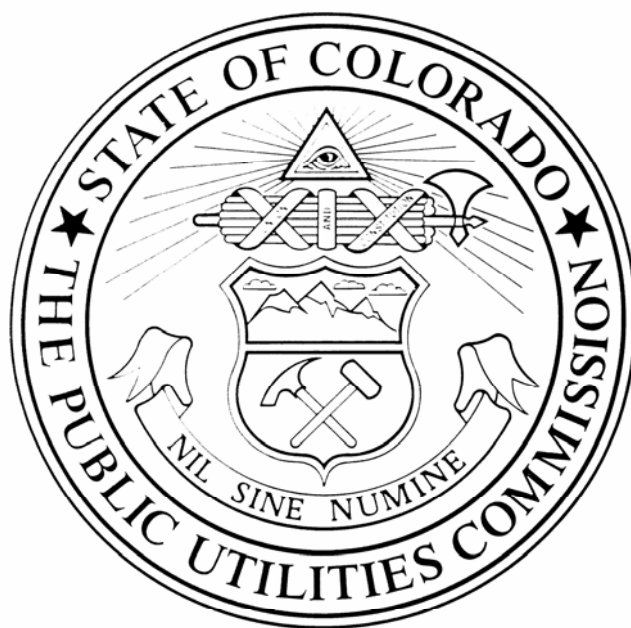


**2006 Annual Report of the
Colorado High Cost Support Mechanism**



Prepared by:

The Colorado Public Utilities Commission Staff

December 1, 2006

STATE OF COLORADO

PUBLIC UTILITIES COMMISSION

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Department of Regulatory Agencies

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Bill Owens
Governor

December 1, 2006

The General Assembly
State Capitol Building
Denver, Colorado 80203

Dear General Assembly Member:

This report provides information regarding the operation of the Colorado High Cost Support Mechanism during the calendar year 2006. Also, included are the proposed operations for the calendar year 2007.

House Bill 95-1335 was enacted on May 4, 1995. This initiated a new era in Colorado telecommunications law. The act declared that the policy of the State is to encourage competition in the basic local exchange telecommunications market and to strive to ensure that all Colorado consumers benefit from such increased competition. The bill directed that the Commission should seek the furtherance of universal basic service, toward the ultimate goal that basic service be available and affordable to all citizens of the State of Colorado. In order to accomplish that goal of universal basic service, the Commission was to create a system of support mechanisms to assist in provision of such services in high cost areas. The bill modified the high cost support mechanism portion of the law to ensure that all providers of basic local exchange service in high cost areas would be fully reimbursed for the difference between the costs incurred in making basic service available to customers within a rural, high cost geographic support area and the affordable price for such service.

Senate Bill 98-177, enacted on May 18, 1998, further modified the high cost support mechanism section and required, among other changes, that a report be prepared by the Colorado Public Utilities Commission accounting for the operation of the high cost support mechanism and that the report be submitted to the Committees of Reference for Telecommunications issues on or before December 1 of each year. Distributions from the high cost support mechanism for calendar year 2006 are estimated to be approximately \$61.2 million and contributions estimated at \$62.2 million. Currently, customers are paying a short term 1.6 percent rate element which is estimated to increase in second quarter 2007 to 2.7 percent. The rate element was decreased for a short time period in order to obtain the target reserve balance.

If I can be of further assistance to you, please let me know.

Sincerely,

Doug Dean
Director

Colorado High Cost Support Mechanism

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Annual Report of the Colorado High Cost Support Mechanism To the General Assembly

I. Overview

The Telecommunications Act of 1996 established the framework for universal service. The expressed purpose of the Act is:

. . . to make available, so far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges. . . .¹

The concept of universal service as a public policy goal means ubiquitous availability of a specified set of telecommunications services delivered at a specified level of quality and at an affordable price so that every household is reasonably able to connect to the telephone network.

The policy goal of universal telephone service is being supported through a number of explicit federal and state mandated mechanisms. Explicit mechanisms provide targeted support to specific geographic areas, companies, or households. These include:

- Lifeline Assistance and Link Up America - programs to assist qualifying low-income households by providing reduced monthly rates and reduced initial charges;
- Telecommunications Relay Services - to enable speech or hearing impaired individuals to use the voice telephone network;
- Rural Utilities Service Loans – low interest loans to support rural local exchange companies' construction budgets;
- Federal and State Universal Service Funds - to support high-cost local exchange companies.

¹ Communications Act of 1934, Title I, Section 1 (47 U.S.C. 151).

The Colorado High Cost Support Mechanism (CHCSM) is under the administration of the Colorado Public Utilities Commission (Commission) pursuant to § 40-15-208 and implemented by the Commission rules found at 4 CCR 723-2-2840. The goal of CHCSM is to promote and support universal service by helping make basic local exchange service available and affordable within high cost areas of the state. The Commission has augmented and strengthened the CHCSM program through the issuance of regulation, rules and other directives.

The CHCSM provides financial support to local exchange providers who qualify as eligible telecommunications providers so that basic local exchange service is affordable even though the cost to provide such service may be high in some areas. The CHCSM amounts paid to providers are coordinated with the federal Universal Service Fund (USF) program.

In 2005, the Colorado General Assembly enacted House Bill 05-1203 to be effective July 1, 2005. The purpose of the legislation was to eliminate any inequitable treatment in the distribution of CHCSM support in a manner that is nondiscriminatory and on a competitively neutral basis. The Commission conducted a rulemaking in Docket No. 05R-529T and adopted emergency rules to implement the statutory language² in Decision No. C05-1464. The proposed rules eliminated the seven-year phase down of CHCSM support for rural providers. In Decision No. C06-1005, a general rate case filing requirement for determining if a rural provider is eligible for ongoing CHCSM support level was eliminated in favor of a single page report. Other CHCSM rule requirements were retained.

In October 2005, the Commission opened Docket No. 05I-431T for the purpose of reexamining the CHCSM. This investigation is warranted for several reasons. First, the Commission believes it is important to conduct periodic reviews of all aspects of its authority, especially those which imply significant fiscal impact, as part of our ordinary due diligence. Second, the outcome of a recent Commission docket³ modified the regulatory scheme for most regulated telecommunications service providers that necessitated the reexamination of CHCSM. The CHCSM investigation includes workshops that serve as the forum for parties to express their views on issues pertaining to the CHCSM. The issues to be explored in the investigation shall include, among other things, which services are to be supported and the appropriate level of support.

In February 2006, the Commission opened an investigation (Docket No. 06I-084T) to consider the revision of the definition of basic local exchange telephone service (basic service). The docket was opened to satisfy the provision of § 40-15-502(2), C.R.S., requiring the Commission to conduct a

² See Commission Decision Nos. C05-1071 and C06-0441.

³ Docket No. 04A-411T, Decision No. C05-0802.

proceeding no less frequently than every three years to consider the revision of the definition of basic service. The Commission found that the existing definition of basic local exchange telephone service meets the goal of maintaining the affordability and quality of basic local exchange service. However, the Commission may re-examine the definition of basic local exchange service as it relates to issues currently under examination in the investigation of the CHCSM in Docket No. 05I-431T.

In August 2006, the Commission approved a decrease in the Universal Service Surcharge from 2.9% to 1.6% beginning fourth quarter 2006 with a possible increase, not to exceed 2.7 percent, in second quarter 2007. The rate element was reduced in order to achieve the target fund reserve of approximately \$10 to \$11 million as the Commission determined that the Fund reserve had become excessive. The true-up of revenues and fluctuations in contributions necessitated the need to temporarily reduce the contributions to the fund until the target reserve is reached. Each quarter, the Commission will review and re-evaluate the total amount of CHCSM support that will be needed for upcoming quarters and determine the appropriate rate element to be applied to the retail revenues.

In 2006, an average of 93 companies contributed to the fund for a total estimated at \$62,267,465. An estimated total of \$61,227,686 will be distributed by year-end 2006. The Colorado universal service charge was set at 2.9 percent for the first nine months and was decreased to 1.6 percent for fourth quarter 2006. This one-time reduction in the rate element was due to the anomalous increase in end-user revenues as reported in the first quarter 2006 because several wireless providers corrected for previous under-reporting of revenues. It is projected that the end-user rate element will need to be increased in subsequent quarters in 2007 to 2.7 percent in order to maintain the funding and to meet the desired level of reserve balance. This is a slight decrease from the 2.9 percent rate element during 2006 approved by the Commission and is due to the fact that a major wireless contributor is now capturing all the accounts subject to the rate element.

II. History

The Commission adopted its first explicit support mechanism in 1990. The Commission adopted Rules Prescribing the Standard Procedures for Separating Telecommunications Property Costs, Revenues, Expenses, and Reserves for Access Charges for small Local Exchange Telecommunications Service Providers (LECs) and established the Colorado High Cost Fund (CHCF). As discussed in more detail below, the CHCF was later renamed to the Colorado High Cost Support Mechanism (CHCSM) along with other minor modifications.

Senate Bill 92-16 was enacted on April 16, 1992, amending Article 15 of Title 40, Colorado Revised Statutes, by the addition of a new section, § 40-15-208, C.R.S. The new section codified the creation of the CHCF and authorized the Commission administration of the fund. To provide direct oversight of activities and performance of the CHCSM, the Commission implemented rules found at 4 CCR 723-41.

On May 24, 1995, House Bill 95-1335 was enacted. The Colorado Act, in part, modified the statutory definition of Basic Service, amended the section establishing the CHCF and added a new Part 5 to Article 15 of Title 40, providing for local exchange service competition.

The Colorado Act gave an expression of state policy that:

The Commission shall require the furtherance of universal basic service, toward the ultimate goal that basic service be available and affordable to all citizens of the state of Colorado. . . . The commission shall have the authority to regulate providers of telecommunications services to the extent necessary to assure that universal basic service is provided to all consumers in the state at fair, just, and reasonable rates. § 40-15-502(3), C.R.S.

The Commission was given further instruction by the expression of state policy that:

In order to accomplish the goals of universal basic service . . . the commission shall create a system of support mechanisms to assist in the provision of such services in high-cost areas. These support mechanisms shall be funded equitably and on a non-discriminatory, competitively neutral basis through assessments on all telecommunications service providers in Colorado . . . § 40-15-502(5), C.R.S.

The bill modified the high cost support mechanism portion of the law, § 40-15-208, C.R.S., to ensure that all providers of basic local exchange service in high-cost areas are reimbursed for the difference between the costs incurred in making basic service available to customers within a rural, high-cost geographic support area and the affordable price for such service.

The Commission adopted specific Rules implementing these statutory guidelines. The Commission conducted a rulemaking in Docket Nos. 95R-558T and 97R-043T regarding the CHCSM. Non-rural incumbent telecom providers are currently regulated by Part I of the Commission's Rules, requiring cost estimates based on a proxy cost model estimate. These proxy cost estimates are then compared to a revenue benchmark with the resulting differential funded by the CHCSM for eligible providers. Rural incumbent telecom providers are currently regulated by Part II of the Commission's Rules,

requiring cost estimates based on the actual embedded cost of service demonstration net of relevant revenues. The CHCSM is funded by a customer surcharge on intrastate retail revenues from telecommunication services. The Commission requires telecommunications service providers collect and remit receipts based upon a percent of its end-user intrastate telecommunications service revenues.

In 1998, Qwest entered into a Stipulation and Settlement agreement with the Commission freezing the annual support for Qwest until a sufficient proxy model could be developed. In 2002, the parties to Docket No. 98M-147T (Regarding the Administration of the Colorado High Cost Fund and the Adoption of a Proxy Cost Model) met and agreed to use the results produced by the Federal Communications Commission's (FCC) Hybrid Cost Proxy Model (HCPM) to establish wire-center specific cost support for Qwest for calendar year 2003. On August 1, 2003, upon Qwest's receipt of increased high cost support from the implementation of the Commission's Order granting it support for all lines, Qwest eliminated zone charges outside its base serving area for over 225,000 of its Colorado telephone lines. The elimination of Qwest zone charges reduced residence and business rates by as much as \$20.00 per line per month.

On May 18, 1998, Senate Bill 98-177 was enacted which further modified Section 40-15-208(2)(d)(I), C.R.S. by changing the name of the program to the "Colorado High Cost Support Mechanism," and required that the CHCSM not exceed \$60 million during each of the calendar years 1998 and 1999. Further, SB 98-177 required that a report be prepared by the PUC accounting for the operation of the high-cost support mechanism, and that the report be submitted to the general assembly on or before December 1 of each year. The Commission adopted interim rules⁴ and, subsequently, permanent rules⁵ implementing SB 98-177.

During 1999, in conjunction with the proceeding conducted by the Commission to review the definition of Basic Local Exchange Service as required by § 40-15-502(2), C.R.S., the Commission further addressed CHCSM rule issues. The Commission reiterated its decision to support only the primary residential line and the first business line in non-rural high cost areas, and on an interim basis to continue support to all access lines in rural high cost areas. In 2003, the Commission adopted rules that expanded support from the first residential line and the first business line to all access lines.

In 2003, the Commission adopted Rule 4 CCR 723-41-9.2.3 (recodified 4 CCR 723-2-2848(d)(II),

⁴ See PUC Docket No. 98R-028T.

⁵ See PUC Docket No. 99R-028T.

effective April 1, 2006), which extended CHCSM support to all residential and business lines. With financial support being extended to all access lines for non-rural providers, the projected distribution requirements to Qwest were increased.

During 2004, the administration of the CHCSM by the Commission continued to develop as changes occurred in the federal USF program, as new competitive carriers began to enter Colorado's high cost areas, and as the economic conditions for telecommunications competition changed dramatically.

Also in 2004, the Commission continued its investigation into the adoption of the high cost proxy model (Docket No. 98M-147T). The Commission approved the use of results from the FCC's HCPM model, with modifications made to accommodate the specific needs of Colorado telecommunication providers, and to provide wire center-specific cost support to Qwest. A Commission Administrative Law Judge approved a Stipulation which used average loop costs produced from the HAI 5.2 model, including Staff adjustments made in Docket No. 99A-577T, Qwest Corporation's updated 2003 ARMIS data, and updates to the model's line count information. Use of this methodology resulted in CHCSM funding to Qwest in the amount of \$58,386,874 for the calendar year 2005. Following this Stipulation, the ALJ closed Docket No. 98M-147T and required a new docket be opened to consider future cost methodologies. Docket No. 04M-388T is now opened to consider further development to the Proxy Cost Models used in determining high-cost Qwest wire center support.

On November 12, 2004, the FCC released its Memorandum Opinion and Order⁶ that declared Voice over Internet Protocol (VoIP) service to be interstate and preempted state regulation of such services. By declaring VoIP to be interstate, revenues of such services may be considered interstate and no longer subject to the CHCSM surcharge. In 2006, the FCC⁷ further clarified that interconnected VoIP providers who have the capability to identify whether customer calls are interstate or intrastate would no longer qualify for the preemptive effect of the FCC's Vonage Order⁸. Interconnected VoIP providers have three options to determine their interstate revenues: 1) they may use the interim safe harbor established by the FCC at 64.9 percent, 2) they may report their actual interstate telecommunications revenues; or 3) they may rely on traffic studies. This issue will need to be addressed in the investigatory docket for reexamining the CHCSM. A number of telecommunications providers who currently contribute to the Fund in Colorado already incorporate VoIP in the provision of their services within Colorado. More providers, including Qwest (who is both a major contributor and a major recipient of Colorado funding) are expected to offer this new technology, at least in part.

⁶ In the Matter of Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission, WC Docket No. 03-211, FCC 04-267, Released November 12, 2004.

⁷ See Report and Order and Notice of Proposed Rulemaking, FCC 06-94, released June 27, 2006.

⁸ See Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities Commission, Order, WC Docket No. 03-211

Hence, Colorado recipients of CHCSM support may see an erosion of contributors while the requirement for high cost support remains for traditional wireline telephony. If Qwest offers VoIP technology, their Colorado funding requirements may decrease as traditional wireline telephony is replaced with VoIP technology because the VoIP facilities would then be classified as interstate and not eligible for support from the CHCSM. Additionally, if VoIP technology becomes a “least-cost” alternative, changes to the applicable support per line may also be required. On the other hand, CHCSM contributors may see a relief as the contribution base will broaden if interconnected VoIP providers are required to report and contribute to the CHCSM.

Also in the FCC order, the wireless safe harbor was raised from its current 28.5 percent to 37.1 percent. Currently there are four wireless providers that report and contribute to the CHCSM based on the FCC wireless safe harbor.

During its regular 2005 session, the Colorado General Assembly enacted House Bill 05-1203 to be effective July 1, 2005. This act concerns the equitable distribution by the Commission of high cost support mechanism funding to eligible providers. Basically, this bill added two clarifying definitions to the statutes:

- a) “Distributed Equitably” to mean a distribution of funds that is accomplished using regulatory principles that are neutral in their effect, that do not favor one class of providers over another, and do not cause any eligible rural telecommunications provider to experience a reduction in its high cost support mechanism requirement based on commission rules that are not applicable to other telecommunications providers.
- b) “Non-discriminatory and competitively neutral basis” refers to distributions that are made by the commission shall be made using regulatory principles that are neutral in their effect, do not favor one class of providers over another, and do not impose regulatory requirements or costs on only one class of customers.

The Commission adopted emergency rules in Docket No. 05R-381T in response to the passage of HB05-1203. The Commission took this emergency action to ensure that high cost support is made in a nondiscriminatory manner and regulatory requirements are not imposed on one set of carriers without having them imposed on all. The emergency rules eliminated the phase-down provision for rural carriers which reduced CHCSM support over a seven-year period, from 100 percent in the first and second year, to 82.5 percent in the third year, 65 percent in the fourth year, 40 percent in the fifth year, 20 percent in the sixth year, and zero during the seventh year. In 2006, the Commission adopted permanent rules to implement HB05-1203. The new rules eliminated the phase-down provision.

Northeast Colorado Cellular, Inc., doing business as Viaero Wireless (Viaero), is the first wireless carrier to begin drawing CHCSM support in 2005. Viaero is eligible to receive CHCSM support based on the amount the underlying incumbent carrier receives for that wire center and on the number of Viaero's lines. Viaero must submit its request for CHCSM in a timely manner.

Changes made in 2006 are discussed in the previous overview section.

III. Administration

The Commission, acting as Administrator, administers billing, collection and disbursement functions for all CHCSM. It also collects information regarding contributing entities and end-user intrastate telecommunications revenues, submits projections of demand, determines benchmarks used, determines the amount of distributions made from the CHCSM, and records the cost of administrative expenses. On August 6, 2002, the Commission entered into a Memorandum of Understanding (MOU) with CenturyTel, Inc to be the Custodial Receiver of certain contributions to the CHCSM and be required, under direction from the Commission, to transfer support to eligible recipients per quarter. Under the terms of the MOU, CenturyTel established a separate segregated account (Escrow Account) at Regions Morgan Keegan Trust (Regions). Regions' provides banking and investment management services. Prior to CenturyTel, Inc., Qwest Corporation was the Custodial Receiver of the CHCSM funds.

The functions of the Administrator also include, but are not limited to, development of applications and associated instructions as needed for the CHCSM, administering the process to ensure compliance with the Commission rules and regulations, updating the web site for such processes and development and implementation of other processes unique to CHCSM.

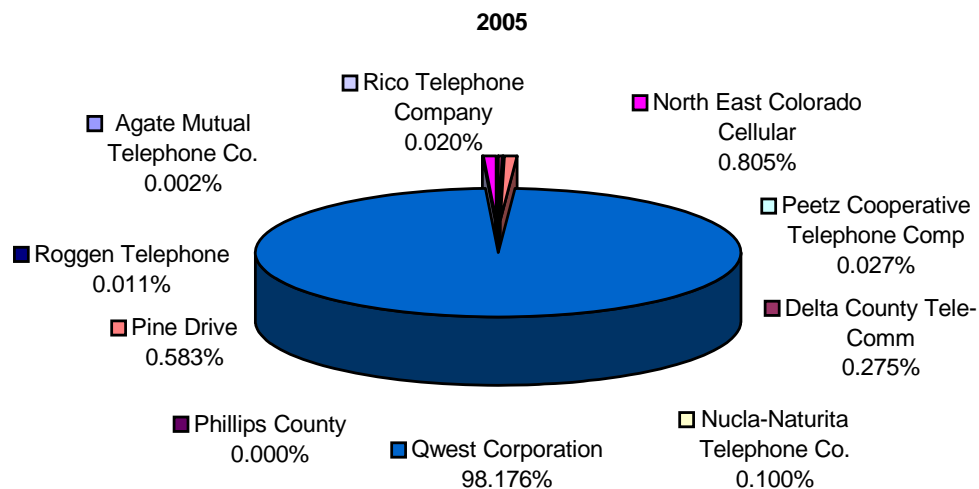
As the Administrator, the Commission continues to take enforcement actions (complaint dockets) against certain delinquent telecommunications service providers who are not in compliance with the Commission rules and continues to conduct audits of data submitted by providers. Due to the rapidly changing fortunes of telecommunications service providers, the Commission must take these actions to ensure that each provider is contributing to the CHCSM amounts that the provider has collected from its customers or should have collected.

On August 6, 2002, the Commission entered into a Memorandum of Understanding (MOU) with CenturyTel, Inc to be the Custodial Receiver of certain contributions to the CHCSM and be required, under direction from the Commission, to transfer support to eligible recipients per quarter. Under the

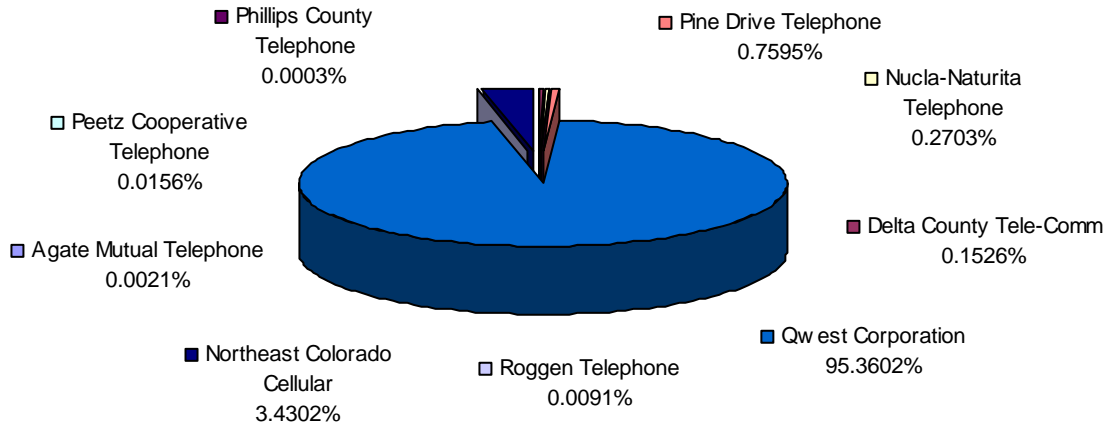
terms of the MOU, CenturyTel established a separate segregated account (Escrow Account) at Regions Morgan Keegan Trust (Regions). Regions' provides banking and investment management services.

Regions provides the Commission a monthly report which identifies receipts (contributor, date of receipt, amount received), disbursements, transfers, and the current balance of the Escrow Account. All costs related to the Escrow Account is satisfied by interest earned from the Escrow Account. In accordance with the MOU, payments made to CenturyTel for managing the Escrow Account for 2004 was \$243,500. For 2005 and 2006, CenturyTel will be paid \$243,500 each year respectively for managing the Escrow Account. The interest yield significantly increased in 2005 and 2006, resulting in approximately \$489,313 and estimated \$785,000 of interest earned respectively in these years. Because of the escalating percentage in the yield, the Commission is in the process of reviewing the MOU and may need to make the necessary amendments to the MOU for inclusion of annual rate of income fluctuations in order to adequately compensate for administration expenses.

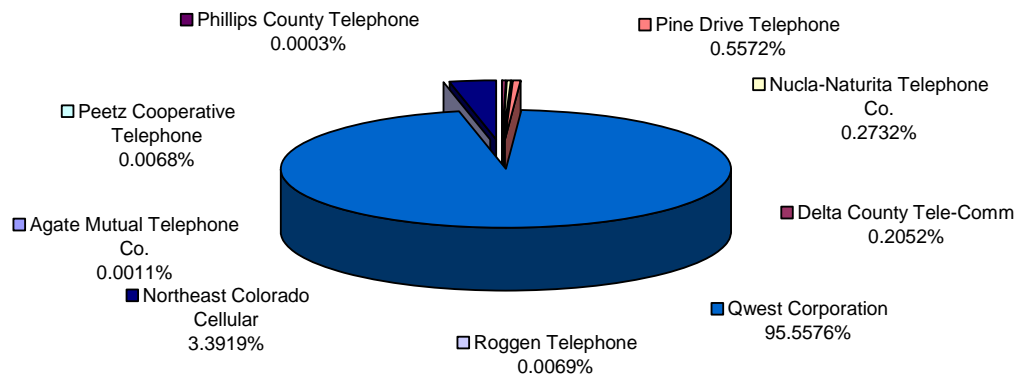
The following three charts summarize the percentage of CHCSM distributions, actual and projected, paid to eligible providers for calendar years 2005, 2006 and 2007. The fourth chart summarizes the dollar value of distributions from and contributions to the Fund for calendar years 2003 through 2006. For 2004 and 2005, contributions to the fund were held artificially low in order to reduce the Fund reserve. The goal is to have the contributions and distributions equal for the most part.



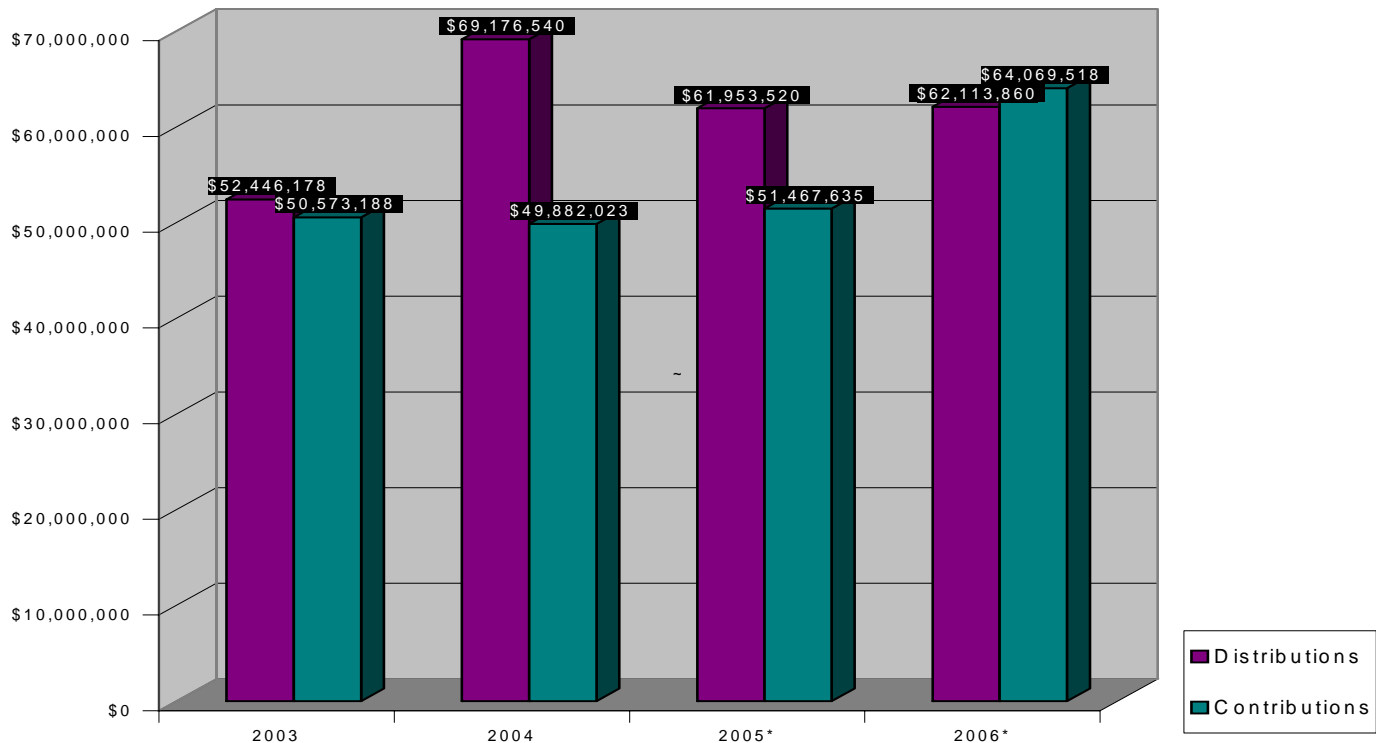
2006



Projected 2007



Summary of Contributions and Distributions



Rate Element: Jan. 2003 through Sep. 2005 - 2.0%, Oct. 2005 through Sep. 2006 - 2.9%,
 Oct. 2006 to present - 1.6%

IV. Operations - 2006

Calendar Year 2006 Support was provided to both rural and non-rural incumbent eligible telecommunications service providers who served customers in high-cost geographic areas in the calendar year 2006. The 2006 budget for the CHCSM was estimated at \$63,510,394.

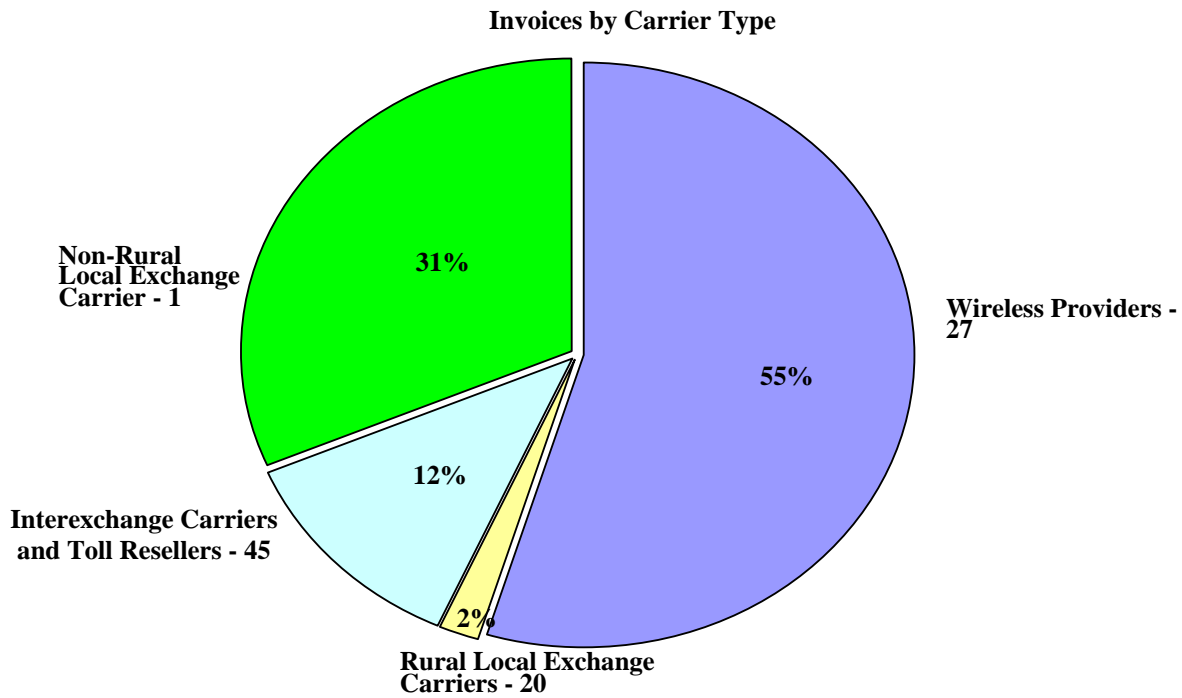
Distributions to eligible telecommunications service providers for the first nine months were \$45,000,492, and are estimated at \$16,227,194 for the remaining three months of 2006. An estimated total of \$61,227,686 will be distributed by year-end 2006, which is a slight increase from 2005. By year-end 2006, an estimated \$151,800 will be expensed to the administrative budget. The distributions to eligible providers are identified in Table A below:

Table A
2006 Colorado High Cost Support Mechanism
Actual Distributions

Local Exchange Provider	Estimated Supported Access Lines for Year 2006	Estimated Gross Distributions Calendar Year 2006	Estimated 2006 Distributions per Access Line Per Year
Agate Mutual Telephone	151	\$1,305	\$8.64
Delta County	10,689	\$93,447	\$8.74
Nucla-Naturita	1,854	\$165,483	\$89.26
Peetz Cooperative	237	\$9,562	\$40.35
Philips County	1,975	\$204	\$0.10
Pine Drive Telephone	935	\$465,019	\$497.35
Qwest Corporation	474,273	\$58,386,874	\$123.11
Roggen Telephone	285	\$5,587	\$19.60
N. E. Colorado Cellular	19,743	\$2,100,205	\$106.38
Total	510,142	\$61,227,686	
Average Per Line Support for Eligible Companies			\$120.02

In 2006, nine rural and non-rural companies received support. The support per line varies greatly, ranging from \$0.10 per line for Phillips County Telephone to \$497.35 per line for Pine Drive Telephone. The CHCSM support for Nucla-Naturita and Pine Drive Telephone were increased due to the companies seeking additional funds from the Colorado High Cost Support Mechanism (CHCSM). Delta County Tele-Comm, Inc. filed to increase its annual CHCSM support beginning with fourth quarter 2006. A hearing date has been scheduled for early December to determine the CHCSM support amount. The average residential revenue benchmark for Qwest was \$19.02 per month in 2006. The average business revenue benchmark for Qwest was \$38.45 per month in 2006.

Contributions in 2006 to the CHCSM were made via an assessment on end-user telecommunications service revenues as billed by each qualifying telecommunications service provider. The rate element was calculated at 2.9 percent for the first nine months, and was decreased to 1.6 percent for the last three months of calendar year 2006. For the first nine months, the rate assessment generated \$52,576,240 in contributions and is estimated to generate \$9,691,225 for the last three months of 2006 for a total estimate of \$62,267,465. At the beginning of 2006, a total of 93 telecommunication providers contributed to the fund on a quarterly basis. The chart below depicts the 2006 average approximate breakdown of the quarterly invoices by carrier type and the percentage of contributions to the fund.



In 2006, contributions from wireline providers have maintained at a steady level. Comcast continues to voluntarily pay into the fund on its bundled VoIP services which it aggressively markets. Wireless providers revenues continue to increase and represent approximately 55% of the revenues to the fund. For the first quarter 2006, several wireless providers contributed more to the Fund due to a true-up in their intrastate retail revenues while other wireless and wireline providers had an anomalous spike in usage for first quarter 2006. For these reasons, the rate element was decreased to 1.6 percent in order to reduce the Fund reserve to the target reserve amount. Once the target reserve amount is reached, the rate element will be adjusted so the distributions and contributions will be equal for the most part.

Section 40-15-208(2)(c), C.R.S., provides that if the Commission, by this report, proposes an increase above the amount contained in the previous calendar year's report in any of the following: (1) the proposed benchmark; (2) the contributions to be collected through a rate element; or (3) the total amount of distributions to be made for support in high cost areas, then such increase shall be suspended until March 31 of the budget year. Accordingly, the Commission used the 2005 calendar year revenue benchmarks for the first quarter of 2006, adjusting them as necessary throughout the year to match receipts to disbursements.

V. Projected Operations – 2007

Calendar Year 2007 Projections. Distribution from the fund will continue to be provided to both rural and non-rural eligible telecommunications service providers who serve customers in high-cost geographic areas in calendar year 2007. The Commission issued two decisions in Docket No. 05R-529T to implement the provisions of House Bill 05-1203 that will affect the distribution process for rural providers. In Decision C06-1005, the Commission adopted rules that eliminated a rate case requirement for rural eligible telecommunications service providers to determine the amount of CHCSM support levels. Rural providers will be required to file a petition to request the initial level of support and, thereafter, will be required to file a one-page form each year that will allow the Commission the ability to monitor investments, revenues and earnings. For 2007, \$3,361,361 is forecasted for additional CHCSM distributions to rural providers bringing the total distributions to \$63,814,667 as identified in Table B below.

Table B
2007 Colorado High Cost Support Mechanism
Estimated Distributions

Local Exchange Provider	Estimated Supported Access Lines for Year 2007	Estimated Gross Distributions Calendar Year 2007	Estimated 2007 Distributions per Access Line Per Year
Agate Mutual Telephone	151	\$652	\$4.32
Delta County	10,689	\$124,290	\$11.63
Nucla-Naturita	1,854	\$35,845	\$19.33
Peetz Cooperative	237	\$4,098	\$17.29
Philips County	1,975	\$152	\$0.08
Pine Drive Telephone	935	\$337,557	\$361.02
Qwest Corporation	433,811	\$57,891,367	\$133.45
Roggen Telephone	285	\$4,201	\$14.74
N. E. Colorado Cellular	19,743	\$2,054,924	\$104.08
Forecasted (Undesignated)		\$3,361,581	
Total	469,680	\$63,814,667	
Average Per Line Support for Eligible Companies			\$135.87

The CHCSM distribution for Qwest will decrease in 2007 as a direct result of the acceptance of the Commission Stipulation and Settlement agreement⁹ adopting a procedure similar to that used to determine the 2004, 2005 and 2006 high cost support amounts. The agreement involves the use of

⁹ Docket No. 04M-388T, Decision No. C06-1246.

average line costs produced by the HAI Consulting, Inc.'s ("HAI") model used in Docket No. 99A-577T (HAI Model 5.2a), with Staff's adjustments, and updating the Qwest expense and investment figures with Qwest's 2005 ARMIS data and line count information. The average residential revenue benchmark for Qwest was \$18.59 per month in 2007. The average business revenue benchmark for Qwest was \$36.34 per month in 2007. The Commission will continue its review of the input data used for the HAI 5.2a model which was used to calculate Qwest's CHCSM funding for 2007. The review will be completed on or before April 1, 2007, at which time the Commission will determine if an adjustment is required to Qwest's CHCSM draw.

Expenditures for administering the CHCSM in year 2007 are estimated to increase slightly over actual amounts from 2006, due to the normal increases in personnel service costs and the continued development of an appropriate proxy cost model. Based on this fund level, the projected Commission administration cost requirement is estimated to be \$156,258 (or 0.2% of total disbursements) during year 2007 for administering the CHCSM. Personnel service costs include a percentage of employee wages, data processing, auditing and compliance activities, legal services, expenditures for the acquisition of computer software, and proxy cost model development and review.

In 2007, budgeted contributions to the CHCSM will again be made via an assessment on end-user intrastate telecommunications service revenues as billed by each telecommunications service provider. The desired level of reserve balance for the CHCSM Fund is estimated to have a cash balance of approximately \$10 to \$11 million. The target reserve balance is equal to one quarter of net distributions to eligible providers. The goal is to maintain a moderate surplus in the Fund so that the Commission, as Administrator, is prepared to make future CHCSM distributions from the fund to eligible providers. Taking the reserve into account, the rate element has been set at 1.6% in fourth quarter 2006 and first quarter 2007 in order to maintain the Fund reserve at a minimum level. This one-time reduction in the rate element was due to the anomalous increase in end-user revenues as reported in the first quarter 2006. It is projected that the end-user rate element will need to be increased in subsequent quarters in 2007 to 2.7 percent in order to maintain the desired level of reserve balance. This is a slight decrease from the 2.9 percent rate element during 2006 and is due to the fact that a wireless contributor is now capturing all the accounts subject to the rate element.

VI. Pending Legislation and Rulemaking that Could Impact the CHCSM

In 2006, the Federal Communications Commission (FCC) and the Federal-State Joint Board on Universal Service (Joint Board) requested comments on a number of issues relating to universal service for non-rural telecommunications carriers¹⁰. In particular, the FCC requested comments on how it should modify the high cost support mechanism for non-rural carriers, and whether the FCC should adopt a non-rural insular mechanism. This Commission filed comments to urge the FCC to make the appropriate changes to the federal universal service distribution mechanism to target funding to high cost wire centers rather than high cost carriers. The proposed change would allow Qwest Corporation to be a recipient of federal universal service funds in high cost areas it serves. If adopted, the impact on the CHCSM would potentially decrease Qwest's support, possibly allowing a decrease in the surcharge to Colorado consumers.

In June 2006, the FCC issued a Report and Order and Notice of Proposed Rulemaking regarding modifications to the existing approach for assessing contributions to the federal USF. This order implemented two critical actions, first, it raised the interim wireless safe harbor from its current 28.5 percent level to 37.1 percent, and, second, it established universal service contribution obligations for providers of interconnected VoIP service. The FCC order will have an immediate impact on the Colorado HCSM such that wireless providers that report their intrastate revenues using the safe harbor percentage will be reporting less intrastate revenue than previously reported. Currently, there are four wireless providers that contribute to the CHCSM based on the federal safe harbor percentages. Second, the FCC concluded that interconnected VoIP services permit users to receive calls from and terminate call to the public service telephone network. Further, interconnected VoIP providers who have the capability to identify whether customer calls are interstate may no longer qualify for the preemptive effect of the FCC's Vonage Order¹¹ and might be subject to state regulation. This issue will need to be addressed in the investigatory docket for reexamining the CHCSM.

In 2005, the National Association of Regulatory Utility Commissioners (NARUC) established an Intercarrier Compensation Task Force (ICTF) to consider major reform of intercarrier compensation.

¹⁰ Docket No. 96-45, FCC 05-205.

¹¹ See Vonage Holdings Corporation Petition for Declaratory Ruling Concerning an Order of the Minnesota Public Utilities

The ICTF developed the Missoula Plan which was filed with the FCC in July 2006. The Missoula Plan will have an impact on universal service in rural areas, interconnection agreements, intrastate access charges, growth of competition and retail rates. In its existing form, the Plan would modify the existing USF mechanisms to recover some carriers' potential revenue loss due to increased subscriber line charge (SLC) and adjusted access and reciprocal compensation charges. The Plan recommended two additional support mechanism; non-rural High Cost Loop Fund (HCLF) support and Safety Valve II. The plan would increase the current nationwide average cost per loop for rural telephone companies and would result in an increase in the amount of federal HCLF support. The Safety Valve II creates a supplemental mechanism to provide revenue recovery for carrier acquisitions. This would impact the CHCSM if the universal service support amounts change for eligible providers who qualify for CHCSM support. Such providers would be reimbursed from the CHCSM for the difference between the costs in making basic service available to customers and the price charged for such service, after taking into account any support amounts received by such providers established by the federal government and by this state.

There are several bills that the U. S. Congress is considering that address broad reform of the US telecommunications law. The Telecommunications Act of 1996 was the first major rewrite of US telecommunications law and much has changed in the past decade. There are several bills that the U. S. Congress is considering that address broad reform of the US telecommunications law. These current bills focus on the internet since telephone and cable companies are competing to offer a bundle of voice, data, and video services over "broadband" pipes into the home. The impact these bills could have on the CHCSM varies from needing to expand the fund, contract the fund or eliminate the fund.

VII. SUMMARY SCHEDULES

2007
COLORADO HIGH COST SUPPORT MECHANISM

Eligible Local Exchange Provider	Initial	Effective Date of HCSM Funding	AMOUNT	AMOUNT	AMOUNT	AMOUNT	CALENDAR YEAR 2007
	Authorized Gross Amount From The HCSM per Year		FROM THE HCSM Effective First Quarter 2007	FROM THE HCSM Effective Second Quarter 2007	FROM THE HCSM Effective Third Quarter 2007	FROM THE HCSM Effective Fourth Quarter 2007	
1 AGATE	\$3,262	01/01/02	\$163	\$163	\$163	\$163	\$652
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0
3 BIJOU			\$0	\$0	\$0	\$0	\$0
4 BLANCA			\$0	\$0	\$0	\$0	\$0
5 CENTURYTEL OF COLORADO			\$0	\$0	\$0	\$0	\$0
6 CENTURYTEL OF EAGLE			\$0	\$0	\$0	\$0	\$0
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0
8 DELTA COUNTY TELE-COMM	\$165,721	10/01/06	\$41,430	\$41,430	\$41,430	\$0	\$124,290
9 DUBOIS			\$0	\$0	\$0	\$0	\$0
10 EASTERN			\$0	\$0	\$0	\$0	\$0
11 EL PASO			\$0	\$0	\$0	\$0	\$0
12 FARMERS			\$0	\$0	\$0	\$0	\$0
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0
14 HAXTUN			\$0	\$0	\$0	\$0	\$0
15 SUNWEST COMMUNICATIONS			\$0	\$0	\$0	\$0	\$0
16 NUCLA-NATURITA TELEPHONE			\$0	\$0	\$0	\$0	\$0
17 N.E.COLORADO CELLULAR		12/21/01	\$513,731	\$513,731	\$513,731	\$513,731	\$2,054,924
18 NUNN			\$0	\$0	\$0	\$0	\$0
19 PEETZ	\$27,321	10/01/01	\$1,366	\$1,366	\$1,366	\$0	\$4,098
20 PHILLIPS COUNTY	\$260	10/01/03	\$42	\$42	\$42	\$26	\$152
21 PINE DRIVE TELEPHONE	\$450,075	10/01/06	\$112,519	\$112,519	\$112,519	\$0	\$337,557
22 PLAINS			\$0	\$0	\$0	\$0	\$0
23 QWEST CORPORATION	\$57,891,367		\$14,472,842	\$14,472,842	\$14,472,842	\$14,472,841	\$57,891,367
24 RICO TELEPHONE			\$0	\$0	\$0	\$0	\$0
25 ROGGEN	\$7,150	10/01/03	\$1,162	\$1,162	\$1,162	\$715	\$4,201
26 RYE			\$0	\$0	\$0	\$0	\$0
27 SAN ISABEL TELECOM			\$0	\$0	\$0	\$0	\$0
28 SOUTH PARK			\$0	\$0	\$0	\$0	\$0
29 STONEHAM			\$0	\$0	\$0	\$0	\$0
30 STRASBURG			\$0	\$0	\$0	\$0	\$0
31 SUNFLOWER			\$0	\$0	\$0	\$0	\$0
32 UNION			\$0	\$0	\$0	\$0	\$0
33 WESTERN WIRELESS			\$0	\$0	\$0	\$0	\$0
34 WIGGINS			\$0	\$0	\$0	\$0	\$0
35 WILLARD			\$0	\$0	\$0	\$0	\$0
ADMINISTRATIVE			\$39,065	\$39,065	\$39,065	\$39,065	\$156,258
UNDESIGNATED			\$840,395	\$840,395	\$840,395	\$840,395	\$3,361,581
Total			\$16,022,715	\$16,022,715	\$16,022,715	\$15,866,936	\$63,935,080

2006
COLORADO HIGH COST SUPPORT MECHANISM

Eligible Local Exchange Provider	Initial	Effective Date of HCSM Funding	AMOUNT	AMOUNT	AMOUNT	AMOUNT	CALENDAR YEAR
	Authorized Gross Amount From The HCSM per Year		FROM THE HCSM Effective First Quarter 2006	FROM THE HCSM Effective Second Quarter 2006	FROM THE HCSM Effective Third Quarter 2006	FROM THE HCSM Effective Fourth Quarter 2006	
1 AGATE	\$3,262	01/01/02	\$326	\$326	\$326	\$327	\$1,305
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0
3 BIJOU			\$0	\$0	\$0	\$0	\$0
4 BLANCA			\$0	\$0	\$0	\$0	\$0
5 CENTURYTEL OF COLORADO			\$0	\$0	\$0	\$0	\$0
6 CENTURYTEL OF EAGLE			\$0	\$0	\$0	\$0	\$0
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0
8 DELTA COUNTY TELE-COMM	\$346,770	10/18/00	\$17,339	\$17,339	\$17,339	\$41,430	\$93,447
9 DUBOIS			\$0	\$0	\$0	\$0	\$0
10 EASTERN			\$0	\$0	\$0	\$0	\$0
11 EL PASO			\$0	\$0	\$0	\$0	\$0
12 FARMERS			\$0	\$0	\$0	\$0	\$0
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0
14 HAXTUN			\$0	\$0	\$0	\$0	\$0
15 SUNWEST COMMUNICATIONS			\$0	\$0	\$0	\$0	\$0
16 NUCLA-NATURITA TELEPHONE	\$198,580	11/01/05	\$49,645	\$49,645	\$49,645	\$16,548	\$165,483
17 N.E.COLORADO CELLULAR		12/21/01	\$536,956	\$535,787	\$513,731	\$513,731	\$2,100,205
18 NUNN			\$0	\$0	\$0	\$0	\$0
19 PEETZ	\$27,321	10/01/01	\$2,732	\$2,732	\$2,732	\$1,366	\$9,562
20 PHILLIPS COUNTY	\$260	10/01/03	\$54	\$54	\$54	\$42	\$204
21 PINE DRIVE TELEPHONE	\$470,000	10/01/05	\$117,500	\$117,500	\$117,500	\$112,519	\$465,019
22 PLAINS			\$0	\$0	\$0	\$0	\$0
23 QWEST CORPORATION	\$58,386,874		\$14,596,719	\$14,596,719	\$14,596,718	\$14,596,718	\$58,386,874
24 RICO TELEPHONE			\$0	\$0	\$0	\$0	\$0
25 ROGGEN	\$7,150	10/01/03	\$1,475	\$1,475	\$1,475	\$1,162	\$5,587
26 RYE			\$0	\$0	\$0	\$0	\$0
27 SAN ISABEL TELECOM			\$0	\$0	\$0	\$0	\$0
28 SOUTH PARK			\$0	\$0	\$0	\$0	\$0
29 STONEHAM			\$0	\$0	\$0	\$0	\$0
30 STRASBURG			\$0	\$0	\$0	\$0	\$0
31 SUNFLOWER			\$0	\$0	\$0	\$0	\$0
32 UNION			\$0	\$0	\$0	\$0	\$0
33 WESTERN WIRELESS			\$0	\$0	\$0	\$0	\$0
34 WIGGINS			\$0	\$0	\$0	\$0	\$0
35 WILLARD			\$0	\$0	\$0	\$0	\$0
ADMINISTRATIVE			\$37,950	\$37,950	\$37,950	\$37,950	\$151,800
UNDESIGNATED			\$532,727	\$532,727	\$532,727	\$532,727	\$2,130,909

Total			\$15,893,423	\$15,892,254	\$15,870,197	\$15,854,520	\$63,510,394
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2005
COLORADO HIGH COST SUPPORT MECHANISM

Eligible Local Exchange Provider	Initial	Effective Date of HCSM Funding	AMOUNT	AMOUNT	AMOUNT	AMOUNT	CALENDAR YEAR 2005
	Authorized Gross Amount From The HCSM per Year		FROM THE HCSM Effective First Quarter 2005	FROM THE HCSM Effective Second Quarter 2005	FROM THE HCSM Effective Third Quarter 2005	FROM THE HCSM Effective Fourth Quarter 2005	
1 AGATE	\$3,262	01/01/02	\$530	\$530	\$530	\$530	\$2,120
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0
3 BIJOU			\$0	\$0	\$0	\$0	\$0
4 BLANCA			\$0	\$0	\$0	\$0	\$0
5 CENTURYTEL OF COLORADO			\$0	\$0	\$0	\$0	\$0
6 CENTURYTEL OF EAGLE			\$0	\$0	\$0	\$0	\$0
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0
8 DELTA COUNTY TELE-COMM	\$346,770	10/18/00	\$34,677	\$34,677	\$34,677	\$17,339	\$121,370
9 DUBOIS			\$0	\$0	\$0	\$0	\$0
10 EASTERN			\$0	\$0	\$0	\$0	\$0
11 EL PASO			\$0	\$0	\$0	\$0	\$0
12 FARMERS			\$0	\$0	\$0	\$0	\$0
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0
14 HAXTUN			\$0	\$0	\$0	\$0	\$0
15 NUCLA-NATURITA TELEPHONE	\$97,760	11/01/01	\$17,312	\$17,312	\$17,312	\$11,813	\$63,749
16 N.E.COLORADO CELLULAR		12/21/01	\$478,840	\$480,113	\$512,069	\$512,069	\$1,983,091
17 NUNN			\$0	\$0	\$0	\$0	\$0
18 PEETZ	\$27,321	10/01/01	\$4,440	\$4,440	\$4,440	\$2,732	\$16,052
19 PHILLIPS COUNTY	\$260	10/01/03	\$65	\$65	\$65	\$54	\$249
20 PINE DRIVE TELEPHONE	\$362,500	10/01/03	\$89,524	\$89,524	\$89,524	\$74,756	\$343,328
21 PLAINS			\$0	\$0	\$0	\$0	\$0
22 QWEST CORPORATION	\$58,386,874	01/01/05	\$14,596,718	\$14,596,718	\$14,596,718	\$14,596,718	\$58,386,872
23 RICO TELEPHONE	\$60,000	01/01/00	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
24 ROGGEN	\$7,150	10/01/03	\$1,788	\$1,788	\$1,788	\$1,475	\$6,838
25 RYE			\$0	\$0	\$0	\$0	\$0
26 SAN ISABEL TELECOM			\$0	\$0	\$0	\$0	\$0
27 SOUTH PARK			\$0	\$0	\$0	\$0	\$0
28 STONEHAM			\$0	\$0	\$0	\$0	\$0
29 STRASBURG			\$0	\$0	\$0	\$0	\$0
30 SUNFLOWER			\$0	\$0	\$0	\$0	\$0
31 UNION			\$0	\$0	\$0	\$0	\$0
32 WESTERN WIRELESS			\$0	\$0	\$0	\$0	\$0
33 WIGGINS			\$0	\$0	\$0	\$0	\$0
34 WILLARD			\$0	\$0	\$0	\$0	\$0
ADMINISTRATIVE			\$35,250	\$35,250	\$35,250	\$35,250	\$141,000
UNDESIGNATED			\$282,646	\$282,646	\$282,646	\$282,646	\$1,130,583
Total			\$15,544,790	\$15,546,063	\$15,578,019	\$15,538,382	\$62,207,253

2004 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 2004	AMOUNT FROM THE HCSM Effective Second Quarter 2004	AMOUNT FROM THE HCSM Effective Third Quarter 2004	AMOUNT FROM THE HCSM Effective Fourth Quarter 2004	CALENDAR YEAR 2004	
1 AGATE	\$3,262	01/01/02	\$673	\$673	\$673	\$673	\$2,692	
2 BIG SANDY			\$0	\$0	\$0	\$0	\$0	
3 BIJOU			\$0	\$0	\$0	\$0	\$0	
4 BLANCA			\$0	\$0	\$0	\$0	\$0	
5 CENTURYTEL OF COLORADO			\$0	\$0	\$0	\$0	\$0	
6 CENTURYTEL OF EAGLE	\$344,157	06/01/98	\$68,831	\$45,887	\$0	\$0	\$114,718	
7 COLUMBINE			\$0	\$0	\$0	\$0	\$0	
8 DELTA COUNTY TELE-COMM	\$346,770	10/18/00	\$71,521	\$71,521	\$71,521	\$42,913	\$257,476	
9 DUBOIS			\$0	\$0	\$0	\$0	\$0	
10 EASTERN			\$0	\$0	\$0	\$0	\$0	
11 EL PASO			\$0	\$0	\$0	\$0	\$0	
12 FARMERS			\$0	\$0	\$0	\$0	\$0	
13 GREAT PLAINS			\$0	\$0	\$0	\$0	\$0	
14 HAXTUN			\$0	\$0	\$0	\$0	\$0	
15 SUNWEST COMMUNICATIONS			\$0	\$0	\$0	\$0	\$0	
16 NUCLA-NATURITA TELEPHONE	\$97,760	11/01/01	\$20,163	\$20,163	\$20,163	\$16,497	\$76,986	
17 N.E.COLORADO CELLULAR	\$557,950		\$139,488	\$139,488	\$139,488	\$139,488	\$557,950	
18 NUNN			\$0	\$0	\$0	\$0	\$0	
19 PEETZ	\$27,321	10/01/01	\$5,635	\$5,635	\$5,635	\$3,381	\$20,286	
20 PHILLIPS COUNTY	\$260		\$65	\$65	\$65	\$65	\$260	
21 PINE DRIVE TELEPHONE	\$362,500	10/01/03	\$90,625	\$90,625	\$90,625	\$99,000	\$370,875	
22 PLAINS			\$0	\$0	\$0	\$0	\$0	
23 QWEST CORPORATION	\$68,175,086	01/01/03	\$14,999,925	\$17,725,054 *	\$17,725,054	\$17,725,054	\$68,175,086	
24 RICO TELEPHONE	\$60,000	01/01/00	\$6,000	\$6,000	\$6,000	\$6,000	\$24,000	
25 ROGGEN	\$7,150		\$1,788	\$1,788	\$1,788	\$1,788	\$7,150	
26 RYE			\$0	\$0	\$0	\$0	\$0	
27 SAN ISABEL TELECOM			\$0	\$0	\$0	\$0	\$0	
28 SOUTH PARK			\$0	\$0	\$0	\$0	\$0	
29 STONEHAM			\$0	\$0	\$0	\$0	\$0	
30 STRASBURG			\$0	\$0	\$0	\$0	\$0	
31 SUNFLOWER			\$0	\$0	\$0	\$0	\$0	
32 UNION			\$0	\$0	\$0	\$0	\$0	
33 WESTERN WIRELESS			\$0	\$0	\$0	\$0	\$0	
34 WIGGINS			\$0	\$0	\$0	\$0	\$0	
35 WILLARD			\$0	\$0	\$0	\$0	\$0	
ADMINISTRATIVE			\$0	\$0	\$36,680	\$36,096	\$73,360	
UNDESIGNATED			\$225,000	\$225,000	\$225,000	\$225,000	\$900,000	
Total			\$15,629,713	\$18,331,898	\$18,322,691	\$18,295,954	\$70,580,839	

* The increase in Qwest support in the second quarter reflects the distribution amount as a result of the elimination of zone charges, which resulted in lower reported revenue benchmarks. The Qwest zone charges were eliminated effective August 1, 2003, and the distribution of resulting increased support is to commence on April 1, 2004.

VIII. SUPPORTING SCHEDULES

**Colorado High Cost Support Mechanism
 Summary of Distributions**

Eligible Local Exchange Service Provider		Gross Distributions Calendar Year 2004	Gross Distributions Calendar Year 2005	Gross Distributions Calendar Year 2006*	Gross Distributions Calendar Year 2007*
1	Agate Mutual Telephone Company	\$ 2,692	\$ 2,120	\$ 1,305	\$ 652
2	CenturyTel of Eagle	\$ 114,718	\$ -	\$ -	\$ -
3	Delta County Tele-Comm	\$ 257,476	\$ 121,370	\$ 93,447	\$ 124,290
4	North East Colorado Cellular	\$ -	\$ 1,983,091	\$ 2,100,205	\$ 2,054,924
5	Nucla-Naturita	\$ 76,986	\$ 63,749	\$ 165,483	\$ -
6	Phillips County Telephone Company	\$ 260	\$ 249	\$ 204	\$ 152
7	Petz Cooperative Telephone Co.	\$ 20,286	\$ 16,052	\$ 9,562	\$ 4,098
8	Pine Drive	\$ 370,875	\$ 386,091	\$ 465,019	\$ 337,557
9	Qwest Corp.	\$ 68,175,086	\$ 58,386,874	\$ 58,386,874	\$ 57,891,367
10	Roggen Telephone	\$ 7,150	\$ 6,838	\$ 5,587	\$ 4,201
11	Rico Telephone Company	\$ 24,000	\$ 12,000	\$ -	\$ -
		\$ 1,832,251	\$ 1,130,583	\$ 2,282,709	\$ 3,361,581
Totals		\$ 70,881,780	\$ 62,109,017	\$ 63,510,395	\$ 63,778,822

* The disbursements for 2006 are actual information for January - September 2006 and estimated figures for October - December 2006. Disbursements for 2007 are estimated.

Colorado High Cost Support Mechanism Summary Contribution & Disbursements				
	2004	2005	2006*	2007*
DISBURSEMENTS:				
Distributions	\$ 45,048,108	\$ 60,935,669	\$ 61,227,686	\$ 63,134,418
Administrative Expenses Based on Fiscal Year	\$ 211,917	\$ 141,000	\$ 151,800	\$154,679
Total Disbursements & Expenditures	\$ 45,260,025	\$ 61,076,669	\$ 61,379,486	\$ 63,289,097
CONTRIBUTIONS:				
Jan 1 through March 31	\$ 12,577,787	\$ 12,915,438	\$ 17,810,638	\$ 9,691,225
April 1 through June 30	\$ 12,623,532	\$ 12,793,767	\$ 15,633,690	\$ 15,633,690
July 1 through Sept 30	\$ 12,340,352	\$ 12,684,835	\$ 19,131,912	\$ 17,382,801
Oct 1 through Dec 31	\$ 12,340,352	\$ 14,496,980	\$ 9,691,225	\$ 16,508,246
Total Contributions	\$49,882,023	\$52,891,020	\$62,267,465	\$59,215,962

* Contributions and Disbursements for the year 2006 and 2007 are estimated. The Year 2006 contains actual information for the first nine months.

Colorado High Cost Support Mechanism Rate Element Assessment Percentage Summary				
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Rate Element:	2004	2005	2006	2007*
1st Qtr	2.00%	2.00%	2.90%	1.60%
2nd Qtr	2.00%	2.00%	2.90%	2.70%
3rd Qtr	2.00%	2.00%	2.90%	2.70%
4th Qtr	2.00%	2.90%	1.60%	2.70%

* Rate Element for year 2007 are estimated.

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Primary 2004 Support	Primary 2005 Support	Primary 2006 Support	Primary 2007 Support
1 AGUILAR	AGUILAR	AGLRCOMA	\$ 103.00	\$ 94.19	\$ 94.19	\$ 91.48
2 ALAMOSA	ALAMOSA	ALMSCOMA	\$ 2.59	\$ 5.77	\$ 5.77	\$ 7.10
3 ALLENSPARK	ALLENS PARK	ALPKCOMA	\$ 43.87	\$ 40.56	\$ 40.56	\$ 39.26
4 ARVADA ZONE	ARVADA	ARVDCOMA			\$ -	\$ -
5 ARVADA ZONE	WESTMINSTER	WMNSCOMA			\$ -	\$ -
6 ASPEN	ASPEN	ASPECOMA			\$ -	\$ -
7 ASPEN	SNOWMASS	SNMSCOMA	\$ 5.03	\$ 3.75	\$ 3.75	\$ 4.23
8 AURORA ZONE	AURORA	AURRCOMA				\$ -
9 AURORA ZONE	AURORA	AURRCOMB	\$ 20.64	\$ 21.62	\$ 21.62	\$ 20.72
10 AURORA ZONE	DENVER	DNVRCOOU	\$ 16.02	\$ 16.94	\$ 16.94	\$ 17.65
11 AURORA ZONE	DENVER	DNVRCOMB			\$ -	\$ -
12 BAILEY	BAILEY	BALYCOMA	\$ 4.74	\$ 15.06	\$ 15.06	\$ 15.58
13 BASALT	BASALT	BSLTCOMA	\$ 13.57	\$ 12.30	\$ 12.30	\$ 11.54
14 BAYFIELD	BAYFIELD	BYFDCOMA	\$ 23.25	\$ 18.65	\$ 18.65	\$ 16.57
15 BERTHOUD	BERTHOUD	BRTHCOMA	\$ 9.23	\$ 7.37	\$ 7.37	\$ 7.09
16 BOULDER	BOULDER	BLDRCOMA			\$ -	\$ -
17 BOULDER	BOULDER	BLDRCOGB			\$ -	\$ -
18 BOULDER	BOULDER	TEMACOMA			\$ -	\$ -
19 BRECKENRIDGE	BRECKENRIDGE	BRRGCOMA	\$ 4.94	\$ 4.32	\$ 4.32	\$ 5.31
20 BRIGHTON	BRIGHTON	BITNCOMA			\$ -	\$ -
21 BROOMFIELD	BROOMFIELD	BRFDCOMA			\$ -	\$ -
22 BROOMFIELD	NORTHGLENN	NGLNCOMA		\$ -	\$ -	\$ -
23 BRUSH	BRUSH	BRSHCOMA	\$ 15.62	\$ 13.98	\$ 13.98	\$ 15.29
24 BUENA VISTA	BUENA VISTA	BNVSCOMA	\$ 16.00	\$ 15.89	\$ 15.89	\$ 15.72
25 CALHAN	CALHAN	CLHNCOMA	\$ 60.93	\$ 54.04	\$ 54.04	\$ 54.84
26 CANON CITY	CANON CITY	CACYCOMA	\$ -	\$ 0.76	\$ 0.76	\$ 0.52
27 CARBONDALE	CARBONDALE	CRDLCOMA	\$ 10.59	\$ 8.56	\$ 8.56	\$ 8.14
28 CASTLE ROCK	CASTLE ROCK	CSRKCONM	\$ 6.10	\$ 3.91	\$ 3.91	\$ 4.61
29 CASTLE ROCK	LARKSPUR	LRKSCONM	\$ 22.27	\$ 13.95	\$ 13.95	\$ 15.16
30 CENTRAL CITY	CENTRAL CITY	CNCYCOMA	\$ 13.54	\$ 12.44	\$ 12.44	\$ 12.65
31 COAL CREEK	COAL CREEK	CCCNCOMA	\$ 18.88	\$ 16.87	\$ 16.87	\$ 16.60
32 COLORADO SPRINGS	AIR FORCE ACADEMY	AFACCOMA		\$ 9.96	\$ 9.96	\$ 9.86
33 COLORADO SPRINGS	BLACKFOREST	BLFSCOMA	\$ 12.74	\$ 12.52	\$ 12.52	\$ 12.13
34 COLORADO SPRINGS	COLORADO SPRINGS	CLSPCOEA			\$ -	\$ -
35 COLORADO SPRINGS	COLORADO SPRINGS	CLSPCOMA			\$ -	\$ -
36 COLORADO SPRINGS	COLORADO SPRINGS	CLSPCO32	\$ 2.45	\$ 1.33	\$ 1.33	\$ 0.89
37 COLORADO SPRINGS	COLORADO SPRINGS	CLSPCOPV			\$ -	\$ -
38 COLORADO SPRINGS	COLORADO SPRINGS	CLSPCOSM			\$ -	\$ -
39 COLORADO SPRINGS	FOUNTAIN	FONTCOMA			\$ -	\$ -
40 COLORADO SPRINGS	GREEN MOUNTAIN FAI	GMFLCOMA	\$ 15.34	\$ 15.27	\$ 15.27	\$ 16.18

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Primary 2004 Support	Primary 2005 Support	Primary 2006 Support	Primary 2007 Support
41 COLORADO SPRINGS	MANITOU SPRINGS	MNSPCOMA		\$ 0.67	\$ 0.67	\$ 1.78
42 COLORADO SPRINGS	MONUMENT	MNMTCOMA	\$ -		\$ -	\$ 0.16
43 COLORADO SPRINGS	SECURITY	SCRTCOMA			\$ -	\$ -
44 COLORADO SPRINGS	WOODLAND PARK	WDPKCOMA	\$ 6.70	\$ 6.54	\$ 6.54	\$ 6.42
45 CORTEZ	CORTEZ	CRTZCOMA	\$ 9.68	\$ 9.15	\$ 9.15	\$ 9.57
46 CORTEZ	MESA VERDE	MVNPCOMA	\$ 58.66	\$ 67.48	\$ 67.48	\$ 93.53
47 CRAIG	CRAIG	CRAGCOMA	\$ 12.42	\$ 12.30	\$ 12.30	\$ 12.40
48 CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA	\$ 12.22	\$ 10.65	\$ 10.65	\$ 10.49
49 CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$ 38.54	\$ 36.59	\$ 36.59	\$ 34.67
50 DEBEQUE	DEBEQUE	DBEQCONC	\$ 143.79	\$ 123.23	\$ 123.23	\$ 116.95
51 DECKERS	DECKERS	DCKRCOMA	\$ 116.67	\$ 106.87	\$ 106.87	\$ 99.92
52 DEL NORTE	DEL NORTE	DLNRCOMA	\$ 36.51	\$ 34.77	\$ 34.77	\$ 36.57
53 DEL NORTE	SOUTH FORK	SFRKCOMA	\$ 36.60	\$ 34.02	\$ 34.02	\$ 31.31
54 DELTA	DELTA	DELTCOMA	\$ 7.52	\$ 5.96	\$ 5.96	\$ 5.51
55 DENVER ZONE	DENVER	DNVRCOCH			\$ -	\$ -
56 DENVER ZONE	DENVER	DNVRCOCP				\$ -
57 DENVER ZONE	DENVER	DNVRCONO			\$ -	\$ -
58 DENVER ZONE	DENVER	DNVRCOSO			\$ -	\$ -
59 DENVER ZONE	DENVER	DNVRCOSE			\$ -	\$ -
60 DENVER ZONE	DENVER	DNVRCOWS			\$ -	\$ -
61 DENVER ZONE	DENVER	DNVRCOEA				\$ -
62 DENVER ZONE	DENVER	DNVRCOMA			\$ -	\$ -
63 DILLON	COPPER MOUNTAIN	CPMTCOMA	\$ 11.96	\$ 11.07	\$ 11.07	\$ 12.25
64 DILLON	DILLON	DLLNCOMA	\$ 3.39	\$ 3.32	\$ 3.32	\$ 4.08
65 DILLON	FRISCO	FRSCCOMA	\$ 6.77	\$ 5.29	\$ 5.29	\$ 9.51
66 DURANGO	DURANGO	DURNCOMA	\$ 3.90	\$ 2.77	\$ 2.77	\$ 3.68
67 EATON-AULT	AULT	AULTCOMA	\$ 41.26	\$ 42.16	\$ 42.16	\$ 42.39
68 EATON-AULT	EATON	EATNCOMA	\$ 13.48	\$ 8.84	\$ 8.84	\$ 8.55
69 ELBERT	ELBERT	ELBRCOMA	\$ 60.25	\$ 51.81	\$ 51.81	\$ 49.28
70 ELIZABETH	ELIZABETH	ELZBCO01	\$ 16.87	\$ 13.28	\$ 13.28	\$ 13.44
71 ENGLEWOOD ZONE	ENGLEWOOD	ENWDCOMA			\$ -	\$ -
72 ERIE	ERIE	ERIECOMA	\$ 16.15	\$ 11.18	\$ 11.18	\$ 11.65
73 ESTES PARK	ESTES PARK	ESPKCOMA	\$ 5.80	\$ 4.39	\$ 4.39	\$ 4.30
74 EVERGREEN	EVERGREEN	EVRGCOMA	\$ 3.36	\$ 2.12	\$ 2.12	\$ 2.67
75 FAIRPLAY	FAIRPLAY	FRPLCOMA	\$ 59.22	\$ 51.78	\$ 51.78	\$ 3.96
76 FLORENCE	FLORENCE	FLRNCOMA	\$ 20.89	\$ 20.34	\$ 20.34	\$ 18.75
77 FLORENCE	PENROSE	PNRSCOMA	\$ 12.92	\$ 16.67	\$ 16.67	\$ 18.10
78 FRASER	FRASER	FRSRCOMA	\$ 12.11	\$ 9.46	\$ 9.46	\$ 9.43
79 FREDRICK	FREDRICK	FRDRCOMA	\$ 4.75	\$ 0.33	\$ 0.33	\$ 44.03
80 FRUITA	FRUITA	FRUTCOMA	\$ 14.97	\$ 10.43	\$ 10.43	\$ -

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Primary 2004 Support	Primary 2005 Support	Primary 2006 Support	Primary 2007 Support
81 FT COLLINS	FT COLLINS	FRCLCOMA				\$ 1.18
82 FT COLLINS	FT COLLINS	FTCLCOHM			\$ -	\$ -
83 FT COLLINS	WELLINGTON	WGTCOMMA	\$ 25.67	\$ 18.01	\$ 18.01	\$ 16.18
84 FT LUPTON	FT LUPTON	FTLPCOMA	\$ 3.13	\$ 3.08	\$ 3.08	\$ 3.91
85 FT MORGAN	FT MORGAN	FTMRCOMA	\$ 2.35	\$ 1.79	\$ 1.79	\$ 2.62
86 GEORGETOWN	GEORGETOWN	GRTWCOMA	\$ 18.69	\$ 17.58	\$ 17.58	\$ 18.76
87 GILCREST	GILCREST	GLCRCOMA	\$ 41.97	\$ 37.24	\$ 37.24	\$ 37.73
88 GLENWOOD SPRINGS	GLENWOOD SPRINGS	GLSPCOMA	\$ -	\$ -	\$ -	\$ -
89 GOLDEN ZONE	GOLDEN	GLDNCOMA			\$ -	\$ -
90 GRANBY	GRANBY	GRNBCOMA	\$ 25.23	\$ 20.17	\$ 20.17	\$ 18.98
91 GRAND JUNCTION	CLIFTON	CFTNCONM	\$ -		\$ -	\$ -
92 GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA			\$ -	\$ -
93 GRAND LAKE	GRAND LAKE	GDLKCOMA	\$ 13.81	\$ 11.04	\$ 11.04	\$ 11.28
94 GREELEY	GREELEY	GRELCOMA			\$ -	\$ -
95 GREELEY	GREELEY	GRELCOJC			\$ -	\$ -
96 GUNNISON	GUNNISON	GNSNSOMA	\$ 22.13	\$ 22.80	\$ 22.80	\$ 23.20
97 HAYDEN	HAYDEN	HYDNCOMA	\$ 55.17	\$ 54.68	\$ 54.68	\$ 53.52
98 HILLROSE	HILLROSE	HLRSCOMA	\$ 130.71	\$ 124.41	\$ 124.41	\$ 124.27
99 HOT SULPHUR SPRING	HOT SULPHUR SPRING	HSSPCOMA	\$ 73.12	\$ 60.02	\$ 60.02	\$ 56.88
100 HUDSON	HUDSON	HDSNCOMA	\$ 35.74	\$ 30.31	\$ 30.31	\$ 31.31
101 IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$ 20.35	\$ 19.37	\$ 19.37	\$ 20.57
102 JOHNSTON MILLIKEN	JOHNSTON MILLIKEN	JHMLCOMA	\$ 6.17	\$ 2.09	\$ 2.09	\$ 2.15
103 JULESBURG	JULESBURG	JLBGCOMA	\$ 41.45	\$ 43.22	\$ 43.22	\$ 44.44
104 JULESBURG	OID	OIDCOMA	\$ 116.23	\$ 132.73	\$ 132.73	\$ 131.20
105 KEENESBURG	KEENESBURG	KNBGCOMA	\$ 53.32	\$ 39.96	\$ 39.96	\$ 38.77
106 KIOWA	KIOWA	KIOWCOMA	\$ 66.00	\$ 57.57	\$ 57.57	\$ 57.29
107 KREMMLING	KREMMLING	KRNGCOMA	\$ 36.27	\$ 35.85	\$ 35.85	\$ 33.90
108 LA SALLE	LA SALLE	LSLLCOMA	\$ 33.41	\$ 30.99	\$ 30.99	\$ 31.16
109 LAFAYETTE-LOUISVILLE	LAFAYETTE	DNVRCOCW				\$ -
110 LAKEWOOD ZONE	LAKEWOOD	LKWDCOMA			\$ -	\$ -
111 LEADVILLE	LEADVILLE	LDVLCOMA	\$ -	\$ 2.70	\$ 2.70	\$ 3.53
112 LIMON	LIMON	LIMNCOMA	\$ 32.14	\$ 44.78	\$ 44.78	\$ 47.36
113 LITTLETON ZONE	Douglas County	ENWDCOAB			\$ -	\$ -
114 LITTLETON ZONE	GREENWOOD VILLAGE	DNVRCODC				\$ -
115 LITTLETON ZONE	KEN CARYL RANCH	DNVRCOCL			\$ -	\$ -
116 LITTLETON ZONE	LITTLETON	LTTNCOHL			\$ -	\$ -
117 LITTLETON ZONE	LITTLETON	LTTNCOMA			\$ -	\$ -
118 LONGMONT	LONGMONT	LNMTCOMA			\$ -	\$ -
119 LONGMONT	NIWOT	NIWTCOMA	\$ 3.59	\$ 4.64	\$ 4.64	\$ 4.62
120 LOOKOUT MOUNTAIN	JEFFERSON COUNTY	LKMTCOMA	\$ -	\$ -	\$ -	\$ -

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Primary 2004 Support	Primary 2005 Support	Primary 2006 Support	Primary 2007 Support
121 LOVELAND	LOVELAND	LVLDCOMA			\$ -	\$ -
122 LYONS	LYONS	LYNSCOMA	\$ 20.40	\$ 19.68	\$ 19.68	\$ 19.06
123 MANCOS	MANCOS	MNCSCOMA	\$ 60.19	\$ 55.39	\$ 55.39	\$ 54.91
124 MEAD	MEAD	MEADCOMA	\$ 12.94	\$ 17.69	\$ 17.69	\$ 16.44
125 MEEKER	MEEKER	MEKRCOMA	\$ 75.98	\$ 73.10	\$ 73.10	\$ 69.46
126 MONTE VISTA	MONTE VISTA	MTVSCOMA	\$ 9.50	\$ 10.30	\$ 10.30	\$ 11.26
127 MONTROSE	MONTROSE	MTRSCOMA	\$ 5.87	\$ 4.24	\$ 4.24	\$ 4.35
128 MORRISON	MORRISON	MRSNCOMA	\$ 11.81	\$ 10.10	\$ 10.10	\$ 11.56
129 NEDERLAND	NEDERLAND	NDLDCOMA	\$ 21.73	\$ 19.59	\$ 19.59	\$ 19.30
130 NEW CASTLE	NEW CASTLE	NWCSCOMA	\$ 33.64	\$ 25.45	\$ 25.45	\$ 23.03
131 NORTHEAST ZONE	COMMERCE CITY	DNVRCONE			\$ -	\$ -
132 OAK CREEK	OAK CREEK	OKCKCOMA	\$ 56.22	\$ 56.11	\$ 56.11	\$ 51.29
133 OLATHE	OLATHE	OLTHCOMA	\$ 19.96	\$ 22.80	\$ 22.80	\$ 21.13
134 OURAY	OURAY	OURYCOMA	\$ 23.87	\$ 29.18	\$ 29.18	\$ 26.93
135 PALISADE	PALISADE	PLSDCOMA	\$ 8.88	\$ 12.40	\$ 12.40	\$ 15.26
136 PARACHUTE	PARACHUTE	PACHC01	\$ 11.53	\$ 15.61	\$ 15.61	\$ 14.90
137 PARKER	PARKER	PRKRCOMA	\$ -	\$ -	\$ -	\$ 0.28
138 PEYTON	PEYTON	PYTNCOMA	\$ 37.13	\$ 31.21	\$ 31.21	\$ 29.94
139 PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$ 13.51	\$ 17.61	\$ 17.61	\$ 17.77
140 PUEBLO	AVONDALE	AVDLCOMA	\$ 56.00	\$ 63.77	\$ 63.77	\$ 63.88
141 PUEBLO	PUEBLO	PUBLCOMA			\$ -	\$ -
142 PUEBLO	PUEBLO	PUBLCO06	\$ -	\$ 0.44	\$ 0.44	\$ 0.43
143 PUEBLO	PUEBLO	PUBLOCOSU			\$ -	\$ -
144 PUEBLO	VINELAND	VNLDCOMA	\$ 10.72	\$ 13.82	\$ 13.82	\$ 15.29
145 RIDGEWAY	RIDGEWAY	RDGWCOMA	\$ 36.93	\$ 28.73	\$ 28.73	\$ 25.92
146 RIFLE	RIFLE	RIFLCOMA	\$ 8.66	\$ 5.70	\$ 5.70	\$ 4.72
147 SALIDA	SALIDA	SALDCOMA	\$ 7.56	\$ 8.98	\$ 8.98	\$ 8.95
148 SILT	SILT	SILTCOMA	\$ 31.46	\$ 25.09	\$ 25.09	\$ 23.11
149 SILVERTON	SILVERTON	SLTNCOMA	\$ 39.15	\$ 34.85	\$ 34.85	\$ 32.00
150 SOUTHWEST ZONE	LAKESWOOD	DNVRCOSW			\$ -	\$ -
151 STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$ 5.85	\$ 5.31	\$ 5.31	\$ 5.65
152 STERLING	STERLING	STNGCOMA	\$ 3.54	\$ 8.42	\$ 8.42	\$ 9.42
153 SULLIVAN ZONE	AURORA	DNVRCOSE			\$ -	\$ -
154 SULLIVAN ZONE	AURORA	DNVRCOSL			\$ -	\$ -
155 TELLURIDE	TELLURIDE	TLRDCOMA	\$ 12.01	\$ 10.46	\$ 10.46	\$ 10.77
156 TRINIDAD	TRINIDAD	TRNDCOMA	\$ 11.83	\$ 12.44	\$ 12.44	\$ 12.41
157 VAIL	AVON	AVONCOMA		\$ 3.68	\$ 3.68	\$ 4.56
158 VAIL	MINTURN	MNTRCOMA	\$ 33.03	\$ 36.28	\$ 36.28	\$ 41.30
159 VAIL	VAIL	VAILCOMA		\$ 0.36	\$ 0.36	\$ 0.83
160 WALSENBURG	WALSENBURG	WLBGCOMA	\$ 23.88	\$ 25.37	\$ 25.37	\$ 25.87

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Primary 2004 Support	Primary 2005 Support	Primary 2006 Support	Primary 2007 Support
161 WARD	WARD	WARDCOMA	\$ 42.40	\$ 42.83	\$ 42.83	\$ 37.74
162 WELDONA	WELDONA	WLDACONA	\$ 81.01	\$ 68.12	\$ 68.12	\$ 62.65
163 WINDSOR	WINDSOR	WNDSCOMA	\$ 0.82	\$ -	\$ -	\$ -
164 YAMPA	YAMPA	YAMPCOMA	\$ 106.26	\$ 82.80	\$ 82.80	\$ 85.13
Statewide Average			\$ 13.87	\$ 11.59	\$ 11.59	\$ 10.86
Residential Revenue Benchmarks			\$19.55	\$19.02	\$19.02	\$18.59

Colorado High Cost Support
per Access Line per Month
for Business Lines

EXCHANGE	CITY	CLLI	Business Support 2004	Business Support 2005	Business Support 2006	Business Support 2007
1	AGUILAR	AGUILAR	\$ 69.84	\$ 64.59	\$ 64.59	\$ 65.18
2	ALAMOSA	ALAMOSA	\$ 9.88	\$ -	\$ -	\$ -
3	ALLENSPARK	ALLENS PARK				\$ 7.87
4	ARVADA ZONE	ARVADA				\$ -
5	ARVADA ZONE	WESTMINSTER				\$ -
6	ASPEN	ASPEN				\$ -
7	ASPEN	SNOWMASS				\$ -
8	AURORA ZONE	AURORA				\$ -
9	AURORA ZONE	AURORA	\$ 3.09	\$ 4.39	\$ 4.39	\$ 0.07
10	AURORA ZONE	DENVER				\$ -
11	AURORA ZONE	DENVER				\$ -
12	BAILEY	BAILEY	\$ 2.74			\$ -
13	BASALT	BASALT				\$ -
14	BAYFIELD	BAYFIELD				\$ -
15	BERTHOUD	BERTHOUD				\$ -
16	BOULDER	BOULDER				\$ -
17	BOULDER	BOULDER				\$ -
18	BOULDER	BOULDER				\$ -
19	BRECKENRIDGE	BRECKENRIDGE				\$ -
20	BRIGHTON	BRIGHTON				\$ -
21	BROOMFIELD	BROOMFIELD				\$ -
22	BROOMFIELD	NORTHGLENN				\$ -
23	BRUSH	BRUSH	\$ 0.68			\$ -
24	BUENA VISTA	BUENA VISTA	\$ 0.44			\$ -
25	CALHAN	CALHAN	\$ 42.72	\$ 38.91	\$ 38.91	\$ 43.97
26	CANON CITY	CANON CITY	\$ -	\$ -	\$ -	\$ -
27	CARBONDALE	CARBONDALE				\$ -
28	CASTLE ROCK	CASTLE ROCK				\$ -
29	CASTLE ROCK	LARKSPUR	\$ 6.16	\$ -	\$ -	\$ -
30	CENTRAL CITY	CENTRAL CITY				\$ -
31	COAL CREEK	COAL CREEK	\$ -	\$ -	\$ -	\$ -
32	COLORADO SPRING	AIR FORCE ACADEMY				\$ -
33	COLORADO SPRING	BLACKFOREST	\$ 1.47			\$ -
34	COLORADO SPRING	COLORADO SPRINGS				\$ -
35	COLORADO SPRING	COLORADO SPRINGS	\$ -	\$ -	\$ -	\$ -
36	COLORADO SPRING	COLORADO SPRINGS				\$ -
37	COLORADO SPRING	COLORADO SPRINGS				\$ -
38	COLORADO SPRING	COLORADO SPRINGS				\$ -
39	COLORADO SPRING	FOUNTAIN				\$ -
40	COLORADO SPRING	GREEN MOUNTAIN FALLS				\$ -
41	COLORADO SPRING	MANITOU SPRINGS				\$ -
42	COLORADO SPRING	MONUMENT				\$ -
43	COLORADO SPRING	SECURITY				\$ -
44	COLORADO SPRING	WOODLAND PARK				\$ -
45	CORTEZ	CORTEZ				\$ -

Colorado High Cost Support
per Access Line per Month
for Business Lines

EXCHANGE	CITY	CLLI	Business Support 2004	Business Support 2005	Business Support 2006	Business Support 2007	
46	CORTEZ	MESA VERDE	MVNPCOMA	\$ 42.62	\$ 50.15	\$ 50.15	\$ 79.38
47	CRAIG	CRAIG	CRAGCOMA				\$ -
48	CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA				\$ -
49	CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$ 21.49	\$ 20.36	\$ 20.36	\$ 15.91
50	DEBEQUE	DEBEQUE	DBEQCONC	\$ 121.76	\$ 102.69	\$ 102.69	\$ 101.55
51	DECKERS	DECKERS	DCKRCOMA	\$ 87.97	\$ 79.22	\$ 79.22	\$ 71.91
52	DEL NORTE	DEL NORTE	DLNRCOMA	\$ 17.82	\$ 15.31	\$ 15.31	\$ 18.97
53	DEL NORTE	SOUTH FORK	SFRKCOMA	\$ 11.42	\$ 9.60	\$ 9.60	\$ 9.59
54	DELTA	DELTA	DELTCOMA				\$ -
55	DENVER ZONE	DENVER	DNVRCOCH				\$ -
56	DENVER ZONE	DENVER	DNVRCOCP				\$ -
57	DENVER ZONE	DENVER	DNVRCOEA				\$ -
58	DENVER ZONE	DENVER	DNVRCOMA				\$ -
59	DENVER ZONE	DENVER	DNVRCONO				\$ -
60	DENVER ZONE	DENVER	DNVRCOSE				\$ -
61	DENVER ZONE	DENVER	DNVRCOSO				\$ -
62	DENVER ZONE	DENVER	DNVRCOWS				\$ -
63	DILLON	COPPER MOUNTAIN	CPMTCOMA	\$ -	\$ -	\$ -	\$ -
64	DILLON	DILLON	DLLNCOMA				\$ -
65	DILLON	FRISCO	FRSCCOMA				\$ -
66	DURANGO	DURANGO	DURNCOMA				\$ -
67	EATON-AULT	AULT	AULTCOMA	\$ 33.53	\$ 25.02	\$ 25.02	\$ 25.65
68	EATON-AULT	EATON	EATNCOMA				\$ -
69	ELBERT	ELBERT	ELBRCOMA	\$ 44.99	\$ 34.65	\$ 34.65	\$ 30.70
70	ELIZABETH	ELIZABETH	ELZBCO01	\$ 2.16	\$ -	\$ -	\$ -
71	ENGLEWOOD ZON	ENGLEWOOD	ENWDCOMA				\$ -
72	ERIE	ERIE	ERIECOMA	\$ 0.61	\$ -	\$ -	\$ -
73	ESTES PARK	ESTES PARK	ESPKCOMA				\$ -
74	EVERGREEN	EVERGREEN	EVRCOMA				\$ -
75	FAIRPLAY	FAIRPLAY	FRPLCOMA	\$ 31.44	\$ 20.60	\$ 20.60	\$ -
76	FLORENCE	FLORENCE	FLRNCOMA	\$ 6.56	\$ -	\$ -	\$ -
77	FLORENCE	PENROSE	PNRSCOMA	\$ 5.75	\$ -	\$ -	\$ 3.02
78	FRASER	FRASER	FRSRCOMA				\$ -
79	FREDRICK	FREDRICK	FRDRCOMA				\$ 19.18
80	FRUITA	FRUITA	FRUTCOMA	\$ 0.86			\$ -
81	FT COLLINS	FT COLLINS	FRCLCOMA				\$ -
82	FT COLLINS	FT COLLINS	FTCLCOHM				\$ -
83	FT COLLINS	WELLINGTON	WGTNCOMA	\$ 9.22	\$ 1.97	\$ 1.97	\$ 2.39
84	FT LUPTON	FT LUPTON	FTLPCOMA				\$ -
85	FT MORGAN	FT MORGAN	FTMRCOMA				\$ -
86	GEORGETOWN	GEORGETOWN	GRTWCOMA	\$ -			\$ 0.09
87	GILCREST	GILCREST	GLCRCOMA	\$ 28.64	\$ 23.15	\$ 23.15	\$ 21.56
88	GLENWOOD SPRIN	GLENWOOD SPRINGS	GLSPCOMA	\$ -			\$ -
89	GOLDEN ZONE	GOLDEN	GLDNCOMA				\$ -
90	GRANBY	GRANBY	GRNBCOMA	\$ 3.91	\$ -	\$ -	\$ -

Colorado High Cost Support
per Access Line per Month
for Business Lines

EXCHANGE	CITY	CLLI	Business Support 2004	Business Support 2005	Business Support 2006	Business Support 2007
91	GRAND JUNCTION	CLIFTON				\$ -
92	GRAND JUNCTION	GRAND JUNCTION				\$ -
93	GRAND LAKE	GRAND LAKE				\$ -
94	GREELEY	GREELEY				\$ -
95	GREELEY	GREELEY				\$ -
96	GUNNISON	GUNNISON		\$ 1.08	\$ 1.08	\$ 4.13
97	HAYDEN	HAYDEN	\$ 36.16	\$ 37.44	\$ 37.44	\$ 38.49
98	HILLROSE	HILLROSE	\$ 118.15	\$ 115.61	\$ 115.61	\$ 105.83
99	HOT SULPHUR SP	HOT SULPHUR SPRINGS	\$ 46.67	\$ 33.65	\$ 33.65	\$ 36.26
100	HUDSON	HUDSON	\$ 17.73	\$ 7.48	\$ 7.48	\$ 13.81
101	IDAHO SPRINGS	IDAHO SPRINGS	\$ 3.20	\$ -	\$ -	\$ 2.28
102	JOHNSTON MILLIK	JOHNSTON MILLIKEN				\$ -
103	JULESBURG	JULESBURG	\$ 24.36	\$ 26.24	\$ 26.24	\$ 29.51
104	JULESBURG	OVID	\$ 98.41	\$ 115.48	\$ 115.48	\$ 111.67
105	KEENESBURG	KEENESBURG	\$ 40.82	\$ 24.23	\$ 24.23	\$ 23.44
106	KIOWA	KIOWA	\$ 47.91	\$ 38.43	\$ 38.43	\$ 23.94
107	KREMMLING	KREMMLING	\$ 15.18	\$ 15.49	\$ 15.49	\$ 15.53
108	LA SALLE	LA SALLE	\$ 18.51	\$ 13.61	\$ 13.61	\$ 14.01
109	LAFAYETTE-LOUIS	LAFAYETTE				\$ -
110	LAKWOOD ZONE	LAKWOOD				\$ -
111	LEADVILLE	LEADVILLE	\$ -	\$ -	\$ -	\$ -
112	LIMON	LIMON	\$ 17.29	\$ 26.58	\$ 26.58	\$ 30.59
113	LITTLETON ZONE	Douglas County	\$ -	\$ -	\$ -	\$ -
114	LITTLETON ZONE	GREENWOOD VILLAGE				\$ -
115	LITTLETON ZONE	KEN CARYL RANCH				\$ -
116	LITTLETON ZONE	LITTLETON				\$ -
117	LITTLETON ZONE	LITTLETON				\$ -
118	LONGMONT	LONGMONT				\$ -
119	LONGMONT	NIWOT				\$ -
120	LOOKOUT MOUNT	JEFFERSON COUNTY				\$ -
121	LOVELAND	LOVELAND				\$ -
122	LYONS	LYONS				\$ -
123	MANCOS	MANCOS	\$ 40.71	\$ 35.80	\$ 35.80	\$ 37.57
124	MEAD	MEAD				\$ 1.16
125	MEEKER	MEEKER	\$ 57.06	\$ 53.74	\$ 53.74	\$ 52.30
126	MONTE VISTA	MONTE VISTA				\$ -
127	MONTROSE	MONTROSE				\$ -
128	MORRISON	MORRISON				\$ -
129	NEDERLAND	NEDERLAND	\$ 5.29	\$ 0.70	\$ 0.70	\$ 2.38
130	NEW CASTLE	NEW CASTLE	\$ 16.02	\$ 7.73	\$ 7.73	\$ 7.37
131	NORTHEAST ZONE	COMMERCE CITY				\$ -
132	OAK CREEK	OAK CREEK	\$ 36.67	\$ 37.19	\$ 37.19	\$ 31.49
133	OLATHE	OLATHE		\$ 3.53	\$ 3.53	\$ 2.96
134	OURAY	OURAY	\$ 3.65	\$ 8.52	\$ 8.52	\$ 9.90
135	PALISADE	PALISADE				\$ -

**Colorado High Cost Support
per Access Line per Month
for Business Lines**

<u>EXCHANGE</u>	<u>CITY</u>	<u>CLLI</u>	Business Support 2004	Business Support 2005	Business Support 2006	Business Support 2007
136 PARACHUTE	PARACHUTE	PACHC01				\$ -
137 PARKER	PARKER	PRKRCOMA				\$ -
138 PEYTON	PEYTON	PYTNCOMA	\$ 19.63	\$ 14.28	\$ 14.28	\$ 13.83
139 PLATTEVILLE	PLATTEVILLE	PTVLCOMA				\$ -
140 PUEBLO	AVONDALE	AVDLCOMA	\$ 51.26	\$ 37.93	\$ 37.93	\$ 24.26
141 PUEBLO	PUEBLO	PUBLCO06	\$ -			\$ -
142 PUEBLO	PUEBLO	PUBLCOMA				\$ -
143 PUEBLO	PUEBLO	PUBLOCOSU				\$ -
144 PUEBLO	VINELAND	VNLDCOMA				\$ -
145 RIDGEWAY	RIDGEWAY	RDGWCOMA	\$ 16.41	\$ 8.81	\$ 8.81	\$ 7.41
146 RIFLE	RIFLE	RIFLCOMA				\$ -
147 SALIDA	SALIDA	SALDCOMA				\$ -
148 SILT	SILT	SILTCOMA	\$ 11.51	\$ 6.69	\$ 6.69	\$ 6.51
149 SILVERTON	SILVERTON	SLTNCOMA	\$ 18.15	\$ 14.09	\$ 14.09	\$ 14.33
150 SOUTHWEST ZON	LAKEWOOD	DNVRCOSW				\$ -
151 STEAMBOAT SPRI	STEAMBOAT SPRINGS	STSPCOMA				\$ -
152 STERLING	STERLING	STNGCOMA	\$ 9.45			\$ -
153 SULLIVAN ZONE	AURORA	DNVRCOSE				\$ -
154 SULLIVAN ZONE	AURORA	DNVRCOSL				\$ -
155 TELLURIDE	TELLURIDE	TLRDCOMA	\$ -	\$ -	\$ -	\$ -
156 TRINIDAD	TRINIDAD	TRNDCOMA	\$ 2.19	\$ 1.89	\$ 1.89	\$ -
157 VAIL	AVON	AVONCOMA				\$ -
158 VAIL	MINTURN	MNTRCOMA	\$ 18.33	\$ 20.71	\$ 20.71	\$ 27.75
159 VAIL	VAIL	VAILCOMA				\$ -
160 WALSENBURG	WALSENBURG	WLBGCOMA	\$ 5.07	\$ 2.73	\$ 2.73	\$ 7.28
161 WARD	WARD	WARDCOMA	\$ 19.91	\$ 10.80	\$ 10.80	\$ -
162 WELDONA	WELDONA	WLDAONA	\$ 66.42	\$ 51.27	\$ 51.27	\$ 43.32
163 WINDSOR	WINDSOR	WNSCOMA				\$ -
164 YAMPA	YAMPA	YAMPCOMA	\$ 85.12	\$ 62.08	\$ 62.08	\$ 65.43

Statewide Average

\$ 17.23 \$ 16.97 \$ 16.97 \$ 17.76

Business Revenue Benchmarks

\$ 32.33 \$ 38.45 \$ 38.45 \$ 36.34