

Decision No. C03-0709

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 IMPLEMENTING COLORADO HIGH
COST SUPPORT MECHANISM RULES AND
REVISING THE CALENDAR YEAR 2003 BUDGET
OF THE HIGH COST SUPPORT MECHANISM**

Mailed Date: June 27, 2003
Adopted Date: June 25, 2003

I. BY THE COMMISSION

A. Statement

1. In Docket No. 02R-278T, we revised the Commission's Rules Concerning the Colorado High Cost Support Mechanism, 4 *Code of Colorado Regulations* (CCR) 723-41, to provide support to all non-rural high cost access lines instead of primary residential and single business lines only. See Decision Nos. C02-1250 (Mailed Date November 8, 2002) and C02-1458 (Mailed Date December 26, 2002). The amendments adopted in Docket No. 02R-278T were to become effective on March 2, 2003. Implementation of those amendments required Qwest Corporation (Qwest) to provide certain information to and make certain filings with the Commission. Specifically, Qwest was to provide updated line counts to enable the Commission to calculate the revised amounts to be distributed from the Colorado High Cost Support Mechanism (CHCSM). In addition, Qwest was required to change its tariff to reduce rates for some of its services to offset the increased support it will receive from the CHCSM (as a result of all access lines becoming eligible for support). See Rule 41.8.8, 4 CCR 723-41.

2. By Decision No. C03-0283 the Commission ordered that the amendments to the Rules concerning the CHCSM that were adopted in Docket No. 02R-278T and relating to support of all access lines were stayed until further order of the Commission.

3. Staff of the Commission (Staff) has advised the Commission that Qwest has now provided it with the necessary information and that Qwest is prepared to make the necessary tariff filings offsetting any increased support it will receive from the CHCSM. The support for Qwest will increase from an annual amount of \$45,305,324 to \$56,036,212 with the expansion of support to all lines. The 2003 budget thus will be increased from the reported \$47,830,939 to \$52,312,092 effective August 1, 2003. *See* Attachment A. Staff has also included the first quarter 2004 budgeted amounts.

4. Effective January 1, 2003 by Decision No. C02-1457 the Commission, acting as the administrator, set the Universal Service Charge at 2.0 percent for the year 2003. The Universal Service Charge rate will remain at 2.0 percent for the calendar year 2003 and through the first quarter of 2004. The Administrator shall review and re-evaluate the new rate for the Colorado Universal Service charge each quarter hereafter per Commission rules 4 CCR 723-41-7.2.4.

5. The organic statute for the CHCSM requires that the Commission include as part of its annual written report to the General Assembly, the proposed benchmarks, the 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. § 40-15-208(2)(b)(IX), C.R.S. The report transmitted to the General Assembly at the end of November 2002 for calendar year 2003 indicated the likely impact on support amounts to be provided to high cost providers if the Commission's rule

changes became final. Staff will now issue an update of the annual CHCSM report to the General Assembly advising them of the changes to the amounts in the distributions for 2003 and the first quarter of 2004, and the calculation of the new benchmarks due to the implementation of the new CHCSM rules.

II. ORDER

A. The Commission Orders That:

1. The amendments to the Rules Concerning the Colorado High Cost Support Mechanism, 4 *Code of Colorado Regulations* 723-41, adopted in Docket No. 02R-278T and relating to support of all access lines shall be implemented by this Order of the Commission.

2. The revised budget for the Colorado High Cost Support Mechanism appended to this Order as Attachment A is adopted for the calendar year 2003 and the first quarter 2004. The budget reflects the expansion of support for all lines increasing Qwest Corporation's support from \$45,305,324 annually to \$56,036,212 annually.

3. Qwest Corporation shall change its tariff to reduce rates for some of its services to offset the increased support it will receive from the Colorado High Cost Support Mechanism. *See* Rule 41.8.8, 4 *Code of Colorado Regulations* 723-41. Increased Colorado High Cost Support Mechanism payments to Qwest Corporation will commence concurrently with the effective date of a tariff filing to reduce rates.

4. Staff of the Commission is directed to issue an amended report to the General Assembly disclosing the changes to the Colorado High Cost Support Mechanism as a result of the implementation of the Rules.

5. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
June 25, 2003.**

(SEAL)



ATTEST: A TRUE COPY

Bruce N. Smith
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

POLLY PAGE

JIM DYER

Commissioners

CHAIRMAN GREGORY E. SOPKIN
ABSENT.

2003
COLORADO HIGH COST SUPPORT MECHANISM

Eligible Local Exchange Provider	Initial Authorized Gross Amount From The HCSM per Year	Effective Date of HCSM Funding	AMOUNT FROM THE HCSM Effective First Quarter 2003	AMOUNT FROM THE HCSM Effective Second Quarter 2003	AMOUNT FROM THE HCSM Effective Third Quarter 2003	AMOUNT FROM THE HCSM Effective Fourth Quarter 2003	CALENDAR YEAR 2003	AMOUNT FROM THE HCSM Effective First Quarter 2004
1 AGATE	\$3,262	01/01/02	\$815	\$815	\$816	\$816	\$3,262	\$673
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0	\$0
3 BIJOU			\$0	\$0	\$0	\$0	\$0	\$0
4 BLANCA			\$0	\$0	\$0	\$0	\$0	\$0
5 CenturyTel of Colorado			\$0	\$0	\$0	\$0	\$0	\$0
6 CenturyTel of Eagle	\$344,157	06/01/98	\$137,663	\$114,719	\$68,831	\$68,831	\$390,044	\$68,831
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0	\$0
8 Delta County Tele-Comm	\$346,770	10/18/00	\$86,693	\$86,693	\$86,693	\$75,142	\$335,221	\$71,521
9 DUBOIS			\$0	\$0	\$0	\$0	\$0	\$0
10 EASTERN			\$0	\$0	\$0	\$0	\$0	\$0
11 EL PASO			\$0	\$0	\$0	\$0	\$0	\$0
12 FARMERS			\$0	\$0	\$0	\$0	\$0	\$0
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0	\$0
14 HAXTUN			\$0	\$0	\$0	\$0	\$0	\$0
15 KINGS DEER			\$0	\$0	\$0	\$0	\$0	\$0
16 NUCLA-NATURITA	\$97,760	11/01/01	\$24,440	\$24,440	\$24,440	\$21,589	\$94,909	\$20,163
17 NUNN			\$0	\$0	\$0	\$0	\$0	\$0
18 PEETZ	\$27,321	10/01/01	\$6,830	\$6,830	\$6,831	\$5,635	\$26,126	\$5,635
19 Phillips County Telephone Company			\$0	\$0	\$0	\$0	\$0	\$0
20 PINE DRIVE	\$366,017	10/01/01	\$91,504	\$91,504	\$91,504	\$75,491	\$350,003	\$75,491
21 PLAINS			\$0	\$0	\$0	\$0	\$0	\$0
22 Qwest Corp.	\$49,776,527	01/01/03	\$11,326,331	\$11,326,331	\$13,114,812 *	\$14,009,053	\$49,776,527	\$14,009,053
23 Rico Telephone Company	\$60,000	01/01/00	\$9,000	\$9,000	\$9,000	\$9,000	\$36,000	\$6,000
24 ROGGEN			\$0	\$0	\$0	\$0	\$0	\$0
25 RYE			\$0	\$0	\$0	\$0	\$0	\$0
26 SOUTH PARK			\$0	\$0	\$0	\$0	\$0	\$0
27 STONEHAM			\$0	\$0	\$0	\$0	\$0	\$0
28 STRASBURG			\$0	\$0	\$0	\$0	\$0	\$0
29 SUNFLOWER			\$0	\$0	\$0	\$0	\$0	\$0
30 UNION			\$0	\$0	\$0	\$0	\$0	\$0
31 WIGGINS			\$0	\$0	\$0	\$0	\$0	\$0
32 WILLARD			\$0	\$0	\$0	\$0	\$0	\$0
33 Forecasted (Undesignated)			\$325,000	\$325,000	\$325,000	\$325,000	\$1,300,000	\$415,000
			\$12,008,276	\$11,985,332	\$13,727,927	\$14,590,557	\$52,312,092	\$14,672,367

* Qwest Support will change from \$ 11,326,331 Qtrly to \$14,009,053 Qtrly effective August 1, 2003. The 3rd Qtr Distribution is prorated to reflect the increase August 1, 2003