

Decision No. C03-1128

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 98M-236T

IN THE MATTER OF THE ADMINISTRATION OF THE COLORADO HIGH COST
SUPPORT MECHANISM.

**ORDER ADOPTING CALENDAR YEAR 2004 BUDGET OF
THE COLORADO HIGH COST SUPPORT MECHANISM**

Mailed Date: October 7, 2003
Adopted Date: October 1, 2003

I. BY THE COMMISSION

A. Statement

1. By Decision No. C90-932 dated July 11, 1990, in Docket No. 89R-608T, the Commission adopted Rules Prescribing the Standard Procedures for Separating Telecommunications Property Costs, Revenues, Expenses, and Reserves for Access Charges for Small Local Exchange Telecommunications Service Providers, and establishing the Colorado High Cost Fund (CHCF), codified at Part II of 4 *Code of Colorado Regulations* (CCR) 723-27. On December 12, 1990, the Commission modified these rules. On April 16, 1992, Governor Roy Romer signed Senate Bill 92-16 amending Article 15 of Title 40, Colorado Revised Statutes, by the addition of a new section, § 40-15-208, C.R.S. The new section codified the CHCF and authorized Commission administration of the fund. In Docket No. 95R-558T the Commission adopted certain changes to its rules by removing Part 2 from 4 CCR 723-27, and re-codifying the rules of the CHCF in a new, separate rule entitled Rules Prescribing the Procedures for Administering the Colorado High Cost Support Mechanism (CHCSM Rules) found at 4 CCR 723-41.

2. The statute addressing the Colorado High Cost Support Mechanism (CHCSM) requires that the Commission include as part of the written report to the General Assembly proposed benchmarks, proposed contributions to be collected through a rate element assessment by each telecommunications provider, and the proposed total amount of the CHCSM from which distributions are to be made for the following calendar year. § 40-15-208(2)(b)(IX), C.R.S.

3. Under the CHCSM Rules at 4 CCR 723-41-7.2.4, the Administrator will calculate the Universal Service Charge quarterly. Staff of the Commission (Staff) has prepared an annual budget for high cost support for calendar year 2004. Staff estimates that high cost support will total approximately \$67,033,836 (*See Attachment A*), and that contributions to the fund will be \$47,890,511.

4. Now being fully advised and based upon its independent review, the Commission, acting as Administrator, sets the Colorado Universal Service Charge at 2.0 percent for the first and second quarters of 2004, and estimates an increase to 2.5 percent for the third and fourth quarters of 2004. The Administrator shall review and re-evaluate the rate element for the Colorado Universal Service Charge each quarter hereafter as required by the CHCSM Rules.

5. In determining the 2004 Universal Service Charge, Staff looked at four different factors or assumptions: 1) an assumption of constant revenues of telecommunications service providers; 2) the percentage of growth in the industry; 3) the current line counts for all telecommunications service providers receiving support and for those telecommunications service providers contributing to the fund; and 4) the current surplus that exists in the fund. After implementing the quantities for each of the four factors or assumptions into the 2004 budget, Staff is confident that contributions will sufficiently cover disbursements for the year 2004.

6. Now being fully advised in the matter, the Commission will adopt the attached budget for calendar year 2004.

II. ORDER

A. The Commission Orders That:

1. The budget for the Colorado High Cost Support Mechanism appended to this Order as Attachment A is adopted for calendar year 2004.

2. Pursuant to Rule 4 *Code of Colorado Regulations* 723-41-7.2.4, the Commission, acting as Administrator, has determined the Colorado Universal Service Charge shall remain at 2.0 percent for the first and second quarters of 2004.

3. Each Telecommunications Service Provider as a participant in the Colorado High Cost Support Mechanism shall make changes to its tariff if necessary to effectuate the amount of the Colorado Universal Service Charge on not less than one day's notice citing this Order as authority to be effective January 1, 20014.

4. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 1, 2003.**

(S E A L)



ATTEST: A TRUE COPY

Bruce N. Smith
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

GREGORY E. SOPKIN

POLLY PAGE

JIM DYER

Commissioners