

PLEASE SUPPORT HB 23-1051

Rep. Meghan Lukens/Rep. Richard Holtorf
Sen. Dylan Roberts/Sen. Rod Pelton

High-Cost Support Mechanism (HCSM) Funding for Small Rural Broadband Carriers

Colorado Telecommunications Association (CTA) is a trade association comprised of more than two dozen small rural carriers throughout Colorado. CTA members provide their customers with an array of telecommunications and broadband services.

“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.” PUC report to the legislature December 1, 2022

- **HB 23-1051 proposes to align the High-Cost funding end date of December 1, 2023 with the program sunset date of September 1, 2024 as part of the complete sunset review process**
- The High-Cost Fund is funded through a 2.6% surcharge on all intrastate retail telecommunications revenues. Collected by the providers and remitted to the PUC for distribution. **There are no state general funds used to support this program.**
- **For many rural customers, landline service is the only means of communication because they lack or have poor wireless coverage.** CTA companies receiving high-cost support (used for operating expenses to offset the cost of service to keep prices comparable to urban areas) are still the Provider of Last Resort (POLR) requiring them to serve all customers in their service area regardless of cost.
- SB 18-002 froze the state high-cost funding for CTA members', but the funding is scheduled to end December 1, 2023. **Eleven CTA members (Agate, Delta, Nucla Telephone/Nucla Wireless, Nunn, Peetz, Phillips, Pine Drive, Rico, Roggen, Willard) continue receiving high-cost funding of approximately \$1.5M annually.** Viero Wireless also continues to receive funding.
- The High-Cost Fund and the Broadband Fund/Board are scheduled for a DORA sunset review in 2023 with their report/recommendations released in October 2023
- Two years of COVID (while members kept the networks up and running during the pandemic, costs have increased due to supply chain issues and inflation) and pending FCC action on federal high-cost funding (not the federal capital broadband grant programs) creates uncertainty for CTA members.
- Some companies have upgraded and/or expanded their networks through grants and loans. Many of these are adding fiber where feasible to provide voice and broadband service.
- Federal broadband capital grant funding won't be released until later in 2023 or 2024 through a state grant program that will require companies to apply for funding.

CTA Member Companies respectfully request you to SUPPORT HB 23-1051

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