High Cost Support Mechanism and High Cost Administration Fund

Basis, Purpose, and Statutory Authority

The basis and purpose of these rules is to establish the process used by the Commission to implement and the provisions of the high cost support mechanism while remaining consistent with the relevant rules and orders of the FCC.

The statutory authority for the promulgation of these rules is found at §§ 40-3-102, 40-15-208(2)(a), 40-15-502, and 40-2-108, C.R.S.

2840. Applicability.

Rules 2840 through 2869 govern the operation of the Colorado High Cost Support Mechanism (HCSM) and the Colorado High Cost Administration Fund and shall apply to all providers of intrastate telecommunications services.

2841. Definitions.

The following definitions apply only in the context of rules 2840 through 2869:

(a) "Administrator" means the Commission, or a designee employed by the Commission, pursuant to § 40-15-208(3), C.R.S., that performs the administrative functions of the HCSM under the direction of the Commission.

~~(b) "Average-schedule rural provider" means a rural telecommunications service provider that is an average-schedule company as defined and used in 47 C.F.R. §§ 69.605 through 69.610.~~

(b) "Broadband deployment account" means the account held by the Commission for broadband deployment purposes consistent with § 40-15-509.5(3), C.R.S.

(c) "Broadband network" has the same meaning as set forth in § 40-15-102(3.7), C.R.S.

(~~c~~d) "Colorado High Cost Administration Fund" (Fund) means the fund created in the state treasury for the purpose of reimbursing the Commission acting as Administrator for its expenses incurred in the administration of the HCSM.

(~~d~~e) "Geographic area" means a Commission-defined area of land ~~usually~~ which can be smaller than an incumbent provider's wire center serving area included wholly within the incumbent's wire center boundaries.

(~~e~~f) "Geographic support area" means a geographic area where the Commission has determined that the furtherance of universal basic service requires that support be provided by the HCSM.

(~~f~~g) "High Cost Support Mechanism" (HCSM) means the mechanism created by Colorado statute for the support of universal service for basic local exchange service within a rural Colorado, high-cost geographic support area and provide access to broadband service in unserved areas pursuant to §§ 40-15-208 and 40-15-509.5, C.R.S.

(~~g~~h) "Intrastate proxy cost" means that portion of proxy cost that is jurisdictionally applicable to the provision of intrastate supported services. Pursuant to § 40-15-108, C.R.S., the intrastate proxy

cost is produced by applying the separation factors of 47 C.F.R., Part 36, to the estimated investments and expenses produced by the Commission approved Proxy Cost Model.

(~~h~~i) "Proxy cost" means a per access line estimate of the cost required to compensate a provider for the provisioning of specific supported services and features based upon the level of investment calculated by the Commission-approved Proxy Cost Model.

(j~~i~~) "Proxy cost model" means a model which produces a per access line estimate of the reasonable, required level of investment and expenses in a particular geographic area (i.e., wire center basis) for a defined set of telephone services and features assuming least-cost efficient engineering and design criteria and technology-neutral deployment of current state-of-the-art technology, and using the current local exchange network topology and the total number of access lines in each area.

(k~~j~~) "Retail revenues" means the gross revenues associated with contribution levels to the HCSM from the sale of intrastate telecommunications pre-paid and post-paid services to end-use customers. Intrastate telecommunications services include, but are not limited to, all types of local exchange service; non-basic, vertical, or discretionary services, also known as advanced features, such as call waiting, call forwarding, and caller identification, or premium services such as voicemail; listing services; directory assistance service; wireless and other cellular telephone and paging services; mobile radio services; personal communications services (PCS); both optional and non-optional operator services; wide area telecommunications services (WATS) and WATS-like services; toll free service; 900 service and other informational services; toll service; private line service; special access service; special arrangements; special assemblies; CENTREX, Centron, and Centron-like services; ISDN, IAD and other multi-line services~~, telex; telegraph~~; video and/or teleconferencing services; satellite telecommunications service; the resale of intrastate telecommunications services; payphone services; any services regulated by the Commission under § 40-15-305(2), C.R.S.; and such other services as the Commission may by order designate from time to time as equivalent or similar to the services listed above. Revenues associated with the sale of video services other than video conferencing identified in § 40-15-401(1)(a), C.R.S., shall not be considered a part of retail revenues associated with contribution levels.

~~(k) "Revenue benchmark" means a calculated amount of intrastate revenues per access line. A separate revenue benchmark shall be established for residential service and for business service for each geographic area according to the following formulae:~~

~~(I) "Residential revenue benchmark", for each geographic area is calculated as the sum of the following types of revenues received by the provider that serves the relevant geographic area as of January 1 of the previous year.~~

~~(A) The weighted average monthly revenues per residential line for all types of residential basic local exchange service in that geographic area including, but not limited to flat, measured or message services; as provided in subparagraph 2841(k)(III), the Commission-approved benchmark rates shall be imputed if the company's existing tariff rates are less than the benchmark rates; plus~~

~~(B) One-half of the average residential revenues per line in that geographic area from non-basic, vertical, or discretionary services including, but not limited to, package and bundled features, call waiting, call forwarding, and caller identification; plus~~

~~(C) The average intrastate residential carrier common line access charges and imputed carrier common line access charges in intrastate toll services in a geographic area; plus~~

~~(D) Support from the Federal High Cost Loop Support; plus~~

~~(E) Such other revenues as the Commission, by order, deems included.~~

~~(II) "Business revenue benchmark", for each geographic area is calculated as the sum of the following types of revenues received by the ILEC that serves the relevant geographic area as of January 1 of the previous year:~~

~~(A) The weighted average monthly revenues per business line for all types of business basic local exchange service in that geographic area including, but not limited to, flat, measured or message services; as provided in subparagraph 2841(k)(III), the Commission-approved benchmark rates shall be imputed if the company's existing tariff rates are less than the benchmark rates; plus~~

~~(B) One-half of the average business revenues per line in that geographic area from non-basic, vertical, or discretionary services including, but not limited to, package and bundled features, call waiting, call forwarding, and caller identification; plus~~

~~(C) The average intrastate business carrier common line access charges and imputed carrier common line access charges in intrastate toll services in a geographic area; plus~~

~~(D) Support from the Federal High Cost Loop Support; plus~~

~~(E) Such other revenues as the Commission, by order, deems included.~~

~~(III) The statewide residential and business revenue benchmark rates are the Commission-approved rates for purposes of calculating the HCSM support and shall be used in subparagraphs 2841(k)(I)(A) and (II)(A).~~

2842. Incorporation by Reference.

References in rules 2840 through 2869 to Parts 32, 36, 54, 64, and 69, are references to rules issued by the FCC and have been incorporated by reference, as identified in rule 2008.

2843. General.

The HCSM shall be coordinated with the Federal Universal Service Fund (USF), as described by regulations found at 47 C.F.R. §§ 36~~.601 to 36.641~~ and §§ 54~~.1 to 54.707~~ and any other Universal Service Support Mechanism that may be adopted by the FCC pursuant to 47 U.S.C. 254 of the Communications Act, as amended by § 101 of the Telecommunications Act of 1996.

(a) The HCSM shall operate on a calendar-year basis. The Commission shall, by November 30 of each year, adopt a budget for the HCSM including the:

~~(I) Proposed benchmarks;~~

(~~I~~II) ~~Proposed~~estimated quarterly contributions that may be collected through a rate element assessment by each telecommunications provider; ~~and~~

(~~II~~III) ~~Proposed~~ estimated quarterly~~total~~ amount of the HCSM ~~fund~~ money collected from which distributions are to be made for the following calendar year; and~~.~~

(III) estimated quarterly amount of administrative costs to administer the HCSM program.

~~(b) If the budget prepared pursuant to paragraph (a) and submitted to the General Assembly pursuant to paragraph 2849(p) includes a proposal for an increase in any of the amounts listed in paragraph (a), such increase shall be suspended until March 31 of the following year.~~

~~(c) Beginning in 2012, the HCSM fund is capped at $54,000,000 annually. If the annual calculated support amount is above the $54,000,000 capped amount due to Commission approved requests for funding or to the increase in the number of access lines or handsets per carrier, a sizing factor will be used to adjust each EP's monthly support per line or handset. The sizing factor shall be the capped amount divided by the uncapped amount.~~

2844. Specific Services and Features Supported by the HCSM.

~~The services and features supported by the HCSM are an evolving level of telecommunications services established by the Commission and periodically updated under § 40-15-502(2), C.R.S., to recognize advances in telecommunications and information technologies and services. Until revised, the HCSM will support such services as defined in rule 2308.~~ The HCSM supports basic service, as defined in rule 2307, in rural, high cost areas and provides access to broadband service through broadband networks in unserved areas. In addition, the HCSM ~~will~~ support~~s~~ access to 9-1-1 service and such other elements, functions, services, standards or levels necessary to attain Commission-prescribed service-quality standards or other criteria established pursuant to statute or Commission rule.

~~**2845. Affordable Price Standard for Basic Service.**~~

~~For the purpose of rules 2840 through 2869, the benchmark rates as determined by the Commission for residential and business basic local exchange services shall be deemed affordable. If the current tariff rates are higher than the benchmark rates set by the Commission for HCSM purposes, those rates are deemed affordable.~~

284~~6~~5. Contributors; Reporting Requirements; Rate Element Calculation; Application of Rate Element to Customer Billings; and Remittance of Contributions.

(a) Contributors. ~~Every provider of intrastate telecommunications service to the public, or to such classes of users as to be effectively available to the public, every provider of intrastate telecommunications that offers telecommunications for a fee on a non-common carrier basis, and payphone providers that are aggregators not falling within the de minimis exemption of subparagraph (b)(I)(B) must contribute to the HCSM.~~The high cost support mechanism shall be supported through a neutral assessment on all telecommunications providers in Colorado.

(I) Revenues associated with the sale of cable services identified in § 40-15-401(1)(a), C.R.S., other than video conferencing, shall not be considered when determining a provider's assessment.

~~(II) The provider who falls within the de minimis exemption of subparagraph (b)(I)(A) is not required to contribute to the HCSM. Any provider that falls within the de minimis~~

~~exemption must notify their underlying carrier that they should be considered end users for reporting purposes.~~

(b) Process for determining the HCSM rate element.

(I) Contributor reporting requirements. Each provider shall provide to the Administrator a verified accounting of its gross retail revenues, and such other revenues, and uncollectibles as the Administrator shall request for purposes of determining contributions and disbursements under these rules. The accounting shall be submitted using the form identified as the HCSM Worksheet available from the Commission or on its website. The completed HCSM Worksheet shall be submitted to the Administrator twice a year. The HCSM Worksheet shall be due March 31, of each year, containing data for the prior calendar year. The HCSM Worksheet shall be due September 1, of each year, containing data for the six-month period from January 1 through June 30 for the current calendar year.

~~(A) De minimis exemption. If a provider's contribution to the HCSM in any given year is calculated to be less than $5,000, that contributor is not required to submit a contribution. Providers falling within this de minimis exemption are required to file with the Administrator only that portion of the HCSM Worksheet for that period that certifies their de minimis status. Such de minimis certification shall be accompanied by an affidavit of an officer of the provider attesting to the veracity of its self-certification. However, each provider exempt from contributing because of its de minimis revenues shall retain complete documentation (including, but not limited to the information required in the HCSM Worksheet) and shall make such documentation available to the Administrator upon request. Notwithstanding the de minimis exemption of this subparagraph (I)(A), all EPs are required to remit contributions and to file the entire HCSM Worksheet.~~

~~(II) Reporting requirements.~~

~~(A) Each EP receiving support pursuant to rule 2848 shall provide to the Administrator, a verified accounting of: (1) the actual number of residential and business access lines served by such provider in each geographic area as of the last day of each month; and (2) the actual amount of contributions collected in the month if the provider applies the rate element to its end user customer. This data shall be submitted to the Administrator by the 15th day of the subsequent quarter.~~

~~(B) Each wireless EP receiving support pursuant to rule 2848 shall provide to the Administrator a verified accounting of: (1) the actual number of residential and business wireless handsets served by such provider in each geographic area (i.e., the underlying local exchange carrier's geographic area) as of the last day of each month; and (2) if the provider applies the rate element to its end user customer then it shall report the actual amount of contributions collected in the month. The data shall be submitted to the Administrator by the 15th day of the subsequent quarter.~~

(II~~I~~) Rate element calculation. ~~The Administrator shall estimate the total amount of high cost support that will be needed for the next quarter (including support needed under rules 2846 through 2855 and administrative expenses) and shall determine the quarterly factor. This estimate shall be based on the information provided to the Administrator by~~

~~providers, EPs, ILECs, and other information that the Administrator may gather from the Commission and providers. The factor shall be equal to the ratio of total statewide HCSM requirement to total statewide net (gross revenues minus uncollectibles) retail revenues for the period. The appropriate factor shall be converted to a HCSM rate element that shall be applied to the retail revenues of each telecommunications service provider. The Commission shall issue an order establishing the appropriate HCSM rate element at least 15 days prior to the first day of each quarter and shall post notice of the setting of such rate element on the Commission's website~~The HCSM rate element shall be maintained at the existing rate of 2.6 percent until July 1, 2023 and applied through a neutral assessment on all telecommunications providers in Colorado.

(III~~V~~) On or after July 1, 2023, ~~T~~the Commission may ~~increase~~ reduce the rate element factor so that the amount of money collected shall not exceed $25 million for calendar year 2024. The Commission shall issue an order reducing the HCSM rate element at least 15 days prior to the reduction's effective date and shall post notice of the rate element on the Commission's website.~~by an amount it reasonably estimates to be necessary to compensate the HCSM fund for any qualified contributors who fail to pay the assessments. Such increase shall generally not exceed five percent of the total statewide HCSM requirement.~~

(c) Application of the rate element to telecommunications providers. The HCSM rate element shall be assessed upon all providers in Colorado. Telecommunications ~~P~~providers may, at their option, apply the rate element to the retail revenues of each provider's end users as a line item on the monthly bill ~~except that providers falling within the de minimis exception of subparagraph (b)(I)(A) shall not apply the HCSM rate element nor collect such contribution from their end users~~. For those telecommunications providers opting to apply the rate element to their end user customers, the location of the telecommunication service delivery shall be used to determine whether the HCSM rate element applies where an end user service location receiving the bill and an end user service location receiving the service differ.

(d) Remittance of contributions. All telecommunications providers ~~not falling within the de minimis exemption of subparagraph (b)(I)(A)~~ shall be responsible for remitting quarterly to the HCSM according to the following procedure:

(I) Each quarter, or as necessary, the Administrator shall issue an invoice instructing each contributor to remit its HCSM contribution to the HCSM escrow account.

(II) The HCSM contributions shall be remitted as directed by the Administrator no more than 30 days after the end of each quarter. If the amount owed is not remitted by that date, the Administrator shall bill the provider a late payment charge equal to one percent per month of the late amount. If the provider establishes a history of making late contributions, the Commission may initiate an appropriate process to ascertain and implement proper corrective measures including, but not limited to, withholding future support from the HCSM and/or penalties pursuant to §§ 40-7-101, C.R.S., et seq.

(III) Reconciliation. The Administrator shall review each EP's HCSM account transactions. The review shall reconcile HCSM contributions, receipts, and other projected account transactions to the actual HCSM entitlement, as provided in paragraph 2848(f). The Administrator shall analyze any deviation between the estimated amount and the verifiable contribution amount. Adjustments to the standard quarterly transaction amount or any other reconcilable adjustments will be performed in a subsequent quarter.

(e) Continuing customer education. For those telecommunications service providers opting to apply the rate element to their end user customers, in the first billing cycle of the third quarter of each calendar year, each provider that is collecting the rate element (also known as the "Colorado Universal Service Charge") from its end users shall provide to each of its customers, by message directly printed on the bill, by bill insert, or by separate first-class mail, or any combination of these alternatives, the continuing customer education material as may be ordered by the Commission.

~~**2847. Eligible Provider.**~~

~~(a) As a prerequisite for designation and eligibility to receive support from the HCSM, a provider shall be in compliance with the Commission's rules applicable to the provision of basic local exchange service.~~

~~(b) Upon request and consistent with the public interest, convenience, and necessity, the Commission may designate more than one common carrier as an EP in a service area designated by the Commission, so long as each additional requesting carrier meets the requirements of Commission rules. The Commission shall find that the designation is in the public interest.~~

~~(c) The EP shall agree to certify that it is complying with the Commission's service quality standards and consumer protection rules, and shall agree to submit to the Commission's enforcement and sanction authority with regards to violations of such service quality standards and/or consumer protection rules.~~

~~(d) Application. A provider shall file an application with the Commission to be designated as an EP within a geographic support area and eligible to receive support from the HCSM.~~

~~(I) Contents. In addition to complying with the requirements of paragraph 2002(b), the application must provide evidence sufficient to establish that:~~

~~(A) The provider is, or is applying to be, designated as an ETC under rule 2187 for purposes of being eligible to receive federal universal service support;~~

~~(B) The provider agrees to provide such basic local exchange service as described in Sections 214(e) and 254 of the Communications Act of 1934 as amended by the Telecommunications Act of 1996;~~

~~(C) The provider will offer basic local exchange service throughout the entire geographic support area;~~

~~(D) The provider has the managerial qualifications, financial resources, and technical competence to provide basic local exchange service throughout the specified support area regardless of the availability of facilities or the presence of other providers in the area;~~

~~(E) The provider is not receiving funds from the HCSM or any other source that together with revenues, exceed the reasonable cost of providing basic local exchange service to customers of such provider;~~

~~(F) The granting of the application serves the public convenience and necessity, as defined in §§ 40-15-101, 40-15-501, and 40-15-502, C.R.S.; and~~

(G) The provider acknowledges that it will offer basic local exchange service within one year of the effective date of the Commission order approving such application for EP designation or its designation will become null and void.

(II) Process for determining eligibility.

(A) The Commission processes applications in accordance with the Rules of Practice and Procedure.

(B) An application filed pursuant to paragraph (e) may be filed contemporaneously with an application for a CPCN, LOR, or an alternative form of regulation. In addition, an application to be designated as an EP may be filed in a combined application to be designated a POLR or an ETC pursuant to rules 2183 and 2187.

(e) Reseller ineligibility. A provider which provisions its service to end users solely through purchase of a finished service from a facilities-based provider, and then sells that same service or that service combined with other services is not eligible to receive support from the HCSM.

(f) Portability of support. HCSM support shall be portable between any EP chosen by the end user.

(g) Annual reporting requirements for eligible providers.

(I) Each EP shall submit the reporting information specified below no later than August 15th of each calendar year to the Commission. EPs failing to meet these annual reporting requirements may not be eligible to receive high cost support and are subject to Commission enforcement and sanction with regard to failure to comply.

(A) For the previous calendar year, a detailed schedule/exhibit showing the actual dollar amounts expended by the carrier in the provision, maintenance, upgrading, plant additions and associated infrastructure costs for local exchange service within the service areas in Colorado where the carrier has been designated an EP. This information shall be submitted at the wire center level or at the authorized service area. If service improvements in a particular wire center are not needed, an explanation of why improvement is not needed and how funding will otherwise be used to further the provision of supported services in that area.

(B) Documentation the carrier offers and advertises the rate and availability of Basic Universal Service (BUS) offerings throughout the service areas in Colorado where the carrier has been designated an EP. Copies of written material used in newspaper advertisements, press releases, posters, flyers and outreach efforts and a log of when and where these materials were distributed. For newspaper advertisements, dated copies of the published newspaper advertisements may serve as copies of written material. For radio station advertising, a confirmation from broadcasters of when the public service announcement was aired.

(C) Documentation that a competitive EP is offering an unlimited local usage plan or a plan with at least 900 minutes of use per month that is comparable to that offered by the incumbent LEC in the relevant service areas.

~~(D) An affidavit attesting to the fact that the information reported on the annual report and information submitted under this rule is true and correct. An officer, director, partner, or owner of the company must sign the affidavit.~~

~~(II) If a review of the data submitted by an EP indicates that the EP is no longer in compliance with the Commission's criteria for EP designation, the Commission may refrain from authorizing HCSM support to the carrier until the carrier is in compliance with the Commission's criteria for EP designation.~~

2846~~86~~. Support through the HCSM.

(a) The Commission shall, by order, establish geographic areas throughout the state. Such geographic areas may be revised at the discretion of the Commission.

(b) ~~Disaggregation and targeting of Colorado High-Cost Support by rural ILECs. The disaggregation plan selected by a rural incumbent EP for targeting Colorado high-cost support shall be the same plan as that selected by the provider under rule 2190 and approved by the Commission under those rules unless another EP or ETC provider, or the Commission requests a different disaggregation plan.~~Through December 31, 2018, HCSM support shall be provided consistent with prior Commission orders. Beginning on January 1, 2019, support shall be allocated and provided on a quarterly basis and by the end of the month following the previous quarter.

(I) Each rural telecommunications provider that received support as of January 1, 2017, will continue to receive the same level of support on a quarterly basis for the period of January 1, 2019 through December 31, 2023 by averaging the payments received for calendar years 2015 and 2016, consistent with § 40-15-208(4), C.R.S.

(II) The Commission shall allocate to the broadband deployment account the following percentages of the total amount of HCSM money collected minus the Commission's administrative costs and distributions to rural EPs, consistent with § 40-15-208(2)(a)(IV), C.R.S. and subparagraph 2846(b)(I):

(A) in 2019 – 60 percent;

(B) in 2020 – 70 percent;

(C) in 2021 – 80 percent;

(D) in 2022 – 90 percent; and

(E) in 2023 – 100 percent.

(III) The non-rural incumbent local exchange carrier will receive the balance of the remaining quarterly collections after distributions required by § 40-15-208(2)(a)(IV) and (4), C.R.S.

(c) The Administrator will arrange payments to be made within 30 days of the last day of each quarter.~~Support through the HCSM applicable to non-rural geographic areas shall be calculated as follows:~~

~~(I) By order, the Commission shall publish the intrastate proxy cost for each non-rural geographic area. The proxy cost model and the resultant intrastate proxy costs shall be updated as necessary. The Commission shall ensure that the HCSM operates such that the supported basic~~

~~local exchange service bears no more than its reasonable share of the joint and common costs of facilities used to provide those services.~~

~~(II) When the per-line intrastate proxy cost exceeds the applicable benchmark in a particular non-rural geographic area, the Commission shall designate that non-rural geographic area as a geographic support area.~~

~~(III) Amount of Support: Each EP shall receive support from the HCSM based on a verified accounting of the actual number of residential and business access lines it serves in the non-rural high cost geographic support areas, as designated by the Commission, multiplied by the difference between the per line intrastate proxy cost in such geographic support area and the applicable per access line revenue benchmark as determined by the Commission. The amount of support shall be reduced by any other amount of support received by such provider or for which such provider is eligible under support mechanisms established by the federal government and/or this state.~~

~~(IV) Revenue benchmarks. Separate revenue benchmarks shall be determined for residential and business supported access lines for each geographic area according to the formulae defined in paragraph 2841(k).~~

(d) For years 2019 through 2023, distributions of HCSM shall not be based on effective competition determinations as defined by rule 2205 or § 40-15-207, C.R.S.~~Support through the HCSM applicable to rural geographic areas (areas served by rural ILECs) shall be calculated as follows:~~

~~(I) Revenue requirement shall be calculated on a per access line basis pursuant to rules 2400, 2854 and 2855 (based upon the filing of the incumbent rural EP serving that area and as modified pursuant to paragraph 2848(h)); and (2) publish the support per access line, disaggregated into such geographic support areas as may be designated by the Commission. The Commission shall ensure that the HCSM operates such that the supported basic local exchange service bears no more than its reasonable share of the joint and common costs of facilities used to provide those services.~~

~~(II) Amount of support: Each EP shall receive support from the HCSM in an area served by a rural ILEC based upon the number of access lines or the EP serves in those high cost geographic support areas, as designated by the Commission, multiplied by the applicable support per access line.~~

~~(III) Total local revenues shall include, but not be limited to, local revenues, feature revenues, and federal high cost loop support. If the tariffed residential or business rate is less than statewide residential or business benchmark rate, then the EP shall impute the statewide residential or business benchmark rate. If the tariffed residential or business rate exceeds the statewide residential benchmark rate or the statewide business benchmark rate, then actual revenues shall be used.~~

~~(IV) The total local revenue deficiency shall equal total local revenues minus total local revenue requirement.~~

~~(V) Per-line support amounts shall equal the total local revenue deficiency divided by the total number of access lines (i.e., residential and business).~~

~~(VI) Additional procedures governing the operation of disaggregated support:~~

~~(A) The disaggregation and targeting plan adopted under rule 2190 shall be subject to the following general requirements:~~

~~(i) Support available to the rural ILEC's study area under its disaggregation plan shall equal the total support available to the study area without disaggregation.~~

~~(ii) The ratio of per line support between disaggregation zones for each disaggregated category of support shall remain fixed over time, except as changes are allowed pursuant to rule 2190.~~

~~(iii) The ratio of per line support shall be publicly available.~~

~~(iv) Per-line support amounts for each disaggregation zone shall be recalculated whenever the rural ILEC EP's total annual support amount changes using the changed support amount and total access line counts at that point in time.~~

~~(v) Per-line support for each category of support in each disaggregation zone shall be determined such that the ratio of support between disaggregation zones is maintained and that the product of all of the rural ILEC EP's access lines for each disaggregation zone multiplied by the per-line support for those zones when added together equals the sum of the rural ILEC EP's total support.~~

~~(vi) Until a competitive EP is designated in a study area, the quarterly payments to the rural ILEC EP will be made based on total annual amounts for its study area divided by four.~~

~~(vii) When a competitive EP is designated anywhere in a rural ILEC EP's study area, the per-line amounts used to determine the competitive EP's disaggregated support shall be based on the rural ILEC EP's then-current total support levels, lines, and disaggregated support relationships.~~

~~(viii) Each EP shall receive support from the HCSM based on the number of access lines or wireless handsets it serves in the designated high cost geographic support areas.~~

~~(ix) The support received shall be based on actual number of access lines or the actual number of wireless handsets reported to the administrator as a verified accounting for each geographic area as of the last day of each month.~~

~~(e) Process for payments. The Administrator will arrange payments to be made to EPs, which are net recipients from the HCSM, within 30 days of the last day of each quarter.~~

~~(f) Reconciliation. The Administrator shall reconcile the estimated disbursements previously authorized for each EP for the period for which the report provides information to the actual disbursements to which such provider is entitled, and shall send a statement of such reconciliation to each EP within 60 days after the receipt of the report. The statement shall show if the provider is entitled to additional amounts from the HCSM, or if the EP has received more than the amount of its HCSM entitlement. The Administrator shall use these reconciling amounts when setting the EP's support in subsequent quarters.~~

~~(g) Colorado High Cost Fund Administration. The Commission, acting as Administrator, shall determine and establish by order, the HCSM support to be received by an EP.~~

~~(I) Once the Commission, by order, has established the appropriate HCSM support amount for an EP, the Commission will monitor to ensure that no provider is receiving funds from the HCSM or any other source that together with revenues do exceed the reasonable cost of providing basic local exchange service on an annual basis. The Administrator will develop the appropriate form~~

~~to be used for such monitoring. The monitoring form shall be available from the Commission's website.~~

~~(II) The monitoring forms and related information shall be filed with the Administrator and the Office of Consumer Counsel by August 15th of each year.~~

~~(III) If the information contained in a provider's HCSM monitoring form, annual report, or other filed document indicates that HCSM support for that provider should be adjusted, Staff of the Commission may request that the Commission issue, or the Office of Consumer Counsel may file, a formal complaint. The Commission, acting as Administrator and following an opportunity for hearing, may revise the provider's HCSM support as a result of the complaint proceeding.~~

284~~9~~7. Administration.

The HCSM shall operate under the direction of an Administrator, which shall be the Commission or its designee.

(a) The Commission may engage a third-party entity who meets the criteria in this rule to perform such duties of the Administrator as the Commission may, from time to time, deem necessary or convenient. The Commission shall select the entity using Colorado State Government contracting procedures. Until such time as an entity has been engaged, or during times when the entity is not available to fulfill its duties, the Commission shall act as the Administrator.

(I) The third-party entity shall meet all of the following criteria:

(A) ~~B~~be neutral and impartial~~.~~;

(B) ~~N~~not be a party in any matter before the Commission, nor advocate specific positions before the Commission in any telecommunications service matter~~.~~;

(C) ~~N~~not be a member in a trade association that advocates positions before the Commission~~.~~;

(D) ~~N~~not be an affiliate of any provider of telecommunications services~~.~~;

(E) ~~N~~not issue a majority of its debt to, nor derive a majority of its revenues from, nor hold stock in any provider(s) of telecommunications services. This prohibition also applies to any affiliates of the third-party entity~~.~~; and

(F) ~~N~~not have a Board of Directors that includes members with direct financial interests in entities that contribute to or receive support from the HCSM.

(b) The reasonable expenses incurred in the administration of the HCSM, including administrative costs incurred in association with broadband service, shall be a cost of the HCSM and shall be paid from the funds contributed to the HCSM, consistent with § 40-15-208(2)(a)(VI)(3)(a), C.R.S.

(c) The Administrator shall determine the amount each telecommunications provider must pay into the HCSM and determine the disbursement each EP may receive from the HCSM.

~~(d) The Administrator shall net each EP's assessment and support prior to receipt of actual funds.~~

~~(e) To the extent the funding received from providers in any one fiscal year exceeds the cost of administering the HCSM (including such reserve as may be necessary for the proper administration of the HCSM), any unexpended and unencumbered monies shall remain in the Fund and shall be credited against the assessment each provider must pay in the succeeding fiscal year.~~

(~~f~~d) The Administrator shall engage and determine the compensation for such professional and technical assistance as may, in its judgment, be necessary for the proper administration of the fund.

(~~g~~e) If the Commission has delegated such duties, the third-party entity shall have access to the books of accounts of all providers to the limited extent necessary to verify the intrastate retail revenues and other information used in determining contributions and disbursements from the HCSM.

~~(h) The Administrator shall maintain a database that tracks eligible access lines for support based on the method through which service is provisioned and the identity of each carrier providing that service in each geographic area.~~

(~~i~~f) The Administrator will develop appropriate forms to be used by all providers and all EPs for reporting information as required by rule 2846. ~~Copies of the f~~Forms will be made available on the Commission's website and at the offices of the Commission.

(~~j~~g) The Commission shall perform an annual review of HCSM fund recipients. One purpose of this review shall be a verification of continued eligibility. Another purpose shall be a verification of the receipt by each EP of the funds to which each provider is entitled and is projected to receive from the HCSM. Subject to such reviews, the Administrator will recommend any required adjustments to HCSM contribution methods, distributions, necessary rule changes and other relevant items that shall be considered in connection with the HCSM.

~~(k) The quarterly reconciliations under subparagraph 2846(d)(III) and paragraph 2848(f) shall be the principal source for such annual reviews.~~

~~(l) Supplemental and forecast information that may be requested by the Administrator to assure a complete review shall be provided by all providers to the Administrator, as formally requested, within ten days of the Administrator's written request. If those persons do not provide the data required within ten days of the request, the Commission may initiate a formal complaint proceeding for remedies, including withholding future support from the HCSM and/or penalties as provided in § 40-7-101, C.R.S., et seq.~~

(~~m~~h) The Administrator and the Fund may operate on a fiscal year from July 1 to June 30 of the succeeding year.

(~~n~~i) An independent external auditor chosen by the Commission shall periodically, at its discretion, audit the Fund and associated HCSM records, including both collections and disbursements from the Fund. The costs for conducting audits shall be included in the computation of HCSM requirements.

(~~o~~j) An annual report of the Fund prepared by the Administrator shall be filed with the Commission by December 1 of each year. A copy of the Administrator's annual report shall be provided to the Legislative Audit Committee and be posted on the Commission's website~~to each provider that contributes to the HCSM~~. This report shall summarize the preceding fiscal year's activity and include the following:

(I) A record of the total cost of administration of the HCSM; and

(II) The most recent audit report.

(~~p~~k) A written annual report of the HCSM, prepared by the Administrator, shall be submitted to the committees of reference in the Senate and House of Representatives that are assigned to hear telecommunications issues, in accordance with § 24-1-136, C.R.S., by December 1 of each year. A copy of the Administrator's annual report of the HCSM shall be provided to the Legislative Audit Committee and posted on the Commission's website. ~~to each provider that contributes to the HCSM. The Administrator may satisfy the latter requirement by notifying the provider of the availability of the annual report using an e-mail message directing the provider to the report on the Commission's website.~~ The report shall account for the operation of the HCSM during the preceding calendar year and include the following information, at a minimum:

~~(I) The total amount of money that the Commission determined shall constitute the HCSM from which distributions would be made;~~

(I~~I~~) ~~T~~the total amount of money the Commission collected~~ordered to be contributed~~ through a rate element assessment collected by each provider for which distributions were made;

~~(III) The basis on which the contribution of each provider was calculated;~~

~~(IV) The benchmarks used and the basis on which the benchmarks were determined;~~

~~(V) The total amount of money that the Commission determined shall be distributed from the HCSM;~~

(I~~V~~I) ~~T~~the total amount of money distributed to each provider and to the broadband deployment fund from the HCSM;

(I~~V~~II) ~~T~~the basis on which the distribution to providers was calculated;

(IV~~III~~) ~~A~~as to each provider receiving a distribution, the amount received by geographic support area and the type of customer, the way in which the benefit of the distribution was applied or accounted for; and

(~~IX~~V) ~~T~~the ~~proposed benchmarks, the proposed~~estimated contributions to be collected through a rate element assessment by each telecommunications provider, and the proposed total amount of the HCSM from which distributions are to be made for the following calendar year.~~; and~~

~~(X) The total amount of distributions made from the HCSM, directly or indirectly, and how they are balanced by rate reductions by all providers for the same period and a full accounting of and justification for any difference.~~

~~**2850. Review of the HCSM.**~~

~~**(a) For the purpose of determining whether the HCSM should be reformed, modified, or adjusted, the HCSM will be evaluated and reviewed at the discretion of the Commission. The time period between reviews shall usually not exceed three years, and at least every three years thereafter, for the purpose of determining whether the HCSM should be adjusted.**~~

~~**(b) The Commission shall consider opening a docket to consider any changes to these rules that may be necessary as a result of the conclusion of every proceeding, conducted pursuant to § 40-15-502(2), C.R.S., to review the definition of basic service.**~~

~~**2851. [Reserved].**~~

2848. Plan for Elimination of Regulatory Obligations in Unsupported Areas.

(a) Consistent with plan requirement in § 40-15-208(5), C.R.S. and projected HCSM distribution reductions to non-rural incumbent carriers for basic service, for each year listed, effective January 1 of each year through December 31 of the same year, the Commission provides HCSM support for basic service to non-rural incumbent carriers for the following wire center serving areas.

(I) 2019 supported wire center serving areas: Debeque, Yampa, Aguilar, Mesa Verde, Deckers, Hot Sulphur Springs, Mancos, Oak Creek, Meeker, Elbert, Limon, Minturn, Keenesburg, New Castle, Fairplay, Silverton, Del Norte, Kremmling, and Walsenburg.

(II) 2020 supported wire center serving areas: Debeque, Yampa, Aguilar, Mesa Verde, Deckers, Hot Sulphur Springs, Mancos, Oak Creek, Meeker, Elbert, Limon, Minturn, Keenesburg, and New Castle.

(III) 2021 supported wire center service areas: Debeque, Yampa, Aguilar, Mesa Verde, Deckers, Hot Sulphur Springs, Mancos, Oak Creek, and Meeker.

(IV) 2022 supported wire center serving areas: Debeque, Yampa, Aguilar, Mesa Verde, Deckers, and Hot Sulphur Springs.

(b) The obligations imposed in §§ 40-15-401(1)(b)(IV) and 40-15-502(5)(b) and (6)(a), C.R.S. are not applicable in any wire center serving area not listed for the corresponding year as of January 1 each year.

(c) The plan described in paragraphs (a) and (b) above is based on a forecast that HCSM surcharge collections will be approximately $31.5 million for 2019, $29 million for 2020, $26.8 million for 2021, and $24.7 million for 2022.

(d) No later than September 1 each year, the HCSM Administrator will provide the Commission with an update on actual contributions for the first six months of the year compared to estimated projections. Subject to such reviews, the Administrator may, but need not, recommend any required adjustments to the subsequent year's wire centers defined in subsection(a) above to be implemented through a variance process consistent with 4 CCR 723-1-1003.

(e) The HCSM administrator shall post actual collection amounts quarterly on the Commission's website no later than 45 days following each quarter. On or before February 15 of each year, the

HCSM administrator shall provide actual collection amounts for the preceding year on the Commission website.

(f) A request for variance, consistent with 4 CCR 723-1-1003, may be filed to revise the supported wire center areas subject to regulation set forth in paragraph (a), provided actual contributions presented by the HCSM Administrator periodically each year, as required in paragraphs (d) and (e), vary from the projections set forth in paragraph (c) by ten percent.

(g) Effective January 1, 2023, no wire center serving area shall be funded for basic service by the HCSM and obligations imposed in §§ 40-15-401(1)(b)(IV) and 40-15-502(5)(b) and (6)(a), C.R.S. are eliminated.

28~~52~~49. Enforcement.

(a) Holder of a CPCN. A provider holding a CPCN issued by the Commission that fails to make timely reports or to pay, in a timely manner, its contribution when it is due and payable under these rules, may, after notice and opportunity for hearing, have its CPCN revoked as provided in Article 6, Title 40, C.R.S., be denied interconnection to the public switched network, and/or have other appropriate remedies imposed upon them by the Commission.

(b) Uncertificated provider. If a provider does not hold a CPCN from the Commission and fails to make timely reports or payment of its contribution, the provider may be subject to a Commission action including but not limited to a formal complaint:

(I) ~~T~~to the FCC seeking an order directing the delinquent provider to make the payment or for further appropriate remedies;

(II) ~~F~~for an action for damages in an appropriate court; or

(III) ~~F~~for other appropriate remedies.

(c) Any provider that disputes the requirement that it pay into the HCSM shall:

(I) ~~P~~post a bond in an amount determined by the Commission pending the resolution of that dispute; and

(II) ~~R~~repay all other providers with interest (at a rate determined by the Commission) in the event the Commission determines that the provider should have been paying into the fund.

~~**2853. Other.**~~

~~These rules are not intended to limit the programs in rules 2800 through 2819 and 2820 through 2839.~~

~~**2854. Calculation of Average Loop, Local Switching, and Exchange Trunk Costs for Fund Support for Rural Telecommunications Service Providers.**~~

~~(a) The averages used in calculating HCSM support in rules 2854 and 2855 will be computed on the basis of the data reported per this rule for the preceding calendar year unless updated at the option of the rural provider pursuant to 47 C.F.R. § 36.612(a).~~

~~(b) Each basic local exchange provider, that is not an average schedule rural company, shall calculate and report its average unseparated loop cost per study area per working loop as prescribed by 47 C.F.R. §§ 36.621 and 36.622 in its request for HCSM for the preceding calendar year to the Commission as required by paragraph 2006(a).~~

~~(c) The national average unseparated loop cost per study area per working loop shall be calculated as prescribed by the National Exchange Carrier Association (NECA), 47 C.F.R. § 36.622(a)(1) for the preceding year.~~

~~(d) Each rural provider shall calculate and report in its annual report to the Commission its unseparated investment per study area for:~~

~~(I) Local switching equipment (Central Office Equipment, Category 3, 47 C.F.R. § 36.125); and~~

~~(II) Its average number of working loops.~~

~~(e) Each rural provider shall calculate and report in its annual report to the Commission its unseparated investment per study area for exchange trunk equipment (Cable and Wire Facilities, Category 2, Exchange Trunk, 47 C.F.R. § 36.155, and Category 4.12, Exchange Trunk Circuit Equipment, 47 C.F.R. § 36.126(c)(2)).~~

~~(f) 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 paragraph (d) for all LECs except rural providers, by the sum of the working loops in the state, as reported in paragraph (d) for all LECs except rural providers.~~

~~(g) 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 paragraph (e) for all LECs except rural providers, by the sum of the working loops in the state, as reported in paragraph (d) for all LECs except rural providers.~~

~~(h) Each rural ILEC, in its annual report filed with the Commission, shall include any additional HCSM reporting requirements as requested by the Commission.~~

~~2855. Calculation of Support per Access Line for Rural ILECs.~~

~~Incumbent rural providers, who are not average schedule rural providers, shall be eligible for support from the HCSM for high costs in three areas: loops; local switching; and exchange trunks, upon a proper showing. Incumbent average schedule rural providers shall be eligible for support from the HCSM for high costs as determined by subparagraph (f)(I), upon a proper showing.~~

~~(a) Support for high loop costs. The HCSM revenue requirement for high loop costs of rural providers who are not average schedule rural providers shall be determined as follows:~~

~~(I) For rural providers with an average unseparated loop cost per working loop less than or equal to 115 percent of the national average unseparated loop cost per working loop, the HCSM revenue requirement for high loop costs shall be the sum of:~~

~~(A) Zero; and~~

~~(B) The difference between 0.265 and twice the rural provider's intrastate interexchange subscriber line usage (SLU) multiplied times the provider's average unseparated loop cost per working loop, provided the difference between 0.265 and twice the provider's SLU is greater than zero.~~

~~(II) For rural providers with an average unseparated loop cost per working loop in excess of 115 percent but not greater than 150 percent of the national average unseparated loop cost per working loop, the HCSM revenue requirement for high loop costs shall be the sum of:~~

~~(A) The difference between the rural provider's average unseparated loop cost per working loop and 115 percent of the national average unseparated loop cost per working loop, times 0.10; and~~

~~(B) The difference between 0.265 and twice the rural provider's intrastate interexchange SLU times 115 percent of the national average unseparated loop cost per working loop, provided the difference between 0.265 and twice the provider's SLU is greater than zero.~~

~~(III) For rural providers with an average unseparated loop cost per working loop greater than 150 percent of the national average unseparated loop cost per working loop, the HCSM revenue requirement for high loop costs shall 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 unseparated loop cost per working loop, times 0.10; and~~

~~(B) The difference between 0.265 and twice the rural provider's intrastate interexchange SLU times 115 percent of the national average unseparated loop cost per working loop, provided the difference between 0.265 and twice the provider's SLU is greater than zero.~~

~~(b) Support for high local switching costs. Rural providers who are not average schedule rural providers shall be eligible for support for high local switching costs. The HCSM revenue requirement for high local switching cost support shall be determined as follows:~~

~~(I) For rural providers with an average unseparated local switching equipment investment per working loop less than or equal to the Colorado average unseparated local switching investment per working line as determined by paragraph 2854(f), the HCSM revenue requirement for local switching cost support shall be zero.~~

~~(II) For rural providers with an average unseparated local switching equipment investment per working loop in excess of the Colorado average unseparated local switching equipment investment per working loop as determined in paragraph 2854(f), the revenue requirement for high local switching cost support shall be calculated by creating a new service category in the separations study and apportioning the costs of the provider to this service generally following 47 C.F.R., Part 36. The service category for the HCSM high local switching cost support shall be assigned a portion of Category 3 of local switching equipment investment.~~

~~(A) The percentage of Category 3 allocated to the HCSM service category shall be known as the "Colorado High Local Switching Cost Allocation Factor" and shall be calculated as one minus the sum of:~~

~~(i) The interstate factor(s);~~

~~(ii) The intrastate factor(s) of subparagraph 2415(b)(I)(C); and~~

~~(iii) The local exchange factor.~~

~~(B) The local exchange factor for each rural provider shall be calculated as the:~~

~~(i) Colorado average unseparated local switching equipment Category 3 investment per working loop, as determined by paragraph 2854(f);~~

~~(ii) Multiplied by the rural provider's local DEM percentage;~~

~~(iii) Divided by the rural provider's average investment per working loop.~~

~~(C) The Colorado High Local Switching Cost Allocation Factor shall not be less than zero. If, by the application of the formula of subparagraph (b)(II), the Colorado High Local Switching Cost Allocation Factor is less than zero, the factors (ii) and (iii) of subparagraph (II)(A) shall be reduced proportionally.~~

~~(c) Support for high exchange trunk costs. Rural providers who are not average schedule rural providers shall be eligible for support for high exchange trunk costs. The HCSM revenue requirement for high exchange trunk cost support shall be determined as follows:~~

~~(I) For rural providers with an average unseparated exchange trunk investment per working loop less than or equal to the Colorado average unseparated exchange truck investment per working loop, as determined by paragraph 2854(f), the HCSM revenue requirement for exchange trunk cost support shall be zero.~~

~~(II) For rural providers with an average unseparated exchange trunk equipment investment per working loop in excess of the Colorado average unseparated exchange truck investment per working loop, as determined in paragraph 2854(f), the revenue requirement for high exchange trunk cost support shall be calculated by apportioning the costs of the rural provider to the HCSM service category as established in paragraph (b) of the rural provider's separations study following 47 C.F.R., Part 36, as modified by the rules found in rule 2415. The HCSM service category shall be assigned a portion of the investments of Cable and Wire Facilities, Category 2 Exchange Trunk, 47 C.F.R. § 36.155 and a portion of Category 4.12, Exchange Trunk Circuit Equipment, 47 C.F.R. § 36.126(c)(2).~~

~~(A) The percentage allocated to the HCSM service category shall be calculated separately for each of these types of investments as one minus the sum of:~~

~~(i) The interstate factor(s), for exchange trunk~~

~~(ii) The intrastate factor(s) for exchange trunk; and~~

~~(iii) The local factor for exchange trunk.~~

~~(B) The local factor for Category 2 exchange trunk for Cable and Wire Facilities for each rural provider shall be calculated as the Colorado average unseparated investment per working loop as determined by paragraph (f) of this rule, times the rural provider's local relative number of minutes of use percentage divided by the rural provider's average investment per working loop.~~

~~(C) The local transport allocation factor for Category 4.12 Exchange Trunk Circuit Equipment, for each rural provider shall be calculated as the Colorado average unseparated investment per working loop, as determined by paragraph 2854(f), times the rural provider's local relative number of minutes of use percentage divided by the rural provider's average investment per working loop.~~

~~(d) Support for high costs of average schedule rural providers.~~

~~(I) The HCSM support requirement for high cost support for average schedule rural providers shall be determined as the remainder, if positive, of the following process:~~

~~(A) First, the total company revenue requirement (i.e., costs) for the average schedule rural provider shall be determined;~~

~~(B) Next, the local network services revenues shall be calculated and subtracted from the total company revenue requirement. The local network services revenues shall include amounts booked to 47 C.F.R. §§ 32.5000 through 32.5069. Except the local network services revenues shall be adjusted as follows:~~

~~(i) Residential revenue calculation:~~

~~(a) The statewide residential benchmark rate shall be imputed to determine the residential revenues if the existing tariffed rate for residential basic local exchange service is less than the statewide residential benchmark rate.~~

~~(b) If the existing tariffed rate for residential basic local exchange service is equal or greater than the statewide residential benchmark rate, then the existing residential basic local exchange service rate shall be used.~~

~~(c) The imputed residential revenues shall be calculated on a monthly basis to determine the yearly revenues.~~

~~(ii) Business revenue calculation:~~

~~(a) Statewide business benchmark rate shall be imputed to determine the business revenues if the existing tariffed rate for business basic local exchange service is less than the statewide business benchmark rate.~~

~~(b) If the existing tariffed rate for business basic local exchange service is equal or greater than the statewide business benchmark rate, then the existing business basic local exchange service rate shall be used.~~

~~(c) The imputed residential revenues shall be calculated on a monthly basis to determine the yearly revenues.~~

~~(C) Then, the following revenues shall be subtracted from the revenue requirement of subparagraph (d)(I)(A):~~

~~(i) All interstate revenues and Federal Universal Service Fund (FUSF) support;~~

~~(ii) Intrastate network access services;~~

~~(iii) Long distance network services;~~

~~(iv) All miscellaneous revenues; and~~

~~(v) The local network services revenues adjusted in accordance with subparagraph (d)(I)(B).~~

~~(D) Support per access line: The support as calculated in subparagraph (d)(I)(C), shall be divided by the number of access lines to determine the support per access line.~~

~~(e) Support for high costs of rural cost companies.~~

~~(I) The local network services revenues shall be calculated and subtracted from the total company revenue requirement. The local network services revenues shall include amounts booked to 47 C.F.R. §§ 32.5000 through 32.5069. Except the local network services revenues shall be adjusted as follows:~~

~~(A) Residential revenue calculation:~~

~~(i) The statewide residential benchmark rate shall be imputed to determine the residential revenues if the existing tariffed rate for residential basic local exchange service is less than the statewide residential benchmark rate.~~

~~(ii) If the existing tariffed rate for residential basic local exchange service is equal or greater than the statewide residential benchmark rate, then the existing residential basic local exchange service rate shall be used.~~

~~(iii) The imputed residential revenues shall be calculated on a monthly basis to determine the yearly revenues.~~

~~(B) Business revenue calculation:~~

~~(i) Statewide business benchmark rate shall be imputed to determine the business revenues if the existing tariffed rate for business basic local exchange service is less than the statewide business benchmark rate.~~

~~(ii) If the existing tariffed rate for business basic local exchange service is equal or greater than the statewide business benchmark rate, then the existing business basic local exchange service rate shall be used.~~

~~(iii) The imputed residential revenues shall be calculated on a monthly basis to determine the yearly revenues.~~

~~(f) Local network services tariff cap. In no event shall the local network services revenue requirement, as defined in 47 C.F.R. §§ 32.5000 through 32.5069 (1995) for rural providers exceed 130 percent of the average of such revenue requirement for local exchange providers that are not rural providers. Such excess shall be considered as a part of the rural provider's HCSM support revenue requirement.~~

2854~~0~~. – 2869. [Reserved].