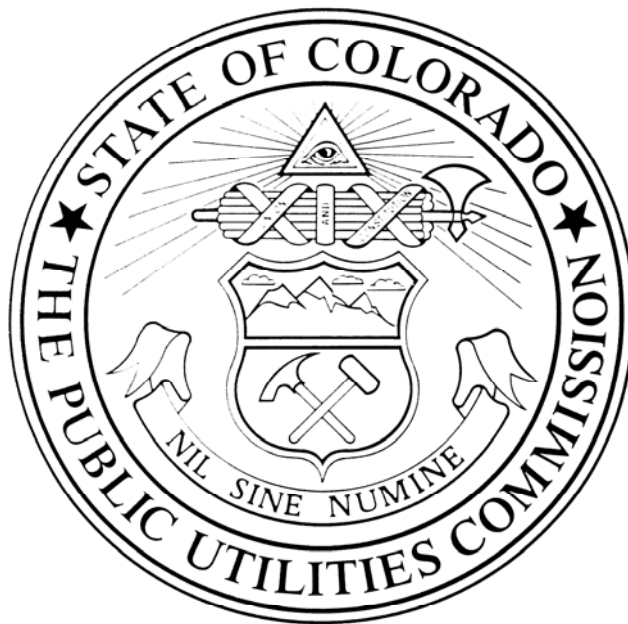


**2011 Annual Report of the  
Colorado High Cost Support Mechanism**



**Prepared by:**

**The Colorado Public Utilities Commission Staff**

**December 1, 2011**



John W. Hickenlooper  
Governor

Barbara J. Kelley  
Executive Director

December 1, 2011

## Public Utilities Commission

Joshua B. Epel, Chairman  
James K. Tarpey, Commissioner  
Matt Baker, Commissioner  
Doug Dean, Director

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 2011 is hereby submitted to the House Transportation and the House Economic and Business Development Committees and the Senate Business, Labor and Technology Committee, in accordance with section 40-15-208, C.R.S. The proposed operations for calendar year 2012 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 from the federal government.

Distributions from the High Cost Support Mechanism for calendar year 2012 are estimated to be approximately \$55 million and contributions estimated at \$65 million. Currently, customers are paying a 2.9 percent rate element. It may be possible to reduce the 2.9 percent rate element in subsequent quarters of 2012 and still meet the forecasted demand for CHCSM.

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

Sincerely,

Doug Dean  
Director



**Annual Report of the  
Colorado High Cost Support Mechanism  
to the General Assembly  
December 1, 2011**

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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. . . .<sup>1</sup>

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.

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<sup>1</sup>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's Rules Regulating Telecommunications Providers, Services, and Products found at 4 *Code of Colorado Regulations* (CCR) 723-2-2840 through 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.<sup>2</sup> 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.

In addition to the one wireless carrier currently receiving CHCSM support, there is one non-rural local exchange carrier<sup>3</sup> and nine rural local exchange carriers<sup>4</sup> that currently receive CHCSM support. There are four wireless carriers<sup>5</sup> that have been granted EP status. However, only one of these carriers, N.E. Colorado Cellular, Inc., doing business as Viaero (N.E. Colorado Cellular, NECC, or Viaero), currently

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<sup>2</sup> For "average schedule" companies, all federal revenues offset the total costs of the company.

<sup>3</sup> Qwest Corporation, doing business as CenturyLink QC.

<sup>4</sup> 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.

<sup>5</sup> Northeast Colorado Cellular, Inc., doing business as Viaero; Commnet Four Corners, LLC; Elbert County Wireless, LLC; and NNTC Wireless, LLC.

receives CHCSM funds. NNTC Wireless, LLC (NNTC), a separate subsidiary of Nucla-Naturita Telephone Company (Nucla-Naturita), was granted ETC and EP designation on July 13, 2011.<sup>6</sup> NNTC is a new recipient to HCSM although it is not receiving HCSM support at this time. Wiggins Telephone Association (Wiggins) filed on July 1, 2011, a petition seeking CHCSM support in the amount of \$137,610.<sup>7</sup> Rico Telephone Company (Rico) filed on October 13, 2011, a petition seeking CHCSM support in the amount of \$13,120.64.<sup>8</sup> Like NNTC, Rico and Wiggins are potentially new recipients of HCSM support if the Commission grants their petitions. Nucla-Naturita filed a petition on August 30, 2011 seeking to reset its support amount and is asking for additional CHCSM support in the amount of \$80,314.<sup>9</sup> The Commission has not made a determination in this docket. A number of wireless carriers have requested ETC designation in order to be eligible for receipt of federal high cost or Lifeline support and will not be receiving funds from the HCSM.<sup>10</sup>

An average of 91 carriers contributed to the CHCSM fund in 2011. The estimated total contribution amount is \$56,862,003. An estimated amount of \$54,408,302 will be distributed by year-end 2011. The Colorado universal service rate element on customer bills is currently 2.9 percent. The rate element was increased from 2.2 percent in July to cover required disbursements and the CHCSM fund's target reserve balance of approximately \$12 to \$14 million. It is anticipated the rate element will remain at 2.9 percent based on current trends for fund disbursements and contributions. The balance of the fund had steadily decreased to the extent that the ability to meet the current carrier disbursements could have been compromised if several potential scenarios were to play out. These include the impact of Federal Communications Commission (FCC) actions to reform the USF that might place further pressure on the CHCSM, if Voice over Internet Protocol (VoIP) providers decided to suspend voluntary contributions to the fund, an increase of providers seeking HCSM support, and if economic and other

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<sup>6</sup> NNTC is eligible to receive funding for the Norwood exchange only. Prior to receiving funding in the Nucla-Naturita study area, its parent company must file a disaggregation plan (*See* Docket No. 11A-938T) for its study area for Commission approval and the Federal Communications Commission's concurrence.

<sup>7</sup> *See* Docket No. 11V-594T.

<sup>8</sup> *See* Docket No. 11V-834T.

<sup>9</sup> *See* Docket No. 11M-720T.

<sup>10</sup> *See* Union Telephone Company, doing business as Union Wireless (Docket No. 09A-771T); Virgin Mobile USA, L.P. (Docket No. 11A-657T); TAG Mobile, LLC (Docket No. 11A-815T); Terracom Inc. (Docket No. 11A-744T); Cricket Communications, Inc. (Docket No. 10A-120T); Flat West Wireless, LLC, doing business as Cleartalk (Docket No. 10A-488T); and i-wireless, LLC (Docket Nos. 10A-949T and 11A-776T).

forces were to further decrease Colorado intrastate revenue. However, it is anticipated the rate element of 2.9 percent will be sufficient to establish an adequate reserve balance and meet future disbursements.<sup>11</sup>

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 addressed 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. After receiving oral comments by all persons wishing to give summaries of their respective positions, the Commission directed the formation of “panels” for the parties to present their positions on six thematic areas. The panels addressed: whether the rulemaking should go forward; whether VoIP providers should be required to contribute to the HCSM; which access lines should receive HCSM support; whether to repeal the identical support rule for competitive eligible providers; whether to implement a statewide benchmark rate for calculating HCSM support; how/what revenues should be included in calculating HCSM support; what are the appropriate reporting requirements so as to justify the receipt of a certain level of HCSM support; and should the Commission require providers to offer service within one year of receiving ETC and EP designation.

A Commissioners’ deliberations meeting was held on December 28, 2010, to discuss the proposed rules, which proposed rules had been drafted to support only residential lines, and to set forth changes in revenue and cost calculations that would reduce the support amount to carriers. However, during the rulemaking proceeding several written alternative proposals to modify the HCSM were presented that would result in fewer specific rule changes and reduce the size of the fund. The alternative proposal to eliminate support to any exchange that is eligible to receive \$10 or less in support sparked discussion among the Commissioners at their deliberations meeting. The discussion evolved into a phase-down approach where each provider’s support would be reduced by a dollar amount over a six-year period. To provide an opportunity for analysis and consideration of this alternative proposal, the

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<sup>11</sup>Report and Order and Further Notice of Proposed Rulemaking FCC 11-161, WC Docket No. 10-90, Docket No. 07-135, Docket No. 05-337, Docket No. 03-109, GN Docket No. 09-51, CC Docket No. 01-92, Docket No. 96-45 and WT Docket No. 10-208. The FCC Order was released November 18, 2011 and is currently being reviewed; however a full assessment has not been completed to determine the impacts prior to publication of this report.

Commissioners held a second deliberations meeting on January 6, 2011 at which Commission Staff (Staff) presented an analysis of the potential impact, if implemented, it would have to the HCSM and its fund.

Commission Decision No. C11-0232 in Docket No. 10R-191T, adopting new rules was mailed March 3, 2011. In summary, these rules adopted a mechanism to set the benchmark rates, a phase-down of the HCSM fund, an extraordinary circumstance rule for additional support, retained the identical support rule, and did not adopt an explicit mandatory contribution to the HCSM by VoIP providers.

Upon consideration of comments filed by the providers, the Commission rescinded the phase-down approach in Decision No. C11-0232. However, the Commission retained the benchmark statewide average rate for residential service and business service at \$17.00 and \$35.02. In addition, they retained the identical support rule, the extraordinary circumstance requirement, and will not explicitly require VoIP providers to contribute to the fund, as well as clarified certain rules. The Commission withdrew the phase-down approach in favor of a more comprehensive review currently being undertaken in the telecommunications reform Docket No. 10M-565T. However, the Commission determined that by retaining the benchmark rates, the HCSM fund would not be providing subsidies greater than necessary. These rules will reduce the HCSM support amount for new carriers seeking support and for carriers that seek to reset their support amount. These rules will be implemented January 2012.

In 2010, 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 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 HCSM 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 through 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 highcost 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 FCC's 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 rules<sup>12</sup> and, subsequently, permanent rules<sup>13</sup> 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 telecommunications 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 Staff adjustments made in Docket No. 99A-577T, Qwest'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 establish Qwest's yearly CHCSM draw.

In 2005, N.E. Colorado Cellular became the first wireless carrier to begin drawing CHCSM support. N.E. 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 N.E.

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<sup>12</sup>See PUC Docket No. 98R-334T.

<sup>13</sup>See PUC Docket No. 99R-028T.

Colorado Cellular 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 HB05-1203. 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 rules<sup>14</sup> to address the implementation of the new statutory 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

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<sup>14</sup>See Docket No. 05R-529T.

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 in Docket No. 07M-124T on 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 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,<sup>15</sup> 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 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

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<sup>15</sup>See Report and Order and Notice of Proposed Rulemaking, FCC 06-94, released June 27, 2006.

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 No. 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. Changes to the existing rules will be implemented January 1, 2012 which have been previously summarized.

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 Commission found that the current definition of basic service met the goal of maintaining affordability and quality of basic service.<sup>16</sup>

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, Staff, 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.

On July 30, 2010, Western 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.<sup>17</sup> The support amount Western Wireless received for Colorado will be redistributed to other competitive ETC providers in Colorado.<sup>18</sup>

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

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<sup>16</sup>See Commission Order No. C09-1411 issued in Docket No. 09I-493T on December 21, 2009.

<sup>17</sup>*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 Rcd 17444 (2008).

<sup>18</sup>Western Wireless received approximately \$3.6 Million per year in federal support for providing service in high cost areas.

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. SB10-135 was introduced regarding an exemption from the 911 surcharge for customers receiving subsidies under federal programs. This bill died.

SB 11-262 was introduced on April 25, 2011 and would have eliminated price regulation for all but basic local exchange service and emergency service and phased out the highcost support mechanism. It would also have required VoIP providers to contribute to any high cost fund mechanism, and would have required intrastate access rates to eventually match interstate rates. It was assigned to the Senate Business, Labor & Technology Committee but was postponed indefinitely

The Telecom Advisory Group (TAG) was established in August, 2010 to study and inform the Commission on marketplace, technology, legal, regulatory and other changes currently taking place in the telecommunications environment. The Commission identified three critical issues to be addressed: 1) Retail Services Deregulation, 2) Intrastate Access Charges, and 3) Universal Service. These issues are currently being analyzed in Docket No. 10M-565T. In addition, FCC Decision 11-161 was released November 18, 2011 and is currently being reviewed; however a full assessment has not been completed to determine the impacts prior to publication of this report.

### **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 website 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.

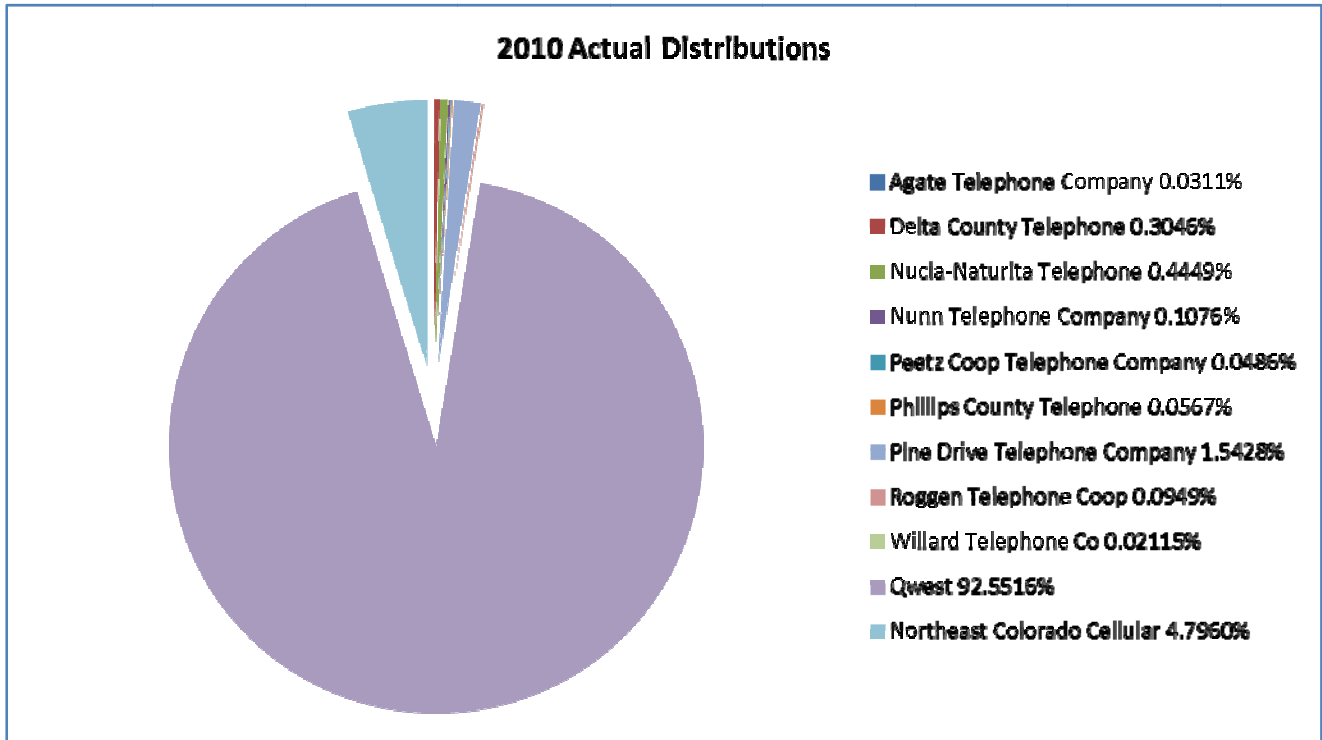
On August 6, 2002, the Commission entered into a Memorandum of Understanding (MOU) with CenturyTel, Inc. (CenturyTel) to become the Custodial Receiver of certain contributions to the CHCSM and be required, under direction from the Commission, to transfer funds to eligible high cost support recipients 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. With the merger of CenturyTel and Qwest, and Qwest status drawing from the CHCSM fund, it is necessary to transition the Custodial Receiver function to a new provider. Effective November 1, 2011, Solix became the new Custodial Receiver for contributions to the CHCSM and in addition will assume other duties currently performed by the Administrator. The Custodial Receiver functions will be transitioned from CenturyTel to Solix by December 31, 2011.

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. In accordance with the MOU, payments made to CenturyTel for managing the Escrow Account for 2011 will be a prorated amount of \$275,000 based on transitioning the Escrow Account to Solix. The payments to CenturyTel will be made from the fund's contributions. The Solix contract is \$60,000 in year one, and is renewable for up to four additional years, with minor increases each year if the contract is renewed. The Solix contract results in an annual savings of over \$200,000 for the fund.

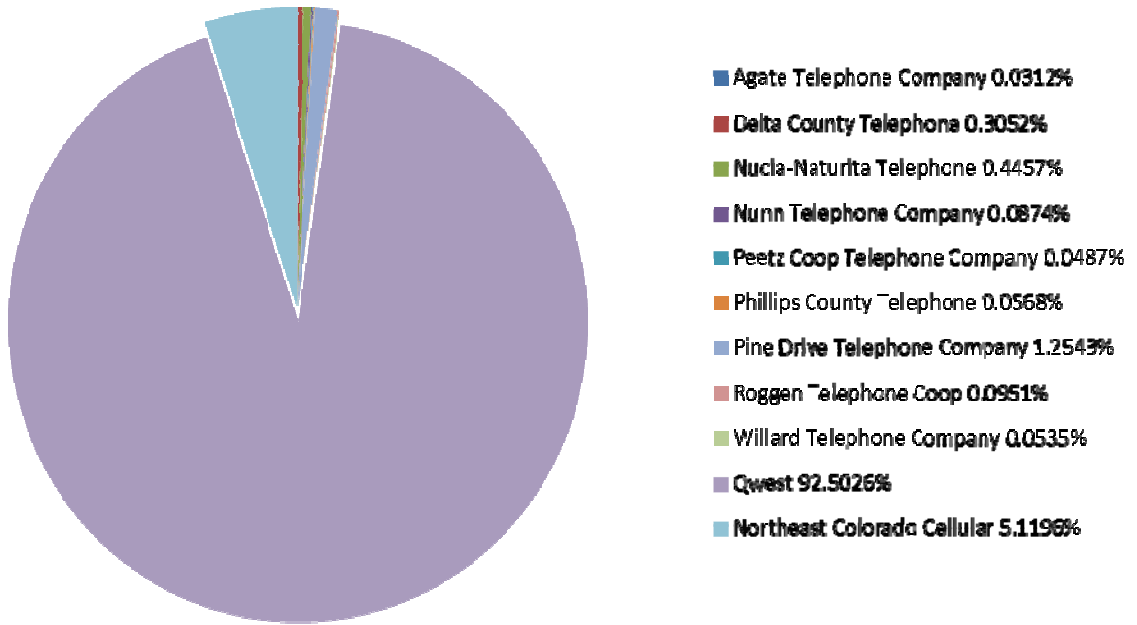
The following charts summarize the dollar value of distributions from and contributions, both actual and projected to the CHCSM fund for calendar years 2006 through 2012. The first chart shows the percentage of actual CHCSM distributions to EPs for 2010. The second chart shows the percentage of CHCSM distributions, both actual and projected, to EPs for 2011. The third chart shows the projected 2012 CHCSM distributions which include an estimate of additional carriers that will seek CHCSM



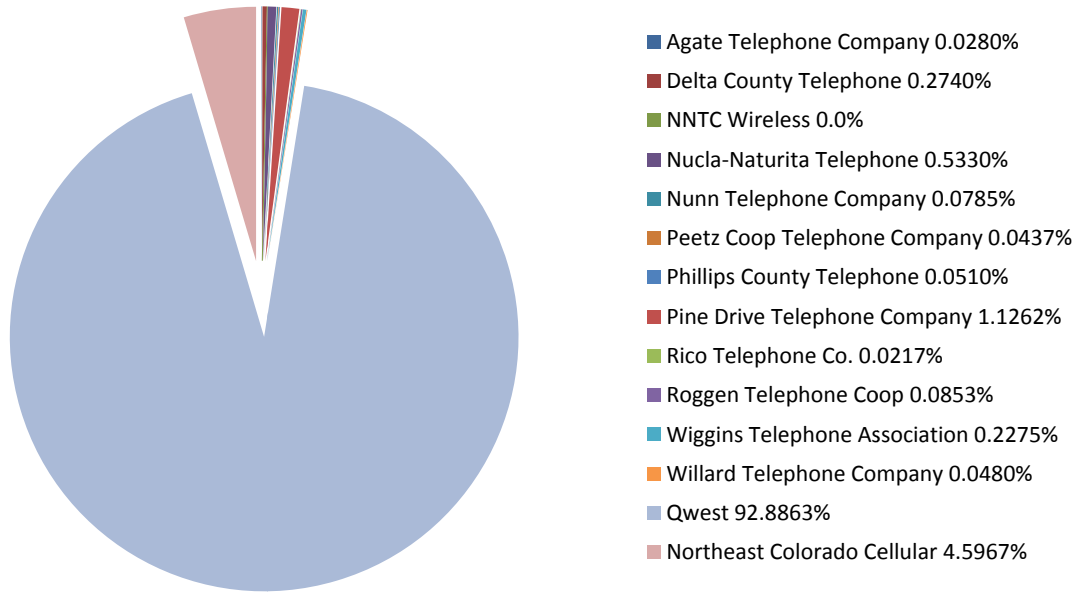
funding. The fourth chart summarizes the dollar value of distributions from and contributions to the fund for calendar years 2006 through 2012.



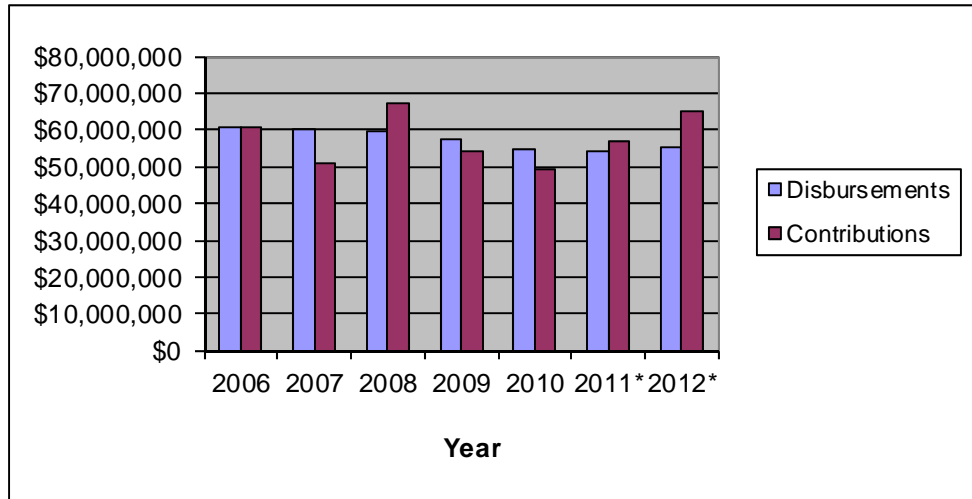
### 2011 Actual and Projected Distributions



### 2012 Projected Distributions



**Summary of Contributions and Disbursements**



- \* Contributions for the years 2011 and 2012 are estimated.
- \* The year 2011 contains actual information for the first nine months.
- \* 2012 Contributions based on current 2.9% surcharge rate

**IV. Coordination of State and Federal Universal Service Support**

The CHCSM is coordinated with the Federal USF. 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 NEColorado 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 2010 and 2011. Table 1 shows actual federal and state universal service distributions to ETCs for 2010. Table 2 shows projected federal and state universal service distributions to ETCs for 2011 using nine months of actual data and three months of projections.

**Table 1**

<b>2010 High Cost Support</b>						
<b>Rural Carrier</b>	<b># of Lines</b>	<b>FUSF</b>	<b>FUSF / Line</b>	<b>CHCSM</b>	<b>CHCSM / Line</b>	<b>Total Support</b>
AGATE MUTUAL TEL CO	105	\$ 416,133	\$ 3,963	\$ 16,941	\$ 161	\$ 433,074
BIG SANDY TELECOM	849	\$ 154,602	\$ 182	\$ -	\$ -	\$ 154,602
BIJOU TEL COOP ASSOC	1141	\$ 1,097,811	\$ 962	\$ -	\$ -	\$ 1,097,811
BLANCA TEL CO	935	\$ 2,854,410	\$ 3,053	\$ -	\$ -	\$ 2,854,410
CENTURYTEL OF EAGLE	62,118	\$ 21,359,898	\$ 344	\$ -	\$ -	\$ 21,359,898
CENTURYTEL COLORADO	8,690	\$ 3,593,313	\$ 413	\$ -	\$ -	\$ 3,593,313
COLUMBINE ACQ CORP	1,364	\$ 566,592	\$ 415	\$ -	\$ -	\$ 566,592
DELTA COUNTY TEL CO	8,449	\$ 805,596	\$ 95	\$ 165,721	\$ 20	\$ 971,317
EASTERN SLOPE RURAL	4,147	\$ 2,060,112	\$ 497	\$ -	\$ -	\$ 2,060,112
EL PASO COUNTY TEL	3,386	\$ 893,907	\$ 264	\$ -	\$ -	\$ 893,907
FARMERS TEL CO - CO	479	\$ 779,952	\$ 1,628	\$ -	\$ -	\$ 779,952
HAXTUN TEL CO	1,322	\$ 451,200	\$ 341	\$ -	\$ -	\$ 451,200
NUCLA-NATURITA TEL	1,546	\$ 616,788	\$ 399	\$ 242,020	\$ 157	\$ 858,808
NUNN TEL CO	551	\$ 1,390,299	\$ 2,523	\$ 58,540	\$ 106	\$ 1,448,839
PEETZ COOP TEL CO	218	\$ 242,202	\$ 1,111	\$ 26,441	\$ 269	\$ 300,742
PHILLIPS COUNTY TEL	1,631	\$ 1,120,860	\$ 687	\$ 30,847	\$ 16	\$ 1,147,301
PINE DRIVE TEL CO	833	\$ 219,045	\$ 263	\$ 839,269	\$ 1,008	\$ 1,058,314
PLAINS COOP TEL ASSN	1,165	\$ 1,910,439	\$ 1,640	\$ -	\$ -	\$ 1,910,439
RICO TEL CO	148	\$ 79,320	\$ 536	\$ -	\$ -	\$ 79,320
ROGGEN TEL COOP CO	211	\$ 636,216	\$ 3,015	\$ 51,614	\$ 245	\$ 687,830
RYE TELEPHONE CO	2,250	\$ 4,154,521	\$ 1,846	\$ -	\$ -	\$ 4,154,521
SOUTH PARK TEL CO	158	\$ 1,126,056	\$ 7,127	\$ -	\$ -	\$ 1,126,056
STONEHAM COOP TEL CO	67	\$ 41,004	\$ 612	\$ -	\$ -	\$ 41,004
STRASBURG TEL CO	1,537	\$ 420,660	\$ 274	\$ -	\$ -	\$ 420,660
SUNFLOWER TEL - CO	237	\$ 62,628	\$ 264	\$ -	\$ -	\$ 62,628
WIGGINS TEL ASSOC	1,473	\$ 1,652,842	\$ 1,122	\$ -	\$ -	\$ 1,652,842
WILLARD TEL CO	51	\$ 33,114	\$ 649	\$ 11,478	\$ 225	\$ 44,592
<b>Non-Rural Carrier</b>						
QWEST CORPORATION	417,210	\$ 17,097,708	\$ 41	\$ 50,346,487	\$ 121	\$ 67,444,195
<b>Competitive LEC</b>						
SAN ISABEL TELECOM, INC.	893*	\$ 200,081	\$ 220	\$ -	\$ -	\$ 200,081
<b>Wireless Carriers</b>						
NORTHEAST COLORADO CELLULAR, INC., dba VIAERO	10,778	\$ 7,169,336	\$ 738	\$ 2,608,961	\$ 227	\$ 9,778,297
NTCH	0	\$ -	\$ -	\$ -	\$ -	\$ -
WESTERN WIRELESS****	494*	\$ 311,668	\$ 400	\$ -	\$ -	\$ 311,668
<b>TOTAL DISBURSEMENTS</b>		<b>\$ 73,518,313</b>		<b>\$ 54,398,318</b>		<b>\$ 127,944,324</b>

Line counts are from 2010 Annual Reports

\* USAC Website Report - HC05 - High Cost Loop Support Projected by State by Study Area - 4Q2010

Qwest line counts from 2010 Qwest Draw Stipulation.

Vaero line counts from reports submitted by carrier.

\*\*\*\* Western Wireless was granted their application on September 29, 2010 to relinquish its ETC and EP designations in Colorado

Table 2

2011 High Cost Support								
Rural Carrier	# of Lines	FUSF	FUSF / Line	CHCSM	CHCSM / Line	Total Support	Residential Basic Local Service Rate	Business Basic Local Service Rate
AGATE MUTUAL TEL CO	105	\$ 390,547	\$ 3,719	\$ 16,941	\$ 161	\$ 407,488	\$ 14.09	\$ 14.09
BIG SANDY TELECOM	849	\$ 119,312	\$ 141	\$ -	\$ -	\$ 119,312	\$ 15.44	\$ 25.18
BIJOU TEL COOP ASSOC	1141	\$ 879,819	\$ 771		\$ -	\$ 879,819	\$ 13.59	\$ 20.14
BLANCA TEL CO	935	\$ 2,295,224	\$ 2,455	\$ -	\$ -	\$ 2,295,224	\$ 16.11	\$ 22.11
CENTURYTEL OF EAGLE	62,118	\$ 15,388,467	\$ 248	\$ -	\$ -	\$ 15,388,467	\$ 14.74	\$ 36.79
CENTURYTEL COLORADO	8,690	\$ 2,684,483	\$ 309	\$ -	\$ -	\$ 2,684,483	\$ 11.77	\$ 36.79
COLUMBINE ACQ CORP	1,364	\$ 458,784	\$ 336	\$ -	\$ -	\$ 458,784	\$ 18.98	\$ 32.28
DELTA COUNTY TEL CO	8,449	\$ 884,862	\$ 105	\$ 165,721	\$ 20	\$ 1,050,583	\$ 16.20	\$ 28.70
EASTERN SLOPE RURAL	4,147	\$ 1,677,824	\$ 405	\$ -	\$ -	\$ 1,677,824	\$ 13.36	\$ 16.03
EL PASO COUNTY TEL	3,386	\$ 372,719	\$ 110	\$ -	\$ -	\$ 372,719	\$ 15.40	\$ 30.60
FARMERS TEL CO - CO	479	\$ 881,670	\$ 1,841	\$ -	\$ -	\$ 881,670	\$ 16.74	\$ 25.12
HAXTUN TEL CO	1,322	\$ 522,578	\$ 395	\$ -	\$ -	\$ 522,578	\$ 13.70	\$ 20.55
NUCLA-NATURITA TEL	1,546	\$ 559,615	\$ 362	\$ 242,020	\$ 157	\$ 801,635	\$ 16.95	\$ 24.81
NUNN TEL CO	551	\$ 1,244,783	\$ 2,259	\$ 47,485	\$ 86	\$ 1,292,268	\$ 20.56	\$ 30.86
PEETZ COOP TEL CO	218	\$ 249,065	\$ 1,143	\$ 26,441	\$ 121	\$ 275,506	\$ 15.50	\$ 19.85
PHILLIPS COUNTY TEL	1,631	\$ 1,687,890	\$ 1,035	\$ 30,847	\$ 19	\$ 1,718,737	\$ 12.00	\$ 15.00
PINE DRIVE TEL CO	833	\$ 167,045	\$ 201	\$ 681,059	\$ 818	\$ 848,104	\$ 17.05	\$ 18.63
PLAINS COOP TEL ASSN	1,165	\$ 1,802,272	\$ 1,547	\$ -	\$ -	\$ 1,802,272	\$ 20.62	\$ 25.25
RICO TEL CO	148	\$ 102,078	\$ 690	\$ -	\$ -	\$ 102,078	\$ 20.65	\$ 25.95
ROGGEN TEL COOP CO	211	\$ 478,215	\$ 2,266	\$ 51,614	\$ 245	\$ 529,829	\$ 13.50	\$ 15.50
RYE TELEPHONE CO	2,250	\$ 3,021,905	\$ 1,343	\$ -	\$ -	\$ 3,021,905	\$ 19.70	\$ 30.00
SOUTH PARK TEL CO	158	\$ 974,675	\$ 6,169	\$ -	\$ -	\$ 974,675	\$ 29.98	\$ 39.98
STONEHAM COOP TEL CO	67	\$ 44,042	\$ 657	\$ -	\$ -	\$ 44,042	\$ 16.26	\$ 16.26
STRASBURG TEL CO	1,537	\$ 396,077	\$ 258	\$ -	\$ -	\$ 396,077	\$ 16.40	\$ 26.40
SUNFLOWER TEL - CO	237	\$ 63,401	\$ 268	\$ -	\$ -	\$ 63,401	\$ 12.22	\$ 18.34
WIGGINS TEL ASSOC	1,473	\$ 2,007,208	\$ 1,363	\$ -	\$ -	\$ 2,007,208	\$ 19.84	\$ 23.84
WILLARD TEL CO	51	\$ 34,705	\$ 680	\$ 29,042	\$ 569	\$ 63,747	\$ 16.27	\$ 16.27
<b>Non-Rural Carrier</b>								
QWEST CORPORATION	433,573	\$ 14,611,202	\$ 35	\$ 50,228,617	\$ 120	\$ 64,839,819	\$ 17.00	\$ 35.02
<b>Competitive LEC</b>								
SAN ISABEL TELECOM, INC.	1204	\$ 249,444	\$ 284	\$ -	\$ -	\$ 249,444	\$ 12.22	\$ 24.31
<b>Wireless Carriers</b>								
N.E. COLORADO CELLULAR, INC., dba VIAERO	10,778	\$ 8,604,995	\$ 783	\$ 2,779,916	\$ 282	\$ 11,384,911	\$ 15.00	\$ 15.00
NNTC Wireless, LLC	0	\$ -	\$ -	\$ -	\$ -	\$ -		
NTCH	0	\$ -	\$ -	\$ -	\$ -	\$ -		
COMNET FOUR CORNERS	0	\$ -	\$ -	\$ -	\$ -	\$ -		
ELBERT COUNTY WIRELESS	0	\$ -	\$ -	\$ -	\$ -	\$ -		
WESTERN WIRELESS	0	\$ -	\$ -	\$ -	\$ -	\$ -		
CLEAR TALK WIRELESS		\$ -						
<b>TOTAL DISBURSEMENTS</b>		<b>\$ 62,854,904</b>		<b>\$ 54,299,703</b>		<b>\$ 117,154,607</b>		

Line counts are from 2010 Annual Reports

FUSF Jan - Aug USAC Disbursement Data Actual - Projected Sept and 4Q2010

CHCSM Actual through 2Q2010 - Projected 3Q and 4Q2011

\* USAC Website Report - HC05 - High Cost Loop Support Projected by State by Study Area - 3Q2011

Qwest line counts from 2011 Qwest Draw Stipulation.

Viaero line counts from 2010 reports submitted by carrier.

\*\*\*\* Western Wireless was granted their application on September 29, 2010 to relinquish its ETC and EP designations in Colorado

## V. Operations -2011

CHCSM support was provided to rural and non-rural incumbent EPs who served customers in high cost geographic areas in the calendar year 2011, and to one wireless carrier.

By fiscal 2011-2012 year-end, a projected \$110,004 will be expensed by the Commission to administer the CHCSM which is in addition to the amount of \$275,000 paid to CenturyTel for managing the escrow account. CenturyTel will be paid \$10,000 a month until the fund is fully transitioned to Solix. Solix will be paid \$60,000 for the first year for their Custodial Receiver and Administrative functions. The transition will be completed by December 31, 2011.

Net distributions from the CHCSM fund for 2011 are estimated to be \$55,002,131. The method of calculation by which the non-rural carrier, Qwest, and the wireless carrier, N.E. 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 2011, 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 \$818.00 per supported access line for Pine Drive.

NNTC was granted ETC and EP status for the Norwood exchange only on July 13, 2011. However, NNTC does not receive HCSM support for this exchange because the underlying provider is not receiving high cost support in that exchange. In order for NNTC to begin to receive support in its parent's study area, its parent, Nucla-Naturita, must file a redefinition plan to the wire center level for Commission approval and the FCC's concurrence in that redefinition.

Nucla-Naturita filed a petition before the Commission seeking additional CHCSM support in the

amount of \$87,243 for a total of \$322,334. The Commission has not made a determination in this docket. Hence, if the Commission grants Nucla-Naturita its petition for additional support, NNTC will also benefit.

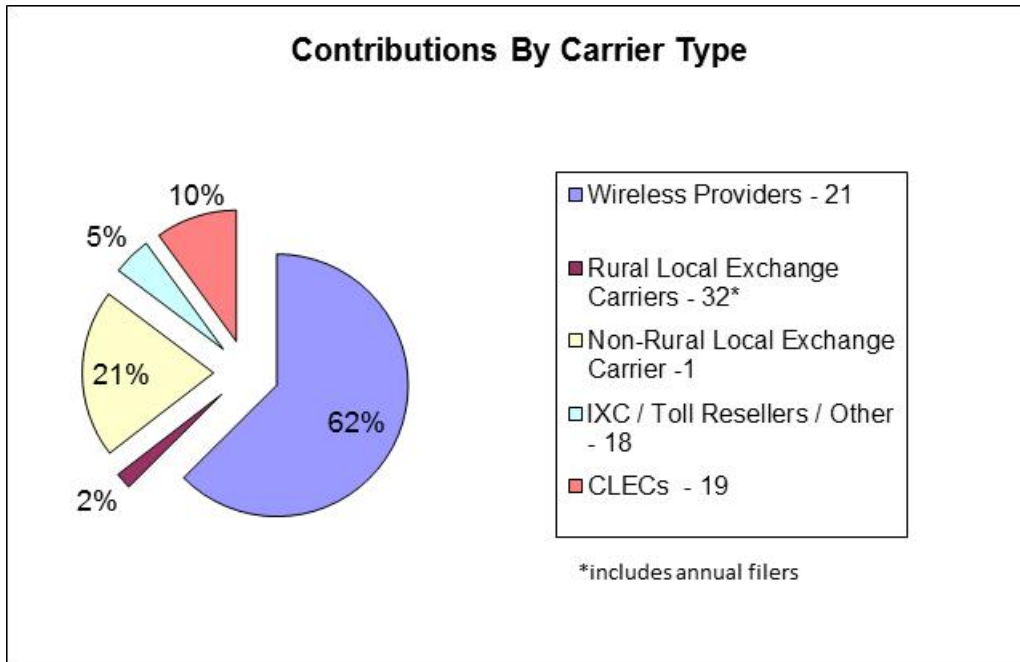
Wiggins filed a petition on July 1, 2011 before the Commission seeking CHCSM support in the amount of \$137,610. The Commission has not made a determination in this docket. Should the Commission grant Wiggins its petition, Viaero wireless will also be eligible to receive the same per line HCSM support based on the number of customers they are able to acquire.

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 2011 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 2.9 percent since July 1, 2011. It is projected that the end-user rate element will remain at 2.9% through the first quarter of 2012. Depending upon existing and future additional CHCSM draw petitions, the rate element may be decreased beginning with the second or third quarter 2012.

In 2011, a total of 91 telecommunications providers contributed to the fund. The chart below depicts the approximate 2011 average breakdown by carrier type and the percentage of contributions to the fund.





In 2011, contributions from wireline providers have maintained at a steady level. Nineteen CLECs including Comcast Phone of Colorado, LLC, continue to pay into the fund, with 2011 contributions slightly higher than 2010.<sup>19</sup> Wireless providers' contributions remained basically consistent from 2010 to 2011 and represent approximately 62 percent of the revenues to the fund.

Qwest increased their rate for basic local exchange service to \$17.00 effective October 1, 2010. The PUC decision approving the \$17.00 rate is currently being challenged in the Supreme Court. However, independently the new Commission Rules adopted in Docket No. 10R-191T will require Qwest (and other providers seeking CHCSM funds) to impute a residential benchmark of \$17.00 and a business benchmark of \$35.02, that will potentially affect the carrier's future support amount.<sup>20</sup>

## VI. Projected Operations – 2012

**Calendar Year 2012 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

<sup>19</sup> The remainder of the CLECs are carriers below the de minimis level, which is currently set at \$10,000 a year contribution. The de minimis amount will be set at \$5,000 in 2012 effective with the new Commission Rules.

<sup>20</sup> Carriers seeking additional CHCSM support with local exchange rates below the new benchmark rates will have to impute the new benchmark rates when calculating their revenue.

applications, it is forecasted that an additional \$731,045 in distributions may be authorized. The total distribution for 2012 is estimated at \$55,002,131 as identified below. Total projected contributions to the CHCSM fund are estimated to be \$65,070,167<sup>21</sup>

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<sup>21</sup>Based on the current 2.9% rate element.

Table 3

2012 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	8449	10/1/2006	\$ 165,721
NUCLA-NATURITA TEL	1546	2/1/2008	\$ 242,020
NUNN TEL CO	551	5/17/2007	\$ 47,485
PEETZ COOP TEL CO	218	1/18/2008	\$ 26,441
PHILLIPS COUNTY TEL	1631	1/1/2009	\$ 30,847
PINE DRIVE TEL CO	833	10/24/2009	\$ 681,059
ROGGEN TEL COOP CO	211	10/20/2009	\$ 51,614
WILLARD TEL CO	51	9/9/2010	\$ 29,042
<b>Non-Rural Carrier</b>			
QWEST CORPORATION**	430,932	11/7/2011	\$50,200,000
<b>Wireless Carriers</b>			
NORTHEAST COLORADO CELLULAR, INC., dba VIAERO	10,778	1/26/2010	\$ 2,779,916
COMNET FOUR CORNERS	0	8/8/2008	\$ -
ELBERT COUNTY WIRELESS	0	8/8/2008	\$ -
NNTC Wireless, LLC (Norwood)	0		\$ -
<b>Undesignated Carriers</b>			
PROJECTED ADDITIONAL CARRIERS			\$ 731,045
<b>TOTAL DISBURSEMENTS</b>			<b>\$ 55,002,131</b>

\* Line counts are from 2010 Annual Reports

\*\* Qwest line counts from 2012 Qwest Draw Stipulation. Qwest 2012 Draw Stipulation amount of \$56.2M, actual disbursement less due to competitive EPs.

\*\*\* Viaero line counts from reports submitted by carrier.  
 San Isabel has ETC designation, but not EP designation

Undesignated Carriers			
Other - NNTC, Viaero, etc.			\$ 500,000
Nucla-Naturita			\$ 80,314
Rico			\$ 13,121
Wiggins			\$ 137,610
Total Other			\$ 731,045

Administration Expenses - 0.2% of total disbursements \$110,004

The CHCSM distribution for Qwest will remain at the same level of support as 2011 for 2012 as a result of the negotiated Stipulation and Settlement Agreement (Agreement)<sup>22</sup> between Staff and Qwest.

<sup>22</sup>See PUC Docket No. 04M-388T.

The Agreement adopted a procedure similar to that used to determine the 2004 through 2011 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 2012 CHCSM authorized support would be \$56,174,188.

Expenditures for administering the CHCSM in year 2012 are estimated to increase slightly over 2011, due to the normal increase in personnel service costs. The projected Commission administration cost requirement is \$110,004 (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 2012, 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 has been approximately \$12 to \$14 million based on current distributions made to EPs. The target reserve balance has been set at approximately one quarter of net distributions to EPs in the past. 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 target reserve balance of \$12 to \$14 million was compromised when \$15 million was transferred to the State General Fund in 2010. Absent a significant increase to the high cost surcharge, it has been difficult to reestablish the \$12 to \$14 million fund balance. The Commission has set the rate element at 2.9 percent in order to meet distribution requirements. The current reserve balance is now only approximately \$5 million. The balance of the fund had steadily decreased to the extent that the ability to meet the current carrier disbursements may have been compromised if several potential scenarios were to play out and the rate element had not been increased to 2.9 percent in July 2011. Events that may impact the reserve fund balance are FCC actions that might place further pressure on the CHCSM, if VoIP providers decided to suspend voluntary contributions to the fund, if new providers seek initial support, and if economic and other forces result in further decreases to Colorado intrastate revenue. It is anticipated that the 2.9 percent rate element will begin to rebuild the reserve balance.

## 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 local exchange carrier (ILEC) 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.”<sup>23</sup> The FCC also took action to reclaim high cost universal service support surrendered by a competitive ETC when it relinquishes its ETC status in any given state.<sup>24</sup> 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 U.S. Court of Appeals denied the carriers’ petition for review of the FCC’s actions.

The FCC has announced it has outlined a plan to reform and modernize the USF and the Intercarrier Compensation System. 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.<sup>25</sup>

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

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<sup>23</sup>The FCC Order was released November 18, 2011 and is currently being reviewed; however a full assessment has not been completed to determine the impacts prior to publication of this report.

<sup>24</sup>Western Wireless filed to relinquish its ETC and EP status in July 2010. Western Wireless was receiving approximately \$3 million in USF support.

<sup>25</sup>*Report and Order and Further Notice of Proposed Rulemaking* FCC 11-161, WC Docket No. 10-90, Docket No. 07-135, Docket No. 05-337, Docket No. 03-109, GN Docket No. 09-51, CC Docket No. 01-92, Docket No. 96-45 and WT Docket No. 10-208. Adopted October 27, 2011 and Released November 18, 2011.

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 a 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 videos, 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.

In response to the NBP, the FCC voted on October 27, 2011 on a package of reforms of the universal service system and the intercarrier compensation regime. Two new funds will be created, the CAF which will provide new funding, targeted initially to ILECs to build and maintain broadband networks, and the Mobility Fund which will support mobile broadband services. Total high cost funding (the existing funds plus the new CAF) will be fixed at the current funding level of \$4.5 billion annually over the next six years.

Existing legacy highcost support to price cap carriers will be frozen and an additional \$300 million in CAF funding will be available for “unserved” areas. In the second phase of the CAF plan, the FCC will use a combination of a forward-looking broadband cost model and competitive bidding to support deployment of networks providing both voice and broadband service for five years. The second-phase CAF will distribute up to \$1.8 billion annually for areas with no unsubsidized broadband competitor. The FCC expects the cost model and competitive bidding processes for this phase will be adopted by December, 2012, with disbursements beginning in 2013. In conjunction with these changes, the FCC will also eliminate the identical support rule, which determines the amount of support competitive ETCs (mobile and wireline) receive under the high cost fund today. This will almost certainly result in reduced funding for most competitive ETCs receiving high cost funding. There will also be a gradual phase down of existing support to competitive providers over a five-year period beginning on July 1, 2012.

The FCC is also establishing a new Mobility Fund, designed to ensure availability of mobile broadband service in currently unserved areas. The creation of this new support mechanism does not automatically change existing legacy support, as mobile broadband carriers will continue to receive

legacy support during the transition to the Mobility Fund.

This new mobility fund will be introduced in two phases. In Phase 1, the FCC will designate up to \$300 million in one-time support to immediately accelerate deployment of networks for mobile voice and broadband services in unserved areas. These funds will be awarded through a nationwide reverse auction, which the FCC expects to occur in the third quarter of 2012. Auction winners will be required to deploy 4G service within three years, or 3G service within two years. In addition, in Phase 1 the FCC will designate up to \$50 million in additional universal service funding for Tribal lands. In Phase 2, the Mobility Fund will provide up to \$500 million per year in ongoing support. Funding under this phase will focus on mobile voice and broadband services in communities in which service would be unavailable absent federal support. The \$500 million budget will include up to \$100 million in annual support for service on Tribal lands.

As mentioned previously, the Commission addressed proposed CHCSM rule changes in 2011. Based on the Commission's own motion, the phase-down rule of the proposed CHCSM rule changes was not adopted because the Commission believes that the better venue to discuss the size of the HCSM fund is in the telecom reform effort, Docket No. 10M-565T. However, the Commission retained the benchmark statewide average rate for residential service and business service at \$17.00 and \$35.02. In addition, they retained the identical support rule, the extraordinary circumstance requirement, and will not explicitly require VoIP providers to contribute to the fund, as well as clarified certain rules. However, the Commission determined that by retaining the benchmark rates, the HCSM fund would not be providing subsidies greater than necessary. These rules will reduce the HCSM support amount for new carriers seeking support and for carriers that seek to reset their support amount. As previously discussed, the telecom reform effort will examine universal service, access reform, retail deregulation and will take into account current FCC activity. The outcome of these efforts may result in the re-writing of Colorado statutes and Commission rules which may impact the CHCSM.



### 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*	Gross Distributions Calendar Year 2012**
<b>Rural Carriers</b>							
Agate Mutual Telephone Co.	\$1,305	\$1,305	\$14,361	\$16,941	\$16,941	\$16,941	\$16,941
Delta County Tele-Comm	\$93,447	\$165,721	\$165,721	\$165,721	\$165,721	\$165,721	\$165,721
Nucla-Naturita	\$165,483	\$0	\$221,852	\$242,020	\$242,020	\$242,020	\$242,020
Nunn Telephone Company	\$0	\$36,588	\$22,482	\$58,540	\$58,540	\$47,485	\$47,485
Peetz Cooperative Telephone Co.	\$9,562	\$5,464	\$47,485	\$26,441	\$26,441	\$26,441	\$26,441
Phillips County Telephone Co.	\$204	\$168	\$168	\$30,847	\$30,847	\$30,847	\$30,847
Pine Drive	\$465,019	\$450,075	\$450,075	\$450,075	\$839,269	\$681,059	\$681,059
Roggen Telephone	\$5,587	\$4,648	\$35,345	\$51,614	\$51,614	\$51,614	\$51,614
Willard	\$0	\$0	\$0	\$0	\$11,366	\$29,042	\$29,042
<b>Non-Rural Carrier</b>							
Qwest Corp.	\$57,947,414	\$57,241,560	\$56,787,689	\$53,952,430	\$50,346,487	\$50,228,617	\$50,200,000
<b>Wireless Carriers</b>							
Northeast Colorado Cellular	\$2,085,706	\$2,115,605	\$2,026,785	\$2,409,718	\$2,608,961	\$2,779,916	\$2,779,916
<b>Undesignated Carriers</b>							
Projected Additional Carriers	\$0	\$0	\$0	\$0	\$0	\$0	\$731,045
<b>Totals</b>	<b>\$60,773,727</b>	<b>\$60,021,134</b>	<b>\$59,771,963</b>	<b>\$57,404,347</b>	<b>\$54,398,206</b>	<b>\$54,299,703</b>	<b>\$55,002,131</b>

\* The disbursements for 2011 are actual information for January - September 2011 and estimated figures for October - December 2011.

\*\* Disbursements for 2012 are estimated.

Colorado High Cost Support Mechanism Summary of Contribution & Disbursements								
Year		2006	2007	2008	2009	2010	2011*	2012*
<b>DISBURSEMENTS:</b>								
Distributions		\$60,773,727	\$60,021,134	\$59,771,795	\$57,404,347	\$54,398,318	\$54,299,703	\$54,832,131
<b>Administrative Expenses</b>								
Based on Fiscal Year		\$151,800	\$156,258	\$101,248	\$114,809	\$108,161	\$108,599	\$109,664
<b>Total Disbursements &amp; Expenditures</b>		<b>\$60,925,527</b>	<b>\$60,177,392</b>	<b>\$59,873,043</b>	<b>\$57,519,156</b>	<b>\$54,506,479</b>	<b>\$54,408,302</b>	<b>\$54,941,795</b>
<b>CONTRIBUTIONS:</b>								
Jan 1 through March 31		\$15,633,690	\$5,135,111	\$17,651,067	\$14,131,269	\$12,656,753	\$12,388,848	\$16,267,542
April 1 through June 30		\$19,131,912	\$12,418,529	\$17,662,447	\$13,892,486	\$12,302,656	\$11,938,072	\$16,267,542
July 1 through Sept 30		\$18,905,820	\$15,937,966	\$16,883,127	\$13,193,954	\$12,502,012	\$16,267,542	\$16,267,542
Oct 1 through Dec 31		\$7,162,563	\$17,231,201	\$14,881,831	\$12,839,486	\$12,094,460	\$16,267,542	\$16,267,542
<b>Total Contributions</b>		<b>\$60,833,985</b>	<b>\$50,722,807</b>	<b>\$67,078,472</b>	<b>\$54,057,196</b>	<b>\$49,555,881</b>	<b>\$56,862,003</b>	<b>\$65,070,167</b>
* Contributions for the year 2011 and 2012 are estimated. The year 2011 contains actual information for the first nine months.								

Colorado High Cost Support Mechanism Rate Element							
	2006	2007	2008	2009	2010	2011	2012*
<b>1st Qtr</b>	2.90%	1.60%	2.70%	2.20%	2.20%	2.20%	2.90%
<b>2nd Qtr</b>	2.90%	2.70%	2.70%	2.20%	2.20%	2.20%	2.90%
<b>3rd Qtr</b>	2.90%	2.70%	2.20%	2.20%	2.20%	2.90%	2.90%
<b>4th Qtr</b>	1.60%	2.70%	2.20%	2.20%	2.20%	2.90%	2.90%
* 2012 contains projections							

Colorado High Cost Support per Residential Access Line per Month									
(Qwest exchanges and corresponding support)									
Exchange	City	CLI	Support	Support	Support	Support	Support	Support	Support
			per Line	per Line	per Line	per Line	per Line	per Line	per Line
			2006	2007	2008	2009	2010	2011	2012
COLORADO SPRINGS	AIR FORCE ACADEMY	AFACCOMA	\$9.96	\$9.86	\$9.86	\$11.77	\$11.77	\$11.77	\$11.77
AGUILAR	AGUILAR	AGLRCOMA	\$94.19	\$91.48	\$91.48	\$89.79	\$89.79	\$89.79	\$89.79
ALAMOSA	ALAMOSA	ALMSCOMA	\$5.77	\$7.10	\$7.10	\$7.95	\$7.95	\$7.95	\$7.95
ALLENSPARK	ALLENS PARK	ALPKCOMA	\$40.56	\$39.26	\$39.26	\$37.26	\$37.26	\$37.26	\$37.26
ARVADA ZONE	ARVADA	ARVDCOMA	\$0.00	\$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	\$0.00
EATON-AULT	AULT	AULTCOMA	\$42.16	\$42.39	\$42.39	\$43.95	\$43.95	\$43.95	\$43.95
AURORA ZONE	AURORA	AURRCOMA	\$0.00	\$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	\$22.41
PUEBLO	AVONDALE	AVDLCOMA	\$63.77	\$63.88	\$63.88	\$63.30	\$63.30	\$63.30	\$63.30
VAIL	AVON	AVONCOMA	\$3.68	\$4.56	\$4.56	\$3.45	\$3.45	\$3.45	\$3.45
BAILEY	BAILEY	BALYCOMA	\$15.06	\$15.58	\$15.58	\$15.71	\$15.71	\$15.71	\$15.71
BRIGHTON	BRIGHTON	BITNCOMA	\$0.00	\$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	\$0.00
BOULDER	BOULDER MAIN	BLDRCOMA	\$0.00	\$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	\$7.50
BUENA VISTA	BUENA VISTA	BNVSCOMA	\$15.89	\$15.72	\$15.72	\$16.47	\$16.47	\$16.47	\$16.47
BROOMFIELD	BROOMFIELD	BRFDCOMA	\$0.00	\$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	\$5.09
BRUSH	BRUSH	BRSHCOMA	\$13.98	\$15.29	\$15.29	\$17.55	\$17.55	\$17.55	\$17.55
BERTHOUD	BERTHOUD	BRTHCOMA	\$7.37	\$7.09	\$7.09	\$8.13	\$8.13	\$8.13	\$8.13
BASALT	BASALT	BSLTCOMA	\$12.30	\$11.54	\$11.54	\$11.38	\$11.38	\$11.38	\$11.38
BAYFIELD	BAYFIELD	BYFDCOMA	\$18.65	\$16.57	\$16.57	\$15.85	\$15.85	\$15.85	\$15.85
CANON CITY	CANON CITY	CACYCOMA	\$0.76	\$0.52	\$0.52	\$3.42	\$3.42	\$3.42	\$3.42
COAL CREEK	COAL CREEK	CCCNCOMA	\$16.87	\$16.60	\$16.60	\$18.42	\$18.42	\$18.42	\$18.42
GRAND JUNCTION	CLIFTON	CFTNCONM	\$0.00	\$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	\$57.38
COLORADO SPRINGS	GATEHOUSE	CLSPCO32	\$1.33	\$0.89	\$0.89	\$0.98	\$0.98	\$0.98	\$0.98
COLORADO SPRINGS	COLO SPRINGS - EAST	CLSPCOEA	\$0.00	\$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	\$0.00
COLORADO SPRINGS	PIKEVIEW	CLSPCOPV	\$0.00	\$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	\$0.00
CENTRAL CITY	CENTRAL CITY	CNCYCOMA	\$12.44	\$12.65	\$12.65	\$11.10	\$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 per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
DILLON	COPPER MOUNTAIN	CPMTCOMA	\$11.07	\$12.25	\$12.25	\$13.23	\$13.23	\$13.23	\$13.23
CRAIG	CRAIG	CRAGCOMA	\$12.30	\$12.40	\$12.40	\$14.90	\$14.90	\$14.90	\$14.90
CRESTED BUTTE	CRESTED BUTTE	CRBTCOMA	\$10.65	\$10.49	\$10.49	\$10.29	\$10.29	\$10.29	\$10.29
CRIPPLE CREEK	CRIPPLE CREEK	CRCKCOMA	\$36.59	\$34.67	\$34.67	\$37.26	\$37.26	\$37.26	\$37.26
CARBONDALE	CARBONDALE	CRDLCOMA	\$8.56	\$8.14	\$8.14	\$8.37	\$8.37	\$8.37	\$8.37
CORTEZ	CORTEZ	CRTZCOMA	\$9.15	\$9.57	\$9.57	\$9.84	\$9.84	\$9.84	\$9.84
CASTLE ROCK	CASTLE ROCK	CSRKCONM	\$3.91	\$4.61	\$4.61	\$4.80	\$4.80	\$4.80	\$4.80
DEBEQUE	DEBEQUE	DBEQCONC	\$123.23	\$116.95	\$116.95	\$98.29	\$98.29	\$98.29	\$98.29
DECKERS	DECKERS	DKRCOMA	\$106.87	\$99.92	\$99.92	\$104.56	\$104.56	\$104.56	\$104.56
DELTA	DELTA	DELTCOMA	\$5.96	\$5.51	\$5.51	\$5.78	\$5.78	\$5.78	\$5.78
DILLON	DILLON	DLNCOMA	\$3.32	\$4.08	\$4.08	\$4.53	\$4.53	\$4.53	\$4.53
DEL NORTE	DEL NORTE	DLNRCOMA	\$34.77	\$36.57	\$36.57	\$38.34	\$38.34	\$38.34	\$38.34
DENVER ZONE	CAPITAL HILL	DNRVCOCH	\$0.00	\$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	\$0.00
DENVER ZONE	CURTIS PARK	DNRVCOCP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LAFAYETTE-LOUISVILLE	COTTONWOOD	DNRVCOCW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LITTLETON ZONE	DRY CREEK	DNRVCOCD	\$0.00	\$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	\$0.00
DENVER ZONE	DENVER MAIN	DNRVCOMA	\$0.00	\$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	\$0.00
NORTHEAST ZONE	DENVER - NORTHEAST	DNRVCONE	\$0.00	\$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	\$0.00
AURORA ZONE	DIA	DNRVCOOU	\$16.94	\$17.65	\$17.65	\$18.32	\$18.32	\$18.32	\$18.32
DENVER ZONE	DENVER - SOUTHEAST	DNRVCOSE	\$0.00	\$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	\$0.00
SULLIVAN ZONE	SULLIVAN	DNRVCOSE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER - SOUTH	DNRVCOSS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SOUTHWEST ZONE	DENVER - SOUTHWEST	DNRVCOSSW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DENVER ZONE	DENVER - WEST	DNRVCOSSW	\$0.00	\$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	\$4.42
EATON-AULT	EATON	EATNCOMA	\$8.84	\$8.55	\$8.55	\$8.65	\$8.65	\$8.65	\$8.65
ELBERT	ELBERT	ELBRCOMA	\$51.81	\$49.28	\$49.28	\$50.17	\$50.17	\$50.17	\$50.17
ELIZABETH	ELIZABETH	ELZBCO01	\$13.28	\$13.44	\$13.44	\$14.69	\$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 per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
LITTLETON ZONE	ABERDEEN	ENWDCOAB	\$0.00	\$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	\$0.00
ERIE	ERIE	ERICOMA	\$11.18	\$11.65	\$11.65	\$13.18	\$13.18	\$13.18	\$13.18
ESTES PARK	ESTES PARK	ESPKCOMA	\$4.39	\$4.30	\$4.30	\$4.40	\$4.40	\$4.40	\$4.40
EVERGREEN	EVERGREEN	EVRCOMA	\$2.12	\$2.67	\$2.67	\$2.84	\$2.84	\$2.84	\$2.84
FLORENCE	FLORENCE	FLRNCOMA	\$20.34	\$18.75	\$18.75	\$24.10	\$24.10	\$24.10	\$24.10
COLORADO SPRINGS	FOUNTAIN	FONTCOMA	\$0.00	\$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	\$0.61
FREDRICK	FREDRICK	FRDRCOMA	\$0.33	\$44.03	\$44.03	\$0.61	\$41.45	\$41.45	\$41.45
FAIRPLAY	FAIRPLAY	FRPLCOMA	\$51.78	\$3.96	\$3.96	\$41.45	\$4.98	\$4.98	\$4.98
DILLON	FRISCO	FRSCCOMA	\$5.29	\$9.51	\$9.51	\$4.98	\$9.92	\$9.92	\$9.92
FRASER	FRA SER	FRSRCOMA	\$9.46	\$9.43	\$9.43	\$9.92	\$11.17	\$11.17	\$11.17
FRUITA	FRUITA	FRUTCOMA	\$10.43	\$0.00	\$0.00	\$11.17	\$0.00	\$0.00	\$0.00
FT COLLINS	HARMONY	FTCLCOHM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.24	\$0.24	\$0.24
FT LUPTON	FT LUPTON	FTLPCOMA	\$3.08	\$3.91	\$3.91	\$3.84	\$3.84	\$3.84	\$3.84
FT MORGAN	FT MORGAN	FTMRCOMA	\$1.79	\$2.62	\$2.62	\$4.26	\$4.26	\$4.26	\$4.26
GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA	\$0.00	\$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	\$13.36
GILCREST	GILCREST	GLCRCOMA	\$37.24	\$37.73	\$37.73	\$39.80	\$39.80	\$39.80	\$39.80
GOLDEN ZONE	GOLDEN	GLDNCOMA	\$0.00	\$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	\$0.00
COLORADO SPRINGS	GREEN MOUNTAIN FALLS	GMFLCOMA	\$15.27	\$16.18	\$16.18	\$17.72	\$17.72	\$17.72	\$17.72
GUNNISON	GUNNISON	GNSNCOMA	\$22.80	\$23.20	\$23.20	\$24.25	\$24.25	\$24.25	\$24.25
GREELEY	PARKVIEW	GRELCOJC	\$0.00	\$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	\$0.00
GRANBY	GRANBY	GRNBCOMA	\$20.17	\$18.98	\$18.98	\$19.55	\$19.55	\$19.55	\$19.55
GEORGETOWN	GEORGETOWN	GRTWCOMA	\$17.58	\$18.76	\$18.76	\$20.90	\$20.90	\$20.90	\$20.90
HUDSON	HUDSON	HDSNCOMA	\$30.31	\$31.31	\$31.31	\$29.48	\$29.48	\$29.48	\$29.48
HILLROSE	HILLROSE	HLRSCOMA	\$124.41	\$124.27	\$124.27	\$134.45	\$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	\$61.32
HAYDEN	HAYDEN	HYDNCOMA	\$54.68	\$53.52	\$53.52	\$60.17	\$60.17	\$60.17	\$60.17
IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$19.37	\$20.57	\$20.57	\$19.90	\$19.90	\$19.90	\$19.90
JOHNSTON MILLIKEN	JOHNSTON-MILLIKEN	JHMLCOMA	\$2.09	\$2.15	\$2.15	\$1.84	\$1.84	\$1.84	\$1.84
JULESBURG	JULESBURG	JLBGCOMA	\$43.22	\$44.44	\$44.44	\$45.64	\$45.64	\$45.64	\$45.64
KIOWA	KIOWA	KIOWCOMA	\$57.57	\$57.29	\$57.29	\$62.07	\$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 per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
KEENESBURG	KEENESBURG	KNBGCOMA	\$39.96	\$38.77	\$38.77	\$39.47	\$39.47	\$39.47	\$39.47
KREMMLING	KREMMLING	KRNGCOMA	\$35.85	\$33.90	\$33.90	\$36.01	\$36.01	\$36.01	\$36.01
LEADVILLE	LEADVILLE	LDVLCOMA	\$2.70	\$3.53	\$3.53	\$4.55	\$4.55	\$4.55	\$4.55
LIMON	LIMON	LIMNCOMA	\$44.78	\$47.36	\$47.36	\$51.19	\$51.19	\$51.19	\$51.19
LOOKOUT MOUNTAIN	LOOKOUT MOUNTAIN	LKMTCOMA	\$0.00	\$0.00	\$0.00	\$0.32	\$0.32	\$0.32	\$0.32
LAKEWOOD ZONE	LAKEWOOD DGTL CAP H	LKWDCOMA	\$0.00	\$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	\$0.00
CASTLE ROCK	LARKSPUR	LRKSCONM	\$13.95	\$15.16	\$15.16	\$15.45	\$15.45	\$15.45	\$15.45
LA SALLE	LA SALLE	LSLLCOMA	\$30.99	\$31.16	\$31.16	\$33.36	\$33.36	\$33.36	\$33.36
LITTLETON ZONE	HIGHLANDS RANCH	LTTNCOHL	\$0.00	\$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	\$0.00
LOVELAND	LOVELAND	LVLDCOMA	\$0.00	\$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	\$17.89
MEAD	MEAD	MEADCOMA	\$17.69	\$16.44	\$16.44	\$16.26	\$16.26	\$16.26	\$16.26
MEEKER	MEEKER	MEKRCOMA	\$73.10	\$69.46	\$69.46	\$68.06	\$68.06	\$68.06	\$68.06
MANCOS	MANCOS	MNCSCOMA	\$55.39	\$54.91	\$54.91	\$54.83	\$54.83	\$54.83	\$54.83
COLORADO SPRINGS	MONUMENT	MNMTCOMA	\$0.00	\$0.16	\$0.16	\$0.00	\$0.00	\$0.00	\$0.00
COLORADO SPRINGS	MANITOU SPRINGS	MNSPCOMA	\$0.67	\$1.78	\$1.78	\$2.24	\$2.24	\$2.24	\$2.24
VAIL	MINTURN	MNTRCOMA	\$36.28	\$41.30	\$41.30	\$42.62	\$42.62	\$42.62	\$42.62
MORRISON	MORRISON	MRSNCOMA	\$10.10	\$11.56	\$11.56	\$13.05	\$13.05	\$13.05	\$13.05
MONTROSE	MONTROSE	MTRSCOMA	\$4.24	\$4.35	\$4.35	\$4.85	\$4.85	\$4.85	\$4.85
MONTE VISTA	MONTE VISTA	MTVSCOMA	\$10.30	\$11.26	\$11.26	\$14.61	\$14.61	\$14.61	\$14.61
CORTEZ	MESA VERDE	MVNPCOMA	\$67.48	\$93.53	\$93.53	\$79.76	\$79.76	\$79.76	\$79.76
NEDERLAND	NEDERLAND	NDLDCOMA	\$19.59	\$19.30	\$19.30	\$19.93	\$19.93	\$19.93	\$19.93
BROOMFIELD	NORTHGLENN	NGLNCOMA	\$0.00	\$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	\$4.05
NEW CASTLE	NEW CASTLE	NWCSCOMA	\$25.45	\$23.03	\$23.03	\$21.67	\$21.67	\$21.67	\$21.67
OAK CREEK	OAK CREEK	OKCKCOMA	\$56.11	\$51.29	\$51.29	\$51.85	\$51.85	\$51.85	\$51.85
OLATHE	OLATHE	OLTHCOMA	\$22.80	\$21.13	\$21.13	\$21.00	\$21.00	\$21.00	\$21.00
OURAY	OURAY	OURYCOMA	\$29.18	\$26.93	\$26.93	\$28.41	\$28.41	\$28.41	\$28.41
JULESBURG	OVID	OVIDCOMA	\$132.73	\$131.20	\$131.20	\$137.40	\$137.40	\$137.40	\$137.40
PARACHUTE	PARACHUTE	PACHC01	\$15.61	\$14.90	\$14.90	\$14.00	\$14.00	\$14.00	\$14.00
PALISADE	PALISADE	PLSDCOMA	\$12.40	\$15.26	\$15.26	\$18.78	\$18.78	\$18.78	\$18.78
FLORENCE	PENROSE	PNRSCOMA	\$16.67	\$18.10	\$18.10	\$23.40	\$23.40	\$23.40	\$23.40
PARKER	PARKER	PRKRCOMA	\$0.00	\$0.28	\$0.28	\$0.08	\$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 per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$17.61	\$17.77	\$17.77	\$19.02	\$19.02	\$19.02	\$19.02
PUEBLO	PUEBLO WEST	PUBLCO06	\$0.44	\$0.43	\$0.43	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	PUEBLO MAIN	PUBLCOMA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
PUEBLO	SUNSET	PUBLICOSU	\$0.00	\$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	\$31.70
RIDGEWAY	RIDGEWAY	RDGWCOMA	\$28.73	\$25.92	\$25.92	\$24.40	\$24.40	\$24.40	\$24.40
RIFLE	RIFLE	RIFLCOMA	\$5.70	\$4.72	\$4.72	\$4.17	\$4.17	\$4.17	\$4.17
SALIDA	SALIDA	SALDCOMA	\$8.98	\$8.95	\$8.95	\$10.48	\$10.48	\$10.48	\$10.48
COLORADO SPRINGS	SECURITY MAIN	SCRTCOMA	\$0.00	\$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	\$31.25
SILT	SILT	SILTCOMA	\$25.09	\$23.11	\$23.11	\$23.74	\$23.74	\$23.74	\$23.74
SILVERTON	SILVERTON	SLTNCOMA	\$34.85	\$32.00	\$32.00	\$34.19	\$34.19	\$34.19	\$34.19
ASPEN	SNOWMASS	SNMSCOMA	\$3.75	\$4.23	\$4.23	\$4.61	\$4.61	\$4.61	\$4.61
STERLING	STERLING	STNGCOMA	\$8.42	\$9.42	\$9.42	\$12.94	\$12.94	\$12.94	\$12.94
STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$5.31	\$5.65	\$5.65	\$5.82	\$5.82	\$5.82	\$5.82
BOULDER	TABLE MESA	TEMACOMA	\$0.00	\$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	\$10.83
TRINIDAD	TRINIDAD	TRNDCOMA	\$12.44	\$12.41	\$12.41	\$12.43	\$12.43	\$12.43	\$12.43
VAIL	VAIL	VAILCOMA	\$0.36	\$0.83	\$0.83	\$0.62	\$0.62	\$0.62	\$0.62
PUEBLO	VINELAND	VNLDCOMA	\$13.82	\$15.29	\$15.29	\$16.75	\$16.75	\$16.75	\$16.75
WARD	WARD	WARDCOMA	\$42.83	\$37.74	\$37.74	\$37.50	\$37.50	\$37.50	\$37.50
COLORADO SPRINGS	WOODLAND PARK	WDPKCOMA	\$6.54	\$6.42	\$6.42	\$6.30	\$6.30	\$6.30	\$6.30
FT COLLINS	WELLINGTON	WGTNCOMA	\$18.01	\$16.18	\$16.18	\$17.69	\$17.69	\$17.69	\$17.69
WALSBURG	WALSBURG	WLBGCOMA	\$25.37	\$25.87	\$25.87	\$27.82	\$27.82	\$27.82	\$27.82
WELDONA	WELDONA	WLDA CONA	\$68.12	\$62.65	\$62.65	\$62.74	\$62.74	\$62.74	\$62.74
ARVADA ZONE	WESTMINSTER	WMNSCOMA	\$0.00	\$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	\$0.00
YAMPA	YAMPA	YAMP COMA	\$82.80	\$85.13	\$85.13	\$89.37	\$89.37	\$89.37	\$89.37
Statewide Average			\$11.59	\$10.86	\$10.86	\$11.43	\$11.43	\$11.43	\$11.43
Residential Revenue Benchmarks*			\$19.02	\$18.59	\$18.59	\$18.99	\$18.99	\$18.99	\$18.99

\* New Commission Rules will require future support to use an imputed Residential Benchmark rate of \$17.00







Colorado High Cost Support per Business Access Line per Month									
(Qwest exchanges and corresponding support)									
Exchange	City	CLI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
LITTLETON ZONE	ABERDEEN	ENWDCOAB	\$0.00	\$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	\$0.00
ERIE	ERIE	ERIECOMA	\$0.00	\$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	\$0.00
EVERGREEN	EVERGREEN	EVRGCOMA	\$0.00	\$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	\$4.41
COLORADO SPRINGS	FOUNTAIN	FONTCOMA	\$0.00	\$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	\$0.00
FREDRICK	FREDRICK	FRDRCOMA	\$0.00	\$19.18	\$19.18	\$0.00	\$0.00	\$0.00	\$0.00
FAIRPLAY	FAIRPLAY	FRPLCOMA	\$20.60	\$0.00	\$0.00	\$19.38	\$19.38	\$19.38	\$19.38
DILLON	FRISCO	FRSCCOMA	\$0.00	\$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	\$0.00
FRUITA	FRUITA	FRUTCOMA	\$0.00	\$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	\$0.00
FT LUPTON	FT LUPTON	FTLPCOMA	\$0.00	\$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	\$0.00
GRAND JUNCTION	GRAND JUNCTION	GDJTCOMA	\$0.00	\$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	\$0.00
GILCREST	GILCREST	GLCRCOMA	\$23.15	\$21.56	\$21.56	\$15.68	\$15.68	\$15.68	\$15.68
GOLDEN ZONE	GOLDEN	GLDNCOMA	\$0.00	\$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	\$0.00
COLORADO SPRINGS	GREEN MOUNTAIN FALLS	GMFLCOMA	\$0.00	\$0.00	\$0.00	\$0.97	\$0.97	\$0.97	\$0.97
GUNNISON	GUNNISON	GNSNSOMA	\$1.08	\$4.13	\$4.13	\$5.49	\$5.49	\$5.49	\$5.49
GREELEY	GREELEY	GRELCOJC	\$0.00	\$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	\$0.00
GRANBY	GRANBY	GRNBCOMA	\$0.00	\$0.00	\$0.00	\$2.59	\$2.59	\$2.59	\$2.59
GEORGETOWN	GEORGETOWN	GRTWCOMA	\$0.00	\$0.09	\$0.09	\$2.93	\$2.93	\$2.93	\$2.93
HUDSON	HUDSON	HDSNCOMA	\$7.48	\$13.81	\$13.81	\$13.33	\$13.33	\$13.33	\$13.33
HILLROSE	HILLROSE	HLRSCOMA	\$115.61	\$105.83	\$105.83	\$117.42	\$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	\$43.64
HAYDEN	HAYDEN	HYDNCOMA	\$37.44	\$38.49	\$38.49	\$43.94	\$43.94	\$43.94	\$43.94
IDAHO SPRINGS	IDAHO SPRINGS	IDSPCOMA	\$0.00	\$2.28	\$2.28	\$2.12	\$2.12	\$2.12	\$2.12
JOHNSTON MILLIKEN	JOHNSTON MILLIKEN	JHMLCOMA	\$0.00	\$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	\$30.87
KIOWA	KIOWA	KIOWCOMA	\$38.43	\$23.94	\$23.94	\$25.68	\$25.68	\$25.68	\$25.68



Colorado High Cost Support per Business Access Line per Month									
(Qwest exchanges and corresponding support)									
Exchange	City	CLI	Support per Line 2006	Support per Line 2007	Support per Line 2008	Support per Line 2009	Support per Line 2010	Support per Line 2011	Support per Line 2012
PLATTEVILLE	PLATTEVILLE	PTVLCOMA	\$0.00	\$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	\$0.00
PUEBLO	PUEBLO	PUBLCOMA	\$0.00	\$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	\$0.00
PEYTON	PEYTON	PYTNCOMA	\$14.28	\$13.83	\$13.83	\$16.92	\$16.92	\$16.92	\$16.92
RIDGEWAY	RIDGEWAY	RDGWCOMA	\$8.81	\$7.41	\$7.41	\$7.58	\$7.58	\$7.58	\$7.58
RIFLE	RIFLE	RIFLCOMA	\$0.00	\$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	\$0.00
COLORADO SPRINGS	SECURITY	SCRTCOMA	\$0.00	\$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	\$10.02
SILT	SILT	SILTCOMA	\$6.69	\$6.51	\$6.51	\$7.04	\$7.04	\$7.04	\$7.04
SILVERTON	SILVERTON	SLTNCOMA	\$14.09	\$14.33	\$14.33	\$14.71	\$14.71	\$14.71	\$14.71
ASPEN	SNOWMASS	SNMSCOMA	\$0.00	\$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	\$0.00
STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	STSPCOMA	\$0.00	\$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	\$0.00
TELLURIDE	TELLURIDE	TLRDCOMA	\$0.00	\$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	\$0.00
VAIL	VAIL	VAILCOMA	\$0.00	\$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	\$2.69
WARD	WARD	WARDCOMA	\$10.80	\$0.00	\$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	\$0.00
FT COLLINS	WELLINGTON	WGTCOMA	\$1.97	\$2.39	\$2.39	\$4.13	\$4.13	\$4.13	\$4.13
WALSENBURG	WALSENBURG	WLBGCOMA	\$2.73	\$7.28	\$7.28	\$11.05	\$11.05	\$11.05	\$11.05
WELDONA	WELDONA	WLDAONA	\$51.27	\$43.32	\$43.32	\$45.40	\$45.40	\$45.40	\$45.40
ARVADA ZONE	WESTMINSTER	WMNSCOMA	\$0.00	\$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	\$0.00
YAMPA	YAMPA	YAMPCOMA	\$62.08	\$65.43	\$65.43	\$72.56	\$72.56	\$72.56	\$72.56
Statewide Average			\$16.97	\$17.76	\$17.76	\$15.99	\$15.99	\$15.99	\$15.99
Business Revenue Benchmarks*			\$38.45	\$36.34	\$36.34	\$34.79	\$34.79	\$34.79	\$34.79

\* New Commission Rules will require future support to use an imputed Business Benchmark rate of \$35.02