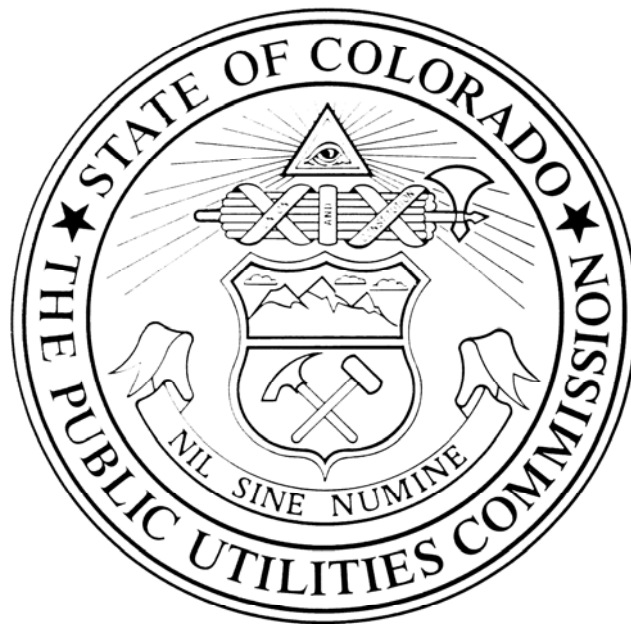


**2010 Annual Report of the
Colorado High Cost Support Mechanism**



Prepared by:

The Colorado Public Utilities Commission Staff

December 1, 2010



Dora
Department of Regulatory Agencies

Public Utilities Commission
Ronald J. Binz, Chairman
James K. Tarpey, Commissioner
Matt Baker, Commissioner
Doug Dean, Director

Bill Ritter, Jr.
Governor
Barbara J.
Kelley
Executive
Director

December 1, 2010

The General Assembly
State Capitol Building
Denver, Colorado 80203

Dear General Assembly Member:

The attached report on the Colorado High Cost Support Mechanism (CHCSM) for 2010 is hereby submitted to the House Business Affairs and Labor Committee and the Senate Business, Labor and Technology Committee, in accordance with § 40-15-208, C.R.S. The proposed operations for calendar year 2011 are also included.

The CHCSM was created in House Bill 95-1335 to provide financial assistance to local exchange providers to help make basic local exchange service affordable, and to 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 report also considers any amounts received from the federal government.

Distributions from the High Cost Support Mechanism for calendar year 2011 are estimated to be approximately \$62 million and contributions are estimated at \$62 million. Currently, customers are paying a 2.2 percent rate element which may need to increase in subsequent quarters of 2011 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

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**Annual Report of the
Colorado High Cost Support Mechanism
To the General Assembly
December 1, 2010**

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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 a 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 carriers' construction budgets; and
- Federal and State Universal Service Funds - to support local exchange carriers that provide service in high cost areas.

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 or PUC) pursuant to § 40-15-208, C.R.S., and implemented by the Commission rules found at 4 *Code of Colorado Regulations* (CCR) 723-2-2840-2855. The goal of the CHCSM is to promote and support universal service by helping to 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.

A local exchange carrier (LEC) must be designated as an Eligible Telecommunications Carrier (ETC) in order to receive Federal Universal Service Funds and be designated as an Eligible Provider (EP) and an ETC to receive funds from the CHCSM.

The CHCSM provides financial support to local exchange carriers who qualify as EPs so that basic local exchange service may be more affordable to consumers in certain areas where the cost to provide such service is high. The CHCSM disbursements paid to providers are coordinated with support received from other support mechanisms, such as the federal Universal Service Fund (USF) program. That is, any federal High Cost Loop Support received by providers is considered an offset to the CHCSM if the provider allocates its costs between interstate and intrastate service.² This is to ensure that no provider receives funds from the CHCSM that, when combined with any other revenue sources, exceeds the cost of providing local exchange service.

As of November 1, 2010, there are three wireless carriers³ that have been granted EP status. However, only one of these carriers, Northeast Colorado Cellular, Inc., doing business as Viaero (NE Colorado Cellular or NECC), currently receives CHCSM funds. On January 26, 2010, NE Colorado Cellular was granted their application seeking CHCSM support in additional areas of the State where it has been granted EP status. A wireless carrier which is a separate subsidiary of Nucla-Naturita Telephone Company (Nucla-Naturita), NNTC Wireless, LLC, filed an application that is currently pending, seeking designation as an ETC and EP. This docket is the first case where a subsidiary of an incumbent local exchange carrier is seeking universal service support. On July 30, 2010, Western

² For “average schedule” companies, all federal revenues offset the total costs of the company.

³ Northeast Colorado Cellular, Inc., doing business as Viaero, Commnet Four Corners, LLC, and Elbert County Wireless, LLC.

Wireless Holding Co., Inc. (Western Wireless) filed an application to relinquish its ETC and EP designations in Colorado due to the company being acquired by Cellco Partnership, doing business as Verizon Wireless.⁴ The Commission granted this application on September 29, 2010. A number of carriers have requested ETC designation in order to be eligible for Federal Lifeline support. On June 1, 2009, TracFone Wireless, Inc. filed an application requesting ETC designation in Colorado to offer Lifeline service, but withdrew their application which withdrawal the Commission granted on December 24, 2009. On August 5, 2010, i-wireless filed an application seeking ETC designation in Colorado to provide Lifeline service in Colorado, but withdrew their application which was granted by the Commission on October 5, 2010. On March 10, 2010, Cricket Communications, Inc. filed an application for designation as an ETC in Colorado to provide Lifeline service. The Commission has not made a determination in this docket. On July 12, 2010, Flat West Wireless, LLC filed an application requesting ETC designation in Colorado to offer Lifeline service. The docket is still pending. Union Telephone Company, doing business as Union Wireless (Union Telephone), filed an application with the Commission seeking designation as an ETC in its wireless territory. The application was filed on October 28, 2009 and is before the Commission. Union Telephone is not seeking funding from the CHCSM.

In addition to the one wireless carrier currently receiving CHCSM support, there is one non-rural local exchange carrier⁵ and nine rural local exchange carriers⁶ that currently receive CHCSM support. J.E.D. Inc., doing business as Pine Drive Telephone Company (Pine Drive) and Roggen Telephone Cooperative Company (Roggen) were both granted petitions by the Commission seeking an increase in their CHCSM support. Roggen was granted their petition in 2009 and Pine Drive granted their petition in 2010. Willard Telephone Company was also granted their petition seeking CHCSM support in 2010. Nucla-Naturita filed a petition seeking additional CHCSM support but has withdrawn its petition.

An average of 90 carriers contributed to the CHCSM fund in 2010. The estimated total contribution amount is \$49,564,720. An estimated amount of \$57,358,748 will be distributed by year-end 2010.

⁴ *Application of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and de Facto Transfer of Leasing Arrangements*, WT Docket No. 08-95, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Red 17444 (2008).

⁵ Qwest Corporation

⁶ Agate Mutual Telephone Company; Delta County Telecommunications, Inc.; Nucla-Naturita Telephone Company; Nunn Telephone Company; Peetz Co-op Telephone Company; Phillips County Telephone Company; Pine Drive Telephone Company; Roggen Telephone Cooperative; and Willard Telephone Company.

The Colorado universal service rate element on customer bills is currently 2.2 percent. This 2.2 percent rate element, set to cover required disbursements and the CHCSM fund's target reserve balance of approximately \$12 to \$14 million, has been in effect since July of 2008. It is anticipated that the rate element may change dependent upon the impact of any changes to the current CHCSM rules as currently being evaluated in Docket No. 10R-191T. Absent any rule changes, then it is anticipated the rate element may need to be increased to 2.9 percent based on current trends for fund disbursements and contributions.

In July 2009, the Commission opened an investigatory docket (Docket No. 09I-493T) 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 any revision to the definition of basic service. Proposals presented in this investigatory docket included such items as whether to expand the definition of basic service to include broadband, whether to tighten the definition of basic service, or whether to make the local calling area statewide. Any of these proposals, if adopted, would have an impact on the CHCSM. The Commission found that the current definition of basic service met the goal of maintaining affordability and quality of basic service.⁷

On April 7, 2010 the Commission opened Docket No. 10R-191T Notice of Proposed Rulemaking to address proposed changes to the CHCSM. Among other changes, the proposed rules address the areas of which lines should be supported, whether interconnected VoIP providers should contribute, the benchmark rate and annual reporting. Comments were filed August 2, 2010, Reply Comments September 10, 2010 and Closing Comments October 18, 2010. A hearing was held on September 27, 2010. The Commission has not made a final decision.

Proposition 101 sought to change C.R.S. Article 25 of Title 39, 'Gift Tax'. Among other changes, surcharges on telecommunications customer bills including the CHCSM, which provide a full or partial funding source for some PUC-administered programs, would have been abolished. The proposition likely would have changed the method of financing those programs, and may have required an alternative funding source for the program such as funding provided through telecom

⁷ See Commission Order No. C09-1411.

carrier rates or the use of State general funds and the local government analogues. The Proposition was defeated in the November, 2010 election.

II. History

The Commission adopted its first explicit high cost support mechanism in 1990. The Commission adopted rules that prescribed procedures for separating telecommunications costs, revenues, expenses, and reserves for access charges for LECs and established the Colorado High Cost Fund (CHCF). As discussed in more detail below, the CHCF was later renamed the CHCSM along with other minor modifications.

Senate Bill (SB) 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 CHCF, the Commission implemented rules, now found at 4 CCR 723-2-2840-2855.

On May 24, 1995, House Bill (HB) 95-1335 (Colorado Act) was enacted. The Colorado Act, in part, modified the statutory definition of Basic Service, amended the section establishing the CHCSM, 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 rulemaking in Docket Nos. 95R-558T and 97R-043T regarding the CHCSM. Non-rural incumbent telecom providers are currently regulated by Commission 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 EPs. Rural incumbent telecommunications providers are currently regulated by Commission 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 telecommunications services. The Commission requires telecommunications service providers to collect and remit the surcharge based on its end-user intrastate telecommunications service revenues. Incumbent EPs that receive support are net recipients from the CHCSM.

In 1998, Qwest Corporation (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 in 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 some residential rates by as much as \$20.00 per line per month and some business rates by as much as \$25.00 per line per month.

On May 18, 1998, SB 98-177 was enacted which further modified § 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 Commission 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 rules⁸ and, subsequently, permanent rules⁹ 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.

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, with modifications made to accommodate the specific needs of Colorado telecommunication providers, and to provide wire center-specific cost support to Qwest. The Commission approved a Stipulation which used average monthly costs per line produced from the HAI Consulting, Inc. (HAI) 5.2 model, including Commission Staff (Staff) adjustments made in Docket No. 99A-577T, Qwest Corporation’s updated 2003 Automated Reporting Management Information System (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, Docket No. 98M-147T was closed and a new docket was 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

⁸ See PUC Docket No. 98R-334T.

⁹ See PUC Docket No. 99R-028T.

establish Qwest's yearly CHCSM draw.

In 2005, NE Colorado Cellular became the first wireless carrier to begin drawing CHCSM support. NE Colorado Cellular is eligible to receive CHCSM support on a per line basis, based on the amount the underlying incumbent carrier receives in support for that wire center and on the number of NE Colorado Cellular's lines.

In 2005, the Commission opened an investigatory docket (05I-431T) for the purpose of examining the CHCSM process. Seven workshops were conducted where parties discussed in detail their views on issues. An Administrative Law Judge that attended the workshops issued a report to the Commission that outlined the discussions that took place during the workshops.

During its regular 2005 session, the Colorado General Assembly enacted HB 05-1203 which became effective on July 1, 2005. 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 HB 05-1203. The Commission took this emergency action to ensure that high cost support be made in a nondiscriminatory manner and that regulatory requirements are not imposed on one set of carriers without having them imposed on all. The emergency rules eliminated the provision for rural carriers which would phase-down CHCSM support over a seven-year period, from 100 percent in the first and second year, to zero during the seventh year.

The Commission adopted permanent rules¹⁰ to address the implementation of the new statutory

¹⁰ See Docket No. 05R-529T.

language the Colorado General Assembly enacted in HB 05-1203 in 2006. The purpose of the legislation was to eliminate any inequitable treatment in the distribution of CHCSM support and to ensure that the CHCSM be 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.

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 a modification. A simple single page form was created and 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 a concern arise, or indications that an over-earnings situation may exist, 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.

In February 2006, the Commission opened an investigatory docket (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 any revision to the definition of basic service. The Commission found that the existing definition of basic local exchange telephone service continued to meet the goal of maintaining the affordability and quality of basic local exchange service.

In June 2006, the FCC issued an order (No. FCC 06-94 Report and Order and NPRM) in its IP Enabled Services and Universal Service Fund dockets that established universal service contribution obligations for providers of interconnected VoIP. While the FCC acknowledged VoIP as a mixed use service (*i.e.*, interstate and intrastate) and concluded that VoIP providers are telecommunications providers,¹¹ the FCC has not yet defined VoIP as a telecommunications service or an information service. The FCC has declared that interconnected VoIP providers have three options to determine their interstate

¹¹ See Report and Order and Notice of Proposed Rulemaking, FCC 06-94, released June 27, 2006.

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. In this same order the FCC raised the interim safe harbor percentage for USF contributions from 28.5 percent to 37.1 percent for wireless providers.

In 2008, the Commission opened a rulemaking docket to comprehensively examine the CHCSM rules prescribing the implementation of CHCSM. Docket No. 08R-476T was terminated in 2009 by operation of law due to rules not being adopted within 180 days after the last public hearing in the matter. Docket 10R-191T was opened in April 2010 with proposed changes to existing rules to accommodate new regulatory schemes, changes in the federal USF program, and recent dockets that have directly impacted the HCSM rules. It is anticipated that changes to the existing rules will be adopted by the end of 2010.

Pursuant to SB 09-272, signed by Governor Bill Ritter on May 1, 2009, and SB 09-279, signed by Governor Bill Ritter on June 1, 2009, the Staff of the Commission, as Administrator of the CHCSM fund transferred \$15,000,000 (fifteen million) to Fund 227, the Colorado High Cost Administration Fund, and that money was then moved to the State of Colorado General Fund. This transfer occurred in June 2009.

SB 10-1281 would have permanently exempted interconnected VoIP from regulation by the PUC. In addition, SB 10-1281 would have reclassified Qwest's local exchange service from Part 2 to Part 3 in the State telecommunications framework. Part 3 service means that it would be subject to less regulation. This bill was vetoed by the Governor on June 7, 2010. SB 10-135 was introduced regarding an exemption from the 911 surcharge for customers receiving subsidies under federal programs. This bill died.

III. Administration

As Administrator, the Commission administers billing, collection, and disbursement functions for the 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 the CHCSM.

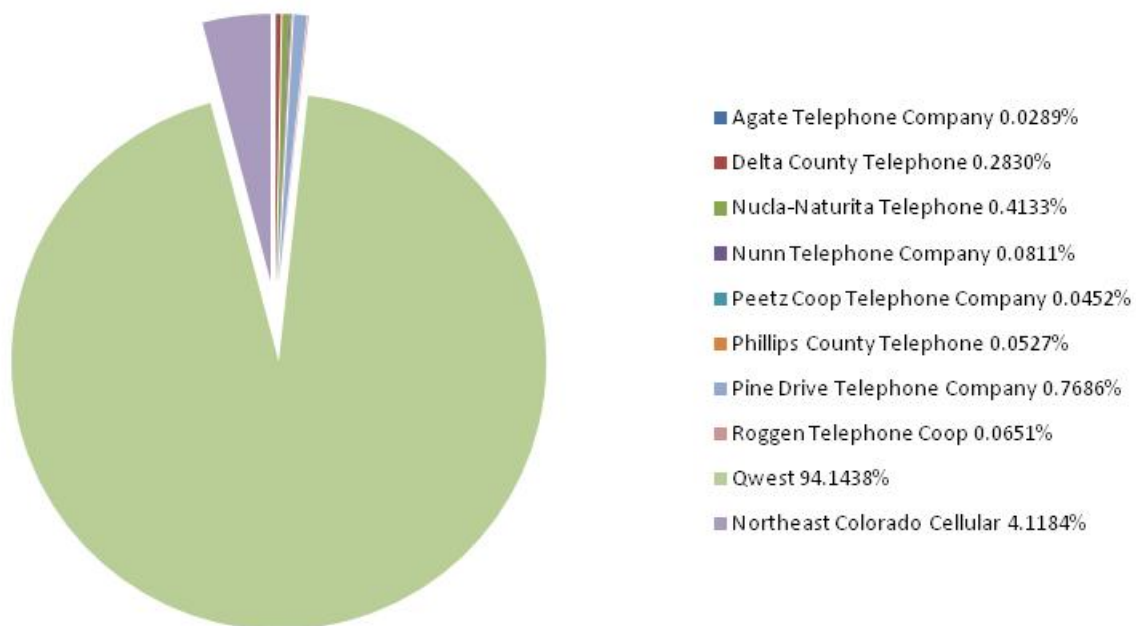
The Commission, as the Administrator, continues to take enforcement actions (complaint dockets) against certain delinquent telecommunications service providers who are not in compliance with the Commission rules and continues to conduct audits of data submitted by providers. Due to the rapidly changing 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. (CenturyTel) to become the Custodial Receiver of certain contributions to the CHCSM and be required, under direction from the Commission, to transfer funds to eligible high cost support recipients each 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, Qwest was the Custodial Receiver of the CHCSM funds.

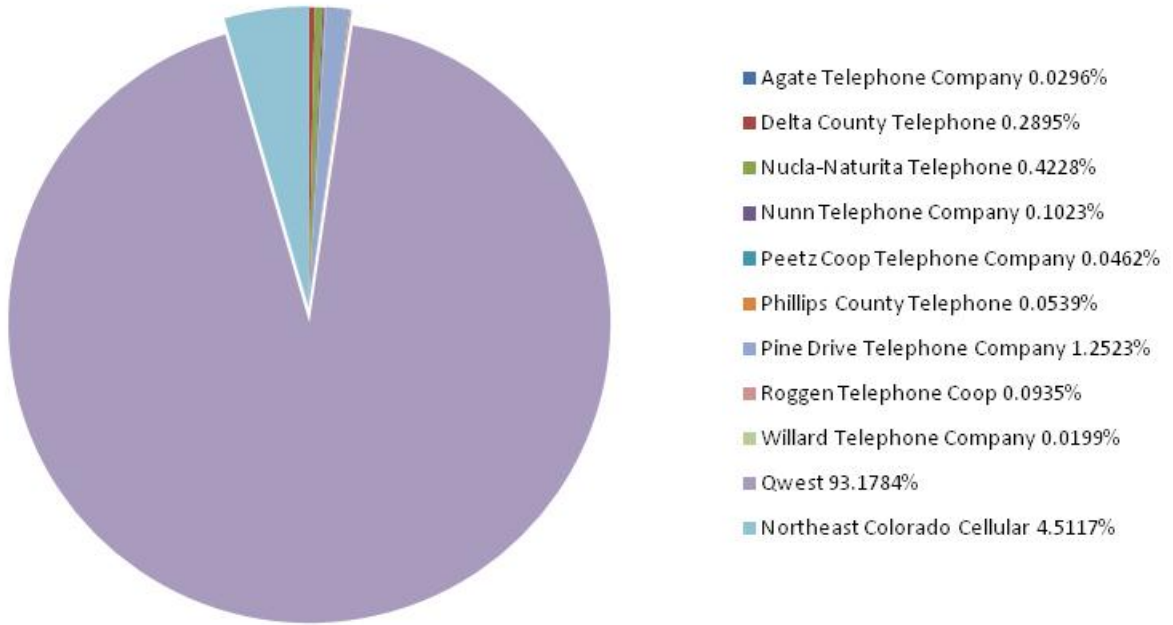
Regions provides to the Commission a monthly report which identifies receipts (contributor, date of receipt, amount received), disbursements, transfers, and the current balance of the Escrow Account. All costs related to the Escrow Account are satisfied by the interest earned from the Escrow Account. In accordance with the MOU, payments made to CenturyTel for managing the Escrow Account for 2010 will be \$275,000. The payments to CenturyTel will be made from the previous year's interest earned.

The following charts summarize the dollar value of distributions from and contributions to the CHCSM fund for calendar years 2006 through 2011. The first chart shows the percentage of actual CHCSM distributions to EPs for 2009. The second chart shows the percentage of CHCSM distributions, both actual and projected, to EPs for 2010. The third chart shows the projected 2011 CHCSM distributions which include an estimate of additional carriers that will seek CHCSM funding. The fourth chart summarizes the dollar value of distributions from and contributions to the fund for calendar years 2006 through 2011.

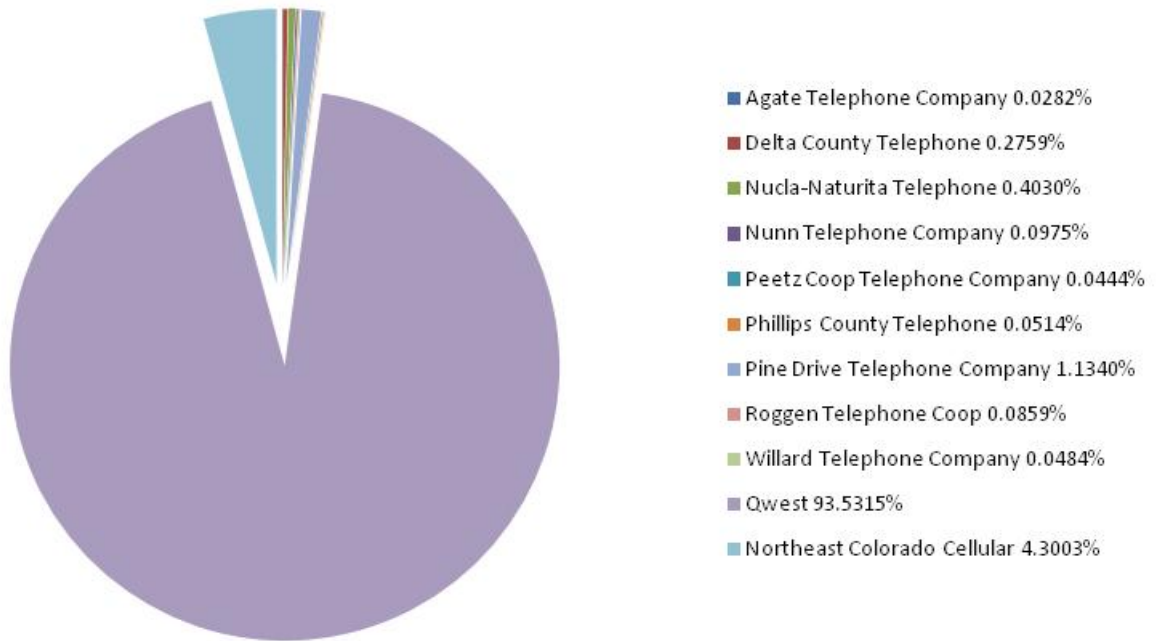
2009 Actual Distributions



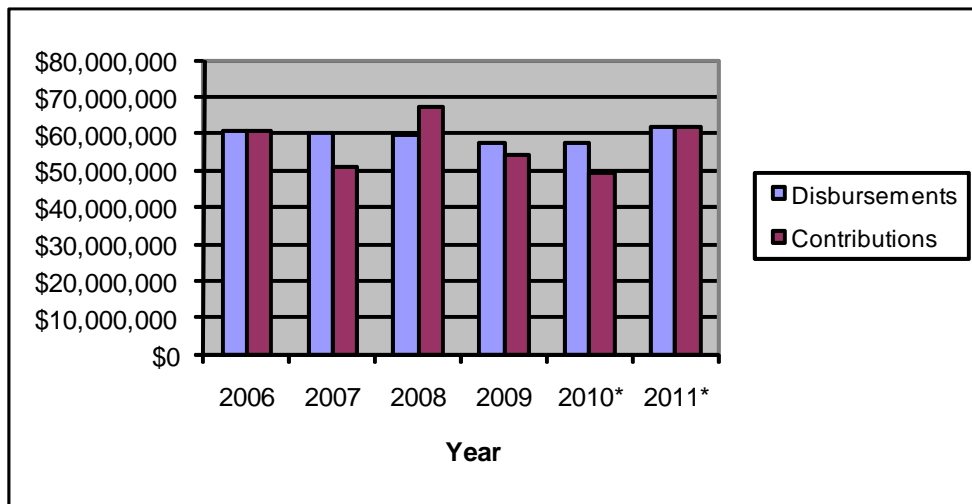
2010 Actual and Projected Distributions



2011 Projected Distributions



Summary of Contributions and Disbursements



* Contributions for the years 2010 and 2011 are estimated.

*The year 2010 contains actual information for the first six months.

IV. Coordination of State and Federal Universal Service Support

The CHCSM is coordinated with the Federal Universal Service Fund. As a result of the USF offset, the rural carriers receive proportionally more support from the USF fund than from the CHCSM. Conversely, Qwest receives more support from the CHCSM than it does from the USF.

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 to 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 percent 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 a telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS per line in the prior year. Six rural ETCs (Agate, Blanca, Nunn, Peetz, Plains, Rye, and Willard) receive this support as well as Western Wireless and NE Colorado Cellular.
 - 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 (HCM) - 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 – 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 – 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 remain affordable to its customers. All carriers receive this support with the exception of El Paso and Qwest.

5) Local Switching Support – 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 CenturyTel of Eagle and Qwest.

The following tables summarize the federal and state universal service distributions paid to EPs for calendar years 2009 and 2010. Table 1 shows actual federal and state universal service distributions to ETCs for 2009. Table 2 shows projected federal and state universal service distributions to ETCs for 2010 using nine months of actual data and three months of projections.

Table 2

2010 High Cost Support								
Rural Carrier	# of Lines	FUSF	FUSF / Line	CHCSM	CHCSM / Line	Total Support	Residential Basic Local Service Rate	Residential Basic Local Service Rate
AGATE MUTUAL TEL CO	105	\$ 400,361	\$ 3,813	\$ 16,941	\$ 161	\$ 417,302	\$ 14.09	\$ 14.09
BIG SANDY TELECOM	869	\$ 162,150	\$ 187	\$ -	\$ -	\$ 162,150	\$ 15.44	\$ 25.18
BIJOU TEL COOP ASSOC	1223	\$ 1,105,557	\$ 904	\$ -	\$ -	\$ 1,105,557	\$ 13.59	\$ 20.14
BLANCA TEL CO	1027	\$ 2,838,079	\$ 2,763	\$ -	\$ -	\$ 2,838,079	\$ 16.11	\$ 22.11
CENTURYTEL OF EAGLE	65968	\$ 21,305,874	\$ 323	\$ -	\$ -	\$ 21,305,874	\$ 14.74	\$ 36.79
CENTURYTEL COLORADO	9247	\$ 3,577,370	\$ 387	\$ -	\$ -	\$ 3,577,370	\$ 11.77	\$ 36.79
COLUMBINE ACQ CORP	1403	\$ 578,929	\$ 413	\$ -	\$ -	\$ 578,929	\$ 18.98	\$ 32.28
DELTA COUNTY TEL CO	9047	\$ 841,056	\$ 93	\$ 165,721	\$ 18	\$ 1,006,777	\$ 16.20	\$ 28.70
EASTERN SLOPE RURAL	4373	\$ 2,079,341	\$ 475	\$ -	\$ -	\$ 2,079,341	\$ 13.36	\$ 16.03
EL PASO COUNTY TEL	3720	\$ 907,689	\$ 244	\$ -	\$ -	\$ 907,689	\$ 15.40	\$ 30.60
FARMERS TEL CO - CO	518	\$ 798,610	\$ 1,542	\$ -	\$ -	\$ 798,610	\$ 16.74	\$ 25.12
HAXTUN TEL CO	1380	\$ 704,550	\$ 511	\$ -	\$ -	\$ 704,550	\$ 13.70	\$ 20.55
NUCLA-NATURITA TEL	1636	\$ 603,807	\$ 369	\$ 242,020	\$ 148	\$ 845,827	\$ 16.95	\$ 24.81
NUNN TEL CO	573	\$ 1,355,950	\$ 2,366	\$ 58,540	\$ 102	\$ 1,414,490	\$ 20.56	\$ 30.86
PEETZ COOP TEL CO	227	\$ 225,220	\$ 992	\$ 26,441	\$ 116	\$ 251,661	\$ 15.50	\$ 19.85
PHILLIPS COUNTY TEL	1725	\$ 1,144,915	\$ 664	\$ 30,847	\$ 18	\$ 1,175,762	\$ 12.00	\$ 15.00
PINE DRIVE TEL CO	850	\$ 216,525	\$ 255	\$ 716,887	\$ 843	\$ 933,412	\$ 17.05	\$ 18.63
PLAINS COOP TEL ASSN	1234	\$ 1,886,875	\$ 1,529	\$ -	\$ -	\$ 1,886,875	\$ 20.62	\$ 25.25
RICO TEL CO	171	\$ 81,109	\$ 474	\$ -	\$ -	\$ 81,109	\$ 20.65	\$ 25.95
ROGGEN TEL COOP CO	219	\$ 634,645	\$ 2,898	\$ 53,536	\$ 244	\$ 688,181	\$ 13.50	\$ 15.50
RYE TELEPHONE CO	2302	\$ 4,130,276	\$ 1,794	\$ -	\$ -	\$ 4,130,276	\$ 19.70	\$ 30.00
SOUTH PARK TEL CO	164	\$ 1,113,613	\$ 6,790	\$ -	\$ -	\$ 1,113,613	\$ 29.98	\$ 39.98
STONEHAM COOP TEL CO	69	\$ 40,343	\$ 585	\$ -	\$ -	\$ 40,343	\$ 16.26	\$ 16.26
STRASBURG TEL CO	1641	\$ 409,190	\$ 249	\$ -	\$ -	\$ 409,190	\$ 16.40	\$ 26.40
SUNFLOWER TEL - CO	247	\$ 58,737	\$ 238	\$ -	\$ -	\$ 58,737	\$ 12.22	\$ 18.34
WIGGINS TEL ASSOC	1535	\$ 1,631,615	\$ 1,063	\$ -	\$ -	\$ 1,631,615	\$ 19.84	\$ 23.84
WILLARD TEL CO	52	\$ 32,088	\$ 617	\$ 11,366	\$ 219	\$ 43,454	\$ 16.27	\$ 16.27
Non-Rural Carrier								
QWEST CORPORATION	417,210**	\$ 16,757,114	\$ 40	\$ 53,339,267	\$ 128	\$ 70,096,381	\$ 17.00	\$ 35.02
Competitive LEC								
SAN ISABEL TELECOM, INC.	877*	\$ 255,357	\$ 291	\$ -	\$ -	\$ 255,357	\$ 12.22	\$ 24.31
Wireless Carriers								
NORTHEAST COLORADO CELLULAR, INC., dba VIAERO	10,992***	\$ 7,091,286	\$ 645	\$ 2,582,693	\$ 262	\$ 9,673,979	\$ 15.00	\$ 15.00
NTCH	0	\$ -	\$ -	\$ -	\$ -	\$ -		
COMMNET FOUR CORNERS	0	\$ -	\$ -	\$ -	\$ -	\$ -		
ELBERT COUNTY WIRELESS	0	\$ -	\$ -	\$ -	\$ -	\$ -		
WESTERN WIRELESS	494*	\$ 354,859	\$ 718	\$ -	\$ -	\$ 354,859	\$ 14.99	\$ 14.99
TOTAL DISBURSEMENTS		\$ 73,323,088		\$ 57,244,259		\$ 130,567,347		

Line counts are from 2009 Annual Reports

FUSF Jan - Sep USAC Disbursement Data Actual - Projected 4Q2010

CHCSM Actual through 3Q2010 - Projected 4Q2010

* USAC Website Report - HC05 - High Cost Loop Support Projected by State by Study Area - 3Q2010

** Qwest line counts from 2010 Qwest Draw Stipulation.

*** Viaero line counts from 3Q10 reports submitted by carrier.

V. Operations -2010

CHCSM support was provided to rural and non-rural incumbent EPs who served customers in high cost geographic areas in the calendar year 2010, and to one wireless carrier.

Net distributions from the CHCSM fund for 2010 are estimated to be \$45,932,856 while the amount collected and retained by EPs is estimated to be \$11,425,892. These two amounts total \$57,358,748 and is the estimated amount to be distributed by year-end 2010. Also, by year-end, a projected \$114,489 will be expensed by the Commission to administer the CHCSM which is in addition to the \$275,000 for managing the escrow account.

The method of calculation by which the non-rural carrier, Qwest, and the wireless carrier, NE Colorado Cellular, receive CHCSM support results in varying distribution amounts on a quarterly basis. CHCSM distributions for these two carriers are dependent on the number of access lines or customers each carrier was able to acquire in a specific wire center in a high cost area. The 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. This contrasts with the manner in which the rural companies receive funding which is a fixed yearly dollar figure set by the Commission.

In 2010, a total of 11 EPs received support from the CHCSM. The support ranged from less than \$0.25 per supported access line for a Qwest exchange to over \$843.00 per supported access line for Pine Drive.

NE Colorado Cellular filed a petition in February 2009, seeking CHCSM support in additional areas where it has been granted EP status. Docket No. 09A-107T was approved by the Commission on January 26, 2010.

In September 2009, Pine Drive filed a petition with the Commission seeking to increase its CHCSM draw from \$450,076 to \$681,059. The Petition was granted for Pine Drive to receive CHCSM support in the amount of \$681,059 retroactive to October 24, 2009.

Roggen also filed an application in September 2009 seeking to increase its CHCSM draw by \$13,581 for a total annual draw of \$51,614. The application was granted December 2, 2009.

NNTC Wireless, LLC, a subsidiary of Nucla-Naturita Telephone Company filed an application seeking ETC designation and EP designation in the southwest corner of Colorado including a portion of the state where the parent company's exchanges are located. A hearing has been held but the order granting or denying the application has not yet been issued by the Commission.

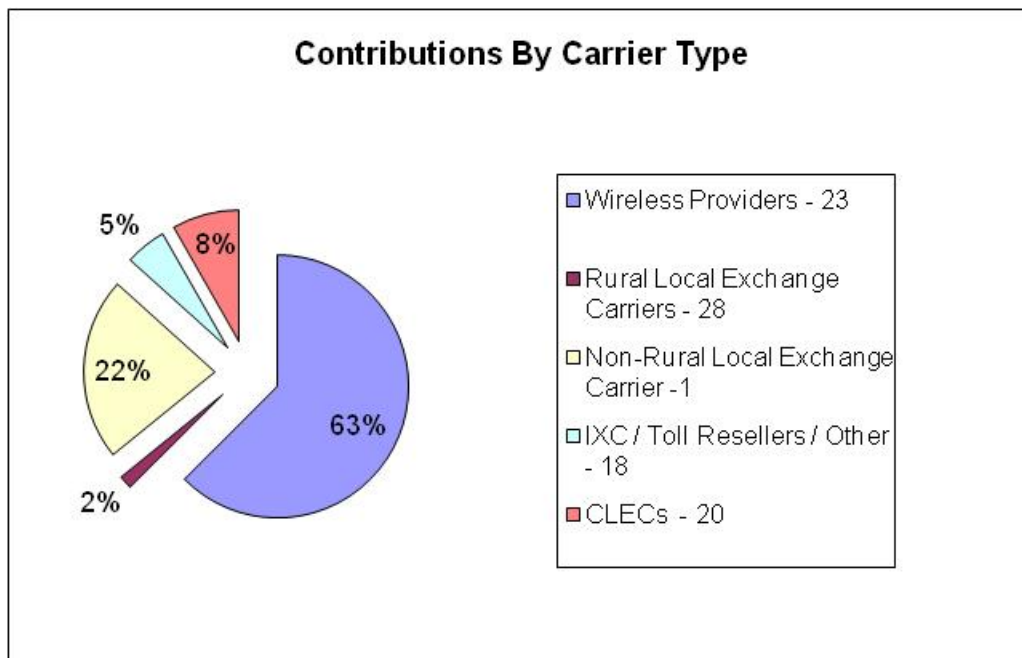
Nucla-Naturita filed a petition before the Commission seeking additional CHCSM support in the amount of \$42,590 for a total of \$284,610. Nucla-Naturita has withdrawn its petition.

Willard Telephone Company filed an application in July, 2010 seeking CHCSM support in the amount of \$29,042. No parties intervened. The Commission granted the application on August 18, 2010 retroactive to August 9, 2010.

Section 40-15-208(2)(c), C.R.S., provides that if the Commission, through 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 2010 to the CHCSM were made via an assessment on end-user intrastate telecommunications service revenues as billed by each qualifying telecommunications service provider. The rate element has been 2.2 percent since July 1, 2008. The 2.2 percent rate element is expected to be sufficient through 2010, however, the rate element may need to be increased in 2011 if current contribution and distribution trends continue or decreased dependent on potential Commission Rule changes as previously discussed.

At the beginning of 2010, a total of 90 telecommunications providers contributed to the fund. The chart below depicts the approximate 2010 average breakdown by carrier type and the percentage of contributions to the fund.



In 2010, contributions from wireline providers have maintained at a steady level. 20 CLECs including Comcast Phone of Colorado, LLC continues to pay into the fund. Wireless providers' revenues remained consistent from 2009 to 2010 and represent approximately 63 percent of the revenues to the fund.

In 2008, HB 08-1227 amended the law with respect to the maximum price a telecommunications carrier may charge for residential basic local exchange service. Before this amendment, the rates for basic local exchange service, including any zone charges, if any, could not rise above the levels in effect on May 24, 1995. Qwest's Colorado consumers have not had an increase in basic local exchange service rates for 13 years. Qwest was the first carrier to file an application under the provisions of HB 08-1227. After a hearing on the matter, the Commission allowed Qwest's residential cap to increase from \$14.88 to \$16.52. The Commission further ordered that the cap rise to \$17.00 in 2010. Qwest increased their rate for basic local exchange service to \$17.00 effective October 1, 2010. The increase in the rate may increase Qwest's revenues in the future which may affect future CHCSM draws.

VI. Projected Operations – 2011

Calendar Year 2011 Projections. Distributions from the fund will continue to be provided to both rural and non-rural EPs, including wireless carriers, who serve customers in high cost geographic areas. Based on the current CHCSM applications before the Commission and anticipated future applications, it is forecasted that an additional \$1,543,000 in distributions may be authorized. The total distribution for 2011 is estimated at \$61,602,106 as identified below.

Table 3

2011 High Cost Support Projected Distributions			
Rural Carrier	Number of Lines*	Recent Adjustment Date	Yearly Projected CHCSM Disbursement
AGATE MUTUAL TEL CO	105	2/25/2008	\$ 16,941
DELTA COUNTY TEL CO	9047	10/1/2006	\$ 165,721
NUCLA-NATURITA TEL	1636	2/1/2008	\$ 242,020
NUNN TEL CO	625	5/17/2007	\$ 58,540
PEETZ COOP TEL CO	227	1/18/2008	\$ 26,441
PHILLIPS COUNTY TEL	1725	1/1/2009	\$ 30,847
PINE DRIVE TEL CO	850	10/24/2009	\$ 681,059
ROGGEN TEL COOP CO	219	10/20/2009	\$ 51,614
WILLARD TEL CO	52	9/9/2010	\$ 29,042
Non-Rural Carrier			
QWEST CORPORATION**	398444	10/6/2010	\$56,174,188
Wireless Carriers			
NORTHEAST COLORADO CELLULAR, INC., dba VIAERO	10,992***	1/26/2010	\$ 2,582,693
COMMNET FOUR CORNERS	0	8/8/2008	\$ -
ELBERT COUNTY WIRELESS	0	8/8/2008	\$ -
Undesignated Carriers			
PROJECTED ADDITIONAL CARRIERS			\$ 1,543,000
TOTAL DISBURSEMENTS			\$ 61,602,106

* Line counts are from 2009 Annual Reports

** Qwest line counts from 2011 Qwest Stipulation. Qwest disbursement based on 2011 Draw Stipulation, actual disbursement less due to competitive EPs.

*** Viaero line counts from 3Q10 reports submitted by carrier.

San Isabel has ETC designation, but not EP designation

The CHCSM distribution for Qwest will remain at the same level of support as 2010 for 2011 as a result of the negotiated Stipulation and Settlement Agreement (Agreement)¹² between Commission Staff and Qwest. The Agreement adopted a procedure similar to that used to determine the 2004 through 2010 high cost support amounts. The Agreement involves the use of average monthly per line costs produced by the HAI model used in Docket No. 99A-577T (HAI Model 5.2a) and updating the Qwest expense and investment figures with Qwest's 2007 ARMIS data and line count information. Based on these adjustments, Qwest's 2011 CHCSM authorized support would be \$56,174,188. For

¹² See PUC Docket No. 04M-388T.

2011, the average revenue benchmarks for Qwest will be \$18.99 per month for residential and \$34.79 for business.

Expenditures for administering the CHCSM in year 2011 are estimated to increase slightly over 2010, due to the normal increase in personnel service costs. The projected Commission administration cost requirement is \$123,204 (or 0.2 percent of total disbursements). Personnel service costs include a percentage of employee wages, data processing, auditing, compliance activities, legal services, expenditures for the acquisition of computer software, and proxy cost model development and review.

In 2011, 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 approximately \$12 to \$14 million based on current distributions made to EPs. The target reserve balance is equal to one quarter of net distributions to EPs. The goal is to maintain a moderate reserve amount in the CHCSM fund so that the Commission, as Administrator, is prepared to make future CHCSM distributions from the fund to EPs. The rate element has been set at 2.2 percent in order to maintain the CHCSM fund reserve at a minimum level and meet distribution requirements. It is projected that the end-user rate element may need to be reset to 2.9 percent sometime after the first quarter of 2011 if the revenue contributions continues to decline, should a version of the universal service reform bill pass, and/or any of these proposed FCC mandated changes occur, and/or additional carriers are granted support and/or the contribution base decreases. 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 is projected to fall below the quarterly net disbursement amount. It is anticipated that there will be additional EPs applying for funding that are not currently authorized to draw from the CHCSM fund.

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

On May 2, 2008, the FCC released an order that places an “interim emergency cap” on the amount of high cost universal service funding available to competitive eligible telecommunications carriers (CETCs). The order, which came in response to a Recommended Decision by the Federal-State Joint Board on Universal Service, caps the amount of universal support for CETCs at the amount available in each state as of March 2008, on an annualized basis. The FCC’s action effectively eliminates the

identical support rule, because wireless carriers will no longer receive the identical per-line support available to the incumbent LEC unless the wireless carrier can demonstrate the need for additional universal support based on its own costs. This difference will increase over time as supported wireless subscribers continue to grow relative to wireline customers. The interim cap is still in place and will remain in place until the FCC “adopts comprehensive high cost universal service reform”. Rural cellular operators have asked a federal appeals court to review the FCC’s action of placing a cap on the high cost universal service funding available to competitive ETCs.

The FCC has been reviewing several proposals it may mandate for intercarrier compensation and its USF program. While the effects of these changes and their impact are currently unknown, any reductions in federal USF support or changes to the intercarrier compensation process could place additional pressure on EPs in Colorado to seek new or additional CHCSM support.

In November 2009, U.S. Representatives Rick Boucher (D., Va.) and Lee Terry (R., Neb.) made public a long-awaited discussion draft of their universal service reform bill, a measure that calls for broadening the base of contributors and more tightly controlling distributions through implementation of competitive bidding for wireless providers. The legislation would also allow USF monies to be used to support broadband deployment. The Universal Service Reform Act of 2009, the introducing of lawmakers said, will continue the viability of the more than \$7 billion program. Once the proposed legislation is introduced, the Commission will monitor it. The discussion draft calls for the FCC to adopt a competitive bidding process to determine the eligibility of wireless service providers for universal service support. Also, additionally, the discussion draft calls on the FCC to complete an intercarrier compensation reform proceeding within one year of a passed bill becoming law. Any of the proposed changes discussed above could significantly affect CHCSM contributions and disbursements.

On October 28, 2010, the FCC adopted rules that states may require nomadic interconnected VoIP service providers to contribute to state universal service funds. States can base their USF assessments on the portion of VoIP revenues that fall outside federal USF assessments on interstate VoIP revenues, whether that is the 35.1 percent of revenues outside the 64.9 percent of revenues that fall under a safe harbor in the 2006 FCC order, the revenues attributed to intrastate traffic by a providers’ traffic study,

or a provider-developed means of accurately classifying interconnected VoIP communications between federal and state jurisdictions. The state USF assessments cannot be retroactive.

Connecting America: The National Broadband Plan (NBP) sets forth recommendations under the guiding principle that everyone in the U.S. should have access to broadband services supporting a basic set of applications that include sending and receiving e-mail, downloading Web pages, photos and video, and using simple video conferencing. The NBP recommends the FCC conduct a comprehensive reform of universal service and intercarrier compensation in three stages to close the broadband gap.

Stage One would lay the foundation for reform (2010-2011) by improving the USF performance and accountability, creation of a Connect America Fund (CAF) and Mobility Fund, and the design of new USF funds in a tax-efficient manner to minimize the size of the gap. In Stage Two (2012-2016) the FCC would begin making disbursements from the CAF, broaden the universal service contribution base, and begin a staged transition of reducing per-minute rates for intercarrier compensation. In Stage Three the FCC would manage the total size of USF to remain close to its current size in order to minimize the burden of increasing universal service contributions on consumers, eliminate the legacy High-Cost program, and continue to reduce Intercarrier Compensation rates by phasing out per-minute rates for all origination and termination of telecommunications traffic.

Should a version of the universal service reform bill pass, and/or any of these proposed FCC mandated changes occur, implementation of the NBP, and/or additional carriers are granted support and/or the contribution base decreases, the Commission may need to reset the end-user rate element at a different amount than currently projected in order to meet future commitments from the CHCSM fund.

As mentioned previously, the Commission will be addressing proposed CHCSM rule changes in 2010. It is not currently known what effect this rulemaking may have on the CHCSM fund.

VIII. Summary and Supporting Schedules

CHCSM Summary of Distributions

	Gross Distributions Calendar Year 2006	Gross Distributions Calendar Year 2007	Gross Distributions Calendar Year 2008	Gross Distributions Calendar Year 2009	Gross Distributions Calendar Year 2010*	Gross Distributions Calendar Year 2011**
Rural Carriers						
Agate Mutual Telephone Co.	\$1,305	\$1,305	\$14,361	\$0	\$16,941	\$16,941
Delta County Tele-Comm	\$93,447	\$165,721	\$165,721	\$165,721	\$165,721	\$165,721
Nucla-Naturita	\$165,483	\$0	\$221,852	\$242,020	\$242,020	\$242,020
Nunn Telephone Company	\$0	\$36,588	\$22,482	\$58,540	\$58,540	\$58,540
Peetz Cooperative Telephone Co.	\$9,562	\$5,464	\$47,485	\$26,441	\$26,441	\$26,441
Phillips County Telephone Co.	\$204	\$168	\$168	\$30,847	\$30,847	\$30,847
Pine Drive	\$465,019	\$450,075	\$450,075	\$450,075	\$716,887	\$681,059
Roggen Telephone	\$5,587	\$4,648	\$35,345	\$51,614	\$53,536	\$51,614
Willard	\$0	\$0	\$0	\$0	\$11,366	\$29,042
Non-Rural Carrier						
Qwest Corp.	\$57,947,414	\$57,241,560	\$56,787,689	\$53,952,430	\$53,339,267	\$56,174,188
Wireless Carriers						
Northeast Colorado Cellular	\$2,085,706	\$2,115,605	\$2,026,785	\$2,409,718	\$2,582,693	\$2,582,693
Undesignated Carriers						
Projected Additional Carriers	\$0	\$0	\$0	\$0	\$0	\$1,543,000
Totals	\$60,773,727	\$60,021,134	\$59,771,963	\$57,387,406	\$57,244,259	\$61,602,106

* The disbursements for 2010 are actual information for January - September 2010 and estimated figures for October - December 2010.

** Disbursements for 2011 are estimated.

**Colorado High Cost Support Mechanism
 Summary of Contribution & Disbursements**

Year		2006	2007	2008	2009	2010*	2011*
DISBURSEMENTS:							
Distributions		\$60,773,727	\$60,021,134	\$59,771,795	\$57,404,347	\$57,244,259	\$61,602,106
Administrative Expenses							
Based on Fiscal Year		\$151,800	\$156,258	\$101,248	\$114,809	\$114,489	\$123,204
Total Disbursements & Expenditures		\$60,925,527	\$60,177,392	\$59,873,043	\$57,519,156	\$57,358,748	\$61,725,310
CONTRIBUTIONS:							
Jan 1 through March 31		\$15,633,690	\$5,135,111	\$17,651,067	\$14,131,269	\$12,656,753	\$12,420,688
April 1 through June 30		\$19,131,912	\$12,418,529	\$17,662,447	\$13,892,486	\$12,302,656	\$16,450,519
July 1 through Sept 30		\$18,905,820	\$15,937,966	\$16,883,127	\$13,193,954	\$12,302,656	\$16,450,519
Oct 1 through Dec 31		\$7,162,563	\$17,231,201	\$14,881,831	\$12,839,486	\$12,302,656	\$16,450,519
Total Contributions		\$60,833,985	\$50,722,807	\$67,078,472	\$54,057,196	\$49,564,720	\$61,772,245

* Contributions for the year 2010 and 2011 are estimated.
 The year 2010 contains actual information for the first six months.

Colorado High Cost Support Mechanism Rate Element

	2006	2007	2008	2009	2010	2011*
1st Qtr	2.90%	1.60%	2.70%	2.20%	2.20%	2.20%
2nd Qtr	2.90%	2.70%	2.70%	2.20%	2.20%	2.90%
3rd Qtr	2.90%	2.70%	2.20%	2.20%	2.20%	2.90%
4th Qtr	1.60%	2.70%	2.20%	2.20%	2.20%	2.90%

* 2011 contains projections

Colorado High Cost Support per Residential Access Line per Month (Qwest exchanges and corresponding support)								
Exchange	City	CILI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011
COLORADO SPRINGS	AIR FORCE ACADEMY	AFACCOMA	\$9.96	\$9.86	\$9.86	\$11.77	\$11.77	\$11.77
AGUILAR	AGUILAR	AGLRCOMA	\$94.19	\$91.48	\$91.48	\$89.79	\$89.79	\$89.79
ALAMOSA	ALAMOSA	ALMSCOMA	\$5.77	\$7.10	\$7.10	\$7.95	\$7.95	\$7.95
ALLENSPARK	ALLENS PARK	ALPKCOMA	\$40.56	\$39.26	\$39.26	\$37.26	\$37.26	\$37.26
ARVADA ZONE	ARVADA	ARVDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ASPEN	ASPEN	ASPECOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EATON-AULT	AULT	AULTCOMA	\$42.16	\$42.39	\$42.39	\$43.95	\$43.95	\$43.95
AURORA ZONE	AURORA	AURRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AURORA ZONE	MONAGHAN	AURRCOMB	\$21.62	\$20.72	\$20.72	\$22.41	\$22.41	\$22.41
PUEBLO	AVONDALE	AVDLCOMA	\$63.77	\$63.88	\$63.88	\$63.30	\$63.30	\$63.30
VAIL	AVON	AVONCOMA	\$3.68	\$4.56	\$4.56	\$3.45	\$3.45	\$3.45
BAILEY	BAILEY	BALYCOMA	\$15.06	\$15.58	\$15.58	\$15.71	\$15.71	\$15.71
BRIGHTON	BRIGHTON	BITNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BOULDER	GUNBARREL	BLDRCOGB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BOULDER	BOULDER MAIN	BLDRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	BLACK FOREST	BLFSCOMA	\$12.52	\$12.13	\$12.13	\$7.50	\$7.50	\$7.50
BUENA VISTA	BUENA VISTA	BNVSCOMA	\$15.89	\$15.72	\$15.72	\$16.47	\$16.47	\$16.47
BROOMFIELD	BROOMFIELD	BRFDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BRECKENRIDGE	BRECKENRIDGE	BRRGCOMA	\$4.32	\$5.31	\$5.31	\$5.09	\$5.09	\$5.09
BRUSH	BRUSH	BRSHCOMA	\$13.98	\$15.29	\$15.29	\$17.55	\$17.55	\$17.55
BERTHOUD	BERTHOUD	BRTHCOMA	\$7.37	\$7.09	\$7.09	\$8.13	\$8.13	\$8.13
BASALT	BASALT	BSLTCOMA	\$12.30	\$11.54	\$11.54	\$11.38	\$11.38	\$11.38
BAYFIELD	BAYFIELD	BYFDCOMA	\$18.65	\$16.57	\$16.57	\$15.85	\$15.85	\$15.85
CANON CITY	CANON CITY	CACYCOMA	\$0.76	\$0.52	\$0.52	\$3.42	\$3.42	\$3.42
COAL CREEK	COAL CREEK	CCCNCOMA	\$16.87	\$16.60	\$16.60	\$18.42	\$18.42	\$18.42
GRAND JUNCTION	CLIFTON	CFTNCONM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CALHAN	CALHAN	CLHNCOMA	\$54.04	\$54.84	\$54.84	\$57.38	\$57.38	\$57.38
COLORADO SPRINGS	GATEHOUSE	CLSPCO32	\$1.33	\$0.89	\$0.89	\$0.98	\$0.98	\$0.98
COLORADO SPRINGS	COLO SPRINGS - EAST	CLSPCOEA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	COLORADO SPRINGS MA	CLSPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	PIKEVIEW	CLSPCOPV	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	STRATMOOR	CLSPCOSM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CENTRAL CITY	CENTRAL CITY	CNCYCOMA	\$12.44	\$12.65	\$12.65	\$11.10	\$11.10	\$11.10

Colorado High Cost Support per Residential Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CLI	Support	Support	Support	Support	Support	Support
			per Line	per Line	per Line	per Line	per Line	per Line
			2006	2007	2008	2009	2010	2011
DILLON	COPPER MOUNTAIN	CPMTCOMA	\$11.07	\$12.25	\$12.25	\$13.23	\$13.23	\$13.23
CRAIG	CRAIG	CRAGCOMA	\$12.30	\$12.40	\$12.40	\$14.90	\$14.90	\$14.90
CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA	\$10.65	\$10.49	\$10.49	\$10.29	\$10.29	\$10.29
CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$36.59	\$34.67	\$34.67	\$37.26	\$37.26	\$37.26
CARBONDALE	CARBONDALE	CRDLCOMA	\$8.56	\$8.14	\$8.14	\$8.37	\$8.37	\$8.37
CORTEZ	CORTEZ	CRTZCOMA	\$9.15	\$9.57	\$9.57	\$9.84	\$9.84	\$9.84
CASTLE ROCK	CASTLE ROCK	CSRKCONM	\$3.91	\$4.61	\$4.61	\$4.80	\$4.80	\$4.80
DEBEQUE	DEBEQUE	DBEQCONC	\$123.23	\$116.95	\$116.95	\$98.29	\$98.29	\$98.29
DECKERS	DECKERS	DCKRCOMA	\$106.87	\$99.92	\$99.92	\$104.56	\$104.56	\$104.56
DELTA	DELTA	DELTCOMA	\$5.96	\$5.51	\$5.51	\$5.78	\$5.78	\$5.78
DILLON	DILLON	DLLNCOMA	\$3.32	\$4.08	\$4.08	\$4.53	\$4.53	\$4.53
DEL NORTE	DEL NORTE	DLNRCOMA	\$34.77	\$36.57	\$36.57	\$38.34	\$38.34	\$38.34
DENVER ZONE	CAPITAL HILL	DNRVCOCH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	COLUMBINE	DNRVCOCL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	CURTIS PARK	DNRVCOCP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LA FAYETTE-LOUISVILLE	COTTONWOOD	DNRVCOCW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	DRY CREEK	DNRVCODC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER EAST	DNRVCOEA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER MAIN	DNRVCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AURORA ZONE	MONTBELLO	DNRVCOMB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NORTHEAST ZONE	DENVER - NORTHEAST	DNRVCONE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER - NORTH	DNRVCONO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AURORA ZONE	DIA	DNRVCOOU	\$16.94	\$17.65	\$17.65	\$18.32	\$18.32	\$18.32
DENVER ZONE	DENVER - SOUTHEAST	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SULLIVAN ZONE	SMOKY HILL	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SULLIVAN ZONE	SULLIVAN	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER - SOUTH	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SOUTHWEST ZONE	DENVER - SOUTHWEST	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER - WEST	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DURANGO	DURANGO	DURNCOMA	\$2.77	\$3.68	\$3.68	\$4.42	\$4.42	\$4.42
EATON-AULT	EATON	EATNCOMA	\$8.84	\$8.55	\$8.55	\$8.65	\$8.65	\$8.65
ELBERT	ELBERT	ELBRCOMA	\$51.81	\$49.28	\$49.28	\$50.17	\$50.17	\$50.17
ELIZABETH	ELIZABETH	ELZBCO01	\$13.28	\$13.44	\$13.44	\$14.69	\$14.69	\$14.69

Colorado High Cost Support per Residential Access Line per Month (Qwest exchanges and corresponding support)								
Exchange	City	CLI	Support	Support	Support	Support	Support	Support
			per Line 2006	per Line 2007	per Line 2008	per Line 2009	per Line 2010	per Line 2011
LITTLETON ZONE	ABERDEEN	ENWDCOAB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ENGLEWOOD ZONE	ENGLEWOOD	ENWDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ERIE	ERIE	ERICOMA	\$11.18	\$11.65	\$11.65	\$13.18	\$13.18	\$13.18
ESTES PARK	ESTES PARK	ESPKCOMA	\$4.39	\$4.30	\$4.30	\$4.40	\$4.40	\$4.40
EVERGREEN	EVERGREEN	EVRCOMA	\$2.12	\$2.67	\$2.67	\$2.84	\$2.84	\$2.84
FLORENCE	FLORENCE	FLRNCOMA	\$20.34	\$18.75	\$18.75	\$24.10	\$24.10	\$24.10
COLORADO SPRINGS	FOUNTAIN	FONTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT COLLINS	FT COLLINS	FTCLCOMA	\$0.00	\$1.18	\$1.18	\$0.24	\$0.61	\$0.61
FREDRICK	FREDRICK	FRDRCOMA	\$0.33	\$44.03	\$44.03	\$0.61	\$41.45	\$41.45
FAIRPLAY	FAIRPLAY	FRPLCOMA	\$51.78	\$3.96	\$3.96	\$41.45	\$4.98	\$4.98
DILLON	FRISCO	FRSCCOMA	\$5.29	\$9.51	\$9.51	\$4.98	\$9.92	\$9.92
FRAZER	FRAZER	FRSRCOMA	\$9.46	\$9.43	\$9.43	\$9.92	\$11.17	\$11.17
FRUITA	FRUITA	FRUTCOMA	\$10.43	\$0.00	\$0.00	\$11.17	\$0.00	\$0.00
FT COLLINS	HARMONY	FTCLCOHM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.24
FT LUPTON	FT LUPTON	FTLPCOMA	\$3.08	\$3.91	\$3.91	\$3.84	\$3.84	\$3.84
FT MORGAN	FT MORGAN	FTMRCOMA	\$1.79	\$2.62	\$2.62	\$4.26	\$4.26	\$4.26
GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND LAKE	GRAND LAKE	GDLKCOMA	\$11.04	\$11.28	\$11.28	\$13.36	\$13.36	\$13.36
GILCREST	GILCREST	GLCRCOMA	\$37.24	\$37.73	\$37.73	\$39.80	\$39.80	\$39.80
GOLDEN ZONE	GOLDEN	GLDNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GLENWOOD SPRINGS	GLENWOOD SPRINGS	GLSPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	GREEN MOUNTAIN FALLS	GMFLCOMA	\$15.27	\$16.18	\$16.18	\$17.72	\$17.72	\$17.72
GUNNISON	GUNNISON	GNSNCOMA	\$22.80	\$23.20	\$23.20	\$24.25	\$24.25	\$24.25
GREELEY	PARKVIEW	GRELCOJC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GREELEY	GREELEY	GRELCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANBY	GRANBY	GRNBCOMA	\$20.17	\$18.98	\$18.98	\$19.55	\$19.55	\$19.55
GEORGETOWN	GEORGETOWN	GRTWCOMA	\$17.58	\$18.76	\$18.76	\$20.90	\$20.90	\$20.90
HUDSON	HUDSON	HDSNCOMA	\$30.31	\$31.31	\$31.31	\$29.48	\$29.48	\$29.48
HILLROSE	HILLROSE	HLRSCOMA	\$124.41	\$124.27	\$124.27	\$134.45	\$134.45	\$134.45
HOT SULPHUR SPRINGS	HOT SULPHUR SPRINGS	HSSPCOMA	\$60.02	\$56.88	\$56.88	\$61.32	\$61.32	\$61.32
HAYDEN	HAYDEN	HYDNCOMA	\$54.68	\$53.52	\$53.52	\$60.17	\$60.17	\$60.17
IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$19.37	\$20.57	\$20.57	\$19.90	\$19.90	\$19.90
JOHNSTON MILLIKEN	JOHNSTON-MILLIKEN	JHMLCOMA	\$2.09	\$2.15	\$2.15	\$1.84	\$1.84	\$1.84
JULESBURG	JULESBURG	JLBGCOMA	\$43.22	\$44.44	\$44.44	\$45.64	\$45.64	\$45.64
KIOWA	KIOWA	KIOWCOMA	\$57.57	\$57.29	\$57.29	\$62.07	\$62.07	\$62.07

Colorado High Cost Support per Residential Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CLI	Support	Support	Support	Support	Support	Support
			per Line	per Line	per Line	per Line	per Line	per Line
			2006	2007	2008	2009	2010	2011
KEENESBURG	KEENESBURG	KNBGCOMA	\$39.96	\$38.77	\$38.77	\$39.47	\$39.47	\$39.47
KREMMLING	KREMMLING	KRNGCOMA	\$35.85	\$33.90	\$33.90	\$36.01	\$36.01	\$36.01
LEADVILLE	LEADVILLE	LDVLCOMA	\$2.70	\$3.53	\$3.53	\$4.55	\$4.55	\$4.55
LIMON	LIMON	LIMNCOMA	\$44.78	\$47.36	\$47.36	\$51.19	\$51.19	\$51.19
LOOKOUT MOUNTAIN	LOOKOUT MOUNTAIN	LKMTCOMA	\$0.00	\$0.00	\$0.00	\$0.32	\$0.32	\$0.32
LAKWOOD ZONE	LAKWOOD DGTL CAP H	LKWDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LONGMONT	LONGMONT	LNMTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CASTLE ROCK	LARKSPUR	LRKSCONM	\$13.95	\$15.16	\$15.16	\$15.45	\$15.45	\$15.45
LA SALLE	LA SALLE	LSLLCOMA	\$30.99	\$31.16	\$31.16	\$33.36	\$33.36	\$33.36
LITTLETON ZONE	HIGHLANDS RANCH	LTTNCOHL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	LITTLETON	LTTNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LOVELAND	LOVELAND	LVLDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LYONS	LYONS	LYNSCOMA	\$19.68	\$19.06	\$19.06	\$17.89	\$17.89	\$17.89
MEAD	MEAD	MEADCOMA	\$17.69	\$16.44	\$16.44	\$16.26	\$16.26	\$16.26
MEEKER	MEEKER	MEKRCOMA	\$73.10	\$69.46	\$69.46	\$68.06	\$68.06	\$68.06
MANCOS	MANCOS	MNCSCOMA	\$55.39	\$54.91	\$54.91	\$54.83	\$54.83	\$54.83
COLORADO SPRINGS	MONUMENT	MNMTCOMA	\$0.00	\$0.16	\$0.16	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	MANITOU SPRINGS	MNSPCOMA	\$0.67	\$1.78	\$1.78	\$2.24	\$2.24	\$2.24
VAIL	MINTURN	MNTRCOMA	\$36.28	\$41.30	\$41.30	\$42.62	\$42.62	\$42.62
MORRISON	MORRISON	MRSNCOMA	\$10.10	\$11.56	\$11.56	\$13.05	\$13.05	\$13.05
MONTROSE	MONTROSE	MTRSCOMA	\$4.24	\$4.35	\$4.35	\$4.85	\$4.85	\$4.85
MONTE VISTA	MONTE VISTA	MTVSCOMA	\$10.30	\$11.26	\$11.26	\$14.61	\$14.61	\$14.61
CORTEZ	MESA VERDE	MVNPCOMA	\$67.48	\$93.53	\$93.53	\$79.76	\$79.76	\$79.76
NEDERLAND	NEDERLAND	NDLDCOMA	\$19.59	\$19.30	\$19.30	\$19.93	\$19.93	\$19.93
BROOMFIELD	NORTHGLENN	NGLNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LONGMONT	NIWOT	NIWTCOMA	\$4.64	\$4.62	\$4.62	\$4.05	\$4.05	\$4.05
NEW CASTLE	NEW CASTLE	NWCSCOMA	\$25.45	\$23.03	\$23.03	\$21.67	\$21.67	\$21.67
OAK CREEK	OAK CREEK	OKCKCOMA	\$56.11	\$51.29	\$51.29	\$51.85	\$51.85	\$51.85
OLATHE	OLATHE	OLTHCOMA	\$22.80	\$21.13	\$21.13	\$21.00	\$21.00	\$21.00
OURAY	OURAY	OURYCOMA	\$29.18	\$26.93	\$26.93	\$28.41	\$28.41	\$28.41
JULESBURG	OVID	OVIDCOMA	\$132.73	\$131.20	\$131.20	\$137.40	\$137.40	\$137.40
PARACHUTE	PARACHUTE	PACHC01	\$15.61	\$14.90	\$14.90	\$14.00	\$14.00	\$14.00
PALISADE	PALISADE	PLSDCOMA	\$12.40	\$15.26	\$15.26	\$18.78	\$18.78	\$18.78
FLORENCE	PENROSE	PNRSCOMA	\$16.67	\$18.10	\$18.10	\$23.40	\$23.40	\$23.40
PARKER	PARKER	PRKRCOMA	\$0.00	\$0.28	\$0.28	\$0.08	\$0.08	\$0.08

Colorado High Cost Support per Residential Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CLI	Support	Support	Support	Support	Support	Support
			per Line	per Line	per Line	per Line	per Line	per Line
			2006	2007	2008	2009	2010	2011
PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$17.61	\$17.77	\$17.77	\$19.02	\$19.02	\$19.02
PUEBLO	PUEBLO WEST	PUBLICO06	\$0.44	\$0.43	\$0.43	\$0.00	\$0.00	\$0.00
PUEBLO	PUEBLO MAIN	PUBLICOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	SUNSET	PUBLOCOSU	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PEYTON	PEYTON	PYTNCOMA	\$31.21	\$29.94	\$29.94	\$31.70	\$31.70	\$31.70
RIDGEWAY	RIDGEWAY	RDGWCOMA	\$28.73	\$25.92	\$25.92	\$24.40	\$24.40	\$24.40
RIFLE	RIFLE	RIFLCOMA	\$5.70	\$4.72	\$4.72	\$4.17	\$4.17	\$4.17
SALIDA	SALIDA	SALDCOMA	\$8.98	\$8.95	\$8.95	\$10.48	\$10.48	\$10.48
COLORADO SPRINGS	SECURITY MAIN	SCRTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEL NORTE	SOUTH FORK	SFRKCOMA	\$34.02	\$31.31	\$31.31	\$31.25	\$31.25	\$31.25
SILT	SILT	SILTCOMA	\$25.09	\$23.11	\$23.11	\$23.74	\$23.74	\$23.74
SILVERTON	SILVERTON	SLTNCOMA	\$34.85	\$32.00	\$32.00	\$34.19	\$34.19	\$34.19
ASPEN	SNOWMASS	SNMSCOMA	\$3.75	\$4.23	\$4.23	\$4.61	\$4.61	\$4.61
STERLING	STERLING	STNGCOMA	\$8.42	\$9.42	\$9.42	\$12.94	\$12.94	\$12.94
STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$5.31	\$5.65	\$5.65	\$5.82	\$5.82	\$5.82
BOULDER	TABLE MESA	TEMACOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TELLURIDE	TELLURIDE	TLRDCOMA	\$10.46	\$10.77	\$10.77	\$10.83	\$10.83	\$10.83
TRINIDAD	TRINIDAD	TRNDCOMA	\$12.44	\$12.41	\$12.41	\$12.43	\$12.43	\$12.43
VAIL	VAIL	VAILCOMA	\$0.36	\$0.83	\$0.83	\$0.62	\$0.62	\$0.62
PUEBLO	VINELAND	VNLDCOMA	\$13.82	\$15.29	\$15.29	\$16.75	\$16.75	\$16.75
WARD	WARD	WARDCOMA	\$42.83	\$37.74	\$37.74	\$37.50	\$37.50	\$37.50
COLORADO SPRINGS	WOODLAND PARK	WDPKCOMA	\$6.54	\$6.42	\$6.42	\$6.30	\$6.30	\$6.30
FT COLLINS	WELLINGTON	WGTCOMA	\$18.01	\$16.18	\$16.18	\$17.69	\$17.69	\$17.69
WALSBURG	WALSBURG	WLBGCOMA	\$25.37	\$25.87	\$25.87	\$27.82	\$27.82	\$27.82
WELDONA	WELDONA	WLDACONA	\$68.12	\$62.65	\$62.65	\$62.74	\$62.74	\$62.74
ARVADA ZONE	WESTMINSTER	WMNSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WINDSOR	WINDSOR	WNDSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
YAMPA	YAMPA	YAMPCOMA	\$82.80	\$85.13	\$85.13	\$89.37	\$89.37	\$89.37
Stawew ide Average			\$11.59	\$10.86	\$10.86	\$11.43	\$11.43	\$11.43
Residential Revenue Benchmarks			\$19.02	\$18.59	\$18.59	\$18.99	\$18.99	\$18.99

Colorado High Cost Support per Business Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CILI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011
DILLON	COPPER MOUNTAIN	CPMTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CRAIG	CRAIG	CRAGCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$20.36	\$15.91	\$15.91	\$18.80	\$18.80	\$18.80
CARBONDALE	CARBONDALE	CRDLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CORTEZ	CORTEZ	CRTZCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
CASTLE ROCK	CASTLE ROCK	CSRKCONM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEBEQUE	DEBEQUE	DBEQCONC	\$102.69	\$101.55	\$101.55	\$82.91	\$82.91	\$82.91
DECKERS	DECKERS	DCKRCOMA	\$79.22	\$71.91	\$71.91	\$77.93	\$77.93	\$77.93
DELTA	DELTA	DELTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DILLON	DILLON	DLLNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEL NORTE	DEL NORTE	DLNRCOMA	\$15.31	\$18.97	\$18.97	\$22.83	\$22.83	\$22.83
DENVER ZONE	DENVER	DNRVCOCH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	KEN CARYL RANCH	DNRVCOCL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRVCOCP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LA FAYETTE-LOUISVILLE	LA FAYETTE	DNRVCOCW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	GREENWOOD VILLAGE	DNRVCO DC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRVCOEA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRVCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AURORA ZONE	DENVER	DNRVCOMB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NORTHEAST ZONE	COMMERCE CITY	DNRVCON E	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRVCONO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AURORA ZONE	DENVER	DNRVCOOU	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SULLIVAN ZONE	AURORA	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SULLIVAN ZONE	AURORA	DNRV COSL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRV COSO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SOUTHWEST ZONE	LAKWOOD	DNRV COSW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER	DNRV COWS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DURANGO	DURANGO	DURNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EATON-AULT	EATON	EATNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ELBERT	ELBERT	ELBRCOMA	\$34.65	\$30.70	\$30.70	\$33.42	\$33.42	\$33.42
ELIZABETH	ELIZABETH	ELZBCO01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Colorado High Cost Support per Business Access Line per Month (Qwest exchanges and corresponding support)								
Exchange	City	CILI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011
LITTLETON ZONE	ABERDEEN	ENWDCOAB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ENGLEWOOD ZONE	ENGLEWOOD	ENWDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ERIE	ERIE	ERICOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ESTES PARK	ESTES PARK	ESPKCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EVERGREEN	EVERGREEN	EVRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FLORENCE	FLORENCE	FLRNCOMA	\$0.00	\$0.00	\$0.00	\$4.41	\$4.41	\$4.41
COLORADO SPRINGS	FOUNTAIN	FONTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT COLLINS	FT COLLINS	FRCLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FREDRICK	FREDRICK	FRDRCOMA	\$0.00	\$19.18	\$19.18	\$0.00	\$0.00	\$0.00
FAIRPLAY	FAIRPLAY	FRPLCOMA	\$20.60	\$0.00	\$0.00	\$19.38	\$19.38	\$19.38
DILLON	FRISCO	FRSCCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FRASER	FRASER	FRSRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FRUITA	FRUITA	FRUTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT COLLINS	FT COLLINS	FTCLCOHM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT LUPTON	FT LUPTON	FTLPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT MORGAN	FT MORGAN	FTMRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND LAKE	GRAND LAKE	GDLKCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GILCREST	GILCREST	GLCRCOMA	\$23.15	\$21.56	\$21.56	\$15.68	\$15.68	\$15.68
GOLDEN ZONE	GOLDEN	GLDNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GLENWOOD SPRINGS	GLENWOOD SPRINGS	GLSPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	GREEN MOUNTAIN FALLS	GMFLCOMA	\$0.00	\$0.00	\$0.00	\$0.97	\$0.97	\$0.97
GUNNISON	GUNNISON	GNSNSOMA	\$1.08	\$4.13	\$4.13	\$5.49	\$5.49	\$5.49
GREELEY	GREELEY	GRELCOJC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GREELEY	GREELEY	GRELCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRANBY	GRANBY	GRNBCOMA	\$0.00	\$0.00	\$0.00	\$2.59	\$2.59	\$2.59
GEORGETOWN	GEORGETOWN	GRTWCOMA	\$0.00	\$0.09	\$0.09	\$2.93	\$2.93	\$2.93
HUDSON	HUDSON	HDSNCOMA	\$7.48	\$13.81	\$13.81	\$13.33	\$13.33	\$13.33
HILLROSE	HILLROSE	HLRSCOMA	\$115.61	\$105.83	\$105.83	\$117.42	\$117.42	\$117.42
HOT SULPHUR SPRINGS	HOT SULPHUR SPRINGS	HSSPCOMA	\$33.65	\$36.26	\$36.26	\$43.64	\$43.64	\$43.64
HAYDEN	HAYDEN	HYDNCOMA	\$37.44	\$38.49	\$38.49	\$43.94	\$43.94	\$43.94
IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$0.00	\$2.28	\$2.28	\$2.12	\$2.12	\$2.12
JOHNSTON MILLIKEN	JOHNSTON MILLIKEN	JHMLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JULESBURG	JULESBURG	JLBGCOMA	\$26.24	\$29.51	\$29.51	\$30.87	\$30.87	\$30.87
KIOWA	KIOWA	KIOWCOMA	\$38.43	\$23.94	\$23.94	\$25.68	\$25.68	\$25.68

Colorado High Cost Support per Business Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CILI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	
KEENESBURG	KEENESBURG	KNBGCOMA	\$24.23	\$23.44	\$23.44	\$24.01	\$24.01	
KREMMLING	KREMMLING	KRNGCOMA	\$15.49	\$15.53	\$15.53	\$18.06	\$18.06	
LEADVILLE	LEADVILLE	LDVLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LIMON	LIMON	LIMNCOMA	\$26.58	\$30.59	\$30.59	\$37.33	\$37.33	
LOOKOUT MOUNTAIN	JEFFERSON COUNTY	LKMTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LAKWOOD ZONE	LAKWOOD	LKWDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LONGMONT	LONGMONT	LNMTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CASTLE ROCK	LARKSPUR	LRKSCONM	\$0.00	\$0.00	\$0.00	\$0.15	\$0.15	
LA SALLE	LA SALLE	LSLLCOMA	\$13.61	\$14.01	\$14.01	\$15.91	\$15.91	
LITTLETON ZONE	LITTLETON	LTTNCOHL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LITTLETON ZONE	LITTLETON	LTTNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LOVELAND	LOVELAND	LVLDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LYONS	LYONS	LYNSCOMA	\$0.00	\$0.00	\$0.00	\$0.57	\$0.57	
MEAD	MEAD	MEADCOMA	\$0.00	\$1.16	\$1.16	\$0.00	\$0.00	
MEEKER	MEEKER	MEKRCOMA	\$53.74	\$52.30	\$52.30	\$52.68	\$52.68	
MANCOS	MANCOS	MNCSCOMA	\$35.80	\$37.57	\$37.57	\$37.57	\$37.57	
COLORADO SPRINGS	MONUMENT	MNMTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
COLORADO SPRINGS	MANITOU SPRINGS	MNSPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
VAIL	MINTURN	MNTRCOMA	\$20.71	\$27.75	\$27.75	\$27.59	\$27.59	
MORRISON	MORRISON	MRSNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
MONTROSE	MONTROSE	MTRSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
MONTE VISTA	MONTE VISTA	MTVSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
CORTEZ	MESA VERDE	MVNPCOMA	\$50.15	\$79.38	\$79.38	\$67.32	\$67.32	
NEDERLAND	NEDERLAND	NDLDCOMA	\$0.70	\$2.38	\$2.38	\$2.40	\$2.40	
BROOMFIELD	NORTHGLENN	NGLNCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
LONGMONT	NIWOT	NIWTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
NEW CASTLE	NEW CASTLE	NWCSCOMA	\$7.73	\$7.37	\$7.37	\$6.75	\$6.75	
OAK CREEK	OAK CREEK	OKCKCOMA	\$37.19	\$31.49	\$31.49	\$33.89	\$33.89	
OLATHE	OLATHE	OLTHCOMA	\$3.53	\$2.96	\$2.96	\$4.23	\$4.23	
OURAY	OURAY	OURYCOMA	\$8.52	\$9.90	\$9.90	\$9.93	\$9.93	
JULESBURG	OVID	OVIDCOMA	\$115.48	\$111.67	\$111.67	\$118.03	\$118.03	
PARACHUTE	PARACHUTE	PACHC01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
PALISADE	PALISADE	PLSDCOMA	\$0.00	\$0.00	\$0.00	\$3.43	\$3.43	
FLORENCE	PENROSE	PNRSCOMA	\$0.00	\$3.02	\$3.02	\$7.49	\$7.49	
PARKER	PARKER	PRKRCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

Colorado High Cost Support per Business Access Line per Month								
(Qwest exchanges and corresponding support)								
Exchange	City	CILI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011
PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	PUEBLO	PUBLCO06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	PUEBLO	PUBLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	PUEBLO	PUBLOCOSU	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PEYTON	PEYTON	PYTNCOMA	\$14.28	\$13.83	\$13.83	\$16.92	\$16.92	\$16.92
RIDGEWAY	RIDGEWAY	RDGWCOMA	\$8.81	\$7.41	\$7.41	\$7.58	\$7.58	\$7.58
RIFLE	RIFLE	RIFLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SALIDA	SALIDA	SALDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	SECURITY	SCRTCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEL NORTE	SOUTH FORK	SFRKCOMA	\$9.60	\$9.59	\$9.59	\$10.02	\$10.02	\$10.02
SILT	SILT	SILTCOMA	\$6.69	\$6.51	\$6.51	\$7.04	\$7.04	\$7.04
SILVERTON	SILVERTON	SLTNCOMA	\$14.09	\$14.33	\$14.33	\$14.71	\$14.71	\$14.71
ASPEN	SNOWMASS	SNMSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
STERLING	STERLING	STNGCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BOULDER	BOULDER	TEMACOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TELLURIDE	TELLURIDE	TLRDCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TRINIDAD	TRINIDAD	TRNDCOMA	\$1.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
VAIL	VAIL	VAILCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	VINELAND	VNLDCOMA	\$0.00	\$0.00	\$0.00	\$2.69	\$2.69	\$2.69
WARD	WARD	WARDCOMA	\$10.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	WOODLAND PARK	WDPKCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FT COLLINS	WELLINGTON	WGTCOMA	\$1.97	\$2.39	\$2.39	\$4.13	\$4.13	\$4.13
WALSENBURG	WALSENBURG	WLBGCOMA	\$2.73	\$7.28	\$7.28	\$11.05	\$11.05	\$11.05
WELDONA	WELDONA	WLDA CONA	\$51.27	\$43.32	\$43.32	\$45.40	\$45.40	\$45.40
ARVADA ZONE	WESTMINSTER	WMNSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WINDSOR	WINDSOR	WNDSCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
YAMPA	YAMPA	YAMP COMA	\$62.08	\$65.43	\$65.43	\$72.56	\$72.56	\$72.56
Staw ide Average			\$16.97	\$17.76	\$17.76	\$15.99	\$15.99	\$15.99
Business Revenue Benchmarks			\$38.45	\$36.34	\$36.34	\$34.79	\$34.79	\$34.79