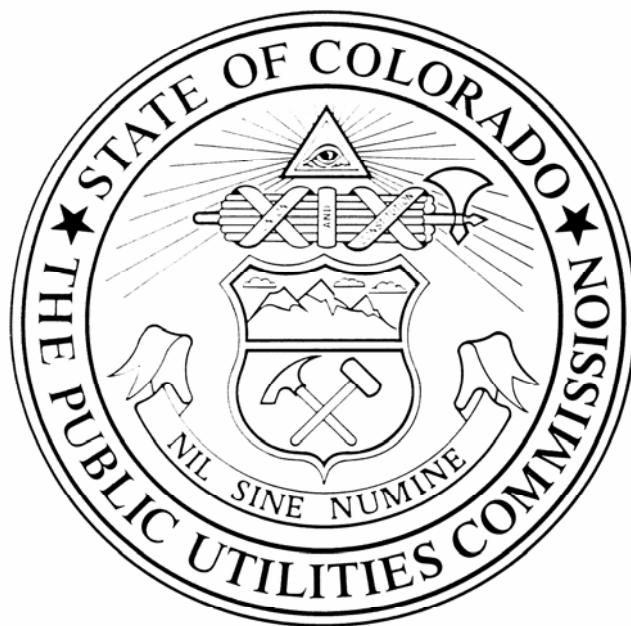


**2007 Annual Report of the
Colorado High Cost Support Mechanism**



Prepared by:

The Colorado Public Utilities Commission Staff

December 1, 2007

STATE OF COLORADO

PUBLIC UTILITIES COMMISSION

Ron Binz, Chairman
Polly Page, Commissioner
Carl Miller, Commissioner
Doug Dean, Director

Department of Regulatory Agencies

D. Rico Munn
Executive Director



Bill Ritter, Jr.
Governor

December 1, 2007

Colorado General Assembly
State Capitol Building
Denver, Colorado 80203

Dear Members:

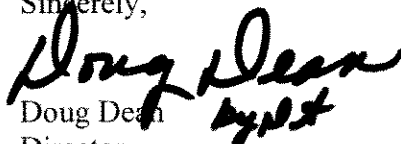
The attached report on the Colorado High Cost Support Mechanism for 2007 is hereby submitted to the House Business Affairs and Labor Committee and the Senate Business, Labor and Technology Committee, in accordance with section 40-15-208, C.R.S. The proposed operations for calendar year 2008 are also included.

The Colorado High Cost Support Mechanism was created in House Bill 95-1335 to provide financial assistance to local exchange providers to help make basic local exchange service affordable and allow such providers to be fully reimbursed for the difference between the reasonable costs incurred in making basic service available to their customers within a rural, high cost geographic support area and the price charged for such service. This also considers any amounts received by the federal government.

Distributions from the high cost support mechanism for calendar year 2007 are estimated to be approximately \$72 million and contributions estimated at \$72 million. Currently, customers are paying a 2.7 percent rate element which is estimated to increase in subsequent quarters of 2008 to 3.4 percent in order to meet the forecasted demand for CHCSM.

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

Sincerely,


Doug Dean
Director

1560 Broadway, Suite 250, Denver, Colorado 80202 303-894-2000

www.dora.state.co.us/puc
Permit and Insurance (Outside Denver) 1-800-888-0170
TTY Users 711 (Relay Colorado)
Consumer Affairs 303-894-2070

Consumer Affairs (Outside Denver) 1-800-456-0858
Hearing Info 303-894-2025
Transportation Fax 303-894-2071
Fax 303-894-2065

Colorado High Cost Support Mechanism

TABLE OF CONTENTS

Director’s Transmittal Letter	i
I. Overview	1
II. History	3
III. Administration	8
IV. Operations - 2007	14
Table A	14
2007 Colorado High Cost Support Mechanism.....	14
V. Projected Operations – 2008	18
Table B	18
2008 Colorado High Cost Support Mechanism.....	18
VI. Pending Legislation and Rulemaking that Could Impact the CHCSM	20
VII. SUMMARY SCHEDULES	22
VIII. SUPPORTING SCHEDULES	23

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. Any federal USF received by providers is considered an offset to the CHCSM. This ensures that no provider is receiving funds together with local exchange service revenues that exceeds the cost of providing local exchange service.

In 2007 the Commission completed the rulemaking docket² and adopted rules to address the implementation of the new statutory language the Colorado General Assembly enacted in House Bill 05-1203 to be effective July 1, 2005. The rules became effective December 31, 2006. The purpose of the legislation was to eliminate any inequitable treatment in the distribution of CHCSM support and to ensure that the CHCSM is implemented in a manner that is nondiscriminatory and on a competitively neutral basis. The rules adopted eliminated the long standing practice of applying a general rate case filing process to establish earning requirements as the basis for setting the initial or increased CHCSM draw. Going forward the initial level of support and any increases in support are determined using streamlined data and analysis requirements as set forth by the Commission's Decision No. C07-0919 issued November 9, 2007. Additionally, under the new rules once the CHCSM support amount is set, the petitioning company will continue to receive the support each year unless modified by the Commission or the company requests an increase. A simple single page form was implemented that incorporates available provider information for the purpose of monitoring the earnings of these rate-of-return regulated companies once support is established. Should there arise a concern, or indications that an over-earnings situation may exist, the Commission Staff may initiate a formal complaint and bring this matter before the Commission. After an opportunity for hearing on any formal complaint, the outcome of this proceeding could result in the re-setting of CHCSM support for a provider. .

The Commission also recently completed a series of workshops to comprehensively examine the CHCSM process (Docket 05I-431T) in spring of 2007. Parties have filed legal briefs to express their views on issues pertaining to the CHCSM. The Administrative Law Judge will be issuing a report to

² See Docket 05R-529T.

the Commission regarding the workshops. Once the report is issued to the Commission and parties have had a chance to file comments on the report, a determination may be made by the Commission whether a rulemaking docket should be opened to revise the CHCSM process.

In 2007, three companies filed for initial or additional CHCSM support: Nunn Telephone Company (“Nunn”), Nucla Naturita Telephone Company (“Nucla Naturita”), and Northeast Colorado Cellular, Inc.³ (“NECC”). Nunn requested and was granted initial CHCSM support in the amount of \$47,485⁴. Nunn has also requested reimbursement of litigation expenses for which a decision is still pending. Nucla Naturita Telephone Company filed a petition for declaratory ruling that its annual support amount of \$198,580 from the CHCSM be continued and the support be made retroactive from November 1, 2006 through October 1, 2007. Northeast Colorado Cellular, Inc. filed an application to expand its eligible provider designation in additional areas of Colorado for which, if granted, they would receive an additional \$125,000 in support for the first year. A Commission decision is pending on both of these dockets.

In 2007, an average of 97 companies contributed to the fund for a total estimated at \$58,645,310. An estimated total of \$59,984,548 will be distributed by year-end 2007. The Colorado universal service charge was set at 1.6 percent for the first three months in 2007 and was increased to 2.7 percent for the remaining nine months. It is projected that the end-user rate element may need to be increased in subsequent quarters in 2008 to 3.4 percent in order to meet the increased funding demand and to meet the desired level of reserve balance.

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.

³ See Dockets 07M-124T, 07D-334T, and 07A-153T.

⁴ See Decision No. 07-0919

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 services 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 residential rates by as much as \$20.00 per line per month and business rates by as much as \$25.00 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 rules⁵ and, subsequently, permanent rules⁶ 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 Rule 4 CCR 723-41-9.2.3 (recodified 4 CCR 723-2-2848(d)(II), effective April 1, 2006), which extended CHCSM support to all residential and business lines to non-rural providers in this state. With financial support being extended to all access lines for non-rural providers, the projected distribution requirements to Qwest were increased.

⁵ See PUC Docket No. 98R-028T.

⁶ See PUC Docket No. 99R-028T.

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 monthly costs per line 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 was opened and is ongoing to consider further development of Proxy Cost Models used to establish Qwest's yearly CHCSM draw.

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. 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 provisions and as well as the previous general rate case process for determining CHCSM requirements based on earnings requirements for rural providers.

In 2005 Northeast Colorado Cellular, Inc., doing business as Viaero Wireless (Viaero), became the first wireless carrier to begin drawing CHCSM support. 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.

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 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 continues to meet 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 June, 2006 the FCC issued an order in its IP Enabled Services and Universal Service Fund dockets that established universal service contribution obligations for providers of interconnected VoIP. The FCC acknowledges VoIP as a mixed use service (i.e. interstate and intrastate) and concluded that VoIP providers are telecommunications providers.⁷ Interconnected VoIP providers have three options to determine their interstate revenues for which they can assess the USF rate: 1) they may use the interim safe harbor provision established by the FCC at 64.9 percent interstate, 2) they may report their actual interstate telecommunications revenues; or 3) they may rely on traffic studies to allocate interstate revenues. Some VoIP service providers currently assess the CHCSM surcharge and voluntarily remit the surcharge to the Colorado CHCSM while other providers of VoIP do not assess the surcharge.

In this same order the FCC raised the interim safe harbor percentage for USF contributions from 28.5% to 37.1%. Currently there are four wireless providers that report and contribute to the CHCSM based on the FCC wireless safe harbor percentages.

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

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.

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. Prior to CenturyTel, Inc., Qwest Corporation was the Custodial Receiver of the CHCSM funds.

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 are satisfied by interest earned from the Escrow Account. In accordance with the MOU, payments made to CenturyTel for managing the Escrow Account for 2007 were \$275,000. The interest yield for 2007 has been consistent with 2006 yield levels; resulting in \$788,100 interest earned for the first 9 months and estimated \$216,354 of interest earned for the last three months in 2007. In order to seek reduced costs to perform the Financial Administrator duties, the Department of Regulatory Agencies sent a Request For Information (RFI) to seek solicitation for the financial administration of the fund. The purpose of this RFI was to assimilate information regarding potential vendors qualified to be the financial and/or Administrator of the fund at a reasonable cost.

The successful vendor will be a neutral and impartial party that will not advocate positions on issues before the Commission. The selection of a vendor is in the process of being finalized.

The CHCSM is coordinated with the USF. As a result of this offset, the rural carriers receive proportionally more support from the USF fund than the CHCSM, and, Qwest receives more support from the CHCSM than the USF.

The Communications Act of 1934, as amended by the Telecommunications Act of 1996, provides state commissions with the primary responsibility for performing eligible telecommunications carrier (ETC) designations. The goal was to provide affordable service in rural America, while ensuring that consumers in all areas of the nation, including rural areas, have access to affordable and quality telecommunication services.

Federal USF consists of five components of support:

- 1) High Cost Loop with two subcomponents – Safety Valve Support and Safety Net Additive Support;
 - a) High Cost Loop Support – available to rural ETCs and competitive ETCs - provides support for the "last mile" of connection for rural companies in service areas where the cost to provide this service exceeds 115% of the national average cost per line. Qwest and Rico are the only ETCs that do not receive this support.
 - b) Safety Net Additive Support - is intended to provide carriers with additional incentives to invest in their networks. To qualify, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14% greater than the study area's TPIS per line in the prior year. Six rural ETCs (Agate, Blanca, Nunn, South Park, Roggen and Rye) receive this support as well as Western Wireless.
 - c) Safety Valve Support – additional support for carriers that buy or acquire exchanges and make substantial post-transaction investments to enhance network infrastructure. There are no ETCs in the state of Colorado that receive this support.
- 2) High cost Model Support - support intended to keep the cost for telephone service comparable in all areas (urban and rural) of a state. HCM support is distributed at the wire center level and is targeted to carriers serving wire centers with forward-looking costs that exceed the national benchmark. There are no ETCs in the state of Colorado that receive this support.

3) Interstate Access Support (IAS) – available to non-rural ETCs and to some competitive ETCs. This support was established when the FCC removed implicit support from interstate access charges and established an explicit component for price-cap carriers. El Paso, Qwest, NECC, and Western Wireless receive this support.

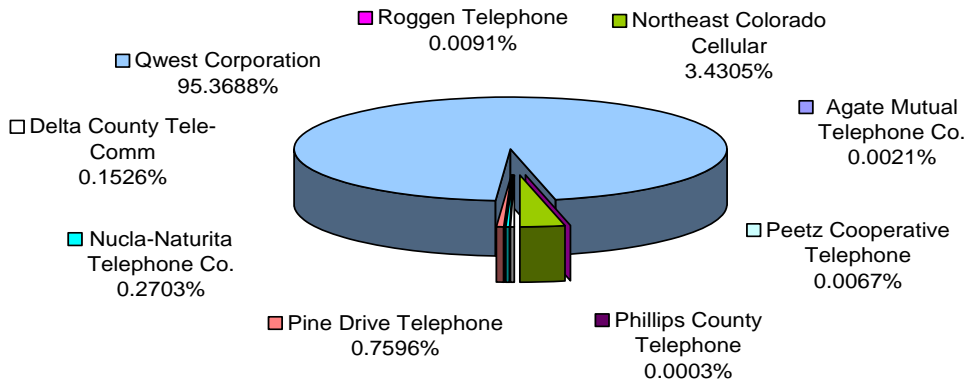
4) Interstate Common Line Support (ICLS) – available to rural ETCs and some competitive ETCs to help offset interstate access charges and is designed to permit each rate-of-return carrier to recover its common line revenue requirement, while ensuring that its subscriber line charges (SLCs) remain affordable to its customers. All carriers receive this support with the exception of El Paso, Qwest and San Isabel.

5) Local Switching Support (LSS) – available to rural ETCs and some competitive ETCs to reimburse some high switching cost in order to provide service to fewer customers. All carriers receive this support with the exception of Delta, CenturyTel of Eagle, Qwest and San Isabel.

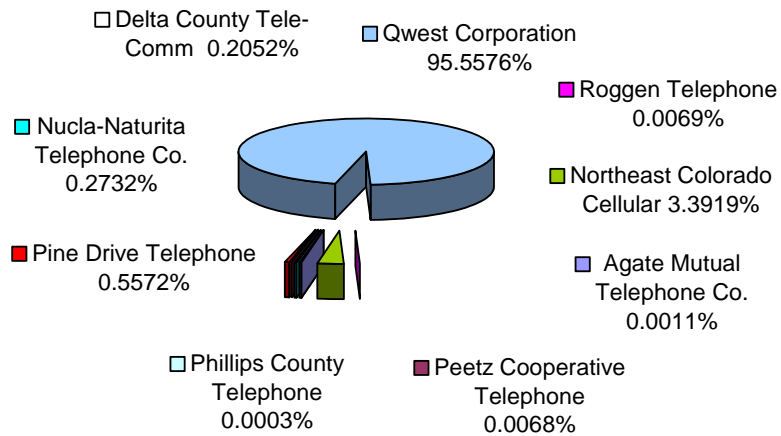
The following charts summarize the universal service contributions and distributions paid to eligible providers for calendar years 2006, 2007 and 2008. The first chart shows the percentage of actual CHCSM distributions made to eligible providers for 2006. The second chart shows the percentage of CHCSM distributions, both actual and projected, made to eligible providers for 2007. The third chart shows the projected 2008 CHCSM distributions. The fourth chart summarizes the dollar value of distributions from and contributions to the fund for calendar years 2004 through 2007. For 2004 and 2005, contributions to the fund were held artificially low in order to reduce the Fund reserve. The goal however is to have the contributions and distributions equal for the most part.

The fifth table shows the amount of distributions made to each eligible provider from the federal universal support in 2006 and the amount received from the CHCSM for total universal support per access line. In Colorado, only six rural local exchange companies are recipients of CHCSM. CenturyTel of Eagle, the largest rural local exchange company, contributed over \$600,000 in 2006 and was not a recipient of the CHCSM fund. In 2006, twenty-seven rural local exchange carriers, including CenturyTel of Eagle, contributed approximately \$1 million to the CHCSM fund and six rural providers received a total amount of \$627,381 from the fund.

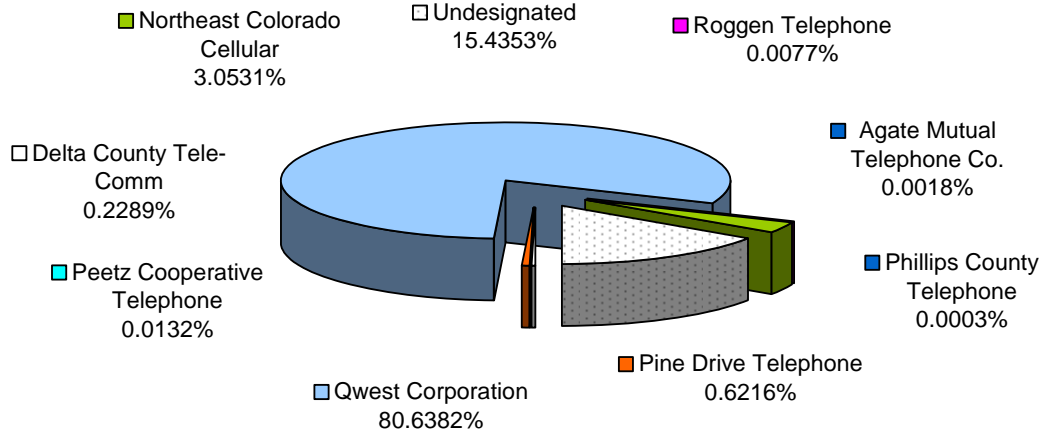
2006 Actual Distributions



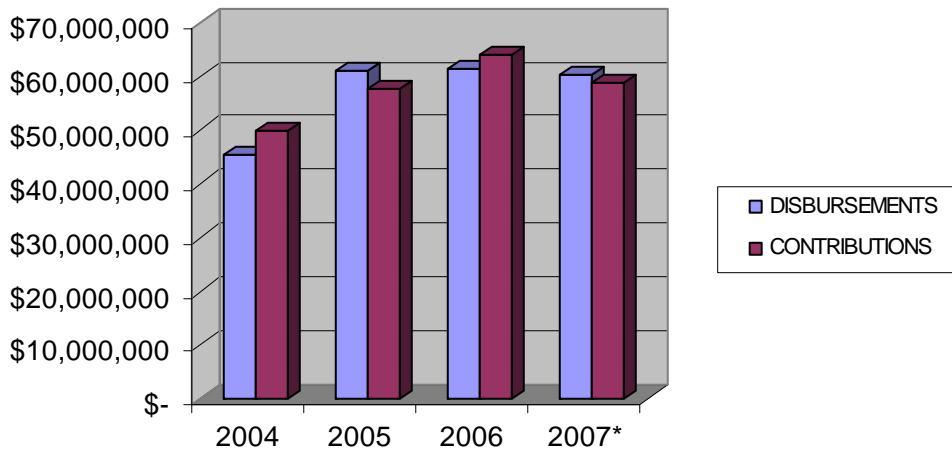
**2007 Actual and Estimated Distributions
 (Jan-Sep Actuals and Oct-Dec Estimated)**



Projected 2008 Distributions



Summary of Contributions and Disbursements



Rate Element: Jan. 2004 through Sep. 2005 - 2.0%, Oct. 2005 through Sep. 2006 - 2.9%,
 Oct. 2006 through Mar 2007 - 1.6%, Apr 2007 to present - 2.7%

* Dollar value is based on actual amounts for the first nine months and estimated for the last three months

Eligible Telecommunications Carrier/Eligible Providers	Supported Access Lines for Year 2006	TOTAL Federal USF Support for Year 2006	CHCSM Support for Year 2006	USF/CHCSM Support per Access Lines for Year 2006	Residential Basic Local Service Rate	Business Basic Local Service Rate
RURAL CARRIERS						
AGATE	130	\$ 365,472	\$ 1,305	\$ 2,821.36	\$ 14.09	\$ 14.09
BIG SANDY	964	\$ 500,706		\$ 519.40	\$ 15.44	\$ 25.18
BIJOU	1,437	\$ 1,057,086		\$ 735.62	\$ 13.59	\$ 20.14
BLANCA	1,349	\$ 2,041,248		\$ 1,513.16	\$ 16.11	\$ 22.11
CENTURYTEL OF COLORADO	11,035	\$ 3,790,974		\$ 343.54	\$ 14.74	\$ 36.79
CENTURYTEL OF EAGLE	78,926	\$ 25,953,936		\$ 328.84	\$ 14.74	\$ 36.79
COLUMBINE	1,535	\$ 1,081,815		\$ 704.77	\$ 18.98	\$ 32.28
DELTA COUNTY TELE-COMM	10,277	\$ 1,682,130	\$ 165,721	\$ 179.80	\$ 16.20	\$ 28.70
EASTERN SLOPE	5,033	\$ 2,783,892		\$ 553.13	\$ 13.36	\$ 16.03
EL PASO	4,532	\$ 353,121		\$ 77.92	\$ 15.40	\$ 30.60
FARMERS	551	\$ 576,096		\$ 1,045.55	\$ 16.74	\$ 25.12
HAXTUN	1,564	\$ 857,460		\$ 548.25	\$ 14.74	\$ 36.79
NUCLA-NATURITA TELEPHONE	1,737	\$ 624,036		\$ 359.26	\$ 16.95	\$ 24.81
NUNN	701	\$ 951,066		\$ 1,356.73	\$ 20.56	\$ 30.86
PEETZ	232	\$ 119,562	\$ 5,464	\$ 538.91	\$ 15.50	\$ 19.85
PHILLIPS COUNTY	1,907	\$ 923,904	\$ 168	\$ 484.57	\$ 12.00	\$ 15.00
PINE DRIVE TELEPHONE	949	\$ 227,880	\$ 450,075	\$ 714.39	\$ 17.05	\$ 18.63
PLAINS	1,459	\$ 1,599,990		\$ 1,096.63	\$ 20.62	\$ 25.25
RICO TELEPHONE	192	\$ 73,572		\$ 383.19	\$ 20.65	\$ 25.95
ROGGEN	262	\$ 424,763	\$ 4,648	\$ 1,638.97	\$ 10.50	\$ 10.50
RYE	2,431	\$ 3,682,410		\$ 1,514.77	\$ 19.70	\$ 39.40
SOUTH PARK	204	\$ 814,716		\$ 3,993.71	\$ 29.98	\$ 39.98
STONEHAM	76	\$ 46,140		\$ 607.11	\$ 16.26	\$ 16.26
STRASBURG	1,910	\$ 553,734		\$ 289.91	\$ 16.40	\$ 26.40
SUNFLOWER	307	\$ 280,500		\$ 913.68	\$ 12.22	\$ 18.34
WIGGINS	1,706	\$ 311,040		\$ 182.32	\$ 19.84	\$ 23.84
WILLARD*	66	\$ 45,162		\$ 684.27	\$ 16.27	\$ 16.27
	131,472	\$ 51,722,411	\$ 627,381	\$ 398.18		
RURAL CARRIERS						
QWEST CORPORATION ¹	384,729	\$ 19,310,567	\$ 57,947,414	\$ 200.81	\$ 14.88	\$ 35.02
COMPETITIVE CARRIERS						
SAN ISABEL TELECOM*	623	\$ 22,590		\$ 36.26	\$ 12.22	\$ 24.31
WIRELESS CARRIERS						
N.E.COLORADO CELLULAR* ²	8,896	\$ 4,781,883	\$ 2,085,706	\$ 771.99	\$ 15.00	\$ 15.00
WESTERN WIRELESS*	9,502	\$ 3,701,010		\$ 389.50	\$ 14.99	\$ 14.99
	18,398	8,482,893	2,085,706	\$ 574.44		

* Line Count taken from USAC website for 4Q2006

¹ Qwest receives Interstate Access Support from the USF but does not receive loop or switching support.
 The amount of USF/CHCSM support Qwest receives averaged over all lines is \$38.26.

² The amount of USF/CHCSM support NECC receives averaged over all lines is \$308.90.

IV. Operations - 2007

Calendar Year 2007. 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 2007. The 2007 budget for the CHCSM was estimated at \$63,502,387. By year-end 2007, an estimated \$158,145 will be expensed to the administrative budget.

Distributions to eligible telecommunications service providers for the first nine months were \$45,430,255, and are estimated at \$15,143,418 for the remaining three months of 2007. An estimated total of \$59,984,548 will be distributed by year-end 2007, which is a slight decrease from 2006. This decrease is attributable to Nucla Naturita's CHCSM support that expired in October 2006 and the decrease in Qwest's access lines in wire centers being served by another competitive EP. The method by which Qwest's receives CHCSM support in a given wire-center area changes when it is determined there is a competitive EP offering supported services in that Qwest wire-center. Qwest's amount of high cost funding is based on the actual residential and business access line counts multiplied by the support per access line in that wire center. The 2007 distributions to eligible providers are identified in Table A below:

**Table A
 2007 Colorado High Cost Support Mechanism**

Local Exchange Provider	Supported Access Lines for Year 2007	Estimated Gross Distributions Calendar Year 2007	Estimated 2007 Distributions per Access Line	Last 4 Quarters (2006-2007) CHCSM Surcharge Collected from Intrastate Retail Revenue per Access Line
Agate Mutual Telephone	130	\$1,305	\$10.04	\$5.04
Delta County	10,277	\$165,721	\$16.13	\$5.81
Peetz Cooperative	232	\$5,464	\$23.55	\$5.64
Philips County	1,907	\$168	\$0.09	\$5.17
Pine Drive Telephone	949	\$450,075	\$474.26	\$9.31
Qwest Corporation	384,729	\$57,241,560	\$148.78	\$42.40**
Roggen Telephone	262	\$4,648	\$17.74	\$5.59
N. E. Colorado Cellular	8,896	\$2,115,605	\$237.82	\$18.77
Total	407,382	\$59,984,546		
Average Per Line Support for Eligible Companies	\$147.24			
** Qwest collects the surcharge from an average 2,019,420 access lines in its entire service area but receives CHCSM support only in high cost wire centers on a per line basis. The Commission does not have detailed data to determine the contributions collected by individual Qwest wire center.				

In 2007, eight eligible providers received support. The support per line varies ranging from \$0.09 per line for Phillips County Telephone to \$474.26 per line for Pine Drive Telephone. The actual amount of revenue collected from end-user bills to recover CHCSM contributions per line for the rural local exchange companies vary, ranging from \$5.04 per line for Agate to \$9.31 per line for Pine Drive. Rural local exchange companies contributed approximately \$1 million to the Fund. Pine Drive's CHCSM support was expected to expire on October 1, 2007 when their draw was established in 2006 pursuant to the rules in effect at that time. Several company filings impacted the 2007 fund as described below.

Pine Drive filed a petition asking the Commission to continue its CHCSM draw established in 2006 because the annual re-application requirement had been eliminated when the permanent CHCSM rules went into effect on December 30, 2006. This Commission granted Pine Drive's petition that its previously determined support amount (\$450,075) will continue beyond October 1, 2007, and that it need not make further application for support except in accordance Rule 2855.

Nucla Naturita Telephone Company filed a petition for declaratory ruling in September, 2007 asking the Commission to re-instate its CHCSM draw in the amount of \$198,580 per year and that it be made retroactive to November 1, 2006. A Commission decision on Nucla Naturita's petition is still pending.. If Nucla Naturita's petition is granted, a one-time payment of \$182,031 plus an annual interest rate of 6% will be made.

Nunn Telephone filed a petition seeking initial CHCSM support and was granted \$47,485 in high cost funding⁸. The funding is retroactive to May 17, 2007.

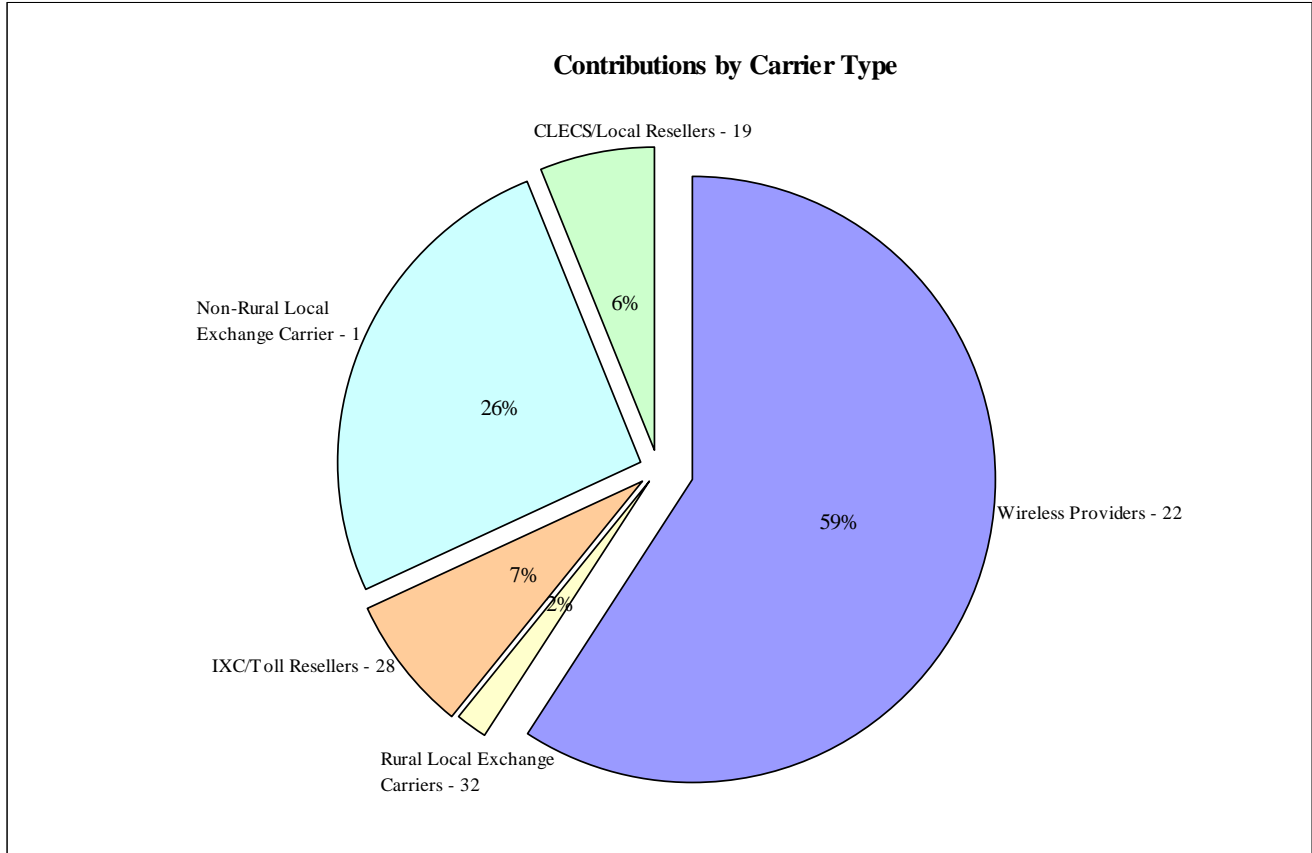
Also in 2007, N. E. Colorado Cellular Inc. (NECC) filed an application to expand its Eligible Telecommunications Carrier (ETC) designation and its state Eligible Provider (EP) designation in additional areas of Colorado within its newly expanded FCC-licensed service area. The proposed service area would expand its designation from the southeast portion of the state into the southern central region, and from the northeast portion of the state into the central northern region of Colorado. If granted, the expansion of NECC's EP designation on the CHCSM for the first year would be

⁸The 20-day time period provided by § 40-6-114(1) has not expired at time of publication of this report.

approximately \$125,000 in support and possibly an additional \$2.3 million in support once NECC has had a chance to build-out its network and advertise its service offerings. This estimate is based on companies currently drawing support from CHCSM.

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.

Contributions in 2007 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 1.6 percent for the first three months in order to maintain the desired level of reserve balance, and was increased to 2.7 percent for the last nine months of calendar year 2007. For the first nine months, the rate assessment generated \$40,707,344 in contributions and is estimated to generate \$17,937,966 for the last three months of 2007 for a total estimate of \$58,645,310. At the beginning of 2007, a total of 97 telecommunication providers contributed to the fund on a quarterly basis. The chart below depicts the 2007 average approximate breakdown of the quarterly invoices by carrier type and the percentage of contributions to the fund.



In 2007, 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 provider revenues continue to increase and represent approximately 59% of the revenues to the fund. In 2007, several wireless providers merged their companies which resulted in fewer providers contributing to the Fund; however, their intrastate retail revenues remained the same or increased slightly.

V. Projected Operations – 2008

Calendar Year 2008 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 2008. For 2008, rural companies and NECC’s proposed ETC/EP designation expansion, upon approval by the Commission, may result in an increase of \$11,565,075 in additional CHCSM distributions, bringing the total distributions to \$72,357,573 as identified in Table B below.

Table B
2008 Colorado High Cost Support Mechanism
Estimated Distributions

Local Exchange Provider	Estimated Supported Access Lines for Year 2008	Estimated 2008 Gross CHCSM Support	Estimated 2008 CHCSM Distributions per Access Line
Agate Mutual Telephone	130	\$1,305	\$10.04
Delta County	10,277	\$165,721	\$16.13
Peetz Cooperative	232	\$5,464	\$23.55
Philips County	1,907	\$168	\$0.09
Pine Drive Telephone	949	\$450,076	\$474.26
Qwest Corporation	384,729	\$57,891,367	\$150.47
Roggen Telephone	262	\$4,648	\$17.74
N. E. Colorado Cellular	8,896	\$2,115,605	\$237.82
Forecasted (Undesignated)	80,663	\$11,565,075	\$143.38
Total	488,045	\$72,199,429	
Average Per Line Support for Eligible Companies			\$147.94

The CHCSM distribution for Qwest will remain the same as Qwest’s CHCSM distribution in 2007 for 2008 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 through 2007 high cost support amounts. The agreement involves the use of average monthly per line costs produced by the HAI Consulting, Inc.’s (“HAI”) model used in Docket No. 99A-577T (HAI Model 5.2a) and updating the Qwest expense and investment figures with Qwest’s 2006 ARMIS data and line count information. Based on these adjustments, Qwest’s 2008 CHCSM support for calendar year 2008 would be

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

\$58,463,563. However, the Settling Parties proposed that Qwest's support for 2008 be frozen at the same level as granted for 2007. Qwest received \$57,891,367 of CHCSM support for 2007, which was a reduction of \$495,507 from the CHCSM support Qwest received for 2006. For 2008, the average revenue benchmarks for Qwest will remain the same as 2007, \$18.59 per month for residential and \$36.34 for business.

Expenditures for administering the CHCSM in year 2008 are estimated to increase slightly over actual amounts from 2007, due to the normal increases in personnel service costs and the increase in eligible providers seeking CHCSM support. Based on this fund level, the projected Commission administration cost requirement is estimated to be \$158,145 (or 0.2% of total disbursements) during year 2008 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.

The fund is expected to be transitioned to the new vendor by end of first quarter 2008. The current Escrow Account will remain in simultaneous operation with the new Escrow Account for the first quarter of 2008 in order to capture any late contribution payments. Payments made to CenturyTel for unwinding of the fund and the distribution of any residual amounts during this period will equal \$10,000 per month.

In 2008, 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 \$12 to \$15 million based on current distributions made to eligible providers. 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 2.7% in order to maintain the Fund reserve at a minimum level. It is projected that the end-user rate element may need to be increased in subsequent quarters in 2008 to 3.4 percent in order to maintain the desired level of reserve balance and to meet the demand of additional disbursements to eligible providers. The end-user rate element should only be increased if at any time

after the first quarter in a given year, the funds reserve balance falls below the quarterly disbursement amount. It is anticipated that more eligible providers will be applying for funding that currently are not drawing CHCSM.

VI. Pending Activities, Legislation, and Rulemaking that Could Impact the CHCSM

As envisioned by *The Colorado Promise*, the Governor's Innovation Council was established to develop and assist in the execution of a plan to facilitate broadband deployment throughout the state. The council has been tasked with evaluating strategies for spurring broadband access, determine which areas of the state lack affordable broadband access, and propose reforms of the current universal service fund to support broadband access for those areas.”. The Broadband Access Infrastructure Council includes leaders from the industry, government, and academia. The extent of the impact to the fund is unknown.

On October 15, 2007 the Colorado Department of Regulatory Agencies Office of Policy, Research and Regulatory Reform issued its 2007 Sunset Review of the Public Utilities Commission. As part of the audit process, statutory and administrative recommendations are made. Statutory Recommendation 8 seeks to impose a surcharge on VoIP carriers and allow for receipt of funds to more equitably administer the CHCSM on a technology neutral basis. Limited voluntary contributions are made from VoIP providers to date. Requiring VoIP providers to pay into the fund would increase the total number of providers contributing; likewise, it would also increase the total number of providers eligible to receive disbursements from the fund.

In 2007, the Federal-State Joint Board on Universal Service (“Joint Board”) recommended that the Federal Communications Commission (“FCC”) take action to “rein in explosive growth” of the federal universal service support disbursements. The Joint Board proposed that the amount of support afforded to competitive eligible telecommunications carriers (“ETC”) be capped at the same level competitive carriers received in 2006. If the FCC adopts this state-based cap recommendation, newly designated competitive ETCs would share the universal service funding with other competitive ETCs that receive universal service funding within Colorado. The Joint Board also recommended that the FCC place competitive ETCs on notice that the identical support rule without cost justification may be an outdated approach. The identical support rule was identified by the Joint Board to be one of the

primary causes of the unpredictable growth in the fund. Under the identical support rule, both incumbent rural local exchange carriers and competitive ETCs receive support based on the incumbent rural local exchange carriers' costs. Put another way, incumbent rural local exchange carriers' receive cost-based support, whereas the competitive ETC support is not cost-based. Since the provisions of the CHCSM is consistent with the Federal universal service rules, the CHCSM rules may need to be modified to be consistent with the relevant rules and orders of the FCC.

VII. SUMMARY SCHEDULES

2008
COLORADO HIGH COST SUPPORT MECHANISM

Eligible Local Exchange Provider	Initial	Effective Date of HCSM Funding	AMOUNT	AMOUNT	AMOUNT	AMOUNT	CALENDAR YEAR 2008
	Authorized Gross Amount From The HCSM per Year		FROM THE HCSM Effective First Quarter 2008	FROM THE HCSM Effective Second Quarter 2008	FROM THE HCSM Effective Third Quarter 2008	FROM THE HCSM Effective Fourth Quarter 2008	
1 AGATE	\$3,262	01/01/02	\$326	\$326	\$326	\$326	\$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	\$165,721	10/01/06	\$41,430	\$41,430	\$41,430	\$41,431	\$165,721
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	\$528,901	\$528,901	\$528,901	\$528,901	\$2,115,605
18 NUNN			\$0	\$0	\$0	\$0	\$0
19 PEETZ	\$27,321	10/01/01	\$1,366	\$1,366	\$1,366	\$1,366	\$5,464
20 PHILLIPS COUNTY	\$260	10/01/03	\$42	\$42	\$42	\$42	\$168
21 PINE DRIVE TELEPHONE	\$450,075	10/01/06	\$112,519	\$112,519	\$112,519	\$112,519	\$450,076
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	\$1,162	\$4,648
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			\$39,536	\$39,536	\$39,536	\$39,536	\$158,145
UNDESIGNATED			\$2,891,269	\$2,891,269	\$2,891,269	\$2,891,269	\$11,565,075
Total			\$18,089,393	\$18,089,393	\$18,089,393	\$18,089,394	\$72,357,573

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	\$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*	\$165,721	10/01/06	\$41,430	\$41,430	\$41,430	\$41,431	\$165,721
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	\$515,568	\$529,038	\$542,098	\$528,901	\$2,115,605
18 NUNN			\$0	\$0	\$0	\$0	\$0
19 PEETZ*	\$27,321	10/01/01	\$1,366	\$1,366	\$1,366	\$1,366	\$5,464
20 PHILLIPS COUNTY*	\$260	10/01/03	\$42	\$42	\$42	\$42	\$168
21 PINE DRIVE TELEPHONE*	\$450,075	10/01/06	\$112,519	\$112,519	\$112,519	\$112,518	\$450,075
22 PLAINS			\$0	\$0	\$0	\$0	\$0
23 QWEST CORPORATION	\$57,891,367		\$14,336,130	\$14,309,004	\$14,286,036	\$14,310,390	\$57,241,560
24 RICO TELEPHONE			\$0	\$0	\$0	\$0	\$0
25 ROGGEN*	\$7,150	10/01/03	\$1,162	\$1,162	\$1,162	\$1,162	\$4,648
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			\$15,888,003	\$15,874,347	\$15,864,439	\$15,875,597	\$63,502,386
--------------	--	--	---------------------	---------------------	---------------------	---------------------	---------------------

* Companies CHCSM draw was modified to the same amount they were receiving as of December 31, 2006 pursuant to Commission rules that went into effective on that date.

2006
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 2006	AMOUNT FROM THE HCSM Effective Second Quarter 2006	AMOUNT FROM THE HCSM Effective Third Quarter 2006	AMOUNT FROM THE HCSM Effective Fourth Quarter 2006	CALENDAR YEAR 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 NUCLA-NATURITA TELEPHONE	\$198,580	11/01/05	\$49,645	\$49,645	\$49,645	\$16,548	\$165,483
16 N.E.COLORADO CELLULAR		12/21/01	\$536,956	\$535,787	\$513,731	\$499,232	\$2,085,706
17 NUNN			\$0	\$0	\$0	\$0	\$0
18 PEETZ	\$27,321	10/01/01	\$2,732	\$2,732	\$2,732	\$1,366	\$9,562
19 PHILLIPS COUNTY	\$260	10/01/03	\$54	\$54	\$54	\$42	\$204
20 PINE DRIVE TELEPHONE	\$470,000	10/01/05	\$117,500	\$117,500	\$117,500	\$112,519	\$465,019
21 PLAINS			\$0	\$0	\$0	\$0	\$0
22 QWEST CORPORATION	\$58,386,874		\$14,525,239	\$14,497,567	\$14,472,527	\$14,452,081	\$57,947,414
23 RICO TELEPHONE			\$0	\$0	\$0	\$0	\$0
24 ROGGEN	\$7,150	10/01/03	\$1,475	\$1,475	\$1,475	\$1,162	\$5,587
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			\$37,950	\$37,950	\$37,950	\$37,950	\$151,800
UNDESIGNATED			\$532,727	\$532,727	\$532,727	\$532,727	\$2,130,909
Total			\$15,821,943	\$15,793,102	\$15,746,006	\$15,695,384	\$63,056,435

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	\$512,254	\$1,983,276
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	\$14,596,719	\$14,596,719	\$14,596,719	\$14,535,386	\$58,325,543
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			\$15,544,791	\$15,546,064	\$15,578,020	\$15,477,235	\$62,146,109

VIII. SUPPORTING SCHEDULES

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

Eligible Local Exchange Service Provider	Gross Distributions Calendar Year 2005	Gross Distributions Calendar Year 2006	Gross Distributions Calendar Year 2007*	Gross Distributions Calendar Year 2008*
1 Agate Mutual Telephone Company	\$ 2,120	\$ 1,305	\$ 1,305	\$ 1,305
3 Delta County Tele-Comm	\$ 121,370	\$ 93,447	\$ 165,721	\$ 165,721
4 Northeast Colorado Cellular	\$ 1,983,276	\$ 2,085,706	\$ 2,115,605	\$ 2,168,392
5 Nucla-Naturita	\$ 63,749	\$ 165,483	\$ -	\$ -
6 Phillips County Telephone Company	\$ 249	\$ 204	\$ 168	\$ 168
7 Peetz Cooperative Telephone Co.	\$ 16,052	\$ 9,562	\$ 5,464	\$ 5,464
8 Pine Drive	\$ 386,091	\$ 465,019	\$ 450,075	\$ 450,075
9 Qwest Corp.	\$ 58,325,543	\$ 57,947,414	\$ 57,241,560	\$ 57,891,367
10 Roggen Telephone	\$ 6,838	\$ 5,587	\$ 4,648	\$ 4,648
11 Rico Telephone Company	\$ 12,000	\$ -	\$ -	\$ -
Estimated Undesignated	\$ -	\$ -	\$ -	\$ 11,565,075
Totals	\$ 60,917,288	\$ 60,773,727	\$ 59,984,546	\$ 72,252,215

* The disbursements for 2007 are actual information for January - September 2007 and estimated figures for October - December 2007.
 Disbursements for 2008 are estimated.

Colorado High Cost Support Mechanism Summary Contribution & Disbursements				
	2005	2006	2007*	2008*
DISBURSEMENTS:				
Distributions	\$ 60,917,103	\$ 60,773,727	\$ 59,984,548	\$ 72,199,427
Administrative Expenses Based on Fiscal Year	\$ 141,000	\$ 151,800	\$156,258	\$158,145
Total Disbursements & Expenditures	\$ 61,058,103	\$ 60,925,527	\$ 60,140,806	\$ 72,357,573
CONTRIBUTIONS:				
Fund Balance December 2007				\$ 3,410,712
Jan 1 through March 31	\$ 12,793,767	\$ 15,633,690	\$ 12,418,529	\$ 16,644,781
April 1 through June 30	\$ 12,684,835	\$ 19,131,912	\$ 12,350,849	\$ 15,817,181
July 1 through Sept 30	\$ 14,496,980	\$ 18,905,820	\$15,937,966	\$ 15,967,999
Oct 1 through Dec 31	\$ 17,810,638	\$ 10,314,958	\$ 17,937,966	\$ 20,464,368
Total Contributions	\$57,786,220	\$63,986,380	\$58,645,310	\$ 72,305,041

* Contributions for the year 2007 and 2008 are estimated. The Year 2007 contains actual information for the first nine months.

* Distributions for 2007 remain the same as 2006 based on Commission rules that went into effect 12/31/06. Distributions for 2008 are estimated.

Colorado High Cost Support Mechanism Rate Element Assessment Percentage Summary	
--	--

Rate Element:	2005	2006	2007	2008*
1st Qtr	2.00%	2.90%	1.60%	2.70%
2nd Qtr	2.00%	2.90%	2.70%	2.70%
3rd Qtr	2.00%	2.90%	2.70%	2.70%
4th Qtr	2.90%	1.60%	2.70%	3.40%

* Rate Element for year 2008 are estimated.

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Residential Support 2005	Residential Support 2006	Residential Support 2007	Residential Support 2008
1	AGUILAR	AGUILAR	\$ 94.19	\$ 94.19	\$ 91.48	\$ 91.48
2	ALAMOSA	ALAMOSA	\$ 5.77	\$ 5.77	\$ 7.10	\$ 7.10
3	ALLENSPARK	ALLENS PARK	\$ 40.56	\$ 40.56	\$ 39.26	\$ 39.26
4	ARVADA ZONE	ARVADA		\$ -	\$ -	\$ -
5	ARVADA ZONE	WESTMINSTER		\$ -	\$ -	\$ -
6	ASPEN	ASPEN		\$ -	\$ -	\$ -
7	ASPEN	SNOWMASS	\$ 3.75	\$ 3.75	\$ 4.23	\$ 4.23
8	AURORA ZONE	AURORA			\$ -	\$ -
9	AURORA ZONE	AURORA	\$ 21.62	\$ 21.62	\$ 20.72	\$ 20.72
10	AURORA ZONE	DENVER	\$ 16.94	\$ 16.94	\$ 17.65	\$ 17.65
11	AURORA ZONE	DENVER		\$ -	\$ -	\$ -
12	BAILEY	BAILEY	\$ 15.06	\$ 15.06	\$ 15.58	\$ 15.58
13	BASALT	BASALT	\$ 12.30	\$ 12.30	\$ 11.54	\$ 11.54
14	BAYFIELD	BAYFIELD	\$ 18.65	\$ 18.65	\$ 16.57	\$ 16.57
15	BERTHOUD	BERTHOUD	\$ 7.37	\$ 7.37	\$ 7.09	\$ 7.09
16	BOULDER	BOULDER		\$ -	\$ -	\$ -
17	BOULDER	BOULDER		\$ -	\$ -	\$ -
18	BOULDER	BOULDER		\$ -	\$ -	\$ -
19	BRECKENRIDGE	BRECKENRIDGE	\$ 4.32	\$ 4.32	\$ 5.31	\$ 5.31
20	BRIGHTON	BRIGHTON		\$ -	\$ -	\$ -
21	BROOMFIELD	BROOMFIELD		\$ -	\$ -	\$ -
22	BROOMFIELD	NORTHGLENN	\$ -	\$ -	\$ -	\$ -
23	BRUSH	BRUSH	\$ 13.98	\$ 13.98	\$ 15.29	\$ 15.29
24	BUENA VISTA	BUENA VISTA	\$ 15.89	\$ 15.89	\$ 15.72	\$ 15.72
25	CALHAN	CALHAN	\$ 54.04	\$ 54.04	\$ 54.84	\$ 54.84
26	CANON CITY	CANON CITY	\$ 0.76	\$ 0.76	\$ 0.52	\$ 0.52
27	CARBONDALE	CARBONDALE	\$ 8.56	\$ 8.56	\$ 8.14	\$ 8.14
28	CASTLE ROCK	CASTLE ROCK	\$ 3.91	\$ 3.91	\$ 4.61	\$ 4.61
29	CASTLE ROCK	LARKSPUR	\$ 13.95	\$ 13.95	\$ 15.16	\$ 15.16
30	CENTRAL CITY	CENTRAL CITY	\$ 12.44	\$ 12.44	\$ 12.65	\$ 12.65
31	COAL CREEK	COAL CREEK	\$ 16.87	\$ 16.87	\$ 16.60	\$ 16.60
32	COLORADO SPRINGS	AIR FORCE ACADEMY	\$ 9.96	\$ 9.96	\$ 9.86	\$ 9.86
33	COLORADO SPRINGS	BLACKFOREST	\$ 12.52	\$ 12.52	\$ 12.13	\$ 12.13
34	COLORADO SPRINGS	COLORADO SPRINGS		\$ -	\$ -	\$ -
35	COLORADO SPRINGS	COLORADO SPRINGS		\$ -	\$ -	\$ -
36	COLORADO SPRINGS	COLORADO SPRINGS	\$ 1.33	\$ 1.33	\$ 0.89	\$ 0.89
37	COLORADO SPRINGS	COLORADO SPRINGS		\$ -	\$ -	\$ -
38	COLORADO SPRINGS	COLORADO SPRINGS		\$ -	\$ -	\$ -
39	COLORADO SPRINGS	FOUNTAIN		\$ -	\$ -	\$ -
40	COLORADO SPRINGS	GREEN MOUNTAIN	\$ 15.27	\$ 15.27	\$ 16.18	\$ 16.18

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Residential Support 2005	Residential Support 2006	Residential Support 2007	Residential Support 2008	
41	COLORADO SPRINGS	MANITOU SPRINGS	MNSPCOMA	\$ 0.67	\$ 0.67	\$ 1.78	\$ 1.78
42	COLORADO SPRINGS	MONUMENT	MNMTCOMA		\$ -	\$ 0.16	\$ 0.16
43	COLORADO SPRINGS	SECURITY	SCRTCOMA		\$ -	\$ -	\$ -
44	COLORADO SPRINGS	WOODLAND PARK	WDPKCOMA	\$ 6.54	\$ 6.54	\$ 6.42	\$ 6.42
45	CORTEZ	CORTEZ	CRTZCOMA	\$ 9.15	\$ 9.15	\$ 9.57	\$ 9.57
46	CORTEZ	MESA VERDE	MVNPCOMA	\$ 67.48	\$ 67.48	\$ 93.53	\$ 93.53
47	CRAIG	CRAIG	CRAGCOMA	\$ 12.30	\$ 12.30	\$ 12.40	\$ 12.40
48	CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA	\$ 10.65	\$ 10.65	\$ 10.49	\$ 10.49
49	CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$ 36.59	\$ 36.59	\$ 34.67	\$ 34.67
50	DEBEQUE	DEBEQUE	DBEQCONC	\$ 123.23	\$ 123.23	\$ 116.95	\$ 116.95
51	DECKERS	DECKERS	DCKRCOMA	\$ 106.87	\$ 106.87	\$ 99.92	\$ 99.92
52	DEL NORTE	DEL NORTE	DLNRCOMA	\$ 34.77	\$ 34.77	\$ 36.57	\$ 36.57
53	DEL NORTE	SOUTH FORK	SFRKCOMA	\$ 34.02	\$ 34.02	\$ 31.31	\$ 31.31
54	DELTA	DELTA	DELTCOMA	\$ 5.96	\$ 5.96	\$ 5.51	\$ 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	\$ 11.07	\$ 11.07	\$ 12.25	\$ 12.25
64	DILLON	DILLON	DLLNCOMA	\$ 3.32	\$ 3.32	\$ 4.08	\$ 4.08
65	DILLON	FRISCO	FRSCCOMA	\$ 5.29	\$ 5.29	\$ 9.51	\$ 9.51
66	DURANGO	DURANGO	DURNCOMA	\$ 2.77	\$ 2.77	\$ 3.68	\$ 3.68
67	EATON-AULT	AULT	AULTCOMA	\$ 42.16	\$ 42.16	\$ 42.39	\$ 42.39
68	EATON-AULT	EATON	EATNCOMA	\$ 8.84	\$ 8.84	\$ 8.55	\$ 8.55
69	ELBERT	ELBERT	ELBRCOMA	\$ 51.81	\$ 51.81	\$ 49.28	\$ 49.28
70	ELIZABETH	ELIZABETH	ELZBCO01	\$ 13.28	\$ 13.28	\$ 13.44	\$ 13.44
71	ENGLEWOOD ZONE	ENGLEWOOD	ENWDCOMA		\$ -	\$ -	\$ -
72	ERIE	ERIE	ERIECOMA	\$ 11.18	\$ 11.18	\$ 11.65	\$ 11.65
73	ESTES PARK	ESTES PARK	ESPKCOMA	\$ 4.39	\$ 4.39	\$ 4.30	\$ 4.30
74	EVERGREEN	EVERGREEN	EVRGCOMA	\$ 2.12	\$ 2.12	\$ 2.67	\$ 2.67
75	FAIRPLAY	FAIRPLAY	FRPLCOMA	\$ 51.78	\$ 51.78	\$ 3.96	\$ 3.96
76	FLORENCE	FLORENCE	FLRNCOMA	\$ 20.34	\$ 20.34	\$ 18.75	\$ 18.75
77	FLORENCE	PENROSE	PNRSCOMA	\$ 16.67	\$ 16.67	\$ 18.10	\$ 18.10
78	FRASER	FRASER	FRSRCOMA	\$ 9.46	\$ 9.46	\$ 9.43	\$ 9.43
79	FREDRICK	FREDRICK	FRDRCOMA	\$ 0.33	\$ 0.33	\$ 44.03	\$ 44.03
80	FRUITA	FRUITA	FRUTCOMA	\$ 10.43	\$ 10.43	\$ -	\$ -

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Residential Support 2005	Residential Support 2006	Residential Support 2007	Residential Support 2008
81 FT COLLINS	FT COLLINS	FRCLCOMA			\$ 1.18	\$ 1.18
82 FT COLLINS	FT COLLINS	FTCLCOHM		\$ -	\$ -	\$ -
83 FT COLLINS	WELLINGTON	WGTCOMMA	\$ 18.01	\$ 18.01	\$ 16.18	\$ 16.18
84 FT LUPTON	FT LUPTON	FTLPCOMA	\$ 3.08	\$ 3.08	\$ 3.91	\$ 3.91
85 FT MORGAN	FT MORGAN	FTMRCOMA	\$ 1.79	\$ 1.79	\$ 2.62	\$ 2.62
86 GEORGETOWN	GEORGETOWN	GRTWCOMA	\$ 17.58	\$ 17.58	\$ 18.76	\$ 18.76
87 GILCREST	GILCREST	GLCRCOMA	\$ 37.24	\$ 37.24	\$ 37.73	\$ 37.73
88 GLENWOOD SPRINGS	GLENWOOD SPRINGS	GLSPCOMA	\$ -	\$ -	\$ -	\$ -
89 GOLDEN ZONE	GOLDEN	GLDNCOMA		\$ -	\$ -	\$ -
90 GRANBY	GRANBY	GRNBCOMA	\$ 20.17	\$ 20.17	\$ 18.98	\$ 18.98
91 GRAND JUNCTION	CLIFTON	CFTNCONM		\$ -	\$ -	\$ -
92 GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA		\$ -	\$ -	\$ -
93 GRAND LAKE	GRAND LAKE	GDLKCOMA	\$ 11.04	\$ 11.04	\$ 11.28	\$ 11.28
94 GREELEY	GREELEY	GRELCOMA		\$ -	\$ -	\$ -
95 GREELEY	GREELEY	GRELCOJC		\$ -	\$ -	\$ -
96 GUNNISON	GUNNISON	GNSNSOMA	\$ 22.80	\$ 22.80	\$ 23.20	\$ 23.20
97 HAYDEN	HAYDEN	HYDNCOMA	\$ 54.68	\$ 54.68	\$ 53.52	\$ 53.52
98 HILLROSE	HILLROSE	HLRSCOMA	\$ 124.41	\$ 124.41	\$ 124.27	\$ 124.27
99 HOT SULPHUR SPRING	HOT SULPHUR SPRING	HSSPCOMA	\$ 60.02	\$ 60.02	\$ 56.88	\$ 56.88
100 HUDSON	HUDSON	HDSNCOMA	\$ 30.31	\$ 30.31	\$ 31.31	\$ 31.31
101 IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$ 19.37	\$ 19.37	\$ 20.57	\$ 20.57
102 JOHNSTON MILLIKEN	JOHNSTON MILLIKEN	JHMLCOMA	\$ 2.09	\$ 2.09	\$ 2.15	\$ 2.15
103 JULESBURG	JULESBURG	JLBGCOMA	\$ 43.22	\$ 43.22	\$ 44.44	\$ 44.44
104 JULESBURG	OID	OIDCOMA	\$ 132.73	\$ 132.73	\$ 131.20	\$ 131.20
105 KEENESBURG	KEENESBURG	KNBGCOMA	\$ 39.96	\$ 39.96	\$ 38.77	\$ 38.77
106 KIOWA	KIOWA	KIOWCOMA	\$ 57.57	\$ 57.57	\$ 57.29	\$ 57.29
107 KREMMLING	KREMMLING	KRNGCOMA	\$ 35.85	\$ 35.85	\$ 33.90	\$ 33.90
108 LA SALLE	LA SALLE	LSLLCOMA	\$ 30.99	\$ 30.99	\$ 31.16	\$ 31.16
109 LAFAYETTE-LOUISVILLE	LAFAYETTE	DNVRCOCW			\$ -	\$ -
110 LAKEWOOD ZONE	LAKEWOOD	LKWDCOMA		\$ -	\$ -	\$ -
111 LEADVILLE	LEADVILLE	LDVLCOMA	\$ 2.70	\$ 2.70	\$ 3.53	\$ 3.53
112 LIMON	LIMON	LIMNCOMA	\$ 44.78	\$ 44.78	\$ 47.36	\$ 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	\$ 4.64	\$ 4.64	\$ 4.62	\$ 4.62
120 LOOKOUT MOUNTAIN	JEFFERSON COUNTY	LKMTCOMA	\$ -	\$ -	\$ -	\$ -

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Residential Support 2005	Residential Support 2006	Residential Support 2007	Residential Support 2008
121 LOVELAND	LOVELAND	LVLDCOMA		\$ -	\$ -	\$ -
122 LYONS	LYONS	LYNSCOMA	\$ 19.68	\$ 19.68	\$ 19.06	\$ 19.06
123 MANCOS	MANCOS	MNCSCOMA	\$ 55.39	\$ 55.39	\$ 54.91	\$ 54.91
124 MEAD	MEAD	MEADCOMA	\$ 17.69	\$ 17.69	\$ 16.44	\$ 16.44
125 MEEKER	MEEKER	MEKRCOMA	\$ 73.10	\$ 73.10	\$ 69.46	\$ 69.46
126 MONTE VISTA	MONTE VISTA	MTVSCOMA	\$ 10.30	\$ 10.30	\$ 11.26	\$ 11.26
127 MONTROSE	MONTROSE	MTRSCOMA	\$ 4.24	\$ 4.24	\$ 4.35	\$ 4.35
128 MORRISON	MORRISON	MRSNCOMA	\$ 10.10	\$ 10.10	\$ 11.56	\$ 11.56
129 NEDERLAND	NEDERLAND	NDLDCOMA	\$ 19.59	\$ 19.59	\$ 19.30	\$ 19.30
130 NEW CASTLE	NEW CASTLE	NWCSCOMA	\$ 25.45	\$ 25.45	\$ 23.03	\$ 23.03
131 NORTHEAST ZONE	COMMERCE CITY	DNVRCONE		\$ -	\$ -	\$ -
132 OAK CREEK	OAK CREEK	OKCKCOMA	\$ 56.11	\$ 56.11	\$ 51.29	\$ 51.29
133 OLATHE	OLATHE	OLTHCOMA	\$ 22.80	\$ 22.80	\$ 21.13	\$ 21.13
134 OURAY	OURAY	OURYCOMA	\$ 29.18	\$ 29.18	\$ 26.93	\$ 26.93
135 PALISADE	PALISADE	PLSDCOMA	\$ 12.40	\$ 12.40	\$ 15.26	\$ 15.26
136 PARACHUTE	PARACHUTE	PACHC01	\$ 15.61	\$ 15.61	\$ 14.90	\$ 14.90
137 PARKER	PARKER	PRKRCOMA	\$ -	\$ -	\$ 0.28	\$ 0.28
138 PEYTON	PEYTON	PYTNCOMA	\$ 31.21	\$ 31.21	\$ 29.94	\$ 29.94
139 PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$ 17.61	\$ 17.61	\$ 17.77	\$ 17.77
140 PUEBLO	AVONDALE	AVDLCOMA	\$ 63.77	\$ 63.77	\$ 63.88	\$ 63.88
141 PUEBLO	PUEBLO	PUBLCOMA		\$ -	\$ -	\$ -
142 PUEBLO	PUEBLO	PUBLCO06	\$ 0.44	\$ 0.44	\$ 0.43	\$ 0.43
143 PUEBLO	PUEBLO	PUBLOCOSU		\$ -	\$ -	\$ -
144 PUEBLO	VINELAND	VNLDCOMA	\$ 13.82	\$ 13.82	\$ 15.29	\$ 15.29
145 RIDGEWAY	RIDGEWAY	RDGWCOMA	\$ 28.73	\$ 28.73	\$ 25.92	\$ 25.92
146 RIFLE	RIFLE	RIFLCOMA	\$ 5.70	\$ 5.70	\$ 4.72	\$ 4.72
147 SALIDA	SALIDA	SALDCOMA	\$ 8.98	\$ 8.98	\$ 8.95	\$ 8.95
148 SILT	SILT	SILTCOMA	\$ 25.09	\$ 25.09	\$ 23.11	\$ 23.11
149 SILVERTON	SILVERTON	SLTNCOMA	\$ 34.85	\$ 34.85	\$ 32.00	\$ 32.00
150 SOUTHWEST ZONE	LAKESWOOD	DNVRCOSW		\$ -	\$ -	\$ -
151 STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$ 5.31	\$ 5.31	\$ 5.65	\$ 5.65
152 STERLING	STERLING	STNGCOMA	\$ 8.42	\$ 8.42	\$ 9.42	\$ 9.42
153 SULLIVAN ZONE	AURORA	DNVRCOSE		\$ -	\$ -	\$ -
154 SULLIVAN ZONE	AURORA	DNVRCOSL		\$ -	\$ -	\$ -
155 TELLURIDE	TELLURIDE	TLRDCOMA	\$ 10.46	\$ 10.46	\$ 10.77	\$ 10.77
156 TRINIDAD	TRINIDAD	TRNDCOMA	\$ 12.44	\$ 12.44	\$ 12.41	\$ 12.41
157 VAIL	AVON	AVONCOMA	\$ 3.68	\$ 3.68	\$ 4.56	\$ 4.56
158 VAIL	MINTURN	MNTRCOMA	\$ 36.28	\$ 36.28	\$ 41.30	\$ 41.30
159 VAIL	VAIL	VAILCOMA	\$ 0.36	\$ 0.36	\$ 0.83	\$ 0.83
160 WALSENBURG	WALSENBURG	WLBGCOMA	\$ 25.37	\$ 25.37	\$ 25.87	\$ 25.87

Colorado High Cost Support
per Access Line per Month
Residential Support

EXCHANGE	CITY	CLLI	Residential Support 2005	Residential Support 2006	Residential Support 2007	Residential Support 2008
161 WARD	WARD	WARDCOMA	\$ 42.83	\$ 42.83	\$ 37.74	\$ 37.74
162 WELDONA	WELDONA	WLDACONA	\$ 68.12	\$ 68.12	\$ 62.65	\$ 62.65
163 WINDSOR	WINDSOR	WNDSCOMA	\$ -	\$ -	\$ -	\$ -
164 YAMPA	YAMPA	YAMPCOMA	\$ 82.80	\$ 82.80	\$ 85.13	\$ 85.13
Statewide Average			\$ 11.59	\$ 11.59	\$ 10.86	\$ 10.86
Residential Revenue Benchmarks			\$19.02	\$19.02	\$18.59	\$18.59

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

EXCHANGE	CITY	CLLI	Business Support 2005	Business Support 2006	Business Support 2007	Business Support 2008
1	AGUILAR	AGUILAR	\$ 64.59	\$ 64.59	\$ 65.18	\$ 65.18
2	ALAMOSA	ALAMOSA	\$ -	\$ -	\$ -	\$ -
3	ALLENSPARK	ALLENS PARK			\$ 7.87	\$ 7.87
4	ARVADA ZONE	ARVADA			\$ -	\$ -
5	ARVADA ZONE	WESTMINSTER			\$ -	\$ -
6	ASPEN	ASPEN			\$ -	\$ -
7	ASPEN	SNOWMASS			\$ -	\$ -
8	AURORA ZONE	AURORA			\$ -	\$ -
9	AURORA ZONE	AURORA	\$ 4.39	\$ 4.39	\$ 0.07	\$ 0.07
10	AURORA ZONE	DENVER			\$ -	\$ -
11	AURORA ZONE	DENVER			\$ -	\$ -
12	BAILEY	BAILEY			\$ -	\$ -
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			\$ -	\$ -
24	BUENA VISTA	BUENA VISTA			\$ -	\$ -
25	CALHAN	CALHAN	\$ 38.91	\$ 38.91	\$ 43.97	\$ 43.97
26	CANON CITY	CANON CITY	\$ -	\$ -	\$ -	\$ -
27	CARBONDALE	CARBONDALE			\$ -	\$ -
28	CASTLE ROCK	CASTLE ROCK			\$ -	\$ -
29	CASTLE ROCK	LARKSPUR	\$ -	\$ -	\$ -	\$ -
30	CENTRAL CITY	CENTRAL CITY			\$ -	\$ -
31	COAL CREEK	COAL CREEK	\$ -	\$ -	\$ -	\$ -
32	COLORADO SPRING	AIR FORCE ACADEMY			\$ -	\$ -
33	COLORADO SPRING	BLACKFOREST			\$ -	\$ -
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 2005	Business Support 2006	Business Support 2007	Business Support 2008
46 CORTEZ	MESA VERDE	MVNPCOMA	\$ 50.15	\$ 50.15	\$ 79.38	\$ 79.38
47 CRAIG	CRAIG	CRAGCOMA			\$ -	\$ -
48 CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA			\$ -	\$ -
49 CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$ 20.36	\$ 20.36	\$ 15.91	\$ 15.91
50 DEBEQUE	DEBEQUE	DBEQCONC	\$ 102.69	\$ 102.69	\$ 101.55	\$ 101.55
51 DECKERS	DECKERS	DCKRCOMA	\$ 79.22	\$ 79.22	\$ 71.91	\$ 71.91
52 DEL NORTE	DEL NORTE	DLNRCOMA	\$ 15.31	\$ 15.31	\$ 18.97	\$ 18.97
53 DEL NORTE	SOUTH FORK	SFRKCOMA	\$ 9.60	\$ 9.60	\$ 9.59	\$ 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	\$ 25.02	\$ 25.02	\$ 25.65	\$ 25.65
68 EATON-AULT	EATON	EATNCOMA			\$ -	\$ -
69 ELBERT	ELBERT	ELBRCOMA	\$ 34.65	\$ 34.65	\$ 30.70	\$ 30.70
70 ELIZABETH	ELIZABETH	ELZBCO01	\$ -	\$ -	\$ -	\$ -
71 ENGLEWOOD ZON	ENGLEWOOD	ENWDCOMA			\$ -	\$ -
72 ERIE	ERIE	ERIECOMA	\$ -	\$ -	\$ -	\$ -
73 ESTES PARK	ESTES PARK	ESPKCOMA			\$ -	\$ -
74 EVERGREEN	EVERGREEN	EVRGCOMA			\$ -	\$ -
75 FAIRPLAY	FAIRPLAY	FRPLCOMA	\$ 20.60	\$ 20.60	\$ -	\$ -
76 FLORENCE	FLORENCE	FLRNCOMA	\$ -	\$ -	\$ -	\$ -
77 FLORENCE	PENROSE	PNRSCOMA	\$ -	\$ -	\$ 3.02	\$ 3.02
78 FRASER	FRASER	FRSRCOMA			\$ -	\$ -
79 FREDRICK	FREDRICK	FRDRCOMA			\$ 19.18	\$ 19.18
80 FRUITA	FRUITA	FRUTCOMA			\$ -	\$ -
81 FT COLLINS	FT COLLINS	FRCLCOMA			\$ -	\$ -
82 FT COLLINS	FT COLLINS	FTCLCOHM			\$ -	\$ -
83 FT COLLINS	WELLINGTON	WGTCNCOMA	\$ 1.97	\$ 1.97	\$ 2.39	\$ 2.39
84 FT LUPTON	FT LUPTON	FTLPCOMA			\$ -	\$ -
85 FT MORGAN	FT MORGAN	FTMRCOMA			\$ -	\$ -
86 GEORGETOWN	GEORGETOWN	GRTWCOMA			\$ 0.09	\$ 0.09
87 GILCREST	GILCREST	GLCRCOMA	\$ 23.15	\$ 23.15	\$ 21.56	\$ 21.56
88 GLENWOOD SPRIN	GLENWOOD SPRINGS	GLSPCOMA			\$ -	\$ -
89 GOLDEN ZONE	GOLDEN	GLDNCOMA			\$ -	\$ -
90 GRANBY	GRANBY	GRNBCOMA	\$ -	\$ -	\$ -	\$ -

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

EXCHANGE	CITY	CLLI	Business Support 2005	Business Support 2006	Business Support 2007	Business Support 2008
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	\$ 4.13
97	HAYDEN	HAYDEN	\$ 37.44	\$ 37.44	\$ 38.49	\$ 38.49
98	HILLROSE	HILLROSE	\$ 115.61	\$ 115.61	\$ 105.83	\$ 105.83
99	HOT SULPHUR SP	HOT SULPHUR SPRINGS	\$ 33.65	\$ 33.65	\$ 36.26	\$ 36.26
100	HUDSON	HUDSON	\$ 7.48	\$ 7.48	\$ 13.81	\$ 13.81
101	IDAHO SPRINGS	IDAHO SPRINGS	\$ -	\$ -	\$ 2.28	\$ 2.28
102	JOHNSTON MILLIK	JOHNSTON MILLIKEN			\$ -	\$ -
103	JULESBURG	JULESBURG	\$ 26.24	\$ 26.24	\$ 29.51	\$ 29.51
104	JULESBURG	OVID	\$ 115.48	\$ 115.48	\$ 111.67	\$ 111.67
105	KEENESBURG	KEENESBURG	\$ 24.23	\$ 24.23	\$ 23.44	\$ 23.44
106	KIOWA	KIOWA	\$ 38.43	\$ 38.43	\$ 23.94	\$ 23.94
107	KREMMLING	KREMMLING	\$ 15.49	\$ 15.49	\$ 15.53	\$ 15.53
108	LA SALLE	LA SALLE	\$ 13.61	\$ 13.61	\$ 14.01	\$ 14.01
109	LAFAYETTE-LOUIS	LAFAYETTE			\$ -	\$ -
110	LAKWOOD ZONE	LAKWOOD			\$ -	\$ -
111	LEADVILLE	LEADVILLE	\$ -	\$ -	\$ -	\$ -
112	LIMON	LIMON	\$ 26.58	\$ 26.58	\$ 30.59	\$ 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	\$ 35.80	\$ 35.80	\$ 37.57	\$ 37.57
124	MEAD	MEAD			\$ 1.16	\$ 1.16
125	MEEKER	MEEKER	\$ 53.74	\$ 53.74	\$ 52.30	\$ 52.30
126	MONTE VISTA	MONTE VISTA			\$ -	\$ -
127	MONTROSE	MONTROSE			\$ -	\$ -
128	MORRISON	MORRISON			\$ -	\$ -
129	NEDERLAND	NEDERLAND	\$ 0.70	\$ 0.70	\$ 2.38	\$ 2.38
130	NEW CASTLE	NEW CASTLE	\$ 7.73	\$ 7.73	\$ 7.37	\$ 7.37
131	NORTHEAST ZONE	COMMERCE CITY			\$ -	\$ -
132	OAK CREEK	OAK CREEK	\$ 37.19	\$ 37.19	\$ 31.49	\$ 31.49
133	OLATHE	OLATHE	\$ 3.53	\$ 3.53	\$ 2.96	\$ 2.96
134	OURAY	OURAY	\$ 8.52	\$ 8.52	\$ 9.90	\$ 9.90
135	PALISADE	PALISADE			\$ -	\$ -

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

EXCHANGE	CITY	CLLI	Business Support 2005	Business Support 2006	Business Support 2007	Business Support 2008
136 PARACHUTE	PARACHUTE	PACHC01			\$ -	\$ -
137 PARKER	PARKER	PRKRCOMA			\$ -	\$ -
138 PEYTON	PEYTON	PYTNCOMA	\$ 14.28	\$ 14.28	\$ 13.83	\$ 13.83
139 PLATTEVILLE	PLATTEVILLE	PTVLCOMA			\$ -	\$ -
140 PUEBLO	AVONDALE	AVDLCOMA	\$ 37.93	\$ 37.93	\$ 24.26	\$ 24.26
141 PUEBLO	PUEBLO	PUBLCO06			\$ -	\$ -
142 PUEBLO	PUEBLO	PUBLCOMA			\$ -	\$ -
143 PUEBLO	PUEBLO	PUBLOCOSU			\$ -	\$ -
144 PUEBLO	VINELAND	VNLDCOMA			\$ -	\$ -
145 RIDGEWAY	RIDGEWAY	RDGWCOMA	\$ 8.81	\$ 8.81	\$ 7.41	\$ 7.41
146 RIFLE	RIFLE	RIFLCOMA			\$ -	\$ -
147 SALIDA	SALIDA	SALDCOMA			\$ -	\$ -
148 SILT	SILT	SILTCOMA	\$ 6.69	\$ 6.69	\$ 6.51	\$ 6.51
149 SILVERTON	SILVERTON	SLTNCOMA	\$ 14.09	\$ 14.09	\$ 14.33	\$ 14.33
150 SOUTHWEST ZON	LAKEWOOD	DNVRCOSW			\$ -	\$ -
151 STEAMBOAT SPRI	STEAMBOAT SPRINGS	STSPCOMA			\$ -	\$ -
152 STERLING	STERLING	STNGCOMA			\$ -	\$ -
153 SULLIVAN ZONE	AURORA	DNVRCOSE			\$ -	\$ -
154 SULLIVAN ZONE	AURORA	DNVRCOSL			\$ -	\$ -
155 TELLURIDE	TELLURIDE	TLRDCOMA	\$ -	\$ -	\$ -	\$ -
156 TRINIDAD	TRINIDAD	TRNDCOMA	\$ 1.89	\$ 1.89	\$ -	\$ -
157 VAIL	AVON	AVONCOMA			\$ -	\$ -
158 VAIL	MINTURN	MNTRCOMA	\$ 20.71	\$ 20.71	\$ 27.75	\$ 27.75
159 VAIL	VAIL	VAILCOMA			\$ -	\$ -
160 WALSENBURG	WALSENBURG	WLBGCOMA	\$ 2.73	\$ 2.73	\$ 7.28	\$ 7.28
161 WARD	WARD	WARDCOMA	\$ 10.80	\$ 10.80	\$ -	\$ -
162 WELDONA	WELDONA	WLDAONA	\$ 51.27	\$ 51.27	\$ 43.32	\$ 43.32
163 WINDSOR	WINDSOR	WNDSCOMA			\$ -	\$ -
164 YAMPA	YAMPA	YAMPCOMA	\$ 62.08	\$ 62.08	\$ 65.43	\$ 65.43
Statewide Average			\$ 16.97	\$ 16.97	\$ 17.76	\$ 17.76
Business Revenue Benchmarks			\$ 38.45	\$ 38.45	\$ 36.34	\$ 36.34