

Decision No. C01-977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 01R-434T

IN THE MATTER OF PROPOSED AMENDMENTS TO THE RULES CONCERNING THE COLORADO HIGH COST SUPPORT MECHANISM, 4 CCR 723- 41, AND THE RULES CONCERNING ELIGIBLE TELECOMMUNICATIONS CARRIERS, 4 CCR 723-42.

NOTICE OF PROPOSED RULEMAKING

Mailed Date: September 26, 2001

Adopted Date: September 12, 2001

I. BY THE COMMISSION:

A. The Colorado Public Utilities Commission hereby gives notice of proposed rulemaking regarding the Rules Prescribing The High Cost Support Mechanism And Prescribing The Procedures For The Colorado High Cost Administration Fund, 4 CCR 723-41 ("High Cost Support Rules", and the Rules Prescribing The Procedures For Designating Telecommunications Service Providers As Providers of Last Resort Or As An Eligible Telecommunications Carrier, 4 CCR 723-42 ("Eligible Telecommunications Carrier Rules"). Generally, the intent of the proposed rules is: The High Cost Support Rules, in part, establish requirements for local exchange carriers ("LEC") to receive state funds in support of their provision of local telephone service in high-cost areas. On May 23, 2001 the Federal Communications Commission ("FCC") issued its Fourteenth Report and Order, CC Docket Nos. 96-45 and 00-256, FCC 01-157 (May 23, 2001) ("Fourteenth Report and Order"). The FCC, in that order, modified its rules for providing federal universal

service support to rural LECs. The Commission now proposes to modify its High Cost Support Rules to make them consistent with new regulations for federal universal support adopted by the FCC in the Fourteenth Report and Order. For example, the proposed rules will allow rural LECs to continue to receive high-cost support based upon an embedded cost method (*i.e.* Part II of the High Cost Support Rules) for some additional period of time. Additionally, we propose to make certain changes to the High Cost Support Rules to reflect changes in state statutes relating to the state High Cost Support Mechanism (*e.g.* repeal of § 40-15-208(2)(d) (High Cost Support Mechanism capped for 1998 and 1999)).

B. The Eligible Telecommunications Carrier Rules, in part establish requirements for LECs to be designated as Eligible Telecommunications Carriers ("ETC"). The Commission's designation of a telephone company as an ETC permits it to receive federal universal service support for its provision of local service in high-cost areas. The Fourteenth Report and Order also establishes new regulations relating to rural LECs serving as ETCs. For example, the order requires rural LECs to disaggregate service areas and target high-cost universal service support under one of three designated paths. See 47 C.F.R. § 54.315. Rural companies are required to select a disaggregation Path within 270 days of the effective date of the new rules adopted in the Fourteenth Report and Order. See 47 C.F.R. § 54.315(a). The Commission now proposes to modify the

Eligible Telecommunications Carrier Rules to make them consistent with new regulations adopted in the Fourteenth Report and Order.

C. A copy of the proposed rules is attached to this notice of proposed rulemaking. The statutory authority for the proposed rules is found at §§ 40-2-108, 40-3-102, 40-15-201, 40-15-208 and 40-15-502, C.R.S.

D. The Commission will conduct a hearing on the proposed rules and related issues at the below stated time and place. Interested persons may submit written comments on the rules and present these orally at hearing, unless the Commission deems oral presentations unnecessary. The Commission also encourages interested persons to submit written comments before the hearing scheduled in this matter. In the event interested persons wish to file comments before hearing, the Commission requests that such comments be filed ten days prior to the hearing date. The Commission will consider all submissions.

II. ORDER

A. Therefore, The Commission Orders That:

1. This Notice of Proposed Rulemaking shall be filed with the Colorado Secretary of State for publication in the October 10, 2001 edition of The Colorado Register.

2. Hearing on the proposed rules and related matters shall be held as follows:

TIME: 9:00 a.m.
DATE: November 13, 2001
PLACE: Commission Hearing Room A
Office Level 2 (OL2)
Logan Tower
1580 Logan Street
Denver, Colorado

At the time set for hearing in this matter, interested persons may submit written comments and may present these orally unless the Commission deems oral comments unnecessary.

3. Interested persons may file written comments in this matter before hearing. The Commission requests that such prefiled comments be submitted at least ten days before the scheduled hearing. All submissions, whether oral or written, will be considered by the Commission.

4. This order is effective immediately upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS WEEKLY MEETING ON
September 12, 2001.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners