

Decision No. R04-0692

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 98M-147T

REGARDING THE ADMINISTRATION OF THE COLORADO HIGH COST FUND AND
THE ADOPTION OF A PROXY COST MODEL.

**RECOMMENDED DECISION OF
ADMINISTRATIVE LAW JUDGE
KEN F. KIRKPATRICK
ACCEPTING STIPULATION AND CLOSING DOCKET**

Mailed Date: June 22, 2004

I. STATEMENT

1. On June 7, 2004, Staff of the Commission (Staff) filed its Motion to Approve Stipulation and Settlement Agreement and Request for Waiver of Response Time as well as a Stipulation and Settlement Agreement. The purpose of the Stipulation is 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 proposes 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 would be used along with the updated HAI modeled access per line costs to produce wire center specific support. Use of this methodology would result in CHCSM funding to Qwest in the amount of \$58,386,874 for calendar year 2005.¹

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

2. Further, the parties agree 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 8 CPM model for determination of average monthly line costs. The parties state that if they can come up with 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 calendar year 2006 High Cost distribution. Under the Stipulation the parties may propose any model they so choose.

3. This proceeding has been ongoing for quite some time. Previous orders have expressed the concern of the undersigned Administrative Law Judge (ALJ) with this vehicle for determining CHCSM funding. In particular, in recent years it has become apparent that refinements to cost proxy models must include a wireless component. This does not appear to be viable in this proceeding.

4. Therefore the ALJ will accept the Stipulation for the use of the model as set forth in the Stipulation and Settlement Agreement for the 2005 calendar year. However, he will also close this docket which will force a new docket to be opened for future cost methodologies. This will enable the Commission to include more interested persons, specifically, wireless providers, in any future proceeding.

5. In accordance with § 40-6-109, C.R.S., it is recommended that the Commission enter the following order.

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

1. The Motion to Approve Stipulation and Settlement Agreement filed June 7, 2004 is granted in part. The Stipulation's proposed methodology for costs for determining Qwest Corporation's high cost support mechanism funding for the 2005 calendar year will be accepted. The Stipulation and Settlement Agreement is attached to this Order as Appendix A.

2. Docket No. 98M-147T is closed. A new docket for determining cost methodology beyond calendar year 2005 will be opened by further Commission order.

3. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

4. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

a) If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

b) If a party seeks to amend, modify, annul, or reverse basic findings of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

5. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Administrative Law Judge