2019 Annual Report of the
Colorado High Cost Support Mechanism

Prepared by:

The Colorado Public Utilities Commission Staff

December 1, 2019

COLORADO
Department of Regulatory Agencies
Public Utilities Commission

Jeffrey P. Ackermann, Chairman
Frances A. Koncilja, Commissioner
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Patty Salazar, Executive Director
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1560 Broadway, Suite 250
Denver, CO 80202

December 1, 2019

The General Assembly
State Capitol Building
Denver, Colorado 80203

Dear Members of the Colorado General Assembly:

The attached report on the Colorado High Cost Support Mechanism (HCSM) for 2019 is hereby submitted to the House Business Affairs and Labor and the Senate Business, Labor and Technology Committee, in accordance with Section 40-15-208, C.R.S.

The HCSM 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. In 2018, the Colorado General Assembly enacted Senate Bill (SB) 18-002, which concerns the financing of broadband deployment and sunsets the HCSM. SB18-002 significantly modifies the HCSM. January 2019 was the start date for the changes included in SB18-002 and is reflected in the financial support directed to the Broadband Fund as well as to the non-rural incumbent (CenturyLink QC) and the other existing recipients.

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

Sincerely,

Doug Dean

Doug Dean, Director

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Executive Summary

The Colorado High Cost Support Mechanism (HCSM) supports both universal service funding for basic voice service and allocations to provide broadband deployment in Colorado. In 2018, the Morgan County District Court dismissed with prejudice the legal challenges to the Colorado Public Utilities Commission's (Commission or PUC) 2016 decisions, finally enabling the Commission to allocate approximately $10.8 million for rural broadband deployment. Since 2014, the Commission has allocated a total of $31,797,073 in HCSM funds to support rural broadband deployment in unserved areas of Colorado.

The Commission also fulfilled basic voice service HCSM funding in 2018 as projected, distributing $33.4 million to support universal basic voice service support in rural areas of Colorado that the Commission had not yet found to have effective competition.

Through Senate Bill (SB) SB18-002, effective August 8, 2018, the General Assembly significantly revised the HCSM. The new law now requires that contributions remain at 2.6 percent through 2023. At the same time, distributions to support basic service must be reduced, modifying the amount of support for basic service to an estimated $15,945,424 in 2019. Funding provided to basic service is reduced for the non-rural incumbent (CenturyLink QC/Qwest Corporation), with increasing percentages of funding allocated to broadband deployment. Ultimately, by 2023, 100 percent of the HCSM shall be allocated to broadband deployment each quarter.

Based on the projected contributions at 2.6 percent and the allocation percentages required by statute for both basic service and broadband, the following includes the actual distributions for 2018 and the estimated distributions projected for 2019:

	2018	**2019**
Broadband	$10.8 mil.	$11.8 mil
Basic Voice Service	$33.4 mil.	$15.9 mil.

If contributions continue to decline at the required 2.6 percent collection rate, the amounts indicated to support broadband and basic voice service will necessarily be reduced accordingly in coming years.

SB18-002 also requires deregulation of basic voice service throughout Colorado by January 1, 2023. Prior to 2018, the Commission issued orders eliminating HCSM funding and corresponding regulation for basic voice service in primarily urban areas of Colorado with demonstrated competition. SB18-002 requires the Commission to eliminate HCSM funding and regulation in all remaining, primarily rural, exchange areas of Colorado, such that basic service funding and corresponding regulatory obligations for basic service are removed entirely by January 1, 2023. The Commission was required to establish a plan to eliminate regulatory obligations by 2023 on or before December 31, 2018.

Throughout 2018, the Commission conducted stakeholder workshops to determine best steps to implement SB18-002, including establishing the required regulatory reduction plan by December 1, 2018. Based on robust stakeholder workshops and public comments, the Commission adopted revised rules implementing the required plan in addition to making necessary revisions to the HCSM rules to implement SB18-002. Consistent with those rules, for each year through 2023, exchange areas that will be ineligible for HCSM basic voice service support and therefore must have regulatory obligations removed are listed in Appendix 5 to this report.

As required by SB18-002 and indicated in Appendix 5, no area in Colorado shall receive HCSM funding nor be subject to regulatory obligations for basic voice service starting January 1, 2023.

As required by § 40-15-208(2)(b), C.R.S., this report provides details regarding the accounting of the HCSM for 2019 and the projections and updates that affect HCSM accounting considerations occurring or anticipated for 2020 and after.

Introduction

The Commission is required to submit a written report of the HCSM to the General Assembly on or before December 1st of each year pursuant to § 40-15-208, C.R.S. The report provides an overview of the operations of the HCSM for the calendar year 2019 and proposed operations for the calendar year 2020. Specifically, the report identifies total contributions by carrier type, a discussion of contributions, and an update on current Commission Proceedings impacting the HCSM. The report details HCSM total distributions, specific distribution amounts to telecom providers in 2019 to date, and anticipated 2020 disbursements.

The report also provides information regarding the Commission's administration and administrative cost of the HCSM. Appendix 1 to this report provides additional contribution financial detail. Appendix 2 provides a history of the HCSM. Appendix 3 contains detail regarding recent enacted telecom reform legislation and current Commission Proceedings. Appendix 4 provides information regarding the coordination of the HCSM and federal universal service support. Appendix 5 is a schedule of the wire centers that are removed from the list of areas that are supported for basic service on a year-by-year basis from 2019 through 2023.

HCSM Fund Operations

The Commission serves as the administrator for billing, collection, and disbursement functions for the HCSM. 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 HCSM, and records the cost of administrative expenses. The goal of the HCSM Administrator was, prior to SB18-002, to establish a surcharge rate at the appropriate level to generate projected contributions necessary to match projected distributions necessary to match projected distributions while maintaining a sufficient reserve necessary to manage cash flow and unpredicted events (*e.g.* new HCSM applications). The surcharge setting function was modified by SB18-002 with the surcharge being frozen at 2.6% (the surcharge in effect as of January 1, 2018) with any change in the rate not occurring until on or after July 1, 2023. On or after this date, the Commission may reduce the surcharge so that the amount collected from the surcharge in year 2024 does not exceed $25.0 million.

Administration of the fund consists of two primary functions – Contributions and Distributions.

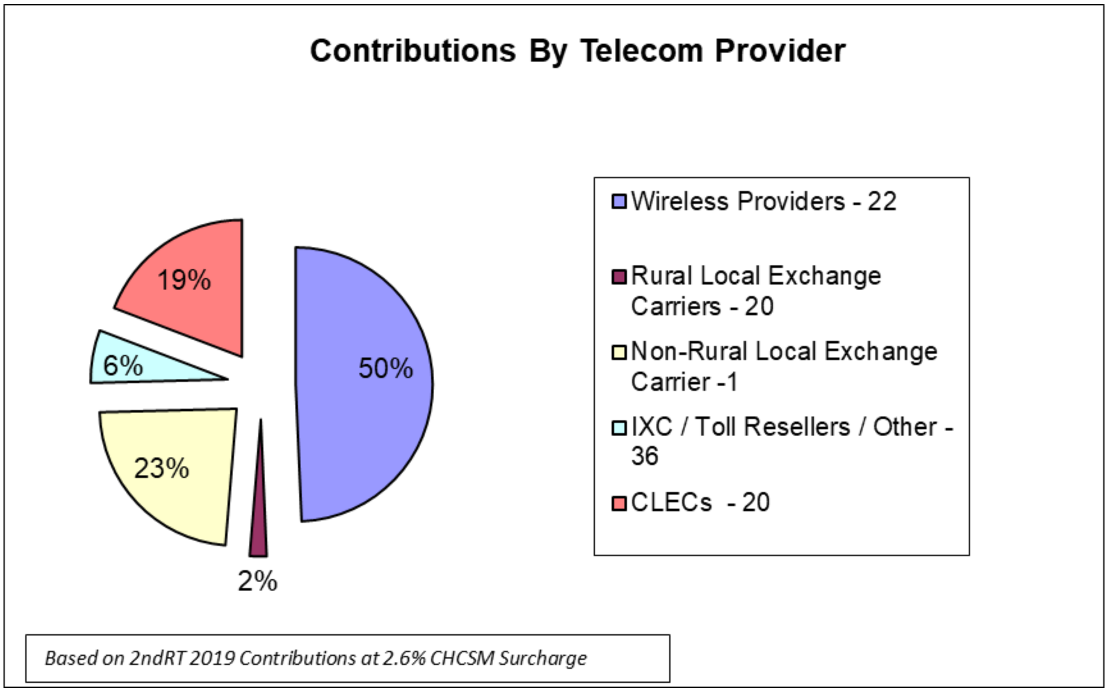
Contributions

Contributions are made to the HCSM through a rate element assessment, also known as the Colorado Universal Service Charge, on intrastate telecommunications service revenues. Telecom providers may, and do, generally pass along the charge on their end-user bills. Telecom providers are required by Commission rules to report intrastate revenues on the HCSM worksheet twice a year (March 31st for the previous calendar year and September 1st for the first six months of the current year). The Administrator uses these worksheets to calculate and invoice the telecom provider on a quarterly basis based on its prior revenues reported on the HCSM worksheets.

Telecom providers are invoiced quarterly by the Administrator. Previous rules allowed telecom providers to be considered *de minimis* (less than $5,000 annual HCSM contributions which equated to $192,308 in annual revenues), to not contribute to the fund. The treatment of *de minimis* revenues was modified in the recent update to the HCSM rules (Proceeding No. 18R-0561T), where now all providers must report and pay a contribution based on their reported revenues, with no *de minimis* exemptions. Any reseller of telecom services must notify its underlying carrier whether it contributes directly to the HCSM fund or if the telecom provider should be treated as an "end-user." If the reseller is considered an "end-user" then the underlying provider of telecom service contributes the amount to the HCSM fund on behalf of the reseller.

In 2019, approximately 100 telecom providers, excluding those previously identified as *de minimis,* contributed to the HCSM fund in Colorado. In 2018, 115 telecom providers contributed. An additional number of providers that would previously have been identified as *de minimis, about 70 providers, added an approximately $388,000* in contributions The 2019 total contribution amount is projected to be $28,794,859, which would be approximately $4.4 million less than the total annual amount contributed in 2018. The Colorado high cost surcharge is currently 2.6 percent. The surcharge has been 2.6 percent since April 1, 2013 and will remain at 2.6 percent as prescribed by SB18-002.

The chart below depicts the approximate 2019 number of contributors by telecom service provider type and percentage of contributions to the fund:

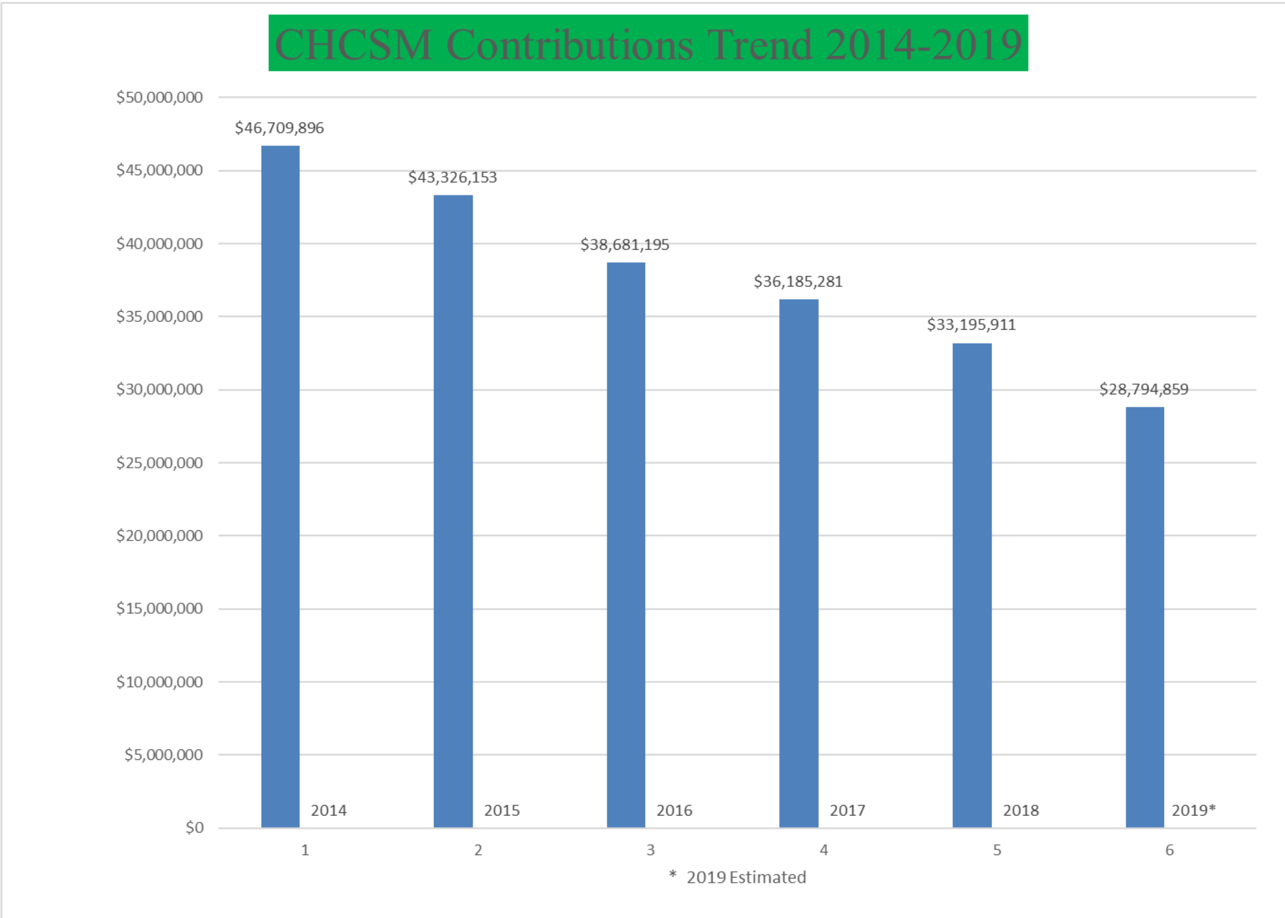


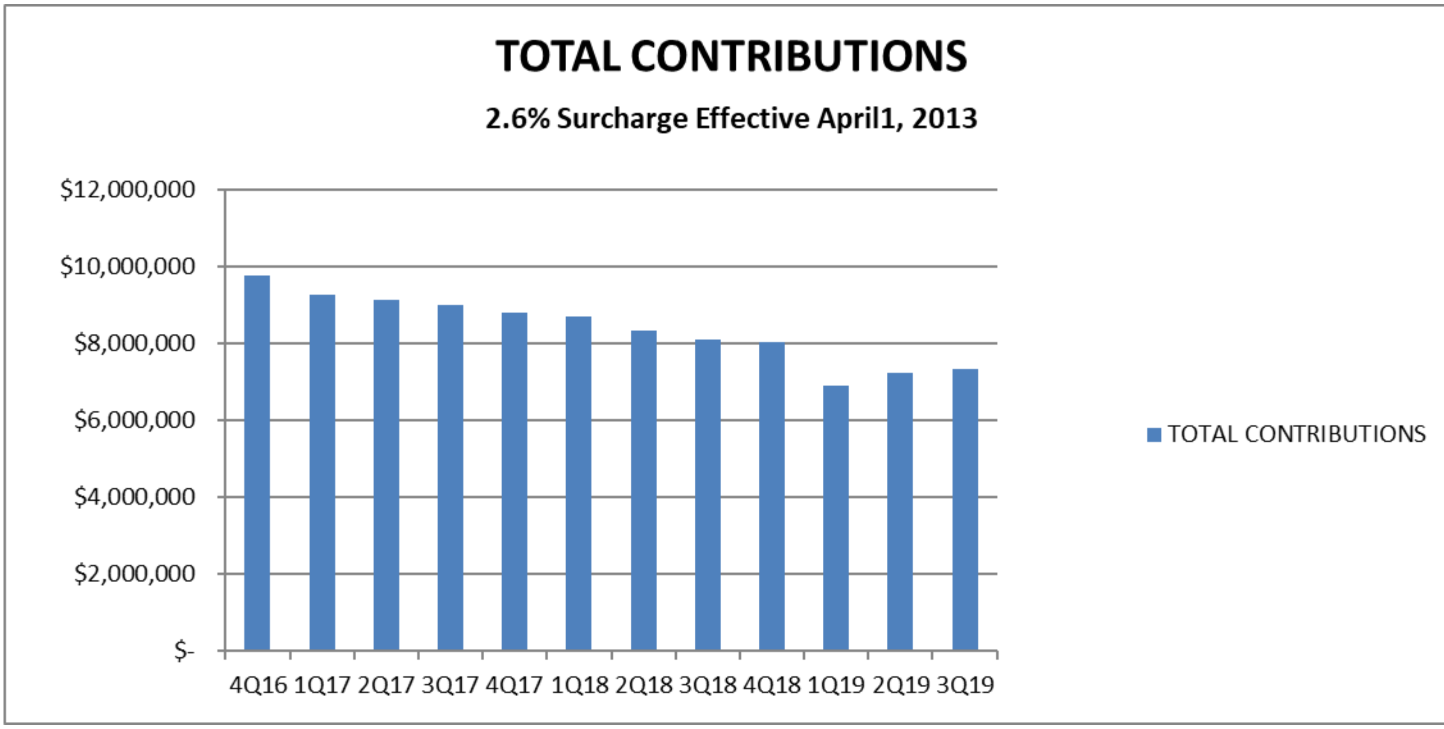
The Administrator anticipates that the causes of the decline in contributions will continue in future years. Telecommunications markets, consumer choices, and even the relevant laws continue to change. Many traditional basic service consumers have migrated away from traditional wireline service to wireless and Voice over Internet Provider (VoIP) services (both of which include a mix of intrastate and interstate revenue). CenturyLink QC (Qwest) – the primary wireline provider in Colorado - continues to experience declining basic voice service revenues as consumers continue to abandon traditional wireline service. Even among wireless consumers, voice usage revenue is declining while data usage revenue (*e.g.*, text and internet data access via cellphone technology), that is not subject to the HCSM surcharge rate is increasing.

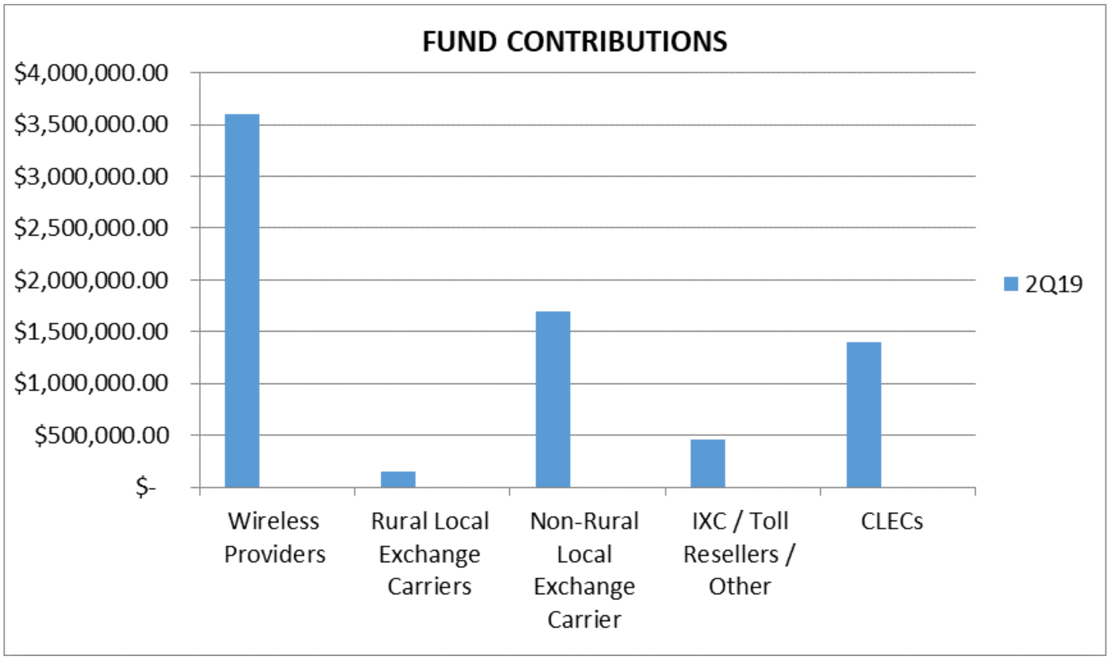
The historical decline in HCSM contributions seen in Colorado - approximately 2 percent per quarter - is consistent with the declines seen in other states. The decrease in contributions is not unique to Colorado, but is also occurring on a national level.

Projections for contributions to the fund in the years 2019-2022 from the HCSM surcharge were included in the updated rules for purposes of creating a reduced regulation plan in Proceeding No. 18R-0561T. Those projections, compared to actual collections and updated projections, continue to show a decline in contributions. For example, in Rule 4 Code of Colorado Regulations, 723-2-2848(c), for 2019, contributions were estimated to be $31.5 million. Updated estimated contributions, considering actual receipts through the 3rd Quarter 2019 and estimated receipts for the 4th Quarter of 2019 total approximately $28.8 million. For 2020, the reduced regulation plan was based on a forecasted $29.0 million in HCSM contributions. The HCSM Administrator, based on previous trends and the 2019 collections to date, projects 2020 contributions to be approximately $27.0 million.

The following charts demonstrate the declining contribution trend:




TOTAL CONTRIBUTIONS
2.6% Surcharge Effective April1, 2013
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
4Q16 1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19
TOTAL CONTRIBUTIONS


FUND CONTRIBUTIONS
$4,000,000.00
$3,500,000.00
$3,000,000.00
$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00
$-
Wireless Providers
Rural Local Exchange Carriers
Non-Rural Local Exchange Carrier
IXC / Toll Resellers / Other
CLECs
2Q19

Distributions

As Administrator, the Commission oversees all distributions from the HCSM. Prior to enactment of SB18-002, distributions from the fund were provided to Eligible Providers (EPs) that serve customers in high cost geographic areas where the Commission had not found effective competition. A telecom provider could also be designated by the Commission as an Eligible Telecommunications Carrier (ETC) in order to receive Federal Universal Service Funds, and be designated as an EP and an ETC to receive funds from the HCSM. ILECs (*i.e.*, Qwest and Rural Incumbent Local Exchange Carriers (RLECs)), wireless carriers, Competitive Local Exchange Carriers (CLECs), and VoIP providers could request EP and ETC status to be eligible for high cost support. Interexchange carriers, toll resellers, and resellers of basic service are not eligible to receive high cost support.

Distributions of the HCSM to EPs and ETCs for 2015 through 2018 were determined through Commission Proceeding No. 15M-0158T. On August 20, 2015, a Stipulation and Settlement Agreement (Settlement) was entered into and filed by Qwest, CenturyTel of Eagle, CenturyTel of Colorado, and El Paso County Telephone Company (El Paso) (collectively CenturyLink); Trial Staff of the Colorado Public Utilities Commission (Staff); the Colorado Telecommunications Association (representing small, rural carriers that are eligible to receive HCSM distributions); and Northern Colorado Communications, LLC (NCC) (a wireless provider that is eligible to receive HCSM distributions) in Proceeding No. 15M-0158T. Within its terms, the Settlement proposed for a four-year period (2015 through 2018), with a stipulated amount of HCSM funds for distribution to support basic service to current recipients.

In order to consider the Settlement, the Commission combined Proceeding Nos. 15M-0158T and 14M-0947T.[1] Through these combined proceedings, the Commission ultimately approved, with modification, an amended Settlement. The Commission authorized disbursements to settling parties that account for the majority of

[1] *See* Decision No. C15-0968-I issued September 4, 2015 in Proceeding No. 15M-0158T.

distributions from the HCSM. The Commission also approved disbursement of HCSM funding to eligible distribution recipients, NCC and NE Colorado Cellular, Inc., doing business as Viaero (Viaero) that did not join in the Settlement. The Commission authorized the Administrator to calculate and make distributions for 2015 to Viaero for $4,874,113. After 2016, the Commission authorized additional HCSM funding for Viaero, but excluded ongoing HCSM funding in any areas recently found to have effective competition for any provider, including Viaero, pursuant to Commission rules in effect at the time.

The Settlement agreement, as modified, enabled the Commission to anticipate that distributions would remain relatively consistent and predictable through 2018 at approximately $33.3 million annually. Viaero did not join the Settlement and NCC withdrew from the Settlement, as modified. In April of 2016, Viaero appealed the Commission's decisions[2] in Morgan County District Court, challenging both the Settlement and findings of effective competition in 46 wire centers.

Distributions beginning January 1, 2019 through 2023 are based on contributions and percentage distribution amounts prescribed by SB18-002. §40-15-208(2)(a)(IV), C.R.S. With the passage of SB18-002, beginning in 2019, distributions for high cost support became prescriptive. Allocation of high cost funds will be done on a quarterly basis for voice, broadband, and administration as follows:

- Administrative costs of the HCSM fund.
- Rural telecom providers receiving support as of January 1, 2017 will continue to receive support through 2023 at a reimbursement amount calculated from average payments received by the provider in 2015 and 2016.
- Broadband will receive support beginning in 2019 at 60 percent of contributions minus amounts paid to rural telecom providers and administrative costs. Each following year, an additional 10 percent of contributions will be allocated to the HCSM Broadband account, until 100 percent

[2] Although it withdrew from the Settlement as modified, NCC did not join in this appeal.

of the HCSM fund is allocated for broadband deployment in 2023.

- Non-rural Incumbent (CenturyLink) will receive 40 percent of contributions in 2019. Each subsequent year, CenturyLink will receive 10 percent less, until 2023, at which time 100 percent of the HCSM fund is allocated for broadband deployment.

Distributions to the Broadband Fund

Since 2014, the Commission has allocated $31.8 million (through 3rd Quarter 2019) in HCSM funds to support rural broadband deployment in unserved areas of Colorado.

On December 4, 2014, after making its first findings of effective competition for 56 wire centers, and consistent with 2014 Telecom Reform Legislation, the Commission allocated approximately $3 million for broadband deployment through Decision No. C14-1424, in Proceeding No. 04M-388T. However, CenturyLink challenged the decision through its filings in Denver District Court on January 2, 2015, and the Commission suspended distribution of the funds pending a court order.

On March 4, 2015, through Commission Decision No. C15-0208 in Proceeding No. 04M-388T, consistent with a Denver District Court Order requested by the Commission, the Commission transferred $200,000 from the HCSM to the State's Broadband Deployment Board to cover the board's administrative costs. The remaining amounts to be allocated for broadband deployment were retained pending further order of the Court.

Ultimately, on March 29, 2016, consistent with the terms in the Amended Settlement, approved by the Commission on March 22, 2016 CenturyLink stipulated to dismissal of its judicial review action, including its challenge to transfer of approximately $3 million for rural broadband development. The court approved the stipulated dismissal of the case, with prejudice, on March 30, 2016. Through Commission Decision No. C16-0300, issued April 8, 2016, in Proceeding No. 04M-388T, the Commission therefore allocated $2,693,567, the remaining balance of the disputed funds, to the Broadband Deployment Board.

As discussed above, in consolidated Proceeding Nos. 15M-0158T and 14M-0947T, the Commission established HCSM support amounts to be paid to specific providers of basic service for the calendar years 2015, 2016, 2017, and 2018 Within these consolidated proceedings, the Commission also determined that effective competition existed in an additional 46 wire center serving areas.[3] The Commission indicated that, through a separate proceeding, it would consider whether HCSM funds were no longer required for basic service through these findings of effective competition, such that funding may be allocated for broadband deployment. The Commission issued its final decision in the consolidated proceeding on March 22, 2016.[4] As discussed above, Viaero filed its appeal of the Commission's decisions in Morgan County District Court in April of 2016.

Consistent with its order, on April 13, 2016, and pursuant to statutory directives in § 40-15-509.5, C.R.S., the Commission opened Proceeding No. 16M-0268T, through Decision No. C16-0327, for the purpose of determining the amount of funds no longer required by the HCSM to support universal basic service through its findings of effective competition in 46 wire centers. The Commission indicated that, if it found funds were no longer required to support basic service, it would allocate funds from the HCSM to the Broadband Deployment Board pursuant to statute.

The Commission notified all participants regarding Viaero's pending appeal and sought comments. Shortly thereafter, the Morgan County District Court "suspended" all 46 findings of effective competition. Viaero claimed that the suspension required that it receive millions of dollars in HCSM subsidies for basic voice service. The Commission objected to Viaero's claim, and sought clarification on the suspension ordered by the

[3] Decision No. C16-0027, issued January 11, 2016; Decision No. C16-0165, issued March 1, 2016, and Decision No. C16-0237, issued March 22, Proceeding Nos. 15M-0158T and 14M-0947T.

[4] *See* Decision No. C16-0237.

Court, while at the same time updating parties in Proceeding No. 16M-0268T of all pending Court action.

In its ongoing Proceeding No. 16M-0267-8T, through Decision no. C16-1161-I, issued December 21,2016, without significant Court orders after the April suspension decision through December of 2016, the Commission again noted the uncertainty regarding the Court proceedings and recognized that, as a direct consequence of Viaero's appeal, funding for broadband deployment pursuant to § 40-15-509.5, C.R.S. was harmed. The Commission provided an update of the appeal to participants in the proceeding; addressed the grant pending interventions; and provided an updated status of the HCSM fund. The Commission further noticed the proceeding, permitting additional notice and comment, such that it could consider whether funds were no longer necessary for basic service due to Commission findings of effective competition up to that date.

In February of 2017, the Morgan County District Court ultimately confirmed the Commission's understanding that the Court's order suspending the Commission's findings of effective competition did not require the Commission to provide millions of dollars in "ongoing" HCSM subsidies to Viaero for basic voice service. On February 1, 2017, the District Court dismissed the majority of Viaero's claims, with the exception of the Commission's findings of effective competition in 15 wire centers in which Viaero previously received HCSM funding. Subsequently, on June 14, 2018, the District Court dismissed, with prejudice, Viaero's remaining challenge to the Commission decisions. No further court appeal was filed and the Commission provided distributions through 2018 consistent with the Settlement, as modified.

Concurrent with these significant District Court determinations in early 2017, parties to the Commission's Proceeding No. 16M-0268T addressed through their comments HCSM funding concerns and proposed limitations on transfers for broadband due to Viaero's appeal. In addition, on June 7, 2017, the Governor's counsel provided a letter noting the passage of the long bill (SB17-254) that noted $9.45 million of HCSM towards rural broadband deployment. The letter requested that the Commission "act quickly" to transfer funds to rural broadband. The Commission included the letter in its ongoing Proceeding No. 16M-0268T.

Through Decision No. C17-0503, issued June 19, 2017, the Commission considered comments, filings, and information from its CHCSM administrator to find that $9.45 million was no longer required by the HCSM to support universal basic service through its 2014 and 2016 findings of effective competition, with the exclusion of the findings for the remaining 15 wire centers subject to the pending court-ordered suspension in Viaero's appeal. Upon the allocation of the $9.45 million from the HCSM Fund for rural broadband deployment, the Commission found the HCSM Fund would maintain sufficient funding to support basic service and have a sufficient reserve to account for uncertainties of the ongoing litigation. This allocation was completed on August 10, 2017. The Commission received no challenge to its decision allocating the $9.45 million.

In its 2017 order allocating $9.45 million to broadband deployment, the Commission stated it would maintain at least $3.4 million for each year throughout pendency of Viaero's appeal. It further stated that, "[u]pon conclusion of the appeal, the Commission will make necessary determinations regarding these 15 wire centers to transfer these funds for either basic service or broadband through a separate proceeding, consistent with the court's orders." Decision No. C17-0503, Proceeding No. 16M-0268T at ¶ 15.

On June 14, 2018, the Morgan County District Court dismissed, with prejudice, all remaining claims in Viaero's appeal and vacated the remainder of the Court-ordered stay.

Upon dismissal of the appeal, the Commission opened Proceeding 18M-0432T, on its own motion consistent with its intentions stated in Decision No. C16-0327T, Proceeding No. 16M-0268T, to determine what funds are no longer necessary to support universal basic service due to findings of effective competition, and the amount of funds to allocate from the HCSM for broadband deployment, consistent with § 40-15-509.5, C.R.S.

Within its decision opening the proceeding, the Commission noted that, by dismissing the pending appeal, with prejudice, and vacating the court-ordered suspension, the Commission was able to consider whether the current HCSM fund balance included reserved amounts that are no longer necessary for basic voice service through findings of effective competition. Maintaining a reserve for the HCSM is within the Commission's discretion. Historically, this reserve accounts for administration costs and uncertainties of distributions from the fund. As discussed in Commission Decision No. C18-0533 issued July 3, 2018, opening Proceeding No. 18M-0432T, with settlement for disbursement through the year end of 2018, and prescriptive disbursements based on statutory language starting in 2019, accounting for the HCSM could be anticipated with more certainty than in prior years.

On July 25, 2018, in Commission Decision No. C18-0591, the Commission issued its final decision in the proceeding and affirmed its finding that a limited reserve was appropriate. Given the relative certainty of distributions, and reliance on contribution amounts, the Commission found funding for basic service was not in jeopardy, even assuming contributions continue to decline in coming years. The Commission therefore determined a minimum reserve of $2 million to be sufficient to cover limited uncertainties that may arise regarding basic service contributions and disbursements, in addition to administration costs of the fund.

The Commission found the remaining reserve balance of $10.8 million, which included funds maintained due to the uncertainties caused by the Viaero litigation, was no longer necessary for basic voice service. The Commission authorized the HCSM Administrator to allocate $10.8 million no longer necessary for basic service from the HCSM to support rural broadband deployment.

The table below summarizes distributions from the HCSM to support rural broadband deployment.

Broadband Fund Disbursements		
Transfer Date		**Amount**
3/5/2015	$	2,693,567
8/10/2017	$	9,450,000
8/17/2018	$	10,800,000
2019 (estimated)	$	11,826,288
Total Disbursements	**$**	**34,769,855**

* Transfers for administrative purposes not included

Pursuant to SB18-002, estimated total distributions for 2019 for voice services are provided in the following table:

2019 High Cost Support Projected Distributions		
Rural Carrier	**Recent Adjustment Date**	**Yearly Projected CHCSM Disbursement**
AGATE MUTUAL TEL CO	1/1/2019	$ 17,135
DELTA COUNTY TEL CO	1/1/2019	$ 170,789
NUCLA-NATURITA TEL	1/1/2019	$ 322,387
NUNN TEL CO	1/1/2019	$ 47,175
PEETZ COOP TEL CO	1/1/2019	$ 26,441
PHILLIPS COUNTY TEL	1/1/2019	$ 30,847
PINE DRIVE TEL CO	1/1/2019	$ 680,488
RICO TELEPHONE COMPANY	1/1/2019	$ 13,015
ROGGEN TEL COOP CO	1/1/2019	$ 51,675
WILLARD TEL CO	1/1/2019	$ 29,042
Non-Rural Carrier		
QWEST CORPORATION*	1/1/2019	$11,222,797
Wireless Carriers		
NORTHEAST COLORADO CELLULAR, INC., dba VIAERO	1/1/2019	$ 3,174,269
NNTC Wireless, LLC	1/1/2019	$ 159,365
Broadband Fund Transfers*		$ 11,826,288
TOTAL DISBURSEMENTS		**$ 27,771,713**

* Qwest Corporation and Broadband Fund Distributions estimated

The following table provides 2019 distributions from the CHCSM and the Federal Universal Service Fund (Federal USF):

2019 High Cost Support						
Rural Carrier	**# of Lines**	**FUSF**	**FUSF / Line**	**CHCSM**	**CHCSM / Line**	**Total Support**
AGATE MUTUAL TEL CO	108	$ 309,573	$ 2,866	$ 17,135	$ 159	$ 326,708
BIG SANDY TELECOM	475	$ 78,624	$ 166	$ -	$ -	$ 78,624
BIJOU TEL COOP ASSOC	1056	$ 1,124,742	$ 1,065		$ -	$ 1,124,742
BLANCA TEL CO	570	$ 1,422,266	$ 2,495	$ -	$ -	$ 1,422,266
CENTURYTEL OF EAGLE	31,031	$ -	$ -	$ -	$ -	$ -
CENTURYTEL COLORADO	5,411	$ -	$ -	$ -	$ -	$ -
COLUMBINE ACQ CORP	697	$ 318,777	$ 457	$ -	$ -	$ 318,777
DELTA COUNTY TEL CO	4,927	$ 1,756,470	$ 356	$ 170,789	$ 35	$ 1,927,259
EASTERN SLOPE RURAL	3,526	$ 4,406,017	$ 1,250	$ -	$ -	$ 4,406,017
EL PASO COUNTY TEL	2,440	$ -	$ -	$ -	$ -	$ -
FARMERS TEL CO - CO	394	$ 1,107,967	$ 2,812	$ -	$ -	$ 1,107,967
HAXTUN TEL CO	888	$ 615,899	$ 694	$ -	$ -	$ 615,899
NUCLA-NATURITA TEL	1,380	$ 1,401,454	$ 1,016	$ 322,387	$ 234	$ 1,723,841
NUNN TEL CO	665	$ 1,154,073	$ 1,735	$ 47,175	$ 71	$ 1,201,248
PEETZ COOP TEL CO	187	$ 151,933	$ 812	$ 26,441	$ 141	$ 178,374
PHILLIPS COUNTY TEL	1,184	$ 1,829,423	$ 1,545	$ 30,847	$ 26	$ 1,860,270
PINE DRIVE TEL CO	743	$ 966,815	$ 1,301	$ 680,488	$ 916	$ 1,647,303
PLAINS COOP TEL ASSN	1,000	$ 3,259,216	$ 3,259	$ -	$ -	$ 3,259,216
RICO TEL CO	158	$ 219,883	$ 1,392	$ 13,015	$ 82	$ 232,898
ROGGEN TEL COOP CO	149	$ 537,244	$ 3,606	$ 51,675	$ 347	$ 588,919
RYE TELEPHONE CO	1,997	$ 3,683,561	$ 1,845	$ -	$ -	$ 3,683,561
SOUTH PARK TEL CO	144	$ 414,190	$ 2,876	$ -	$ -	$ 414,190
STONEHAM COOP TEL CO	59	$ 238,433	$ 4,041	$ -	$ -	$ 238,433
STRASBURG TEL CO	1,320	$ 67,084	$ 51	$ -	$ -	$ 67,084
SUNFLOWER TEL - CO	1,140	$ 74,036	$ 65	$ -	$ -	$ 74,036
WIGGINS TEL ASSOC	1,642	$ 2,887,729	$ 1,759	$ -	$ -	$ 2,887,729
WILLARD TEL CO	67	$ 232,048	$ 3,463	$ 29,042	$ 433	$ 261,090
Non-Rural Carrier						
QWEST CORPORATION*		$ 23,504,711		$ 11,222,797		$ 34,727,508
Competitive LEC						
SAN ISABEL TELECOM, INC.	608	$ 126,079	$ -	$ -	$ -	$ 126,079
Wireless Carriers						
N.E. COLORADO CELLULAR, INC., dba VIAERO		$ 5,208,844		$ 3,174,268		$ 8,383,112
NNTC Wireless, LLC**	NA	$ 2,660	$ -	$ 159,365	$ -	$ 162,025
TOTAL DISBURSEMENTS		**$ 57,099,751**		**$ 15,945,424**		**$ 73,045,175**

Last 4 months projected for FUSF Support Amounts
Rural Carrier Line counts from 2018 Annual Reports
San Isabel line counts from monthly TRS report
* Qwest line counts excluded from table.
Viaero line counts excluded from table.
**NNTC only files one wire center, and wire center specific data is confidential

HCSM Administration

For the calendar year January 1, 2019, through December 31, 2019, a projected $201,000 will be distributed to the Commission to administer the HCSM and approximately $80,000 will be paid to Solix for managing the HCSM escrow account and performing certain administrative functions. The administrative expense to manage the HCSM fund as a proportion of the 2019 disbursements is approximately 1.04%.

Solix became the Custodial Receiver for contributions to the HCSM effective November 1, 2011 and has been contracted to continue performing certain administrative functions for another five years initiating November 1, 2016. Personnel service costs for the Commission administration 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 2017, Solix established a separate custodial bank account for receiving all designated funds for broadband and will be paid $18,000 on an annual basis to administer the account for the period January 1, 2019 to December 31, 2019. Should the Commission and Solix mutually agree that additional time is required beyond December 31, 2019, the monthly payment will be $1,500.

Conclusion

Despite significant legal challenges, the Commission has successfully allocated almost $35 million from the HCSM for rural broadband deployment. Under prescriptive statutory changes in SB18-002, additional percentages of HCSM contributions will continue to support rural broadband.

The HCSM fund continued to be negatively affected by declining contributions.

Total contributions in 2018 to the HCSM fund were $33.2 million and total projected contributions in 2019, through year-end, are estimated to be $28.8 million based on the current 2.6 percent surcharge rate. For 2020, based on actual 2019 numbers, contributions are projected to continue to decline, to approximately $27.0 million.

Distributions in 2018 were $33.43 million with distributions in 2019 estimated to be $27.7 million ($15.9 million to support basic voice service and $11.8 million for broadband).

For 2020, contributions are projected to be approximately $27.0 million with support to the broadband fund estimated to increase to approximately $13.0 million and the residual $14 million to support basic voice service.

Appendix 1

Supporting Schedules

Colorado High Cost Support Mechanism Summary of Contribution & Disbursements										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
DISBURSEMENTS:										
Distributions	$54,398,318	$54,149,354	$52,765,176	$52,409,830	$53,132,799	$36,853,152	$33,478,337	$33,267,821	$33,434,709	$15,945,424
Administrative Expenses										
Based on Fiscal Year	$108,161	$108,299	$105,530	$104,820	$106,266	$306,730	$276,360	$307,780	$310,434	$281,214
Total Disbursements										
& Expenditures	**$54,506,479**	**$54,257,653**	**$52,870,706**	**$52,514,650**	**$53,239,065**	**$37,159,882**	**$33,754,697**	**$33,575,601**	**$33,745,143**	**$16,226,638**
CONTRIBUTIONS:										
Jan 1 through March 31	$0	$0	$0	$0	$11,886,125	$11,268,874	$9,881,371	$9,218,041	$8,701,494	$6,898,190
April 1 through June 30	$0	$0	$0	$0	$11,707,425	$10,591,624	$9,526,225	$9,110,623	$8,361,751	$7,245,567
July 1 through Sept 30	$0	$0	$0	$0	$11,608,862	$10,585,684	$9,530,974	$8,996,600	$8,109,255	$7,325,551
Oct 1 through Dec 31	$0	$0	$0	$0	$11,507,483	$10,879,971	$9,742,625	$8,860,017	$8,020,071	$7,325,551
Annual									$3,340	
Total Contributions	**$0**	**$0**	**$0**	**$0**	**$46,709,896**	**$43,326,153**	**$38,681,195**	**$36,185,281**	**$33,195,911**	**$28,794,859**
* Contributions, Disbursements and Administrative Expenses for 2019 are estimated.										

CHCSM Summary of Distributions

Rural Carriers	Gross Distributions Calendar Year 2010	Gross Distributions Calendar Year 2011	Gross Distributions Calendar Year 2012	Gross Distributions Calendar Year 2013	Gross Distributions Calendar Year 2014	Gross Distributions Calendar Year 2015	Gross Distributions Calendar Year 2016	Gross Distributions Calendar Year 2017	Gross Distributions Calendar Year 2018	Gross Distributions Calendar Year 2019*
Agate Mutual Telephone Co.	$16,941	$16,941	$16,941	$16,941	$16,941	$16,941	$16,941	$16,941	$15,513	$17,135
Delta County Tele-Comm	$165,721	$165,721	$165,721	$165,721	$165,721	$165,721	$165,721	$165,721	$121,855	$170,789
Nucla-Naturita	$242,020	$242,020	$282,162	$321,867	$321,867	$321,867	$321,867	$321,867	$312,020	$322,387
Nunn Telephone Company	$58,540	$47,485	$47,485	$47,485	$47,485	$47,485	$47,485	$47,485	$40,255	$47,175
Peetz Cooperative Telephone Co.	$26,441	$26,441	$26,441	$26,441	$26,441	$26,441	$26,441	$26,441	$24,807	$26,441
Phillips County Telephone Co.	$30,847	$30,847	$30,847	$30,847	$30,847	$30,847	$30,847	$30,847	$19,393	$30,847
Pine Drive	$839,269	$681,059	$681,059	$681,059	$681,059	$681,059	$681,059	$681,059	$670,362	$680,488
Rico Telephone Company		$1,255	$13,015	$13,015	$13,015	$13,015	$13,015	$13,015	$11,756	$13,015
Roggen Telephone	$51,614	$51,614	$51,614	$51,614	$51,614	$51,614	$51,614	$51,614	$50,430	$51,675
Willard	$11,366	$29,042	$29,042	$29,042	$29,042	$29,042	$29,042	$29,042	$28,500	$29,042
Non-Rural Carrier										
Qwest Corp.	$50,346,487	$50,069,355	$48,553,314	$47,459,168	$45,924,343	$30,250,000	$30,250,000	$30,250,000	$30,250,000	$11,222,797
Wireless Carriers										
NE Colorado Cellular	$2,608,961	$2,787,574	$2,796,321	$2,970,135	$4,549,994	$4,874,113	$1,474,424	$1,365,528	$1,730,454	$3,174,268
NNTC			$31,509	$150,547	$154,276	$159,365	$159,365	$159,365	$159,365	$159,364
NCC, LLC						$185,643	$7,315	$0	$0	$0
Undesignated Carriers										
Projected Additional Carriers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Totals	**$54,398,206**	**$54,149,354**	**$52,725,471**	**$53,316,719**	**$52,012,645**	**$36,853,152**	**$33,275,136**	**$33,158,925**	**$33,434,710**	**$15,945,423**

* Projected to end of 2019

Colorado High Cost Support Mechanism Rate Element

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1st Qtr	2.70%	2.20%	2.20%	2.20%	2.90%	2.90%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
2nd Qtr	2.70%	2.20%	2.20%	2.20%	2.90%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
3rd Qtr	2.20%	2.20%	2.20%	2.90%	2.90%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
4th Qtr	2.20%	2.20%	2.20%	2.90%	2.90%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%

Appendix 2

HCSM 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 Local Exchange Carriers and established the Colorado High Cost Fund (CHCF). As discussed in more detail below, the CHCF was later renamed the HCSM along with other minor modifications.

SB92-16 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, Rules Regulating Telecommunications Services and Providers of Telecommunications Services now found at 4 *Code of Colorado Regulations* (CCR) 723-2-2840 through 2855.

On May 24, 1995, House Bill (HB) HB95-1335 (Colorado Act) was enacted. The Colorado Act, in part, modified the statutory definition of Basic Service, amended the section establishing the HCSM, 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 may regulate providers of telecommunications services to the extent necessary to assure that universal basic service is available to all consumers in the state at fair, just, and reasonable rates.
>
> § 40-15-502(3)(a), 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 basic service and advanced service in high-cost areas [that are without effective competition for basic service] . . . The Commission shall fund these support mechanisms equitably and on a non-discriminatory, competitively neutral basis through assessments, . . . on all telecommunications service providers in Colorado . . . .
>
> § 40-15-502(5)(a), C.R.S.

The bill modified the HCSM portion of the law, § 40-15-208, C.R.S., to ensure that all providers of basic local exchange service in high cost areas were 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 rulemakings in Proceeding Nos. 95R-558T and 97R-043T regarding the HCSM. Non-rural incumbent telecom providers that were regulated by Commission rules required cost estimates based on a proxy cost model estimate. These proxy cost estimates were then compared to a revenue benchmark with the resulting differential funded by the HCSM for EPs. Rural incumbent telecommunications providers were regulated by Commission rules requiring cost estimates based on the actual embedded cost of service demonstration net of relevant revenues. The HCSM 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 received support were net recipients from the HCSM.

In 1998, Qwest entered into a Stipulation and Settlement Agreement with the Commission freezing the annual support for Qwest until a sufficient proxy model could be developed. In 2002, the parties in Proceeding 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 areas 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, SB98-177 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 HCSM not exceed $60 million during each of the calendar years 1998 and 1999. Further, SB98-177 required that a report be prepared by the Commission accounting for the operation of the HCSM, and that the report be submitted to the General Assembly on or before December 1st of each year. The Commission adopted interim rules[5] and, subsequently, permanent rules[6] implementing SB98-177.

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 HCSM 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 HCSM 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

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[5] *See* PUC Proceeding No. 98R-334T.
[6] *See* PUC Proceeding No. 99R-028T.

cost proxy model (Proceeding 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. 5.2 model, including Staff adjustments made in Proceeding No. 99A-577T, Qwest's updated 2003 Automated Reporting Management Information System data, and updates to the model's line count information. Use of this methodology resulted in HCSM funding to Qwest in the amount of $58,386,874 for the calendar year 2005. Following this Stipulation, Proceeding No. 98M-147T was closed and a new proceeding was opened to consider future cost methodologies. Proceeding No. 04M-388T was opened and was on-going to consider further development of Proxy Cost Models used to establish Qwest's yearly HCSM draw.

In 2005, Viaero became the first wireless carrier to begin drawing HCSM support. Viaero was eligible to receive HCSM support on a per line basis, based on the amount the underlying incumbent carrier received in support for that wire center and on the number of Viaero lines.

In 2005, the Commission opened an investigatory proceeding (05I-431T) for the purpose of examining the HCSM process. Seven workshops were conducted where parties discussed in detail their views on issues. An Administrative Law Judge (ALJ) attended the workshops and 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 HB05-1203 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 Proceeding No. 05R-381T in response to the passage of HB05-1203. The Commission took this emergency action to ensure that high cost support was distributed 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 HCSM 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[7] to address the implementation of the new statutory language the Colorado General Assembly enacted in HB05-1203 in 2006. The purpose of the legislation was to eliminate any inequitable treatment in the distribution of HCSM support and to ensure that the HCSM be implemented in a manner that was nondiscriminatory and on a competitively neutral basis. The rules adopted eliminated the longstanding practice of applying a general rate case filing process to establish earning requirements as the basis for setting the initial or increased HCSM draw. Going forward, the initial level of support and any increases in support were determined using streamlined data and analysis requirements as set forth by the Commission’s Decision No. C07-0919 issued in Proceeding No. 07M-124T on November 9, 2007. The new rules required a single page form for rate-of-return companies to be filed on an annual basis. If there was an indication that an over-earnings situation exists, Staff may have initiated a formal complaint.

In February 2006, the Commission opened an investigatory proceeding (Proceeding No. 06I-084T) to consider the revision of the definition of basic local exchange

[7] *See* Proceeding No. 05R-529T.

telephone service (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 Federal Communications Commission (FCC) issued an order (FCC 06-94 Report and Order and NPRM) in its IP Enabled Services and Universal Service Fund (USF) 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 were telecommunications providers,[8] the FCC has not yet defined VoIP as a telecommunications service or an information service. The FCC 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 percent to 37.1 percent for wireless providers.

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, capped 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 eliminated the identical support rule and gave wireless carriers the opportunity to file for support based on their own costs. Rural cellular operators 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.

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[8] *See* Report and Order and Notice of Proposed Rulemaking, FCC 06-94, released June 27, 2006.

In 2008, the Commission opened a rulemaking proceeding to comprehensively examine the HCSM rules prescribing the implementation of HCSM. Proceeding 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. Proceeding 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 proceedings that have directly impacted the HCSM rules. Changes to the existing rules were implemented on January 1, 2012.

In July 2009, the Commission opened an investigatory proceeding (Proceeding No. 09I-493T) to consider the revision of the definition of basic local exchange telephone service (basic service). The Commission found that the then existing definition of basic service met the goal of maintaining affordability and quality of basic service.[9]

Pursuant to SB09-272, signed by Governor Bill Ritter on May 1, 2009, and SB09-279, signed by Governor Bill Ritter on June 1, 2009, Staff, as Administrator of the HCSM fund, transferred $15,000,000 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.[10] The support amount Western Wireless received for Colorado would be redistributed to other competitive ETC providers in Colorado.[11]

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[9] *See* Commission Decision No. C09-1411 issued in Proceeding No. 09I-493T issued on December 21, 2009.

[10] *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).

[11] Western Wireless received approximately $3.6 million per year in federal support for providing service in high cost areas.

Qwest increased their rate for basic local exchange service to $17.00 effective October 1, 2010. The PUC decision approving the $17.00 rate was challenged in the Colorado Supreme Court. The Supreme Court upheld the $17.00 basic exchange service rate for Qwest in an opinion issued April 30, 2012. In addition, independently the Commission Rules adopted in Proceeding No. 10R-191T required Qwest (and other providers seeking HCSM funds) to impute a residential benchmark of $17.00 and a business benchmark of $35.02. These changes affected the carriers' future support amount.[12]

On April 7, 2010, the Commission opened Proceeding No. 10R-191T - Notice of Proposed Rulemaking to address proposed changes to the HCSM Commission, Decision No. C11-0232. 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 reconsideration of comments filed by the providers, the Commission rescinded the phase-down approach in Decision No. C11-0232 issued March 3, 2011. 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 did 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 that was being undertaken in the telecommunications reform proceeding, Proceeding No. 10M-565T (*see* discussion below). However, the Commission determined that by retaining the benchmark rates, the HCSM fund would not be providing subsidies greater than necessary. These rules reduced the HCSM support amount for new carriers seeking support and for carriers that desired to reset their support amount. The rules were implemented in January 2012.

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[12] Carriers seeking additional HCSM support with local exchange rates below the new benchmark rates will have to impute the new benchmark rates when calculating their revenue.

In August 2010, the Commission convened a Telecommunications Advisory Group (TAG) to discuss and inform the Commission on necessary changes in three key areas of reform: retail services deregulation, universal service, and intrastate access. These issues were analyzed in Proceeding No. 10M-565T, and led to the initiation of Proceeding No. 12R-862T which proposed amended rules to set forth a regulatory framework for determining the existence of effectively competitive areas, the elimination of funding from the HCSM in effectively competitive areas, addressing limited regulatory treatment of IP-enabled and Interconnected VoIP services, and making permanent certain previous emergency rules set forth in Rules 2202, 2203, 2843, and 2856. The Commission held multiple Commission Information Meetings and collected important data regarding competition in the telecommunications marketplace in Colorado. In parallel with the TAG efforts, (SB12-157), also known as the Telecom Modernization Act of 2012, was introduced. This bill sought to reform the telecommunications laws and establish certain policy directives and implementation methodologies. While the introduction of the bill furthered the dialogue regarding the Colorado telecommunications marketplace, the bill was postponed indefinitely on May 4, 2012.

SB10-1281 would have permanently exempted interconnected VoIPs from regulation by the PUC. In addition, SB10-1281 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. SB11-262 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 HCSM by 2025. It would also have explicitly required VoIP providers to contribute to any HCSM, and would have required intrastate access rates to eventually match interstate rates. The bill was postponed indefinitely on May 4, 2012.

On October 28, 2010, the FCC adopted rules that states may require nomadic interconnected VoIP service providers to contribute to state USFs. 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 could not be retroactive.

The Commission addressed proposed HCSM rule changes in 2011. Based on the Commission's own motion, the phase-down rule of the proposed HCSM rule changes was not adopted because the Commission believed that the better venue to discuss the size of the HCSM fund was the telecom reform effort, Proceeding 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 did 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. The telecom reform effort examined universal service, access reform, retail deregulation, and took into account FCC activity.

The Commission adopted emergency rules in Decision No. C12-0179, Proceeding No. 12R-148T issued February 21, 2012, as a result of enactments made in the Federal Communications Report and Order and Notice of Proposed Rulemaking, issued November 18, 2011. In addition to capping the HCSM fund to $54,000,000, as previously discussed, switched access charges were capped by rate elements for both ILECs and CLECs. Proposed updates to make these rules permanent were adopted in Proceeding No. 12R-862T, Decision No. C12-1442 issued December 17, 2012, as discussed below.

On August 1, 2012, the Commission opened Proceeding No. 12R-862T, commencing a three-phase approach to update and reform Rules 4 CCR 723-2. The goal was to achieve reduced regulation where appropriate, including appropriate reductions to the HCSM, and to clean-up and modernize the telecommunications rules. In addition to the first phase, outlined in the subsequent paragraph, in the second phase the Commission opened an adjudicatory proceeding to determine the specific areas of the state that are subject to effective competition for basic local service.

On August 16, 2013, the Commission opened Proceeding No. 13M-0877T[13] to consider CHCSM rule amendments in anticipation of applications for CHCSM funding in areas subject to effective competition for basic services. The proceeding was also opened to update CHCSM rules pursuant to the triennial review as contemplated in 4 CCR 723-2-2850. On October 27, 2015, the ALJ's report was issued to the Commission in this proceeding. The report provided a number of recommendations for the HCSM that the Commission had, and took into consideration.

A Commissioners' Information Meeting (CIM) was held on November 9, 2017. The Commission opened Proceeding No. 17I-0680T as a repository for informational materials and presentations relating to the HCSM and funding of basic voice service in high cost areas. Presentations were made by Staff, various industry representatives, consumer groups, the Office of Information Technology, and the Broadband Board. These presentations focused on consumer issues, contributions into the HCSM and distributions from the HCSM. At its November 29, 2017 Weekly Meeting, the Commission adopted an order which defined next steps. These included directing Commission Staff to file the 2017 Annual Report of the Colorado High Cost Support Mechanism in Proceeding No. 17I-0680T, and also encouraged CIM presenters and interested persons to file presentation materials, supplemental information, and comments, no later than December 15, 2017, also in Proceeding No. 17I-0680T.

[13] *See* Decision No. C13-0958 issued on August 16, 2013 in Proceeding No. 13M-0877T.

Prior to the passage of SB18-002, there were two methods of calculation to determine the distribution amount for EPs: fixed and variable. Distributions, as approved by the Commission, to all qualifying rural incumbent EPs were based on total annual amounts for its study area divided by four until a competitive EP is designated in its study area. Once a competitive EP (*i.e.*, Viaero and NNTC Wireless, LLC) was designated by the Commission in a study area, the underlying rural EP's distributions were based on the actual residential and business access line counts multiplied by the support per access line determined for that wire center. Competitive EPs received what was referred to as "Identical Support" – *i.e.*, the same per line support amount the underlying EP received in that area. If the underlying EP's support per access line increased, the identical support for the competitive EP increased as well. Competitive EPs, as well as the incumbent EPs, had the potential to receive additional HCSM funding if they gained additional customers. However, as previously discussed, with SB18-002, high cost funding is now prescribed, beginning on January 1, 2019.

Appendix 3

Telecommunications Reform Legislation Prior to SB18-002

In May 2014, Governor Hickenlooper signed into law five bills revising Article 15, Title 40, of the Colorado Revised Statutes governing the provision of telecommunications services in the state. These bills include HB14-1327, HB14-1328, HB14-1329, HB14-1330, and HB14-1331.

HB14-1327 established key sales and uses tax exemptions for broadband carriers to encourage companies to invest in rural and underserved areas of the state. In addition, HB14-1327 established requirements for state and local governments regarding permitting, trenching notice, and right-of-way.

HB14-1328 created a broadband fund and establishes a Broadband Deployment Board. "The board is an independent board created to implement and administer the deployment of broadband service in [unserved areas]" from the fund. Section 40-15-509.5(5)(a), C.R.S. The broadband fund consists of moneys allocated from the HCSM to provide access to broadband service through broadband networks in unserved areas pursuant to § 40-15-208(2)(a)(I)(B), C.R.S., which moneys shall be transferred to the fund upon allocation, and all moneys that the General Assembly may appropriate to the fund. HB14-1328 granted authority to the Commission to transfer HCSM funds under specified conditions: "[T]he commission may transfer to the broadband deployment board only the moneys that it determines are no longer required by the HCSM to support universal basic service through an effective competition determination."

HB14-1329 deregulated many services, including IP-enabled and VoIP services, but retained Commission regulatory authority over switched access, basic emergency service, and basic service in limited circumstances. HB14-1330 updated telecommunications terminology for intrastate telecommunications services. The bill modified, minimally adding but mostly eliminating, then existing statutes related to telecommunications definitions contained in § 40-15-102, C.R.S., and almost the entirety of § 40-15-503, C.R.S., related to the opening of competitive markets (mostly obsolete or existing in federal requirements).

HB14-1331 revised, in part, § 40-15-401, C.R.S., by deregulating basic service subject to certain exceptions, including that the Commission will continue to regulate providers in areas where the Commission provides high cost support for basic service. HB14-1331 also revised § 40-15-208, C.R.S., to specify that the HCSM established by the Commission was to provide financial assistance to local exchange providers in areas without effective competition. HB14-1331 also retained several time-bound obligations for ILECs as to the price of basic service and the obligation to serve in an area. Section 40-15-401(1)(b)(II)(A), C.R.S., required ILECs to charge a uniform price throughout their service territory until July 1, 2016. The price charged could not exceed the price they charged on December 31, 2013 unless the price charged was lower than the urban rate floor prescribed by the FCC.

In 2014, the Colorado General Assembly enacted five Telecom Reform Bills, two of which affected the HCSM directly. Among the revisions, the 2014 Reform Legislation established two primary purposes of the HCSM. The first was to provide financial assistance for basic service - *i.e.*, traditional voice telephone service - in rural, high cost geographic support areas. The second was to provide access to broadband service through broadband networks in unserved areas. Section 40-15-509.5, C.R.S., provided for broadband funds as enacted by the House Bill in HB14-1328, later revised by the Senate in SB17-306, which enabled the Commission to allocate HCSM funds for deployment of broadband service in unserved areas of the State. These HCSM funds were monies that were collected at the surcharge rate in effect on May 10, 2014, and that the Commission determined were no longer needed to support basic service in Colorado through the Commission's findings of effective competition.

Recent Commission Proceedings

Through Decision No. C18-0669, Proceeding No. 18R-0561T, issued August 14, 2018, the PUC issued a Notice of Proposed Rulemaking (NOPR) to amend the provisions governing the Colorado HCSM in the Commission's Rules Regulating Telecommunications Services and Providers of Telecommunications Services, 4 CCR 723-2-2840 through 2869 (HCSM Rules). The proposed amendments updated the HCSM Rules to implement the then recently enacted SB18-002 concerning the financing of broadband deployment.

The changes to Article 15 of Title 40 caused by SB18-002 required the Commission to reexamine and to modify its HCSM Rules. The two areas of focus of this NOPR were: (1) the reductions in HCSM distributions for basic service required by § 40-15-208(2)(a)(IV), C.R.S.; and (2) the elimination of regulatory obligations in §§ 40-15-401(1)(b)(IV) and 40-15-502(5)(b) and (6)(a), C.R.S., commensurate with the elimination of support.

In preparation for the issuance of the NOPR, Staff directed two workshops with diverse stakeholder groups including the industry. The first, held on July 10, 2018, focused on the need for a new rule to define the elimination of regulatory obligations in unsupported areas. The second, held on July 23, 2018, focused on an initial draft of proposed rule changes. These workshops were constructive and, to a large degree, non-contentious. In Decision No. C18-0669, the PUC requested that initial pre-filed comments be submitted no later than September 7, 2018, and any pre-filed comments responsive to the initial comments be submitted no later than September 21, 2018.

Only two parties filed initial comments, CenturyLink and The Cable Providers. No parties filed reply comments. On October 3, 2018, a consumer, Tammy Burke, filed comments concerning the proposed rules in regards to the plan to eliminate regulatory obligations for the Florence exchange, beginning January 1, 2019. A hearing was held on October 4, 2018.

On November 7, 2018, the Commission amended the provisions governing the HCSM in the Commission's HCSM Rules to implement the then recently enacted SB18-002. As discussed above, the rule adoptions include revisions required for: (1) the reduction in HCSM distributions for basic service through 2023, and (2) the elimination of regulatory obligations for basic service commensurate with the elimination of support. Through these rules, the Commission established a plan to eliminate regulatory obligations on an exchange-area-by-exchange-area basis, as required by § 40-15-208(5), C.R.S. The revisions to Article 15 in Title 40 changed significantly the HCSM distributions permitted for basic service and the allocations required for broadband deployment. As updated through SB18-002, the provision of HCSM support is provided for proscriptively by statute in 2019 through 2023 in increasingly reduced amounts for basic voice service. Concurrent with this reduction in support for basic service, the Commission is required to allocate increasing percentages of funding to the HCSM account dedicated to broadband deployment. By 2023, 100 percent of HCSM funding shall be allocated for broadband deployment. § 40-15-208(2)(a)(IV)(E), C.R.S.

The revised HCSM rule changes also included a number of rule deletions, including deleting then existing Rule 2847 regarding "Eligible Providers" as being no longer applicable. The Commission also noted that Rules 2846 and 2847 inadvertently included inconsistent use of "rural telecommunications provider" and "rural EP." The term "EP" previously referred to "Eligible Providers," but was not defined and the rule regarding EPs was deleted as no longer necessary. The Commission also found that use of the statutory term "rural telecommunications provider" was best, but for clarity included that such providers may be "wireline or wireless." The Commission also revised Rules 2846 and 2847 for consistency and clarity, and removed the reference to the undefined EP or eligible provider. Rule 2846(b) removed the reference, but also added the word "amounts" to clarify that the rule refers to all HCSM disbursements allowed through prior orders. Rule 2847(f) also removed the undefined reference and simply included "all providers" given that any provider can use the forms developed by the HCSM Administrator as appropriate to provide information pursuant to Rule 2845. The Commission also revised the definition of Retail Revenues in 2841 to include "may" in the definition of listed intrastate retail revenues. The Commission found that the listed services are examples of services that could be intrastate or interstate.

The revised HCSM rules explicitly included two new responsibilities assigned to the Administrator of the fund. The first is included in Rule 2-2848(d) and involves reporting the actual amount of contributions derived from the CHCSM surcharge, to the Commission no later than September 1 of each year. Specifically, the rule states that the Administrator will provide an update to the Commission of the actual amount of the contributions for the first six months of the year compared to the estimated projections. For the 2019 report, the Administrator reported actual contributions of $15,149,445 compared to estimated HCSM surcharge collections of $15,750,000. The level of estimated collections were included in the modified rules at Rule 2-2848(c), on an annual basis ($31.5 million for 2019). The variance of 3.81% between the estimated and the actual contributions was insufficient to trigger a revision in the wire center areas subject to regulation (see Appendix 5). A request for a variance to modify the wire centers may be filed if there is a 10% variance between the projections and actual collections Rule 2-2848(f). The Administrator reported this information to the Commission in a Memo in Proceeding No. 19M-0399T (the proceeding opened for providers to report their revenues for the first six months of 2019) and presented the information on August 28, 2019 at the Commission's weekly open meeting.

The second new responsibility given to the Administrator contained in the revised CHCSM rules involves the posting of the actual quarterly collection amounts on the Commission's website (Rule 2-2848(e)). This action must be performed no later than 45 days following the end of each calendar quarter. The Administrator created a dedicated location for these postings on the Commission's website and has complied with the directions of the rule.

Appendix 4

Coordination of State HCSM and Federal Universal Service Support

The HCSM is coordinated with the Federal USF as defined in § 40-15-208(2)(A), C.R.S. Because of the USF offset, the RLECs receive significantly more support from the USF fund than from the HCSM. Conversely, Qwest receives more voice support from the HCSM than it does from the Federal USF.

The Federal USF has historically consisted 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 Telephone Company, Inc. 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 Mutual Telephone Cooperative Association, Blanca Telephone Company, Nunn Communications LLC, Peetz Cooperative Telephone Company, Plains Cooperative Telephone Association, Inc., Rye Telephone Company, and Willard Telephone Company) receive this support as well as Western Wireless and Viaero.

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, Viaero, 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.

On October 2011, the FCC adopted its first rulemaking to reform and modernize the High-Cost USF program and Intercarrier Compensation (ICC) systems informally called the “USF/ICC Transformation Order”. This order, among other actions, refocused USF and ICC to make affordable broadband available and accelerate the transition from circuit-switched to IP networks. It also limited the size of USF as it transitions to support broadband. Further, it requires accountability from companies receiving support as well as the administration of USF through performance metrics.

The FCC also limited corporate operations expense, implemented a phased-in approach for carriers that maintained artificially low voice rates and eliminated support in study areas where an unsubsidized facilities-based competitor provides voice and broadband service and caps the per-line support at $250 per month.

Effective January 1, 2012, the FCC froze all support under their high-cost support mechanisms, HCLS (includes Safety Net Additive Support, forward-looking model support (HCMs), safety valve support, Local Switching Support (LSS), Interstate Access Support, and Interstate Common Line Support on a study area basis for price cap carriers and their rate-of-return affiliates. The FCC will provide on an interim basis, frozen high-cost support to such carriers equal to the amount of support each carrier received in 2011 in a given study area. Further, frozen high-cost support will be reduced to the extent that a carrier's rates for local voice service fall below an urban local rate floor. In addition, effective January 1, 2012, the FCC eliminated LSS as a separate support mechanism.

The following summarizes the major changes the FCC has made regarding distribution of universal service support:

- Support provided to only one provider per area;
- Eliminated support to rate-of-return carriers in any study area that is completely overlapped by an unsubsidized competitor;
- Eliminated local switching support;
- CAF support that provides both voice and broadband service on a census block level;
- Rural rate of return carriers who elect to receive support using the forward-looking ACAM cost model;
- Limits USF support; CAF II – five years, ACAM – ten years;
- Abolished Identical Support Rule;
- Limits on Corporate Operations Expense;
- Caps per-line support at $250/month; and
- Reduce rate-of-return to 9.75 percent by July 2021

Connect America Fund

The Connect America Fund (CAF) is a federal universal service support mechanism to encourage the deployment of systems that are capable of providing both voice and high-speed internet access in rural areas. CAF is intended to accelerate the transition from circuit-switched networks to IP networks. CAF Phase I, which began in 2012, was designed to accelerate broadband deployment by providing one-time support to price cap carriers. In Phase I, the FCC froze legacy high-cost support and made available on a voluntary basis, additional money in the form of CAF support. CAF Phase II support is designed to support deployment of networks that provide voice and broadband service in unserved areas.

CenturyLink was allocated $6.1 million in CAF I Phase I support and $1.7 million in CAF I Phase II to support broadband in unserved locations. On August 27, 2015, CenturyLink notified the FCC of its acceptance of CAF Phase II support for Colorado to bring high-speed internet access to customers in unserved areas. This is a six-year buildout commitment of $26,509,143.

The FCC created the CAF Mobility Fund as the first universal service mechanism dedicated to mobile broadband networks in areas that might not have been built out without it. The CAF Mobility Fund also has two phases; Phase I provides one-time support and Phase II provides on-going support in unserved high-cost areas.

The Settlement requires CenturyLink to accept the FCC's offer of model-based CAF II support for Colorado.

The FCC also sought comment on using a cost model, A-CAM, to facilitate the provision of CAF support to Rate of Return (ROR) carriers that voluntarily elect to transition to model-based support. The latest version of the model (A-CAM 2.1) was released on December 17, 2015.

ROR carriers receiving legacy high-cost support or CAF support to offset lost ICC revenues must offer broadband service with actual speeds of at least 10Mbps/1Mbps, upon their customers' reasonable request. If a request for 10/1 is not reasonable in a given circumstance, but 4/1 Mbps is reasonable, the FCC expects the ROR carrier to offer 4/1 Mbps.

The ROR carriers in Colorado that opted into A-CAM include Bijou Telephone Co-Op Association, Inc., Pine Drive Telephone Company, Nucla-Naturita Telephone Company, Rico Telephone Company, Delta County Tele-Comm, Inc., and Haxtun Telephone Company. The table below details the funding for Colorado A-CAM recipients:

State	Rate-of-Return Carrier	Holding Company	Authorization Date	Annual A-CAM Support	Total Number of Rate-of-Return Locations in Census Blocks Receiving Model-Based Funding
CO	BJTL	Bijou Telephone Co-Op Association, Inc.	January 24, 2017	880,567	1,067
CO	JDNT	JED Enterprises, Inc.	January 24, 2017	863,006	1,041
CO	NCLN	Nucla-Naturita Telephone Company	January 24, 2017	956,121	889
CO	RCTL	Rico Telephone Company	January 24, 2017	165,329	272
CO	TDS	Telephone and Data Systems, Inc.*	January 24, 2017	1,620,950	3,083
CO	TWNS	Townes Telecommunications, Inc.**	January 24, 2017	455,333	304
* Delta					
** Haxtun					

In 2018, the FCC offered additional support (ACAM II) to rate of return carriers that agreed to deploy 25 Mbps/3 Mbps in their networks. In 2019, the following carriers received this additional support:

- Agate Mutual Telephone Company
- Eastern Slope Rural Telephone Association
- Farmers Telephone Company
- Phillips County Telephone Company
- Plains Cooperative Telephone Association
- Roggen Telephone Cooperative Company
- Rye Telephone Company
- Stoneham Cooperative Telephone Corporation

- Wiggins telephone Association
- Willard Telephone Company

The FCC in 2019 announced its proposal for a $20.6 billion Rural Development Opportunity Fund (RDOF). It would be available through two reverse auctions and is intended to support the deployment of broadband networks that currently lack fixed broadband at 25 Mbps/3 Mbps. The first auction is anticipated to take place in late 2020 or in early 2021, as model-based support will expire in 2021.

Appendix 5

Wire Center Exchanges Removed from HCSM Support for Basic Service

Elimination, on an exchange-by-exchange-area basis, obligations imposed pursuant to §§ 40-15-401(1)(b)(IV) and 40-15-502(5)(b) and (6)(a), C.R.S., consistent with reductions in High Cost Support Mechanism (HCSM) distributions for basic service for 2019 through 2023:

January 1, 2019	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
Allens Park, Aspen, Bailey, Basalt, Bayfield, Buena Vista, Canon City, Carbondale, Cortez, Craig, Crested Butte, Cripple Creek, Dillon, Durango, Estes Park, Florence, Fort Collins, Fraser, Fruita, Georgetown, Glenwood Springs, Granby, Grand Junction, Grand Lake, Gunnison, Leadville, Loveland, Lyons, Monte Vista, Montrose, Olathe, Ouray, Parachute, Peyton, Ridgway, Rifle, Salida, Silt, Snowmass, Southfork, Steamboat Springs, Sterling, Telluride, Trinidad, Ward, and Woodland Park	Del Norte, Fairplay, Kremmling ,Silverton, and Walsenburg.	Elbert, Keenesburg, Limon, Minturn, and New Castle.	Mancos, Meeker, and Oak Creek.	Aguilar, Debeque, Deckers, Hot Sulphur Springs, Mesa Verde, Yampa **With these areas removed, no areas in Colorado remain supported or regulated for basic service. 100% of HCSM funding is allocated for broadband deployment.**

Prior to 2019, wire center exchanges in primarily urban areas were removed from eligibility to receive HCSM funding and, therefore, had reduced regulatory obligations pursuant to a Commission finding of effective competition under § 40-15-207, C.R.S., and include: Aberdeen, Academy, Air Force, Alamosa, Arvada, Ault, Aurora, Avon, Avondale, Berthoud, Black Forest, Boulder, Breckenridge, Brighton, Broomfield, Brush, Calhan, Capitol Hill, Castle Rock, Cheraw, Clifton, Colorado Springs East, Colorado Springs Main, Columbine, Copper Mountain, Curtis Park, Delta, Denver East, Denver Main, Denver North, Denver Northeast, Denver South, Denver Southeast, Denver Southwest, Denver West, Denver International Airport, Dry Creek, Eaton, El Paso, Elizabeth, Englewood, Erie, Evergreen, Fountain, Frederick, Frisco, Ft Lupton, Ft Morgan, Gatehouse, Gilcrest, Golden, Greeley, Green Mountain Falls, Gunbarrel, Harmony, Hayden, Highlands Ranch, Hillrose, Hudson, Idaho Sprngs, Johnstown-Milliken, Lakewood, Julesburg, Kiowa, La Salle, Laf-Lou (Cottonwood), Larkspur, Littleton, Longmont, Lookout Mountain, Manitou Springs, Manzanola, Mead, Monaghan, Montebello, Monument, Morrison, Nederland, Niwot, Northglenn, Ovid, Palisade, Parker, Parkview, Penrose, Platteville, Pikeview, Pueblo Main, Pueblo West, Rocky Ford, Security, Smoky Hill, Stratmoor, Sullivan, Sunset, Table Mesa, Weldona, Wellington, Westminister, Windsor, Vail, Vineland, and Wiley