

(Decision No. C93-1637)

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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IN THE MATTER OF PROPOSED RULES )	DOCKET NO. 93R-735T
TO SIMPLIFY REGULATORY TREATMENT)	
FOR SMALL LOCAL EXCHANGE )	NOTICE OF PROPOSED
PROVIDERS. )	RULEMAKING

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Mailed Date: December 29, 1993  
Adopted Date: December 29, 1993  
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STATEMENT

BY THE COMMISSION:

The Colorado Public Utilities Commission hereby gives notice of proposed rulemaking regarding the simplification of regulatory treatment for small local exchange providers. The intent of the proposed rules is to comply with the legislative directives set forth in § 40-15-203.5, C.R.S. (1993). In that statute, the Legislature mandated that the Commission grant "less comprehensive" regulatory treatment to small local exchange providers (i.e., local exchange carriers serving fewer than 50,000 access lines). The Legislature also directed that initial implementation of the statute shall consist of a review of the rules in existence on July 1, 1993, presentation of proposed changes to the Commission no later than January 1, 1994, and adoption of simplified rules no later than June 30, 1994.

At the Open Meeting on December 22, 1993, the Commission was presented with proposed modifications to existing rules in accordance with the legislative directives. The proposed

amendments to existing rules involve modifications to the Emergency Competitive Telecommunications Service Rules, 4 CCR 723-24; the Cost Allocation Rules for Telecommunications Service and Telephone Utilities Providers, 4 CCR 723-27; and Rules Prescribing the Procedures for Administering the Low-Income Telephone Assistance Fund, 4 CCR 723-13. The Rules Prescribing the Provision of Emergency Reporting Services for Emergency Telecommunications Service Providers and Telephone Utilities, 4 CCR 723-29, are being modified in Docket No. 93R-686T. A copy of the proposed rule amendments is attached to this notice of proposed rulemaking. The statutory authority for the proposed rules is found at §§ 40-2-108 and 40-15-203.5, C.R.S. (1993).

The Commission will conduct a hearing before a Commission administrative law judge on the proposed rules and related issues beginning at 9:00 a.m. on March 3, 1994. The hearing will be conducted in a Commission Hearing Room, Office Level 2 (OL2), Logan Tower, 1580 Logan Street, Denver, Colorado. Interested persons may submit written comments on the rules and present these orally at hearing, unless the Commission deems oral presentations unnecessary. Interested persons may prefile written comments before the hearing. The Commission requests that any prefiled comments be submitted one week before the scheduled hearing. All submissions will be considered by the Commission.

THEREFORE, THE COMMISSION ORDERS THAT:

1. This notice of proposed rulemaking shall be filed with the

Secretary of State for publication in the January 10, 1994 edition of The Colorado Register. At the time of filing with the Secretary of State, this notice shall also be filed with the Office of Regulatory Reform.

2. Hearing on the proposed rules and any related matter shall be held before a Commission administrative law judge beginning at:

DATE: March 3, 1994

TIME: 9:00 a.m.

PLACE: Commission Hearing Room  
Office Level 2 (OL2)  
Logan Tower  
1580 Logan Street  
Denver, Colorado

At the time set for hearing, interested persons may submit written comments and may present these orally unless the Commission deems oral presentations unnecessary.

3. Interested persons may file written comments in this matter before hearing. The Commission requests that prefiled comments be submitted one week before the scheduled hearing. All submissions will be considered.

This Order is effective on its Mailed Date.

ADOPTED IN OPEN MEETING December 29, 1993.

( S E A L )



THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

\_\_\_\_\_  
Robert E. Temmer

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Vincent Majkowski

Commissioners

COMMISSIONER CHRISTINE E. M. ALVAREZ  
ABSENT BUT CONCURRING.

ATTEST: A TRUE COPY

*Bruce N. Smith*

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Bruce N. Smith  
Director

**RULES PRESCRIBING THE  
PROCEDURES FOR ADMINISTERING  
THE LOW-INCOME TELEPHONE  
ASSISTANCE FUND**

**4 CCR 723-13**

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RULES PRESCRIBING THE  
PROCEDURES FOR ADMINISTERING THE  
LOW-INCOME TELEPHONE ASSISTANCE FUND

BASIS, PURPOSE, AND STATUTORY AUTHORITY

The basis and purpose for Rules 1 through 6 are to prescribe the procedures for administering the low-income telephone assistance fund for the provision of basic local exchange telecommunications services by providers of basic local exchange telecommunications services in order to promote the public health, safety and welfare, and so that low-income individuals receive assistance that is adequate to insure access to basic local exchange telecommunications services.

The statutory authority for Rules 1 through 6 is newly enacted § 40-3.4-106, C.R.S., (S.B. 90-69, 1990 Session Laws).

RULE 4: FUND ADMINISTRATION

The Commission shall determine, and by appropriate order, impose a uniform charge on each business and residential access line in a uniform amount. So that such charge can be adjusted on or before July 1 of each year, beginning with the 1991 fiscal year, the Commission will require certain information. ~~It is the intent of the Commission to enter appropriate orders on or before May 1 of each year to allow time for each provider to change its tariff.~~

To assist the Commission:

- 4.1 The Department of Social Services shall forward to the Commission by April 1, of each calendar year its estimate of its administrative expenses incurred under § 40-3.4-101, et seq., C.R.S., and its estimate of the number of eligible subscribers for the coming fiscal year.
- 4.2 Each provider of basic local exchange telecommunications services shall, ~~by April 1 of each calendar year,~~ **IN ITS ANNUAL** report to the Commission its estimate of the number of eligible subscribers who will receive low-income telephone assistance for the coming fiscal year, the number of business and residential subscribers to be subject to the uniform charge, and the costs of the program; as well as the historic monthly amounts of collections generated by the charge, the expenses of the program, and amounts deposited with or withdrawn from the Low-Income Telephone Assistance Fund as managed by the State Treasurer. However, providers of basic local exchange telecommunications services, having less than 500,000 subscribers, with an approved program, may report using an average cost to administer, with a minimum amount per local exchange carrier, and an amount per eligible subscriber access line, as determined by the Commission.
- 4.3 The State Treasurer shall forward to the Commission by April 1 of each calendar year an accounting of the transactions occurring in the Low-Income Telephone Assistance Fund.

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**EMERGING COMPETITIVE  
TELECOMMUNICATIONS SERVICE**

**4 CCR 723-24**

RULES REGULATING  
EMERGING COMPETITIVE TELECOMMUNICATIONS SERVICE

4 CCR 723-24

BASIS, PURPOSE AND STATUTORY AUTHORITY

These rules are issued under the authority of § 40-15-302, C.R.S., specifically, and Title 40, Article 15, Part 3, C.R.S., in general, and § 24-4-103, C.R.S. The rules provide for certifications of providers of emerging competitive telecommunications services in accordance with § 40-15-302(2), C.R.S. These rules establish procedures to certify providers of emerging competitive telecommunications services as defined in §§ 40-15-301(2) and 40-15-305(2), C.R.S. The rules describe the information that must be provided to the Commission by providers in their applications.

These rules also establish procedures and standards applicable to decisions regarding the appropriate level and type of regulation, such as flexible pricing, detariffing, and other such manner and methods of regulation that are consistent with the General Assembly's expression of intent stated in § 40-101, C.R.S., for services and products declared to be emerging competitive telecommunications services as defined in § 40-15-301(2) and § 40-15-305(2), C.R.S. The rules also establish procedures and standards applicable to decisions regarding applications for deregulation of services or products in accordance with § 40-15-305(1), C.R.S. Finally, the rules establish time schedules for the efficient disposition of applications filed in accordance with these rules.

In the event these rules become effective, the Commission repeals the prior rules issued in Case No. 6636, found at 4 CCR 723-24, which were effective on January 30, 1988, entitled Rule under Section 40-15-302(1), C.R.S., Emerging Competitive Telecommunications Service and Rules under Section 40-15-302(2), C.R.S., Emerging Competitive Telecommunications Services Provided Certification.

5.3.7 Segregation of Assets

(a) Where a provider provides part 2 services and/or Part 3 services which are not subject to relaxed regulation, the Commission may require the provider to file with the Commission an accounting plan that segregates assets, liabilities, revenues, and expenses for the services at issue from the assets, liabilities, revenues, and expenses associated with all other regulated services in order to define the regulated rate base and to implement the alternatives to rate-of-return regulation. The accounting plan shall be filed within 30 days after a final Commission decision has been issued concerning the services at issue.

(b) If an industry-wide service or market has been authorized a specific form of relaxed regulation by the Commission, the Commission may require all providers that provide part 2 services and/or part 3 services which are not subject to relaxed regulation and the services at issue, to submit to the Commission, an accounting plan that segregates the assets, liabilities, revenues, and expenses associated with providing the services at issue. The accounting plan shall be filed within 30 days from the effective date of the final Commission decision granting the relaxed regulation of the services at issue. The Commission may establish a proceeding to adopt an appropriate method to segregate the assets, liabilities, revenues, and expenses associated with providing the services at issue. If no party to the proceeding requests a hearing, the Commission may approve a plan for the segregation of assets, liabilities, revenues, and expenses without hearing under § 40-6-109(5), C.R.S.

(c) In the event the Commission orders that an accounting plan be filed in accordance with Rule 5.3.7(a) or (b), no provider shall offer the services at issue prior to Commission approval of an appropriate accounting plan to segregate assets, liabilities, revenues, and expenses of the services. In the event the Commission requires an accounting plan to segregate assets, liabilities, revenues, and expenses of the services under Rules 5.3.7(a) or (b), the provider shall also modify its cost separation manual required by the Rules under § 40-15-108, C.R.S. Prescribing Cost-Allocation Methods for Segregation of Investments and Expenses of Telecommunications Providers, 4 CCR 723-27. **SMALL LICS EXEMPTED FROM FILING A COST-SEGREGATION MANUAL SHALL NOT BE REQUIRED TO FILE PLANS NOR UPDATES BUT SHALL BE REQUIRED TO FOLLOW THE COST-SEGREGATION RULES.**

Rule 6.3 - Accounting Plan to Segregate Assets

6.3.1 Where a provider of telecommunications services furnishes regulated services and providers or proposes to offer deregulated services, the provider shall file with the Commission an accounting plan that segregates assets, liabilities, revenues and expenses associated with providing regulated services from assets, liabilities, revenues, and expenses associated with providing deregulated services. The accounting plan shall be filed with the Commission within 30 days after a final decision has been issued by the Commission granting deregulation of services at issue.

6.3.2 If an industry-wide service, product, or market is deregulated by the Commission under § 40-15-305(1), C.R.S., all providers that provide regulated services and the deregulated services at issue shall submit to the Commission an accounting plan to segregate the assets, liabilities, revenues, and expenses associated with providing the deregulated services at issue. The accounting plans shall be filed with the Commission within 30 days from the effective date of the final order granting deregulation of the services at issue. The Commission may establish a proceeding to adopt an appropriate method to segregate the assets, liabilities, revenues, and expenses associated with providing the deregulated services at issue. If no party to the proceeding requests a hearing, the Commission may approve the plans for the segregation of assets, liabilities, revenues, and expenses without hearing under § 40-6-109(5), C.R.S.

6.3.3 No provider shall offer deregulated services prior to Commission approval of an appropriate accounting plan to segregate assets, liabilities, revenues, and expenses of the services as required by Rule 6.3.1 or 6.3.2. The provider shall also modify its cost separation manual required by the Rules under § 40-15-108, C.R.S. Prescribing Cost-Allocation Methods for Segregation of Investments and Expenses of Telecommunications Providers, 4 CCR 723-27, when the Commission deregulates services under § 40-15-305(1), C.R.S. **SMALL LECS EXEMPTED FROM FILING A COST-SEGREGATION MANUAL SHALL NOT BE REQUIRED TO FILE PLANS NOR UPDATES BUT SHALL BE REQUIRED TO FOLLOW THE COST-SEGREGATION RULES.**

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

**4 CCR 723-27**

COST ALLOCATION RULES FOR TELECOMMUNICATIONS  
SERVICE PROVIDERS AND TELEPHONE UTILITIES

Rule 1: APPLICABILITY AND PURPOSE FOR RULES

- 1.1 These rules are applicable to all intrastate telecommunications service providers who provide both regulated and deregulated telecommunications services as permitted by law. Except as otherwise specifically provided, Rules 15 through 20 are applicable only to local exchange providers as defined in § 40-15-102(18), C.R.S., who furnish 50,000 or fewer access lines and who have opted to have their access charges regulated by the Commission in accordance with Part 2 of Article 15, Title 40, C.R.S. as stated in § 40-15-105(2), C.R.S. (hereafter referred to in these rules as "small LECs").
- 1.2 Rules 1 through 14 are designed to implement Article 15 of Title 40, Colorado Revised Statutes (1989 Supp.). The rules prescribe cost-allocation methodologies for the segregation of intrastate investments and expenses for telecommunications service providers that offer both regulated and deregulated telecommunications services are not subsidized by regulated telecommunications services. The rules prescribe methodologies that will prevent the price of deregulated services being set below cost by use of subsidization from customers of regulated services.

PART 1

RULES UNDER §40-15-108, C.R.S. PRESCRIBING COST-ALLOCATION  
METHODS FOR SEGREGATION OF INVESTMENTS AND EXPENSES OF  
TELECOMMUNICATIONS PROVIDERS

RULE 2: DEFINITIONS

As used in this rule, unless the context otherwise requires:

- 2.1 Service means both product and service.
- 2.2 Provider means telecommunications service provider.
- 2.3 Cross-subsidization occurs when telecommunications services which are not subject to the jurisdiction of the Commission (deregulated) are priced below cost by use of subsidization from customers of services subject to the jurisdiction of the Commission (regulated); or when a provider's deregulated services derive benefits from the regulated operations without the regulated operations receiving just and reasonable compensation from the deregulated operations for the benefits derived.

- 2.4 Commission means the Colorado Public Utilities Commission.
- 2.5 Telecommunications service is defined in § 40-15-102(29), C.R.S.
- 2.6 Regulated telecommunications services are defined in § 40-15-102(24), C.R.S.
- 2.7 Deregulated telecommunications services are defined in § 40-15-102(6), C.R.S.
- 2.8 Interexchange provider is defined in § 40-15-102(11), C.R.S.

**RULE 3: APPLICABILITY TO SPECIFIC TYPES OF SERVICES**

- 3.1 Each provider must file in its cost-segregation manual with the Commission a list of each service that it offers, providing a description of each service and the classification of each service as a regulated or deregulated telecommunications service as those terms are used in Title 40, Article 15, C.R.S. and as determined by the Commission. This list shall be updated ~~as changes occur~~ in accordance with Rule 8.12 of these rules **AS CHANGES OCCUR**.
- 3.2 Providers will be permitted to continue accounting for nontariffed services as regulated services when they are offered incidental to tariffed services provided that:
  - 3.2.1 The services are outgrowths of regulated operations; and
  - 3.2.2 The total revenue from all those services does not exceed:
    - 3.2.2.1 **FOR ALL PROVIDERS, EXCEPT SMALL LEC'S, one percent of the provider's total annual Colorado operating revenue for regulated services; SEVEN PERCENT OF THE SMALL LEC'S TOTAL ANNUAL COLORADO OPERATING REVENUE FOR REGULATED SERVICES; or**
    - 3.2.2.2 The provider-specific revenue levels as ordered by the Commission; and
  - 3.2.3 The service is a non-line-of-business service; and
  - 3.2.4 The service has traditionally been treated as an incidental service.

- 3.3 Providers will be permitted to continue accounting for deregulated de minimus services, which have traditionally been offered in conjunction with tariffed services, as regulated services provided that:
- 3.3.1 The total of the sum of the revenues from the incidental services of Rule 3.2 and these de minimus deregulated services does not exceed:
- 3.3.1.1 One percent of the provider's, EXCEPT SMALL LECS, total annual Colorado operating revenue for regulated services; SEVEN PERCENT OF THE SMALL LEC'S TOTAL ANNUAL COLORADO OPERATING REVENUE FOR REGULATED SERVICES PROVIDED THAT THE RATES CHARGED FOR SUCH DEREGULATED SERVICES ARE COMPENSATORY; or
- 3.3.1.2 The provider-specific revenue levels as ordered by the Commission; and
- 3.3.2 The service has traditionally been treated as a de minimus service.
- 3.4 Providers shall specify in their cost-segregation manuals precisely which services they propose to treat as incidental services and which services they propose to treat as de minimus services.
- 3.5 Providers shall update their cost-segregation manuals as changes occur in accordance with Rule 8.12 of these rules to specify any new service they propose to treat as an incidental service and will ensure that the service proposed for treatment as an incidental service complies with this rule, except that compliance with Rule 3.2.4 will not be required for new services that a provider proposes to treat as incidental services.
- 3.6 Providers shall update their cost-segregation manuals as changes occur in accordance with Rule 8.12 of these rules to specify any new service they propose to treat as a de minimus treatment as a de minimus service complies with this rule, except that compliance with Rule 3.3.2 will not be required for new services that a provider proposes to treat as de minimus services.
- 3.7 Each cost-segregation manual filed with the Commission must include a showing that any activity proposed for treatment as either an incidental service or as a de minimus service complies with this rule.

**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.

**PART 2**

**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 **IN ITS ANNUAL REPORT AS REQUIRED BY RULE 25 OF THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE (4 CCR 723-1).**

- 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 **IN ITS ANNUAL 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 **IN ITS ANNUAL 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 REPORT TO THE ADMINISTRATOR OF THE FUND BY JUNE 15TH OF EACH CALENDAR YEAR THE COUNT FOR EACH MONTH OF ACCESS LINES FOR THE TWELVE PERIOD ENDING THE SAID JUNE, THAT WERE SUBJECT TO THE SURCHARGE OF RULE 19.6.5.2. THE COUNT SHALL INCLUDE ALL RESIDENTIAL, BUSINESS CONCESSION AND PAYSTATIONS ACCESS LINES. SPECIAL ACCESS, PRIVATE OR DEDICATED CIRCUITS, AND COMPANY OFFICIAL LINES SHALL BE EXCLUDED FROM THE COUNT.**
- 17.8 Each small LEC shall ~~annually~~ report to the Administrator of the fund ~~by November 1st of each calendar year~~ **IN ITS ANNUAL REPORT** the estimated number of working loops for the year beginning the next ~~January~~ **JULY** 1st.
- 17.9 Further reporting requirements may be determined by the Commission.

## 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 LECs, who have been certified as providing a level of local exchange service which encompasses a community of interest standard, be in excess of 130 percent of the average, of such revenue requirement for local exchange providers which are not small LECs. Such excess shall be considered as a part of the small LECs CHCF 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 proprietary information relating to the operations of the fund participants shall be made.

19.6.2 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.~~

19.6.2.13 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 support revenue 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 support revenue requirement that will be effective for a period of six years beginning with the date established by order.

19.6.2.24 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%

19.6.2.35 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.

19.6.2.46 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 data 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.

- 19.6.2.57 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 19.6.2.46. This surrogate revenue requirement will be calculated by taking the base year average schedule access rates times the base year access demand.

- 19.6.3 Each intrastate interexchange carrier (IXC) shall report to the Administrator of the fund by November **MAY** 1st of each calendar year its interexchange switched minutes of use for the previous calendar year. "Intrastate interexchange carrier" includes intrastate interexchange carriers which are also local exchange service providers. "Switched minutes of use" shall include such services as but is not limited to: message toll service, WATS, 800 service, but would exclude traffic placed over dedicated private line facilities (i.e. special access arrangements). Further reporting methods will be determined by the Administrator of the CHCF.
- 19.6.4 The **TOTAL** fund requirements for all small LECs combined with such fund administration costs and such reserve requirements will be determined by the Administrator.
- 19.6.5 Funding for the CHCF will be accomplished from two sources.
- 19.6.5.1 One-half of the fund requirement as determined pursuant to rule shall be funded by a bulk bill to each intrastate IXC. CHCF payments will be based upon the percentage relationship of each IXC's appropriate minutes of use for all intrastate interexchange switched services.
- 19.6.5.2 One-half of the fund requirement as determined pursuant to rule shall be funded by a **UNIFORM** charge per access line. CHCF payments will be based upon the percentage relationship of each LEC's working loops.
- 19.6.6 **THE COMMISSION, AFTER DETERMINING THE FUND REQUIREMENTS, SHALL BY APPROPRIATE ORDER, IMPOSE THE UNIFORM CHARGE ON EACH ACCESS LINE, AND SHALL ESTABLISH THE BULK BILL AMOUNT OF EACH IXC. THE COMMISSION, AS ADMINISTRATOR, SHALL ENDEAVOR TO ISSUE SUCH ORDERS SO THAT THE AMOUNTS AND CHARGE CAN BE ADJUSTED, IF NECESSARY, EFFECTIVE JULY 1 OF EACH YEAR.**

## **RULE 20: COLORADO INTRASTATE ACCESS CHARGE ELEMENTS**

- 20.1 The rate elements contained in the access tariffs of small LECs 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, 1994<sup>3</sup>. 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.