

Decision No. C07-0980

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 2008 BUDGET OF
THE COLORADO HIGH COST SUPPORT MECHANISM**

Mailed Date: November 20, 2007
Adopted Date: November 20, 2007

I. BY THE COMMISSION

A. Statement

1. The statute addressing the Colorado High Cost Support Mechanism (CHCSM) requires the Commission to 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. *See* § 40-15-208(2)(b)(IX), C.R.S.

2. Under the CHCSM Rules at 4 *Code of Colorado Regulations* 723-2-2846(b)(IV), 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 2008. Staff estimates that high cost support will total approximately \$72,357,573 (*see* Attachment A), and that contributions to the fund including any reserve over the target balance will be \$72,305,041.

3. Now being fully advised in the matter, and based upon an independent review, the Commission, acting as Administrator, determines that the Colorado Universal Service Charge shall remain at the current 2.7 percent for the first three quarters of 2008, and estimates an

increase to 3.4 percent¹ for the fourth quarter of 2008. 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.

4. In determining the 2008 Universal Service Charge, Staff employed six different factors or assumptions: 1) an assumption of constant revenues of incumbent telecommunications service providers; 2) the percentage of growth in the wireless industry; 3) the current line counts for all telecommunications service providers receiving support; 4) the current reserve balance that exists in the fund; 5) the percentage of intrastate telecommunications revenues that may be lost; and 6) an assumption of additional eligible telecommunications providers seeking support in 2008. After incorporating each of the six factors or assumptions into the 2008 budget, Staff determines that contributions will sufficiently cover disbursements for the year 2008.

5. Now being fully advised in the matter, we adopt the budget, appended as Attachment A to this order, for calendar year 2008.

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 2008.

2. Pursuant to Rule 4 *Code of Colorado Regulations* 723-2-2846, the Commission, acting as Administrator, has determined the Colorado Universal Service Charge shall remain at 2.7 percent.

3. This Order is effective on its Mailed Date.

¹ This is the highest projected surcharge as it assumes more rural providers will be seeking CHCSM support.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
November 20, 2007.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

RON BINZ

POLLY PAGE

CARL MILLER

Commissioners

2008

**COLORADO HIGH COST SUPPORT MECHANISM
Budget**

Fund Balance as of November 14, 2007	\$ 21,500,105
Estimated Disbursements (Calendar Year) Based on Revenue Benchmarks of:	\$ 72,199,428
Residential \$18.59	
Business \$36.34	
Administrative Costs	\$ 158,145
Total Expenses:	<u><u>\$ 72,357,573</u></u>

Contributions:	Rate Element	
Jan. 1 through March 31, 2008	2.70%	\$16,644,781
April 1 through June 30, 2008	2.70%	\$15,817,181
July 1 through Sept. 30, 2008	2.70%	\$ 15,967,999
Oct. 1 through Dec. 31, 2008	3.40%	\$20,464,368
Total Contributions		<u><u>\$68,894,329</u></u>

Target Reserve Fund Balance	\$ 18,036,861
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2008
COLORADO HIGH COST SUPPORT MECHANISM

1 AGATE	\$3,262	01/01/02	\$326	\$326	\$326	\$326	\$1,305
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0
3 BIJOU			\$0	\$0	\$0	\$0	\$0
4 BLANCA			\$0	\$0	\$0	\$0	\$0
5 CENTURYTEL OF COLORADO			\$0	\$0	\$0	\$0	\$0
6 CENTURYTEL OF EAGLE			\$0	\$0	\$0	\$0	\$0
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0
8 DELTA COUNTY TELE-COMM	\$165,721	10/01/06	\$41,430	\$41,430	\$41,430	\$41,431	\$165,721
9 DUBOIS			\$0	\$0	\$0	\$0	\$0
10 EASTERN			\$0	\$0	\$0	\$0	\$0
11 EL PASO			\$0	\$0	\$0	\$0	\$0
12 FARMERS			\$0	\$0	\$0	\$0	\$0
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0
14 HAXTUN			\$0	\$0	\$0	\$0	\$0
15 SUNWEST COMMUNCATIONS			\$0	\$0	\$0	\$0	\$0
16 NUCLA-NATURITA TELEPHONE			\$0	\$0	\$0	\$0	\$0
17 N.E.COLORADO CELLULAR			\$0	\$0	\$0	\$0	\$0
18 NUNN		12/21/01	\$528,901	\$528,901	\$528,901	\$528,901	\$2,115,605
19 PEETZ	\$27,321	10/01/01	\$1,366	\$1,366	\$1,366	\$1,366	\$5,464
20 PHILLIPS COUNTY	\$260	10/01/03	\$42	\$42	\$42	\$42	\$168
21 PINE DRIVE TELEPHONE	\$450,075	10/01/06	\$112,519	\$112,519	\$112,519	\$112,519	\$450,076
22 PLAINS			\$0	\$0	\$0	\$0	\$0
23 QWEST CORPORATION	\$57,891,367		\$14,472,842	\$14,472,842	\$14,472,842	\$14,472,841	\$57,891,367
24 RICO TELEPHONE			\$0	\$0	\$0	\$0	\$0
25 ROGGEN	\$7,150	10/01/03	\$1,162	\$1,162	\$1,162	\$1,162	\$4,648
26 RYE			\$0	\$0	\$0	\$0	\$0
27 SAN ISABEL TELECOM			\$0	\$0	\$0	\$0	\$0
28 SOUTH PARK			\$0	\$0	\$0	\$0	\$0
29 STONEHAM			\$0	\$0	\$0	\$0	\$0
30 STRASBURG			\$0	\$0	\$0	\$0	\$0
31 SUNFLOWER			\$0	\$0	\$0	\$0	\$0
32 UNION			\$0	\$0	\$0	\$0	\$0
33 WESTERN WIRELESS			\$0	\$0	\$0	\$0	\$0
34 WIGGINS			\$0	\$0	\$0	\$0	\$0
35 WILLARD			\$0	\$0	\$0	\$0	\$0
ADMINISTRATIVE			\$39,536	\$39,536	\$39,536	\$39,536	\$158,145
UNDESIGNATED			\$2,891,269	\$2,891,269	\$2,891,269	\$2,891,269	\$11,565,075
Total			\$18,088,393	\$18,089,393	\$18,089,393	\$18,089,394	\$72,357,573