

Decision No. C10-1274

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

DOCKET NO. 98M-236T

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IN THE MATTER OF THE ADMINISTRATION OF THE COLORADO HIGH COST  
SUPPORT MECHANISM.

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**ORDER ADOPTING CALENDAR YEAR 2011  
BUDGET FOR THE COLORADO HIGH  
COST SUPPORT MECHANISM**

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Mailed Date: November 24, 2010  
Adopted Date: November 23, 2010

**I. BY THE COMMISSION**

**A. Statement**

1. Section 40-15-208(2)(b)(IX), C.R.S., requires the Commission to submit a written report to the General Assembly on or before December 1 of each year. This report must contain proposed benchmarks, proposed contributions to be collected through a rate element assessment by each telecommunications provider, and the proposed total amount of the Colorado High Cost Support Mechanism (CHCSM) from which distributions are to be made for the following calendar year.

2. Pursuant to Rule 2846(b)(IV) of the *Rules Regulating Telecommunications Providers, Services, and Products*, 4 Code of Colorado Regulations 723-2, the Administrator of the CHCSM will calculate the Universal Service Charge quarterly. Staff of the Colorado Public Utilities Commission (Staff) has prepared an annual budget for high cost support for calendar year 2011. Staff estimates that high cost support and administrative expenses will total approximately \$61,725,310 (Attachment A), and that contributions to the fund, including any reserve over the target balance, will be \$61,772,245.

3. Now being fully advised in the matter, and based upon an independent review, the Commission, acting as the CHCSM Administrator, finds that the Colorado Universal Service Charge shall remain at the current 2.2 percent through the first quarter for the calendar year 2011.<sup>1</sup> The Administrator shall review and re-evaluate the rate element for the Colorado Universal Service Charge each quarter hereafter as required by the CHCSM rules.

4. In determining the 2011 Colorado Universal Service Charge, Staff considered six different factors: (1) the revenues of incumbent telecommunications service providers; (2) the percentage of revenue growth in the wireless industry; (3) the current line counts for all telecommunications service providers receiving support; (4) the current reserve balance that exists in the fund; (5) the results of future Commission rulemaking and federal legislation and rulemaking; and (6) an assumption of additional eligible telecommunications providers seeking support in 2011. After considering the impact of each of the six factors or assumptions into the 2011 budget, Staff found that contributions in addition to the reserve balance will sufficiently cover disbursements for the first quarter of calendar year 2011, but the rate element may need to be increased up to 2.9 percent during subsequent quarters.

5. Now being fully advised in the matter, we adopt the 2011 calendar year budget for the CHCSM.

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<sup>1</sup> As discussed in the 2010 Annual Report of the CHCSM, the rate element may need to be reset to 2.9 percent or another amount dependent upon many factors including existing petitions before the Commission, future petitions to the Commission, future Commission rulemaking actions, and possible federal legislation and rulemaking actions.

**II. ORDER**

**A. The Commission Orders That:**

1. The budget for the Colorado High Cost Support Mechanism (CHCSM) attached to this Order as Attachment A is adopted for calendar year 2011.

2. Pursuant to Rule 2846, the Commission, acting as the CHCSM Administrator, has determined the Colorado Universal Service Charge shall remain at 2.2 percent through the first quarter of calendar year 2011.

3. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
November 23, 2010.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

RONALD J. BINZ

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JAMES K. TARPEY

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MATT BAKER

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Commissioners

**Calendar Year 2011**

**COLORADO HIGH COST SUPPORT MECHANISM  
Budget**

**Disbursements**

Estimated Disbursements (Calendar Year)		\$61,602,106
Based on Revenue Benchmarks of:		
Residential	\$18.99	
Business	\$34.79	
Administrative Costs		\$123,204
Total Expenses:		<u><u>\$61,725,310</u></u>

<b>Contributions:</b>	<b>Rate Element</b>	
Jan. 1 through March 31, 2011	2.20%	\$12,420,688
April 1 through June 30, 2011	2.90%	\$16,450,519
July 1 through Sept. 30, 2011	2.90%	\$16,450,519
Oct. 1 through Dec. 31, 2011	2.90%	\$16,450,519
<b>Total Contributions</b>		<u><u>\$61,722,245</u></u>
<b>Projected Fund Balance</b>		<u><u>\$12,469,096</u></u>

\* should not all of the possible factors discussed in the Order occur, the end-user rate element may need to be reset to an amount different than 2.9 percent