

**THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF COLORADO**

**RULES PRESCRIBING PRINCIPLES  
FOR COSTING AND PRICING OF REGULATED SERVICES  
OF TELECOMMUNICATIONS SERVICE PROVIDERS**

**4 CODE OF COLORADO REGULATIONS (CCR) 723-30**

**BASIS, PURPOSE, AND STATUTORY AUTHORITY**

The basis and purpose for these rules are to standardize the determination of costs for pricing of regulated services of telecommunications service providers, **OTHER THAN COMPETITIVE LOCAL EXCHANGE CARRIERS**, in the State of Colorado. The Colorado Public Utilities Commission (Commission) is entrusted with the regulation of rates and charges of all products and services offered by telecommunications providers under its jurisdiction. In the regulation of those rates and charges, the Commission has the responsibility to ensure that the rates and charges are just and reasonable (See § 40-3-101, C.R.S.).

The advent of competition into many telecommunications markets and the deregulation of products and services by either state or federal authorities have greatly complicated the Commission's responsibility to determine whether rates and charges of telecommunications services regulated by the Commission are just and reasonable. These rules provide specific guidelines for all telecommunications providers,

**OTHER THAN COMPETITIVE LOCAL EXCHANGE CARRIERS**, in the area of appropriate market and cost analyses which underlie just and reasonable rates.

**RULE (4 CCR) 723-30-1. APPLICABILITY.**

Rules 2 through 7 are applicable to all telecommunications service providers, **OTHER THAN COMPETITIVE LOCAL EXCHANGE CARRIERS**, whose rates are regulated by the Commission. Rule 7 contains provisions for exceptions and waivers for specific providers or services.

**RULE (4 CCR) 723-30-2. DEFINITIONS.**

723-30-2(7) Competitive Local Exchange Carrier. A telecommunications provider that applied for and received a certification of public convenience and necessity to provide local exchange services in the State of Colorado after February 8, 1996, pursuant to Rules Regulating The Authority To Offer Local Exchange Telecommunications Service, 4 CCR 723-35, and § 40-15-503(2)(f), C.R.S.

[NOTE. The definitions denoted by Rules 2-7 through 2-19 will be renumbered as rules 723-30-2(8) through 723-30-2(20).]

~~(20) — Local Exchange Carrier or LEC: A provider of Part 2, Title 40, Article 15, services that are regulated by the Commission.~~

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**RULE (4 CCR) 723-30-4. FULLY REGULATED TELECOMMUNICATIONS SERVICES.**

723-30-4(1) Costing.

723-30-4(1)(a) At the time of a service rate proposal, ~~both~~ total service long run incremental cost ~~and fully distributed cost~~ studies must be provided. Other cost studies may

be provided if deemed relevant. Total service long run incremental cost studies will be used to establish price floors as described below in Rule 4 (2)(a). Fully distributed cost studies **MUST BE FILED ANNUALLY, WITHIN ONE HUNDRED TWENTY (120) DAYS AFTER THE CLOSE OF A PROVIDER'S FISCAL YEAR.** Fully distributed cost studies will be used as a component of the actual pricing process as described below in Rule 4 (2)(d).

723-30-4(2) **Pricing.**

723-30-4(2)(a)(iv) ~~As an example,~~  
~~consider the access loop.~~ The access loop is not a separate service but rather is an input necessary for the provision of many telecommunications services. As such, costs associated with the access loop will not appear in the total service long run incremental cost of any single service requiring the access loop but will appear as part of the total service long run incremental cost of the entire group of services requiring the loop. Consequently, prices must be set so that the sum of the revenues from all services requiring the access loop covers not only the sum of the total service long run incremental costs for the individual services but also the shared cost of the loop. Finally, regarding the computation of stand alone costs, since each service in this group requires the access loop, the entire cost of the loop will appear in the stand alone cost for each of these services.

**RULE (4 CCR) 723-30-6. COST STUDIES TO BE PROVIDED TO COMMISSION.**

723-30-6(1) **Contents.**

723-30-6(1)(a) At the time of a rate proposal, **ONLY TOTAL SERVICE LONG RUN INCREMENTAL COST STUDIES MUST BE PROVIDED. ~~the~~ THE** cost study results submitted by a provider must specify the type of costs being estimated, using the definitions in Rule 2 of these rules.

723-30-6(1)(f) The provider must explicitly identify all shared and overhead costs and specify those included in the cost study and those excluded. The provider must separately quantify the reduction in the cost estimates that would result if shared and overhead costs were excluded. **THIS RULE 723-30-6(1)(F) DOES NOT APPLY TO FULLY DISTRIBUTED COST STUDIES.**