

**Cincinnati Bell Telephone LLC**

**Tariff FCC No. 35**

**2010 Mid-Year Tariff Review Plan Filing**

**Transmittal No. 850**

**September 16, 2010**

## **Description & Justification**

### **Introduction**

Cincinnati Bell Telephone Company (CBT) makes this mid-year 2010 Tariff Review Plan (TRP) Filing in order to reflect revised Regulatory Fees and revised Telecommunication Relay Service (TRS) factors. Attachment Mid-Year RDET shows the current and proposed rate changes to adjust for the exogenous cost changes. This filing also revises the Federal Universal Service Fund contribution factor for fourth quarter 2010.

### **Regulatory Fees and TRS Exogenous Costs**

Subsequent to CBT's 2010 Annual Access Filing the Commission released revised Regulatory Fees and TRS factors. The new factors caused changes to CBT's exogenous cost recovery calculations. A description of the Regulatory Fees and TRS exogenous costs changes follows.

#### **A. Development of Regulatory Fees**

The Commission released its Notice of Proposed Rulemaking (NPRM) in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2010* on April 13, 2010. This NPRM specified a Regulatory Fee factor of 0.00351. This factor was used to develop Regulatory Fee

exogenous costs in CBT's July 1, 2010 Annual Access Filing.

On July 9, 2010, the Commission released its Report and Order in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2010*, FCC 10-123. This Order specified a Regulatory Fee factor of 0.00349. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2010 revised exogenous cost adjustment. CBT computed the difference between the original and revised 2010 adjustments. CBT then grossed up the revised 2010 adjustment to recover the 12-month exogenous cost impact. See Exhibit TRS REG Fee Mid-Year.

**B. Development of Telecom Relay Support (TRS)**

The Commission released its Order in the matter of *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* on May 14, 2009. The Commission proposed a TRS factor of 0.01137 to be applied to the tariff year July 2009 to June 2010.

The Commission released its Public Notice *National Exchange Carrier Association Submits The Payment Formula And Fund Size Estimate For The Interstate Telecommunications Relay Services Fund For The July 2010 Through June 2011 Fund Year* on April 30, 2010. In the Public Notice, the National Exchange Carrier Association (NECA) proposed a

contribution factor of between 0.00379 and 0.00908 for the July 2010 to June 2011 fund year.

Because the Public Notice contained a factor range rather than a specific factor for the July 2010 to June 2011 fund year, CBT applied the existing TRS factor of 0.01137 to the July 2010 to June 2011 fund year in its 2010 Annual Access Filing.

The Commission released its Order in the matter of *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* FCC 10-115 on June 28, 2010. The Commission proposed a TRS factor of 0.00585 to be applied to the tariff year July 2010 to June 2011. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2010 revised adjustment. CBT computed the difference between the original and revised 2010 adjustments. CBT then grossed up the revised 2010 adjustment to recover the 12-month exogenous cost impact. See Exhibit TRS REG Fee Mid-Year.

## **Common Line**

### **A. End-User Common Line Development**

The CALLS Order increased the EUCL ceiling for residence and single-line business lines to \$6.50 beginning in July, 2003. However, Price Cap

companies are limited to a residence and single-line business EUCL equal to the Common Line, Marketing, and Transport revenue per line, if that revenue per line is less than the \$6.50 ceiling. To compute the EUCL rates, CBT developed line demand and MOU demand quantities based on the year 2009 demand levels.

As a result of the Regulatory Fees and TRS factor changes, CBT has recalculated its proposed Common Line, Marketing and Transport (CMT) revenue. The CMT revenue per line of \$5.26 is less than the \$6.50 residence and single-line business EUCL ceiling.

Therefore, in accordance with Part 69.152(e)(1) and Part 69.152(k)(1) of the Commission's Rules, as well as the change in CBT's USF support, CBT's calculated EUCL rates are \$5.24 for Residence and Single-line business, \$5.24 for Non-primary Residence and ISDN-BRI, and \$5.24 for Multi-line Business, ISDN-PRI and Centrex. See TRP Form CAP-1.

### **PCI Development**

Based on the revised Regulatory Fees and TRS factors, CBT calculated its Price Cap Indices ("PCI") for the Common Line, Traffic Sensitive, Trunking, and Special Access baskets in accordance with the CALLS Price Cap Rules. See attachment RDEV.

## Universal Service Fund

Cincinnati Bell Telephone (CBT) proposes to revise the Universal Service Fund (USF) factor per Commission Order. The Commission released its *Proposed Fourth Quarter 2010 Contribution Factor*, DA 10-1716 on September 10, 2010. The Commission proposed a USF factor of 12.9 % down from the previous factor of 13.6 %. CBT recovers its USF contribution, pursuant to the Commission's Contribution Methodology Order<sup>1</sup> by applying the relevant USF Contribution factor to the following charges:

- \* EUCL
- \* Presubscribed Interexchange Carrier (PIC) change charge
- \* End-User Special Access
- \* Interstate IntraLATA Toll usage

The USF surcharge for these services is reflected as a separate line item, clearly identified on the customer's bill.

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<sup>1</sup> Report and Order and Second Further Notice of Proposed Rulemaking in CC Docket No. 96-45, CC Docket No. 98-171, CC Docket No. 90-571, CC Docket No. 92-237, CC Docket No. 99-200, CC Docket No. 95-116, and CC Docket No. 98-179, FCC 02-329, Released December 13, 2002.

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 Filing Entity: CBTC - Cincinnati Bell Total  
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TRS REG Fee Mid-Year

**Exogenous Cost Changes Detail**

	2009		FCC 09-39	FCC 10-115	
	Total	Interstate	Telecom	Telecom	
	End User Revenues		Relay	Relay	One Time
	<u>( 499A )</u>	<u>( 499A )</u>	<u>Service</u>	<u>Service</u>	<u>Gross Up</u>
	(A)	(B)	(C) = B * 0.01137	(D) = B * 0.00585	(E) = D - C * ( 12/9 )
( Zero for Mid-Year Filings )	362,578,398	57,273,520	651,200	335,050	\$ (421,533)
<b>Excluded Revenue</b>	-	-			
<b>Price Cap Revenue Percentage</b>	100.00%	100.00%	651,200	335,050	\$ (421,533)

	2009		FCC 10-51	FCC 10-123	
	Total	Interstate	Regulatory	Regulatory	
	End User Revenues		Fee	Fee	One Time
	<u>( 499A )</u>	<u>( 499A )</u>	<u>Fee</u>	<u>Fee</u>	<u>Gross Up</u>
	(A)	(B)	(F) = B * 0.00351	(G) = B * 0.00349	(H) = G - F * ( 12/9 )
<b>Exogenous Amount</b>	362,578,398	57,273,520	\$ 201,030	199,885	\$ (1,527)
<b>Price Cap Revenue Percentage</b>	100.00%	100.00%	201,030	199,885	\$ (1,527)

	<u>Common Line</u>	<u>Special</u>	<u>Price Cap Revenue</u>
<b>499A 2009 Interstate End User Revenues</b>	\$ 45,831,338	\$ 11,442,181	\$ 57,273,520
<b>Allocation Basis</b>	80.02%	19.98%	
<b>Telecom Relay Support</b>	\$ (337,319)	\$ (84,214)	\$ (421,533)
<b>Regulatory Fee</b>	\$ (1,222)	\$ (305)	\$ (1,527)
	\$ (338,541)	\$ (84,520)	\$ (423,060)

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RDEV

**PCI Development**

	<b><u>Common Line</u></b> (A)	<b><u>Traffic Sensitive</u></b> (B)	<b><u>Trunking</u></b> (C)	<b><u>Interexchange</u></b> (D)	<b><u>Special</u></b> (E)
1. Revenues (R)	45,650,011	13,651,681	11,748,502	0	41,552,252
2. Exogenous Changes (Z)	(338,541)	0	0	0	(84,520)
a. EDFIT / ITC / Access Cost Changes	0	0	0	0	0
b. Telecom. Relay Service Changes	(337,319)	0	0	0	(84,214)
c. Lower Formula Adjustment (LFAM)	0	0	0	0	0
d. Regulatory Fee Support Changes	(1,222)	0	0	0	(305)
e. North America Numbering Plan Admin.	0	0	0	0	0
3. Z/R = ( Ln 2 / Ln 1 )	-0.007416	0.000000	0.000000	0.000000	-0.002034
4. W = (( Ln 1 + Ln 2 ) / R )	0.992584	1.000000	1.000000	0.000000	0.997966
5. GDP-PI Chain Weighted ( 4 Qtr 2009 )	109.9	109.9	109.9	109.9	109.9
6. GDP-PI Chain Weighted ( 4 Qtr 2008 )	109.2	109.2	109.2	109.2	109.2
7. Percent Change in GDP-PI (I) (( Ln 5 - Ln 6 ) / Ln 6 ) * 100 ( Zero for Mid-Year Filings )	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
8. Productivity (X)	N/A	0.0000%	0.0000%	0.0000%	0.0000%
9. GDP-PI - X ( Ln 8 - Ln 7 )	N/A	0.0000%	0.0000%	0.0000%	0.0000%
10. Growth Rate of CCL MOU/Line (g)	-2.1030%	N/A	N/A	N/A	N/A
11. Existing PCI	0.0000	63.2364	62.0075	0.0000	61.5390
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	0	0	N/A	N/A
13. Prop. PCI (NonExog Only: Annual Filing col.b&c: Ln 11; col.e: Ln 11 * ( 1+ Ln 9 ) SBI Upper Limit calculations only)	N/A	63.2364	62.0075	0.0000	61.5390
14. Proposed PCI col.b&c: Ln 11 * ( 1+ Ln 3 + Ln 12 / Ln 1 ) col.d&e: Ln 11 * ( 1+ Ln 3 + Ln 4 * Ln 9 )	N/A	63.2364	62.0075	0.0000	61.4138

RDET  
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Mid-Year-RDET

CBTC - Cincinnati Bell Total  
 Mid-Year TRP

<u>Section</u>	<u>USOC</u>	<u>Rate Element</u>	<u>Base Period Demand</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Times Current Rate</u>	<u>Times Proposed Rate</u>
<b>Basket 1 - Common Line</b>							
** END USER SERVICE CATEGORY **							
4.7(A)(3)		EU - MULTI-LINE BUSINESS & PRI	2,599,032	\$5.28	\$5.24	\$13,714,726	\$13,609,099
4.7(A)(3)		EU - CENTREX	412,248	\$5.28	\$5.24	\$2,175,375	\$2,158,621
4.7(A)(1)		EU - RESIDENCE PRIMARY	4,689,303	\$5.28	\$5.24	\$24,744,791	\$24,554,214
4.7(A)(2)		EU - SINGLE-LINE BUSINESS	136,831	\$5.28	\$5.24	\$722,038	\$716,477
4.7(A)(1)		EU - RESIDENCE NONPRIMARY & BRI	309,868	\$5.28	\$5.24	\$1,635,130	\$1,622,537
4.6(K)		EU - LIFELINE / SLC WAIVER	182,815	\$5.28	\$5.24	\$964,689	\$957,259
7.5.09		EU - SPECIAL ACCESS SURCHARGE	168	\$25.00	\$25.00	\$4,200	\$4,200
		TOTAL END USER	8,330,097			\$43,960,948	\$43,622,407
<b>BASKET 4 - SPECIAL ACCESS</b>							
** HIGH CAP & DDS SERVICE CATEGORY - SPECIAL **							
<b>DS3, Non-Density Zone Special:</b>							
7.5.10(B)(2)(a)	1L53P	HIGH CAPACITY MULTIPLEXING - DS3 TO D	3,858	\$616.00	\$607.24	\$2,376,688	\$2,342,890
7.5.10(B)(2)(a)	1L53P	HIGH CAPACITY MULTIPLEXING - DS3 TO D	555	\$616.00	\$607.24	\$341,597	\$336,739
7.5.10(B)(2)(a)	1L53P	HIGH CAPACITY MULTIPLEXING - DS3 TO D	5,243	\$616.00	\$607.24	\$3,229,774	\$3,183,844
			9,656			\$5,948,059	\$5,863,473