6, FOR THIS INVESTMENT, times the small LEC's local DEM percentage divided by the small LEC's average investment per working loop for this investment. In no event shall the Colorado High Local Switching Allocation Factor be less than zero. If, by the application of the formula of this rule 19.2.1.2, the Colorado High Local Switching Allocation Factor is less than zero, the factors of Rule 19.2.1.2. (b) and (c) above shall be proportionally reduced.

19.3 SUPPORT FOR HIGH EXCHANGE TRUNK COSTS

19.3.1 Small LECs who are not average schedule small LECs and who have been certified as providing a level of local exchange service which encompasses a community of interest standard, shall be eligible for support for high exchange trunk costs. ~~Beginning January 1, 1991,~~ The CHCF revenue requirement for high exchange trunk cost support shall be determined as follows:

19.3.1.1 For small LECs reporting an average unseparated exchange trunk investment per working loop less than or equal to the Colorado average as determined by Rule 17.6, for this investment, the CHCF revenue requirement for exchange trunk cost support shall be zero (0).

19.3.1.2 For small LECs reporting an average unseparated exchange trunk equipment investment per working loop in excess of the Colorado average as determined in Rule 17.6, for this investment, the revenue requirement for high exchange trunk cost support will be calculated by apportioning the costs of the small LEC to the CHCF service category, as established in Rule 19.2, of the small LEC's separations study following 47 CFR Part 36, as modified by these rules. The service category for the CHCF shall be assigned a portion of Cable and Wire Facilities, Category 2 exchange trunk 47 CFR 36.155, and a portion of Category 4.12, Exchange Trunk Circuit Equipment 47 CFR 36.126(c)(2) investment. The percentage allocated to the CHCF service category shall be calculated separately for each as one minus the sum of (a) the interstate factor(s), for exchange trunk, (b) the intrastate factor(s) for exchange trunk, and (c) the 1993 local factor for exchange trunk. The 1993 local factor for Category 2 exchange trunk of Cable and Wire Facilities, for each small LEC shall be calculated as the Colorado state average unseparated investment per working loop AS DETERMINED BY RULE 17.6, for

this investment, times the small LEC's local relative number of minutes of use percentage divided by the small LEC's average investment per working loop for this investment. The 1993 local transport allocation factor for Category 4.12 Exchange Trunk Circuit Equipment, for each small LEC shall be calculated as the Colorado state average unseparated investment per working loop AS DETERMINED BY RULE 17.6, for this investment, times the small LEC's local relative number OF minutes of use percentage divided by the small LEC's average investment per working loop for this investment.

19.4 SUPPORT FOR HIGH COSTS OF AVERAGE SCHEDULE SMALL LECs

19.4.1 Average schedule small LECs who have been certified as providing a level of local exchange service which encompasses a community of interest standard, shall be eligible for support for high costs. ~~Beginning January 1, 1991~~ AT SUCH TIME AS AN AVERAGE SCHEDULE SMALL LEC REQUESTS HIGH COST SUPPORT, the CHCF revenue requirement for high cost support for these small LECs shall be determined as follows:

19.4.1.1 The total company revenue requirement for the average schedule small LEC shall be determined.

19.4.1.2 From the revenue requirement of Rule 19.4.1.1 shall be subtracted the revenues derived from each of the following: 1) all interstate activities and USF support; 2) intrastate network access services; 3) long distance network services; 4) all miscellaneous revenues; and 5) the imputed local network services.

19.4.1.3 The imputed local network services revenues of Rule 19.4.1.2 shall be calculated, by the Administrator, as the average of the local network services revenues, 47 CFR 32.5000 through 32.5069 for all small LECs who are not average schedule small LECs, but shall not include any CHCF revenues.

19.4.2 Average schedule small LECs who have not been certified as providing a level of local exchange service which encompasses a community of interest standard, shall be partially eligible for support for high costs. ~~Beginning January 1, 1991, the~~ CHCF revenue requirement for high cost support for these small LECs shall be determined in accordance with Rule 19.1.1.

19.5 LOCAL NETWORK SERVICES TARIFF CAP

In no event shall the local network services revenue requirement, as defined in 47 CFR 32.5000 through 32.5069 (1992), of small ~~local exchange carriers~~ LECs, who have been certified as providing a level of local exchange service which encompasses a community of interest standard, be in excess of ~~100 percent of the average in 1991, 115 percent of the average in 1992, and 130 percent of the average, in 1993 and thereafter,~~ of such revenue requirement for local exchange providers which are not small ~~local exchange carrier~~ LECs. Such excess shall be considered as a part of the small ~~local exchange carrier~~ LECs Colorado High Cost Fund revenue requirement.

19.6 COLORADO HIGH COST FUND ADMINISTRATION

19.6.1 The CHCF shall be under the direction of an Administrator.

19.6.1.1 The Commission, as Administrator, shall engage and determine the compensation of such professional and technical assistance as may, in its judgment, be necessary for proper administration of the fund.

19.6.1.2 Costs of administration of the CHCF shall be borne by the CHCF as established by this rule.

19.6.1.3 Such periodic reports of the administration of the fund in such form and frequency as determined by the Commission, consistent with the need for confidentiality of ~~propriety~~ PROPRIETARY information relating to the operations of the fund participants shall be made.

19.6.2 ~~Each small LEC shall annually report to the Administrator of the fund by November 1st of each calendar year its required CHCF support revenue requirement and number of working loops for the year beginning the next January 1st, together with all information supporting the requirement, including but not limited to a cost of service study for all elements for the most recent 12-month period for the purpose of establishing revised support levels. Further reporting methods will be determined by the Administrator of the CHCF.~~

THE COMMISSION, ACTING AS ADMINISTRATOR, SHALL DETERMINE PURSUANT TO THESE RULES, FOR EACH SMALL LEC THE CHCF SUPPORT REVENUE REQUIREMENT THAT WILL BE EFFECTIVE FOR A PERIOD OF SIX YEARS BEGINNING WITH THE DATE ESTABLISHED BY ORDER.

19.6.2.1 EACH SMALL LEC SHALL REPORT TO THE ADMINISTRATOR OF THE FUND BY NOVEMBER 1, 1992 ITS REQUIRED CHCF SUPPORT REVENUE REQUIREMENT FOR THE PERIOD BEGINNING JANUARY 1, 1993. THE ADMINISTRATOR WILL ACCEPT EITHER OF TWO METHODS FOR SUPPORTING THIS INTERIM SUPPORT DETERMINATION: A) ALL SUPPORTING INFORMATION, INCLUDING BUT NOT LIMITED TO A COST OF SERVICE STUDY FOR ALL ELEMENTS FOR THE MOST RECENT 12 MONTH PERIOD FOR WHICH DATA IS AVAILABLE, BUT IN NO EVENT SHALL THE 12 MONTH PERIOD END MORE THAN SIX MONTHS PRIOR TO THE FILING DATE; OR B) A SIMPLIFIED FILING CONSISTING OF:

19.6.2.1.1 FOR SMALL LECS WHO ARE NOT AVERAGE SCHEDULE SMALL LECS: 1) A REVISION OF THE ACCESS RATE ELEMENTS BASED UPON THE LAST COMMISSION ACCEPTED REVENUE REQUIREMENT UTILIZING CURRENT ACCESS MINUTE DEMANDS, AND 1993 SEPARATIONS FACTORS; 2) AN ADJUSTED CHCF SUPPORT LEVEL BASED UPON 1993 FACTORS AND 1993 USF PAYMENT LEVELS; AND 3) NO CHANGES TO LOCAL EXCHANGE RATES.

19.6.2.1.2 FOR AVERAGE SCHEDULE SMALL
LECS:

1) AN ADOPTION OF THE THEN-
CURRENT AVERAGE ACCESS
RATES WITH NO REVISION OF
CHCF SUPPORT LEVELS OR LOCAL
EXCHANGE RATES.

19.6.2.2 EACH SMALL LEC FILING UNDER OPTION B) OF
RULE 19.6.2.1, SHALL REPORT TO THE
ADMINISTRATOR OF THE FUND BY JUNE 1, 1993
ITS REQUIRED CHCF SUPPORT REVENUE
REQUIREMENT FOR THE PERIOD BEGINNING
JULY 1, 1993, TOGETHER WITH ALL
SUPPORTING INFORMATION, INCLUDING BUT
NOT LIMITED TO A COST OF SERVICE STUDY
FOR ALL ELEMENTS FOR THE 12 MONTH
PERIOD ENDING DECEMBER 31, 1992.

19.6.2.3 AT ANY TIME AFTER JUNE 1, 1993, UPON THE
REQUEST AND PROPER SUPPORT AS PART OF
A GENERAL RATE PROCEEDING BY A SMALL
LEC, THE COMMISSION, ACTING AS
ADMINISTRATOR, MAY REVISE THE CHCF
SUPPORTREVENUE REQUIREMENT THAT WILL
BE EFFECTIVE FOR A PERIOD OF SIX YEARS
BEGINNING WITH THE DATE ESTABLISHED BY
ORDER. FURTHER, AS A RESULT OF A SHOW
CAUSE, COMPLAINT OR OTHER PROCEEDING,
THE COMMISSION, ACTING AS
ADMINISTRATOR, MAY REVISE THE CHCF
SUPPORTREVENUE REQUIREMENT THAT WILL
BE EFFECTIVE FOR A PERIOD OF SIX YEARS
BEGINNING WITH THE DATE ESTABLISHED BY
ORDER.

19.6.2.4 ONCE ESTABLISHED OR REVISED, NO FURTHER QUALIFICATION WILL BE REQUIRED DURING THE SIX-YEAR FUNDING PERIOD. DURING THE FUNDING PERIOD, THE AMOUNT OF CHCF SUPPORT WILL BE PHASED DOWN. FUNDING WILL BE FIXED FOR THE FIRST TWO YEARS AT 100% OF THE FUNDING LEVEL ESTABLISHED. FOLLOWING THE FIRST TWO 12 MONTH PERIODS, THE SUPPORT AMOUNT WILL DECLINE AND BE PHASED OUT BY YEAR SEVEN. THE FOLLOWING IS THE PHASE OUT SCHEDULE:

YEAR 1	100%	YEAR 4	65%
YEAR 2	100%	YEAR 5	40%
YEAR 3	82.5%	YEAR 6	20%
	YEAR 7	0%	

19.6.2.5 THE COMMISSION MAY GRANT A SMALL LEC'S REQUEST FOR WAIVER FROM THESE RULES FOR GOOD CAUSE SHOWN, PURSUANT TO RULE 21 FOLLOWING. ANY CHCF SUPPORT AMOUNT SO GRANTED SHALL BE IN THE AMOUNTS AND FOR THE PERIODS EXPRESSLY APPROVED BY COMMISSION ORDER.

19.6.2.6 DURING THE CHCF FUNDING PERIOD, SWITCHED ACCESS RATES FOR COMPANIES RECEIVING CHCF, WILL BE ADJUSTED ANNUALLY TO REFLECT A SHARING OF ACCESS MINUTE DEMAND GROWTH, WHICH OCCURRED DURING THE MOST RECENT 12 MONTH PERIOD WHEN COMPARED TO THE 12 MONTH PERIOD IMMEDIATELY PRECEDING FOR WHICH BILLED DEMAND DATA IS AVAILABLE. THE FOLLOWING PERCENTAGES OF SHARING WILL BE USED:

PERCENTAGE OF ANNUAL DEMAND GROWTH
(TO BE USED IN ADJUSTING ACCESS RATES)

YEAR 1	N/A	YEAR 4	75%
YEAR 2	75%	YEAR 5	50%
YEAR 3	75%	YEAR 6	50%
	YEAR 7		0%

FOR EACH YEAR OF THE CHCF FUNDING PERIOD, THE APPLICABLE PERCENTAGE FROM THE ABOVE TABLE WILL BE MULTIPLIED BY THE ACTUAL CHANGE (INCREASE OR DECREASE) IN ACCESS MINUTE DEMAND FOR THE MOST RECENT 12-MONTH PERIOD AS COMPARED TO THE PREVIOUS 12-MONTH PERIOD IMMEDIATELY PRECEDING FOR WHICH BILLED DEMAND DATE IS AVAILABLE, TO DETERMINE THE ACCESS MINUTE ADJUSTMENT AMOUNT. THE AMOUNT DETERMINED WILL BE ADDED TO OR SUBTRACTED FROM THE PRIOR 12-MONTH PERIOD ADJUSTED SWITCHED ACCESS MINUTE DEMAND TO DETERMINE THE CURRENT PERIOD'S ADJUSTED ACCESS MINUTE DEMAND. THE CURRENT PERIOD'S ADJUSTED SWITCHED ACCESS DEMAND WILL THEN BE UTILIZED TO REVISE THE SWITCHED ACCESS RATE ELEMENTS USING THE ACCESS REVENUE REQUIREMENTS FOR EACH ELEMENT, FROM THE BASE YEAR RATE DETERMINATION.

THE SWITCHED ACCESS RATE ADJUSTMENTS SHALL BE FILED WITH THE COMMISSION WITH A PROPOSED EFFECTIVE DATE NO LATER THAN 60 DAYS FOLLOWING THE ANNIVERSARY OF THE EFFECTIVE DATE OF THE CHCF FUNDING PERIOD.

19.6.2.7 FOR EACH AVERAGE SCHEDULE SMALL LEC, A SURROGATE SWITCHED ACCESS REVENUE REQUIREMENT WILL BE USED AS THE "FROZEN SWITCHED ACCESS REVENUE REQUIREMENT" AS DESCRIBED IN RULE 19.6.2.6. THIS SURROGATE REVENUE REQUIREMENT WILL BE CALCULATED BY TAKING THE BASE YEAR AVERAGE SCHEDULE ACCESS RATES TIMES THE BASE YEAR ACCESS DEMAND.

RULE 20: COLORADO INTRASTATE ACCESS CHARGE ELEMENTS

- 20.1 The rate elements contained in the ACCESS TARIFFS OF small LECs' ~~Access-Tariff~~ who are not average schedule small LECs, shall be based upon an application of 47 CFR, part 69.1 to 69.502, to the intrastate access revenue requirement of the small LEC.
- 20.2 The intrastate access charge elements in the tariffs of average schedule small LECs shall be set at the average, as determined by the Administrator, of the access rate elements of the small LECs who are not average schedule LECs WHICH EXISTS AT THE TIME THAT THE AVERAGE SCHEDULE SMALL LEC'S TARIFF RATE ELEMENTS ARE ESTABLISHED. AVERAGE SCHEDULE SMALL LECs ARE NOT REQUIRED TO MODIFY THEIR ACCESS CHARGE ELEMENTS EACH TIME THE ADMINISTRATOR REDETERMINES THE AVERAGE OF THE ACCESS CHARGE ELEMENTS, BUT EACH SHALL COMPLY WITH THE PROVISIONS OF RULE 19.6.2. WHEN MODIFIED ACCESS CHARGE ELEMENTS ARE TO BE ESTABLISHED, THROUGH REQUEST BY THE LEC, SHOW CAUSE, COMPLAINT OR OTHER PROCEEDING, THE ACCESS CHARGE ELEMENTS SHALL SET AT THE THEN-CURRENT AVERAGE.

PART 3

WAIVERS FROM RULES AND INCORPORATION OF RULES OF THE FEDERAL COMMUNICATIONS COMMISSION BY REFERENCE

RULE 21: WAIVER FROM RULES

The Commission may permit variance from these rules for good cause shown if it finds compliance to be impossible, impracticable, or unreasonable, if not otherwise contrary to law.

RULE 22: INCORPORATION BY REFERENCE

References in these rules to Parts 32, 36, 64, and 69 and Federal Communications Commission CC Docket 86-111, are rules issued by the FCC and have been incorporated by reference in these rules. These rules may be found at 47 CFR Parts 32, 36, 64, and 69, revised as of October 1, 1991. References to Parts 32, 36, 64, and 69 do not include later amendments to or editions of those parts. A certified copy of these parts which have been incorporated by reference are maintained at the Public Utilities Commission, 1580 Logan Street, OL-2, Denver, Colorado 80203 and may be obtained through the Executive Secretary during normal business hours. Certified copies shall be provided at cost upon request.