

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 04M-388T

IN THE MATTER OF THE ADMINISTRATION OF THE COLORADO HIGH COST
SUPPORT MECHANISM (CHCSM) AND THE FURTHER DEVELOPMENT OF A
PROXY COST MODEL.

**DECISION GRANTING MOTION AND APPROVING
STIPULATION AND SETTLEMENT AGREEMENT**

Mailed Date: April 3, 2014
Adopted Date: April 2, 2014

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of a motion filed on March 14, 2014 by Qwest Corporation, doing business as CenturyLink QC (CenturyLink), for approval of a Stipulation and Settlement Agreement (2014 Agreement) resolving certain issues in this proceeding. CenturyLink represents that the motion is unopposed.

2. CenturyLink and Staff of the Colorado Public Utilities Commission (Staff) entered into the 2014 Agreement to establish the basis for, and amount of, the funds to be distributed pursuant to the Colorado High Cost Support Mechanism (CHCSM) in the 2014 calendar year. CenturyLink filed the 2014 Agreement on March 14, 2014.

3. As set forth in the motion and the 2014 Agreement, attempts were made to contact all parties to this proceeding. The Colorado Office of Consumer Counsel, the Colorado Telecommunications Association, Verizon, and NE Colorado Cellular (doing business as Viaero)

were contacted and they stated that they do not challenge the 2014 Agreement. The other parties either did not respond or did not indicate their position regarding the 2014 Agreement.

B. Discussion

4. The proxy cost model used in Proceeding No. 99A-577T and developed further in this proceeding calculates support for the CHCSM in 2014 to be in the range of \$61 million to \$70 million using CenturyLink's financial information and access line counts as of the end of 2012.¹ However, these amounts are in excess of the cap on annual CHCSM distributions of \$54 million as set forth in the Commission's Rules.

5. Pursuant to the 2014 Agreement, support to individual rural providers would be determined in accordance with proxy cost model results for their associated wire centers based on Staff's interpretation of the Commission's rules (*i.e.*, based on a share of the \$61 million calculation rather than a share of the \$54 million cap). Support to non-rural suppliers will sum to the difference between the \$54 million cap and the disbursements made to the rural providers. CenturyLink agrees to a cap on its actual distributions in 2014 of \$49.5 million.

6. In addition, the 2014 Settlement recognizes that its proposed disbursements could be affected by Commission decisions issued in Proceeding No. 13M-0422T. The Commission may adjust 2014 disbursements according to its decision in Proceeding No. 13M-0422T and governing statutes or rules.

¹ CenturyLink and Staff differ in their interpretation of subparagraph 2841(k)(A)(I)(A) of the Commission's Rules Regulating Telecommunications Providers, Services, and Products, 4 *Code of Colorado Regulations* 723-2. Staff's position results in the \$61 million level of CHCSM support for 2014, while CenturyLink's position results in the \$70 million figure.

C. Findings

7. We find the provisions of the 2014 Agreement to be in the public interest and approve the stipulation consistent with the discussion above.

8. CenturyLink requests a waiver of response time to its motion. Because the normal response time under the Commission's rules has passed and no responses were filed, we find the request for a waiver to be moot.

II. ORDER**A. The Commission Orders That:**

1. The Motion for Approval of 2014 Agreement filed by Qwest Corporation, doing business as CenturyLink QC (CenturyLink) on March 14, 2014, is granted, and the Stipulation and Settlement Agreement filed by CenturyLink on March 14, 2014 is approved consistent with the discussion in this Decision.

2. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this Decision.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 2, 2014.**

(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

JOSHUA B. EPEL

PAMELA J. PATTON

GLENN A. VAAD

Commissioners