

Decision No. C04-0869

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET 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.

ORDER OPENING DOCKET

Mailed Date: July 30, 2004

Adopted Date: July 27, 2004

I. BY THE COMMISSION

A. Statement

1. In Docket No. 98M-147T, Staff of the Commission (Staff), on June 7, 2004, filed its Motion to Approve Stipulation and Settlement Agreement and Request for Waiver of Response Time as well as a Stipulation and Settlement Agreement (Stipulation). In Decision No. R04-0692, the Administrative Law Judge (ALJ) granted the Motion to Approve the Stipulation and Settlement Agreement in part. The purpose of the Stipulation was to establish a cost methodology to be used to calculate support from the Colorado High Cost Support Mechanism (CHCSM) for the 2005 calendar year. The Stipulation proposed that the Commission use average loop costs produced from the HAI 5.2 Model, including Staff's adjustments made in Docket No. 99A-577T, Qwest Corporation's (Qwest) updated 2003 ARMIS data, and updates to the model's line count information. Qwest's average 2003 line counts and revenue benchmarks were used along with the updated HAI modeled access per line costs to

produce wire center specific support. Use of this methodology resulted in CHCSM funding to Qwest in the amount of \$58,386,874 for calendar year 2005.¹

2. The parties in Docket No. 98M-147T agreed to continue to work together throughout the remainder of calendar years 2004 and 2005 to resolve remaining issues with the Hatfield models or the Federal Communications Commission's Hybrid Cost Proxy Model for determination of average monthly line costs. The parties stated that if they can agree to a refined model acceptable to all parties, they will recommend adoption of it for use in calendar year 2006. If they are unable to reach agreement, they will litigate the issue of what model and inputs should be used for the calendar year 2006 High Cost distribution. Under the Stipulation the parties may propose any model they so choose.

3. The ALJ accepted the Stipulation for the use of the model as set forth in the Stipulation and Settlement Agreement for the 2005 calendar year, and closed Docket No. 98M-147T, requiring a new docket to consider future cost methodologies. This will enable the Commission to include new interested persons, specifically, wireless providers, in the new proceeding.

4. In accordance with the Stipulation approved in Decision No. R04-0692, we now open this docket for the purpose of investigating and further developing a permanent proxy model to be used to determine State high cost funding for providers of local exchange telecommunications service. Any adopted proxy cost model shall meet relevant criteria set forth

¹ This docket establishes only a methodology for the establishment or determination of CHCSM funding. The actual funding is set in a separate docket.

in the Commission's Rules Prescribing the Procedures for Administering the Colorado High Cost Fund, 4 *Code of Colorado Regulations* 723-41.

5. Parties indispensable to this docket include: Qwest Communications, ICG Telecom Group, Inc., MCI Communications, Inc., XO Colorado, L.L.C., SBC Telecom, Inc., Eschelon Telecom of Colorado, Inc., Comcast Phone of Colorado, LLC, Level 3 Communications, AT&T Communications of the Mountain States, Inc., TCG Colorado, Cbeyond Communications, LLC, Time Warner Communications, Western Wireless Corp., Northeast Colorado Cellular, Inc., San Isabel Telecom, Inc., and South Park Telephone Company. These companies are now made parties to this docket.

II. ORDER

A. The Commission Orders That:

1. This docket is hereby opened for the above-stated purposes.
2. The following companies are made parties to this docket:

AT&T Communications of the Mountain States, Inc.
Cbeyond Communications, LLC
Comcast Phone of Colorado, LLC,
Eschelon Telecom of Colorado, Inc.
ICG Telecom Group, Inc.
Level 3 Communications
MCI Communications, Inc.
Northeast Colorado Cellular, Inc.
Qwest Communications
San Isabel Telecom, Inc.
SBC Telecom, Inc.
South Park Telephone Company
TCG Colorado
Time Warner Communications
Western Wireless Corp.
XO Colorado, L.L.C.

3. Interested persons may file requests for intervention within 30 days of the effective date of this Order.

4. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
July 27, 2004.**

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Commissioners