

Cincinnati Bell Telephone Company

2011 PRICE CAP REVISIONS

May 2011 Tariff Review Plan Filing

May 17, 2011

Description & Justification

Introduction

A. Background

This filing represents Cincinnati Bell Telephone Company's (CBT's) May 2011 Tariff Review Plan (TRP) Filing.

This filing is being made in compliance with the following:

- * Second Report and Order, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, released October 4, 1990 (LEC Price Cap Order);
- * Order on Reconsideration, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, released April 17, 1991 (Recon. Order);
- * Report and Order, *In the Matter Of Amendment of Part 36 of The Commission's Rules and The Establishment of a Joint Board*, FCC 97-30, released February 3, 1997;
- * First Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Released April 7, 1995;

- * Report and Order, *In the Matter of Price Cap Regulation of Local Exchange Carriers, Rate-of-Return Sharing and Lower Formula Adjustment*, CC Docket No. 93-179, released April 14, 1995;
- * Third Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, FCC 96-488, released December 24, 1996;
- * Report and Order, *In the Matter of Implementation of Section 402(b)(1) (A) of the Telecommunications Act of 1996*, CC Docket No. 96-187, FCC 97-23, released January 31, 1997;
- * First Report and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, FCC 97-158, released May 16, 1997;
- * Fourth Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, FCC 97-159, released May 21, 1997;
- * Memorandum Order and Opinion, *In the Matter of Access Charge Reform*, CC Docket No. 97-250, FCC 98-106, released June 1, 1998;
- * 47 C.F.R. § 61.38 and § 61.41 through § 61.49; and 47 C.F.R., Part 61, generally.

Herein referred to collectively as the "Price Cap Rules".

- * Sixth Report And Order in CC Docket 96-262 And 94-1, Report and Order in CC Docket 99-249, Eleventh Report And Order in CC Docket 96-45.

Herein referred to as the "CALLS Order"

- * Order In the Matter of July 1, 2011 Annual Access Charge Tariff Filings DA 11-569, released March 29, 2011.

B. Waivers

CBT lists below all currently applicable Part 69 waivers that permit rate elements different than those specified in Part 69 of the Commission's Rules.

- * The Commission extended indefinitely the waiver allowing carriers to bill \$25.00 for a special access surcharge. This element is included in CBT's Common Line Basket. See, *In the Matter of Annual 1989 Access Tariff Filings*, Memorandum Opinion and Order, DA 88-1872, released December 2, 1988;
- * The Commission granted CBT a waiver allowing it to offer a new Switched Access rate subelement for a proposed Electronic White Pages services, called "ELI". See *in the Matter of Cincinnati Bell Telephone Company Petition for Waiver of Part 69 of the Commission's Rules for Electronic Directory*

Assistance Service, Order, DA 91-170, released February 19, 1991;

- * The Commission waived the requirement that LECs offer both direct-trunked and tandem-switched transport between a specific serving wire center and an access tandem. See, *In the Matter of Local Exchange Carrier Switched Local Transport Restructure Tariffs*, Order, DA 94-693, released June 23, 1994;
- * The Commission, in its Order, waived Part 69 Rules in order to establish a separate nonrecurring rate element to recover the costs of providing 900 access service. See, *In the Matter of the Bell South Telephone Companies Tariff FCC No. 1; Cincinnati Bell Telephone Company Tariff FCC No. 35; Centel Corporation Tariff FCC No. 1; Rochester Telephone Corporation Tariff FCC No. 1; Petitions for Waiver of Section 69.4 (b) and subparts B and C of Part 69 of the Commission's Rules* released November 18, 1988;

In this filing, CBT files its short form TRP. The Commission, in its Order (DA 11-569) waived portions of Section 61.49(k) requiring a short form TRP filing 90 days prior to the July 1 annual access filing date. The Commission established May 17, 2011 as the filing date for the short form TRP.

The Commission, in its *Tariff Review Plans*, DA 11-570, released March 29, 2011, waived the requirements for including the PC-1 and IND-1 forms in the

2011 short form filing. In addition, price cap LECs that have reached their Average Traffic Sensitive (ATS) rate received a waiver from the requirement that they submit their TGT-1 and TGT-2 forms as part of the short form TRP. CBT reached its targeted ATS rate in Transmittal No. 749, filed June 16, 2000.

Index Changes

As directed by the Commission, a workpaper identifying the transmittal or letter filing date where the last index changes were implemented for the price cap categories has been included. See Exhibit IND-TM.

Payphone Line Counts

The Commission exempted payphone lines from Presubscribed Interexchange Carrier Charges (PICC) in its Order On Reconsideration, FCC 03-139, released June 25, 2003. Accordingly, CBT has removed its payphone lines from the PICC Multi-line Business line counts. CBT no longer has a PICC charge therefore there is no revenue impact of the payphone line removal.

Exogenous Costs

In accordance with the Commission's Rules, CBT developed certain exogenous cost changes for inclusion in the price cap formula. These changes include: (1) Excess Deferred Taxes; (2) Regulatory Fees; (3) Telecommunications Relay

Support; (4) North American Number Plan Administration; (5) Investment Tax Credit.

Exogenous cost changes were individually developed for each of the items outlined above, and in aggregate for all changes. CBT has adjusted the exogenous amounts to reflect any shift in revenue growth. The result is that no exogenous adjustment is made if the support rate has not changed. A brief description follows and a summary of the exogenous changes is shown in exhibit EXG-ALLOCATE.

1. Excess Deferred Taxes

CBT calculated the revenue impact of Excess Deferred Taxes as shown on exhibit EXG-EDT. CBT spread the Excess Deferred Tax revenue impact over the Common Line Basket and the Special Access Basket. See Exhibit EXG-ALLOCATE.

2. 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 multiplied by CBT's end-user interstate

revenue from FCC Form 499A to yield CBT's 2010 adjustment. On July 9, 2010 the Commission released Report And Order in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2010*. This Order specified a Regulatory Fee Factor of 0.00349. CBT filed Transmittal No. 850, effective October 1, 2010 to implement the revised factor. In Transmittal No. 850, CBT annualized the difference between the original and revised 2010 adjustments.

On May 3, 2011 the Commission released Notice of Proposed Rulemaking (NPRM) in the Matter of *Assessment and Collection of Regulatory Fees for Fiscal Year 2011*. This Order specified a Regulatory Fee Factor of 0.00361.

In this filing, CBT is reversing the Regulatory Fee Annualization from Transmittal No. 850. CBT is using the new 0.00361 factor to develop its 2011 adjustment. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2011 adjustment See Exhibit EXG-ALLOCATE. CBT reserves the right to modify its filing if the Commission releases a new Regulatory Fee factor prior to the annual access filing.

3. 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 current TRS factor of 0.01137 to the July 2010 to June 2011 fund year.

This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2010 adjustment.

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 filed Transmittal No. 850, effective October 1, 2010 to implement the revised factor. In Transmittal No. 850, CBT annualized the difference between the original and revised 2010 adjustments.

On May 4, 2011 the Commission released Public Notice *National Exchange Carrier Organization Submits Payment Formulas And Funding Requirement For The Interstate Telecommunications Relay Services Fund For The July 2011 Through June 2012 Fund Year*. This Order proposed a TRS Factor of 0.01056.

In this filing, CBT is reversing the TRS Annualization from Transmittal No. 850. CBT is using the proposed 0.01056 factor to develop its 2011 adjustment. This factor was multiplied by CBT's end-user interstate revenue from FCC Form 499A to yield CBT's 2011 adjustment See Exhibit EXG-ALLOCATE. CBT reserves the right to modify its filing if the Commission releases a new TRS factor prior to the annual access filing.

4. Development of North American Numbering Plan (NANP) Contribution

The Commission released Public Notice CC Docket 92-237, DA 10-924 on May 24, 2010. This Public Notice specified a NANP factor of 0.0000181 for the period from July 2010 through June 2011. This factor was multiplied by CBT's end-user revenue from FCC Form 499A to yield CBT's 2011 NANP exogenous adjustment. See Exhibit

EXG-ALLOCATE. CBT reserves the right to modify its filing if the Commission releases a new NANP factor prior to the annual access filing.

5. Development of Investment Tax Credit

CBT calculated the revenue impact of its Investment Tax Credit as shown on exhibit EXG-ITC. CBT spread the Investment Tax Credit revenue impact over the Common Line Basket and the Special Access Basket. See Exhibit EXG-ALLOCATE.

492A Forms

Pursuant to the Commission's *Tariff Review Plans* Order, CBT has included its Form 492A for the calendar years 2009 and 2010.

New Services

CBT has included a listing of new services introduced in 2010. See Exhibit CBT-NEW.

Filing Date: 05/17/11
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: Letter
 May 17, 2011 Access Charge Short-form TRP Filing
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Price Cap Tariff Review Plan

IND-TM

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/11 PCI (I)	6/30/11 SBI (J)
Common Line Basket					
100 Total Common Line	N/A	N/A	N/A	N/A	N/A
Traffic Sensitive Basket					
200 Local Switching	N/A	N/A	764	N/A	764
210 Information	N/A	N/A	764	N/A	764
220 Database Access	N/A	N/A	764	N/A	764
230 800 DB VertSvcs Sub-Cat	N/A	N/A	764	N/A	764
240 Billing Name and Address	N/A	N/A	764	N/A	764
250 Local Switching Trunk Ports	N/A	N/A	764	N/A	764
260 STP Port Terminations	N/A	N/A	764	N/A	764
299 Total Traffic Sensitive	764	764	N/A	764	N/A
Trunking Basket					
300 Interconnection Charge	N/A	N/A	0	N/A	0
310 Tandem Switched Transport	N/A	N/A	764	N/A	764
311 TST Density Zone 1	N/A	N/A	0	N/A	0
312 TST Density Zone 2	N/A	N/A	0	N/A	0
313 TST Density Zone 3	N/A	N/A	0	N/A	0
314 TST Density Zone 4	N/A	N/A	0	N/A	0
315 TST Density Zone 5	N/A	N/A	0	N/A	0
316 TST Density Zone 6	N/A	N/A	0	N/A	0
317 TST Density Zone 7	N/A	N/A	0	N/A	0
320 VoiceGrade - Switched	N/A	N/A	749	N/A	749
321 VG DTT/EF Density Zone 1	N/A	N/A	0	N/A	0
322 VG DTT/EF Density Zone 2	N/A	N/A	0	N/A	0
323 VG DTT/EF Density Zone 3	N/A	N/A	0	N/A	0
324 VG DTT/EF Density Zone 4	N/A	N/A	0	N/A	0
325 VG DTT/EF Density Zone 5	N/A	N/A	0	N/A	0
326 VG DTT/EF Density Zone 6	N/A	N/A	0	N/A	0
327 VG DTT/EF Density Zone 7	N/A	N/A	0	N/A	0
340 High Cap & Other - Switched	N/A	N/A	749	N/A	749
350 DS-1 SubCat - Switched	N/A	N/A	749	N/A	749
351 DS1 DTT Density Zone 1	N/A	N/A	0	N/A	0
352 DS1 DTT Density Zone 2	N/A	N/A	0	N/A	0
353 DS1 DTT Density Zone 3	N/A	N/A	0	N/A	0
354 DS1 DTT Density Zone 4	N/A	N/A	0	N/A	0
355 DS1 DTT Density Zone 5	N/A	N/A	0	N/A	0
356 DS1 DTT Density Zone 6	N/A	N/A	0	N/A	0
357 DS1 DTT Density Zone 7	N/A	N/A	0	N/A	0
360 DS-3 SubCat - Switched	N/A	N/A	749	N/A	749
361 DS3 DTT Density Zone 1	N/A	N/A	0	N/A	0
362 DS3 DTT Density Zone 2	N/A	N/A	0	N/A	0
363 DS3 DTT Density Zone 3	N/A	N/A	0	N/A	0
364 DS3 DTT Density Zone 4	N/A	N/A	0	N/A	0
365 DS3 DTT Density Zone 5	N/A	N/A	0	N/A	0
366 DS3 DTT Density Zone 6	N/A	N/A	0	N/A	0
367 DS3 DTT Density Zone 7	N/A	N/A	0	N/A	0

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Price Cap Tariff Review Plan

IND-TM

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	06/30/11 PCI (I)	06/30/11 SBI (J)
370 HC Other Sw Density Zone 1	N/A	N/A	0	N/A	0
371 HC Other Sw Density Zone 2	N/A	N/A	0	N/A	0
372 HC Other Sw Density Zone 3	N/A	N/A	0	N/A	0
373 HC Other Sw Density Zone 4	N/A	N/A	0	N/A	0
374 HC Other Sw Density Zone 5	N/A	N/A	0	N/A	0
375 HC Other Sw Density Zone 6	N/A	N/A	0	N/A	0
376 HC Other Sw Density Zone 7	N/A	N/A	0	N/A	0
380 Signalling Interconnection	N/A	N/A	0	N/A	0
381 SigIntCon Density Zone 1	N/A	N/A	0	N/A	0
382 SigIntCon Density Zone 2	N/A	N/A	0	N/A	0
383 SigIntCon Density Zone 3	N/A	N/A	0	N/A	0
384 SigIntCon Density Zone 4	N/A	N/A	0	N/A	0
385 SigIntCon Density Zone 5	N/A	N/A	0	N/A	0
386 SigIntCon Density Zone 6	N/A	N/A	0	N/A	0
387 SigIntCon Density Zone 7	N/A	N/A	0	N/A	0
499 Total Trunking	764	764	N/A	764	N/A
Interexchange Basket					
600 Total Interexchange	749	749	N/A	749	N/A
Special Access Basket					
720 VG/WATS, Met, Tgh - Special	N/A	N/A	854	N/A	846
721 VG Spec Density Zone 1	N/A	N/A	0	N/A	0
722 VG Spec Density Zone 2	N/A	N/A	0	N/A	0
723 VG Spec Density Zone 3	N/A	N/A	0	N/A	0
724 VG Spec Density Zone 4	N/A	N/A	0	N/A	0
725 VG Spec Density Zone 5	N/A	N/A	0	N/A	0
726 VG Spec Density Zone 6	N/A	N/A	0	N/A	0
727 VG Spec Density Zone 7	N/A	N/A	0	N/A	0
730 Audio & Video	N/A	N/A	831	N/A	831
731 Audio/Video Density Zone 1	N/A	N/A	0	N/A	0
732 Audio/Video Density Zone 2	N/A	N/A	0	N/A	0
733 Audio/Video Density Zone 3	N/A	N/A	0	N/A	0
734 Audio/Video Density Zone 4	N/A	N/A	0	N/A	0
735 Audio/Video Density Zone 5	N/A	N/A	0	N/A	0
736 Audio/Video Density Zone 6	N/A	N/A	0	N/A	0
737 Audio/Video Density Zone 7	N/A	N/A	0	N/A	0
740 High Cap & DDS - Special	N/A	N/A	854	N/A	837
750 DS-1 SubCat - Special	N/A	N/A	831	N/A	831
751 DS1 Spec Density Zone 1	N/A	N/A	0	N/A	0
752 DS1 Spec Density Zone 2	N/A	N/A	0	N/A	0
753 DS1 Spec Density Zone 3	N/A	N/A	0	N/A	0
754 DS1 Spec Density Zone 4	N/A	N/A	0	N/A	0
755 DS1 Spec Density Zone 5	N/A	N/A	0	N/A	0
756 DS1 Spec Density Zone 6	N/A	N/A	0	N/A	0
757 DS1 Spec Density Zone 7	N/A	N/A	0	N/A	0
760 DS-3 SubCat - Special	N/A	N/A	854	N/A	831
761 DS3 Spec Density Zone 1	N/A	N/A	0	N/A	0
762 DS3 Spec Density Zone 2	N/A	N/A	0	N/A	0
763 DS3 Spec Density Zone 3	N/A	N/A	0	N/A	0
764 DS3 Spec Density Zone 4	N/A	N/A	0	N/A	0
765 DS3 Spec Density Zone 5	N/A	N/A	0	N/A	0
766 DS3 Spec Density Zone 6	N/A	N/A	0	N/A	0
767 DS3 Spec Density Zone 7	N/A	N/A	0	N/A	0

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Price Cap Tariff Review Plan

IND-TM

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	6/30/11 PCI (I)	6/30/11 SBI (J)
770 DDS&Other Sp Density Zone 1	N/A	N/A	0	N/A	0
771 DDS&Other Sp Density Zone 2	N/A	N/A	0	N/A	0
772 DDS&Other Sp Density Zone 3	N/A	N/A	0	N/A	0
773 DDS&Other Sp Density Zone 4	N/A	N/A	0	N/A	0
774 DDS&Other Sp Density Zone 5	N/A	N/A	0	N/A	0
775 DDS&Other Sp Density Zone 6	N/A	N/A	0	N/A	0
776 DDS&Other Sp Density Zone 7	N/A	N/A	0	N/A	0
790 Wideband	N/A	N/A	0	N/A	0
791 WB Density Zone 1	N/A	N/A	0	N/A	0
792 WB Density Zone 2	N/A	N/A	0	N/A	0
793 WB Density Zone 3	N/A	N/A	0	N/A	0
794 WB Density Zone 4	N/A	N/A	0	N/A	0
795 WB Density Zone 5	N/A	N/A	0	N/A	0
796 WB Density Zone 6	N/A	N/A	0	N/A	0
797 WB Density Zone 7	N/A	N/A	0	N/A	0
899 Total Special Access	854	854	N/A	837	N/A

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 Filing Entity: CBTC - Cincinnati Bell Total
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 May 17, 2011 Annual Short Form Filing (CBTCAS11.wk4)

EXG-ALLOCATE

	2009 Annual				
	Total	Interstate	FCC 10-123	FCC 10-115	DA 10-924
	End User Revenues	End User Revenues	7/9/2010	6/28/10	5/24/10
	(499A)	(499A)	Reg Fee	TRS	NANPA
	(A)	(B)	(C)=B * 0.00349	(D) = B * 0.00585	(E) = A * 0.0000181
Exogenous Amount	362,578,398	57,273,520	199,885	335,050	6,563
Excluded Revenue	-	-			
Price Cap Revenue Percentage	100.00%	100.00%			

FCC 09-39	Reversal of	FCC 10-51	Reversal of
5/14/2009	TRS	4/13/2010	Reg Fee
TRS	Annualization	Reg Fee	Annualization
(F)=B * 0.01137	(G)=(D-F)*(12/9)-(D-F)	(H)=B * 0.00351	(I)=(C-H)*(12/9)-(C-H)
651,200	(105,383)	201,030	(382)

	2010				
	Total	Interstate	FCC 11-68	FCC 11-826	DA 10-924
	End User Revenues	End User Revenues	5/3/11	5/4/11	5/24/10
	(499A)	(499A)	Reg Fee	TRS	NANPA
	(A)	(B)	(C)=B * 0.00361	(D) = B * 0.01056	(E) = A * 0.0000181
Exogenous Amount	331,248,629	54,444,801	196,546	574,937	5,996
Excluded Revenue	0	0			
Price Cap Revenue Percentage	100.00%	100.00%			

Telecom Relay Support

	7/09-6/10	7/10-6/11	
FCC 10-115 - (D) = B * 0.00585	335,050		
Reversal of TRS Annualization	(105,383)		
FCC 11-826 - (D) = B * 0.01056		574,937	
	\$ 229,667	\$ 574,937	\$ 345,270
% Price Cap Allocation	100.00%	100.00%	
Price Cap Only	\$ 229,667	\$ 574,937	\$ 345,270
FCC 2009 Price Cap Interstate End User Revenue	57,273,520		
FCC 2010 Price Cap Interstate End User Revenue	54,444,801		
Revenue Change (R)	-4.93896%		
Price Cap Only with R Adj	\$ 218,324	\$ 574,937	\$ 356,613

Regulatory Fee Support:

	7/09-6/10	7/10-6/11	
FCC 10-123 - (C)=B * 0.00349	199,885		
Reversal of Reg Fee Annualization	(382)		
FCC 11-68 - (C)=B * 0.00361		196,546	
	199,503	196,546	\$ (2,957)
% Price Cap Allocation	100.00%	100.00%	
Price Cap Only	\$ 199,503	\$ 196,546	\$ (2,957)
FCC 2009 Price Cap Interstate End User Revenue	57,273,520		
FCC 2010 Price Cap Interstate End User Revenue	54,444,801		
Revenue Change (R)	-4.93896%		
Price Cap Only with R Adj	\$ 189,649	\$ 196,546	\$ 6,896

Filing Date: 05/17/11
 Filing Entity: CBTC - Cincinnati Bell Total
 Transmittal Number: Letter

EXG-ALLOCATE

May 17, 2011 Annual Short Form Filing (CBTCAS11.wk4)

North American Numbering Plan Administration:	<u>7/09-6/10</u>	<u>7/10-6/11</u>		
DA 10-924 - (E) = A * 0.0000181	6,563			
DA 10-924 - (E) = A * 0.0000181		5,996		
	<hr/>	<hr/>		
	6,563	5,996	\$	(567)
% Price Cap Allocation	100.00%	100.00%		
Price Cap Only	\$ 6,563	\$ 5,996	\$	(567)
FCC 2009 Price Cap Interstate End User Revenue	362,578,398			
FCC 2010 Price Cap Interstate End User Revenue	331,248,629			
Revenue Change (R)	-8.64083%			
Price Cap Only with R Adj	\$ 5,996	\$ 5,996	\$	-

	<u>Common Line</u>	<u>Database Access</u>	<u>Billing Name and Address</u>	<u>Special</u>	<u>Excluded Revenues</u>	<u>Total Revenue</u>
2010 End User Rev - FCC 499	\$ 42,298,492	\$ -	\$ -	\$ 12,146,309	\$ -	\$ 54,444,801
Allocation Basis	77.69%	0.00%	0.00%	22.31%	0.00%	100.00%
Telecom. Relay Support	\$ 277,055	\$ -	\$ -	\$ 79,558	\$ -	\$ 356,613
NANPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Fee Support:	\$ 5,358	\$ -	\$ -	\$ 1,539	\$ -	\$ 6,896
Sub-Total	\$ 282,413	\$ -	\$ -	\$ 81,097	\$ -	\$ 363,510
Allocation - See Attached Forms						
ITC Amortization	\$ 3,415	\$ -	\$ -	\$ 3,406	\$ 2,735	\$ 9,556
Excess Deferred Taxes	\$ 11,044	\$ -	\$ -	\$ 11,012	\$ 8,840	\$ 30,896
Sub Total	\$ 14,459	\$ -	\$ -	\$ 14,418	\$ 11,575	\$ 40,452
Grand Total Exogenous	\$ 296,872	\$ -	\$ -	\$ 95,515	\$ 11,575	\$ 403,962

Summary of Exogenous Changes

EXG-SUM
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	<u>Description</u>	<u>Source</u>	<u>Common Line</u>	<u>Special Access</u>	<u>Excluded</u>	<u>Total</u>
1	ITC Amortization	EXG-ITC	\$3,415	\$3,406	\$2,735	\$9,556
2	Excess Deferred Taxes	EXG-EDT	\$11,044	\$11,012	\$8,840	\$30,896
	Total Exogenous	Sum (Line 1.... Line 2)	\$14,459	\$14,418	\$11,575	\$40,452

Development of Investment Tax Credit (ITC)

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/10-6/11</u>	<u>B</u> <u>7/11-6/12</u>	<u>C=B-A</u> <u>Delta</u>	
1 Total Company	Note 1	\$262,946	\$231,063	(\$31,884)	
2 Interstate	Note 2	\$59,246	\$53,036	(\$6,210)	
		35.75% Common Line	35.64% Special Access	28.61% Excluded	Total
3 Investment Tax Credit	Note 3	(\$2,220)	(\$2,213)	(\$1,777)	(\$6,210)
4 Federal Income Tax	Line 3/(1-.35)*-1	\$3,415	\$3,406	\$2,735	\$9,556
5 Revenue Impact		\$3,415	\$3,406	\$2,735	\$9,556

Note 1: Column A from Transmittal No. 846 Form EXG-ITC. Column B from corporate tax.
 Note 2: EXD-ITC. CBT internal worksheet used to calculate interstate amounts = 0.22953
 Note 3: SUM1 Col A and internal worksheet used Basket for allocations

Corporate Tax	<u>2011</u>	<u>2012</u>	<u>Total</u>	<u>Midpoint</u>
	\$245,994	\$216,131	\$462,125	\$231,063

		<u>Ratio</u>
Interstate Common Line f Form Sum 1 line 120	\$ 41,781,324	0.3575
Interstate Special Access Form Sum 1 line 340	\$ 41,658,926	0.3564
Excluded Revenues Internal Worksheet	\$ 33,444,062	0.2861
Total	\$ 116,884,312	1.00

Development of Excess Deferred Taxes

<u>Description</u>	<u>Source</u>	<u>A</u> <u>7/10-6/11</u>	<u>B</u> <u>7/11-6/12</u>	<u>C=B-A</u> <u>Delta</u>	<u>D=(A+B)*-.5</u> <u>Reserve Change</u>
1 Total Company	Note 1	\$332,366	\$222,447	(\$109,919)	(\$277,407)
2 Interstate	Note 2	\$55,678	\$41,036	(\$14,642)	(\$48,357)
		35.75%	35.64%	28.61%	
		<u>Common Line</u>	<u>Special Access</u>	<u>Excluded</u>	<u>Total</u>
3 Excess Deferred Tax	Note 3	(\$5,234)	(\$5,219)	(\$4,190)	(\$14,642)
4 Excess Deferred Tax Reserve	Note 3	(\$17,286)	(\$17,235)	(\$13,836)	(\$48,357)
5 Net Rate base	Line 4 *-1.0	\$17,286	\$17,235	\$13,836	\$48,357
6 Return	Line 5 * 0.1125	\$1,945	\$1,939	\$1,557	\$5,440
7 Federal Income Tax Change	(Ln6-Ln3)*0.35/(1.0-.35)-Ln3	\$9,100	\$9,073	\$7,284	\$25,456
8 Revenue Impact	Line 6 + Line 7	\$11,044	\$11,012	\$8,840	\$30,896

Note 1: Column A from Transmittal No. 846 Form EXG-EDT. Column B from corporate tax.

Note 2: ARMIS 43-01 row 1840 interstate ratios = 0.1845

Note 3: SUM1 Col A and internal worksheet used Basket for allocations
 Corporate Tax

<u>2011</u>	<u>2012</u>	<u>Total</u>	<u>Midpoint</u>
\$419,372	\$25,522	\$444,894	\$222,447

	<u>Ratio</u>
Interstate Common Line Revenues (t-1Form Sum 1 line 120)	\$ 41,781,324 0.3575
Interstate Special Access Revenues (t-Form Sum 1 line 340)	\$ 41,658,926 0.3564
Excluded Revenues Internal Worksheet	\$ 33,444,062 0.2861
Total	\$ 116,884,312 1.00

See reverse side for information regarding public burden estimate.

1. Name and Address of Reporting Company Cincinnati Bell Telephone Company, LLC 221 East Fourth Street Loc. 103-1124 Cincinnati, OH 45202	2. Reporting Calendar Year (A) From: 01/01/2009 To: 12/31/2009 (B) First Report Filed: 03/31/2010 (C) Final Report Filed:
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FCC 492A

**PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT**
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price-Cap Regulation		
	Final Report Column A	Final Report Column B	Difference Column C = (B - A)
1. Total Revenues	153,250		
2. Total Expenses and Taxes	94,544		
3. Operating Income (Net Return) (Ln1-Ln2)	58,706		
4. Rate Base - (Avg. Net. Investment)	56,675		
5. Rate of Return (Ln3/Ln4)	103.53%		
6. Sharing/Low End Adjustment Amount	N/A		
7. FCC Ordered Refund - Amortized for Current Period	N/A		

REMARKS

Cincinnati Bell Telephone's Form 492A financials reflect the removal of IX services for period of January 2009 through December 2009. This is a result of the CBT Letter filing dated October 22, 1999 that removed these services from Price Caps in accordance with the Order in CC Docket No. 99-206, released August 27, 1999

7. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date	Typed Name of Person Signing Susan George	Title of Person Signing CBT DIVISION CONTROLLER	Signature
	Telephone No. (513) 397-6503		

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

See reverse side for information regarding public burden estimate.

Name and Address of Reporting Company

Cincinnati Bell Telephone Company LLC
221 E 4th St, Loc 103-1124
Cincinnati, OH 45020

2. Reporting Calendar Year

(A) From: 01/01/2010 To: 12/31/2010
(B) First Report Filed: 03/31/2011
(C) Final Report Filed:

FCC 492A

**PRICE-CAP REGULATION
RATE-OF-RETURN MONITORING REPORT**
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price-Cap Regulation		
	First Report Column A	Final Report Column B	Difference Column C = (B - A)
1. Total Revenues	152,471		
2. Total Expenses and Taxes	100,696		
3. Operating Income (Net Return) (Ln1-Ln2)	51,775		
4. Rate Base - (Avg. Net. Investment)	47,857		
5. Rate of Return (Ln3/Ln4)	108.19%		
6. Sharing/Low End Adjustment Amount	N/A		
7. FCC Ordered Refund - Amortized for Current Period	N/A		

REMARKS

Cincinnati Bell Telephone's Form 492A financials reflect the removal of IX services for the period January 2010 through December 2010. This is a result of the CBT Letter filing dated October 22, 1999 that removed these services from Price Caps in accordance with the Order in CC Docket No. 99-206, released August 27, 1999.

7. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date	Typed Name of Person Signing	Title of Person Signing	Signature
3/28/11	Susan George Telephone No. (513) 397-6503	CBT Division Controller	

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

CBT-NEW**2010 New Services**

CBT introduced the following new services in 2010:

<u>New Service</u>	<u>Transmittal</u>	<u>Basket</u>	<u>Category</u>
OC-Point-to-Point Service 36-Month and 60-Month Payment Options	847	Special	High CAP & DDS Category
OC-Dedicated Ring Service Monthly Payment Options	847	Special	High CAP & DDS Category
OC-Point-to-Point Service GigE Add/Drop Function	852	Special	High CAP & DDS Category
1.544 Mbps, 3.0 Mbps, 4.5 Mbps and 6.0 Mbps 12-month Payment Option	852	Special	High CAP & DDS Category
MercNet 45 12-Month Payment Option	852	Special	High CAP & DDS Category
DS3/STS1 to DS1 Multiplexing 12-Month Payment Option	852	Special	High CAP & DDS Category